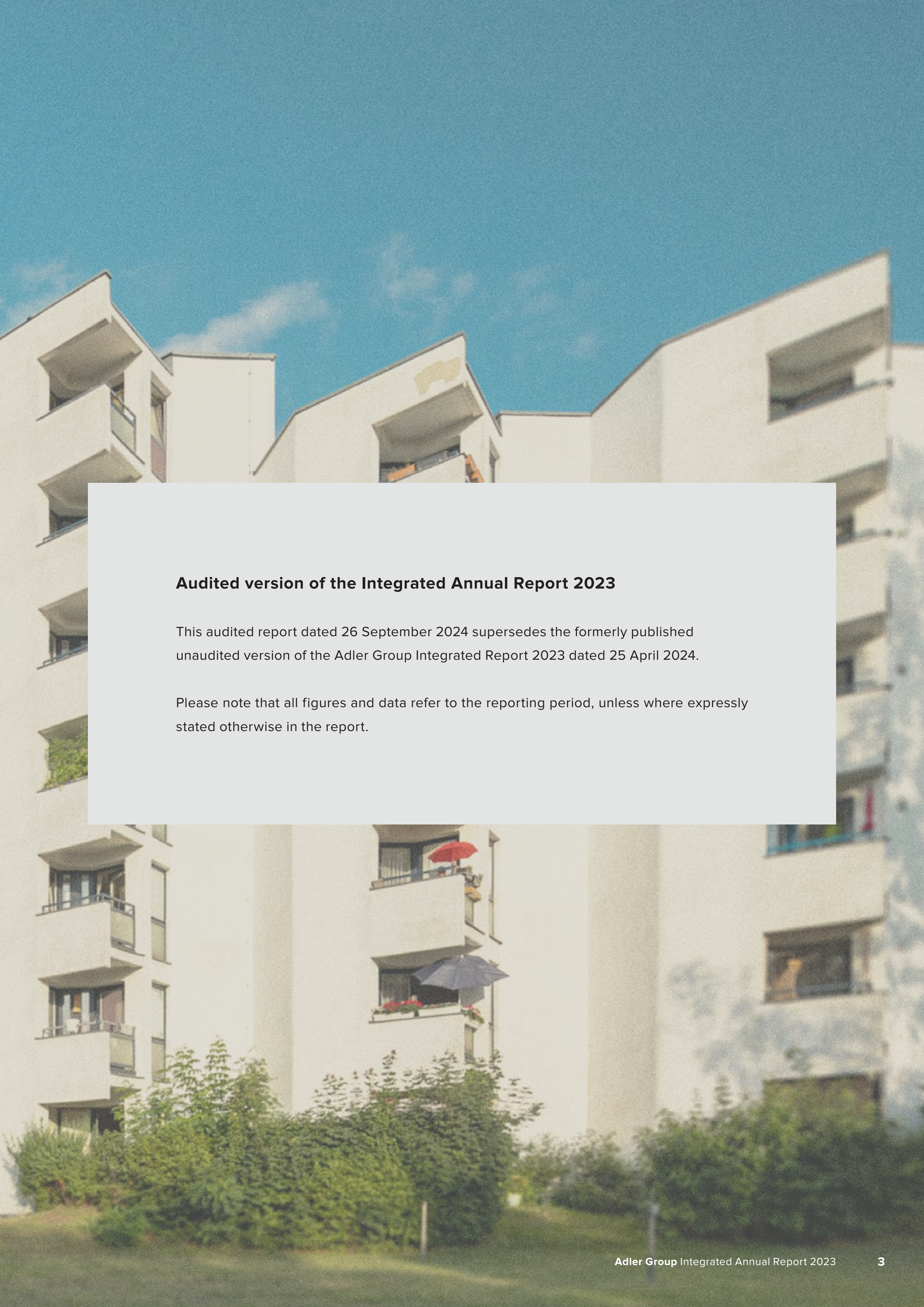
ADLER GROUP

2023

INTEGRATED ANNUAL REPORT



Audited version of the Integrated Annual Report 2023

This audited report dated 26 September 2024 supersedes the formerly published unaudited version of the Adler Group Integrated Report 2023 dated 25 April 2024.

Please note that all figures and data refer to the reporting period, unless where expressly stated otherwise in the report.

Key Figures 2023

Profit and loss statement

In EUR thousand	For the year ended 31 Dec 2023	31 Dec 2022	For the three months ended 31 Dec 2023	31 Dec 2022
Income from rental activities	314,656	369,354	77,615	88,037
Adj. EBITDA from rental activities	109,558	148,235	23,464	29,999
Adj. EBITDA from rental activities margin	52.3%	60.6%	47.3%	52.6%
Adj. EBITDA Total	20,629	95,080	908	15,746
FFO 1 (from rental activities)	(42,642)	86,779	(33,157)	18,811
FFO 2 (incl. disposal results and development activities)	(282,612)	(15,806)	(105,028)	(14,569)

Further KPIs

Residential(*)	31 Dec 2023	31 Dec 2022
Monthly in-place rent (EUR per m^2)	7.60	7.58
Total vacancy rate	1.1%	1.3%
Number of units	25,043	26,202
Like-for-like rental growth (LTM)	5.1%	1.5%

(*) All values include ground floor commercial units and exclude units under renovation and development projects.

Balance sheet

In EUR thousand except per share data	31 Dec 2023(*)	31 Dec 2022(*)
EPRA LTV	97.6%	74.5%
EPRA NRV	670,439	2,540,793
EPRA NRV per share (EUR)	4.42	21.62
EPRA NTA	528,527	2,440,111
EPRA NTA per share (EUR)	3.49	20.77

(*) Adjusted for BCP IFRS 5 illustration which has been disregarded; the corresponding line items have been reversed into respective balance sheet positions.

Contents

(*) Non-financial reporting (Corporate Governance Report Compliance report only)

About the Group

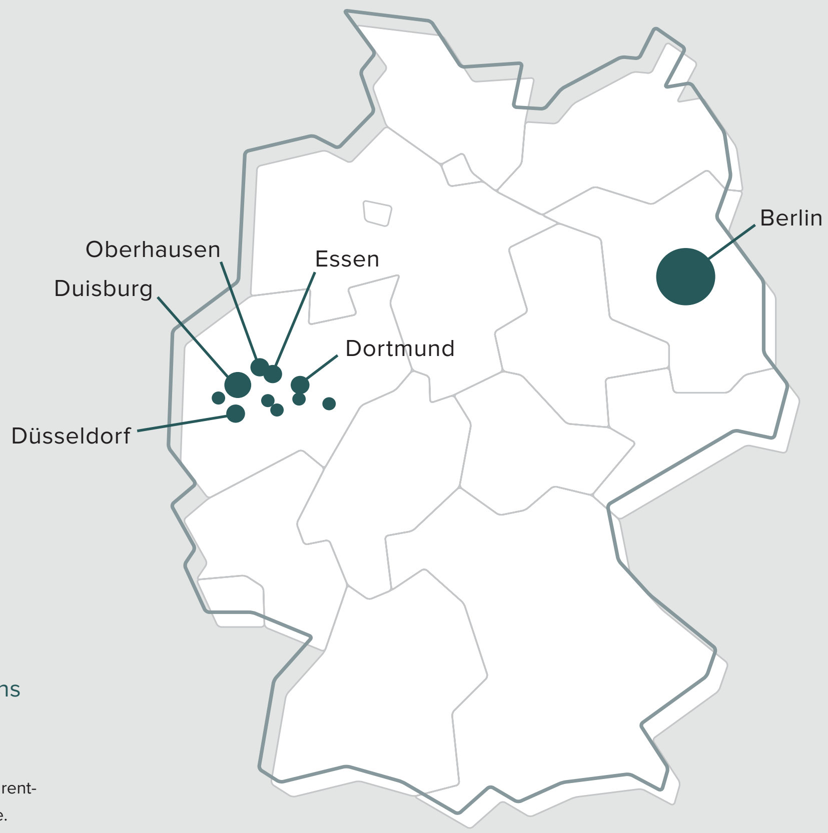
The Adler Group S.A. (the Company) is a Luxembourg-based real estate holding company with more than 500 subsidiaries (Adler Group) mainly operating in Germany. It specialises in the management and development of income-producing, multi-family residential real estate.

As per the end of the financial year, Adler Group owns and manages 25,043 residential rental units, largely concentrated in Berlin (around 71% of properties) and North-Rhine-Westphalia (around 28% of properties). Most of the properties fall into the market segment of affordable housing.

Besides the residential rental portfolio, Adler Group owns a portfolio of development projects located in some of the largest cities of Germany. Adler Group does not intend to hold them but rather to generate cash flow and earnings through either forward sales or upfront sales.

As of 31 December 2023, Adler Group had 597 employees based in Luxembourg and in several locations across Germany.

Rental portfolio as at 31 December 2023(*)



Residential rental portfolio locations

(*) Residential rental portfolio showing all locations with >100 rental units, not considering any assets classified as held for sale.

Letter from the Chairman of the Board

Stefan Brendgen

Dear Stakeholders,

Finally, you hold the audited consolidated financial statements and annual accounts for 2022 and 2023 of Adler Group S.A. in your hands. We are glad to close the books on these two past years and continue to shape our future without any uncertainties regarding our historic financial numbers.

With that, we have fulfilled what we had promised since April 2023 and a long and challenging process has come to an end. The Board of Directors is very pleased with the outcome of the audit and thankful to all parties involved. Adler Group can now determine its future as a Berlin-centred real estate company.

"Adler Group can now shape its future as a Berlin-centred real estate company."

As you may recall, the previously published consolidated financial statements for the years 2022 and 2023 were unaudited. This was due to the fact that our then auditor, who was also mandated to audit the 2022 financial statements and the annual accounts for Adler Group, unexpectedly informed us in May 2022 that it would no longer carry out its mandate.

Since then, the Board has done everything in its power to get a new auditor mandated. In November 2023, AVEGA Révision was mandated by our General Meeting for the Luxembourg-based Adler Group S.A. and three other audit firms for the audit of the sub-areas relevant to the Group, a so-called "component audit":

- Rödl & Partner for Adler Real Estate AG (now Adler Real Estate GmbH),
- Morison Köln AG for Consus Real Estate AG, and
- Domus Steuerberatungs-AG und Wirtschaftsprüfungsgesellschaft for the individual financial statements of the German property companies of Adler Group.

Publishing our audited figures now without any restatements in the 2022 and 2023 accounts and obtaining unqualified audit opinions proves both the quality of our work and the quality of our figures. This also applies to the 2022 annual report of our subsidiary Adler Real Estate.

It was in our own interest to provide all the data requested by the audit firms, even beyond the level required for a usual year-end audit. It goes without saying that we did not want to leave any question unanswered. With these publications, Adler Group has fulfilled all its legal disclosure requirements. And yes, one can say that this is a major step to further regain our reputation amongst all legitimate stakeholders.

Let me update you on some other recent events:

First, one can say that the environment for the real estate industry has significantly improved: Central Banks around the world have started to ease their interest rate policies. We expect that lower rates will reduce the pressure on our real estate assets as experienced over the last two years, while at the same time stimulating activity on the transaction market. Still, uncertainty remains, not least due to geopolitical risks, but we are now in a better position to challenge these uncertainties and to serve our primary target of being a reliable partner to our tenants and other stakeholders.

What makes us so certain of this? Because, secondly, with the comprehensive recapitalisation completed in September 2024, we have a more sustainable capital structure and less imminent pressure stemming from our financial maturities. The recapitalisation was implemented through the conversion of certain of the existing 2L notes into subordinated perpetual notes which are classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion.

"The completed audit process is a major step towards further regaining our reputation amongst all stakeholders."

In connection therewith, certain in the company's existing debt maturities were extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group was provided with additional liquidity of approximately EUR 87 million through an increase of the existing 1L New Money Facility and the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024.

So, with audited financial statements and annual accounts, with a recapitalised balance sheet and prolonged maturities, Adler Group can act autonomously in the interests of all stakeholders. In terms of operations, we will continue to focus on our residential assets, continue to complete presold development projects, continue to sell the remaining development projects in upfront sales, and continue to actively market parts of our rental portfolios, particularly the ones outside of Berlin, in order to further lower our indebtedness. This is a major task for our teams in the various disciplines, and I would like to thank all our employees most sincerely on behalf of the Board of Directors. They are the face of Adler Group in daily operations – towards our tenants, local politicians, banks and financing institutions, and partners in construction and operations.

I would also like to thank Dr. Heiner Arnoldi and Thomas Zinnöcker, who both retired from the Board of Directors following the annual General Meeting in June 2024. At the same meeting, Matthias Moser was appointed to the Board of Directors. Mr Moser is a long-term real estate expert. With him, the Board of Directors consists of five members: Matthias Moser and Thilo Schmid as independent members and me as Chairman as well as Chief Executive Officer (CEO) Thierry Beaudemoulin and Chief Financial Officer (CFO) Thomas Echelmeyer. Sven-Christian Frank as Chief Legal Officer (CLO), Mr Beaudemoulin and Mr Echelmeyer form the Senior Management Team, while Chief Restructuring Officer (CRO) Hubertus Kobe left Adler Group at the end of May 2024.

With these audited financial statements and a solid financial structure, the entire Adler Group team is well prepared to shape its future.

Yours sincerely,

Mr Stefan Brendgen
CHAIRMAN OF THE BOARD OF DIRECTORS
Luxembourg, 26 September 2024

Letter from the Senior Management

Thierry Beaudemoulin

Dear Stakeholders,

We write to you amidst another challenging year, marked by unprecedented geopolitical tensions and ongoing economic uncertainties. Despite the adversities, we are steadfast in our commitment to transparency and resilience in our operations, and it is with this spirit that we share with you an overview of our journey through 2023 and our aspirations for the year ahead.

The year 2023 presented us with a host of challenges, compounded by the escalation of conflicts in various regions, notably the wars in the Middle East and Europe. Despite hopes for a more favourable business environment in the real estate sector, we encountered significant hurdles. Persistent high interest rates, escalating construction costs, and increased cost of capital continued to exert pressure on valuations. However, amidst these challenges, the demand for housing remained robust, driven by factors such as limited new construction, net immigration—particularly from Ukraine—and growing demand in key markets like Berlin.

Despite turbulent times, our operating rental business demonstrated resilience, with strong operational key performance indicators including record-high occupancy rates of 98.9% at year-end 2023 and like-for-like rental growth of 5.1% realised during the course of the year.

Moreover, we made substantial progress in the restructuring process of our Adler Group, with the approval of the Restructuring Plan by the High Court of Justice of England and Wales in April 2023. We immediately executed the plan through the amendment of our bond terms. Alongside other significant milestones, this prompt execution underscores our commitment to navigate these challenges effectively. The decision of the Court of Appeal to set aside the sanction order in January 2024 does not hinder our commitment: the decision has no impact on the Adler Group or the effective amendments to the bond terms.

Thomas Echelmeyer

Another important milestone was the successful conclusion of the auditor search. The General Meeting of our company successfully appointed AVEGA Revision as the auditor for the financial years 2022 and 2023, following a proposal of both the Senior Management and the Board of Directors. AVEGA Revision was tasked with auditing both the consolidated financial statements and annual accounts of Adler Group. Additionally, three other audit firms were responsible for conducting the audit of the sub-areas relevant to the Group, a so called "component audit". We are glad that the lengthy process of a) mandating an auditor and b) completing the audit work for financial years 2022 and 2023 while obtaining unqualified audit opinions for both years until September 2024, as we had envisaged, has been achieved thanks to all parties involved.

Furthermore, by the end of 2023, the German Federal Financial Supervisory Authority (BaFin) completed its examination of the consolidated financial statements and combined management reports of Adler Group's subsidiary, Adler Real Estate GmbH (formerly Adler Real Estate AG), for the financial years 2019, 2020, and 2021. BaFin did not require the financial statements to be restated. The findings have no material impact on the 2023 consolidated financial statements. In this respect, no correction of errors within the meaning of IAS 8.41 was required. Irrespective of this, we have appealed against the error determinations.

In 2023, we also successfully disposed of a significant volume of assets, including the significant sale of the "Wasserstadt" portfolio in Berlin at almost book value, thereby realising approximately EUR 530 million in total gross proceeds. These transactions, achieved against the backdrop of challenging market conditions, underscore our strategic focus on optimising our portfolio and reducing our indebtedness.

Looking ahead, our strategic priorities remain centred on winding down our project development activities, further disposing assets to lower our indebtedness, and focusing operationally on our Berlin-centric rental portfolio. Moreover, sustainability continues to be a guiding principle for our company, with ambitious objectives set across five key areas, including climate neutrality, employee and tenant satisfaction, community involvement, and good corporate governance.

As we embark on the year 2024, our overarching goal is to further stabilise the Group financially and continuously

Sven-Christian Frank

improve operational performance. Following the implementation of the restructuring plan, we have taken various actions aimed at stabilising the business and managing debt maturities effectively. These measures have been instrumental in reinforcing the Group's capacity to continue as a going concern. The initial restructuring plan, predicated on asset sales for debt repayment, has been reassessed in light of the strained ability to dispose of assets at favourable prices under challenging market conditions. In response, we proactively revised the restructuring framework for the Group, focusing on two key pillars: (i) a revised business plan to restructure the Group's most difficult assets and to participate in the expected market recovery, and (ii) a financial restructuring which improves the Group's cash position, stabilises the debt structure by postponing maturities beyond 2026/27 and provides a sufficient equity position until maturity of Adler Group's prolonged debt in order to provide a solid foundation for the Group's going concern for at least, but not limited, to the next two years.

In early 2024, we entered into constructive discussions with our creditors to facilitate negotiations about the refined restructuring plan. Over the summer of 2024, we made further important steps towards completing comprehensive recapitalisation which was finalised in September 2024 as we had envisaged. This agreement provides Adler Group with financial stability allowing it to execute its strategy in the interest of all of its stakeholders. In terms of operations, we are committed to generate net rental income in the range of EUR 200-210 million as part of this endeavour into 2024.

We extend our heartfelt thanks to our partners, investors, financing institutions, and, most importantly, our dedicated employees for their unwavering support and outstanding performance throughout these challenging times.

In closing, we reaffirm our commitment to transparency, resilience, and sustainability, and we remain cautiously optimistic about the future despite the prevailing uncertainties. We look forward to navigating these challenges together.

Sincerely yours,

Thierry Beaudemoulin
CEO

Thomas Echelmeyer
CFO

Sven-Christian Frank
CLO

Luxembourg, 26 September 2024

Adler Group Share

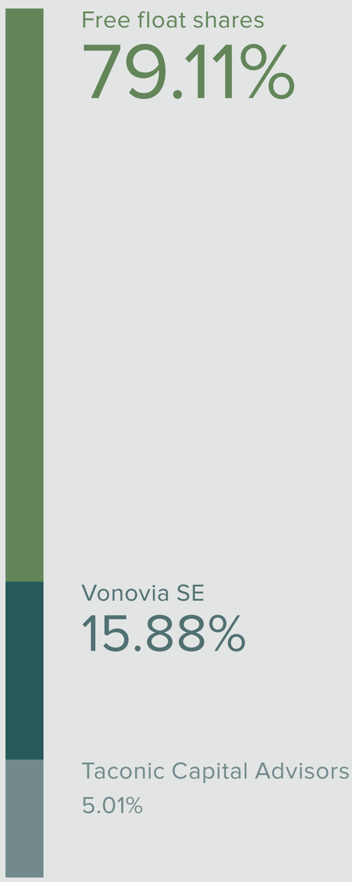
The share

Share information (as at 31 December 2023)

1st day of trading	23 July 2015
Subscription price	EUR 20.00
Price at the end of Q4 2023	EUR 0.530
Highest share price LTM	EUR 1.825
Lowest share price LTM	EUR 0.260
Total number of shares outstanding	151.6 million
Total number of listed shares	141.0 million
Total number of unlisted shares[1]	10.6 million
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ
Class	Dematerialised shares
Free float	79.11%
Stock exchange	Frankfurt Stock Exchange
Market segment	Prime Standard

Shareholder structure[2]

(as at 31 December 2023)



(1) The share capital of Adler Group S.A. amounts to EUR 188,016.37, divided into 151,626,107 dematerialised shares with no par value. 141,012,279 shares (ISIN LU1250154413) are admitted to trading on the stock exchange. 10,613,828 shares (ISIN LU2615168379) are not admitted to trading. In connection with the restructuring of Adler Group S.A., the share capital was increased as consideration for the provision of a secured debt financing and new Adler Group S.A. shares were given to the investors participating in the debt financing. For time and cost reasons, an agreement was made with these investors to partially admit the new shares to trading and use the prospectus-exemption. For this purpose, lock-up agreements were concluded with the investors. At the end of the financial year, 10,613,828 shares were still subject to such lock-up agreements.

(2) According to the official notifications received from the shareholders.

Key stock market data

Adler Group shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended 31 December 2023, the shares traded between EUR 0.260 and EUR 1.825.

Shareholder structure

As at 31 December 2023, the total number of outstanding shares of Adler Group amounts to 151.6 million. At that time, the main shareholders with holdings of over 5% were: Vonovia SE (15.88%) and Taconic Capital Advisors (5.01%), according to the official notifications received from the shareholders. The remaining 79.11% free float shares were mainly held by institutional investors.

Dividend policy

Following the implementation of the proposed amendments pursuant to the Restructuring Plan, the Company is not permitted to declare or pay any dividends to shareholders for the year 2022 and thereafter.

If and as long as any of the subordinated notes issued by the Company's subsidiary AGPS BondCo PLC in the nominal amount by approximately EUR 2.3 billion under a guarantee of the Company as part of its 2024 financial restructuring (the "Subordinated Notes") are still outstanding, and any amounts have been paid in respect of the Subordinated Notes since the issuance thereof (the "Subordinated Notes Payments"), the Board of Directors may, in connection with approving the annual accounts of any given financial year recommend to the annual General Meeting that a dividend equivalent to one thirty-ninth (1/39) of all Subordinated Notes Payments be declared and paid.

Sustainability Policies

Company in transition

In terms of sustainability, Adler Group has improved its business activities further in 2023. Employee satisfaction-increased again, significant efforts were made to review and improve corporate governance and the concerns of tenants continued to be among the top priorities. Energy efficiency, measured in terms of specific energy consumption per square meter of residential floor space, improved likewise leading to a corresponding decline in specific GHG emissions. This is a positive development with regard to the efforts to mitigate climate change.

However, when it came to investing in improving energy efficiency, Adler Group's sustainability management was not able to meet the self-imposed target formulated in 2021. After all, 2023 was a year of transition for Adler Group in many respects. Financial parameters changed, the property portfolio was significantly reduced and development projects were realigned – all of which had an impact on measures that were intended to improve energy efficiency and thus also reduce CO_2 emissions. Some were discontinued because the corresponding properties were sold, in other cases the originally planned projects were put on hold as long as it was unclear whether they would remain in the portfolio. Other measures were temporarily postponed because overriding objectives such as securing liquidity took priority in the short term.

The intention to halve CO_2 emissions will be revisited and reassessed as soon as it is clear how the future portfolio will be composed.

Sustainability management

Sustainability is firmly anchored in the organisational structure of Adler Group. Overall responsibility for sustainability lies with the Board of Directors. Responsibility for embedding it into the operating activities and implementing the sustainability policy is assigned to the Chief Legal Officer (CLO), who informs Senior Management and the Board of Directors of all significant developments.

The CLO also chairs the Sustainability Board of Adler Group. This corporate body comprises managers from all corporate divisions who actively pursue sustainability measures. The Sustainability Board meets regularly to make all necessary decisions concerning issues relevant to sustainable business activities. It decides on the action plan for sustainable measures, defines the corresponding sustainability KPIs and monitors the implementation of the plan. In addition, the Sustainability Board ensures Group-wide harmonisation of all sustainability concepts and activities developed by the individual departments across the Group.

At the same time, the Sustainability Office ("Stabstelle Nachhaltigkeit"), which reports directly to the CLO, communicates the action plan to the respective departments, functions as the point of contact for all employees in matters of sustainability, and coordinates Adler Group's internal and external sustainability reporting. Furthermore, the Strategy & Organisational Development department supports various initiatives, such as the implementation of the obligations arising from the EU Taxonomy regulations or the organisation of the meetings of the Sustainability Board.

Sustainability objectives

When pursuing sustainability objectives, companies promote climate protection, facilitate human behaviour within and between corporations or provide their shareholders with greater transparency about their internal processes. By doing so, they also serve their own proper economic purpose. After all, investors, business partners, tenants and employees alike are increasingly interested in responsible business practices, which in turn bears value-enhancing opportunities for sustainable companies.

Sustainability combined with a good ESG (Environmental, Social, Governance) rating expands refinancing opportunities as investors increasingly seek sustainable, environmentally sound and socially responsible investments.

Governmental regulations, CO_2 pricing and rising energy costs are leading to increased demand for energy-efficient, cost-saving building solutions, both in new buildings and in existing buildings – a trend which may benefit Adler Group due to its innovative concepts. When residential properties are renovated to improve their energy efficiency, this not only provides a significantly higher level of comfort for tenants, but also considerably lowers costs for heating and energy and therefore improves overall competitiveness on the rental markets.

Last but not least, sustainability measures have a positive impact on Adler Group's reputation as an employer. In a demographic environment where it becomes increasingly harder to find qualified employees, fair treatment is a prerequisite for attracting and retaining people with the necessary professional skills.

This is the context in which Adler Group's sustainability objectives are meant to be understood – objectives which have not changed significantly since the previous year. What changed, however, was the degree of intensity with which these objectives were pursued. As described earlier, most of the measures intended to reduce energy consumption were put on hold for the time being because of the structural changes. Measures to improve corporate governance, however, were intensified – in part as a reaction to externally voiced criticism of potential shortcomings. Likewise, we stepped up HR activities in order to make our Company more attractive to employees.

The sustainability objectives covered five fields of action:

Climate neutrality

Adler Group has set itself the objective of halving CO_2 emissions in its existing portfolio by 2030 (compared to 2020). This is in line with the objectives of the Paris Agreement and the requirements of the German Federal Climate Change Act (Klimaschutzgesetz, KSG). Adler Group confirms this objective, even though the corresponding investment measures were largely put on hold since 2022.

New construction as well as refurbishments to promote energy-efficiency continue to be certified according to recognised standards such as DGNB/LEED®/BREEAM and should achieve at least the DGNB standards “Gold” or “Very Good”. Construction of new buildings is planned and carried out under the aspect of climate neutrality.

Employee satisfaction

Adler Group measures employee satisfaction by way of a survey that is conducted annually. The objective is to have at least 70% of all employees complete this survey a target which was not yet reached in 2023. Employee satisfaction though exceeded the previous year’s result showing that the employees of Adler Group recognise the efforts geared to increasing transparency, maintaining diversity, improving monetary and non-monetary benefits and providing more opportunities for personnel development.

Tenant satisfaction

Adler Group intends to regularly conduct tenant surveys to find out their level of satisfaction and also to collect suggestions concerning potential improvements of the communal environment or Adler Group's services. Such a survey had been planned for 2023. However, due to the massive portfolio adjustments it was postponed until there would be more clarity concerning which parts of the portfolio were to be held long term. In the meantime, Adler Group is using the fluctuation rate as an indicator for tenant satisfaction which decreased in 2023 indicating stable or even increasing tenant satisfaction.

Experience shows that availability is a crucial factor for tenant satisfaction. In order to reach the highest possible level, Adler Group has ensured 24h availability with the support of an external call centre service provider.

Community involvement

Adler Group actively participates in associations, promotes dialogue with institutions and cities and is involved in social projects in and around the relevant neighbourhoods and properties.

Corporate Governance/Compliance

The purpose of corporate governance is to facilitate effective and responsible management of the Company. Adler Group follows the German Corporate Governance Code, has issued various guidelines and formed a compliance organisation to ensure adherence to the regulations. In 2022, the Group commissioned an external service provider to review the maturity level of the Compliance Management System. The resulting recommendations have meanwhile been analysed and their processing has begun.

Memberships

In its efforts to promote sustainability in its operations, Adler Group pro-actively seeks opportunities for networking, integration and exchange with other players. Consequently, Adler Group is a member of the following organisations that are committed to the various aspects of sustainability.

Membership in organisations that promote sustainability

Global Compact	Adler Group is committed to the principles of the “Global Compact”, an initiative of the United Nations to promote corporate responsibility and improvement in the areas of human rights, labour, the environment and anti-corruption. Adler Group has joined the UN Global Compact initiative in June 2021. The network of the United Nations and corporates is committed to a more social and environmentally friendly approach to globalisation. By taking these issues into account, corporates are also contributing towards achieving the UN’s Sustainable Development Goals.
DGNB	Adler Group is a member of the German Sustainable Building Council (DGNB), an association that promotes sustainable building and neighbourhoods offering a good quality of life, and thus an environment that allows for a sustainable future. DGNB strives to transform the construction and real estate market towards an appropriate understanding of quality as the basis for responsible and sustainable action. The association is the largest network for sustainable construction in Europe with more than 1,300 members. Keeping these objectives in mind, Adler Group assesses all new buildings accordingly. As a general rule, all newly constructed buildings are to comply with the high “DGNB Gold Standard” or another comparable sustainability standard.
German Property Federation (ZIA)	Monthly exchange of thoughts and interests with respect to real estate topics, the German Energiewende (energy transition) and mobility.
Energy efficiency network of the Federal Ministry for Economic Affairs and Climate Action (BMWK) of the energy management companies of housing associations	Quarterly exchange on current legislation, studies and pilot projects, informal exchange on current industry developments, establishment of purchasing associations.
DICO Deutsches Institut für Compliance e.V.	Publications, events, working materials.
buildingSMART Deutschland e.V.	Wide variety of conferences/presentations/publications, further training, informal exchange, working groups, research and development.
GLCI German Lean Construction Institute e.V.	Wide variety of conferences/presentations/publications, further training, informal exchange, research and development.

Reporting

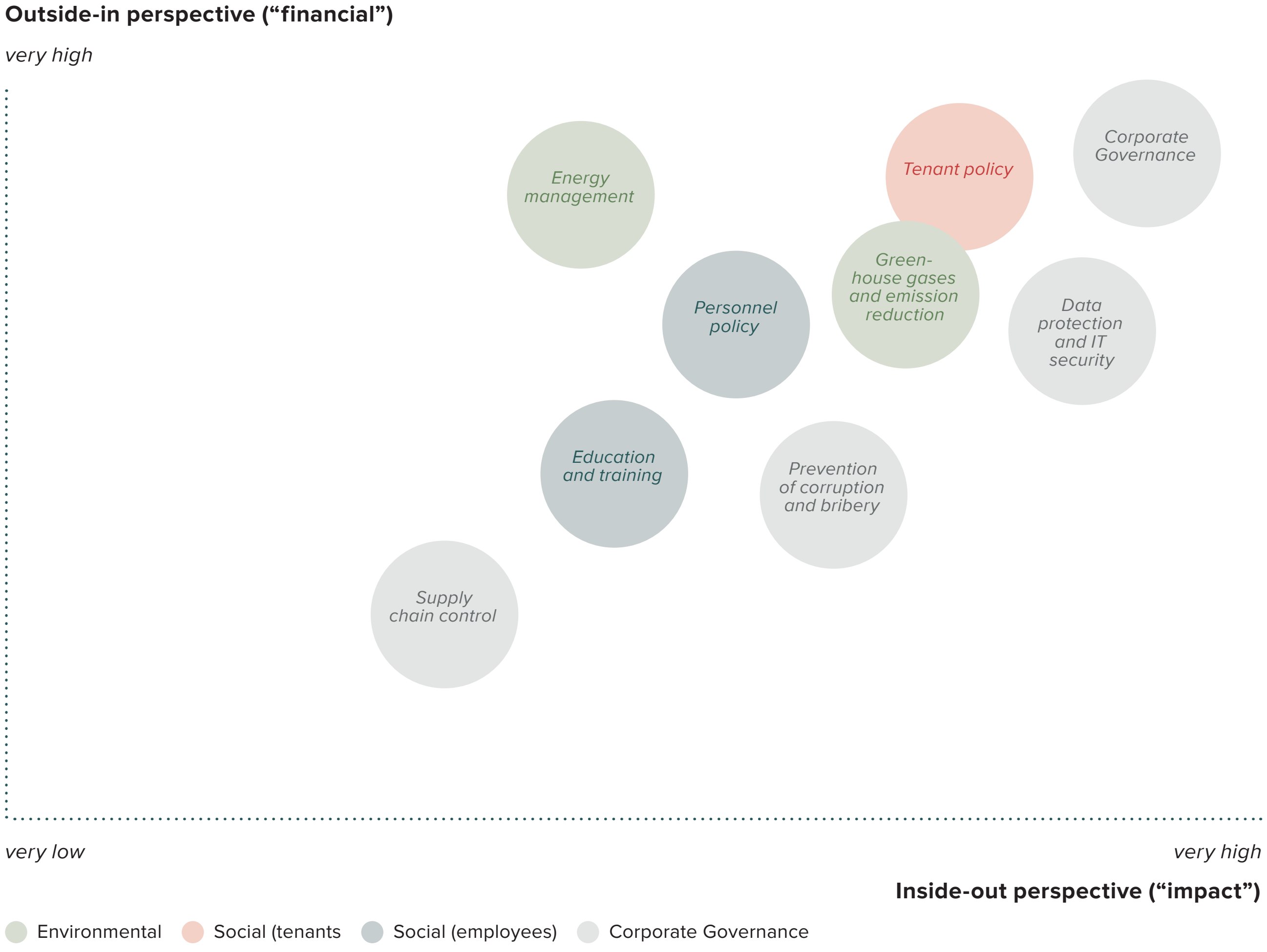
Selection and weighting of topics included in the Sustainability Report of Adler Group are based on an assessment of materiality. In order to identify the topics of material importance, Adler Group analyses on a regular basis outcome from exchange with stakeholders, experience and knowledge gained from day-to-day business, insights gained as a member of the above-mentioned organisations and current market developments.

There are three relevant dimensions for assessing the importance of individual topics for Adler Group.

- Impact: To what extent does the (business) activity of Adler Group have an impact on the environment with regard to the respective sustainability aspect (“inside-out view”)?
- Relevance for the business: To what extent does a specific sustainability aspect which is relevant to the market or stakeholders impact Adler Group’s performance (“outside-in view”)?
- Relevance for the stakeholders: To what extent does Adler Group’s behaviour concerning the respective sustainability aspects play a role in stakeholders' decisions and their expectations with regard to Adler Group?

The answers to these questions provide information about the significance and thus the materiality of the individual aspects and topics from a sustainability perspective. The chart below shows the sustainability aspects that are considered material by Adler Group and visualises their relevance for stakeholders and for the Group’s own business.

Materiality matrix (“Double materiality”) for Adler Group SA



The information on the sustainability performance presented in this annual report relates to Adler Group S.A. and all subsidiaries included in the consolidated financial statements as well as all other holdings held by Group companies. The report is prepared using the systematics of the Global Reporting Initiative (GRI) and covers the information required under the CSR Directive Implementation Act on material environmental, employee and social issues, respect for human rights and the fight against corruption and bribery.

Adler Group is committed to creating transparency for its stakeholders and reports on all sustainability-relevant aspects of both business activities and corporate environment. As such, it also complies with article 1730-1 of the Luxembourg Law of 10 August 1915 on commercial companies which provides that a consolidated management report should contain a non-financial statement containing information to the extent necessary to understand of the Group's development, performance, position as well as the impact of its activities, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anticorruption and bribery matters, including: a brief description of the Group's business model; description of the policies pursued by the Group in relation to those matters, including due diligence processes implemented; the outcome of those policies; the principal risks related to those matters linked to the Group's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause an adverse impact on those areas, and how the Group manages those risks; non-financial key performance indicators relevant to the particular business.

Likewise it complies with article 68bis and 68ter of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings which provides that the corporate governance report shall contain, inter alia, the corporate governance code (or relevant information about the corporate governance), a description of the main features of the Company’s internal control and risk management, as well as a description of the diversity policy.

As Adler Group mainly operates in Germany, this report additionally complies with the requirements for non-financial statements as set out in Section 315b and c in conjunction with Sections 289b to e German Commercial Code (HGB) as well as Regulation (EU) 2020/852 of the European Parliament. Adler Group manages its operating business based on financial ratios and performance indicators. Non-financial performance indicators are not material to the business activities (Section 289c (3) no. 5 German Commercial Code (HGB)). As a result, there is no direct connection between the amounts reported in the consolidated financial statements pursuant to Section 289c (3) no. 6 German Commercial Code (HGB) and the five non-financial aspects pursuant to Section 289c (2) nos. 1 to 5 German Commercial Code (HGB).

EU Taxonomy

The EU taxonomy (Regulation EU 2020/852) is the classification scheme of the European Union established to clarify which of a company's economic activities can be regarded as environmentally sustainable. It is an essential component of the EU Commission action plan on financing sustainable growth that aims to reorient capital flows towards sustainable investment. The Regulation entered into force in July 2020 and is based on the idea of helping change the economic and financial system in such a way that the EU can achieve climate neutrality by 2050.

In the scope of the taxonomy, the EU formulated and defined six climate objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

These objectives play a crucial role in assessing the sustainability of economic activities. According to the requirements of the EU taxonomy, an economic activity qualifies as sustainable (taxonomy-aligned) when it

- contributes substantially to one or more of the six environmental objectives,
- does not significantly harm any of the environmental objectives ("do no significant harm" – DNSH), and
- is carried out in compliance with the minimum safeguards.

Reporting obligation for companies

According to the Taxonomy Regulation, in conjunction with the Non-Financial Reporting Directive (NFRD), the Adler Group, being a capital market oriented large company with more than 500 employees, has been obliged since the financial year 2021 to include taxonomy-related information in its non-financial reporting.

In addition to disclosures regarding taxonomy-eligibility, reporting must also include disclosures regarding taxonomy-alignment with regard to the first two environmental objectives of the EU from 2022 onwards and the remaining four objectives from 2023 onwards, as stated in the EU directive 2023/2486 dating from 27 June 2023.

The obligation to publish disclosures on taxonomy-eligibility under the EU taxonomy is relatively new, which is why there is a certain degree of uncertainty concerning the interpretation of individual provisions or recommendations. Adler Group used reasonable discretion when interpreting such provisions or recommendations. Although all parties involved aim to establish a binding reporting standard, this can probably only be achieved over time by applying best practice solutions, which is why future reports may be subject to adjustments. In its 2023 reporting, Adler Group used the EU taxonomy technical screening criteria as per the EU Taxonomy Regulation as well as the FAQs issued by the EU Commission.

Companies are to apply certain technical screening criteria that are defined in the taxonomy to assess whether an economic activity can contribute substantially to reaching environmental objectives. For the first two environmental objectives, i.e., climate change mitigation and climate change adaptation, these criteria are laid down in Annex I and II to the climate delegated act 2020/852, while the environmental objectives 3 to 6 are specified in Annex I to IV to the climate delegated act 2023/2486.

Eligible economic activities under the EU Taxonomy Regulation

Adler Group carried out an analysis to assess whether its economic activities are taxonomy-eligible in accordance with the technical screening criteria of the above mentioned climate delegated acts. The business model of the Adler Group consists mainly of the rental of existing apartments and, to a lesser extent, of project development, i.e., the construction of new neighbourhoods for third parties. In principle, Adler Group's core business can be allocated to sector 7 'Construction and real estate activities' of the Taxonomy Regulation. With regard to turnover and operating expenditure, Adler Group identified two taxonomy-eligible economic activities:

7.1 'Construction of new buildings'

7.7 'Acquisition and ownership of buildings' (rental of own buildings and apartments)

In connection with objective 4 – Transition to a circular economy – key activities of the construction and real estate sector are grouped into five activities. Here, activity 3.1 (Construction of new buildings) may be relevant. Turnover from the administration of residential properties and facility management of properties no longer owned by the Group is essentially taxonomy non-eligible.

In addition to activities 7.1 and 7.7, Adler Group identified the following economic activities as being essentially taxonomy-eligible with regard to capital expenditure:

7.3 'Installation, maintenance, and repair of renewable energy efficiency equipment', and

7.5 'Installation, maintenance, and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings'.

Adler Group had mentioned in previous reports that the economic activities summarised under 4. 'Energy' and the economic activities 7.4 'Installation, maintenance, and repair of charging stations for electric vehicles in buildings' and 7.6 'Installation, maintenance, and repair of renewable energy technologies' of the EU taxonomy could play a role for Adler Group in the future. This did not come to pass in 2023. With the current phase of transition and portfolio adjustments and in view of the present financial challenges, it is also hard to predict whether the business model of Adler Group may move in this direction in the future.

Other activities as defined in the technical screening criteria for objective 4 do not have relevance to Adler Group's business activities (Renovation of existing buildings, demolition and wrecking of buildings and other structures, maintenance of roads and motorways, and use of concrete in civil engineering).

Adler Group incorporated the taxonomy requirements into its management and accounting systems from 2022 on and initiated a corresponding project that brought together all the relevant departments. Adler Group is since in a position to verify whether its material economic activities are taxonomy-eligible and whether the associated turnover, capital expenditure, and operating expenditure are taxonomy-aligned.

Aligned economic activities under EU Taxonomy Regulation

According to the EU taxonomy framework, taxonomy alignment is assessed in three steps:

1. Determining whether economic activity contributes substantially to environmental objectives (at Adler Group, the criteria are assessed at the level of the respective asset);
2. Determining whether no significant harm is done to any of the other environmental objectives (“DNSH”);
3. Determining whether economic activity is carried out in compliance with minimum safeguards (this is determined at the Company level).

At Adler Group, economic activities are generally associated with the first environmental objective (climate change mitigation). Adler Group has not yet assessed objectives 3 to 6, as they have only been stipulated by the EU in 2023, and companies are not yet obliged to report on them for the 2023 financial year. But it will certainly do so in the financial year 2024. As a result, the KPIs in the mandatory tables below do not show any split of eligibility or conformity between several objectives.

Assessment of the substantial contribution

In order to contribute to the environmental objective of climate change mitigation, an economic activity must meet certain technical screening criteria defined by the taxonomy, which are specified in the above-mentioned Annexes to the climate delegated acts.

Economic activity 7.1 ‘Construction of new buildings’

Turnover in connection with project development (activity 7.1 ‘Construction of new buildings’) is usually recognised over time pursuant to IFRS 15. In order to assess whether the construction of new buildings is taxonomy-aligned, it is deemed expedient to apply the criteria for taxonomy-alignment even before the construction is completed. Here, Adler Group took into account contractual obligations as well as information derived from technical planning documentation.

Turnover associated with economic activity 7.1 ‘Construction of new buildings’ contributes substantially to the climate change mitigation objective if the building in question has a primary energy demand that is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national legislation. This is defined differently depending on the member state, and in Germany – the only country where Adler Group is active – is defined in the Buildings Energy Act (GEG). Buildings larger than 5,000 m^2 must undergo testing for air-tightness and thermal integrity, and the life-cycle global warming potential must be calculated for each stage in the life cycle.

The majority of new buildings that generate turnover do not meet the threshold for primary energy demand in order to qualify as contributing substantially to climate change mitigation. The turnover of new buildings that do contribute substantially to climate change mitigation was then assessed with regard to the DNSH criteria.

As new buildings are constructed for third parties only, the sale of these buildings creates turnover, but no CapEx or OpEx.

Economic activity 7.7 ‘Acquisition and ownership of buildings’

Turnover from the rental of existing buildings (activity 7.7 ‘Acquisition and ownership of buildings’) contributes substantially to climate change mitigation if, for buildings built before 31 December 2020, the building has either at least an energy performance certificate (EPC) class A or the building is within the top 15% of the national or regional building stock expressed as operational primary energy demand. For buildings built after 31 December 2020, the building must meet the same criteria as new buildings (activity 7.1) to qualify as contributing substantially to climate change mitigation.

According to FAQs published by the EU Commission in December 2022, publicly available technical studies may be used to determine whether a building is within the top 15%. Adler Group used a study by Drees & Sommer dating from 2023 according to which multi-family homes that have obtained an energy performance certificate (EPC) class A or better are deemed to be among the top 15% of the regional building stock. If no energy performance certificate is available for a residential building, the primary energy demand (less than 74 kWh per m^2) or energy consumption (less than 70 kWh per m^2) may be used to prove that it is among the top 15%. Commercial properties are deemed to be among the top 15% if they meet at least the requirements under the German Energy Conservation Ordinance (EnEV 2009).

An analysis of the Adler Group's existing portfolio revealed that only a few buildings meet the required threshold for primary energy demand. Only buildings that have an energy performance certificate were considered in this analysis.

In order to determine the taxonomy-aligned CapEx for modernisation and refurbishment as well as OpEx for upkeep, repairs and ongoing maintenance, the Group applied the criteria for economic activity 7.7 as this expenditure refers only to the rental of yielding assets.

Determining whether significant harm is done to one or several other environmental objectives (DNSH)

All the buildings that were proven to contribute substantially to climate change mitigation in the first step, had to undergo an analysis to determine whether they meet the DNSH criteria defined for individual economic activities in the second step. Adler Group used reasonable discretion when interpreting individual provisions or recommendations.

This analysis revealed the following:

- **Environmental objective 2 – Climate change adaptation**
  Economic activities 7.1 and 7.7

In order to determine whether this environmental objective is harmed, the Group carried out a climate risk analysis in accordance with the requirements in Appendix A to the Climate Delegated Act of the EU Taxonomy Regulation. In doing so, it was assumed that climate risks can endanger the performance during the expected economic lifetime of an asset, especially considering that the economic life of real estate usually exceeds ten years. Therefore, the climate risk analysis is based on climate scenarios until 2050 that assume the worst case scenario 8.5 and projections by the Intergovernmental Panel on Climate Change (IPCC) stemming from the year 2022 – a procedure compliant with the current DNSH criteria. The analysis only covers the locations of buildings that meet the criterion of making a substantial contribution. It revealed potential risks resulting primarily from adverse weather incidents and, in individual cases, from storms, flooding, drought, or water scarcity.

Although none of these risks were classified as material, further adjustments were made to the forward-looking planning beyond potentially adjusting insurance premiums for damage or loss resulting from storm, heavy rain, hailstorms, etc. Depending on the property, this involves structural measures such as unsealing courtyard areas, creating tenant gardens, planting heat- and drought-tolerant trees and plants, or, if renovation measures on roofs are pending, a possible green roof. At all locations, it is also a matter of sensitising the caretakers or property managers to the early detection of hazards from dead trees, or loose roof coverings, and façade cladding.

- **Environmental objective 3 – Sustainable use and protection of water and marine resources**
  Economic activity 7.1
  The delegated climate act specifies technical screening criteria with regard to the sustainable use and protection of water and marine resources associated with economic activity 7.1. The water use of all water appliances was reviewed for each new building project on the basis of their technical specifications. It

was also checked whether the use of water was compliant with Annex B which requires compliance with the European Water Framework Directive) in all Adler Group's real estate, water is supplied by local waterworks which typically are community owned. Wastewater is drained into wastewater systems, treated, purified and recycled or released in drinking water quality. Adler Group itself does not have any influence on fresh water supply or the treatment or recycling of wastewater.

- **Environmental objective 4 – Transition to a circular economy**
  Economic activity 7.1
  The criteria for this environmental objective refer mainly to the life cycle of products, long economic lives, reusability of materials, etc. When constructing new buildings, the Adler Group meets the requirements under the transition to a circular economy objective by properly disposing of the construction and demolition waste generated on the construction site and by ensuring that buildings can be disassembled. Evidence within this meaning is provided in the form of contractual documents and certificates of disposal. By complying with national legislation, the Group was also able to demonstrate that non-hazardous waste was reused. This review was carried out at the level of individual projects or buildings.

- **Environmental objective 5 – Pollution prevention and control**
  Economic activity 7.1
  In connection with the construction of new buildings, the Group carried out a review on how to avoid hazardous substances, to guarantee the use of environmentally-friendly materials (where possible with the corresponding label), to adhere to the examination of the soil quality of the location (e.g., by means of ISO Standard 18400) and to take measures to reduce noise, dust and pollutant emissions during construction or maintenance works. Many of the technical screening criteria defined by the EU in this context are similar to the requirements under German legislation applicable to new buildings that must be observed and documented upon acceptance. The Adler Group carried out an initial screening of processes and the underlying contracts in order to potentially exclude the use of any other hazardous substances defined in Art. 57 of the REACH Regulation.

- **Environmental objective 6 – Protection and restoration of biodiversity and ecosystems**
  Economic activity 7.1
  Appendix D requires screening in accordance with Directive 2011/92/EU requiring an environmental compatibility assessment and compliance with the requirements of biodiversity and ecosystems in relevant areas.
  The Adler Group's project developments are usually located in urban areas that already served residential or industrial purposes in the past. Whenever the Adler Group carries out greenfield project development, all the regulations to protect areas of recognised high biodiversity value and land serving as habitat for endangered species (flora and fauna) are observed and documented. Otherwise, no building permit would be granted. These aspects have also been taken into account and reviewed with regard to new buildings that generate turnover and contribute substantially to climate change mitigation.

The analysis showed that no property fully meets the DNSH criteria related to the economic activity "7.1 New construction". This is due in particular to the DNSH criteria for environmental objective 5 "Pollution prevention and control".

Verification of compliance with minimum safeguards

The last step in determining whether economic activities are taxonomy-aligned is to verify that the minimum safeguards are complied with. Due diligence in this respect refers not only to the Group's own economic activities, but also extends to the activities within the value chain. According to the EU taxonomy, this includes, for instance, alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles, and Rights at Work, the International Bill of Human Rights, and the Sustainable Finance Disclosure Regulation.

The scope of the minimum safeguards covers the following four topics:

- Human rights (including labour and consumer rights)
- Corruption and bribery
- Taxes
- Fair competition

In order to transparently and unmistakably communicate its stance on these issues, the Adler Group is a signatory to the United Nations Global Compact, the Diversity Charter and undertook to comply with the associated requirements by setting up written guidelines, for example, on compliance with human rights, freedom of assembly, non-discrimination and diversity, against corruption and giving or accepting undue advantages, data protection, equal pay for men and women as well as on political and social commitment. Individual measures are explained in the sections on Corporate Governance/Compliance and Employees. Moreover, the Adler Group ensures compliance with the minimum safeguards by means of Group policies, documentation, and established processes.

Human rights

The Adler Group is committed to the principles of the OECD Guidelines for Multinational Enterprises, including the OECD Due Diligence Guidance for Responsible Business Conduct. The Group has stipulated policies and set up processes to identify, prevent, and, if required, mitigate and resolve actual and potential negative effects on labour law-related matters. The policies aimed at preventing negative effects on employees or labour-law related matters are publicly accessible on the website. The processes ensure that, in case of any acute human rights violation, immediate measures can be taken and the affected persons can be indemnified. The effectiveness of these processes is regularly reviewed during internal audits. Additionally, the human rights aspects are incorporated into our supplier contracts.

Corruption and bribery

The Adler Group has introduced regular risk assessments to prevent and combat corrupt practices. In addition to the risk of corruption, these assessments also cover compliance risks. Control mechanisms to prevent corruption and bribery in-house and within the value chain are rooted in regular risk assessments carried out by the respective risk owners (usually the head of the business unit or department to which the risks were allocated). Anti-corruption measures are laid down in a written policy and form an integral part of the Adler Group's Code of Conduct. Regular training on anti-corruption measures, conflicts of interest, gifts, and invitations with proof of participation is mandatory for all employees.

Taxes

In order to comply with all the relevant tax laws and provisions, the Adler Group has started to introduce a tax compliance management system that is used to compile the relevant reports every quarter together with the Group's general risk management report. The Group has introduced quarterly tax training and follow-up training courses for accountants as well as annual tax training courses for operational staff (e.g., transactions, rental department, etc.).

Fair competition

The Adler Group carries out its activities in compliance with all applicable laws and provisions on fair competition and observes the antitrust laws of all the jurisdictions in which its business could have negative effects on fair trade. The Group raises employee awareness regarding the significance of complying with fair competition laws and provisions, and provides its executives with the relevant training courses.

Taxonomy-aligned turnover, capital, and operating expenditure were only identified for economic activity 7.7. Although most of the technical screening criteria could be evidenced for economic activity 7.1, the Group is not taxonomy-aligned in this respect, as not all DNSH criteria could be met.

Other

The Adler Group is a member of the UN Global Compact, thus heeding all recommendations of the institution. None of the principles have been violated. Adler Group has also documented all corporate governance and compliance processes, adhered to them, and has continued to improve them in 2023. (See chapter Corporate Governance). Adler Group publishes the gender pay gap on a yearly basis, as documented in chapter “Employees” but has not set targets for Board gender diversity. The existing gender pay gap does not relate to discrimination, but rather to length of stay or regional differences in wages. As Adler Group is a real estate company, it does not deal with weapons of any sort or other controversial products.

Basis for determining the taxonomy key performance indicators

The determination of the KPIs and the reporting on taxonomy-eligible and taxonomy-aligned turnover, capital expenditure, and operating expenditure of the Adler Group are carried out in accordance with the definition of the respective KPIs in Annex II to the delegated act 2023/2486 on the content, presentation, and methodology of the information to be disclosed.

The turnover, capital expenditure, and operating expenditure KPIs that are reported pursuant to the provisions in the EU Taxonomy Regulation are based on the figures in the consolidated financial statements prepared by the Adler Group in accordance with the principles of the International Financial Reporting Standards (IFRS).

Turnover

The share of taxonomy-aligned economic activities in the Adler Group’s total turnover was calculated as the share of net revenue generated with services associated with taxonomy-aligned economic activities (numerator) divided by net revenue (denominator), each figure for the financial year from 1 January 2023 to 31 December 2023. The numerator of turnover KPI is defined as net revenue generated with services associated with taxonomy-aligned economic activities. At the Adler Group, this refers to 7.7 ‘Acquisition and ownership of buildings’, i.e., primarily net rental income and recharged utilities costs.

The figures stated herein are based on the revenue of the Adler Group as recognised in the consolidated statement of profit or loss and explained in the notes to the consolidated financial statements.

Capital expenditure

The total capital expenditure of the Adler Group within the meaning of the EU taxonomy (denominator) is defined as the additions (including additions from business combinations) to property, plant, and equipment (IAS 16), intangible assets (IAS 38), right-of-use assets (IFRS 16), and investment property (IAS 40) before depreciation, amortisation, and revaluations, including expenditure resulting from revaluations and impairment and excluding changes in the fair value. The total capital expenditure used for the calculations is the figure reported in the 2023 consolidated financial statements of the Adler Group. The respective additions were used to determine the denominator.

Whether capital expenditure classifies as taxonomy-eligible thus depends on underlying turnover-generating economic activity. Where CapEx arises from taxonomy-aligned economic activities, the assessment follows the same procedure as in the assessment of turnover (category “a”). None of the CapEx falls into category “b” which arises from plans to upgrade taxonomy-eligible activities into taxonomy-aligned ones, or into category “c” of the EU taxonomy (CapEx related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to GHG reductions). Usually, the analysis is conducted at the level of individual buildings due to the technical screening criteria that apply to this economic activity.

Capital expenditure not associated with taxonomy-aligned, turnover-generating economic activities was screened to establish whether individual measures can be introduced to reduce the carbon and greenhouse gas emissions of the target activities. A strict allocation process rules out double counting.

All taxonomy-aligned capital expenditure refers to additions to investment properties.

Operating expenditure

Operating expenditure as defined by the EU taxonomy comprises direct, non-capitalised costs relating to research and development, building renovation measures, short-term leases, maintenance and repair, and all other direct expenses. They are necessary to ensure functionality and are related to the day-to-day maintenance of property, plant and equipment.

As all of the Adler Group's operating expenditure, consisting mainly of upkeep, repairs and ongoing maintenance, relates exclusively to the core business, i.e., rental of yielding assets and project development, and is more or less equally distributed among the individual buildings, a key based on the taxonomy-eligibility of turnover was used for the calculations.

Adler Group is still in a transition phase during which all development projects and some parts of the portfolio are up for sale. Capital or operating expenditure plans exist for each individual object or development project. A comprehensive plan, however, has not been considered in the reporting as it is unclear which parts of the portfolio will remain in the future.

Taxonomy-aligned operating expenditure refers mainly to the upkeep, repairs and ongoing maintenance of existing buildings.

The templates in Annex II for the delegated act 2023/2486 are used to disclose taxonomy KPIs (turnover, capital expenditure and operating expenditure). The following tables show the share of Adler Group's economic activities that are subject to the EU taxonomy with regard to the relevant environmental objectives as well as the share of activities that qualify as being taxonomy-aligned.

Proportion of turnover derived from goods or services associated with taxonomy-aligned economic activities – disclosure for year 2023

				Criteria for substantial contribution to						DNSH criteria ("do no significant harm")									
Economic activities	Code(s)	Absolute turnover EUR	Proportion of turnover %	Climate change mitigation %, N/EL	Climate change adaptation %, N/EL	Water and marine resources %, N/EL	Circular economy %, N/EL	Pollution %, N/EL	Biodiversity and ecosystems %, N/EL	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned or eligible proportion of turnover 2022 %	Category (enabling activities) E	Category (transitional activities) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	3,617,835	0.81	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.08		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		3,617,835	0.81	0.81	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	1.08		
of which enabling		0	0	0	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y		E	
of which transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Construction of new buildings	CCM 7.1	120,906,508	27.17	EL	N/EL	N/EL	N/EL	EL	N/EL								47,19		
Acquisition and ownership of buildings	CCM 7.7	288,833,638	64.90	EL	N/EL	N/EL	N/EL	N/EL	N/EL								45,87		
Turnover of taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		409,740,145	92.06	0	0	0	0	0	0								93.03		
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**413,357,980**	**92.87**	**0**	**0**	**0**	**0**	**0**	**0**								**94.15**		
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities (B.)		**31,719,330**	**7.13**																
Total (A.+B.)		**445,077,310**	**100**																

Proportion of CapEx derived from goods or services associated with taxonomy-aligned economic activities – disclosure for year 2023

				Criteria for substantial contribution to						DNSH criteria (“do no significant harm”)									
Economic activities	Code(s)	Absolute CapEx EUR	Proportion of CapEx %	Climate change mitigation %, N/EL	Climate change adaptation %, N/EL	Water and marine resources %, N/EL	Circular economy %, N/EL	Pollution %, N/EL	Biodiversity and ecosystems %, N/EL	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned or eligible proportion of CapEx 2022 %	Category (enabling activities) E	Category (transitional activities) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Installation, maintenance and repair of energy-efficient appliances	CCM 7.3	1,079,529	1.54	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of devices for measuring, controlling and regulating the overall energy efficiency of buildings	CCM 7.5	94,169	0.13	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Acquisition and ownership of buildings	CCM 7.7	61,560	0.09	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
CapEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		1,235,258	1.76	1.76	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	0.03		
of which enabling		1,173,698	1.67	1.67	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y		E	
of which transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	66,383,742	94.57	EL	N/EL	N/EL	N/EL	N/EL	N/EL								54.44		
CapEx for taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		66,383,742	94.57	94.57	0	0	0	0	0								98.69		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		**67,619,000**	**96.33**	**96.33**	**0**	**0**	**0**	**0**	**0**								**98.72**		
B. Taxonomy non-eligible activities																			
CapEx of taxonomy non-eligible activities (B.)		**2,579,000**	**3.67**																
Total (A.+B.)		**70,198,000**	**100**																

Proportion of OpEx derived from goods or services associated with taxonomy-aligned economic activities – disclosure for year 2023

				Criteria for substantial contribution to						DNSH criteria ("do no significant harm")									
Economic activities	Code(s)	Absolute OpEx EUR	Proportion of OpEx %	Climate change mitigation %, N/EL	Climate change adaptation %, N/EL	Water and marine resources %, N/EL	Circular economy %, N/EL	Pollution %, N/EL	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned or eligible proportion of OpEx 2022 %	Category (enabling activities) E	Category (transitional activities) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	283,770	1.25	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.30		
OpEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		283,770	1.25	1.25	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.30		
of which enabling		0	0	0	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y		E	
of which transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	22,371,286	98.75	EL	N/EL	N/EL	N/EL	N/EL	N/EL								97.70		
OpEx for taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		22,371,286	98.75	98.75	0	0	0	0	0								97.70		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		**22,655,056**	**100**	**100**	**0**	**0**	**0**	**0**	**0**								**100**		
B. Taxonomy non-eligible activities																			
OpEx of taxonomy non-eligible activities (B.)		**0**																	
Total (A.+B.)		**22,655,056**	**100**																

Corporate Governance Report

Principles of Corporate Governance

Adler Group places the highest value on good corporate governance in compliance with all applicable laws while also upholding the principles of ethical business conduct in our daily operations. In order to meet the requirements of good corporate governance at all times, Adler Group adapts its organisation continuously. This relates not only to structures, but also to reporting lines and management processes, taking into account the changing format of the Adler Group.

Effective compliance management is a key pillar of good corporate governance. Based on the general corporate objectives, the Adler Group's management has defined appropriate principles and guidelines to ensure that both the legal representatives and employees of the Adler Group and third parties comply with the applicable rules and laws. Through these principles and guidelines, the Adler Group intends to prevent serious violations of applicable laws and voluntary commitments.

At Adler Group, our compliance management is ingrained within our corporate culture, emphasising adherence to rules and ethical standards. This entails our management's commitment to exemplary compliance behaviour, serving as a guiding example for all. The integrity and responsible conduct of managers across all levels are pivotal in fostering a culture of compliance. With a primary goal of minimising reputational and financial risks, Adler Group has effectively implemented robust corporate governance practices thus far.

General

The Company's corporate governance practices are governed by Luxembourg law (particularly the Luxembourg Law of 10 August 1915 on commercial companies, as amended (the “Luxembourg Companies Law”) and the Company's articles of association (the “Company Articles”)). As a Luxembourg company with its shares admitted to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange, the Company is not subject to any specific mandatory corporate governance rules. The corporate governance practices applied by the Company are those applied under general Luxembourg law.

The governing bodies of the Company are the board of directors (the “**Board**”, and each member of the Board individually, a “**Director**”) and the general meeting of the shareholders (the “**General Meeting**”). The powers of these governing bodies are defined in the Luxembourg Companies Law and the Company Articles. Together with the senior management (the “**Senior Management**”) which as at 31 December 2023 was composed of a chief executive officer (the “**CEO**”) who has also been appointed as daily manager of the Company (the “**Daily Manager**”), the chief financial officer (the “**CFO**”), the chief legal officer (the “**CLO**”), and the chief restructuring officer (the “**CRO**”) the Company's Board manages the Company in accordance with the provisions of Luxembourg law. The Board's duties, responsibilities and business procedures are laid down in specific rules of procedure, the latest version of which was approved by the Board on 28 August 2024.

Board

As a general rule, the Directors are elected by the General Meeting. However, in the event of a vacancy in the office of a Director, the remaining members of the Board may fill such vacancy and appoint a successor to act until the next General Meeting which shall resolve on the permanent appointment in compliance with the applicable legal provisions. As at 31 December 2023, five out of seven Directors are independent directors. The only non-independent Directors are the CEO (appointed also as a Daily Manager) and the CFO of the Company.

The Board develops the strategic direction of the Company together with the Senior Management and ensures its implementation. The Board is vested with the broadest powers to take any actions necessary or useful to fulfil the corporate objectives of the Company save for actions reserved by law for the General Meeting.

Changes at Board level

During the year of 2023, the Company improved its Corporate Governance by enlarging its Board of Directors as the main governing body with the addition of two independent Board members and one non-independent Board member. The annual General Meeting (AGM) on 21 June 2023 approved with an overwhelming majority the appointment of Thomas Echelmeyer as non-independent member of the Board of Directors in addition to his current role as CFO of Adler Group. Dr. Heiner Arnoldi and Stefan Brendgen were appointed as additional independent Board members.

Since the end of the financial year 2023, Prof. Dr. A. Stefan Kirsten has resigned as a Director (and as Chairman of the Board of Directors of the Company) and Stefan Brendgen was appointed as the new Chairman of the Board with effect as of 19 February 2024. Dr. Heiner Arnoldi and Mr Thomas Zinnöcker resigned with effect as of 25 June 2024 and Mr Matthias Moser was appointed as a Director of the Company with effect as of 25 June 2024.

Composition of the Board

as at 31 December 2023:

Prof. Dr. A. Stefan Kirsten
Independent Director

Dr. Heiner Arnoldi
Independent Director

Mr Thierry Beaudemoulin
Director

Mr Stefan Brendgen
Independent Director

Mr Thilo Schmid
Independent Director

Mr Thomas Echelmeyer
Director

Mr Thomas Zinnöcker
Independent Director

Note: Prof. Dr. A. Stefan Kirsten resigned as Chairman of the Board of Directors as of 19 February 2024, and Stefan Brendgen was elected as new Chairman of the Board with immediate effect as of 19 February 2024. Dr. Heiner Arnoldi and Mr Thomas Zinnöcker resigned as Directors of the Company as of 25 June 2024. Mr Matthias Moser was appointed as a Director of the Company as of 25 June 2024.

Prof. Dr. A. Stefan Kirsten

Chairman of the Board of Directors

Prof. Dr. A. Stefan Kirsten studied business in Germany and the USA. He holds a doctorate degree in economics and is teaching at various German universities. From 1986 to 2000, he held positions in auditing and at corporate

level with Arthur Andersen, Rheinmetall, WMF, and EMI Music. In 2000, he became the group chief financial officer of Metro AG, in 2002, the group CFO at ThyssenKrupp AG. From 2007 to 2010, he was chief financial officer and later chief executive officer of Majid al Futtaim Group in Dubai. In 2011, he joined Deutsche Annington as chief financial officer and helped to refinance the company, go public and grow into Vonovia SE. After stepping down from Vonovia SE in 2018, he concentrated on non-executive directorships, i.e., Jeronimo Martins SGPS SA, Footprint International Inc. or Planted AG. He is also an active investor as well as co-founder and chief financial officer of Monarch, a start-up in security-related consulting.

Dr. Heiner Arnoldi

Dr. Heiner Arnoldi studied at the University of Hamburg and received his doctorate from the University of Frankfurt am Main. He worked for Deutsche Bank AG for almost 14 years, most recently as a director of the Global Corporate Finance division. From 2004 to 2006, he was the head of mergers & acquisitions and corporate investments, later as divisional board member at WestLB. From 2007 to 2019, Mr Arnoldi was head of real estate investment banking at Sal. Oppenheim jr. & Cie. AG & Co. KGaA, and since 2017 as a member of the Management Board. From 2019 to 2022, he was a member of the management board of Deutsche Oppenheim Family Offices. Mr Arnoldi has been a member of the Board of Directors of Adler Group S.A. since June 2023.

Mr Thierry Beaudemoulin

Mr Thierry Beaudemoulin graduated from the Institut d'Etudes Politiques de Paris, France in 1993 and obtained a master’s degree in real estate and urban planning from the same institution in 1995. From 1996 to 1998, Mr Beaudemoulin was a special advisor to the chief executive officer of Batigère. Between 1998 and 2000, he was head of property management at Foncia and held positions as asset manager and managing director France at ING REIM (Europe) between 2000 and 2004. From 2004 to 2006, Mr Beaudemoulin was managing director for the Paris region at Batigère. Between 2006 and October 2019, he was chief executive officer at Covivio Germany and a member of the executive board at Covivio.

Mr Stefan Brendgen

Mr Stefan Brendgen studied business administration at Bayreuth University and the University of Cologne. During his career, he held various management positions in the real estate industry, including at DTZ Zadelhoff, Tishman Speyer Properties, and Allianz Real Estate. From 2015 to 2017, he was a board member at IVG Immobilien AG and, among others, chairman of the supervisory board of Triuva Kapitalverwaltungsgesellschaft mbH. He has been chairman of the supervisory board of Instone Real Estate Group SE since 2018 and of HAHN-Immobilien- Beteiligungs AG since 2021. Mr Brendgen has been a member of the Board of Directors of Adler Group S.A. since June 2023.

Mr Thomas Echelmeyer

Mr Thomas Echelmeyer studied business administration at Westfälische Wilhelms-Universität Münster and earned a degree of Diplom-Kaufmann in 1985. He is a certified public accountant and tax advisor. From 1986 to 2007, he worked in the audit and consulting business as an audit partner at Arthur Andersen and since 2002 at Ernst & Young. He has over 36 years of professional experience in finance and accounting, of which he spent ten years (2007 to 2017) as CFO for GWH Immobilien Holding GmbH. From 2017 to 2019, he was chief financial officer in a PE-owned hostel and hotel company. Prior to joining the Company as CFO in June 2022, Mr Echelmeyer had been working on several interim CFO assignments in Germany.

Mr Thilo Schmid

Mr Thilo Schmid held several positions in the software industry including at KHK-Software, in Frankfurt and Basel and was chief technology officer at Aparis Software GmbH. After working as a real estate project controller at the Tivona Group, Basel, he joined Wecken & Cie., a Swiss family office, as an investment manager in 2008, where he is responsible for venture capital and real estate investments.

Mr Schmid has been a member of the Board of Directors of Adler Group S.A. since October 2020. Other current directorships include Adler Real Estate Aktiengesellschaft (Deputy Chairman of the Supervisory Board), DTH S.à r.l. (member of the board of managers), Cynora GmbH (member of the advisory board), and Yeditepe Marina Yatirim Turizm Insaat A.S. (member of the board of directors).

Mr Thomas Zinnöcker

Mr Thomas Zinnöcker studied business administration and earned the degree of a Diplom-Kaufmann at the University of Cologne in 1985. He held various managing positions at Krantz TKT GmbH, Deutsche Telekom Immobilien und Service GmbH, GSW Immobilien AG, Gagfah S.A., Vonovia SE and ista International GmbH. From 2014 to 2020, he was chairman of the board of the Institute for Corporate Governance in the German Real Estate Industry.

From 2006 to 2021, Mr Zinnöcker was a member of the board of the ZIA German Property Federation (Immobilienverband ZIA) and since 2013, Mr Zinnöcker has been a member of the board of trustees of Familienstiftung Becker & Kries and chairman of the board as of 2019. Mr Zinnöcker has been a member of the Board of Directors of Adler Group S.A. since October 2020.

Committees established by the Board

The Board's work takes place through plenary sessions and committees, which exercise their activities under the responsibility of the Board. In 2023 the Company had five committees:

- *the Audit Committee,*
- *the Nomination and Compensation Committee,*
- *the Financing Committee,*
- *the Investment Committee, and*
- *the Ad hoc Committee.*

Following Prof. Dr. A. Stefan Kirsten's resignation as Chairman of the Board of Directors and Stefan Brendgen's subsequent appointment as new Chairman of the Board, the Financing and Investment Committees merged to the Investment Financing Committee with effect as of 28 February 2024. Subsequently, the Investment and Financing Committee was dissolved on 25 June 2024.

The Committees are expressly governed by the Committees' rules of procedure, the last version of which was adopted by the Board on 28 August 2024 (the "**Committees' Rules of Procedure**"). In accordance with these rules, the Committees convene whenever required by the Company's affairs.

Audit Committee

as at 31 December 2023:

Mr Thilo Schmid
Chairman

Dr. Heiner Arnoldi

Mr Stefan Brendgen

Prof. Dr. A. Stefan Kirsten

Note: Following the resignations of Prof. Dr. A. Stefan Kirsten with effect as of 19 February and Dr. Heiner Arnoldi with effect as of 25 June 2024, the Audit Committee consists of three Board members, Mr Thilo Schmid (Chairman), Mr Matthias Moser and Mr Stefan Brendgen.

The purpose of the Audit Committee is

(i) to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements and the adequacy of internal control systems over financial reporting,

(ii) to monitor the effectiveness of the Company's internal quality control and risk management systems,

(iii) to make recommendations for the appointment, compensation, retention, and oversight of the external auditors and consider their independence, and

(iv) to evaluate whether any transaction between the Company and a related party is a material transaction that would require the approval of the Board and publication.

It is not required to submit to the Audit Committee transactions entered into between the Company and its subsidiaries, provided:

(i) that they are wholly owned; or

(ii) if not wholly owned, that no other related party of the Company has any interest in that subsidiary.

The Audit Committee also performs other duties imposed by applicable laws and regulations of the markets on which the Company's shares are listed, as well as any other duties entrusted to it. The Audit Committee only has an internal function and reports periodically to the Board on its activities. None other than the above-mentioned decision-making powers or powers of representation were delegated to the Audit Committee. The Chairman of the Audit Committee must be independent of the Company. The Committees' Rules of Procedure do not provide for a fixed membership term.

Nomination and Compensation Committee

as at 31 December 2023:

Prof. Dr. A. Stefan Kirsten
Chairman

Mr Thilo Schmid

Mr Thomas Zinnöcker

Note: Following the resignations of Prof. Dr. A. Stefan Kirsten with effect as of 19 February and Mr Thomas Zinnöcker with effect as of 25 June 2024, Mr Stefan Brendgen was appointed as the Chairman of the Nomination and Compensation Committee (with effect as of 28 February 2024) and Mr Matthias Moser was appointed as a member of the Nomination and Compensation Committee (with effect as of 25 June 2024).

The purpose of the Nomination and Compensation Committee is to determine, revise, and assist with the implementation of the remuneration policy, make proposals as to the remuneration of the Senior Management, and advise on any benefit or incentive schemes. It further assists the Board with respect to matters relating to the nomination of candidates for the Board and the Committees, and advises on any benefit or incentive schemes. The Nomination and Compensation Committee decides on behalf of the Board regarding the engagement of executive recruiters and advisors to fill open positions within Senior Management or on the Board and to set the job specifications for such open positions. No other decision-making powers of the Board have been delegated to the Nomination and Compensation Committee. The Nomination and Compensation Committee shall furthermore assist with the preparation of any remuneration report of the Company, to the extent that such a report is legally required. The Committees' Rules of Procedure do not provide for a fixed membership term.

Financing Committee

as at 31 December 2023:

Dr. Heiner Arnoldi
Chairman

Prof. Dr. A. Stefan Kirsten

Mr Thomas Zinnöcker

Note: The Financing Committee was merged with the Investment Committee on 28 February 2024, and the Investment and Financing Committee was dissolved on 25 June 2024.

The purpose of the Financing Committee was to monitor the Company's financial position (including its assets, liabilities, and cash-flow) and to evaluate the Company's options in terms of funding sources (e.g. debt financing/refinancing, secured/unsecured financing, equity funding, asset sales). It assessed the viability of the existing financing arrangements and sought to identify any financial challenges or limitations that needed to be addressed. In all activities, it particularly relied on information provided by members of Senior Management. In the context of the Restructuring Plan, the Financing Committee closely monitored the Company's financial performance and progress, as well as the terms of any potential funding options, for compliance with the business plan. Furthermore, the Financing Committee also considered any encumbrance over any assets and assisted with the arranging and the raising of external financing by any subsidiary of the Group and with the granting of securities, guarantees, and indemnities.

The Board had delegated to the Financing Committee the power to enter into financing transactions with a value ranging between EUR 50,000,000 and EUR 100,000,000 on behalf of the Company or one of its subsidiaries, if permitted by applicable law. No other decision-making powers were delegated to the Financing Committee. The Committees' Rules of Procedure did not provide for a fixed membership term.

Investment Committee

as at 31 December 2023:

Mr Stefan Brendgen
Chairman

Prof. Dr. A. Stefan Kirsten

Mr Thomas Zinnöcker

Note: The Investment Committee was merged into Financing Committee on 28 February 2024: and the Investment and Financing Committee was dissolved on 25 June 2024.

The purpose of the Investment Committee was to consider potential investment or divestment opportunities by the Company, including the evaluation of the viability, profitability, and possible risk factors associated with each opportunity presented to it, in order to make informed decisions and recommendations to the Board. In the context of the Restructuring Plan, the Investment Committee closely monitored the Company's investment and divestment performance and progress, as well as the terms of any potential investment/divestment transactions, for compliance with the business plan. The Board had delegated to the Investment Committee the power to enter into real estate transactions with a value ranging between EUR 50,000,000 and EUR 100,000,000, and into real estate property development transactions with a value ranging between EUR 25,000,000 and EUR 50,000,000. All transactions were to be consistent with the strategy of the Company. The decisions were to be taken on behalf of the Company or one of its subsidiaries, if permitted by applicable law. No other decision-making powers of the Board were delegated to the Investment Committee.

The Committees' Rules of Procedure did not provide for a fixed membership term.

Ad Hoc Committee

as at 31 December 2023:

Mr Thierry Beaudemoulin
CEO
Chairman

Mr Thomas Echelmeyer
CFO

Mr Sven-Christian Frank
CLO

Mr Hubertus Kobe
CRO

Note: With the departure of Mr Hubertus Kobe in his role as the CRO, the Ad hoc Committee is composed of Mr Thierry Beaudemoulin, Mr Thomas Echelmeyer and Mr Sven-Christian Frank.

The purpose of the Ad Hoc Committee is to resolve the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation. The Ad Hoc Committee shall review, identify and resolve if information is to be considered inside information and if it should be subject to disclosure or whether the prerequisites for a delay in the disclosure of such inside information are applicable. It is a key requirement of the Ad Hoc Committee that its members be available at short notice. The Board has delegated decision-making powers and power of representation in respect of the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation to the Ad-hoc-Committee. The Committees' Rules of Procedure do not provide for a fixed membership term.

The performance of the Board of Directors

The Company is not legally obliged to comply with the German Corporate Governance Code (“GCGC”). As, however, the majority of its business activities are conducted in Germany, the Board has decided to commit to its recommendations. Therefore, the activities of the Board comply with the GCGC in its key respects (see table below). All members of the Board have professional skills and qualifications to properly and expertly perform their respective functions. With the exception of the CEO and the CFO, all members of the Board are considered independent.

Unlike the German two-tier supervisory board/management board structure, Adler Group S.A. consists of a one-tier Board structure. Accordingly, any reference to the supervisory board below, insofar as it refers to Adler Group S.A., should be understood as a reference to the Board of Adler Group S.A. Similarly, Adler Group S.A. does not have a management board but Senior Management. Accordingly, any reference below to the management board, insofar as it relates to Adler Group S.A., should be understood as a reference to the Senior Management of Adler Group S.A.

Assessment criteria	In accordance with the German Corporate Governance Code
Ability, diversity, and organisation Overall, the members of the Supervisory Board have the knowledge, skills and professional experience required to properly perform their duties.	■
The statutory gender quota is complied with (≥ 30%).	□
The Supervisory Board specifies concrete objectives for its composition and sets itself a competence profile.	□
An age limit is set for members of the Supervisory Board.	□
The term of Supervisory Board membership shall be disclosed.	■
Diligence Each Supervisory Board member has sufficient time available to perform his or her duties.	■
Members of the Management Board of a listed company shall not hold more than a total of two (GCGC)/five (investors) supervisory board mandates in non-Group listed companies or comparable functions.	■
Independence The Supervisory Board shall include what it considers to be an appropriate number of independent members from the group of shareholder representatives, thereby taking into account the shareholder structure. A Supervisory Board member is considered independent if they are independent from the company and its Management Board, and independent from any controlling shareholder.	■
A Supervisory Board member is considered independent if they have no personal or business relationship with the company that may cause a substantial – and not merely temporary – conflict of interest.	■
A Supervisory Board member is considered independent if they do not act as a representative of a major shareholder.	■
A Supervisory Board member is considered independent if the company for which the member works does not supply goods and services worth more than EUR 10,000 to the company for which the Supervisory Board member works.	■
A Supervisory Board member is considered independent if the company for which the Supervisory Board member works has no material business relationship with Adler Group S.A. (material = more than 1% of revenue).	■
A Supervisory Board member is considered independent if they have not been a member of the Supervisory Board for more than twelve years.	■
The independent proportion of shareholder representatives is > 50%, i.e., there is no personal or business relationship with the company that may cause a substantial – and not merely temporary – conflict of interest.	■

■ **Criterion fulfilled** □ **Criterion not fulfilled**

Assessment criteria	In accordance with the German Corporate Governance Code
Conflicts of interest The Supervisory Board members are obliged to act in the best interests of the company. In all their decisions, they must neither pursue personal interests nor exploit for themselves business opportunities to which the company is entitled.	■
Each Supervisory Board member shall inform the Chair of the Supervisory Board of any conflicts of interest without undue delay.	■
Each Management Board member shall disclose conflicts of interest to the Chair of the Supervisor Board and to the Chair or Spokesperson of the Management Board without undue delay and shall inform the other members of the Management Board.	■
Management Board members shall only assume sideline activities, especially Supervisory Board mandates outside the company, with the approval of the Supervisory Board.	■
Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company, and shall not hold any personal relationships with a significant competitor.	■
Committees The Supervisory Board shall establish an Audit Committee that addresses the topics of reviewing and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, and compliance.	■
The Chair of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures, shall be familiar with audits, and shall be independent. The Chair of the Supervisory Board shall not chair the Audit Committee.	■
The Chair of the Supervisory Board and the Chair of the Audit Committee shall be independent from the company. The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting.	■

■ **Criterion fulfilled** □ **Criterion not fulfilled**

The independence of the Board of Directors in 2023

Member	In accordance with German Corporate Governance Code Criteria
Prof. Dr. Stefan Kirsten	■
Dr. Heiner Arnoldi	■
Mr Thierry Beaudemoulin *Senior Management*	□
Mr Stefan Brendgen	■
Mr Thomas Echelmeyer *Senior Management*	□
Mr Thilo Schmid	■
Mr Thomas Zinnöcker	■

□ **Not Independent** ■ **Independent**

Senior Management and Daily Manager

The Senior Management of the Company is integral to the management of the Company and its subsidiaries. As at 31 December 2023, the Senior Management of the Company consisted of Mr Thierry Beaudemoulin (CEO), Mr Thomas Echelmeyer (CFO), Mr Sven-Christian Frank (CLO), and Mr Hubertus Kobe (CRO).

In accordance with article 8 of the Company Articles and in addition to being part of the Senior Management, Mr Beaudemoulin has been appointed by the Board as the daily manager of Adler Group (délégué à la gestion journalière) and is thus responsible for the day-to-day management of the Company (Daily Manager). Mr Thomas Echelmeyer, Mr Frank and Mr Kobe have not been appointed as Daily Managers but have been granted certain specific delegations by the Board with respect to daily management and the possibility of acting as a proxyholder for the Company.

Changes in the Senior and Daily Management

During the year 2023, Mr Hubertus Kobe was appointed as CRO of the Company. Hubertus Kobe worked in the real estate sector for several decades. His previous positions included roles at, among others, ECE Projektentwicklung, Signa Real Estate Capital Partners, and DTZ Zadelhoff Tie Leung / Donaldsons Germany, where he held the position of Partner and CEO Germany. In his career, he successfully managed the transformation and realignment of companies and organised dialogue with various stakeholders.

The Company and Mr Hubertus Kobe agreed to terminate his agreement with effect as of 30 September 2024.

Composition of the Senior Management

as at 31 December 2023:

Mr Thierry Beaudemoulin
CEO and Daily Manager

Mr Thomas Echelmeyer
CFO

Mr Sven-Christian Frank
CLO

Mr Hubertus Kobe
CRO

General Meetings

General Meetings are held at the Company's registered office in Luxembourg or any other place in Luxembourg as may be specified in the respective convening notice of the meeting.

The Company shall ensure equal treatment of all shareholders so that they are in the same position with regard to participating in and exercising voting rights at the General Meeting. Any duly constituted General Meeting shall represent all the shareholders of the Company. It shall have the widest powers to order, implement or ratify all acts connected to the Company's operations that are not conferred on the Board.

General Meetings (other than the annual General Meeting of the shareholders) may be called as often as the interests of the Company require. The Board is obliged to call a General Meeting of the shareholders when a group of shareholders representing at least one-tenth of the issued and outstanding shares requests the convening of a General Meeting of the shareholders in writing, indicating the agenda of the proposed meeting.

In accordance with the Luxembourg Law of 24 May 2011 (the "Luxembourg Shareholder Rights Law"), the convening notice to a General Meeting is to be published at least thirty days before the day of the meeting in the official gazette of Luxembourg (Recueil Electronique des Sociétés et Associations), and a Luxembourg newspaper, as well as in media that may reasonably be relied upon for the effective dissemination of information to the public throughout the European Economic Area, and which is accessible rapidly and on a non-discriminatory basis. If a General Meeting of the shareholders is adjourned for lack of quorum, provided that the convening requirements of the Luxembourg Shareholder Rights Law have been complied with and no new item has been added to the agenda, the 30-day period is reduced to at least a 17-day period. A convening notice must, inter alia, contain the precise date and location of the General Meeting and the proposed agenda. It must also set out the conditions for attendance and representation at the meeting.

The convening notice and the documents required to be submitted to the shareholders in connection with a General Meeting shall be posted on the Company's website from the date of the first publication of the General Meeting convening notice, as set out above.

In accordance with the Luxembourg Shareholder Rights Law, shareholders who hold, individually or collectively, at least 5% of the issued share capital of the Company have the right to put items on the agenda of the General Meeting of the shareholders and also to place draft resolutions for items included or to be included on the agenda of the General Meeting of the shareholders. These rights shall be exercised through requests in writing by the relevant shareholders submitted to the Company by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the General Meeting of the shareholders and shall include the electronic or mailing address at which the Company can acknowledge receipt of the request. Any such request from shareholders must be received by the Company no later than on the 22nd day prior to the date of the General Meeting of the shareholders.

Under normal circumstances, each shareholder is entitled to attend the General Meeting, in person or by proxy, and to exercise voting rights in accordance with the Company Articles. Each share (excluding any shares held by the Company) shall entitle the holder to one vote at all General Meetings subject to the provisions of applicable law.

Conflicts of interest and related party transactions

Any Director having a direct or indirect financial interest conflicting with that of the Company (intérêt de nature patrimoniale opposé à celui de la société) in a transaction which has to be considered by the Board, must advise the Board thereof and cause a record of their statement to be included in the minutes of the meeting of the Board. The Director may not take part in the deliberations related to, and shall not vote on, such transaction.

At the next subsequent General Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Company. Where, because of conflicts of interest, the quorum or majority requirements for a vote on an agenda item are not met, the Board may decide to refer the decision on the agenda item in question to the General Meeting for decision. These provisions shall not apply where the decisions of the Board concern ordinary business entered into under normal conditions.

These provisions shall apply by analogy to any Daily Managers. In case there is only one sole Daily Manager and that Daily Manager is faced with a conflict of interest as described in this Article, the relevant decision shall be referred to the Board.

Any material transaction between the Company and a related party shall be subject to the prior approval of the Board and the Company shall publicly announce material transactions with related parties on its website latest at the time of conclusion of the transaction. For the purposes of the preceding sentence:

“material transaction” shall mean any transaction between the Company and a related party whose publication or disclosure would be likely to have a significant impact on the economic decisions of shareholders of the Company and which could create a risk for the Company and its shareholders who are not related parties, including minority shareholders. The nature of the transaction and the position of the related party shall be taken into consideration;

“related party” has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Issuance & buy-backs of shares

As at 31 December 2023, the Company had issued dematerialised shares, registered with a single settlement organisation in Luxembourg, LuxCSD, and had authorised capital which is set at one million euros (EUR 1,000,000). The General Meeting of shareholders or the Board could, from time to time, issue shares in accordance with Chapter II, Section 1 of the Luxembourg Law of 6 April 2013 on dematerialised securities. As at 31 December 2023, pursuant to the Company Articles, authorisation was also given to the Board (or delegates duly appointed by the Board) to issue shares from time to time within the limits of the authorised capital at such times and on such terms and conditions, including the issue price, as the Board or its delegates may in its or their discretion resolve. The Board was furthermore authorised to suppress, limit or waive any pre-emptive subscription rights of shareholders to the extent it deemed advisable for any issues of shares within the authorised capital.

On 17 August 2024, the extraordinary General Meeting of the Company resolved to convert the dematerialised shares into registered shares of the Company and to approve the amendment and restatement of the Company Articles, which currently no longer include provisions for authorised capital and the Board's authority to issue shares within its limits.

The Company does not currently hold any of its own shares, nor does a third party hold any of the Company's shares on behalf of the Company. Without prejudice to the Market Abuse Law and the principle of equal treatment of shareholders, the Company and its subsidiaries, as referred to in Article 430-23 (1) of the Luxembourg Companies Law, may, directly or through a person acting in its own name but on the Company's behalf, acquire its own shares subject to an authorisation given by the General Meeting in accordance with the provisions of Article 430-15 (the "**Buy-Back Authorisation**").

A Buy-Back Authorisation has been granted by the General Meeting in 2020. Pursuant to this Buy-Back Authorisation, the General Meeting has granted all powers to the Board, with option to delegate, to buy-back, either directly or through a subsidiary of the Company, shares of the Company for a period of 5 years following the date of the 29 September 2020 General Meeting. The aggregate amount of the shares of the Company, which may be acquired pursuant to the Buy-Back Authorisation, may not exceed 10% of the aggregate amount of the issued share capital of the Company at the date of exercise of the authorisation.

Compliance

Good corporate governance ensures that legal requirements and the Company's internal regulations are complied with and that the Company remains transparent for its shareholders and other stakeholders. However, these goals can only be achieved if managers and employees are aware of how important it is to comply with laws and regulations. Ensuring this is the task of the Adler Group's compliance management.

Compliance management

The Company attaches great importance to a compliance culture that is practised throughout the Group and is convinced that a business policy which is consistently guided by laws and reasonable rules serves the long-term interests of the Company. Compliance with these rules is therefore a top priority: towards third parties in order to be a reliable partner, and towards employees in order to create a working environment characterised by integrity, respect and fairness.

In this context, the culture is decisively shaped by the "tone from the top", the behaviour of the Adler Group's management at all levels, their integrity and responsible behaviour. After all, the compliance climate prevailing in the Company depends on the role model of the superiors. Adler Group has successfully implemented this to date.

Adler Group has installed a comprehensive compliance management system (CMS) in order to cope with the associated challenges. The Group's key compliance topics include anti-corruption, supplier management, prevention of money laundering and data protection. They all are essential prerequisites for good corporate governance. Adler Group's CMS is based on valid standards and is constantly being further developed. A certification in accordance with a recognised standard is intended.

In order to prevent bribery and corruption, the Senior Management and the managing directors of the Group companies are keen to promote fair and respectful interaction among employees across all hierarchical levels. This is supported by the belief that employees who feel heard and respected are less inclined to take improper advantage for themselves at the expense of the Company or to damage the Company through illegal or non-compliant behaviour.

Compliance organisation

One of the central pillars of the compliance management system is the compliance organisation, which helps to ensure that the Company is compliant at all times, both in its capacity as a listed company and in its operations, project development and portfolio management. During financial year 2023, the compliance organisation consisted of the Chief Compliance Officer (a position held by the Chief Restructuring Officer of the Company), the Head of Compliance and Risk Management, and a team of compliance, risk and data protection managers.

The compliance organisation is a central function, embedded in the Group-wide Compliance & Risk Management. It relies on the Company's managers as role models and the first point of contact for their employees for any questions or suggestions on the topic of compliance. They constitute the interface between the relevant departments and the Compliance department while also ensuring that the Compliance department's "messages" are disseminated within the company. The compliance organisation therefore has decentralised structures as well as a central one.

Collaboration with other departments (e.g. Legal) is close when required. Furthermore, the Adler Group is advised by external service providers on specific compliance issues. They provide assistance with the creation of documents and guidelines and serve as a sparring partner in discussions of relevant compliance matters. Ad hoc and routine audits are performed by an external service provider as necessary. The reporting and escalation channel for compliance issues leads firstly to the Chief Compliance Officer and, depending on the issue, to Senior Management and/or the Board of Directors. A cross-divisional Compliance Committee has been set up, which regularly discusses relevant issues and makes further decisions where necessary.

Whistleblower system and protection of whistleblowers

Even before the Whistleblower Protection Act ('HinSchG') came into force in July 2023, the Adler Group had a whistleblower system in place that offered employees various communication channels through which anonymous or anonymised reports could be submitted. The Adler Group provides an electronic system for this purpose, which is hosted externally, and also offers the option of contacting an independent confidential lawyer. The internal reporting office required by HinSchG, which is responsible for operating the reporting channels, is located in the Adler Group's Compliance department. The Compliance department also ensures low-threshold accessibility for whistleblowers. Whistleblower protection is a matter of course for the Adler Group. It has therefore issued a detailed guideline on the whistleblower system and how to deal with reports.

Compliance risks

A functioning compliance management system is inconceivable without a thorough and regular analysis of compliance risks. In the course of the integration of the Adler Group, a comprehensive risk assessment was carried out to identify the compliance risks in the extremely different fields of activity of the Adler Group and to evaluate them accordingly on both a gross and net basis. The relevance of the risks is regularly reviewed together with the risk owners and adjustments are made if necessary. To minimise risks as much as possible, risk management measures were then determined in cooperation with the risk owners. The implementation of these measures is reviewed in regular audits by Internal Audit. Information is passed on to the Adler Group's management in the form of regular risk reports or, if necessary, ad-hoc reports. These reports are first supplied to Senior Management and then passed on to the Board of Directors.

Compliance system in practice

New employees are informed about the Code of Conduct of the Adler Group and the pertinent guidelines on relevant issues during onboarding. All information is available on the intranet as well and employees are educated via interactive online learning and classroom trainings. Being reachable and accessible is always a top priority for the Compliance department.

In the course of 2023, there were several and various indications of compliance violations in the Group for which measures have been taken. The system thus repeatedly proved its efficiency, and at the same time major damage to the Company was averted.

Compliance regulations

Adler Group makes codes, policies and guidelines available to employees in written form and also publishes them on the publicly accessible website. This documentation provides clarity on the Company's views and ideas about good corporate governance. The documents are regularly reviewed to ensure they are up-to-date. Key documents, including topic-related reports, are:

- Vision, mission, values
- Code of Conduct
- Code of Conduct for Freelancers
- Code of Conduct for Business Partners
- Company Articles
- Anti-Discrimination Policy
- Anti-Corruption Policy
- Data Protection Policy
- Money Laundering Prevention Policy
- Human Rights Policy
- Policy on Political and Social Engagement
- Guideline on the environment
- Whistleblowing Policy
- Risk Management Manual
- Explanation of ESG Risk Assessment
- General Terms and Conditions (GTC)
- General Terms and Conditions for Construction (AGB Bau)
- General Contractual Provisions for Contracts for Architectural and Engineering Services
- Remuneration Policy for the Board of Directors and Senior Management

Data protection

Data protection and data security are key components of the compliance culture of the Adler Group. In an increasingly digitalised environment, extensive and precise rules provide a framework for safe working in terms of data protection. As a real estate company, the Adler Group mainly collects and stores data on prospective and existing tenants, for which it uses special software. The Adler Group also stores data on job applicants and employees in conjunction with the initiation and completion of the hiring process. In addition, it stores personal data on capital market participants who wish to be informed by the Adler Group about major business events.

Legal requirements - such as the provisions of the General Data Protection Regulation (GDPR) - are, of course, complied with throughout the Adler Group. Adler Group's data protection organisation includes both its own employees and external data protection officers. Current data protection issues are recorded and dealt with in regular meetings between the parties involved. In addition, there is an exchange with the specialist departments concerned in this context. The Board and Senior Management of Adler Group are regularly informed about ongoing processes and developments. The designated data protection officer evaluates planned protective measures and proposes changes where necessary.

The Company has formulated a data protection guideline that applies to the entire Group with all locations. The guideline specifies objectives, principles, organisational structures and levels of responsibility for data protection within the Company. To supplement the policy, Adler Group provides additional guidelines on, for example, the rights of data subjects, the private use of hardware and software or the handling of data and IT systems.

The Adler Group also provides its employees with a data protection card. This card contains everything they need to know about data protection in condensed form. In addition to practical definitions for data protection and personal data, it also lists basic rules and employees' key duties in conjunction with data protection. Finally, the information also includes points of contact for employees' questions and channels for anonymous whistleblowing. When employment contracts are signed, employees must agree to comply with the provisions of the GDPR.

IT security

Without an efficient and secure environment for the use of information technology (IT), companies are exposed to the risk of unauthorised access from outside and, as a result, data protection can no longer be reliably guaranteed.

Against this backdrop, Adler Group has standardised IT security for networks and computer systems throughout the Group at a high level in order to make unauthorised access as unlikely as possible ("cyber security"). In the course of harmonising the Group's organisational structures, business processes in the operating business were simultaneously digitalised in order to provide central protection and control.

The reorganisation of the corresponding management and control functions led to a significant improvement in IT security. As part of the new cyber security programme, the Board of Directors has assumed overall responsibility for the protection of IT systems. The management level directly below the Board of Directors has been expanded to include the Cyber Security Officer (CSO) as a central coordination point.

The CSO is responsible for two departments with different specialisations: intensive monitoring on the one hand and the further development of IT security on the other. As in previous years, the systems in use are also subjected to external performance tests (“penetration testing”) and audits. Further developments are also checked by external third parties for their IT security properties. The Company's Board of Directors is regularly informed about current topics in the area of cyber security.

Numerous targeted and accidental attacks on Adler Group's IT systems were also recorded in 2023. However, there was no data leakage or other damage. The reasons for this successful defence included a detailed initial threat analysis, powerful firewalls and anti-virus software, regular in-house test attacks and multi-factor identification when employees log into the systems.

Risk management and monitoring of the Company's financial reporting

The Company believes that integrated risk management (“**IRM**”) is an essential component of efficient business management activities and internal control systems. The Company seeks to preserve the Company's assets and proactively advance the Company's strategic and compliance objectives through effective integrated risk management and financial governance.

The Board of Directors periodically discusses the operational and financial results and the associated risks. A description of the risk management system, the monitoring of financial reporting and the significant individual risks can be found in the Opportunities and Risk Report of this Integrated Report.

Audit

On 27 November 2023, the General Meeting of the Company appointed AVEGA Revision S.à r.l. as the approved statutory auditor/approved audit firm to perform the statutory audit of the standalone annual accounts and consolidated financial statements of the Company for the financial year ended 31 December 2022 and the financial year ended 31 December 2023.

Diversity policy

The vast majority of the Group’s employees are employed at the level of subsidiaries of the Company. Overall, and throughout the Group, there is significant diversity among employees and management.

The understanding that all people should be treated equally and that their individuality should be respected to the greatest possible extent is fundamental to the Company and the entire Group. Therefore, Adler Group supports its employees, Directors and Senior Management equally regardless of their gender, age, sexual orientation and identity, race, nationality, ethnic origin, religion or world views. Internally and when interacting with customers, Adler Group benefits daily from a wealth of perspectives, backgrounds, ways of thinking and approaches which are the result of the social, cultural and linguistic backgrounds of all of its different stakeholders.

The idea of diversity is embedded in many publicly available guidelines concerning mission, vision and values, human rights, anti-discrimination and a general code of conduct. As a result, Adler Group has successfully achieved a high level of diversity at every level of the Group and within all companies belonging to the Group.

Disclosures pursuant to Article 11 of the Luxembourg Law on Takeovers of 19 May 2006

a) With reference to article 11(1)(a) of the abovementioned Luxembourg Law on Takeovers: As at 31 December 2023, the Company had issued a single category of shares. Each share entitled the holder to one vote. For further information regarding the structure of capital, reference is made to Note 8 of the Annual Accounts.

b) The Company Articles do not contain any restrictions on the transfer of shares of the Company except that the Board may impose transfer restrictions for shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdiction in compliance with the requirements applicable therein.

c) According to the notifications of major holdings received with respect to the 2023 financial year, the following shareholders held more than 5% of total voting rights attached to Company shares, as at 31 December 2023:

- Vonovia SE;
- Taconic Capital Advisors.

d) As at 31 December 2023, no securities have been issued with special control rights.

e) The control rights of any shares issued in connection with employee share schemes (if any) are exercised directly by the respective employees.

f) As at 31 December 2023, the Company Articles did not contain any restrictions on voting rights.

g) There are no agreements with shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/ 109 / EC (Transparency Directive).

h) Rules governing the appointment and replacement of Directors:

- Given that the Company has more than one shareholder, the Board shall be composed of at least three Directors. The Board shall be appointed by the General Meeting which determines the number, the duration of the mandate and the remuneration of the Directors.
- The Directors are appointed for a term which, pursuant to the Luxembourg Companies Law, may not exceed six years. They can be removed at any time without justification by the General Meeting by a simple majority vote, irrespective of the number of shares represented at such General Meeting.
- In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next meeting of the General Meeting at which such appointment shall be confirmed by the General Meeting or at which the General Meeting may appoint another Director.
- According to the Company Articles, the Board shall elect from among its ranks a Chairman of the Board and may also elect from among its ranks one or more Deputy Chairmen.

Rules governing the amendment of the Company Articles:

- At any extraordinary General Meeting for the purpose of amending the Company Articles or voting on resolutions, the adoption of which is subject to the quorum and majority requirements for the amendment of the Company Articles, the quorum shall be at least one half of all the shares issued and outstanding. If the said quorum is not present, a second meeting may be convened at which there shall be no quorum requirement. In order for the proposed resolutions to be adopted at a meeting, and unless otherwise provided by law, a two thirds (2/3) majority of the votes of the shareholders present or represented is required at any such General Meeting without counting the abstentions.

i) Powers of the Board:

- The management of the Company is incumbent on the Board; for this, it has the most extensive powers. Its competence extends to all legal acts that are not, expressly by law or the Company Articles, reserved for the General Meeting. The Board may, in particular, purchase real estate directly or through intervening companies, issue bonds and other debt obligations, provide mortgages or other security, reduce or forgive debts and conclude settlements on behalf of the Company.
- The Company shall be bound against third parties in all circumstances by the joint signature of any two Directors. The Company shall also be bound against third parties by (i) the sole or joint signature(s) of any person or persons to whom such signatory power shall be delegated by the Board or, (iii) with respect to matters of daily management, by the sole signature of a Daily Manager.
- During financial year 2023, the Board (or delegates duly appointed by the Board) could from time to time issue shares with the limits of the authorised capital which was set at one million euros (EUR 1,000,000), at such times and on such terms and conditions, including the issue price, as the Board (or its delegates) resolved and the Board was further authorised to arrange for a requisite change in the Company Articles to reflect such capital increase. The Board was authorised to suppress, limit or waive any pre-emptive subscription rights to the extent that it deemed advisable for any issue of shares within the authorised capital. The Board was authorised to attribute existing shares or issue new shares, to the following persons free of charge:
  - employees or a certain category of employees of the Company;
  - employees of companies in which the Company holds directly or indirectly at least 10% of capital or voting rights;
  - corporate officers of the Company or of any of the companies mentioned above or certain categories of such corporate officers.

The Board was authorised to determine the conditions and modalities of any attribution or issue of shares free of charge (including any required minimum holding period).

On 17 August 2024, the extraordinary General Meeting of the Company resolved to approve the amendment and restatement of the Company Articles, which currently no longer include provisions for authorised capital and the Board's authority to issue shares within its limits.

- The Company may proceed with the purchase of its own shares within the limits laid down by law.
- During financial year 2023, interim dividends could be declared by the Board subject to observing the conditions laid down in the Luxembourg Companies Law.

On 17 August 2024, the extraordinary General Meeting of the Company resolved to approve the amendment and restatement of the Company Articles, which currently no longer include provisions for declaring interim dividends.

j) There are no significant agreements to which the Company is party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

k) As of the date of this report, the Company is a party to service agreements with its current CEO, CFO, and CLO, pursuant to which the CEO, CFO, and CLO are entitled to compensation in case of a change of control that materially affects the position of the CEO, CFO, and/or CLO.

Summary Remuneration Report

Remuneration of the Board of Directors

Compensation of the members of the Board of Directors (the "**Board**" and each member a "**Director**") is determined by the general meeting of the shareholders (the "**General Meeting**") of Adler Group S.A. (the "**Company**").

On 29 September 2020 the General Meeting approved the following gross remuneration of the Directors:

- an annual fixed remuneration in a gross amount of EUR 150,000 for the role as the Chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 100,000 for the role as the Deputy Chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 75,000 for the role as a Director of the Company (excluding the Chairman and Deputy Chairman of the Board);
- an additional annual fixed remuneration in a gross amount of EUR 25,000 for any Director who also acts as the Chairman of any Committee of the Company;
- an additional fee in a gross amount of EUR 1,500 per attendance of a Director at any meeting of the Board or any meeting of a Committee of the Company, of which the Director is a member.

If a Director is not appointed for the entire duration of a given financial year, the annual fixed remuneration shall be paid *pro rata temporis* for the relevant period of appointment during the respective year.

All Directors are covered by the Company's directors' & officers' liability insurance and are entitled to reimbursement of any reasonable costs incurred within the scope of their duties as Directors, upon presentation of proof of payment of such costs.

Insofar as the Directors hold positions on the management/supervisory boards of other Group entities, they may receive additional remuneration from the relevant Group entities.

Remuneration of the Senior Management

The remuneration of members of the senior management (together the "**Senior Management**" and each a "**Senior Manager**") and the daily manager (délégué à la gestion journalière) (the "**Daily Manager**") of the Company is determined by the Board.

As at 31 December 2023, the Senior Management of the Company was composed of:

- Mr Thierry Beaudemoulin (director and chief executive officer ("**CEO**")), position held from 10 December 2019;
- Mr Thomas Echelmeyer (chief financial officer ("**CFO**")), position held from 1 September 2022. From 1 June 2022 until 31 August 2022 Mr Thomas Echelmeyer acted as an interim chief financial officer;
- Mr Sven-Christian Frank (chief legal officer ("**CLO**")), position held from 1 September 2020; and
- Mr Hubertus Kobe (former chief restructuring officer ("**CRO**")), position held from 19 June 2023.

The CEO, Mr Thierry Beaudemoulin is appointed as Daily

Manager. There are no other daily managers appointed. The Senior Management remuneration system provides for a fixed annual salary, a short-term incentive ("**STI-Bonus**") and a long-term incentive ("**LTI-Bonus**"). Members of Senior Management may also receive certain fringe benefits and are covered by the directors' & officers' liability insurance. In addition, the Senior Management is entitled to reimbursement of any reasonable costs incurred within the scope of their duties as senior executives, upon presentation of proof of payment of such costs.

Fixed annual salary

Pursuant to the respective service agreements with the Company or its subsidiaries, the current and former members of Senior Management are entitled to receive the following gross fixed annual remuneration (*pro rata temporis as applicable*):

- Mr Thierry Beaudemoulin – EUR 800,000 per annum;
- Mr Thomas Echelmeyer – EUR 700,000 per annum (part of which is paid pursuant to a service agreement with Adler Properties GmbH);
- Mr Sven-Christian Frank – EUR 600,000 per annum (part of which is paid pursuant to a service agreement with Adler Properties GmbH and Adler Real Estate GmbH);
- Mr Hubertus Kobe, former CRO – EUR 600,000 per annum (part of which is paid pursuant to a service agreement with Adler Properties GmbH).

STI-Bonus – general framework

The STI-Bonus is an annual payment dependent on the achievement of certain targets, which are agreed between the relevant member of Senior Management and the Company. The Board may also decide to attribute a discretionary bonus.

Pursuant to the respective service agreements with the Company, the maximum STI-Bonus payable to current and former members of Senior Management (pro rata temporis as applicable) is as follows:

- Mr Thierry Beaudemoulin – EUR 350,000 per annum;
- Mr Thomas Echelmeyer – EUR 350,000 per annum;
- Mr Sven-Christian Frank – EUR 300,000 per annum; and
- Mr Hubertus Kobe, former CRO – EUR 300,000 per annum.

LTI-Bonus – general framework

The following current and former members of Senior Management – Mr Thierry Beaudemoulin, Mr Thomas Echelmeyer, Mr Sven-Christian Frank and Mr Hubertus Kobe (former CRO) – are eligible to earn an LTI-Bonus, to be settled in shares of the Company or in cash (at the discretion of the Company) upon termination of the respective service agreement.

Pursuant to the respective service agreements with the Company, the maximum LTI-Bonus payable to members of Senior Management (pro rata temporis as applicable) is as follows:

- Mr Thierry Beaudemoulin – EUR 350,000 per annum;
- Mr Thomas Echelmeyer – EUR 350,000 per annum;
- Mr Sven-Christian Frank – EUR 200,000 per annum; and
- Mr Hubertus Kobe, former CRO – EUR 200,000 per annum.

Other

The service agreements between the Company and Mr Thierry Beaudemoulin, Mr Thomas Echelmeyer, Mr Sven-Christian Frank and Mr Hubertus Kobe (former CRO) were concluded for an indefinite period of time. The service agreement may/could generally be terminated by either party, subject to a notice period of 12 months to the end of each calendar month. During the notice period, Mr Thierry Beaudemoulin, Mr Thomas Echelmeyer, Mr Sven-Christian Frank and Mr Hubertus Kobe are/were entitled to annual fixed salary, STI-Bonus and LTI-Bonus (pro rata temporis). The service agreements may be terminated by the Company at any time without prior notice in case of a material breach of duties.

All members of the Senior Management are bound by non-compete restrictions in their service agreements for a period of three months following termination of their service agreement.

Total remuneration paid to the Senior Management

The summary remuneration report covers the remuneration of Senior Management who held office during the FY 2023.

Furthermore, this remuneration report is only in summary form. A complete remuneration report was presented to the 2024 annual General Meeting of shareholders of the Company as required by the Luxembourg Law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies (as amended).In the FY 2023, the following total remuneration was paid to the Senior Management:

in EUR	Thierry Beaudemoulin CEO	Thomas Echelmeyer CFO	Sven-Christian Frank CLO	Hubertus Kobe CRO
Fixed remuneration	646,667	652,500(*)	575,087(*) An error in the previous corporate governance report, reflecting the figure 379,254, has been corrected.	320,000(*)
Fringe benefits	59,500 (car allowance; travel allowance; health insurance)	56,786(*) (health insurance; car allowance)	17,209(**) (health insurance; car lease)	43,125(*) (health insurance; car allowance; training)
Total (fixed remuneration and fringe benefits)	**706,167**	**709,286**	**592,296**	**363,125**
STI-Bonus for the FY 2022	350,000	116,986	234,657	N/A
STI-Bonus for the FY 2023	The amount will be determined and will be payable only after the close of FY2023 and therefore is not reported on herein.	The amount will be determined and will be payable only after the close of FY2023 and therefore is not reported on herein.	The amount will be determined and will be payable only after the close of FY2023 and therefore is not reported on herein.	The amount will be determined and will be payable only after the close of FY2023 and therefore is not reported on herein.
LTI-Bonus for the FY 2022	350,000 A confirmatory assessment will be made following the issue of an audit report on the standalone annual accounts and consolidated financial statements for the FY 2022. The LTI bonus attributable to a given financial year (the "Relevant Year") shall be generally settled by the Company during the first four months of the financial year commencing two years after the close of the Relevant Year.	116,667 (EUR 350,000 *pro rata*; Mr Echelmeyer held the office from 1 September 2022). A confirmatory assessment will be made following the issue of an audit report on the standalone annual accounts and consolidated financial statements for the FY 2022. The LTI bonus attributable to Relevant Year shall be generally settled by the Company during the first four months of the financial year commencing two years after the close of the Relevant Year.	200,000 A confirmatory assessment will be made following the issue of an audit report on the standalone annual accounts and consolidated financial statements for the FY 2022. The LTI bonus attributable to Relevant Year shall be generally settled by the Company during the first four months of the financial year commencing two years after the close of the Relevant Year.	N/A
LTI-Bonus for the FY 2023	The amount will be determined only after the close of FY2023 and therefore is not reported on herein.	The amount will be determined only after the close of FY2023 and therefore is not reported on herein.	The amount will be determined only after the close of FY2023 and therefore is not reported on herein.	The amount will be determined only after the close of FY2023 and therefore is not reported on herein.
Extraordinary items	-	-	-	-
Total	**1,406,167**	**942,938**	**1,026,953**	**363,125**

(*) Paid by/due from the Company/Adler Properties GmbH.
(**) Paid by/due from the Company/Adler Properties GmbH/Adler RE.

In December 2023, the Company paid in cash, in accordance with previous service agreements, the LTI-Bonus for FY 2019 and 2020 (EUR 297,466) and FY 2021 (EUR 70,000) to Mr Beaudemoulin; and paid in cash the LTI-Bonus for FY 2020 (EUR 51,808) and 2021 (EUR 31,000) to Mr Frank.

Responsibility for the Environment

Climate change

Adler Group's business activities cause greenhouse gas (GHG) emissions. The vast majority of these are generated in the downstream value chain (Scope 3 emissions) by providing heating for Adler Group tenants. Further GHG emissions are generated by office operations and the operation of the vehicle fleet (mainly Scope 2 emissions) and in the upstream value chain as a result of the purchase of building materials for renovations and refurbishments (Scope 3 emissions).

In 2022, the Adler Group developed a long-term and comprehensive programme to reduce GHG emissions. Important development motives are the limitation of climate change due to CO_2-related global warming and the avoidance of increasing taxation of CO_2 emissions. The main fields of activity for a reduction in GHG emissions are: (1) new heating technology and improved building insulation measures, (2) modern technology for replacement investments in the vehicle fleet, (3) the purchase of environmentally friendly building materials.

However, economic reasons necessitated a consolidation of the real estate portfolio and limited the opportunities for sustainable investments. Against this backdrop, a far-reaching revision of this reduction programme is due as soon as the transformation of Adler Group has been completed. The original aim was to reduce GHG emissions by 50% (Scope 1 and Scope 2) up until 2030 (on the basis of 2020 emissions). This target is to be maintained in principle. However, the majority of the measures are to be postponed to the coming years.

Reduction of energy consumption and GHG emissions

GHG emissions are planned to be reduced on the one hand by improving energy efficiency, i.e., lower energy consumption, and on the other hand by reducing emissions intensity, i.e., using as few greenhouse gas-releasing energy sources as possible. Energy efficiency and emissions intensity are key control parameters of the comprehensive climate programme that was developed in 2021. The corresponding planning provided for a combination of investment measures and initiatives of a structural or energy-related nature. Structural measures mainly comprise energy-efficient refurbishment measures – for example, insulating basements, roofs, and façades or replacing windows and doors. Energy-related measures are aimed at installing new heating systems with higher efficiency or replacing fossil fuels with renewable energy sources. Adler Group procures energy through its subsidiary Adler Energy Services, a subsidiary which holds responsibility for all heating systems owned by the Group.

This plan was postponed because the financial conditions had changed and the portfolio had to be significantly reduced, which meant that, for the time being, it remained unclear which properties would remain in the portfolio once the restructuring process was complete. In addition, other corporate goals, such as securing liquidity, were temporarily given greater priority. However, the original targets for 2030 remain unchanged. The plan is to be revised on the basis of reliable data and adjusted to the expected property portfolio once it is clear which units will be held long term.

Development of relevant environmental parameters in the property portfolio

	2023	2022	2021	2020
Property portfolio as at 31 December	25,043	26,202	27,469	69,722
Heating energy consumption (absolute figures) in kWh/m²	129,89	133.88	140.87	146.82
Electricity consumption (absolute figures) in kWh/m²	3,15	3.14	3.19	3.23
Energy intensity in kWh/m²	142,15	145.20	148.63	155.47
GHG emission in tonnes CO_2/m²	2.05	2.10	2.15	2.28
Volume of water used in m³/m²	3.60	3.89	2.44	1.77
Volume of waste in m³/year	237,681	251,514	365,759	363,954

Although a small amount of work was carried out in and on the existing properties in 2022 and 2023, its impact on limiting climate change was very limited. Significant changes in the consumption of electricity and heating energy - as well as in water use or waste generation – rather resulted from changes in tenant behaviour following the sharp increases in energy prices.

Project development

Up until 2021, Adler Group pursued a second type of activity, namely project development. Due to the necessity of paying back debt from asset sales, project development has been discontinued, with the exception of those projects that are currently being built for third parties.

In this field of activities, Adler Group pursued a comprehensive approach to sustainable development and maintenance that extended over the entire life cycle of the properties and included the target to have buildings certified by nationally and internationally recognised certification agencies such as DGNB, LEED, or BREEAM with Gold" or "Very Good" standards, respectively.

Adler Group successfully completed several projects in 2023. However, these were built for third parties. Therefore, Adler Group had to follow customer requirements and specifications with regard to the technical equipment of the buildings or the materials used. As a result, these do not always coincide with Adler Group's own sustainability requirements, but usually come very close.

Pilot projects for environmental protection

Attractively laid out and sufficiently lit areas in the properties for waste collection and separation is high on tenants' wishlist when it comes to prevent a certain "neglect" of these areas. In the "Duisburg Beethovenstrasse" district, Adler Group has therefore not only optimised the lighting of the waste container area, but has also switched to solar energy generated on site. The system has been climate-neutral in operation ever since. Positive experience gained and a favourable cost-benefit ratio have led to successive use of this system at other locations as well.

In Berlin, Adler Group is testing a hydrogen-powered fuel cell to gain experience with this energy source in everyday operation, particularly its practicality in everyday life. The fuel cell is used to generate heat for heating homes and producing hot water. The test run has not yet been completed, usable results are expected to be available in 2024.

Adler Group has selected a property in need of major refurbishment as a "test laboratory". With the help of external consultants, all the technologies and measures currently on offer to improve energy intensity and emissions intensity are to be gradually implemented here in order to investigate their effect on energy requirements and GHG emissions and to determine their cost-effectiveness. The spectrum here is very wide-ranging. Not only entire concepts for heating or ventilation are analysed, but also details such as the sealing of elevator shafts. The aim is always to keep heat losses as low as possible. Finally, the financial effects of these measures for tenants and landlords will also be assessed.

Sustainability within the Company's organisation

Adler Group has set itself the goal of continuously reducing the amount of electricity, heat, and fuel consumed in its business activities. This effort extends to office locations, operating facilities and the vehicle fleet and is guided by a systematic energy management system certified in accordance with DIN ISO 50.001.

At office locations, energy management focuses mainly on energy-efficient equipment and flexible room temperature controls. Moving from the former three locations to one central office in Berlin has helped in this respect to reduce energy consumption. Technical management operates Adler Group's own vehicle fleet and equipment and strives to reduce the specific energy consumption of existing units. As such, the team replaces fuel-powered equipment and small vehicles used for facility management with electric devices once they have stopped functioning. Where possible and useful, motorised vehicles are replaced by cargo bikes. For cleaning purposes, only approved and ecologically safe cleaning agents are used in the facilities.

In-house energy management measures
Analysing energy requirements to identify the main sources of consumption and give them special attention in activities to increase energy-efficiency
Using KPIs for energy efficiency, such as heating consumption per square metre, to enable site comparisons
Preparing location-specific action plans with energy-efficiency activities
Appointing regional energy representatives for larger operating facilities - Implementing an Energy Management System (EMS) in coordination with the EMS Officer - Informing and motivating the workforce to reduce energy consumption, raising awareness - Providing staff training on the Energy Management System
Putting up posters at the operating facilities to promote energy-consciousness in day-to-day work

Fleet management focuses on reducing fuel consumption and the corresponding greenhouse gas emissions of the fleet, which comprised 396 vehicles at the end of 2023. Relevant data has been captured to optimise driving behaviour. Purchasing new, more efficient vehicles – with a growing proportion of hybrid and electric vehicles – also contributes to reducing GHG emissions on a scope 2 level. Instead of driving company cars, employees are also given the opportunity to use company bicycles or cargo bicycles (conventional bicycles or e-bikes) in favourable conditions.

Biodiversity

Adler Group owns properties in residential areas, most of which were built in the 20th century and were acquired as existing properties. As such, Adler Group's business activities do not threaten biodiversity. However, there is an opportunity to create the conditions for an improvement in biodiversity through targeted measures at the properties. In the past, this has been done, for example, by planting wild shrubs or setting up beehives.

Measures to improve biodiversity ultimately depend on location and thus the individual case, which is why Adler Group has neither developed a general policy nor set specific targets in this respect. Improving biodiversity would also need the support of tenants, which is difficult to organise. There were no corresponding measures in the reporting year.

Sustainable procurement

The type, design, and quantities of goods and services purchased by the Adler Group are generally commissioned by the specialist departments, particularly in the case of building materials. The Adler Group's Purchasing department assumes an advisory role in these processes and provides information on sustainable alternatives. In addition, the Purchasing department has formulated minimum requirements for the sustainability characteristics of the products and materials purchased. From 2023, stricter requirements applied in this regard, and the sustainability performance of the services supplied was monitored for the first time in cooperation with the departments involved. In addition, the catalogue of required materials and products does not only list brands, qualities and standards, but also offers sustainable alternatives.

The catalogue defines the requirements to be taken into account when deciding on building materials, office or auxiliary materials, vehicles and equipment or services, for example. Purchasing works closely with specialist departments in order to meet the various needs of the Company and cover the entire spectrum of suitable products and services.

At the same time, Adler Group intends to increasingly enter into strategic partnerships with manufacturers or suppliers in order to develop particularly sustainable products. The motive of the Adler Group's purchasing department is to set targets and develop a comprehensive purchasing strategy for sustainable procurement with the aim not only to respond to legal requirements, but also to make its own proposals for sustainable products and sustainable technology. With this approach, the Adler Group wants to act as a driver of innovation for more sustainability in real estate.

Circular economy

As a service company, Adler Group has - in relation to revenue - a low demand for long-lasting materials and goods as, once built, real estate has an average lifespan of 80 years. Individual components may have to be replaced/renewed in the meantime. However, when selecting materials and goods, Adler Group pays attention not only to quality and price but also to durability and good recyclability.

In many cases, Adler Group uses installations and equipment - such as in the IT or telecommunications sector - well beyond their economic lifespan. In the case of those devices that are no longer functional or show excessive performance losses, attention is paid to the professional recycling of the devices.

Responsibility for Society and Social Matters

Tenants

In addition to a trusting relationship between tenants and landlords, social responsibility for tenants plays an important role for real estate companies. When companies behave with honesty and decency towards their customers, they improve their social acceptance and have better chances of being successful in the market. Adler Group tries to live up to this. As a landlord, it is committed to the well-being of tenants by offering affordable housing for tenants with average or below-average income. The commitment extends to the provision of a safe and healthy living environment, the offering of good services, and engagement in neighbourhood development.

Adler Group generates a large part of its revenues from rental income. Tenant turnover causes high costs, which is why Adler Group is very interested in increasing tenant retention and keeping the vacancy rate as low as possible. It intends to achieve this with a high quality of service and customer orientation. Adler Group recorded a turnover rate of 7.1% in 2023 - against 7.9% in the previous year - and concluded nearly 2,000 new rental agreements in total. Some of the residential premises are specifically rented to socially disadvantaged tenants. In addition, Adler Group continued to provide housing for refugees from Ukraine who had left their country because of the Russian invasion.

The Group collects feedback from its tenants on a daily basis concerning what they are satisfied with and what they complain about. It receives this feedback via a central service number, regional tenant offices or in personal contact with the facility managers on site. Adler Group had planned to carry out a tenant survey in order to systematically record tenant satisfaction in 2023. However, due to the uncertainty about which parts of the existing portfolio would be held in the longer term, this initiative has been postponed.

Experience shows that availability is a crucial factor for tenant satisfaction. In order to provide the best possible service, Adler Group is, with the support of an external call centre service provider, accessible 24 hours seven days a week via the central service number. A ticketing system makes sure that notifications of defects in a property are forwarded directly to the manager in charge. In addition, emergency numbers are provided.

Local communities and safety

In order to safeguard a safe and healthy living environment, standards and classifications apply for the use of building materials which have to be observed in construction, maintenance, renovation, or refurbishment measures. Following these standards, Adler Group provides the conditions for a safe and healthy living environment in all of its properties. This is part of a wider package of measures to promote the safety of buildings and the general health and safety of tenants.

Obligations to ensure the safety of buildings also comprise regular maintenance, repair, and renewal of all technical installations that are used, e.g., for drinking water, heating, electrical systems, or lifts. They fall under the responsibility of Adler Group as a landlord and are fully met at all times (EPRA H&S Asset). Both the staff from technical property management and from facility management ensure the proper functioning of all installations in all buildings. In the event of defects, they arrange for the faulty equipment to be repaired or replaced.

At regular scheduled intervals, all technical installations are maintained, checked, and, if necessary, replaced. Experts with relevant know-how are employed by Adler Group to ensure this expertise remains in-house. These experts are each responsible for one specific technology, such as lifts, drinking water hygiene, fire protection, asbestos, or the management of refurbishment processes. Each expert is trained in his or her field of expertise and receives further training when technical or statutory requirements change significantly. Local staff working on site are thus able at any time to draw from the expertise pooled at the head office.

In order to ensure that a wide range of safety requirements are met in all buildings and installations, Adler Group arranges inspections of all of its properties at average intervals of about three weeks. Since 2022, staff carrying out these inspections have been able to use new software developed for this purpose as part of the digitalisation initiative. The new app allows reports to be immediately entered into the system and tracked, reducing processing times and ensuring that appropriate action is taken. As soon as faults, malfunctions, or damage are reported, a ticket for a repair order is written right away.

Community involvement

As a property owner with many years of experience, Adler Group is actively involved in the development of urban neighbourhoods and urban renewal projects. In order to ensure the successful development of individual projects or entire urban quarters, Adler Group endeavours to be in contact with all stakeholder groups involved, be it tenant initiatives, interest groups, municipal institutions, or the relevant authorities that decide on development plans. Communication ensures that all the different interests are taken into account during planning phases or in change processes. By doing so, Adler Group intends to not only fulfil legal requirements but to be an active partner in promoting new developments.

If a neighbourhood management office is already established in a certain quarter, Adler Group strives to actively participate in their activities. This may, for example, involve the modernisation of local playgrounds, measures to improve park areas, or the contribution to summer street festivals or Christmas markets.

Partnership in the Berlin Alliance for New Housing Construction and Affordable Housing terminated

In addition to having its German headquarters in Berlin, Adler Group is also deeply rooted in the Berlin housing market due to its substantial property portfolio in the German capital. Adler Group was therefore among the first signatories of the “Alliance for New Housing Construction and Affordable Housing in Berlin” in 2022. In this programme, private, cooperative, and municipal housing companies, business associations, and welfare organisations work together with the city council to find quick solutions to provide more affordable housing in the growing city of Berlin.

Although Adler Group still supports most parts of this initiative and continues its commitment, it terminated its membership in 2023 as the self-imposed restrictions on rent increases collided with the necessities of the current financial situation.

Support the socially vulnerable

Adler Group supports socially disadvantaged groups of people in various ways. This support is not standardised but rather oriented towards current needs and necessities. Under this framework, Adler Group provides apartments for free or at reduced rent for people in need, such as Ukrainian refugees, donates technical office equipment that is no longer needed to charitable institutions, or supports certain initiatives through donations. Existing measures to promote biodiversity continued in 2023, but no new measures have been initiated.

Employees

HR Policy

The qualifications and motivation of the workforce are key success factors for companies. For this reason, Adler Group pursues a comprehensive and elaborate human resources policy, aiming for above-average working conditions within the scope of what is possible. One of the major tasks of recent years, the formation of Adler Group from three formerly independent subgroups, was successfully completed in the course of 2023 with the help of change agents and special training for managers.

The Adler Group's HR work in the reporting year focused on the following objectives and measures to increase employee satisfaction with their working environment and to strengthen the Company's attractiveness as an employer:

- Performance-related salaries in line with the market.
- Additional monetary and non-monetary benefits.
- Maintain a high level of transparency in personnel policy.
- Better exchange of information between employees and managers.
- Expansion of internal opportunities for further education.
- Enriching the range of training opportunities.
- Further strengthening of diversity in the Company.

Workforce

In 2023, the size and structure of Adler Group's workforce were impacted again by the transition the Company is currently going through. This transition was marked by the winding down of project development and the downscaling of the property portfolio. In the case of asset sales, employees were largely taken on by the purchasers of parts of the real estate portfolio, while other employees decided to change careers or had to be made redundant as part of the restructuring process (see also EPRA “Emp turnover”).

All changes were closely monitored by Adler Group's HR department in order to offer employees the best possible service during this phase as well. At the same time, Adler Group's HR managers have continued to analyse the work organisation and work processes in order to identify weak points and opportunities for improvement and to provide the workforce with the best possible working conditions. As a result, Adler Group's attractiveness has not suffered despite the ongoing restructuring, as has become apparent in the employee survey. Vacancies in all areas and (management) levels could be filled with new employees without any significant difficulties.

At the beginning of the year, under review, Adler Group employed 731 people. Over the course of 2023, 233 employees left the Company for new employers, partly voluntarily, partly due to structural consolidation measures. Those who were given notice due to restructuring were offered an above-market severance package, including a seminar for future occupational orientation. On the other hand, 99 new employment contracts were concluded, which meant that the workforce as at 31 December 2023 amounted to 597 people, which was nearly evenly split into women and men.

Headcount

31 December 2022	**731**
Reductions	233
Additions	99
31 December 2023	**597**
thereof men	319
thereof women	278

Salaries and benefits

Salaries and fringe benefits are not the only determinants of employee satisfaction, but, as they constitute the main pecuniary element of compensation, they are certainly a key factor. Adler Group is determined to offer competitive wages and has opted for an approach to reduce the spread of salaries over time. In 2022, Adler Group had, therefore, increased salaries in the upper brackets by three percent and in the lower ones by up to seven percent. In 2023, this policy was continued, albeit in a different manner. Instead of general wage increases, all employees were granted a one-time bonus payment. In light of the strong inflation at the time, the government had decided that such a payment, up to a certain limit, could be paid out free of tax and social security contributions, thus constituting an additional benefit. Employees in lower income brackets were granted higher amounts than those in higher income brackets.

In its effort to provide particular support to those who need it most, Adler Group also offers a number of additional benefits, some of which are monetary in nature. As these are fixed in absolute amounts, they also result in a higher percentage benefit for lower salaries.

These comprise the following:

- Compensation of mobility expenses (including private) up to EUR 90 per month;
- 15% subsidy to employee savings in the Company pension scheme;
- Payment of the monthly membership fee exceeding EUR 20 for participation in the corporate fitness programme involving access to more than 5,000 gyms and yoga studios, swimming pools, CrossFit and boulder facilities throughout Germany;
- Gifts and presents on the occasion of birthdays, jubilees, weddings, and childbirth;
- Free fruit and beverages at all locations;
- 30 days of vacation for all full-time employees;
- Special conditions (in the form of vouchers or discounts) with suppliers of consumer goods and services providers;
- Work from home two days per week;
- “Worcation” – option to work from holiday destinations for a certain time;
- Volunteer time off (“Clover days”) for employees to work on social projects at full pay;
- Sabbaticals;
- Dogs allowed at the workplace (subject to certain conditions).

As additional monetary benefits appear on the salary slips, Adler Group is able to analyse the acceptance of these special benefits. They were used by up to 60% of employees.

Wage structure

Adler Group pursues the principle of equal pay for equal tasks. For new vacancies, a certain salary is paid regardless of gender. Differences are only possible for senior management positions due to the wide range of tasks and different areas of responsibility. Here, differences may also depend on the negotiating position, whereby women might also receive a higher salary than men. Adler Group has not set itself the specific goal of a gender-balanced workforce, if only because it is hard to find any female applicants for certain job profiles, like caretakers, for example (EPRA Diversity-Emp).

The current salary structures at Adler Group in no way reflect gender-specific management but are the result of several influencing factors. For example, differences in remuneration for otherwise comparable positions can be attributed to a higher age, longer service with the Company, or a higher level of education. Location-related factors can also play a role, as salaries differ from region to region.

The average salary of female employees at the level directly below the board (C-1) is 83% of the average salary of male employees. The change against the previous year mainly goes back to the fact that, in a small group, changes in its composition may have a strong impact on the average salary levels. At the second managerial level (C-2), the average is also at 83%. In this salary group, the age difference between male and female employees is particularly high. At the third managerial level (C-3), the average is 98%. Among the employees without any managerial responsibilities, female employees achieved an average of 97% of the average salary of all employees at Adler Group, which corresponds to an increase of one percentage point over the previous year. (EPRA Diversity-Pay).

Average salaries of female employees compared to the relevant reference group in percent	2023	2022	2021
C-1	83	98	107
C-2	83	77	79
C-3	98	92	n/a
Total workforce (excluding managers)	97	96	90

Diversity

Adler Group considers diversity in the workforce to be a strength and, therefore, a matter of course. Equal opportunity, tolerance, equal and fair treatment of all employees, and appreciation of different ways of thinking, assessments, and evaluations are inextricably linked to this. The guiding principle is equality for all employees in terms of gender, age, sexual orientation and identity, race, nationality, ethnic origin, or world view.

Adler Group employs people of 36 different nationalities with different educational qualifications and different backgrounds. Open, respectful, intercultural communication promotes mutual understanding and helps to avoid diversity-specific barriers in professional development. The Adler Group's talent management programme also takes diversity criteria into account when selecting potential candidates, thus promoting diversity in the Company at all levels. Diversity in the workplace is reflected in numerous key figures (see chart below). Every day, the Group benefits from the broad spectrum of experiences, backgrounds, approaches, and ways of thinking that stem from the social, cultural, and linguistic backgrounds of its employees.

Adler Group signed the Diversity Charter already in 2022, a voluntary commitment launched by German companies and institutions to promote a work environment without prejudice. Its signatories are committed to creating and promoting equal opportunities for all employees in their company. At Adler Group, diversity is structurally and organisationally anchored in the “Diversity & Inclusion” working group, which also includes representatives of Senior Management. An equal opportunity commissioner has been named whose duty is to safeguard a non-discriminatory working environment.

Adler Group has standardised, documented, and published its general principles and beliefs that guide any diversity endeavour in the Company. The various guidelines are available on the Company’s website at https://www.adler-group.com/en/investors/corporate-governance/compliance-and-policies

Diversity in the workplace	2023	2022
Distribution according to age group		
< 30 years old	11.3%	14.1%
30 to 39 years old	26.1%	27.2%
40 to 49 years old	25.4%	23.5%
50 to 59 years old	24.2%	24.1%
> 59 years old	13.1%	11.1%
Nationalities	**36**	**35**
Gender distribution		
Men	53.4%	54.7%
Women	46.6%	45.3%
Proportion of employees with disabilities in the workforce	**5.2%**	**4.7%**
Proportion of parents in the workforce	**50.6%**	**51%**

Personnel development

Part of being an attractive employer is linked to offering employees opportunities for further training or development based on the individual focus of their work. Adler Group has continued its efforts in this regard and further expanded its personnel development offers. This comprises general qualification and further training programmes, as well as individual talent management.

Personnel development measures are generally open to the entire workforce. In addition, targeted development programmes that take all corporate and individual aspects into account venture further and provide employees with the option of growing into any suitable position within Adler Group. During the restructuring phase 2022/2023, these development programmes at Adler Group also include resilience training to prepare for changes that are related to portfolio adjustment but also to prepare for the increasing digitalisation. One important building block of this approach is to promote individual internal talents to grow into specialist and managerial roles.

Over the course of the year, a total of 1,945 learners have used the personnel development offers and spent a total of 12,755 hours with such measures. This corresponded to an average of 23 hours of further training hours per full-time employee (EPRA Emp-Training), around four times as much as in the previous year. The topics in these further training courses ranged from accounting, IT, real estate planning and management, quality management, communication to presentation techniques. Further, they included foreign language classes, coping techniques to better handle disruptions in the work environment, resilience training, and team building. Further training for management concentrated on coaching and media presence.

Adler Group also offered numerous mandatory training courses for all employees, provided the respective content was relevant to their role: occupational safety in the offices, the German General Act on Equal Treatment, IT security, data protection, prevention of corruption, handling of gifts, invitations, donations, or sponsoring.

Chamber of Commerce and Industry award as an outstanding training institution

Adler Group not only promotes talent within the Company with numerous further training courses, but also shows above-average commitment to the in-company training of young professionals. As in previous years, Adler Group again received the “Excellent Training Quality” award from the Berlin Chamber of Industry and Commerce (IHK) in 2023. Out of 5,000 training companies, just 140 received this excellence award, a mere 2.8%. In 2023, Adler Group employed five apprentices in the dual (company-based) training programme and two trainees in the dual study programme.

Respect for labour rights and human rights

Like diversity, compliance with labour and human rights is also a matter of course for Adler Group. This is based on the United Nations Guiding Principles on Business and Human Rights, codified by the signatories in the International Covenant on Civil and Political Rights (CCPR) and the International Covenant on Economic, Social, and Cultural Rights (CESCR). Compliance with human rights as required by the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) is equally self-evident for Adler Group. The labour policies of Adler Group are explicitly aligned with the general principles of the International Labour Organisation (ILO) and its corresponding conventions, in compliance with which Adler Group also requires of its suppliers.

Adler Group undertakes to respect, comply with, and enforce the Universal Declaration of Human Rights of the United Nations with its 30 articles and eight fundamental principles (conventions, rights at work) of the ILO. This commitment includes all employees working for Adler Group, irrespective of the nature of their employment contract, as well as other employees in the value chain.

Health and safety

Adler Group's occupational health and safety department is responsible for ensuring that workplaces do not pose any risks to (employee) health, that workplaces are in line with ergonomic demands, and that all facilities for first aid are functional. In the past, Adler Group has continuously improved occupational health and safety, primarily by training new HSE (Health, Safety, Environment) managers. The great interest and commitment shown by employees was remarkable.

Thanks to extensive health and safety precautions, accidents during day-to-day operations were largely avoided. In 2023, there were only 16 accidents at work or on the way to work. There were no fatalities in 2023 either. 6.0% of all working days were lost due to illness in 2023 (EPRA “H&S Emp”).

An important component of the activities to promote health and safety in 2023 was again the risk assessment of all employees with regard to mental stress in the workplace and due to changes in the Company. In relevant cases, targeted discussions were held with employees, also with the involvement of the respective managers, and opportunities for relief were identified.

Employee satisfaction

In the second half of 2023, the HR department of Adler Group carried out the yearly survey among its employees, the structure and content of which were largely in line with the previous year. Participation reached 62%, which was slightly less than the previous year’s 66%. General satisfaction with working for Adler Group increased by 0.01 points to 4.02 points on a scale of 1 to 5. Motivation to work for the Company stayed high at 4.47 points, although this was 0.01 points less than in the previous year. Employee statements on loyalty to Adler Group as an employer stayed unchanged and equally high at 4.43 points, while recommending the Company as an employer fell by 0.04 points to 3.77 points. These results show that most employees are fully aware of and are willing to cope with the ongoing restructuring programme, the already executed or still planned asset sales, and the outlook that Adler Group will transform into a much smaller company focused on a portfolio in Berlin.

Management believes that the results of the survey reflect the fact that management decisions have been made much more transparent during the restructuring process. The more intensive communication with the workforce - for example, our Senior Management team reported at all major locations extensively to employees and managers on current company developments in “fireside chats” and also provided ample opportunity for informative discussion - met with a very positive response from the workforce. There were also summer parties and Christmas events, which also provided an opportunity for personal exchange across all hierarchical levels.

These face-to-face events were supplemented by virtual formats ("town halls") and announcements via internal communication channels. Important communication topics in 2023 were the refinancing efforts, the restructuring programme, the sign-in of an auditor to audit the 2022 results, or the move in Berlin to a new and central headquarters.

Employee appraisals, which take place at least once a year, also serve to improve transparency in order to appropriately assess performance and inquire about individual development needs. Mutual feedback plays a key role in the discussions in terms of building trust. In the course of 2023, the employee appraisal process was digitalised, which helped to make it more flexible and improve documentation.

Combined Management Report

2 Combined Management Report

Fundamentals of the Group

Business model

Adler Group S.A. is a residential real estate company which – through its more than 500 subsidiaries – holds and manages 25,043 rental units, primarily based in Berlin and North-Rhine-Westphalia. This rental portfolio is valued at EUR 4.2 billion as per 31 December 2023. Besides the rental portfolio, Adler Group owns a portfolio of development projects in some of the larger cities in Germany valued at EUR 1.5 billion. In agreement with the bondholders under the terms of the Restructuring Plan, these development projects are to be sold – some sales processes have already begun, others are to be initiated.

Hence, the Adler Group's business model focuses on asset and portfolio management, property and facility management, aiming at improving operating results by increasing rents and decreasing vacancies in its existing portfolio. The portfolio shall be further optimised depending on opportunities or necessities.

Our 597 employees (as per 31 December 2023) are based in Luxembourg and in several locations across Germany in order to bring Adler Group as close as possible to assets and tenants.

Objectives and strategy

Focus on active management of the portfolio to grow earnings and improve EBITDA margins.

Adler Group focuses on increasing rents through active asset management and targeted investments to modernise, refurbish and re-position properties, while constantly screening and anticipating developments in different sub-markets. In order to realise upside potential, Adler Group pursues regular rent increases up to the market levels within the regulatory and legal limits without CapEx investment. In addition, Adler Group continuously reviews rent potentials and pursues growth beyond the rent tables through targeted CapEx investments to modernise, refurbish and/or re-position properties. Vacancies are kept low through active marketing tailored to the respective micro-location.

As apartments are typically renovated to market standard after a tenant has moved out, Adler Group is in the position to rent vacant apartments to higher quality tenants and thus to continuously improve the tenant structure and average rent.

Optimise the portfolio and recycle capital through selective investments and disposals.

By disposing of non-core assets, Adler Group aims to streamline the rental portfolio and to focus on mid- and large-size cities where a critical mass of assets can be managed thereby improving profitability and portfolio KPIs. When selling selected assets, Adler Group aims to sell at or around book value and has supporting documents proving it has been able to do so in the past, thus demonstrating the resilience of the German residential real estate market. Active capital recycling enables Adler Group to reduce leverage and ultimately to improve its capital structure.

Committed to adding value through refurbishment and modernisation.

Investing selected CapEx in refurbishment and modernisation measures in the existing portfolio will elevate the quality of the rental portfolio, improve energy efficiency in line with sustainability targets to reduce greenhouse gas emissions and thus add value overall.

Competitive strengths

We benefit from a fully integrated, efficient and scalable in-house real estate portfolio management platform, led by an experienced management team focused on growth and value creation.

This platform enables us to create value across the entire spectrum of real estate portfolio management, including identifying, acquiring and managing suitable real estate assets or portfolios. Our platform, combined with our in-depth knowledge of the real estate market, makes us well suited to identify portfolio assets that can be improved through targeted capital expenditure. Our management team is experienced in in-house asset management, property and facility management and construction management. Furthermore, we have qualified teams of real estate professionals in all areas of our business operations which allow us to be flexible in adapting to market conditions to sustain further portfolio growth.

We are a top-tier residential real estate platform with a high quality portfolio that is diversified across core locations in Germany.

We have sharpened our portfolio by disposing of non-strategic yielding assets leading to a range of assets in German cities with attractive yield potential. The core real estate portfolio of the Adler Group comprised 25,043 residential units as of 31 December 2023. In particular, the Berlin residential market, which accounts for the majority of our portfolio, continuously benefits from a combination of positive net migration, an increase in qualified workers, a decreasing average household size and limited supply of new rental units, ultimately resulting in continued rental growth, which we expect to positively impact our business.

We are committed to tenant satisfaction through our business approach.

We strive for tenant satisfaction and place our tenants at the centre of our operations. We demonstrate high responsiveness to our tenants' needs and actively manage communications with our tenants through in-house and external call centres. Furthermore, we maintain our properties at the market standard suitable for the current demand through ongoing investments. Our business approach leads to better tenant satisfaction as shown by our sustainable high rent collection rate and decreasing number of vacancies in our properties.

Financial performance indicators

As outlined at various places in this report (e.g., refer to the section "Material Events"), Adler Group has been exposed to a challenging situation that was partly self-inflicted and largely caused by external factors throughout the financial years 2022 and 2023. The situation itself manifested in liquidity constraints, lack of financing capacities and dried real estate markets that made portfolio sales almost impossible. By coping with this situation, management decided to focus on always preserving enough liquidity as well as on net rental income as the main key performance indicators. The other financial performance indicators outlined below were not suspended but were followed with a much lower focus than usual. Consequently, we waive the explicit description of the financial performance indicators listed below.

The European Public Real Estate Association (EPRA) changed its definition of net asset value (NAV) in October 2019 and it was applied for the first time in the 2020 financial year. The key figures NAV and NNNAV have been replaced by three new figures: Net Reinstatement Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV).

In addition to the new EPRA NAV metrics, we continue to show EPRA NAV based on the previous EPRA Best Practice Recommendations (BPRs).

EPRA NAV represents the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value of financial hedging derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Similarly, trading properties are adjusted to their fair value under the EPRA NAV measure.

EPRA NAV makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy. Adler Group had an outstanding convertible bond, which might have been converted into equity at maturity. To take this fact into account, we present all the NAV metrics on a diluted basis as well, which includes the fair value of the convertible bond and the fully diluted number of shares at the corresponding reporting date.

Calculation of EPRA NAV

Total equity attributable to owners of the Company	
(+)	Revaluation of inventories[1]
(–)	Fair value of financial instruments[2]
(–)	Deferred taxes[3]
= **EPRA NAV**	

1) Difference between inventories carried in the balance sheet at cost (IAS 2) and the fair value of inventories.

2) Fair value of financial instruments that are used for hedging purposes where the Company has the intention of keeping the hedge position until the end of the contractual duration.

3) For EPRA NAV and EPRA NRV: Deferred tax as per the IFRS balance sheet in respect of the difference between the fair value and the tax book value of investment property, development property held for investment, intangible assets, or other non-current investments. For EPRA NTA: Only deferred taxes relating to the proportion of the portfolio that is intended to be held in the long-run and not sold are excluded.

The objective of the EPRA NRV measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial hedging derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the indicator also aims at reflecting what would be needed to recreate the Company through the investment markets based on its current capital and financing structure, related costs (such as real estate transfer taxes) are included.

Calculation of EPRA NRV

Total equity attributable to owners of the Company

(+)	Revaluation of inventories[1)]
(–)	Fair value of financial instruments[2)]
(–)	Deferred taxes[3)]
(+)	Real estate transfer tax[4)]

= **EPRA NRV**

4) For EPRA NRV: Real Estate Transfer Tax on investment properties is the gross value as provided in the valuation certificate (i.e., the value prior to any deduction of purchasers' costs). For EPRA NTA: The Company has a history of successfully completing share deals; and there is a reasonable expectation that the Company can also do so in the future. Therefore, transfer tax optimisation adjustment has been used by applying the implied average transfer tax consistently achieved in the past.

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes that entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

Calculation of EPRA NTA

Total equity attributable to owners of the Company

(+)	Revaluation of inventories[1)]
(–)	Fair value of financial instruments[2)]
(–)	Deferred taxes[3)]
(–)	Goodwill
(+)	Real estate transfer tax[4)]

= **EPRA NTA**

EPRA Net Disposal Value presents a scenario where deferred tax, financial instruments and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the balance sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.

Calculation of EPRA NDV

Total equity attributable to owners of the Company

(+)	Revaluation of inventories[1)]
(–)	Fair value of fixed interest rate debt[5)]
(–)	Goodwill

= **EPRA NDV**

5) The difference between the fair value of fixed interest rate debt and book value included in the balance sheet as per IFRS.

NOI (net operating income) equals total revenue from the property portfolio less all reasonably necessary operating expenses. Aside from rent, a property might also generate revenue from parking and service fees. NOI is used to track the real estate portfolio's capability of generating income.

Adj. EBITDA from rental activities is an indicator of a company's financial performance and is calculated by deducting the overhead costs from NOI. It is used as a proxy to assess the recurring earnings potential of the letting business.

Adj. EBITDA Total can be derived by adding the net profit from project development activities, the fair value gain from build-to-hold development and the net profit from privatisations to Adj. EBITDA from rental activities.

In addition, we present the NOI margin from rental activities – calculated as NOI divided by net rental income, as well as Adj. EBITDA margin from rental activities – calculated as Adj. EBITDA from rental activities divided by net rental income. These metrics are useful to analyse the operational efficiency at real estate portfolio level as well as at Company level.

Calculation of Adj. EBITDA (from rental activities)

	Net rental income
(+)	Income from facility services and recharged utilities costs
=	**Income from rental activities**
(–)	Cost from rental activities[6)]
=	**Net operating income (NOI) from rental activities**
(–)	Overhead costs from rental activities[7)]
=	**Adj. EBITDA from rental activities**

6) Cost from rental activities is the aggregate amount of (a) Salaries and other expenses related to rental activities; (b) Net cost of utilities recharged; and (c) Property operations and maintenance, excluding one-off costs. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective.

7) Overhead costs from rental activities represent the "General and administrative expenses" from the profit or loss statement excluding one-off costs and depreciation and amortisation relating to rental activities. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective like impairment losses on trade receivables.

Calculation of Adj. EBITDA Total

	Income from rental activities
(+)	Income from property development
(+)	Income from real estate inventories disposed of
(+)	Income from other services
(+)	Income from selling of trading properties
=	**Revenue**
(–)	Cost from rental activities[6)]
(–)	Other operational costs from development and privatisation sales[8)]
=	**Net operating income (NOI)**
(–)	Overhead costs from rental activities[7)]
(–)	Overhead costs from development and privatisation sales[9)]
(+)	Profit from portfolio sales[10)]
(+)	Fair value gain from build-to-hold development[11)]
=	**Adj. EBITDA Total**
(–)	FFO 2 net interest expenses[12)]
(+/–)	Other net financial costs[13)]
(–)	Depreciation and amortisation
(+)	Change in fair value of investment properties
(+/–)	Other expenses/income[14)]
(–)	Net income from at-equity valued investment[15)]
=	**EBT**

8) Other operational costs from development and privatisation sales is the aggregate amount of (a) Costs of real estate inventories disposed of; (b) Costs of property development; and (c) Costs of selling of trading property (condominiums) excluding one-off costs and depreciation and amortisation. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective.

9) Overhead costs from development and privatisation sales represent the "General and administrative expenses" from the profit or loss statement excluding one-off costs and depreciation and amortisation excluding costs relating to rental activities. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective.

10) Profit from portfolio sales includes the disposals of IAS 40 properties. This position compares the proceeds generated from the disposal with the last recognised book value and also deducts the related costs of this sale.

11) Our internally developed build-to-hold portfolio allows the Company to generate fair value gain.

12) FFO 2 net interest expenses is equal to "Interest on other loans and borrowings", excluding day-1 fair value non-cash adjustment and interest capitalised for development projects, plus the nominal interest expense on bonds.

13) Other net financial costs is equal to the total "Net finance costs" from the profit or loss statement less "Net cash interest" as calculated in footnote 11) above.

14) Other expenses/income relates to adjustments for one-off costs which include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective.

15) Net income from at-equity valued investment from the profit and loss statement.

Starting with Adj. EBITDA from rental activities, we calculate the main performance figure in the sector, the FFO 1 (from rental activities). This KPI serves as an indicator of the sustained operational earnings power after cash interest expenses and current income taxes of our letting business.

Calculation of FFO 1 (from rental activities)

Adj. EBITDA from rental activities	
(–)	FFO 1 net interest expenses[16)]
(–)	Current income taxes relating to rental activities[17)]
(–)	Interest of minority shareholders[18)]
= **FFO 1 (from rental activities)**	

16) FFO 1 net interest expenses is equal to "Interest on other loans and borrowings" relating to rental activities, excluding day-1 fair value non-cash adjustment, plus the nominal interest expense on bonds.

17) Only current income taxes relating to rental activities.

18) Interest of minority shareholders in Adler's subsidiary Brack Capital Properties N.V. ("BCP") as Adler's share is only 62.78% as at 31 December 2022.

Starting from Adj. EBITDA Total, we calculate FFO 2 (incl. disposal results and development activities). FFO 2 is used to indicate the total operational earnings power.

Calculation of FFO 2 (incl. disposal results and development activities)

Adj. EBITDA Total	
(–)	FFO 2 net interest expenses[12)]
(–)	Current income taxes[19)]
(–)	Interest of minority shareholders[18)]
= **FFO 2 (incl. disposal results and development activities)**	

19) Current income taxes as presented in the financial statements exclude the income tax relating to the disposal of the non-core portfolio.

EPRA has introduced a new metric, the EPRA loan-to-value (LTV) ratio which has been included in the EPRA Best Practices Recommendations (BPR) Guidelines 2022, as part of the EPRA Performance Measures which became effective in 2022.

The Adler Group LTV has been replaced by EPRA LTV and will be reported from the publication of the 2022 Annual Report onwards. EPRA LTV illustrates the relationship between net debt and total property value of a real estate company and thus evaluates the gearing of shareholder equity.

EPRA LTV calculation as well as the information taken from the Adler Group balance sheet is depicted below:

Calculation of EPRA LTV		Group as reported	Share of joint ventures[27]	Share of material associates[27]	Non-controlling interests[28]	Total[29]
Borrowings from financial institutions[20]						
(+)	Commercial paper					
(+)	Hybrids[21]					
(+)	Bond loans[22]					
(+)	Foreign currency derivatives					
(+)	Net payables[23]					
(+)	Owner-occupied property (debt)					
(+)	Current accounts (equity characteristic)					
(–)	Cash and cash equivalents					
=	**Net Debt**					
Owner-occupied property						
(+)	Investment properties at fair value					
(+)	Properties held for sale[24]					
(+)	Properties under development[25]					
(+)	Intangibles					
(+)	Net receivables[23]					
(+)	Financial assets[26]					
=	**Total property**					
= EPRA LTV in %						

20) Including current and non-current other loans and borrowings.
21) Including convertible bonds.
22) Containing current and non-current corporate bonds.
23) Net payables are equal to payables less receivables on the IFRS balance sheet if that number is positive. Net receivables are equal to receivables less payables on the IFRS balance sheet if that number is positive. The position includes:

Calculation of Net payables

Investments in financial instruments	
(+)	Advances related to investment properties
(+)	Restricted bank deposits
(+)	Contract assets
(+)	Trade receivables
(+)	Other receivables and financial assets
(+)	Advances paid on inventories
(–)	Other financial liabilities
(–)	Pension provisions
(–)	Other payables
(–)	Contract liabilities
(–)	Trade payables
(–)	Provisions
(–)	Prepayments received
(–)	Non-current liabilities held for sale
= **Net amount**	

24) Incorporating inventories at fair value and non-current assets held for sale.
25) This position is included in investment properties at fair value.
26) Containing other financial assets.
27) Net debt and total property value of joint ventures and associated companies are disregarded due to immateriality reasons.
28) Non-controlling interests are only adjusted for minority shareholders in Adler's subsidiary Brack Capital Properties N.V. for reasons of materiality, thus any other minority shareholders are not considered due to their insignificancy.
29) Total column illustrates the combined values of the previous columns.

We believe that the alternative performance measures described in this section constitute the most important indicators for measuring the operating and financial performance of the Group's business.

We expect all of the above-described alternative performance measures to be useful for our investors when evaluating the Group's operating performance, the net value of the Group's property portfolio and the level of the Group's indebtedness.

Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

Portfolio performance indicators

In addition to our financial performance indicators, we also use the following non-financial operating performance indicators.

The vacancy rate shows the ratio of m^2 of vacant units in our properties to total m^2. Vacancy rate is used as an indicator of the current letting performance.

The in-place rent per m^2 provides an insight into the average rental income from the rented properties. It serves as an indicator of the current letting performance.

The like-for-like rental growth is the change rate of the net rents generated by the like-for-like residential portfolio over the last 12 months.

All of the above-described non-financial performance indicators are key drivers for the development of rental income.

Portfolio Overview

Business performance highlights

As at 31 December 2023, the residential rental portfolio has a strong focus on Berlin as well as some other larger cities primarily in North-Rhine-Westphalia such as Duisburg and Düsseldorf.

The figures presented in this section show the rental portfolio without assets classified as held for sale (i.e., primarily the assets owned by BCP).

Portfolio overview(*)

Location	Fair value EUR m Q4 23	Fair value EUR/m² Q4 23	Units	Lettable area m²	NRI(**) EUR m Q4 23	Rental yield (in-place rent)	Vacancy Q4 23	Vacancy Δ YoY LFL	Q4 23 Avg. rent EUR/m²/ month	NRI Δ YoY LFL	Reversionary potential
Berlin	3,567	2,908	17,738	1,226,710	120	3.4%	0.9%	(0.1%)	8.15	5.5%	20.8%
Other	614	1,322	7,305	464,632	34	5.5%	1.8%	0.3%	6.16	4.0%	16.5%
Total	**4,182**	**2,472**	**25,043**	**1,691,342**	**154**	**3.7%**	**1.1%**	**(0.0%)**	**7.60**	**5.1%**	**19.8%**

(*) All values include ground floor commercial units and exclude units under renovation and development projects.
(**) Annualised net rental income.

In addition to the financial performance indicators, Adler Group also uses the following non-financial operating performance indicators.

The vacancy rate shows the ratio of m^2 of vacant units in the portfolio to total m^2 of the portfolio. Vacancy rate is used as an indicator of the current letting performance.

The in-place rent per m^2 provides an insight into the average rental income from the rented properties. It serves as an indicator of the current letting performance.

The like-for-like rental growth is the change rate of the net rents generated by the like-for-like residential portfolio over the last 12 months.

All of the above-described non-financial performance indicators are key drivers for the development of rental income.

The total amounts spent on maintenance and CapEx in relation to the total lettable area of the portfolio are further operational figures to ensure an appropriate level of investment in the real estate portfolio.

Portfolio performance

Rental portfolio(*)

	31 Dec 2023	31 Dec 2022
Number of units	25,043	26,202
Average rent/m^2/month (EUR)	7.60	7.58
Vacancy	1.1%	1.3%

(*) All values include ground floor commercial units and exclude units under renovation and development projects.

The average rent per m^2 amounted to EUR 7.60 as at 31 December 2023, a slight increase despite the disposal of the “Wasserstadt” portfolio in Berlin in 2023, comprising approximately 700 non-rent-regulated rental units. The vacancy rate further decreased to a very low level of 1.1%.

Like-for-like rental growth(*)

In %	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Like-for-like rental growth	5.1%	1.5%

(*) All values include ground floor commercial units and exclude units under renovation and development projects..

Like-for-like rental growth of the portfolio amounted to 5.1% over the last twelve months. Like-for-like rental growth of our Berlin portfolio amounted to 5.5% while like-for-like rental growth of the remaining portfolio stood at 4.0%.

Adler Group's fully integrated active asset management is focused on rental growth and employs dedicated strategies to drive all relevant components. In units that require modernisation, Adler Group invests CapEx to improve quality to meet today's standards and regulations. Applying the relevant regulatory framework accurately and efficiently is key to successfully maximising rental growth for let units.

Maintenance and CapEx

In EUR per m²	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Maintenance	6.0	4.7
CapEx	16.1	17.0
Total	**22.1**	**21.7**
In EUR million	**1 Jan - 31 Dec 2023**	**1 Jan - 31 Dec 2022**
Maintenance	10.6	9.9
CapEx	28.6	35.9
Total	**39.1**	**45.8**

In the twelve months of 2023, total investment in the core portfolio amounted to EUR 39.1 million resulting in maintenance and CapEx expenses per m² of EUR 22.1.

Vacancy split

Adler Group's active asset management aims to minimise the vacancy rate while keeping the necessary flexibility for portfolio optimisation.

Vacancy(*)

	31 Dec 2023	31 Dec 2022
Total vacancy (units)	291	321
Total vacancy (m^2)	19,058	22,521
Total vacancy rate	1.1%	1.3%

(*) All values include ground floor commercial units and exclude units under renovation and development projects.

Economic Review

Economic and industry-specific parameters

Overall economic development

The German economy noticeably lost momentum in 2023. Prices and the calendar-adjusted gross domestic product fell by 0.1% compared to the previous year. Production and private consumption were weak; only some service industries showed moderate growth. A positive impulse also came from investing activities. As a result of the stagnation, German GDP in real terms was only 0.7% higher in 2023 than in 2019, the last year before the Covid-19 pandemic.

In the labour market, the overall recessionary situation is reflected in a slight rise in the unemployment rate, which reached 5.7% at the end of 2023, 0.3 percentage points higher than a year earlier. However, due to the influx of immigrants from abroad, the total workforce grew by 0.7% to 45.9 million people. This is the highest number ever recorded in Germany.

Both the disturbances in world trade, caused in large part by the war in Ukraine, and the consecutive trade sanctions had a massive impact on prices, particularly in the first half of the year. In the second half, inflation rates became more moderate, leaving the cost-of-living index at 3.7% at the end of the year. On average, however, prices increased by 5.9% in 2023. Prices for energy, which had originally been the main driver of inflation, levelled off over the course of the year. Food, on the other hand, as well as goods and services, became considerably more expensive. Rents proved to be a stabilizing factor in the inflationary environment, with an increase of just 2%. The fact that rates for new rental contracts continue to rise more sharply, especially in metropolitan areas, is only marginally reflected in the cost-of-living index, as it covers all existing rents in all areas of the country.

Industry development

With the exception of the rental sector, all parts of the real estate sector were in crisis, recession, or otherwise showing a downward trend in 2023. This applies to building permits, the number of constructions started, the order situation in the construction industry, and the transaction volumes on the real estate markets. The main reasons included: construction prices were rising at double-digit rates due to the strong demand still triggered by the past low interest rate environment, a growing shortage in the supply of workforce and a malfunctioning supply chain.

At the same time, interest rates more than tripled in a short period of time in line with the ECB’s tightening measures to fight inflation. With a series of increases in key interest rates in a short period of time, with four hikes in 2022 and six in 2023, the European Central Bank has brought the key interest rate from 0.5% to 4.5% in the course of only two years. As a result, building activities became considerably more expensive, financing was harder to come by, and projects were put on hold.

In total, approximately 260,000 new construction permits were issued for new apartments to be built, according to figures released by the Federal Statistics Office and approximately 245,000 new apartments were built according to estimates of Ifo Institute for economic research – both figures falling drastically short of the target of 400,000 units that the government had officially announced.

Rental prices, however, continued to increase, although the average of just 2% conceals regional differences as well as the difference between new and existing rents. Compared to current inflation, however, the increase is modest, although this naturally strengthened the return on rented properties. For a company like Adler Group, which generates the majority of its income from rental activities, this is a positive market environment.

As Adler Group generated a larger part of its rental income from its portfolio in Berlin, market specifics in the German capital are of particular importance to the Group's economic success.

Adler Group was one of the signatories of the Alliance for Affordable Housing and Building in Berlin, in which the federal state of Berlin, the municipal and private residential property sector, the Chamber of Industry and Commerce, and welfare associations cooperated in order to boost affordable housing in the city. At the beginning of the year, Adler Group recalled its membership as some of the goals of the Alliance collided with the necessities to improve revenues, most notably the self-imposed restrictions to increase rents by a certain percentage only.

Nevertheless, any rent increase that Adler Group asks for in Berlin always complies with the "Berliner Mietspiegel", which limits rent increases in orientation to an average rent, which again is calculated according to certain quality characteristics of the apartments, their size, and their location. On average, Adler Group increased rents in the Berlin market by 5.5% in 2023.

While the rental market showed positive momentum in 2023, the opposite is true for the transaction market, on which Adler Group depends in its endeavour to sell assets in order to pay back debt. The transaction market - for real estate in general and for the housing sector in particular - experienced an almost unprecedented decline of more than 50% in 2023. The dramatic change in interest rates had an immediate impact on financing costs and caused great uncertainty in the markets as to what to expect in the future. Uncertainty only started to wane at the end of 2023 with the announcement by the European Central Bank that, most likely, no more interest hikes would follow in 2024.

As a result of the changes in the interest environment and the long-lasting uncertainty about the future interest policy of the ECB, many market participants initially adopted a watchful attitude and only slowly started the process of revaluing properties in light of the new financing conditions. Sellers were initially hesitant to adjust their asking prices to the new interest rate environment, while potential buyers were confronted with significantly rising financing costs. All participants were forced to revalue their positions, but, while doing so, were hesitant to engage in transactions or new projects. As a result, valuations and transaction prices came down considerably over the course of the year under review.

Energy efficiency and sustainability issues have also started to play a greater role in valuations. The climate targets set by the EU, to which Germany has also committed itself, are clearly spelled out. In order to meet these targets, many landlords and investors will be forced to engage in energy efficiency measures, which will entail considerable capital expenditure in the coming years. Buildings with low energy efficiency therefore suffer in terms of valuation - which is another reason why many market players held back on investments for the time being.

While the real estate sector was in a kind of transitional phase in 2023, this situation is not expected to last for long, as the players are in the process of adapting to the new circumstances. Portfolio holders have already made considerable value adjustments to their investment properties, market prices have also fallen, and interest rates have stabilised or even started to fall in 2024. There were clear indications at the end of financial year 2023 that prices for flats and individual homes were bottoming out.

Legal framework market in Germany

All homeowners in Germany are impacted by the Building Energy Act (Heizungsgesetz), which was enacted on 8 August 2023 after intensive discussion in the political arena and among the public. It finally came into force on 1 November 2023 and stipulated that from 2024 onwards, newly installed heating systems must be powered by at least 65% renewable energy. In the new construction areas, this rule applies immediately. In existing buildings and new buildings outside of new construction areas, longer transition periods apply. They may depend, among other things, on municipal heating planning measures, such as whether district heating is available in a certain area or planned to be offered in the future. Oil and gas heating systems may continue to be installed but they must be operated with increasing shares of renewable energies. From 2045 onwards, fossil fuels may no longer be used for oil and gas heating. The conversion to climate-friendly heating systems is promoted with various subsidies and low-interest loans. Landlords may pass on up to 10% of the costs incurred by the conversion to the tenants. However, the basic rent may not increase by more than EUR 0.5 per square metre per month.

At the end of August 2023, the federal government presented a comprehensive programme of measures to promote housing construction in Germany at a top-level meeting with the industry (the housing summit). The package includes, among other things, a declining balance depreciation of initially 6% on new buildings, the expansion of support programmes for climate-friendly construction and home ownership for families, measures to reduce bureaucracy and speed up approval procedures, or the promotion of the conversion of vacant commercial properties into residential properties. These measures are intended to help revive residential construction and to improve the supply of housing.

Under the Budget Financing Act, the German government decided in mid-December 2023 to raise the CO_2 levy on petrol, heating oil and gas to EUR 45 per tonne from 1 January 2024. By then, the levy had been set at EUR 30 per tonne. This will increase the incentives for tenants to save on heating and thus reduce climate-damaging CO_2 emissions. For landlords, the incentive to invest in energy efficiency measures will also increase, as they bear the CO_2 levy proportionally and also suffer from a declining valuation of energy-inefficient apartments as their competitiveness on the housing market deteriorates.

Profit situation

Income from rental activities and **Net operating income (NOI)** decreased proportionally following the decrease in the number of rental units as a result of recent disposals such as the Eastern portfolio to Velero/KKR, the Waypoint portfolio and the Leipzig portfolio disposal by BCP (all in the course of 2022), as well as the disposal of the “Wasserstadt” portfolio in August 2023. The resulting decrease in rental income was only partly offset by rent increases (5.1% on a like-for-like basis).

In addition to the lower income from rental activities explained above, the decrease in **Adj. EBITDA Total** was mainly due to the lower income from both property development and real estate inventory disposed of. Income from property development includes revenue recognition from forward sales and condo sales. Due to the reduced number of projects in the pipeline, associated revenues reduced compared to the previous year. Income from real estate inventory disposed of decreased vs. the prior year as 2022 entailed the sales of the development projects Ostend Quartier, LEA B, Neues Korallusviertel and Kreuzstraße. In FY 2023, other revenue mainly includes the completed upfront sales “Mannheim No. 1” and “Parkhaus am Jäger” in the amount of approximately EUR 90 million.

FFO 1 and FFO 2 were both negatively impacted from the significant increase in net interest expenses due to the New Money Facility of EUR 937.5 million with a PIK interest of 12.5% as well as the 2.75% PIK interest step-up on the Adler Group S.A. bonds, all having become effective in April 2023 as part of the Restructuring Plan. Furthermore, FFO 1 and FFO 2 net interest expenses were also impacted by the placement of the EUR 191 million PIK 1.5L notes on 9 October 2023. The total PIK interest amount amounts to EUR 100 million in FFO 1 and EUR 216 million in FFO 2.

EBITDA

EBITDA from rental activities

In EUR thousand	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022	For the three months ended 31 Dec 2023	For the three months ended 31 Dec 2022
Net rental income	209,576	244,506	49,604	57,029
Income from facility services and recharged utilities costs	105,080	124,848	28,011	31,008
Income from rental activities	**314,656**	**369,354**	**77,615**	**88,037**
Cost from rental activities	(133,656)	(159,166)	(32,033)	(40,373)
Net operating income (NOI) from rental activities	**181,000**	**210,188**	**45,582**	**47,664**
NOI from rental activities margin (%)	**86.4%**	**86.0%**	**91.9%**	**83.6%**
Overhead costs from rental activities	(71,443)	(61,954)	(22,120)	(17,666)
Adj. EBITDA from rental activities	**109,558**	**148,235**	**23,464**	**29,999**
Adj. EBITDA margin from rental activities (%)	**52.3%**	**60.6%**	**47.3%**	**52.6%**

EBITDA Total

In EUR thousand	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022	For the three months ended 31 Dec 2023	For the three months ended 31 Dec 2022
Income from rental activities	314,656	369,354	77,615	88,037
Income from property development	27,832	115,481	3,934	17,541
Income from other services	9,514	18,498	1,298	4,554
Income from real estate inventory disposed of	91,575	228,750	72,275	-
Income from sale of trading properties	1,500	2,389	610	395
Revenue	**445,077**	**734,472**	**155,732**	**110,527**
Cost from rental activities	(133,656)	(159,166)	(32,033)	(40,373)
Other operational costs from development and privatisation sales	(192,841)	(389,593)	(89,918)	(31,675)
Net operating income (NOI)	**118,581**	**185,713**	**33,781**	**38,478**
Overhead costs from rental activities	(71,443)	(61,954)	(22,120)	(17,666)
Overhead costs from development and privatisation sales	(26,509)	(28,679)	(10,753)	(5,066)
Adj. EBITDA Total	**20,629**	**95,080**	**908**	**15,746**
FFO 2 net interest expenses	(277,056)	(83,281)	(96,651)	(19,681)
Other net financial costs	(219,802)	(452,049)	(25,105)	(68,736)
Depreciation and amortisation	(16,283)	(20,288)	(3,962)	(2,874)
Other income/(expenses)	(295,601)	(584,990)	(72,400)	(414,078)
Change in valuation	(1,172,738)	(761,851)	(417,734)	(392,147)
Net income from at-equity valued investments	(5,108)	208	(2,458)	(235)
EBT	**(1,965,959)**	**(1,807,171)**	**(617,402)**	**(882,004)**

FFO

FFO 1 (from rental activities)

In EUR thousand	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022	For the three months ended 31 Dec 2023	For the three months ended 31 Dec 2022
Adj. EBITDA from rental activities	109,558	148,235	23,464	29,999
FFO 1 net interest expenses	(135,446)	(46,720)	(56,594)	(9,725)
Current income taxes	(9,441)	(5,004)	2,455	975
Interest of minority shareholders	(7,313)	(9,732)	(2,482)	(2,437)
FFO 1 (from rental activities)	**(42,642)**	**86,779**	**(33,157)**	**18,811**
No. of shares(*)	141,035	117,510	151,626	117,510
FFO 1 per share	**(0.30)**	**0.74**	**(0.22)**	**0.16**

(*) The number of shares is calculated as weighted average for the related period.

FFO 2 (incl. disposal results and development activities)

In EUR thousand	For the year ended 31 Dec 2023	For the year ended 31 Dec 2022	For the three months ended 31 Dec 2023	For the three months ended 31 Dec 2022
Adj. EBITDA Total	20,629	95,080	908	15,746
FFO 2 net interest expenses	(277,056)	(83,281)	(96,651)	(19,681)
Current income taxes	(18,872)	(17,873)	(6,803)	(8,197)
Interest of minority shareholders	(7,313)	(9,732)	(2,482)	(2,437)
FFO 2	**(282,612)**	**(15,806)**	**(105,028)**	**(14,569)**
No. of shares(*)	141,035	117,510	151,626	117,510
FFO 2 per share	**(2.00)**	**(0.13)**	**(0.69)**	**(0.12)**

(*) The number of shares is calculated as weighted average for the related period.

Financial and asset position

The decrease in **Investment properties** was due to the revaluation of yielding assets (EUR 676 million) and development assets (EUR 332 million), and the disposal of the “Wasserstadt” portfolio and other yielding assets for a gross consideration of approximately EUR 390 million, close to book value. **Other non-current assets** include other financial assets of EUR 112 million (mainly comprising loans against non-controlling shareholders of subsidiaries), contract assets of EUR 56 million as well as restricted bank deposits of EUR 33 million. **Inventories** primarily include land from forward and upfront sales and decreased due to both the negative revaluation result and disposals in the course of the year. **Other current assets** include other receivables (EUR 122 million), trade receivables (EUR 79 million), restricted bank deposits (EUR 34 million) and contract assets (EUR 11 million). **Non-current assets held for sale** mainly relate to BCP. Per December 2023, assets of BCP decreased in the course of its asset revaluation in 2023, asset disposals as well as the loan repayment of EUR 75 million to Adler RE.

Interest-bearing debts include bonds, bank debt and the new financing facilities issued in FY 2023. This position does not contain debts held at BCP level, as they are shown separately as **liabilities held for sale**. **Other liabilities** include other current payables (EUR 267 million) with the majority referring to income tax payables, other long-term financial liabilities (EUR 164 million) incl. accrued interest of EUR 151 million, provisions (EUR 105 million) and trade payables (EUR 65 million). **Deferred tax liabilities** decreased following the negative results from the revaluation of the real estate assets as well as due to certain disposals.

The Group's **total equity** decreased in the amount of the negative net result of EUR 1,810 million for the reporting period, other comprehensive income of EUR -17 million and other transactions recognised directly in equity of EUR -44 million, as shown in the Condensed Consolidated Interim Statement of Changes in Equity.

As at 31 December 2023, the total interest-bearing nominal debt amounted to around EUR 6,406 million. The average interest rate on all outstanding debt was 6.3%, with a weighted average maturity of 2.7 years.

Financial position

In EUR thousand	31 Dec 2023	31 Dec 2022
Investment properties and advances related to investment properties	4,910,925	6,344,294
Other non-current assets	273,673	324,913
Non-current assets	**5,184,598**	**6,669,207**
Cash and cash deposits	377,419	386,985
Inventories	515,467	678,572
Other current assets	251,161	325,758
Current assets	**1,144,047**	**1,391,315**
Non-current assets held for sale	**1,388,142**	**1,648,991**
Total assets	**7,716,787**	**9,709,513**
Interest-bearing debts	6,050,626	5,980,367
Other liabilities	701,844	611,820
Deferred tax liabilities	346,989	525,715
Liabilities classified as available for sale	**574,924**	**678,548**
Total liabilities	**7,674,383**	**7,796,450**
Total equity attributable to owners of the Company	**(228,856)**	**1,417,112**
Non-controlling interests	271,260	495,951
Total equity	**42,404**	**1,913,063**
Total equity and liabilities	**7,716,787**	**9,709,513**

In the tables below we present the new EPRA key figures as presented in the new EPRA BPRs and compare them with the previous EPRA NAV definition.

EPRA NAVs

31 Dec 2023(*)

In EUR thousand	NAV	NRV	NTA	NDV
Total equity attributable to owners of the Company	(228,857)	(228,857)	(228,857)	(228,857)
Revaluation of inventories	5,149	5,149	5,149	5,149
Deferred tax	442,436	442,436	442,436	-
Goodwill	-	-	-	-
Fair value of financial instruments	(606)	(606)	(606)	-
Fair value of fixed interest rate debt	-	-	-	1,697,301
Real estate transfer tax	-	452,316	310,405	-
EPRA NAV	**218,123**	**670,439**	**528,527**	**1,473,594**
No. of shares	151,626	151,626	151,626	151,626
EPRA NAV per share	**1.44**	**4.42**	**3.49**	**9.72**
Convertibles	-	-	-	-
EPRA NAV fully diluted	**218,123**	**670,439**	**528,527**	**1,473,594**
No. of shares (diluted)	151,626	151,626	151,626	151,626
EPRA NAV per share fully diluted	**1.44**	**4.42**	**3.49**	**9.72**

(*) Adjusted for BCP IFRS 5 illustration which has been disregarded; the corresponding line items have been reversed into respective balance sheet positions.

31 Dec 2022(*)

In EUR thousand	NAV	NRV	NTA	NDV
Total equity attributable to owners of the Company	1,417,112	1,417,112	1,417,112	1,417,112
Revaluation of inventories	(2,260)	(2,260)	(2,260)	(2,260)
Deferred tax	597,505	597,505	597,505	-
Goodwill	-	-	-	-
Fair value of financial instruments	806	806	806	-
Fair value of fixed interest rate debt	-	-	-	1,698,375
Real estate transfer tax	-	527,630	426,948	-
EPRA NAV	**2,013,163**	**2,540,793**	**2,440,111**	**3,113,227**
No. of shares	117,510	117,510	117,510	117,510
EPRA NAV per share	**17.13**	**21.62**	**20.77**	**26.49**
Convertibles	100,503	100,503	100,503	100,503
EPRA NAV fully diluted	**2,113,666**	**2,641,296**	**2,540,614**	**3,213,730**
No. of shares (diluted)	118,694	118,694	118,694	118,694
EPRA NAV per share fully diluted	**17.81**	**22.25**	**21.40**	**27.08**

(*) Adjusted for BCP IFRS 5 illustration which has been disregarded; the corresponding line items have been reversed into respective balance sheet positions.

EPRA loan-to-value

The table below shows the loan-to-value (LTV) according to the latest definition by EPRA.

		31 Dec 2023	
In EUR thousand	**Group loan-to-value**	**Non-controlling interests(**)**	**Total**
Borrowings from financial institutions	2,259,272		2,259,272
Commercial paper			
Hybrids	-		-
Bond loans	3,791,353		3,791,353
Foreign currency derivatives			
Net payables	887,121	(241,817)	645,304
Owner-occupied property (debt)			
Current accounts (equity characteristics)			
Cash and cash equivalents	(377,419)		(377,419)
Net financial liabilities	**6,560,327**	**(241,817)**	**6,318,510**
Owner-occupied property			
Investment properties at fair value	4,910,925		4,910,925
Properties held for sale(*)	1,908,758	(454,873)	1,453,885
Properties under development			
Intangibles			
Net receivables			
Financial assets	111,920		111,920
Total property value	**6,931,603**	**(454,873)**	**6,476,730**
EPRA loan-to-value	**94.6%**	**53.2%**	**97.6%**

(*) Considers inventories at fair value (EUR 520,616 thousand) as well as non-current assets held for sale.
(**) Considers the interest of minority shareholders in Adler's subsidiary Brack Capital Properties N.V. ("BCP").

			31 Dec 2022
In EUR thousand	**Group loan-to-value**	**Non-controlling interests(***)**	**Total**
Borrowings from financial institutions	1,645,817		1,645,817
Commercial paper	-		
Hybrids	100,503		100,503
Bond loans	4,234,046		4,234,046
Foreign currency derivatives			
Net payables	867,711	(304,289)	563,422
Owner-occupied property (debt)			
Current accounts (equity characteristics)			
Cash and cash equivalents	(386,985)		(386,985)
Net financial liabilities	**6,461,092**	**(304,289)**	**6,156,803**
Owner-occupied property(*)	6,107		6,107
Investment properties at fair value	6,344,294		6,344,294
Properties held for sale(**)	2,325,303	(580,144)	1,745,159
Properties under development			
Intangibles			
Net receivables			
Financial assets	168,961		168,961
Total property value	**8,844,665**	**(580,144)**	**8,264,521**
EPRA loan-to-value	**73.1%**	**52.5%**	**74.5%**

(*) The balance sheet position property, plant and equipment contains owner-occupied property in the amount of EUR 6,107 thousand.
(**) Considers inventories at fair value (EUR 676,312 thousand) as well as non-current assets held for sale.
(***) Considers the interest of minority shareholders in Adler's subsidiary Brack Capital Properties N.V. ("BCP").

The table below shows the breakdown of net payables as included in the EPRA LTV calculation presented above. For the detailed methodology of the EPRA LTV calculation, please also refer to the section 'Fundamentals of the Group'.

Net payables

In EUR thousand	31 Dec 2023	31 Dec 2022
Investments in financial instruments	17,395	19,234
Advances related to investment properties	0	0
Restricted bank deposits	66,942	77,885
Contract assets	66,294	86,862
Trade receivables	79,273	95,672
Other receivables and financial assets	116,322	118,853
Advances paid on inventories	10,007	9,194
Deduct:		
Other financial liabilities	(165,882)	(16,029)
Pension provisions	(773)	(719)
Other payables	(266,876)	(341,504)
Contract liabilities	(14,473)	(13,924)
Trade payables	(65,167)	(78,242)
Provisions	(105,188)	(75,580)
Prepayments received	(50,071)	(70,865)
Non-current liabilities held for sale	(574,924)	(678,548)
Net payables	**(887,121)**	**(867,711)**

Material Events

In the reporting period

1. On 9 January 2023, the local court of Berlin-Charlottenburg appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor of Adler Real Estate AG (“**Adler RE**”). The judicial appointment required the acceptance of the audit mandate by the auditor, which KPMG AG Wirtschaftsprüfungsgesellschaft rejected on 11 January 2023. As of the date hereof, Adler Group did not have an auditor and continued its intensive efforts to engage an auditor. On 24 April 2023, Adler RE announced that Rödl & Partner had agreed to accept an appointment as auditor for the audit of the standalone and the consolidated financial statements of Adler RE for the financial year 2022.

2. On 11 January 2023, AGPS BondCo PLC (the “**New Issuer**”) was substituted in place of Adler Group as issuer of its six series of senior unsecured notes (“**SUNs**”) (the “**Issuer Substitution**”). In connection with the Issuer Substitution, Adler Group provided irrevocable and unconditional guarantees in relation to the obligations and liabilities under the SUNs, including (but not limited to) payment of the principal of, and interest on, the SUNs. On 24 February 2023, a holder of the SUNs, Plan.e.Anleihe GmbH, commenced proceedings in the Frankfurt Regional Court against Adler Group seeking a declaration that the Issuer Substitution was invalid and unenforceable. Adler Group opposed the relief sought on the grounds that the Issuer Substitution was effected in accordance with the terms and conditions governing each series of SUNs (the “**Terms and Conditions**”), and is and continues to be valid as a matter of German law, and will vigorously defend against such declaration in any such proceedings.

3. On 16 February 2023, the New Issuer completed the downlisting of its EUR 400,000,000 1.500% unsecured notes due 2024 (“**2024 Notes**”), which were admitted to trading on the regulated Market of Luxembourg Stock Exchange, on the Euro MTF. The purpose of the downlisting was to harmonise the 2024 Notes with the other five series of SUNs.

4. On 23 February 2023, BNP Paribas, as principal paying agent, received notices of termination under the Terms and Conditions from certain holders of SUNs (representing approximately 6% of the aggregate principal amount of the SUNs). Such notices were rejected by the New Issuer for procedural deficiencies. On 10 March 2023, the notices of termination were resubmitted. The New Issuer rejected one resubmitted notice for procedural deficiencies and rejected all resubmitted notices on the basis that no valid grounds for such termination exist and therefore considered the purported declarations to be invalid. On 24 March 2023, BNP Paribas again received resubmitted termination notices, which were similarly rejected by the New Issuer on the basis that no valid grounds for such termination exist and that the noteholders of the respective notes were not entitled to terminate the notes due to the presence of an ongoing Restructuring Plan proceeding.

5. On 28 February 2023, S&P downgraded the issuer rating of Adler RE from CCC- to CC with outlook negative. Adler Real Estate’s EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026 (“**Adler RE 2026 SUNs**”) were also downgraded from CCC- to CC. The CCC- rating on EUR 500,000,000 1.875% senior unsecured notes due 27 April 2023 (“**Adler RE 2023 SUNs**”) and on Adler Real Estate’s 2.125% EUR 300,000,000 notes due 2024 (“**Adler Re 2024 SUNs**”) was affirmed.

6. On 17 March 2023, the Group sent a request to Adler RE to squeeze-out the remaining minority shareholders of Adler RE. Subsequently on the same date, the Group and Adler RE published an ad-hoc notification disclosing the

EUR 8.76 per share cash compensation to be paid to the squeezed-out minority Adler RE shareholders.

7. On 21 March 2023, meetings of holders of the SUNs (the “**Plan Meetings**”) were held to consider and vote on the Group’s proposed Restructuring Plan (the “**Restructuring Plan**”), which aimed to facilitate a successful implementation of amendments to the SUNs and complete the wider financial restructuring of the Group (the “**Restructuring**”), and in doing so help resolve the financial difficulties faced by the Group. Subsequently on 21 March 2023, the Group announced the voting results of the Plan Meetings, noting a strong level of support for the Restructuring Plan and, more broadly, the Group’s comprehensive Restructuring proposal.

8. On 31 March 2023, Adler RE signed a comfort letter (“**Comfort Letter**”) in relation to the intra-group loan agreement dated 23 May 2022 on the granting of a loan in an amount of up to EUR 200,000,000 to its subsidiary, Brack Capital Properties N.V. (“**BCP**”). Pursuant to the Comfort Letter, Adler RE undertook to prolong the maturity of part of the loans granted under the intra-group loan agreement in an amount of EUR 70,000,000 (“**Prolonged Loans**”) by six months until 30 June 2024 if certain conditions are met. These conditions require, among others, that the Prolonged Loans have been secured by collateral provided by BCP in favour of Adler RE. BCP will provide market standard collateral as consideration for the Prolonged Loans, and the interest rate for the Prolonged Loans will be increased with effect from the original maturity date to 3-month-Euribor plus a margin reflecting the then prevailing market conditions (provided that such margin shall be no lower than 200 basis points). The remaining EUR 130,000,000 part of the loans will maintain the original maturity date of 29 December 2023.

9. On 12 April 2023, the High Court of Justice of England and Wales (the “**High Court**”) made an order sanctioning the Restructuring Plan (the “**Sanction Order**”) with the final judgement published on 21 April 2023 (the “**Judgement**”). At the hearing of the High Court’s decision to sanction the Restructuring Plan on 12 April 2023, the ad hoc group of noteholders (the “**AHG**”) opposing the Restructuring Plan stated that it would seek permission to appeal. The New Issuer opposed this application. On 25 April 2023 the High Court declined to grant AHG the permission to appeal. On 16 May 2023, the AHG filed an application with the Court of Appeal for permission to appeal and requested that the application for permission to appeal and the substantive hearing of the appeal be dealt with by the Court of Appeal on an expedited basis. The Group made submissions to the Court of Appeal opposing the AHG’s request for expedition and intended to oppose the AHG’s application for permission to appeal (as well as its appeal, if permission is granted).

10. On 13 April 2023, the Group announced completion of the Restructuring Plan. Pursuant to the Restructuring Plan, on 17 April 2023, the SUNs were amended in accordance with the amended Terms and Conditions governing each series of SUNs, which included, among other changes:

10.1 2.75% coupons increase until 31 July 2025; after which time, the coupons revert to their respective prior levels;

10.2 extension of the maturity date of the 2024 Notes from 26 July 2024 until 31 July 2025;

10.3 amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur the New Money Funding (as defined below) and refinance certain existing indebtedness;

10.4 amendments to the reporting covenants that temporarily alleviate the reporting obligations placed on the Group; and

10.5 amendments to certain other restrictive covenants to support the new capital structure and liquidity position of the Group.

The key amendments are summarised in the table below:

	EUR 400,000,000 1.500% unsecured notes due 2024	EUR 400,000,000 3.250% unsecured notes due 2025	EUR 700,000,000 1.875% unsecured notes due 2026	EUR 400,000,000 2.750% unsecured notes due 2026	EUR 500,000,000 2.250% unsecured notes due 2027	EUR 800,000,000 2.250% unsecured notes due 2029
Maturity	31 July 2025	As initially scheduled (5 Aug 2025)	As initially scheduled (14 Jan 2026)	As initially scheduled (13 Nov 2026)	As initially scheduled (27 Apr 2027)	As initially scheduled (14 Jan 2029)
Interest from 13 April 2023 to 31 July 2025	4.250%	6.000%	4.625%	5.500%	5.000%	5.000%
Interest after 31 July 2025	past maturity date	3.250%	1.875%	2.750%	2.250%	2.250%
Reporting covenant amendments	The audited year-end financials for the years ending on 31 December 2022 and 31 December 2023 each to be delivered by 30 September 2024					
Financial maintenance covenant	A maintenance loan-to-value ratio (“Maintenance LTV Ratio”) covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date (first covenant testing date 31 December 2024)		A Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter (first covenant testing date 31 December 2024)			
Limitations on incurrence of debt	The incurrence of debt other than the New Money Facilities (as defined below), certain refinancing indebtedness, and a general basket indebtedness of up to EUR 150,000,000 will not be permitted					

11. On 13 April 2023, Adler Group completed a reorganisation of the Group’s corporate structure. Following the completion of the reorganisation (i) Adler Group became the sole shareholder of the newly incorporated Luxembourg entity Adler Group Intermediate Holding S.à r.l. (“Adler Group Intermediate Holding”), which became the sole shareholder of three newly incorporated Luxembourg entities (collectively, the “Collateral LuxCos”) and (ii) all shares in Adler RE, Consus Real Estate AG (“Consus”) and certain other subsidiaries, which were previously directly or indirectly held by Adler Group (except for the New Issuer and for a certain number of the shares in such subsidiaries, which continue to be held by Adler Group), were transferred to the Collateral LuxCos.

12. On 17 April 2023, S&P downgraded the issuer ratings of both Adler Group and Adler RE from CC to SD (selective default). The rating of the unsecured debt for both Adler Group and Adler RE was lowered from CC to D (default). The ratings on Adler RE 2023 SUNs and Adler RE 2024 SUNs unsecured debt was affirmed at CCC-. S&P stated that it will reassess its ratings on Adler Group and Adler RE after the Restructuring is implemented.

13. In accordance with the Restructuring Plan, the Restructuring and related committed funding of up to EUR 937,474,000 (the “**New Money Funding**”), a special purpose vehicle established for the sole purpose of the Restructuring (“**LendingCo**”) issued EUR 937,474,000 12.500% notes due 30 June 2025 (the “**New Money Notes**”) and subsequently LendingCo lent the New Money Notes proceeds to the Group via loan facilities (the “**New Money Facilities**”) under a facilities agreement dated 22 April 2023 (the “**New Money Facilities Agreement**”):

13.1 EUR 322,474,000 term loan facility with Adler Group, with proceeds funding (i) the repayment of the existing upstream loan from Adler RE and (ii) the payment of fee incurred in relation to the New Money Funding;

13.2 EUR 235,000,000 term loan facility ("**Facility ARE**") with Adler Group, with proceeds funding a non-interest bearing shareholder loan to Adler RE to fund repayment of the Adler RE 2023 SUNs in full on its maturity date (27 April 2023). The non-interest bearing shareholder loan to Adler RE was entered into on 27 April 2023;

13.3 Up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds funding certain capital expenditures; and

13.4 EUR 300,000,000 term loan facility ("**Facility 2024**") with Adler Group, to fund a non-interest bearing shareholder loan to Adler RE to, in turn, fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

14. Further to the public announcement issued by the Group on 23 February 2023 relating to results of Adler Real Estate consent solicitations, the terms and conditions of the Adler RE 2024 SUNs and the Adler RE 2026 SUNs were amended. The amendments allow Adler Real Estate to provide liens over its assets to secure the Adler RE 2024 SUNs, the Adler RE 2026 SUNs, Facility ARE, Facility 2024 and the payment-in-kind interest related to Facility ARE and Facility 2024.

15. Certain members of the Group provided guarantees and transaction security in favour of Global Loan Agency Services GmbH, as security agent, to secure the claims under the New Money Facilities. In addition, two intercreditor agreements were executed on 22 April 2023 to govern the enforcement of collateral and the waterfall for the distribution of enforcement proceeds amongst the different classes of Group creditors.

16. On 24 April 2023, Adler Group increased its share capital by EUR 42,303.68 from EUR 145,712.69 to EUR 188,016.37 by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Investors.

17. On 27 April 2023, the Adler RE bond 2018/2023 with a nominal outstanding amount of EUR 500 million was repaid.

18. On 27 April 2023, S&P upgraded the issuer ratings of both Adler Group and Adler RE from SD to CCC+ with outlook negative. Furthermore, the issue rating on the Adler Group bond which had been extended from 2024 to 2025 and the two Adler RE AG bonds due in 2024 and 2026 were upgraded to CCC+. The rating of the remaining Adler Group bonds was raised to CCC-. The New Money Funding note was assigned a rating of B.

19. On 28 April 2023, the general meeting of Adler RE resolved on the squeeze out. However, the decision had not yet been implemented because actions for rescission and nullity are still pending at the competent regional court in Berlin.

20. On 9 May 2023, Adler RE announced a tender offer and consent solicitation in respect of its outstanding EUR 300,000,000 2.125% notes due 2024. The consent solicitation shall eliminate certain restrictive covenants and other provisions of the indenture of the bond in their entirety as well as almost all Events of Default (as defined in the indenture). By 7 June 2023, 98.86% of the outstanding notes had been validly tendered.

21. On 24 May 2023, BCP engaged with a German bank in an agreement, according to which it will extend a loan of approximately EUR 95 million by another three years.

22. On 1 June 2023, Adler Group announced the extension of its Senior Management as part of the implementation of the Restructuring Plan. With effect from 19 June 2023, Hubertus Kobe was appointed as Chief Restructuring Officer (CRO) thereby joining the Senior Management of Adler Group. The responsibilities of the newly created CRO position will primarily include overseeing the restructuring of Adler Group in accordance with the approved Restructuring Plan. Also, the employment contract of Chief Executive Officer (CEO) Thierry Beaudemoulin was renewed.

23. On 21 June 2023, the annual General Meeting (AGM) was held. All proposed resolutions were adopted with large majorities of up to 100%. Thomas Echelmeyer was appointed to become Director and member of the Board of Directors in addition to his current role as CFO. The annual General Meeting also approved the appointment of both Dr. Heiner Arnoldi and Stefan Brendgen as members of the Board of Directors. Prof. Dr. A. Stefan Kirsten, Thierry Beaudemoulin, Thilo Schmid and Thomas Zinnöcker remained members of the Board of Directors. The Group's Board of Directors thus consists of seven individuals, five of them independent, with extensive expertise in corporate governance, real estate, finance, restructuring and capital markets.

24. On 21 June 2023, the extraordinary General Meeting (EGM) approved continuing the Company.

25. On 28 June 2023, investigators from the Frankfurt Public Prosecutor's Office and the Federal Criminal Police Office seized business records at Adler Group premises. The court-ordered investigations took place against the background of business transactions of Adler Real Estate AG in 2019 extending into 2020. The business transactions in question relate to the "Gerresheim" project and the relevant accounting as well as payments under two consulting agreements with one of the defendants. The investigations are expressly not directed against the members of the Board of Directors of the Adler Group. The Adler Group is cooperating with the authorities and fully supports the facts being clarified as quickly as possible.

26. On 29 June 2023, the Board of Directors expressed its full confidence in and support for Senior Management member Sven-Christian Frank. Previously, Sven-Christian Frank had asked to be temporarily released from his duties and responsibilities in connection with the investigations by the public prosecutor's office in which he is listed as an accused. The Board of Directors did not comply with this request.

27. On 3 July 2023, Adler Real Estate AG agreed with its parent company Adler Group to grant it a loan of up to EUR 75 million and a term until 30 June 2025 with interest at market rates.

28. On 9 August 2023, BCP completed an exchange tender offer for its bonds (Series B), as part of which BCP repaid EUR 97,132 thousand (ILS 390,324,629) par value of bond (Series B) in consideration for EUR 53,180 thousand (ILS 213,702,734) par value of bonds (Series C) and EUR 53,385 thousand (ILS 222,563,103) in cash.

29. On 29 August 2023, Adler Group announced that its affiliate Adler RE will receive an early repayment of an intra-company loan from its subsidiary BCP in a partial amount of EUR 75 million by 31 August 2023. The early repayment is part of an original intra-company loan facility of EUR 200 million from which EUR 150 million had been drawn. Beside the early repayment of EUR 75 million, another EUR 75 million of the drawn credit will be prolonged until 29 December 2024. The remaining undrawn credit line of EUR 50 million will be terminated.

30. On 5 September 2023, Adler Group announced the completion of the sale of the Staytion - Forum Pankow development project in Berlin. Adler Group's subsidiary Consus sold its shares in the joint venture to its JV partner Kondor Wessels. The transaction contributed to the stated goal of further deleveraging the Group in 2023 and beyond.

31. On 8 September 2023, Adler Group announced the notarisation of the sale of the so-called "Mannheim No.1" development portfolio located in Mannheim. Closing of the transaction took place in October 2023. Consus, a subsidiary of Adler Group, sold its respective assets to FONDSGRUND Investment, an investment and asset management company based in Hamburg. The Mannheim No. 1 building is adjacent to the main railway system and combines predominately commercial units with some residential units. The recently developed project consists of a lettable area of around 19 thousand m^2. The transaction generated net proceeds of approximately EUR 70 million for Adler Group. The selling price reflects a discount of around 10% to the valuation (GAV) of the portfolio as of

30 June 2023. The transaction contributed to the stated goal of further deleveraging the Group in 2023 and beyond.

32. On 11 September 2023, Adler Group announced the completion of the sale of the so-called “Wasserstadt” rental portfolio located in Berlin. Adler RE, a subsidiary of Adler Group, sold its shares to a real estate investor advised by Quantum. The Wasserstadt portfolio is located in Berlin-Mitte and consists of a lettable area of around 47 thousand m^2. The portfolio was completed in 2019 after a construction period of around two years. It is mainly for residential use and encompasses around 700 flats including more than 200 co-living spaces. The portfolios “Wasserstadt Tankstelle” and “Wasserstadt Kornversuchsspeicher” did not belong to the sold portfolio and will be marketed separately. The transaction generated net proceeds of approximately EUR 130 million for Adler Group. The selling price was broadly in line with the valuation (GAV) of the portfolio as of 30 June 2023, resulting in a discount of about 0.7%. The transaction contributed to the stated goal of further deleveraging the Group in 2023 and beyond. The sale of Wasserstadt was one of the largest transactions in the European real estate market in 2023, demonstrating Adler Group’s ability to close significant deals in a challenging environment.

33. On 29 September 2023, Adler Group S.A. successfully placed EUR 191,000,000 senior secured notes due 31 July 2025 (the “**New Notes**”). The New Notes will be issued at 100% of their nominal value and accrue an annual PIK-amount of 21%. The New Notes are secured in ranking after the relevant asset level financings and the Company’s financing obtained in connection with the restructuring under the Company’s existing intercreditor agreement (i.e., secured on a “1.5 Lien” basis). The net proceeds from the issuance of the New Notes will be used to repay the Company’s outstanding EUR 165,000,000 senior secured convertible notes due 23 November 2023 (the “Convertible Notes”) and certain promissory notes (Schuldscheine) issued by ADO Lux Finance S.à r.l. and guaranteed by the Company. The Company intended for the New Notes to be quoted on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The issuance closed on 9 October 2023.

34. On 9 October 2023, Adler Group announced the results of the tender offer launched on 29 August 2023 (the “**Tender Offer**”) to repurchase its outstanding EUR 165,000,000 senior secured Convertible Notes due 23 November 2023. The total tendered (and not validly withdrawn) amount under the Tender Offer is EUR 69,500,000 (representing 42.12% of the nominal amount outstanding). The Company accepted the full tendered amount for a purchase price of EUR 97,000 per EUR 100,000 principal amount plus accrued interest. The Tender Offer was settled on 12 October 2023. The Tender Offer was financed with the net proceeds from the placement of new EUR 191,000,000 senior secured notes due 31 July 2025, which closed on 9 October 2023.

35. On 16 October 2023, Adler Group announced that it had successfully completed its search for an auditor for the financial years 2022 and 2023. The Board of Directors of Adler Group received a declaration of acceptance of a corresponding engagement from AVEGA Revision S.à r.l. (“AVEGA Revision”) and set in motion the convening of a General Meeting (GM) for the appointment of the auditor, which took place on 27 November 2023. A resolution was passed at the General Meeting, that AVEGA Revision will be responsible for the audit of the annual and consolidated financial statements of Adler Group for the financial years 2022 and 2023. Three other auditing firms will be responsible for the audit of the sub-areas relevant to the Group (“component audit”): Rödl & Partner had already been appointed by the court to audit the 2022 annual and consolidated financial statements of Adler RE. Morison Köln AG was commissioned with the sub-area audit of the sub-group Consus Real Estate AG. DOMUS Steuerberatungs-AG Wirtschaftsprüfungsgesellschaft will audit the individual financial statements of the German property companies of Adler Group.

36. On 19 October 2023, Adler Group announced that the competent local court in Berlin entered the resolution on the transfer of the shares of the remaining minority shareholders of Adler RE to Adler Group as the majority shareholder in the commercial register. The corresponding resolution of the annual General Meeting of Adler RE of 28 April 2023 thus became effective. The entry was enabled after the competent Superior Court in Berlin ruled in a release procedure ("Freigabeverfahren") that the pending avoidance actions do not prevent the entry. The minority shareholders were entitled to an appropriate cash compensation for the transfer of their shares, which was set at EUR 8.76 per share of Adler RE which was resolved upon by the annual General Meeting. The cash compensation was paid out in exchange for the shares being derecognised. On 2 November 2023, Adler RE was delisted from the regulated market (Prime and General Standard). Furthermore, with effect on 4 January 2024, Adler Real Estate AG was transformed into Adler Real Estate GmbH.

37. On 27 December 2023, Adler Group announced that the German Federal Financial Supervisory Authority ("BaFin") had concluded its examination of the consolidated financial statements and combined management reports of Adler Group's formerly listed subsidiary, Adler RE, for the financial years 2019, 2020 and 2021. Neither a restatement nor a re-issue of the financial statements was required by BaFin. The BaFin findings have no further material impact on the consolidated financial statements in 2023. In that regard, a restatement according to IAS 8.41 was not to be made. Independent of that, the Adler RE filed appeal against the BaFin findings.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2023 in the annual financial statements through 26 September 2024, the date of finalisation of the financial statements.

1. On 23 January 2024, Adler Group S.A. confirmed that it will continue its restructuring path as planned. This followed the same day's decision by the Court of Appeal of England and Wales on 23 January 2024 to set aside the Sanction Order made by the High Court of Justice of England and Wales on 12 April 2023. Pursuant to the Sanction Order, the bonds issued by AGPS BondCo plc, a wholly owned subsidiary of Adler Group, were amended as of 17 April 2023. Since then, the amended bond terms have formed the basis of the Adler Group's ongoing liabilities, and the appellants in April 2023 did not apply for the appeal to have a suspensive effect on the Sanction Order. The implementation of the restructuring in April 2023 was carried out in accordance with German law and therefore the terms and conditions of the bonds remain valid regardless of the decision by the Court of Appeal to set aside the Sanction Order. The Court of Appeal's decision was made following a hearing lasting several days at the end of October 2023. While Adler Group respects the decision of the Court of Appeal to set aside the Sanction Order, the decision has no impact on the Adler Group or the effective amendments to the bond terms.

2. Pursuant to a decision of the Tel Aviv Stock Exchange Ltd. ("TASE"), the shares of BCP were transferred to the TASE maintenance list on 31 January 2024.

3. On 19 February 2024, Prof. Dr. A. Stefan Kirsten resigned from his office as Chairman of the Board of Directors of Adler Group S.A. with immediate effect for health reasons and left the Board. This was announced by the Company following an extraordinary meeting of the Board of Directors. Stefan Brendgen, member of the Board, assumed the office of Chairman of the Board of Directors.

4. On 28 February 2024, BCP completed the issuance of a new listed series of bonds (Series D) with a total scope of approximately ILS 360 million (equivalent to EUR 91.4 million). The bonds are linked to the CPI and are subject to a fixed interest rate (which is also linked to the CPI) of 5.05%.

5. On 27 March 2024, Adler Group announced the completion of the sale of the Wasserstadt Tankstelle development project in Berlin. The buyer was the Hilpert Group, headquartered in Würzburg. The property was leased to a petrol station until 2022 and is therefore the last undeveloped part of Wasserstadt Berlin. The transaction, which was signed in December 2023, generated net proceeds in the double-digit millions for the Adler Group. The transaction contributed to the declared goals of further reducing the Group's debt in 2024 and beyond, as well as focusing operationally on the residential rental portfolio.

6. On 25 April 2024, Adler Group announced that it is currently in advanced negotiations with a steering committee of bondholders ("SteerCo") to, among other plans, refinance and extend existing financial indebtedness, partially subordinate existing financial indebtedness and issue instruments representing majority voting control in Adler Group to bondholders. These discussions resulted in a non-binding agreement in principle and the parties were aiming for a lock-up agreement ("Lock-up Agreement") to be signed with the members of the SteerCo and further bondholders of the Group in due course.

7. On 30 April 2024, Adler Group announced the sale of the development project FourLiving VauVau & Mensa located in Leipzig. Following the positive council resolution passed by a clear majority on 24 April 2024, the City of Leipzig notarised its acceptance of the offer and acquired the project located on Prager Strasse with a gross floor area of around 37,900 square metres and an area of around 1.5 hectares. The transaction, which was signed on 26 April 2024, generated net proceeds of around EUR 26 million at a sales price of EUR 27 million. In the challenging market environment, Adler Group sold the project at a discount of around 5% on the gross asset value as at 31 December 2023. The transaction closed in May 2024.

8. On 7 May 2024, S&P downgraded Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026, Adler Group's EUR 191,000,000 21.000% senior secured notes due 31 July 2025 and EUR 400,000,000 4.250% senior secured notes due 31 July 2025 to CCC- from CCC+. The issue rating of the Adler Group EUR 937,474,000 12.500% New Money Facilities due 30 June 2025 was also downgraded from B to CCC+. Moreover, the ratings of Adler Group's second lien senior secured notes with a total volume of EUR 2,800,000,000 due between August 2025 to January 2029 were lowered from CCC- to C. The issuer credit rating of Adler Group was also downgraded from CCC+ to CCC-.

9. On 24 May 2024, Adler Group announced that Mr Matthias Moser is to be proposed as a new Board member at the upcoming annual General Meeting (AGM) on 25 June 2024. This proposed appointment followed the resignation of Prof. Stefan A. Kirsten in February 2024. Dr. Heiner Arnoldi and Thomas Zinnöcker also tendered their resignations with effect as of the upcoming AGM.

Matthias Moser is a graduate economist and an expert in real estate and finance with more than 30 years' experience. He has held a number of appointments as executive, non-executive and advisor roles in various companies, including most recently Domicil Real Estate AG, SüdeWo GmbH and GBW Immobilien AG.

Following the AGM's approval of the appointment on 25 June 2024, the Board of Directors consists of five members. The Board is therefore composed as follows: Stefan Brendgen (Chairman), Thierry Beaudemoulin (CEO), Thomas Echelmeyer (CFO), Matthias Moser, and Thilo Schmid.

10. On 24 May 2024, Adler Group announced that it had entered into a binding Lock-Up Agreement with the SteerCo supporting a comprehensive recapitalisation of the Group. The Lock-Up Agreement was signed by bondholders representing more than 60% of the 2L Senior Secured Notes ("2L Notes") issued by Adler Group's subsidiary AGPS BondCo plc.

The first component of the agreement is to extend the existing Group debt maturities to December 2028, December 2029, and January 2030. The second component is to strengthen Adler Group's equity by approximately EUR 2.3 billion, which is expected to be achieved through the conversion of most of the existing 2L Notes into subordinated perpetual notes with terms consistent with equity classification under IFRS, thereby stabilising the Group's balance sheet. Together with the remaining reinstated 2L Notes of EUR 700 million, the perpetual notes form new notes, totalling approximately EUR 3 billion. Furthermore, Adler Group will be provided with up to EUR 100 million of fresh money through an increase in the existing 1L New Money Facility provided by a special purpose vehicle at the initiative of the bondholders. Additionally, the finance documents will provide for the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

As part of the recapitalisation transaction, bondholders are to receive the majority in Adler Group's voting rights. Following the implementation of the transaction, all outstanding common shares are to represent 25% of Adler Group's total voting rights. The remaining 75% of total voting rights will be represented by the bondholders. All common shares continue to represent 100% of Adler Group's dividend distribution rights.

11. Effective on 31 May 2024, Hubertus Kobe, Chief Restructuring Officer (CRO) and member of the Senior Management of Adler Group, decided to leave the Company. The position of the CRO will not be filled again.

12. On 18 June 2024, Adler Group announced that its bondholders cleared the way for the Group's comprehensive recapitalisation following a consent solicitation that was conducted after the binding agreement with a steering committee of bondholders had been announced on 24 May 2024. In the consent solicitation, more than 90% of the present and voting bondholders of each series approved the amendment of the terms and conditions of the senior secured notes issued by AGPS BondCo plc, a 100% direct subsidiary of Adler Group S.A. (the "Notes"). The 75% (present and voting) bondholder approval needed to implement the proposed amendments was far surpassed in each series of Notes, which underlined the strong and unified support received to effect certain amendments to the Notes (the "Proposed Amendments").

Adler Group stated that it will procure the implementation of the Proposed Amendments, which are subject to the fulfilment of certain conditions set out in the corresponding consent solicitation statement and will inform the bondholders as soon as the implementation conditions have been fulfilled or waived.

13. On 24 June 2024, S&P lowered the long-term issuer credit ratings of Adler Group to 'SD' (selective default) from 'CCC-'. Moreover, the ratings of Adler Group's second lien senior secured notes with a total volume of EUR 2,800,000,000 due between August 2025 to January 2029 were reduced from 'C' to 'D'. S&P has placed the following four notes on CreditWatch: Adler Group EUR 937,474,000 12.500% New Money Facilities due 30 June 2025, Adler Group EUR 191,000,000 21.000% senior secured notes due 31 July 2025, Adler Group EUR 400,000,000 4.250% senior secured notes due 31 July 2025 and Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026. S&P stated that they will reassess their ratings of Adler Group and Adler RE after the restructuring is implemented and expect an upgrade to a 'CCC+' rating.

14. In June 2024, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 77 million by more than four years until October 2028. Also in June 2024, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48 million by more than four years until December 2028.

15. On 9 August 2024, the reconvened extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the recently announced comprehensive recapitalisation. Bondholders invested in the 2L Notes shall receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group.

16. In August 2024, a group of Berlin-based property companies of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 136 million by more than three years until October 2028.

17. On 19 September 2024, Adler Group declared that the comprehensive recapitalisation announced on 24 May 2024 had been completed. The recapitalisation was implemented through the conversion of certain of the existing 2L notes into subordinated perpetual notes which are classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities were extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group was provided with additional liquidity in the amount of approximately EUR 87 million through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024.

Additional information can be found on the Adler Group website: https://www.adler-group.com/en/investors/publications/news

Forecast Report

Comparison of the forecast with the actuals of 2023

In 2023 net rental income amounted to EUR 210 million which was within the guidance of EUR 207-219 million.

Following the sanctioning of the Restructuring Plan in April 2023, the Company refrained from announcing an FFO 1 guidance for the year 2023 due to the current situation of the Group which is primarily focused on steering its liquidity situation and de-leveraging through asset and portfolio disposals.

Following the implementation of the proposed amendments pursuant to the Restructuring Plan of AGPS BondCo PLC, a 100% subsidiary of Adler Group, which was sanctioned on 12 April 2023 by the High Court of Justice of England and Wales, Adler Group is not permitted to declare or pay any dividends to shareholders for the year 2022 and thereafter.

Forecast for 2024

Following certain disposals made from the yielding asset portfolio in 2023, such as the Wasserstadt portfolio in Berlin, Adler Group expects to generate net rental income for 2024 in the range of EUR 200-210 million.

Opportunities and Risk Report

Opportunities and risks are influencing the business success of Adler Group S.A. (thereafter as "the Company") and of its affiliates (together referred to as "Adler Group" or "the Group"). They are defined as follows:

- Risks are possible events or developments that could have a negative impact on the Company's expected economic development and thus lead to a negative deviation from its two-year planning.
- By contrast, opportunities are possible events or developments that could have a positive impact on the expected economic development and thus lead to a positive deviation from its two-year planning. Opportunities are not quantified for internal management purposes.

In the following report the descriptions and impacts of risks and opportunities are considered separately. Impacts are not offset against each other.

Risk report

In order to responsibly manage the risks of business activities, there is a need for adequate and effective internal control and risk management systems. The adequacy and effectiveness of the internal control and the risk management system ("Risk Management System") requires their internal monitoring. Adler Group continually monitors and controls risk positions in the Group in order to avoid developments which might threaten the existence of the Group and, at the same time, to exploit any opportunities that occur. As the market environment and legal as well as regulatory framework conditions are constantly changing, Adler Group adapts to this by continuously developing its strategy. The Group's risk management is based on a risk strategy, which is anchored in the Company strategy as well as, in conjunction with this, its business activities and is laid down in the risk management handbook. The Risk Management System enables the Board of Directors and the Senior Management of the Company to continuously identify and assess material risks within the Group and in the environment.

Risk management system

The Group's risk management governs all organisational regulations and measures and uses a Risk Management System to monitor and identify business risks to address them with suitable countermeasures. The existing Risk Management System is guided by the five principles of the COSO risk management model and records and regularly assesses all identified risks. Using the Risk Management System, the Group decides on the measures to be taken to address the respective risks. This Risk Management System is an appropriate and effective early warning and control instrument aligned with the corporate strategy and the portfolio structure. The Board of Directors ensures compliance with the statutory provisions and internal guidelines and works towards their observance within the Company (compliance). The internal control system and the Risk Management System also include the major compliance risks. The Board of Directors reviews the Risk Management System on a regular basis, at least once a year, to ensure it is aligned with the current risk environment and any relevant changes to the Group's business. Changes to the Risk Management System resulting from the review are reflected in the update of the risk management handbook, as occurred for year-end 2023.

The Risk Management System is documented in the Group-wide risk management handbook, which defines all the main six risk categories, corresponding processes, responsibilities and reporting obligations, all as further described in detail below.

In order to assess and address the level of risk that is appropriate for an organisation the size of the Group, a scoring model is used to assign a qualitative risk value (score) to individually identified risks or risk sub-categories. The qualitative assessment, as further described below, is based on the expected loss and probability of each risk occurring. Additionally, a top-down quantification scoring model differentiates the impact of a specific risk on the liquidity and on total assets, as further detailed in the “Risk quantification” section below.

Risk organisation and responsibilities

The Senior Management bears overall responsibility for risk management and decides on the structural and procedural organisation of risk management and on the necessary resources. It defines the risk strategy and risk policies of the Group as well as the risk management procedures. The risk strategy contains the guidelines for operational risk management. These guidelines specify, for instance, maximum loss limits above which risk mitigation measures must be taken. The guidelines also specify tolerance limits up to which a risk is considered acceptable without any further measures for reduction of the risk. These tolerance limits are defined with a qualitative risk score of 3.0.

The Audit Committee regularly meets to discuss opportunities and risks as well as to review how effective the current risk management system and internal control procedures are. It gives recommendations to the Board of Directors which formally approves any changes to the system.

The risk owners, usually division manager or head of a department, assume the responsibility for identifying, assessing, documenting, managing and communicating all material risks in their area of responsibility. They are responsible for reporting risks to Central Risk Management (as defined below).

Risk management processes

The central risk management department (“**Central Risk Management**”) coordinates the risk management processes, checks plausibility and consolidates the results of risk identification and assessment submitted by the risk owners and prepares regular reports (quarterly) to the Senior Management and the Board of Directors. At the same time, an early warning system with various early warning indicators has been established including immediate internal reporting to the management. This enables the Company’s management to take appropriate measures to avoid risks in good time.

Risk identification and assessment

The purpose of the scoring models is to provide the means by which the Group can identify, assess, and numerically rank its risks. The scoring models are also used to assess the relevance of the measured risks in order to identify significant risks. The risk scoring also enables the Group to continuously review and monitor risks.

Categories

The risks are divided into the following six categories:
1. Macroeconomic, sector-specific and socio-political environment
2. Strategic risks
3. Financial and refinancing risks
4. Operating risks in property management (portfolio)
5. Operating risks in project development
6. Company-specific risks (such as reputation, etc.)

The six risk categories contain 38 (YE 2022: 38) risks and risk sub-categories on second level with a total of 106 (YE 2022: 106) individual risks. The individual risks within each subcategory are weighted amounting to 100%, the same applies to the subcategories in the six categories.

Qualitative assessment

A scoring model is used to assign a qualitative risk value (score) to the individual risks or risk sub-categories. It is based on the expected loss and the probability of occurrence, each of which is in turn divided into the following six classes:

Expected loss

Expected loss	Unlikely (1)	Remote (2)	Seldom (3)	Conceivable (4)	Likely (5)	Probable (6)
Threatening the Company / portfolio / project (6)	3.5	4	4.5	5	5.5	6
Severe (5)	>3	3.5	4	4.5	5	5.5
Serious (4)	2.5	>3	3.5	4	4.5	5
Material (3)	2	2.5	>3	3.5	4	4.5
Medium (2)	1.5	2	2.5	>3	3.5	4
Low (1)	1	1.5	2	2.5	>3	3.5

Probability of occurrence

Measures already taken to reduce or avert a risk are taken into account for both the expected loss and the probability of occurrence. The risk score is calculated as the average of the expected loss and the probability of occurrence.

An individual risk or a risk sub-category is considered relevant if the risk score is higher than 3.0 (yellow area), and it is considered highly relevant if the risk score exceeds 4.5 (light red area). Risks and risk sub-categories with a risk score of 5 or higher (red area) are considered to be a threat to the existence of the Group.

Furthermore, a risk or risk sub-category is defined as "material" if the weighting in the overall risk assessment exceeds 5%, which is calculated as the weight of the risk category multiplied by the weight of the risk or risk sub-category within the risk category. As in the 2022 report, this risk report only describes such risks that are considered material and at the same time have a risk score of more than 4.5.

The Group has not changed the risk score required for a risk to be considered highly relevant, it remains at 4.5 in 2023. The classification as "material" (5% of the total score of Adler Group (100%)) serves to consider and present risks that are significant to the Group's risk situation considering their weighting in the overall risk assessment.

Risk quantification

The top-down quantification scoring model differentiates between the impact of a specific risk on the liquidity and on total assets.

The risks are categorised in a risk matrix (i.e., heat map). The matrix differentiates between the expected loss from a certain risk (in EUR million) affecting either the liquidity or the total assets (or both) and the probability of its occurrence (in percent). Both criteria are divided into the same six risk classes (as in the qualitative assessment). Measures already taken to reduce or avert a risk are taken into account for both the expected loss and the probability of occurrence. The top-down quantification is carried out at the level of the sub-categories depending on their weighted contribution to the risk score of the entire Group.

Based on the implementation of the Restructuring Plan and change in strategy with recent successful sales of real estate and developments projects, the expected amount of damage on liquidity and total assets has been reviewed as at year end 2023. The review resulted in stable amounts regarding liquidity and a reduction of the EUR amounts regarding total assets for the risk quantification. There is no change in the classes for probability of occurrence.

The following classes of expected loss and probability of occurrence have been defined:

Expected loss

Risk class	Liquidity (2023)(*) (in EUR million)	Liquidity (2022)(*) (in EUR million)	Total assets (2023)(*) (in EUR million)	Total assets (2022)(*) (in EUR million)
Threatening (6)	> 200	> 200	> 1,250	> 1,500
Severe (5)	> 100 - 200	> 100 - 200	> 625 - 1,250	> 750 - 1,500
Serious (4)	> 30 - 100	> 30 - 100	> 187,5 - 625	> 225 - 750
Significant (3)	> 10 - 30	> 10 - 30	> 62,5 - 187,5	> 75 - 225
Medium (2)	> 4 - 10	> 4 - 10	> 25 - 62,5	> 30 - 75
Low (1)	> 0 - 4	> 0 - 4	> 0 - 25	> 0 - 30

(*) Expected amount of damage over two years.

Probability of occurrence

Risk class	(Percent 2023)	(Percent 2022)
Probable (6)	> 90	> 90
Likely (5)	> 75 - 90	> 75 - 90
Conceivable (4)	> 50 - 75	> 50 - 75
Seldom (3)	> 25 - 50	> 25 - 50
Remote (2)	> 10 - 25	> 10 - 25
Unlikely (1)	0 -10	0 -10

Monitoring and reporting

The Risk Management System is continuously monitored to determine whether the risk management measures taken have had the intended effect.

Once a quarter, Central Risk Management prepares a risk report to inform the Senior Management and the Board of Directors about relevant risks, current status and any further developments. In addition, the Senior Management and the Board of Directors are immediately notified if new risks with potentially significant effects arise, or if existing risks become more relevant.

Internal control system

The internal control system (ICS) is a key component of overall corporate governance alongside risk management, compliance management and internal auditing, which are all interlinked.

The Adler Group's ICS is actively practised and is documented in the written ICS guidelines.

It covers operational risks, risks in connection with financial reporting and compliance risks and encompasses all business processes that have been classified as material. A key aspect is the deliberate separation of administrative, execution, accounting and authorisation functions by assigning separate responsibilities for each function. The regulations of the ICS guideline are mandatory. All employees are required to regularly review the adequacy and effectiveness of the controls documented in the risk control matrix as part of a control self-assessment. The Company management is responsible for setting up, monitoring, reviewing the effectiveness and further enhancement of the ICS.

The accounting-related ICS aims to ensure the reliability of internal and external accounting and compliance with the relevant regulations, in particular the conformity of the annual and consolidated financial statements and (consolidated) financial reports with the relevant accounting standards.

The Adler Group's Finance and Accounting department is responsible for the accounting-related ICS with the aim of standardising the application of accounting standards in accordance with the International Financial Reporting Standards (IFRSs) and the German Commercial Code (HGB). The Audit Committee is continuously involved in the further development of the accounting-related ICS. The Audit Committee receives direct and regular reports from the governance systems (risk management, compliance, internal audit, ICS) so that the Audit Committee can determine their focus and scope and thus utilise their potential.

In coordination with the Board of Directors and the Audit Committee, Internal Audit draws up a comprehensive risk-oriented audit plan and examines whether the legal framework and corporate governance guidelines are complied with, thus ensuring their functionality and effectiveness. The internal audit reports are addressed to the Senior Management and the Board of Directors.

Once they have been prepared and audited by the auditors, the annual and consolidated financial statements and the summarised (Group) management report are submitted to the Audit Committee.

Risk environment

Despite the stagnation of the German economy, the risk situation of the Group improved substantially in the course of 2023 and in the period of 2024 until publication of this annual report. This is particularly true in respect to the risks related to several investigations which were triggered by the 2021 short-seller attack, the interim absence of an auditor and the restructuring of the Group.

Economic, political and financial factors

2023 was marked by overall economic stagnation, inflation rates which were high in the beginning of the year but decreased over time, an increase and levelling out of interest rates and a downturn in the real estate industry as far as new buildings, building permissions and transactions were concerned. At the same time, the environment for renting existing apartments improved due to increasing demand and a stagnating level of supply. While the situation on the rental markets had a positive impact on the earnings situation of the Group, the opposite is true for the transaction market as the decline in demand on the back of the high level of interest rates has led in some cases to substantial negative revaluations of real estate assets.

Investigations in the wake of the 2021 short-seller attack

While the overall economic settings had a mixed impact on the Company's risk situation, the Company-specific risks situation improved. The 2021 short-seller attack had triggered a massive loss in reputation: KPMG, at the time appointed to audit the Group's 2021 financials, had issued a disclaimer of opinion. BaFin and CSSF initiated an examination into the Company's and Adler Real Estate's consolidated financial statements and annual accounts for the financial years 2019, 2020, and 2021. The Frankfurt Public Prosecutor's Office and the Federal Criminal Police Office started investigations against a member of the Senior Management team of the Company as well as against former members of the Executive Board of Adler Real Estate AG.

Until the reporting date, none of the allegations of the short-seller attack could be proven correct. The BaFin examination did find errors in the 2019, 2020 and 2021 annual accounts of Adler Real Estate AG but did not mandate corrections. The investigations by the Public Prosecutor's Office and the Federal Criminal Police Office are still ongoing and have so far not yielded any results.

The Group cannot exclude, however, that it may be exposed to additional reputational damage in relation to further investigations and/or determinations by any of the responsible regulatory and/or governmental bodies.

New auditors mandated

After KPMG had issued a disclaimer of opinion on the 2021 accounts, the Company had immediately launched an audit tender which finally proved to be successful in 2023. On 27 November 2023 the General Meeting of the Company approved the appointment of AVEGA Revision S.à r.l. as auditor for the standalone and the consolidated financial statements of Adler Group for the financial years 2022 and 2023. Three other auditing firms are responsible for the audit of the sub-groups relevant to the Group. The audited financial statements for 2022 and for 2023 are scheduled to be finalised in September 2024.

Due to the interim absence of an auditor, the Group was unable to meet the legal timeline for the publication of its audited financial statements 2022 and 2023. As a consequence, the Group has received fines from the competent authorities but has appealed all of them. The outcome of the violations and the proceedings cannot be predicted with sufficient certainty at this time.

Restructuring the Group

Early in 2023, the Group set up a Restructuring Plan to cope with a critical liquidity position as substantial debt maturities were upcoming. The Restructuring Plan, the details of which are described in the section "Material Events", helped to improve the Group's liquidity position and to avoid imminent defaults as it provided EUR 937.5 million in fresh money as well as the extension of maturities of existing debt.

The Restructuring Plan was sanctioned by the High Court of Justice of England and Wales on 12 April 2023 and the Group announced completion of the Restructuring Plan on 17 April 2023. The decision was appealed by a group of bondholders known as the Ad hoc Group and decided in favour of the Ad hoc Group by the competent Court of Appeal on 23 January 2024. However, as the restructuring had already been implemented while the High Court order was in force and, as such, the respective decisions cannot be unwound, the Court of Appeal's decision has, in the Company's view, no effect on the status of the restructuring. On 4 March 2024 the Group filed its application for permission to appeal to the Supreme Court. A settlement agreement with the counterparties was agreed on in September 2024.

Although the Company believes that there are no further legal risks to the restructuring, some execution risk remains.

While the Restructuring Plan 2023 secured the going concern of Adler Group at the time, the weak German real estate market continued to have a negative impact on Adler Group and its competitors, resulting in asset devaluations and low transaction volumes. This situation is not expected to ease before 2025. Therefore, Adler Group proposed to its bondholders to adjust the business plan and sales timeline, i.e., to dispose of development assets at adjusted prices until 2026, and to largely dispose of the yielding portfolio in 2027/2028 when the market is expected to have recovered. The extended timeline to dispose of assets requires an adjustment of the Group's capital structure and liquidity. Adler Group completed this comprehensive recapitalisation in September 2024. Please refer to the "Material Events" section of this report for further details.

Risk assessment as at 31 December 2023

The risk assessment as at 31 December 2023 was performed in compliance and accordance with the Group's Risk Management System described above.

Quantification scoring model

The risk status identified by the Group under its top-down quantification scoring model as at 31 December 2023 is illustrated in the following heat map, showing the number of risks in the individual expected loss and probability of occurrence clusters:

Expected loss (in EUR million) impact on liquidity or impact on total assets

Expected loss		1	2	3	4	5	6
> = 200 or > = 1250	6						
100 – < 200 or 625 – < 1250	5			1 (0)		1 (1)	(2)
30 – < 100 or 187,5 – < 625	4				(1)	2 (1)	
10 – < 30 or 62,5 – < 187,5	3				2 (1)	4 (3)	(3)
4 – < 10 or 25 – < 62,5	2			3 (1)	3 (7)	(3)	
< 4 or < 25	1	2 (0)	5 (4)	(8)	3 (1)	4 (2)	1 (0)
Probability of occurrence		< 10	10 – < 25	25 – < 50	50 – < 75	75 – < 90	> = 90

(x): Number of risks as at 31 December 2022, based on higher expected losses for equity.

The three risks in the red area are:

- Liquidity risk (EL 5/ PO 5) (assessed as threatening the existence of Adler Group)
- Valuation risk (EL 4 / PO 5)
- Audit opinion and disclosure risks (EL 4/PO 5)

Changes from 2022 to 2023

The following risks, which had been allocated to the red area as at 31 December 2022, are shifted to the yellow area.

- Risks from financial covenant breaches: The completion of the Restructuring Plan amended the SUNs to allow the Group to incur the New Money Funding and refinance certain existing indebtedness, as more fully described above. As part of these amendments to the SUNs, the Group became subject to a maintenance loan-to-value ratio ("Maintenance LTV Ratio") covenant requiring the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter. The Maintenance LTV Ratio is to be tested quarterly beginning on 31 December 2024.
- Risks in project phase "build & deliver": Adler Group will focus on a Berlin-anchored yielding portfolio with limited development exposures. All projects, which will not be completed short-term (until 2025) and delivered as forward sale or condominium projects, have been classified as upfront sale. Therefore, Adler Group will not be affected by increasing construction costs or quality issues as much as in the year 2022.
- Project-specific transaction risks: The opportunities to sell the development projects classified as upfront and thus to fulfil the requirements of the Restructuring Plan are considered as good by the Senior Management.
- Reputation risk: The reputation of Adler Group has improved with sanctioning of the Restructuring Plan, notwithstanding the Court of Appeal Judgement.
- Central purchasing: Availability and dependency of suppliers: The decision to sell all projects, which will not be completed short-term (until 2025) and delivered as forward sale or condominium projects, relaxes the purchasing situation.

Qualitative assessment

The table overleaf provides an overview as at 31 December 2023 of the risk sub-categories that were given a risk score of more than 4.5 according to the Group's qualitative assessment and were therefore classified as highly relevant. The relevance based in this level of risk score requires immediate internal reporting of the risk owner. Risk sub-categories that are considered material (i.e., weighting in the overall risk assessment exceeds 5%) are also noted below.

Risk category	Risk sub-category	Risk score	Materiality
Macroeconomic, sector-specific and socio-political environment	n.a.		
Strategic risks	n.a.		
Financial and refinancing risks	Liquidity risks	5.4 (5.4)	Material
	Audit opinion and disclosure risks	5.4 (4.8)	
	Accounting and valuation risks	4.9 (5.3)	Material
Operating risks in property management	n.a.		
Operating risks in project development	Project-specific transaction risks	5.1 (5.6)	
	Risks in the "Build & Deliver" project phase	4.8 (5.9)	Material
Company-specific risks	Tax risks	5.3	
	Public relations risks	4.6 (4.6)	Material
	Central purchasing	4.6 (5.8)	

Highly relevant and material risks

Following the implementation of the Restructuring Plan, the Group has identified one risk or risk sub-category as highly relevant (i.e. with a risk score of more than 4.5 in the qualitative assessment) and material (i.e. weighting in the overall risk assessment exceeds 5%), which is, according to the quantitative risk assessment, considered as a risk threatening the existence of the Company this refers to liquidity risks. Only one risk as discussed is non-material, but due to the risk assessment is regarded as highly relevant: audit opinion and disclosure risks. Other non-material risks or risk sub-categories are not addressed, or only briefly, even if they have been given a high-risk score.

Financial and refinancing risks

In this risk category, a total of 21 (2022: 21) risks were identified in eight risk sub-categories. As described above, the financial and refinancing conditions give rise to risks that threaten the going concern of the Company. Of the following three risk sub-categories one was classified as highly relevant and two were classified as highly relevant and material:

Liquidity risks

The Company's operating profitability is burdened by the interest expense related to the New Money Facility, granted in April 2023, the new 1.5L bond as well as the outstanding 2L bonds. Under normal circumstances, maturing financial liabilities can be refinanced via the capital market or through bank debt. But as long as Adler Group does not have audited annual financial statements a refinancing of our financial liabilities via the capital market or through bank debt is not possible.

And even though, Adler Group has taken considerable steps to ensure its ongoing viability through a restructuring plan agreed upon in April 2023 and following the implementation of the restructuring plan, Adler Group has taken various actions aimed at stabilizing the business and managing debt maturities effectively, the Group remains reliant on the sale of its assets to meet its financial obligations.

The ability of the Group to sell properties generally depends on various factors, such as the liquidity of the real estate markets at the time of the potential sale. In addition, the demand for real estate assets is impacted by, among other factors, the quality of the property, vacancy rates, the overall economic, environmental, social and market situation at the time of the sale, the level of interest rates and the availability of debt financing to market participants.

Consequently, if the Group is required to sell parts of its portfolio, particularly on short notice or under legal, financial or time pressure (including to repay debt), there is no guarantee that it would be able to do so in a timely fashion or on favourable terms or at all, and there can be no guarantee that the price obtained by the Group would represent a fair or market value for the property or property portfolio or shares.

Audit opinion and disclosure risks

As a registered and listed company, Adler Group has to fulfil a lot of requirements related to the preparation, certification and publication of the annual financial statements. In October 2023, Adler Group successfully completed its search for an auditor for the financial years 2022 and 2023, after KPMG Luxembourg S.A. and KPMG AG Wirtschaftsprüfungsgesellschaft informed the Company during the second quarter of 2022, that they were not available to audit the annual and consolidated financial statements for the financial year 2022 of the Company and Adler RE, respectively.

AVEGA Revision S.à r.l. ("AVEGA") was appointed as auditor at the General Meeting on 27 November 2023. Although Adler Group prepared itself well for the audit to come, at the respective balance sheet date, there was still a risk that AVEGA would not provide an unqualified auditor's opinion. Although this risk was classified as highly relevant, this risk is not immediately threatening the existence of the Group.

Accounting and valuation risks

The Group accounts for its real estate properties at fair value. The valuation model is predominantly based on the present value of net cash flows to be generated from the property in question, taking into account expected rental growth rates, vacancy periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants, as well as CapEx and maintenance expenses related to the property. In specific cases the appraisers use special assumptions, assuming facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality, lease duration and terms, and the interest rate environment.

Establishing the valuation parameters involves substantial judgement and such judgements may prove to be inaccurate. In addition, any change to valuation methodology, including as a result of changes to the statutory requirements, may result in gains or losses in the Group's financial statements, based on the change to each property's valuation compared with prior valuations. There can be no assurance that any particular valuation could be realised in a third-party sale.

The fair value determination also reflects not only the circumstances directly connected with the property but also the general conditions of the real estate markets, such as regional market developments and general economic conditions or interest rate levels. Accordingly, the effects of falling market prices and rising interest rates on the IFRS value of the investment properties may be quite significant and lead to impairment losses at the expense of equity. This effect is already visible in the Group's financial statements for the year ending 31 December 2023 and may progress even further in the future.

Operating risks in project development

In this risk category, a total of 17 (2022: 17) risks were identified in six risk sub-categories, one of which was classified as highly relevant and one was classified as highly relevant and material:

Risks in the "Build & Deliver" project phase

Adler Group will focus on a Berlin-anchored yielding portfolio with limited development exposures. All projects, which will not be completed short-term (until 2025) and delivered as forward sale or condominium projects, have been classified as upfront sales. Therefore, Adler Group will not be affected by increasing construction costs or quality issues as much as in the year 2022. The ability of the Group to successfully complete those development projects which are not dedicated for upfront sales, depends on the availability of sufficient financing and building materials at reasonable terms. A variety of factors can lead to unforeseen cost overruns or significant delays in development projects, including lack of availability and increases in the cost of construction materials, adverse events at contractors and/or subcontractors, increases in the costs of professional service providers, a shortage of qualified personnel in the German construction sector and deficiencies in construction services provided by third parties, among other factors. Any such cost overrun, or delay could result in significant cost increases and, ultimately, negatively affect the profitability of the Group's business operations.

Although this risk is classified as highly relevant and material, this risk is not immediately threatening the existence of the Group.

Project-specific transaction risks

Adler Group sells real estate developments to institutional and private clients by entering into forward sale agreements. Such forward sales can, in general, be delayed due to economic uncertainty, and the willingness of purchasers to invest may decline in a changing economic environment. If the Company is unable to fulfil its obligations under the forward sale agreements by completing the respective project development as planned, it may negatively influence the Company's ability to refinance the acquisition costs and development of a project, lead to delays in or fail to launch new real estate development projects.

As all projects, which will not be completed short-term (until 2025) and delivered as forward sale or condominium projects, are classified as upfront sales, appropriate sale prices have to be achieved to fulfil the requirements of the Restructuring Plan and future compliance with financial covenants. This will probably be challenging in the actual economic and real estate environment. At the same time, sale prices below the book value may lead to impairment losses that can have a negative effect on the balance sheet structure, especially on equity. Although this risk is assessed as highly relevant, it is not classified as threatening the existence of the Group.

Company-specific risks

In this risk category, a total of 29 (2022: 29) risks were identified in eight risk sub-categories, two of which were classified as highly relevant and one was classified as highly relevant and material:

Tax risks

The Adler Group is subject to the tax environment in Luxembourg, Germany, and further countries, mainly of the European Union ("EU"). This complex, transnational company structure may result in higher tax risks. The Company's tax burden primarily depends on various aspects of the national tax laws, as well as their application and interpretation. Amendments to tax laws may have a retroactive effect, and the application or interpretation of tax laws by tax authorities or courts may change. Furthermore, court decisions are occasionally limited to their specific facts by tax authorities. Any of these developments may increase or alter our tax burden.

Although this risk is classified as highly relevant, this risk is not immediately threatening the existence of the Group.

Public relations risks

If the Group is unable to maintain its reputation and high level of customer service, tenant satisfaction and demand for our services and properties could suffer. In particular, if the Group's reputation is harmed, it may become more difficult for us to let residential units and could lead to delays in rental payments or the termination of rental contracts by our tenants, as well as finalising and selling development projects. Any reputational damage due to the Group's inability to meet customer service expectations could consequently limit the ability to retain existing and attract new tenants and buyers.

Furthermore, harm to the Group's reputation could impair the ability to raise capital on favourable terms or at all. For example, the Group's reputation suffered considerable damage after the short-seller attack was published in October 2021 and the Group's auditors subsequently issued a disclaimer of opinion on the stand-alone accounts and consolidated financial statements of the Company and Adler RE for the financial year ending 31 December 2021, despite KPMG Forensic finding no obvious evidence to support the short-seller's allegations. This had an impact on all areas of business activity.

Any downturn in tenant satisfaction, demand for our services and properties and any damage to our reputation could have a material adverse effect on the Group's business, net assets, financial condition, results of operations, cash flows and prospects. Although this risk is classified as highly relevant and material, this risk is not immediately threatening the existence of the Group.

Risks from central purchasing

The Company relies on a wide range of service providers and suppliers in its daily operations. The risk of sufficient service providers and suppliers being available at all or at appropriate conditions, being tied to a specific supplier on the basis of long-term contracts, of (regional) suppliers unilaterally imposing price increases due to monopoly positions or other effects on the procurement market, and suppliers becoming insolvent without an equivalent substitute product, may negatively affect the profitability of the Group's operations. Nevertheless, the decision to sell all projects, which will not be completed short-term (until 2025) and delivered as forward sale or condominium projects, relaxes the purchasing situation. Although this risk is classified as highly relevant, this risk is not immediately threatening the existence of the Group.

Sustainability risks

Some of the risks defined in the different categories refer to issues related to sustainability. As sustainability has become a growing imperative in recent years, these risks are highlighted separately here. Capital markets and the general public increasingly evaluate companies based on the effects their activities have on the environment and the measures they take to reduce or stop such impact. Likewise, compliance with human rights, demands of diversity and all aspects of good corporate governance is mandatory for any company as long as it wishes to receive good ratings by the established rating agencies, maintain a solid reputation among the general public and be conceived as an outstanding employer by actual or potential employees. Non-compliance with these aspects poses not only financial risks but also risks to the reputation of a company.

In line with these changes - or maybe also leading them – the EU has worked out an elaborate taxonomy in view of different environmental goals obliging companies to a high degree of transparency on these matters. Taxonomy has been established with the clear goal to allow investors to shift their investments to more environmental friendly corporates and thus speed up the transformation process of decarbonisation.

As such, matters of sustainability have become more important in general and are thus thoroughly assessed in the framework of the risks analysis as well. As the outcome of this analysis, the following sustainability criteria were classified as “highly relevant”:

Strategic, organisational and reporting risks

The Group has formulated several sustainability goals in its corporate strategy, the fulfilment of which requires corresponding organisational and structural measures. These measures have been implemented. Sustainability has become a relevant criterion for business partners and employees when deciding whether to enter into and maintain business and contractual relationships.

In the assessment of a company’s sustainability awareness and the efforts it takes in this area, ESG ratings by specialised rating agencies have become the widely accepted standard. In 2022, allegations regarding property valuations in the balance sheet and deficiencies in corporate governance were uttered by third parties in a short-seller attack resulting, among others, in an ensuing deterioration in the Group’s ESG ratings.

Environmental risks

Environmental aspects play a crucial role in all of the Group’s business activities. The Group has set itself the objective to halve the CO2 emissions of its property portfolio by the year 2030 (compared to the emissions in 2020). Measures to reach the goal, however, have been postponed as long as it is unclear which parts of the portfolio will be maintained longer term in the framework of the ongoing restructuring process. Failure to achieve this goal is fraught with certain risk, although neither legal, nor financial or reputational consequences are clear by now.

While these risks can hardly be estimated, it is clear that companies operating energy-inefficient buildings will have to bear increasing costs in terms of CO2 levies. With its Green Deal, the European Union (EU) has formulated important sustainability goals—and the renovation and energy-efficient refurbishment of buildings contribute to their achievement. In keeping with the Green Deal, the German government has launched a climate protection programme that introduced a levy on CO2 emissions. The CO2 levy for heating residential buildings is borne by both the tenants and landlords. The ratio for how it is divided between landlords and tenants depends on the energy efficiency of the building: the lower the energy efficiency of the building, the higher the share borne by landlords. The absolute amount of the levy is already determined up until 2025. The further development is subject to political decision. As governments have subscribed to the climate goals, further increase in the levy is expected. In order to avoid the risk of increasing levies, landlords have to take measures to increase energy efficiency which may be costly and may only be partly transferable to tenants.

Opportunities report

As part of the Company's opportunity approach, the responsible persons regularly assess the relevant business opportunities of the Group as a whole.

Opportunities from the macroeconomic, sector-specific and socio-political environment

After an enormous increase in 2022 due to the Ukraine war, energy prices and inflation declined again in 2023 and continue to do so. Yet, both remain on a high level which strain the people's available budget. The rise in interest rates have also had a negative impact on demand in the real estate markets. However, in the Group's current portfolio, index-linked tenancy agreements help to increase the rental income as long as inflation rates remain high. Additionally, if prices for construction materials and real estate services do not rise as sharply as in recent years, it may have a positive effect on the Group's earnings position.

Strategic opportunities

Corporate strategy

The Group continues its efforts to sell non-strategic parts of its portfolio. This includes upfront sales of development projects and a potential sale of its interest in its subsidiary, Brack Capital Properties N.V. The sale of properties generates positive cash flow, which in turn can be used to further repay debt and thus strengthen the LTV.

2023, especially the third quarter, was largely characterised by the sale of assets, which were successfully realised despite difficult market conditions. In September 2023, Adler Group's affiliate Adler RE has sold the Wasserstadt portfolio to a real estate investor advised by Quantum, generating net proceeds of approximately EUR 130 million for the Adler Group. This portfolio is located in Berlin-Mitte and consists of a lettable area of around 47 thousand m^2, mainly for residential use and encompasses around 700 flats including more than 200 co-living spaces. In August 2023, Adler Group also completed the sale of the Staytion - Forum Pankow development project in Berlin, receiving proceeds of approximately EUR 36 million. In October 2023, Adler Group closed the sale of the so called "Mannheim No.1" development portfolio located in Mannheim, in the southern German state Baden-Wuerttemberg, generating net proceeds of approximately EUR 70 million.

The fact that Adler Group was able to sell some of its assets at book value also proved value retention and attractivity. All these transactions contributed to the stated goal of further deleveraging the Group in 2024 and beyond, as well as to focusing on Berlin-based portfolios that provide substantial rent increase potential.

Financial and refinancing opportunities

The Group completed the implementation of its Restructuring Plan 2023. It extended the maturity of its 2024 notes and amended certain covenants for its outstanding SUNs, to avoid imminent defaults and permit the incurrence to the New Money Funding, among other changes. As the proposal on adjustment of the business plan and sales timeline of development assets required an adjustment of the Group's capital structure and liquidity, Adler Group completed a comprehensive recapitalisation in September 2024. These changes provided the Group with improved operational flexibility and the ability to address its near-term maturities across its financing arrangements, affording it a period of limited financial pressure.

With the disposal progress in a challenging real estate market 2023, Adler Group successfully addressed all its 2023 refinancing requirements and accumulated a sizeable cash position to continue with the Company's plan in the remaining period of the year 2024.

Opportunities related to sustainability

The steadily increasing interest of investors, business partners, tenants and employees in sustainable business practices creates considerable opportunities for a company that acts sustainably. This plays a particularly important role in the strategic energy refurbishment of existing properties in line with the goal to halve greenhouse gas emissions by 2030. Thus, the Group can improve the competitiveness of its property portfolio on the rental markets, as energy-efficient refurbished flats are associated with lower ancillary costs for heating and electricity, while offering significantly more quality and comfort.

Opportunities from the operating business

The residential property market continues to be characterised by high demand for, and a general shortage of, good and affordable housing. In recent financial years, the Group has been able to increase the average basic rent per month and square metre and has at the same time reduced its vacancy rate. These opportunities are still there. However, the absolute level of net rental income has declined due to the sale of sub-portfolios and will continue to decline if additional properties are sold. At the same time, rent increases are limited by regulatory and statutory controls. They are also usually dependent on strategic investments in the modernisation, refurbishment or repositioning of the properties. With the decision to sell most of the development projects upfront, Adler Group is able to concentrate on its core business and focus on active management of the portfolio to grow earnings and improve EBITDA margins.

Company-specific opportunities

The further concentration on a Berlin-based portfolio and the streamlining of the Group's tax structure offer opportunities to increase efficiency and reduce costs.

Overall management assessment of risks and opportunities

Based on the qualitative and quantitative risk assessment as at 31 December 2023, the Senior Management of the Company has identified the above-mentioned risks that are a threat to the going concern of the Group and has initiated appropriate measures such as revising its restructuring framework to avert those risks. By end of April 2024, the Management was confident that based on the constructive discussions with its creditors about the refined restructuring plan and the progress made thus far, a solution could be implemented until end of September 2024.

From today's perspective, considering the aforementioned, Senior Management does not see financial and financing risks and Company-specific or governance risks that could jeopardise the continuation of the Adler Group as a going concern in terms of its results of operations and/or net assets in the mid-term future. Nevertheless, and despite proactive measures, this assessment is inherently subject to certain risks and uncertainties and the ability to continue as going concern is predicated on the successful negotiation with creditors to sustain the business, realise asset sales, and settle liabilities in the ordinary course of business for the foreseeable future.

If further subsequent events in 2024, e.g. decision on the updated Restructuring Plan taken by the bondholders in August 2024, were to be considered, a slightly different overall management assessment of risk and opportunities might have to be made from today's perspective.

Concluding remark

This Opportunities and Risk Report contains forward-looking statements and information. These forward-looking statements may be identified by words such as “expects”, “intends”, “will” or words of similar meaning. Such statements are based on our expectations, assessments and assumptions about future developments and events, e.g. the final decision on the recapitalisation, and, therefore, are naturally subject to uncertainties and risks. Actual developments and events may turn out to be considerably more positive or negative than the forward-looking statements, so that the expected, anticipated, intended, believed or estimated developments and events may subsequently prove to be inaccurate.

Responsibility Statement

We confirm, to the best of our knowledge, that the Consolidated Financial Statements of Adler Group S.A. presented in this Annual Financial Report for 2023, prepared in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the net assets, financial and earnings position of the Company, and that the Management Report includes a fair review of the development of the business and describes the main opportunities, risks, and uncertainties associated with the Company.

26 September 2024

Thierry Beaudemoulin
CEO

Thomas Echelmeyer
CFO

Consolidated Financial Statements

3 Consolidated Financial Statements

To the Shareholders of

Adler Group S.A. | 55 Allée Scheffer | 2520 Luxembourg | Grand Duchy of Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Adler Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for our opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

I. Valuation of investment properties

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements:

Reference is made to the disclosures contained in Note 4 A., in Note 6 and in Note 17 of the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2023 and for the year then ended.

Investment properties including those as held for sale represent 77,9% of the Group's total assets and significant judgement is required in determining their fair value.

The investment properties comprise rental income generating residential investment properties and non-income generating investment properties under development. Both are stated at their fair values based on reports by independent external valuers (the "Valuers"). The Valuers were engaged by the Directors, and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards. The Valuers used by the Group have considerable experience of the markets in which the Group operates.

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. In determining the property's valuation, the Valuers take into account property specific characteristics and information.

For rental income generating residential investment properties the Valuers apply assumptions regarding market rent, growth in market rent, vacancies, maintenance costs and capitalisation interest rates and discount rates, which are influenced by prevailing market conditions and comparable market transactions, to arrive at the final valuation.

The non-income generating investment properties are measured according to the residual value method including assumptions on the remaining construction costs, finance costs and risk premium, estimates on the future rental income as well as on the capitalisation and discount rates.

The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatements on the income statement and balance sheet, warrants specific audit focus.

b) How our audit addressed the key audit matter:

Our procedures over the valuation in respect of investment properties included, but were not limited to:

- Evaluate the qualifications and competence of the Valuers and read the terms of engagement of the Valuers with Adler Group S.A. and/or its subsidiaries to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- Evaluate the valuation methodologies used and testing the integrity of inputs of the projected cash flows used in the valuation to support leases and other documents on a selection;
- Evaluate the material input parameters (i.a. capitalisation and discount rates, rental income, construction and financing cost) used in the valuation by comparing them with historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the Group and/or its external advisor;
- For a selection, re-perform the valuation by using appropriate data as per own assessment;
- Drive-by-site-visits for a selection of properties and inquire the construction management on the status of investment property under development.

II. Impairment of inventories

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements:

Reference is made to the disclosures contained in Note 4 D. and in Note 14 of the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2023 and for the year then ended.

Inventories represent 6,7% of the Group's total assets and significant judgement is required in determining their net realisable value. The net realisable value is determined by independent external Valuers.

Inventories are measured at the lower of cost and net realisable value. The latter is determined by estimating the selling price in the ordinary course of business less the estimated costs of completion and sale.

The valuation process involves significant judgement in determining whether there is any indicator that the net realizable value of inventories (apartments) to sell will be below their cost. In determining the estimated total sales price of the unsold apartments, it is necessary to consider the prices for similar projects which have been sold and/or other relevant market data. The remaining cost of completion as well as the future selling prices are key inputs when determining the net realisable value. Although these assumptions are made to reflect the conditions present as of the valuation date as accurately as possible by using the most up-to date and relevant market data available, they are still subject to uncertainties and therefore warrants specific audit focus in this area.

b) How our audit addressed the key audit matter:

Our procedures over the impairment of inventories included, but were not limited to:

- Evaluate the qualifications and competence of the Valuers and read the terms of engagement of the Valuers with Adler Group S.A. and/or its subsidiaries to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;

- Evaluate the valuation methodologies used for measurement, challenge the assumptions and input data used;

- Drive-by-site-visits for a selection of properties and inquire the construction management on the status of these projects;

- Evaluate the floor space details for the individual types of use, challenge the planned rental income / gross profit factors, assess the building status, challenge the actual construction/production costs, evaluate the costs still to be incurred for rendering the inventories/apartments in a suitable condition to potential/actual buyers.

III. Appropriateness of revenue recognition

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements:

Reference is made to the disclosures contained in Note 4 K. and in Note 25 of the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2023 and for the year then ended.

Revenue for the Group consists primarily of rental income and of income from real estate inventories disposed of. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue, which is system generated. Income from real estate inventories disposed of include transactions which warrant additional audit focus and have an increased inherent risk of error due to their non-standard nature. Both income from real estate inventories disposed of as well as income from property development underlie significant estimate and management judgment.

b) How our audit addressed the key audit matter:

Our procedures over the appropriateness of revenue recognition included, but were not limited to:

- Analysis of the composition of revenue;

- Based on a selection assess real estate purchase agreements and material sales;

- Evaluate the adequacy of calculated partial profit realization in connection with forward sales according to IFRS 15.

IV. Related party transactions – risk of fraud

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements:

Reference is made to the allegations including related party transactions not conducted at arm's length.

b) How our audit addressed the key audit matter:

Our procedures over related party transactions – risk of fraud included, but were not limited to:

- Analyse the process for identifying related party transactions;

- Search for undisclosed related party transactions;

- For a selection of significant transactions throughout 2023 assess whether these relate to potential related parties and if so assess whether these were conducted at arm's length.

Other matter

The audited consolidated financial statements of the Group as at 31 December 2022 and for the year then ended have not been approved by the shareholders until the date of this audit report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the combined management report and the Corporate Governance Report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union relating to the preparation and presentation of the consolidated financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information on the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as réviseur d'entreprises agréé by the Extraordinary General Meeting of the Shareholders on 27 November 2023 and the duration of our uninterrupted engagement including previous renewals and reappointments is one year.

The combined management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Report is presented on pages 32 to 51. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 and for the year then ended with relevant statutory requirements set out in the ESEF Regulation that are applicable to the consolidated financial statements.

For the Company it relates to::

- Consolidated financial statements prepared in a valid xHTML format; and

- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2023 and for the year then ended, identified as "391200OYYFJ3DWAMEC69-2023-12-31- en.zip", have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our report only refers to the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2023 and for the year then ended, identified as "391200OYYFJ3DWAMEC69-2023-12-31- en.zip", prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Avega Revision S.à r.l.
Cabinet de Révision Agréé

Represented by

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Frank Thihatmar
Réviseur d'entreprises agréé

Luxembourg, 27 September 2024

Consolidated Statement of Financial Position

In EUR thousand	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets			
Investment properties	6	4,910,925	6,344,294
Investments in financial instruments	7	17,395	19,234
Investments accounted under the equity method	8	1,534	25,530
Property, plant and equipment	9	14,258	24,981
Other financial assets	10	111,920	168,961
Derivatives	21	7,726	8,053
Restricted bank deposits	11	32,657	40,621
Right-of-use assets	31	32,293	12,234
Other intangible assets		239	646
Contract assets	13	55,513	22,087
Deferred tax assets	24	138	2,566
Total non-current assets		**5,184,598**	**6,669,207**
Current assets			
Inventories	14	515,467	678,572
Restricted bank deposits	11	34,285	37,264
Trade receivables	15	79,273	95,672
Other receivables and financial assets	16	116,322	118,853
Contract assets	13	10,781	64,775
Derivatives	21	493	-
Cash and cash equivalents		377,419	386,985
Advances paid on inventories		10,007	9,194
Total current assets		**1,144,047**	**1,391,315**
Non-current assets held for sale	17	1,388,142	1,648,991
Total assets		**7,716,787**	**9,709,513**

The accompanying notes are an integral part of these consolidated financial statements.

In EUR thousand	Note	31 Dec 2023	31 Dec 2022
Shareholders' equity			
Share capital		188	146
Share premium		1,873,598	1,844,765
Reserves		175,445	193,852
Retained earnings		(2,278,087)	(621,651)
Total equity attributable to owners of the Company		**(228,856)**	**1,417,112**
Non-controlling interests		**271,260**	**495,951**
Total equity	**18**	**42,404**	**1,913,063**
Liabilities			
Non-current liabilities			
Corporate bonds	19	3,787,949	3,735,550
Other loans and borrowings	20	1,971,049	1,337,655
Other financial liabilities		164,347	14,114
Derivatives	21	323	800
Pension provisions		773	719
Lease liabilities	31	28,648	10,341
Other payables		53	46
Deferred tax liabilities	24	346,989	525,715
Total non-current liabilities		**6,300,131**	**5,624,940**
Current liabilities			
Corporate bonds	19	3,404	498,496
Convertible bonds	19	-	100,503
Other loans and borrowings	20	288,224	308,162
Other financial liabilities		1,535	1,915
Trade payables		65,167	78,242
Other payables	22	266,823	341,458
Provisions	22	105,188	75,580
Lease liabilities	31	4,443	3,811
Prepayments received	23	50,071	70,865
Contract liabilities	13	14,473	13,924
Derivatives	21	-	6
Total current liabilities		**799,328**	**1,492,962**
Non-current liabilities held for sale	17	574,924	678,548
Total shareholders' equity and liabilities		**7,716,787**	**9,709,513**

Thierry Beaudemoulin
CEO

Thomas Echelmeyer
CFO

Date of approval: 26 September 2024

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

In EUR thousand	Note	2023	2022
Revenue	25	445,077	734,472
Cost of operations	26	(442,884)	(972,194)
Gross profit (loss)		**2,193**	**(237,722)**
General and administrative expenses	27	(153,834)	(148,925)
Other expenses	28	(207,677)	(220,385)
Other income	29	68,063	96,834
Changes in fair value of investment properties	6	(1,172,738)	(761,851)
Results from operating activities		**(1,463,993)**	**(1,272,049)**
Finance income	30	44,232	95,718
Finance costs	30	(541,089)	(631,048)
Net finance income / (costs)		**(496,857)**	**(535,330)**
Net income (losses) from investments in associated companies	8	(5,108)	208
Profit (loss) before tax		**(1,965,958)**	**(1,807,171)**
Income tax expense	24	156,124	132,324
Profit (loss) for the year		**(1,809,834)**	**(1,674,847)**
Profit attributable to:			
Owners of the Company		(1,656,495)	(1,556,867)
Non-controlling interests		(153,339)	(117,980)
Profit (loss) for the year		**(1,809,834)**	**(1,674,847)**
Earnings per share in EUR (undiluted)	**36**	**(11.75)**	**(13.25)**
Earnings per share in EUR (diluted)	**36**	**(11.75)**	**(13.21)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

In EUR thousand	**Note**	**2023**	**2022**
Profit (loss) for the year		**(1,809,834)**	**(1,674,847)**
Items that may be reclassified subsequently to profit or loss			
Hedging reserve classified to profit or loss, net of tax		-	-
Effective portion of changes in fair value of cash flow hedges		(730)	387
Related tax		(28)	(57)
Currency translation reserve		(3,909)	(14,031)
Reserve from financial assets measured at fair value through other comprehensive income		(12,182)	(10,235)
Items that may not be reclassified subsequently to profit or loss			
Total other comprehensive income (loss)		**(16,849)**	**(23,936)**
Total comprehensive income (loss) for the year		**(1,826,683)**	**(1,698,783)**
attributable to:			
Owners of the Company		(1,674,903)	(1,580,803)
Non-controlling interests		(151,780)	(117,980)
Total comprehensive income (loss) for the year		**(1,826,683)**	**(1,698,783)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

In EUR thousand	Note	2023	2022
Cash flows from operating activities			
Profit (loss) for the year		(1,809,834)	(1,674,847)
Adjustments for:			
Depreciation		10,348	20,165
Profit from disposal of portfolio		(439)	(21,818)
Change in fair value of investment properties	6	1,172,738	761,851
Non-cash other income and expense		63,174	163,711
Non-cash income from at-equity valued investment associates	8	5,108	(209)
Net finance costs / (income)	30	496,858	535,330
Income tax expense	24	(156,123)	(132,324)
Share-based payments		-	369
Changes in net working capital		112,238	253,240
Income tax paid		(20,627)	(35,685)
Net cash from operating activities		**(126,559)**	**(130,217)**
Cash flows from investing activities			
Purchase of and CapEx on investment properties	6	(55,114)	(168,865)
Advances paid for purchase of investment properties		-	10,200
Proceeds from disposals of investment properties		175,032	1,602,106
Purchase of and CapEx on property, plant and equipment		(2,351)	(1,221)
Interest received		6,683	10,750
Proceeds from sale of financial instruments		-	67,878
Proceeds from sale of fixed assets		3,533	175
Repayment of long-term loans		12,300	952
Disposal of shareholder loans in connection with a share deal		6,709	-
Change in short-term restricted bank deposits, net		7,782	(4,388)
Net cash from (used in) investing activities		**154,574**	**1,517,587**
Cash flows from financing activities			
Acquisition of non-controlling interests		(28,800)	(91,309)
Repayment of bonds	19	(970,454)	(582,260)

The accompanying notes are an integral part of these consolidated financial statements.

In EUR thousand	Note	2023	2022
Long-term loans received	20	1,051,096	74,809
Repayment of long-term loans	20	(268,532)	(726,020)
Proceeds from issuance of corporate bonds, net	19	196,464	162,518
Upfront fees paid for credit facilities		-	(560)
Repayment of short-term loans	20	(24,500)	-
Interest paid		(119,619)	(173,605)
Payment of lease liabilities	31	(8,232)	(4,727)
Transaction costs		(32,947)	(28,215)
Prepaid costs of raising debt		-	(1,100)
Net cash from (used in) financing activities		**(205,524)**	**(1,370,469)**
Change in cash and cash equivalents during the year		**(177,509)**	**16,901**
Changes in the carrying amount of cash and cash equivalents that are presented among assets held for sale as part of a disposal group"		**167,943**	**(185,616)**
Cash and cash equivalents at the beginning of the year		**386,985**	**555,700**
Cash and cash equivalents at the end of the year		**377,419**	**386,985**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

In EUR thousand	Share capital	Share premium	Hedging reserve	Currency translation reserve	Other capital reserves	Reserve financial assets measured at FVTOCI	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2023	**146**	**1,844,765**	**903**	**10,772**	**315,746**	**(133,569)**	**(621,651)**	**1,417,112**	**495,951**	**1,913,063**
Profit (loss) for the year	-	-	-	-	-	-	(1,656,495)	(1,656,495)	(153,339)	(1,809,834)
Other comprehensive income, net of tax	-	-	(758)	(5,468)	-	(12,182)	-	(18,408)	1,559	(16,849)
Total comprehensive income (loss) for the year	**-**	**-**	**(758)**	**(5,468)**	**-**	**(12,182)**	**(1,656,495)**	**(1,674,903)**	**(151,780)**	**(1,826,683)**
Transactions with owners, recognised directly in equity										
Issuance of ordinary shares, net (Note 18/1)	42	-	-	-	-	-	-	42	-	42
Transactions with non-controlling interest without a change in control (Note 5C)	-	28,836	-	-	-	-	(936)	27,900	(72,910)	(45,010)
Share-based payments	-	-	-	-	-	-	1,007	1,007	-	1,007
Other changes	-	(3)	-	1	-	-	(12)	(14)	(1)	(15)
Balance as at 31 December 2023	188	1,873,598	145	5,305	315,746	(145,751)	(2,278,087)	(228,856)	271,260	42,404

The accompanying notes are an integral part of these consolidated financial statements.

In EUR thousand	Share capital	Share premium	Hedging reserve	Currency translation reserve	Other capital reserves	Reserve financial assets measured at FVTOCI	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2022	**146**	**1,844,765**	**573**	**24,803**	**315,746**	**(123,334)**	**927,684**	**2,990,383**	**703,094**	**3,693,477**
Profit (loss) for the year	-	-	-	-	-	-	(1,556,867)	(1,556,867)	(117,980)	(1,674,847)
Other comprehensive income, net of tax	-	-	330	(14,031)	-	(10,235)	-	(23,936)	-	(23,936)
Total comprehensive (loss) for the year	**-**	**-**	**330**	**(14,031)**	**-**	**(10,235)**	**(1,556,867)**	**(1,580,803)**	**(117,980)**	**(1,698,783)**
Transactions with owners, recognised directly in equity										
Transactions with non-controlling interest without a change in control (Note 5C)	-		-	-	-	-	7,163	7,163	(89,163)	(82,000)
Share-based payments	-	-	-	-	-	-	369	369	-	369
Balance as at 31 December 2022	146	1,844,765	903	10,772	315,746	(133,569)	(621,651)	1,417,112	495,951	1,913,063

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Adler Group S.A.

Adler Group S.A. (the "Company" or "Adler Group" or "Group") is a public limited liability company (société anonyme) incorporated under Luxembourg law. The address of the Company's registered office is 55 Allée Scheffer, 2520 Luxembourg, Grand Dutchy of Luxembourg.

The Company is specialised in and focused on the purchase, management and development of income producing multi-family residential real estate. In addition to being accountable for the condition of its apartments and buildings, Adler Group S.A. assumes responsibility for the tenants, its own employees and the surrounding environment. The portfolio of Adler Group S.A. and its subsidiaries is situated in or on the outskirts of major urban areas with a significant portion in Berlin. With the acquisition of Consus Real Estate AG, Adler Group provides an integrated German residential platform that covers the entire real estate value chain, from acquisition of land, planning and development of projects to property management and letting of residential units throughout Germany.

The consolidated financial statements of the Company as at 31 December 2023 and for the year then ended comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of preparation

A. Statement of compliance

The consolidated financial statements as at and for the year ended 31 December 2023, have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

The consolidated financial statements were authorised for issue by the Board of Directors on 26 September 2024.

B. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Group's functional currency. All financial information presented in euro ("EUR") has been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

C. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except, in particular, investment properties, other financial assets, other financial liabilities and derivatives, which are measured at fair value.

D. Operating cycle

The Group has the following operating cycles:

- holding and operating residential and commercial units: the operating cycle is one year;
- sale of units as a separate condominium: the operating cycle is up to three years;
- sales from development projects: the operating cycle is up to three years.

As a result, current assets and current liabilities also include items, the realisation of which is intended and anticipated to take place within the operating cycle of these operations of up to three years.

E. The Ukraine conflict and its impact on the Group

Following the invasion of Ukraine by the Russian Federation on 24 February 2022, the German government and the European Union decided on a set of comprehensive economic sanctions against the Russian Federation with adverse effects on domestic energy price levels. Whether and to what extent further sanctions will be adopted or whether the conflict may intensify further cannot be assessed at present. All estimates and disclosures regarding the impact of the Ukraine conflict reflect the information available as of the report publication date and may be subject to subsequent changes.

The Group's risks and exposures relating to the Ukraine conflict

In itself, energy price inflation does not have a significant impact on the profitability and value of the Group's residential portfolio, as the price increase is deemed to be generally rechargeable. The risk of tenants' default is addressed by appropriate valuation allowances on the Group's receivables against tenants.

Risks for the Group's development projects arise from further disruptions in global supply chains causing further delays in the construction progress and price increases.

Market fluctuations and sanctions against investors from the Russian Federation make refinancing more difficult.

Specific effects of the Ukraine crisis on the Group's operating results

The Group is continuously assessing the impact of the Ukraine conflict on profitability and value of its assets.

The value of investment properties, contract balances, inventories and financial assets and liabilities as at 31 December 2023 reflects the economic conditions in existence at that date.

F. Use of estimates, judgements and fair value measurement

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements and use of estimates

Information about judgements, assumptions and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- **Note 5 – Regarding acquisitions of companies holding real estate assets (judgement)**
  When buying a company holding real estate assets ("Property Company"), the Group exercises judgement to determine whether it is a business or a group of assets and liabilities, for the purpose of determining the accounting treatment of the transaction. In determining whether a Property Company is a business, the Group examines, inter alia, the nature of existing processes in the Property Company, including the extent and nature of management, security, cleaning and maintenance services provided to tenants.
- **Note 12 – Goodwill impairment testing (judgement)**
  The determination of the recoverable amount requires assumptions and estimates, especially on the future development of profits and sustainable growth rates. Refer to Note 12.
- **Note 6 – Regarding fair value measurement of investment properties (estimations)**
  The fair value of residential investment properties as at

31 December 2023 was mainly assessed by CBRE, an industry specialist that has appropriate and recognised professional qualifications and up-to-date experience regarding the location and category of the properties. The fair value of the investment properties under construction (project development) was determined by the valuation expert NAI Apollo, an independent industry specialist that has appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties.

The valuation of the yielding investment properties includes assumptions regarding rent, growth in market rent, vacancies, maintenance costs and discount/capitalisation rates. The investment properties under development are measured according to the residual method including assumptions on the remaining construction and financing costs, estimates on the future rental income as well as on the discount/capitalisation rates. Although these assumptions are made to reflect the conditions present as of the valuation date as accurately as possible by using up-to-date and the most relevant market data available, they are still subject to uncertainties. Market data, which the assumptions are based on, may change and lead to either positive or negative value adjustments in the future, impacting the profit or loss from changes in fair value of investment properties in the period that such a change in estimations occurs. In addition, the investment properties under development are unique in terms of size, location, regulation and different type of use. Therefore, there are no comparable transaction prices and more reliance is placed on the assumptions specifically made for the property under development when applying the residual value approach.

- **Note 8/3 – Control analysis**
  The Group exercises judgement in examining control over investees. For the purpose of this assessment, the Group examines the structure and characteristics of the investee companies, the relevant activities and shareholder agreements in these companies, as well as potential voting rights. In accordance with this examination, the Group exercises discretion as to whether it has the current ability to direct relevant activities in the investees, whether its rights in these companies are substantial and provide power over the investee and whether it has the ability to use its power to affect the returns from its investment. Determining the existence of control may affect the consolidation of the assets, liabilities and results of operations of the investee companies.
- **Note 8/3 – Significant influence analysis**
  The Group exercises judgement in examining significant influence over investees. For the purpose of this assessment, the Group examines its voting rights in the investee, whether it has board representation, the relative size and dispersion of the holdings of other shareholders and the existence of potential voting rights that are currently exercisable or convertible. In accordance with this examination, the Group exercises discretion as to whether it has the power to participate in the financial and operating policy decisions of the investee. Determining the existence of significant influence may lead to equity accounting regarding the investee's assets, liabilities and results of operations.
- **Note 19/20/21 – Regarding measurement of derivatives at fair value (estimation)**
  Stand-alone derivatives, which mainly consist of interest hedging instruments, are calculated by the financing bank and checked by management. The risk that derivatives will not be appropriately valued exists, since the Group needs to make judgements about the estimation of the credit risk used by the lending bank and about whether the bank used the appropriate market observation for the other variables. New information may become available that causes the Group to change its estimation, impacting the profit or loss from changes in fair value of derivatives in the period that such a change in estimations occurs.
  In some cases, bonds and loans issued by the Group contain embedded derivatives, which are measured at fair value through profit or loss separately from their host contract. These embedded derivatives include the conversion option in convertible bonds or termination options that allow the Group to repay the respective bonds before the actual due date. These options are assessed using an option pricing model (binomial

model). The main input factors in the option price model used are expected volatility and risk-free interest rate, which mainly represent unobservable inputs.

- **Note 24 – Uncertain tax positions (judgements)**
  The extent of the certainty that the Group's tax positions will be accepted (uncertain tax positions) and the risk of it incurring any additional tax and interest expenses. This is based on an analysis of a number of matters including interpretations of tax laws and the Group's past experience. New information may become available that causes the Group to change its judgement, resulting in recognition of additional income tax expense in the period that such a change in judgement occurs.
- **Note 24 – Regarding the utilisation of losses carried forward (estimations)**
  Deferred tax assets are recognised in respect of tax losses carried forward when there is a high probability that there will be taxable profits against which losses carried forward can be utilised in the future. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its estimation regarding the utilisation of existing tax assets; any such changes to deferred tax assets will impact tax income/expense in the period that such a change in estimate occurs.
- **Note 25 – Revenue recognition**
  Both income from real estate inventories disposed of as well as income from property development underlie significant estimates and management judgements.
  Income from property development results from forward sales and strongly relies on the project calculation in order to measure project progress as well as projected revenues. The project calculation is subject to management estimates and assumptions. The Group uses the cost-to-cost method to determine the project development at each balance sheet date. Therefore, the incurred costs are compared with the total project costs concerning the actual business plan. The margin of each project is calculated also on a project-by-project basis taking into account the price agreed in the forward sale agreement for each real estate inventory. The price agreed in the forward sale agreement is generally subject to future uncertainties, such as guaranteed letting rates or price adjustment mechanisms, and is taken into account with the most probable outcome. Since the price adjustment mechanisms mainly take into account letting targets, the achievement of which appears largely certain in the current market environment, future reductions in sales revenues are highly unlikely.
  Similarly, income from real estate inventory disposed of underlies management estimates and assumptions. Revenue is measured at the transaction price agreed under the contract and might involve management estimates, e.g., amount and timing of contingent consideration and variable components. Management assesses the respective probabilities of the possible scenarios at each balance sheet date. In addition, judgements may be required in case of disposals via share deals to determine when the transfer of control has occurred using the respective standards (e.g., IFRS 15/IFRS 10).
- **Note 25 – Regarding principle versus agent considerations (judgement)**
  The Group provides ancillary services to tenants, mainly utilities, which it re-charges to the tenants. The Group uses judgement when it examines whether it acts as a principal or as an agent in providing the services to tenants. The Group examines the indicators in IFRS 15, mainly whether it is primarily responsible for fulfilling the promise to perform the specific services (i.e., assumed the non-performance risk associated with such services). For the ancillary services, the Group determined that it is primarily responsible for fulling the promise to perform the services, in particular due to the non-performance and inventory risk assumed by the Company. Therefore, the Group acts as a principle in relation to promised ancillary services and recognises revenue in the gross amount of consideration.

Determination of fair values and net realisable value

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 6 Investment properties;
- Note 17 Non-current assets and liabilities held for sale; and
- Note 32 Financial instruments

Inventories are measured at the lower of cost and net realisable value. The latter is determined by estimating the selling price in the ordinary course of business less the estimated costs of completion and sale (residual approach). The remaining construction expenses as well as the future selling prices are key inputs when determining the net realisable value. Although these assumptions are made to reflect the conditions present as of the valuation date as accurately as possible by using the most up-to-date and relevant market data available, they are still subject to uncertainties. Market data on which the assumptions are based may change and lead to write-down impacting the profit or loss in the period when such a change in estimations occurs. In addition, inventories are mostly unique in terms of size, location, regulation and potential use. Therefore, there are no comparable transaction prices and more reliance is placed on the assumptions specifically made for the property when determining the net realisable value.

When assessing the recoverability in regard to outstanding balances from the property asset disposals, for which collaterals are in place, the determination of the fair value of the collateral underlies management judgements and estimations as outlined above.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

G. Initial application of new standards, amendments to standards and interpretations

The following new or amended standards and interpretations became mandatory for the first time in 2023. With the exception of the adjustments explained below related to IAS 12, the new standards and amendments did not have any material effects on the Company's consolidated financial statements.

Standard/Interpretation	Title	IASB effective date[1]	Effective date of initial application in the EU[1]
IFRS 17 and Amend. IFRS 17	Insurance Contracts and Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1 Jan 2023	1 Jan 2023
Amend. IAS 1, IFRS Practise Statement 2	Presentation of Financial Statements and IFRS Practice statement 2: Disclosure of Accounting Policies	1 Jan 2023	1 Jan 2023
Amend. IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors; Definition of Accounting Estimates	1 Jan 2023	1 Jan 2023
Amend. IAS 12	Income Taxes; Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	1 Jan 2023
Amend. IAS 12	Income Taxes: International Tax Reform - Pillar II Model Rules	1 Jan 2023	1 Jan 2023

1) For financial years beginning on or after that date.

IAS 12 International Tax Reform - Pillar II Model Rules

The Organisation for Economic Cooperation and Development (OECD) has launched a project, BEPS (Base Erosion and Profit Shifting), to combat unfair tax competition at international level and tax loopholes, particularly in light of our digitalised economy. A two-pillar solution was developed as part of this international tax reform, with the second pillar (Pillar II) addressing global effective minimum taxation, in particular.

The implementation status of the Pillar 2 tax regulations in terms of their transposition into national law varies considerably from country to country. The IASB published amendments to IAS 12 in May 2023 in order to avoid inconsistent accounting during this transition phase, as well as to provide users of financial statements with information that would be as useful as possible for their decisions regarding the expected impact of the tax reform. These were adopted by the EU in November 2023 and already apply for the 2023 reporting year. In addition to mandatory exception from the recognition of deferred taxes in connection with the Pillar 2 rules, the amendments include, in particular, extended disclosures in the notes. While the exception is designed explicitly as a temporary one, the IASB has not yet set an expiration date. The Company is applying the extended regulations as set out in IAS 12 as planned as of the 2023 financial year. The impact on the Company and the required disclosures in the notes are set out in Note 24 Taxes.

H. New standards and interpretations not yet applied

Application of the following standards, interpretations and amendments was not mandatory for the 2023 financial year and the Group did not choose to apply them in advance. After a preliminary assessment, the Group does not expect material impacts on the financial statements.

The respective changes and their mandatory dates of implementation are outlined in the table below:

Relevant new standards, interpretations and amendments to existing standards and interpretations		Endorsement status in the EU	Effective date for Group
Amendments to standards			
Amend. IFRS 16	Lease Liabilities in a Sale and Leaseback	endorsed on 20 November 2023	1 Jan 2024
Amend. IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	endorsed on 19 December 2023	1 Jan 2024
Amend. IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	not yet endorsed	1 Jan 2025
Amend. IFRS 9 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	not yet endorsed	1 Jan 2026
Annual Improvements Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	not yet endorsed	1 Jan 2026
IFRS 18	Presentation and Disclosure in Financial Statements	not yet endorsed	1. Jan 2027
IFRS 19	Susidiaries without Public Accountability: Disclosures	not yet endorsed	1 Jan 2027

I. Uncertainties on the continuation as a going concern

Adler Group has taken considerable steps to ensure its ongoing viability through a restructuring plan agreed in April 2023. Following the implementation of the restructuring plan, Adler Group has taken various actions aimed at stabilising the business and managing debt maturities effectively. These measures have been instrumental in reinforcing the Group's capacity to continue as a going concern.

While the Group has achieved operational successes and realised asset disposals since April 2023, it faces persistent challenges due to market weakness in the German real estate sector. Inflationary pressures, elevated borrowing costs, and greater asset devaluations than expected have shaken investor confidence and curtailed transaction volumes. The initial restructuring plan, predicated on asset sales for debt repayment, has been reassessed in light of the strained ability to dispose of assets at favourable prices under these market conditions.

In response, Adler Group has proactively revised its restructuring framework, focusing on two key pillars: (i) a revised business plan to restructure the Group's most difficult assets and to participate in the expected market recovery, and (ii) a financial restructuring plan which improves the Group's cash position, stabilises the debt structure by postponement of maturities beyond 2026/27 and provides a sufficient equity position until maturity of Adler Group's prolonged debt in order to provide a solid foundation for the Group's going concern for at least, but not limited to, the next two years. This revised restructuring framework was the basis of Management's assessment of going concern which was conducted as part of the process of finalising these financial statements.

On 18 June 2024, Adler Group's bondholders cleared the way for Adler Group's comprehensive recapitalisation via a consent solicitation, following a binding agreement with a steering committee of bondholders supporting the recapitalisation of the Group as announced on 24 May 2024. The comprehensive recapitalisation was expected to be implemented through the conversion of certain of the existing debt instruments into subordinated perpetual notes which are to be classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities were expected to be extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group was expected to be provided with up to EUR 100 million of additional liquidity through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

On 9 August 2024, the extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the comprehensive recapitalisation of the Group. Bondholders invested in the 2L Notes are to receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group.

Based on this progress, Management was able to complete the comprehensive recapitalisation and the extension of the debt maturities combined with new liquidity on 19 September 2024, the restructuring effective date.

In addition, Adler Group was able to successfully prolong several secured bank loans in the second quarter of 2024 until 2028.

These recent measures, coupled with the projected recovery of the real estate market and a more stable economic environment, bolsters the Group's assertion of its going concern status, underpinning its capability to fulfil financial commitments, dispose of assets, and satisfy liabilities in the ordinary course of operations.

Nevertheless, despite proactive measures, the going concern assessment is inherently subject to certain risks and uncertainties. The consolidated financial statements of Adler Group S.A., as per International Financial Reporting Standards, presuppose the entity's ability to continue as a going concern. This is predicated on the successful negotiation with creditors to sustain the business, realise asset sales, and settle liabilities in the ordinary course of business for the foreseeable future, which is assessed to be at least, but not limited to, two years from the reporting date.

Note 3 – Basis of consolidation

Consolidation methods

The consolidated financial statements comprise the Company and the subsidiaries it controls. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In addition to the Company, 497 subsidiaries (2022: 515) have been included in these consolidated financial statements.

When buying a company holding real estate assets ("Property Company"), the Group exercises judgement to determine whether it is the purchase of a business or a group of assets and liabilities, for the purpose of determining the accounting treatment of the transaction. In determining whether a Property Company is a business, the Group examines, inter alia, the nature of existing processes in the Property Company, including the extent and nature of management, security, cleaning and maintenance services provided to tenants. In transactions in which the acquired company is a business, the transaction is accounted for as a business combination according to IFRS 3.

However, in transactions in which the acquired Property Company is not a business, the acquisition cost, including transaction costs, is allocated in proportion to the identified assets and liabilities acquired, based on their relative fair values at the acquisition date. In this case, neither goodwill nor deferred taxes on the temporary difference existing at the date of acquisition are recognised.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the Company. Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests.

For changes in the consolidation scope without loss of control (such as increase/decrease in the percentage held in the investee), the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries according to IFRS 10.B96. The resulting gains or losses are presented within owner's equity.

Note 4 – Significant accounting policies

A. Investment properties

Investment property is property held to earn rental income or for capital appreciation or both and is not owner-occupied or held for sale in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs. In subsequent periods, investment property is measured at fair value, and changes in fair value are recognised in the statement of profit and loss.

Gains and losses on the disposal of investment property are determined by comparing the net proceeds from the disposal with the asset's carrying amount (the fair value of the investment property as at the disposal date). The gains and losses on the disposal of investment properties is recognised in other income and expense when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group has no further substantial acts to complete under the contract.

In certain circumstances the Group may decide to change the use of existing buildings that are rented out and classified as investment property into trading properties; the Group then begins the process of converting such buildings. When the conversion is completed, the necessary approvals are received and the marketing of the apartments begins, the aforesaid buildings are reclassified from investment properties to trading properties. The cost of trading properties is determined according to the fair value at the time of the change in use.

Projects to develop real estate with a view to be used as part of the Group's yielding portfolio (build-to-hold) are classified as investment property. Projects to develop real estate with a view to sale (build-to-sell) are classified as inventories. Such classification is made at the commencement of project development or the date when a real estate development project is acquired from third parties.

In certain circumstances, the Group changes its asset management strategy for real estate development projects from "build-to-hold" to "build-to-sell". A change in management's intentions for the use of a property in itself, however, does not provide sufficient evidence for a transfer of a project from investment property to inventories. Reclassification is made only when the Group actually ceases to develop a project as build-to-hold and commences development of a distinct project as build-to-sell. That is why the presentation of investment properties in the consolidated financial statements may differ from the assets management strategy laid out in other means of investor communication.

The Group presents advances in respect of investment properties as non-current assets and does not include them as part of the investment properties. In subsequent periods, when the transactions are completed, the advances are reclassified to investment properties.

B. Investments accounted for under the equity method

Investments over which the Group exerts significant influence – generally as a result of shareholdings between 20% and 50% – are basically measured using the at-equity method. For investments requiring measurement using the equity method, the acquisition cost is increased or decreased each year by the changes in equity attributable to the Group.

Gains and losses from transactions between Group companies and associates are eliminated based on the Group's share in the associates. Gains and losses from transactions between associates are not eliminated.

C. Lease accounting (IFRS 16)

Leases in which the Group is the lessee

The Group has lease agreements with respect to the following items:

1. Leasehold contracts for land (leaseholds);
2. Leases for office space, garages and storage space (property);
3. Leases for cars and commercial vehicles (vehicles);
4. Leases for hardware and heating equipment (hardware and contracting).

Information regarding material lease agreements

- Leasehold contracts have terms of up to 200 years. The lessee has no renewal or purchase options. Some of the leasehold payments are index-linked. The right-of-use assets arising from leasehold contracts meet the definition of the investment properties and are accounted for using IAS 40.
- The Group leases office space, garages and storage space. The leases for office space typically have an

initial fixed term of up to 10 years with extension options in some cases. In assessing the extension options, the Group assumed that this option will not be used. Some leases provide for additional lease payments based on changes in local price indexes.

- The Group enters into lease agreements for cars and commercial vehicles which typically have a term of three to four years. Typically there are no renewal or purchase options, or such options are not exercised.
- The Group leases hardware and heating equipment (contracting). The terms for leases for hardware are typically between four and five years. Typically there are no renewal or purchase options, or such options are not exercised. In the context of contracting agreements, the leases for heating equipment will gradually expire by 2031 at the latest and will not be renewed.

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

(1) The right to obtain substantially all the economic benefits from use of the identified asset; and

(2) The right to direct the identified asset's use.

The Group has chosen to apply the following expedients:

- Apply the practical expedient regarding the recognition and measurement of leases where the underlying asset has a low value. These leases continue to be recognised in profit or loss over the term using the straight-line method;
- Apply the practical expedient regarding the recognition and measurement of short-term leases that end within 12 months from the date of commencement.

The leases with low value underlying assets typically relate to office equipment, emergency call devices in lifts, smoke alarms, heating and water meters.

For all lease contracts that meet the definition of leases according to IFRS 16, the Company recognises lease liabilities equal to the present value of the future lease payments, discounted using the term-specific incremental borrowing rate. Correspondingly, right-of-use assets are recognised in the amount of the lease liabilities, plus any advance payments or any initial direct costs.

Periods resulting from extension or termination options granted on a unilateral basis are assessed on a case-by-case basis and are only taken into account if their use is sufficiently probable - for example, due to financial incentives.

The Group reports right-of-use assets that do not meet the definition of investment property in its statement of financial position separately. Accordingly, the current and non-current portion of lease liabilities are presented separately in the statement of financial position. Right-of-use assets to investment property (leaseholds) measured at fair value in accordance with IAS 40 are likewise measured at fair value and reported under investment properties.

Leases in which the Group is the lessor

The Group leases investment properties and leaseholds to tenants. The Group classifies these leases as operating leases as the lessee does not receive substantially all of the risks and rewards incidental to ownership. For the residential properties, leases are generally subject to the three-month statutory term of notice.

The Group recognises operating lease payments as revenue on a straight-line basis over the lease term. The Group charges the tenants for land tax and building insurance incurred. Land tax and building insurance do not transfer goods and services to tenants and fall within the scope of IFRS 16 (see Note 31).

D. Inventories including acquired land and buildings

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories includes expenses incurred in acquiring the inventories (i.e., land and buildings) and related purchase costs. The cost of inventories also includes a reasonable share of the indirect overheads based on normal production capacity as well as attributable borrowing costs.

E. Restricted bank deposits

Restricted bank deposits consist of deposits in banks that the Group has pledged to secure banking facilities, deposits received from tenants, and restricted proceeds from condominium sales. The Group cannot use these deposits freely for operations. The basis of measurement of the restricted bank deposits is amortised cost.

F. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits in banks and short-term investments with an original term of up to three months. The basis of measurement of the cash and cash equivalents is amortised cost.

G. Financial instruments

(1) Non-derivative financial assets

The Group initially recognises trade receivables and debt instruments issued on the date that they are created. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Except for items measured at fair value through profit or loss, a financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset.

Classification of financial assets into categories and the accounting treatment of each category

Financial assets are classified at initial recognition to one of the following measurement categories: amortised cost, fair value through profit or loss or fair value through other comprehensive income.

Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.

A financial asset is measured at amortised cost (aac) if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model, the objective of which is to hold assets so as to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

All financial assets not classified as measured at amortised cost as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss (afvtpl).

The Group has balances of trade and other receivables, financial assets and deposits that are held within a business model, the objective of which is to collect contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest, which reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortised cost.

Assessment whether cash flows are solely payments of principal and interest

For the purpose of assessing whether the cash flows are solely payments of principal and interest, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the timing or amount of the cash flows;
- terms that may change the stated interest rate, including variable interest; and
- terms that limit the Group’s claim to cash flows from specified assets (for example a non-recourse financial asset).

Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss (aafvPL)

If the contractual cash flows of the financial assets do not solely represent payments of principal and interest, they are measured at fair value through profit or loss. Net gains and losses, including any interest income or dividend income, are recognised in profit or loss (other than certain derivatives designated as hedging instruments).

Financial assets at amortised cost (aac)

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through other comprehensive income (aafvOCI)

These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognised in other comprehensive income.

(2) Non-derivative financial liabilities

Non-derivative financial liabilities include bonds, loans and borrowings from banks and others, trade and other payables.

The Group initially recognises financial liabilities on the trade date when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method (flac).

An exchange of debt instruments having substantially different terms between an existing borrower and lender is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. In such cases, the entire difference between the amortised cost of the original financial liability and the fair value of the new financial liability is recognised in profit or loss as financing income or expense.

The terms are substantially different if the discounted present value of the cash flows according to the new terms (including any commissions paid, less any commissions received and discounted using the original effective interest rate) is different by at least ten percent from the discounted present value of the remaining cash flows of the original financial liability. In addition to the aforesaid quantitative criterion, the Group also examines qualitative factors, inter alia, whether there have also been changes in various economic parameters inherent in the exchanged debt instruments.

(3) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Incremental costs directly attributable to an expected issuance of an instrument that will be classified as an equity instrument are recognised as an asset in deferred expenses in the statement of financial position. The costs are deducted from the equity upon the initial recognition of the equity instruments, or recognised in profit or loss as finance expenses if the issuance is no longer expected to take place.

(4) Derivative financial instruments, including hedge accounting

The Group enters into contracts for derivative financial instruments such as interest rate swaps (SWAP) to hedge risks associated with variable interest rate bank loans. The Group holds the derivatives as an economic hedge without designating them for a hedge relationship. The stand-alone derivatives are measured at fair value through profit and loss (lafv).

Recycling of cash flow hedge reserve to profit and loss

For the hedge relationships, the amount recognised in the other comprehensive income is transferred to profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item as the hedged item in the statement of profit or loss.

(5) Hybrid financial instruments (convertible bond)

Liabilities that are convertible into shares at the option of the holder, including a cash settlement option in favour of the Group, are a hybrid instrument (combined) that is fully presented as a financial liability. The instrument is split into two components for measurement purposes: a liability component without a conversion feature that is measured at amortised cost according to the effective interest method, and a conversion option that is an embedded derivative and is measured at fair value at each reporting date.

Separable embedded derivatives that do not serve hedging purposes

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset. Embedded derivatives are separated from the host contract and accounted for separately if:

(a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of separable embedded derivatives are recognised in profit or loss, as financing income or expense.

H. Impairment

(1) Non-derivative financial assets

Financial assets

The Group recognises allowances for expected credit losses in respect of financial assets at amortised cost.

Under the general approach, the deterioration or improvement of the credit quality of a financial asset is reflected in three different measurement stages.

Stage 1 (12-month expected credit loss): to be applied to all items from their date of initial recognition unless there has been a significant deterioration in credit quality;

Stage 2 (lifetime expected credit loss - not credit impaired): to be applied where the credit risk of a financial asset or a group of financial instruments has increased significantly;

Stage 3 (lifetime expected credit loss - credit impaired): to be applied where there is objective evidence of impairment.

The Group has elected to measure the provision for expected credit losses in respect of trade receivables and contract assets, which comprise a very large number of small balances, at an amount equal to the full lifetime credit losses of the instrument (simplified approach). The Group uses a credit loss matrix when calculating expected credit losses in respect of trade receivables from tenants and contract assets. The matrix is based on historical default rates and takes into account future expectations.

For other receivables, the expected credit losses are individually estimated taking into account the credit quality and credit enhancements in place.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available with no undue cost or effort. Such information includes quantitative and qualitative information, and an analysis based on the Group's past experience and informed credit assessment, and it includes forward-looking information.

The Group assumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are past due for more than 30 days unless there is reasonable and supportable information available to demonstrate that the credit risk has not increased significantly since initial recognition.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full; or
- the contractual payments of the financial asset are past due for more than 180 days.

Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of the financial asset. The maximum period considered when assessing expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the nominal value of the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default or payments being past due.

Presentation of provision for expected credit losses in the statement of financial position

Provisions for expected credit losses of financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group does not have reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is usually the case when the Group determines that the debtor does not have assets or sources of income that may generate sufficient cash flows for paying the amounts being written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-off constitutes a derecognition event.

(2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties, trading properties and deferred tax assets) to determine whether there is any indication of impairment. The next step involves estimating the recoverable amount of the group of cash-generating units (CGU). This corresponds to either the fair value less costs of sale or the value in use, whichever is higher. Determining the value in use includes adjustments and estimates regarding the forecast and discounting of the future cash flows. Although the management believes that the assumptions used to determine the recoverable amount are appropriate, any unforeseeable changes in these assumptions could result in impairment losses, with a detrimental impact on the net assets, financial position and results of operations. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment. For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to the respective CGUs that are largely independent of the cash inflows of other assets and are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. The value in use is derived from the estimated future free cash flows. These are based on the ten-year detailed planning phases specific to the cash-generating units and perpetual annuities for the subsequent period. The detailed planning phases and perpetual annuities include both contractually agreed development projects and new development projects planned with standard expected margins reflecting sustainable business development. Both the agreed property projects and the planned inventory projects consider experience from previous years and management forecasts for the development of the property market.

I. Provisions

Provisions are recognised in other payables when the Group has a present, legal or constructive obligation as a result of a past event that can be estimated reliably and it is probable that it will require an outflow of resources embodying economic benefits to settle the obligation.

The Group recognises indemnification as an asset if, and only if, it is virtually certain that the indemnification will be received if the Group will settle the obligation. The amount recognised for the indemnification does not exceed the amount of the provision. Provisions are measured on the basis of discounted expected future cash flows.

J. Employee benefits

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market performance vesting conditions, the grant-date fair value of the share-based payment awards is measured to reflect such conditions, and therefore the Group recognises an expense in respect of the awards whether or not the conditions have been met.

Share-based payment arrangements in which the Company's equity instruments are granted are recognised in the retained earnings.

K. Revenue recognition

Revenue from contracts with customers

In addition to rental income which represents a major source of income within scope of IFRS 16, the Group also generates revenue from a number of contracts with customers which fall in the scope of IFRS 15 *Revenue from Contracts with Customers*. The Group recognises revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

The Group's key sources of revenue under IFRS 15 include:

- revenue from charged costs of utilities and facility services;
- revenue from sale of trading properties (condominiums);
- revenue from property development;
- revenue from real estate inventories disposed of.

Revenue from charged costs of utilities and facility services

The Group provides ancillary services to tenants, mainly utilities such as heating, cold water, draining, street cleaning, gardening, which it recharges to the tenants. Each promised service is accounted for as a single performance obligation. The performance obligation is satisfied over time in accordance with IFRS 15.3, because the tenant simultaneously receives and consumes the benefits while they are rendered by the Group and the Group's performance does not create an asset with alternative use whereby the Group has an enforceable right to payment for performance completed to date. Revenue from the rendering of these services is recognised by reference to the stage of completion at the end of the reporting period. Under this method, revenues are recognised in the accounting periods in which the services are rendered. The tenants perform advance payments in relation to ancillary services which are due monthly and are payable immediately. The liabilities from advance payments of ancillary services are reported net with contract assets from the services completed to date. Depending on the balance, the net amount is presented either as accrued receivables under trade receivables or as contract liabilities under trade payables.

Revenue from sale of trading properties (condominiums)

The Group enters into contracts with customers to sell trading properties. The promised goods and services identified in the contract mainly include condominiums. The promised transfer of ownership of the trading properties is accounted for as a single performance obligation which is satisfied at the point in time when the control is transferred to the customer, which is generally expected to be when legal title is transferred. The customer contract specifies a fixed or a determinable amount as consideration and an immediate payment term whereby the transfer of control and payment occur simultaneously. Revenue from the sale of trading properties is measured at the fair value of the consideration.

Revenue from property development

The Group enters into forward sale contracts, i.e., the sale of properties before their completion with institutional or individual customers. The Group differentiates between two different types of development projects for which revenue is recognised over time: forward sales of development projects to institutional investors and the forward sale of apartments primarily to individuals.

Forward sales of development projects to institutional investors are separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work is accounted for over time on a percentage of completion basis, revenue for the sale of the land is recognised at the point in time when the customer obtains control over the land, typically at the end of the forward sale. For the accounting of forward sales of apartments to individuals only one performance obligation is assumed. The agreed total revenue from the contract is allocated to the performance obligations for land and development in accordance with the relative stand-alone selling prices. The relative stand-alone selling prices are estimated by using the standard land values for the land performance obligation, taking into account the gross floor area plus capitalised interest up to the date of conclusion of the forward sales contract, and for the development performance obligation the remaining costs of the project plan thereafter plus the margin or a minimum margin planned. Revenue for the land performance obligation is recognised at the point in time when the title passes and revenue for the performance obligation development project is recognised over time.

For the accounting of forward sales of apartments to individuals only one performance obligation is assumed, namely the development of the respective apartment. Similarly, the development work is accounted for over time on a percentage of completion basis.

Upon conclusion of a forward sales contract, the Group begins to recognise revenue from property development over a certain period of time, provided that planning permission had already been granted at the time the contract was concluded. If planning permission is granted after the contract has been signed, the period-related revenue recognition does not commence until the building permit ("Baugenehmigung") is granted, as the forward sales customer usually has the right to withdraw from the contract before the building permit is granted.

Revenue recognised over time is calculated using the "Percentage of Completion" method, which determines the stage of completion of the development project on the basis of the costs incurred in relation to the expected total costs. Revenue over the period is determined according to the stage of completion of the development project, which is calculated on the basis of the costs incurred in relation to the expected total costs. In the Group's opinion, this method is the most reliable way of estimating the stage of completion of a project because potential cost overruns are immediately identified and taken into account. If the contract revenue cannot be reliably estimated, it is recognised without a margin in the amount of the contract costs incurred. If contract losses are expected, appropriate provisions are recognised in the statement of profit or loss, so that the contract loss is fully recognised before the completion of the contract.

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities) in the Statement of Financial Position. In the Group's development activities, amounts are billed as work progresses in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of sub-works ("baurechtliche Gewerke"). The completion of these sub-works is usually confirmed by external experts or the customers itself. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognised, resulting in contract liabilities. These assets and liabilities are reported in the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Based on the expected date of advance payment by the customer, which is presented net after offset with relating gross contract amount on contract basis, the Group considers contract assets which are realised within a period of one year from the reporting date as current, whereas contract assets which are realised after more than one year are classified as non-current.

The outstanding performance obligations from the customer contracts relate to the completion of the construction of the buildings and usually do not include any obligations of the Group concerning returns or similar obligations and only includes the statutory warranties.

Revenue from real estate inventories disposed of

Occasionally, the Group enters into contracts with customers to sell development projects in current state (up-front sales). Revenue from the sale is recognised when the control has been transferred to the customer; this is usually the case when transferring ownership rights, benefits and obligations arising from properties. It is required that there are contractual arrangements with enforceable rights and obligations and that it is likely that the consideration specified will be received. The contracts in question include the transfer of one or multiple development projects in current state as performance obligation with a fixed or determinable consideration and a specific point-in-time where the transfer of control takes place. This is generally when the legal title to the property is transferred. The consideration is usually deposited on notary accounts and paid to the Group when the control has been transferred.

The Group has elected to make use of the following practical expedients:

- the Group applies the practical expedient regarding the consideration of material financing components, according to which the consideration does not have be adjusted for the effects of financing if it is expected at the time of conclusion of the contract that the period between the receipt of the consideration and the time of realisation of the sale will not exceed one year, IFRS 15.63;
- the Group applies the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less, IFRS 15.94;
- as a practical expedient, the Group does not disclose the information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less, IFRS 15.121;
- the Group applies the practical expedient in IFRS 15.121 and does not disclose information about the remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.

L. Finance income and costs

Finance income comprises interest income on funds invested including changes in the fair value of financial assets or liabilities at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets or liabilities at fair value through profit or loss, impairment losses recognised on financial assets, losses from refinance and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Interest paid and dividends paid are presented as part of cash flows from financing activities.

M. Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Current taxes also include taxes in respect of prior years and any tax arising from dividends.

To the extent applicable, uncertainties of tax treatments are adequately reflected as provisions and presented as income tax liabilities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognised for the following taxable temporary differences:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- differences relating to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing dividends in respect of the investment.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only on entity level or within tax groups.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is recognised in other comprehensive income or equity, respectively.

N. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise options granted to employees.

O. Non-current assets (liabilities) and disposal groups held for sale

Non-current assets (or groups of assets and liabilities for disposal) are classified as held for sale or distribution if it is highly probable that they will be recovered primarily through a sale transaction or a distribution to the owners and not through continuing use. This applies also when the Company is obligated to a sale plan that involves losing control over a subsidiary, whether or not the Company will retain any post-sale non-controlling interests in the subsidiary.

Immediately before classification as held for sale or distribution, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, the assets (or components of a disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is initially allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except when no loss is allocated to assets that are not in the scope of the measurement requirements of IFRS 5 such as: inventories, financial assets, deferred tax assets, employee benefit assets, investment property measured at fair value (IAS 40), which are continued to be measured in accordance with the applicable IFRSs and Group's accounting policies.

In subsequent periods, depreciable assets classified as held for sale or distribution are not periodically depreciated, and investments in associates classified as held for sale are not accounted for by the equity method.

According to the Group's accounting policy, investment properties are accounted for as non-current assets held for sale when notarised purchase contracts have been signed or declaration of intent to purchase has been signed by both parties as of the reporting date but transfer of the title did not yet take place on the balance sheet date. Initially they are recognised at the contractually agreed selling price and subsequently at fair value less costs to sell, if the latter is lower.

Note 5 – Acquisitions and other changes in the consolidation scope

In 2023, 8 companies (2022: 27 companies) were deconsolidated. 7 companies (2022: 7 companies) were merged with others, no companies (2022: 0 companies) were liquidated.

A. Deconsolidation of subsidiaries

On 8 September 2023, Adler Real Estate AG - a subsidiary of Adler Group - sold a rental portfolio ("Wasserstadt") comprising of the investment properties located in Berlin-Mitte with a lettable area of around 47 thousand m^2. The transaction was structured as a share deal and includes the sale of the shares in six subsidiaries (each 89.9 %). As a result of the sale, the subsidiaries RIV Harbour East WA 1 GmbH, Berlin, RIV Central WA 2 GmbH, Berlin, RIV Square West MI 3 GmbH, Berlin, RIV Square East WA 3 GmbH, Berlin, RIV Channel MI 4 GmbH, Berlin, RIV Harbour West MI 1 GmbH, Berlin were deconsolidated.

The assets and liabilities in the subsidiaries over which the control is lost, are summarised by each major category in the following table.

In EUR thousand	31 Dec 2023
Preliminary purchase price	**124,748**
- thereof for the repayment of shareholder loans	6,709
- thereof for the acquisition of the net assets	118,039

Net assets	
Investment properties	311,479
Trade receivables	4,580
Other current assets	87
Cash and cash equivalents	157
Assets total	**316,304**
Deferred tax liabilities	20,930
Financial liabilities due to bank	145,320
Trade payables	6,519
Other current liabilities	60
Liabilities total	**172,829**

Result from deconsolidation	(25,436)

The cash consideration received for the sale of the shares amounts to EUR 118,039 thousand. In connection with the sale of the shares, the Company received a cash consideration of EUR 6,709 thousand for the sale of the shareholder loans. The deconsolidation of the subsidiaries resulted in a loss of EUR 25,436 thousand which has been presented in other expenses. The amount of cash and cash equivalents in the subsidiaries deconsolidated amount to EUR 157 thousand. With effect to 8 September 2023, an asset deal was concluded over furniture and equipment for which the Company received a cash consideration of EUR 3,533 thousand.

With effect to 15 December 2023, BCP - a subsidiary of Adler Real Estate AG - completed the sale of residential properties in the city of Hamm, based on an asset value of approximately EUR 24,000 thousand. The sale was structured as a share deal. As a result, BCP deconsolidated its subsidiary in Brack Capital Germany (Netherlands) XXXVI B.V. This resulted in a gain of EUR 674 thousand which has been presented in other income. The assets and liabilities in the subsidiaries over which the control is lost, are summarised by each major category in the following table.

In EUR thousand	31 Dec 2023
Preliminary purchase price	**13,600**
- thereof for the repayment of shareholder loans	-
- thereof for the acquisition of the net assets	13,600

Net assets	
Investment properties	24,000
Trade receivables	135
Assets total	**24,135**
Deferred tax liabilities	1,939
Financial liabilities due to bank	7,772
Trade payables	1,498
Liabilities total	**11,209**

Result from deconsolidation	674

The cash consideration amounts to approximately to EUR 13,600 thousand. BCP received EUR 750 thousand in December 2023. The remaining amount was paid in January 2024.

With Effect on 1 July 2023, Consus sold its shares in the subsidiary SSN Gebäudetechnik GmbH, Düsseldorf for a cash consideration of EUR 1. The subsidiary has been deconsolidated and the net assets of EUR -436 thousand has been derecognised. This resulted in net income of EUR 436 thousand which has been presented in other income.

During the prior year, the consolidation scope was impacted by the following events:

On 30 December 2022, BCP – a subsidiary of Adler Real Estate AG – completed the sale of a portfolio of 2,400 residential units located in the city of Leipzig to Tristan Capital Partners LLP, London for a preliminary purchase price of EUR 126,101 thousand. The transaction has been structured as a share deal, where 89.8% of the shares of BCRE Leipzig Wohnen Nord B.V., BCRE Leipzig Wohnen Ost B.V. and BCRE Leipzig Wohnen West B.V. have been sold while 10.2% of the shares have been retained as minority interest.

In EUR thousand	31 Dec 2022
Preliminary purchase price	**126,101**

Net assets	
Investment properties	216,142
Trade receivables	436
Other current assets	5
Cash and cash equivalents	2,451
Assets total	**219,034**
Deferred tax liabilities	23,919
Financial liabilities due to bank	63,968
Trade payables	1,798
Other current liabilities	163
Liabilities total	**89,848**

Result from deconsolidation	(3,085)

The result from deconsolidation was recognised in other expenses. The deconsolidation led to a decrease in cash and cash equivalents of EUR 2,451 thousand. The assets and liabilities of the entities have been previously presented as part of the disposal group BCP (see Note 17) among non-current assets and liabilities held for sale.

With effect from 30 June 2022, the Group sold a portfolio of 1,200 residential and commercial units to Waypoint Holdings S.à r.l. The sale was structured as a share deal, where Adler Group sold its shares and received a repayment of shareholder loans for 24 entities. The Group received total proceeds of EUR 249,339 thousand (EUR 191,295 thousand thereof for the net assets and EUR 62,724 thousand as a repayment of shareholder loans), EUR 4,404 thousand of these proceeds being received in February 2023, when the financial statements of the sold entities were finalised. The shares in the property companies were directly held by Yona Investment GmbH & Co. KG, Berlin, Yanshuf Investment GmbH & Co. KG, Berlin, Joysun 1 B.V. Netherlands, Joysun 2 B.V. Netherlands, in which Adler Group holds 60.0% with remaining shares held by non-controlling shareholders.

The transaction led to the deconsolidation of the following entities (all with registered office in Berlin): Joysun Nestorstraße Grundstücks GmbH, Joysun Rubenstraße Grundstücks GmbH, Yona Stettiner Straße Grundstücks GmbH, Yona Schulstraße Grundstücks GmbH, Yona Otawistraße Grundstücks GmbH, Yona Stromstraße Grundstücks GmbH, Yona Gutenbergstraße Grundstücks GmbH, Yona Kameruner Straße Grundstücks GmbH, Yona Shichauweg Grundstücks GmbH, Yona Alt-Tempelhof Grundstücks GmbH, Yona Gruberzeile Grundstücks GmbH, Yona Schloßstraße Grundstücks GmbH, Yona Lindauer Allee Grundstücks GmbH, Yona Nogatstraße Grundstücks GmbH, Yona Bötzowstraße 55 Grundstücks GmbH, Yona Herbststraße Grundstücks GmbH, Yona Danziger Straße Grundstücks GmbH, Yona Schönstraße Grundstücks GmbH, Yanshuf Kaiserstraße Grundstücks GmbH, Yanshuf Binzstraße Grundstücks GmbH, Yanshuf Antonienstraße Grundstücks GmbH, Yanshuf Seestraße Grundstücks GmbH, Yanshuf Hermannstraße Grundstücks GmbH, Yanshuf Schmidt-Ott-Straße Grundstücks GmbH.

In EUR thousand	31 Dec 2022
Preliminary purchase price	**249,503**
- thereof for the repayment of shareholder loans	62,674
- thereof for the acquisition of the net assets	186,829

Net assets	
Property, plant and equipment	15
Investment properties	244,203
Trade receivables	249
Other current assets	4,467
Cash and cash equivalents	1,737
Assets total	**250,671**
Deferred tax liabilities	20,641
Other non-current liabilities	1,616
Trade payables	575
Other current liabilities	62,627
Liabilities total	**85,459**

Result from deconsolidation	21,617

The result from deconsolidation was recognised in other income. The deconsolidation led to a decrease in cash and cash equivalents of EUR 1,737 thousand.

B. Additions to the scope of consolidated entities

In April 2023, Adler Group completed a reorganisation of the Group's corporate structure. Following the completion of the reorganisation, Adler Group became the sole shareholder of the newly incorporated Luxembourg entity Adler Group Intermediate Holding S.à r.l. ("Adler Group Intermediate Holding"), which became the sole shareholder of three new incorporated Luxembourg entities (collectively, the "Collateral LuxCos") and all shares in Adler RE, Consus Real Estate AG and certain other subsidiaries, which were previously directly or indirectly held by Adler Group (except for the AGPS BondCo and for a certain number of the shares in such subsidiaries, which continue to be held by Adler Group), were transferred to the Collateral LuxCos. This intra-group reorganisation serves the collateralisation purposes in the restructuring process with bondholders and did not have any material impact on the consolidated financial statements of the Group.

Prior year consolidated scope was impacted by the following events:

With purchase agreements dated 6 July 2022, Westgrund I. Halle Verschmelzungs GmbH, RELDA 39. Wohnen Verschmelzungs GmbH and Spree Zweite Ost V GmbH were acquired from FORIS Gründungs GmbH. These entities have not executed any business before. The acquisition, therefore, did not have an material impact on the Group's consolidated financial statements.

On 23 December 2022, AGPS BondC PLC, was incorporated in London with Adler Group S.A. as the sole shareholder.

C. Changes in the consolidation scope without loss of control

The following transactions did not result in a loss of control. The Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries.

On 17 March 2023, the Group sent a request to Adler RE to squeeze-out the remaining minority shareholders of Adler RE. Subsequently on the same date, the Group and Adler RE published an ad-hoc notification disclosing the EUR 8.76 per share cash compensation to be paid to the squeezed-out minority Adler RE shareholders. The squeeze-out became effective on 19 October 2023 with entry in the commercial register. A cash consideration of EUR 29,754 thousand was paid to the minority shareholders in 2023. As a result the direct minority interests in Adler RE amounting to EUR 58,589 thousand have been derecognised and the resulting difference in the amount of EUR 28,835 thousand has been presented in share premium.

In 2023 Consus acquired the remaining non-controlling shares in Consus Construction GmbH, Berlin, by increasing its share by 10%. As a result a negative balance of non-controlling interests relating to the subsidiary was derecognised (EUR 954 thousand) and the resulting loss was presented in the retained earnings (EUR 954 thousand).

Prior year the consolidation scope was impacted by the following transactions without loss of control.

In the course of a sale of residential properties to KKR & Co. Inc., a significant number of the Groups' subsidiaries sold their entire asset portfolio. The Group subsequently repurchased the shares of the minority shareholders in those subsidiaries for a total price of EUR 39,425 thousand. EUR 21,155 thousand of the purchase price was settled by offsetting against receivables against minority shareholders. The remainder was paid in cash. The transaction resulted in a decrease in minority interest by EUR 36,683 thousand. EUR 3,389 thousand have been recognised in retained earnings.

As per 1 July 2022, Taurecon increased its shareholding in 7 subsidiaries to 10.1% for a purchase price of EUR 9,830 thousand. The transaction resulted in an increase in minority interest by EUR 9,962 thousand. The remainder was recognised as a decrease in retained earnings.

On 29 December 2022, the Group acquired the outstanding shares of Joysun 1 B.V. , Joysun 2 B.V., Songbird 1 Aps, Songbird 2 Aps from the minority shareholder. The purchase price amounted to EUR 50,438 thousand. The transaction led to a decrease in minority interest by EUR 60,936 thousand. The remainder was recognised as an increase in retained earnings.

In addition, the Group increased its majority holding in Adler RE from approximately 96.7% to 96.9% for a purchase price of EUR 1,483 thousand.

D. Other changes

In 2023, Westgrund Holding GmbH, TGA Immobilien Erwerb 10 GmbH and Magnus Zwölfte Immobilienbesitz und Verwaltungs GmbH were merged with Münchener Baugesellschaft GmbH. Westgrund Immobilien II. Halle GmbH & Co. KG was merged with Westgrund I. Halle S.à r.l. ADP Germany GmbH was merged with Magnus Elfte Immobilienbesitz und Verwaltungs GmbH. RELDA 36. Wohnen GmbH was merged with Magnus-Relda Holding Vier GmbH. Furthermore, Adler Immo Invest GmbH was merged with Adler Real Estate AG. The mergers did not have any impact on the consolidated financial statements of the Group.

In 2022, Energy AcquiCo I GmbH was merged with Magnus zweite Immobilienbesitz und Verwaltungs GmbH, WER 1. Wohnungsgesellschaft Erfurt Rieth mbH with Magnus Neunzehnte Immobilienbesitz und Verwaltungs GmbH, WER 2. Wohnungsgesellschaft Erfurt Rieth mbH with Magnus Zwanzigste Immobilienbesitz und Verwaltungs GmbH, RELDA 39. Wohnen GmbH with RELDA 39. Wohnen Verschmelzungs GmbH, Westgrund I. Halle Verschmelzungs GmbH together with Westgrund I. Halle GmbH, Spree Zweite Beteiligung Ost GmbH with Spree Zweite Ost V GmbH and Magnus Fünfte Immobilienbesitz und Verwaltungs GmbH with Magnus Elfte Immobilienbesitz und Verwaltungs GmbH. These mergers did not have material impact on the consolidated financial statements of the Group.

Note 6 – Investment properties

Investment properties – residential / commercial

In EUR thousand	2023	2022
Balance as at 1 January	**5,192,171**	**5,566,469**
Additions by way of acquiring assets	-	13,863
Other capital expenditure	41,874	72,836
Transfer from investment properties to assets or disposal groups classified as held for sale	(27,104)	(22,694)
Transfer from investment properties to property, plant and equipment	6,060	-
Other transfers	-	93
Transfer from development projects to residential investment properties	23,300	-
Disposal of investment properties	(364,473)	(457,886)
Fair value adjustments	(795,770)	(305,480)
Changes of investment properties presented as part of a disposal group among non-current assets held for sale	119,940	324,970
Balance as at 31 December	**4,195,998**	**5,192,171**

Investment properties – project developments

In EUR thousand	2023	2022
Balance as at 1 January	**1,152,123**	**1,547,390**
Other capital expenditure	22,171	71,364
Transfer from investment properties to assets or disposal groups classified as held for sale	(124,000)	(64,700)
Other transfers	-	7,234
Transfer from assets or disposal groups classified as held for sale to investment properties	20,000	-
Transfer from development projects to residential investment properties	(23,300)	-
Disposal of investment properties	-	(11,000)
Disposal of subsidiaries	-	(41,000)
Fair value adjustments	(376,968)	(434,070)
Changes of investment properties presented as part of a disposal group among long-term assets held for sale	44,900	76,905
Balance as at 31 December	**714,927**	**1,152,123**

According to the Group's fair value valuation policies, investment properties generally undergo a detailed valuation as at 30 June and 31 December of each year unless the Group identified material changes in the value of these properties at an earlier date.

Interest expenses capitalised in the investment properties under development amount to EUR 0 thousand (2022: EUR 62,127 thousand).

The fair value of the residential investment properties as at 31 December 2023 was mainly determined by CBRE, an independent industry specialist that has appropriate, recognised professional qualification and up-to-date experience regarding the location and category of the respective properties. The fair value of the investment properties under construction (project developments) was determined by the valuation expert NAI Apollo, an independent industry specialist with appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the respective properties.

The fair value measurement for all investment properties has been categorised as Level 3 fair value due to prevailing use of unobservable inputs to the adopted valuation method.

The Group's residential investment properties are valued using the discounted cash flow (DCF) method. Under the DCF method, the expected future income and costs of the properties are forecast over a period of 10 years and discounted to the date of valuation. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. For investment properties under construction (project developments), which will be held in the long term to generate gross rental income and capital appreciation after completion, the residual value method is applied. This approach is common to calculate the value of real estate developments in planning stage or still under construction. The approach is a deductive method to derive the market value of an undeveloped project according to its construction / development progress and represents the amount a market participant would be willing to pay for the property (land). The approach is based on the assumption that the market value of an ongoing project can be derived from an indicative market value less the anticipated costs for the realisation of the project (e.g., construction or marketing costs).

According to CBRE, in 2023 a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term. Consumer and investment behaviour can quickly change during periods of such heightened volatility. It is important to note that the fair value is subject to a heightened market volatility in such times and is valid as at the valuation date only.

According to NAI Apollo, the ongoing war between Russia and Ukraine has far-reaching global implications on financial markets. The Euro zone recorded an inflation rate of approximately 8% in the first quarter of 2023, energy prices rose significantly and raw material shortages combined with interrupted supply chains put further pressure on inflation. While the European Central Bank's key interest rate was still 0.0% in July 2022, it was increased in several rate hikes to 4.5% at year-end. The current uncertainty on the real estate markets in combination with the changed financing conditions have led to a significant decline in transaction volumes. In the recent months there has been an unusually low number of transactions, which has further increased the uncertainty in the market. Therefore, in driving the fair value of the project properties as at valuation date, less weight can be given to the market data used for comparison purposes than before.

With some insignificant exceptions all of Adler Group's investment properties were encumbered following an amendment of bond terms and conditions in 2023 (2022: EUR 4,271,926 thousand).

Valuation technique and significant unobservable inputs

The following tables give an overview of the main valuation parameters and valuation results for each regional cluster as well as the change compared to the prior year:

A. Investment properties – residential

	Location					
Balance as at 31 Dec 2023	**Berlin**	**Duisburg**	**Düssel-dorf**	**Dort-mund**	**Other**	**Total**
Value (EUR/m^2)	2,990	1,219	2,890	1,614	1,341	2,766
Average residential in-place rent	8.33	5.92	9.16	6.77	6.22	8.05
CBRE market rent (EUR/m^2)	9.52	6.51	10.81	7.67	7.50	9.20
Multiplier (current rent)	30.08	17.22	26.4	19.87	17.6	28.37
Multiplier (CBRE market rent)	24.68	15.37	22.5	17.09	14.1	23.38
Discount rate (%)	4.73	5.42	4.82	5.06	5.41	4.82
Capitalisation interest rate (%)	2.80	3.94	3.09	3.58	4.09	2.96
Market rental growth (%)	2.41	1.73	2.1	1.72	1.5	2.31
Vacancy rate (%)	0.52	2.02	1.0	1.55	2.0	0.72
Fair value (EUR thousand)	3,581,432	321,607	80,040	27,260	185,659	4,195,998

The following table gives an overview of the main valuation parameters and valuations for the prior year:

	Location					
Balance as at 31 Dec 2022	**Berlin**	**Duisburg**	**Düssel-dorf**	**Dort-mund**	**Other**	**Total**
Value (EUR/m^2)	3,807	1,335	3,339	1,840	1,394	3,516
Average residential in-place rent	8.87	5.80	8.57	6.39	5.82	8.51
CBRE market rent (EUR/m^2)	9.77	6.25	10.35	7.15	6.74	9.39
Multiplier (current rent)	36.27	19.27	32.6	23.98	19.5	34.17
Multiplier (CBRE market rent)	30.13	17.54	27.1	20.84	16.2	28.57
Discount rate (%)	4.31	5.04	4.33	4.56	4.97	4.39
Capitalisation interest rate (%)	2.37	3.56	2.60	3.08	3.68	2.52
Market rental growth (%)	2.38	1.72	2.1	1.72	1.5	2.09
Vacancy rate (%)	0.52	2.04	1.0	1.55	2.3	0.71
Fair value (EUR thousand)	4,496,567	352,478	91,936	30,700	220,490	5,192,171

B. Investment properties – project development (under construction)

Valuation parameters for investment properties under construction	31.12.2023	31.12.2022
Market rent, weighted average (EUR)	14.75	14.86
Project development costs (EUR/m²)	3,885	3,750
Capitalisation interest rate, weighted average (in %)	4.00	3.77

It is noted that according to the methodology applied in the valuations, the estimated cash flow for the first ten years are capitalised based on the discount rate basis. Cash flows effective from the eleventh year onwards are capitalised based on the cap rate basis.

Sensitivity analysis

The main value drivers influenced by the market are the market rents and their development, current rent increases, the vacancy rate and interest rates. The effect of possible fluctuations in these parameters is shown separately for each parameter and group in the following table. Interactions between the parameters are possible but cannot be quantified due to the complexity of the interrelationships:

Investment properties – residential

Valuation parameters	Change in parameters	In EUR thousand	Change in values %
Average new letting rent (EUR/m²)	10%	261,781	6.24
Vacancy rate (%)	1%	(54,993)	(1.31)
Discount and capitalisation rate (%)	25bps	(335,142)	(7.99)

Investment properties – project development (under construction)

Sensitivity	Market rent		Capitalisation rate		Construction costs	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value (EUR thousand)	(216,300)	216,300	147,600	(129,700)	221,900	(222,000)

The following table gives an overview of the sensitivity analysis for the prior year:

Investment properties – residential

Valuation parameters	Change in parameters	In EUR thousand	Change in values %
Average new letting rent (EUR/m^2)	10%	352,442	6.80
Vacancy rate (%)	1%	(67,304)	(1.30)
Discount and capitalisation rate (%)	25bps	(490,165)	(9.46)

Investment properties – project development (under construction)

Sensitivity	Market rent		Capitalisation rate		Construction costs	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value (EUR thousand)	(241,100)	240,800	209,000	(171,600)	218,300	(218,600)

Assuming all other variables remain constant, a negative change in the parameters at the same percentage would have a similar impact on the value, although in the opposite direction.

C. Amounts that were recognised in the consolidated statement of profit or loss

In EUR thousand	2023	2022
Rental income from investment property	209,576	244,506
Direct operating expenses arising from investment property that generated rental income during the period	(26,435)	(38,717)
Total	**183,141**	**205,789**

Note 7 – Investments in financial instruments

Investments in financial instruments principally relate to non-controlling interests in property companies disposed of in prior periods (in each case 10.1%) following the disposal of the shares. The instruments (31 December 2023: EUR 17,121 thousand, 31 December 2022: EUR 18,911 thousand) are measured at fair value through profit or loss.

Note 8 – Investments accounted under the equity method

The investments accounted under the equity method include three (31 December 2022: three) associates and two (31 December 2022: three) joint ventures. The Group has invested in two further joint ventures, which are not presented among investments accounted under the equity method due to immateriality. Instead, those investments are presented among other long-term financial investments and measured at fair value through profit and loss.

Investments accounted under the equity method developed as follows:

In EUR thousand	2023	2022
Balance as at 1 January	**25,530**	**32,395**
Share in profit and loss	(5,108)	208
Impairment / Reversal of impairment	2,767	(7,824)
Reclassifications from IFRS 5	-	751
Additions to the scope of consolidated entities	386	-
Removals from the scope of consolidated entities	(22,041)	-
Balance as at 31 December	**1,534**	**25,530**

Investments in associates

The investments in associates relate to ACCENTRO Real Estate AG (ACCENTRO), AB Immobilien B.V. (AB Immobilien) and Caesar JV Immobilienbesitz und Verwaltungs GmbH (Caesar).

ACCENTRO is a listed corporation and engages in the trading (purchase and sale) of residential properties and individual flats as well as the brokerage business in the context of residential property privatisation. Adler holds 4.78% (31 December 2022: 4.78%) of ACCENTRO's shares. Nevertheless, due to the possibility of exercising significant influence through a member of the Supervisory Board, the company is included in the consolidated financial statements as an associate and accounted under the equity method.

The carrying amount of the investment in ACCENTRO developed as follows:

In EUR thousand	2023	2022
Balance as at 1 January	**3,442**	**10,466**
Share in profit and loss	(4,744)	32
Impairment / Reversal of impairment	-	(7,056)
Reversal of impairment	2,767	-
Balance as at 31 December	**1,465**	**3,442**

The tables below represent the combined financial information of ***ACCENTRO*** based on the last published IFRS consolidated financial statements:

Assets (in EUR thousand)	**30 Sep 2023**	**31 Dec 2022**
Non-current assets	454,809	453,615
of which goodwill	17,776	17,776
Current assets	301,146	423,511
of which inventories	203,899	234,935
of which cash and cash equivalents	31,323	100,784

Equity and liabilities (in EUR thousand)	**30 Sep 2023**	**31 Dec 2022**
Equity	199,604	247,706
Non-current liabilities	358,269	220,554
of which financial liabilities to banks	72,594	108,383
of which liabilities from bonds	273,969	99,394
Current liabilities	198,083	408,865
of which financial liabilities to banks	106,406	103,052
of which liabilities from bonds	41,033	255,929

Profit or loss (in EUR thousand)	**1 Jan - 30 Sep 2023**	**1 Jan - 31 Dec 2022**
Earnings from sale of inventories	1,577	38,210
Earnings from property lettings	5,731	5,023
Earnings from services	223	166
EBIT (Earnings before interest and tax)	(28,035)	8,539
EBT (Earnings before tax)	(49,188)	(8,759)
Consolidated net profit	(48,222)	(14,237)

Cash flows (in EUR thousand)	**1 Jan - 30 Sep 2023**	**1 Jan - 31 Dec 2022**
Cash flow from operating activities	28,848	67,546
Cash flow from investing activities	(3,336)	(18,127)
Cash flow from financing activities	(94,754)	(69,154)
Change in cash and cash equivalents	(69,242)	(19,735)

On 30 November 2017, Adler sold most of its shares in ACCENTRO to a third party. A gross amount of EUR 63,302 thousand (31 December 2022: EUR 60,512 thousand) of the purchase price for the sale (including unpaid interest) is yet to be paid by the acquirer. More information on this receivable is provided in Note 32.A.

As per 31 December 2023, the contribution of AB Immobilien and Caesar to the financial position, comprehensive income and cashflow is no longer material for the consolidated financial statements of the Group. The carrying amounts and the share of profit and other comprehensive income of these entities are outlined in aggregate below:

In EUR thousand	31 Dec 2023	31 Dec 2022
Carrying amount of shares in non-significant investees consolidated at equity	-	-
Share in other comprehensive income of the investee	-	-

In 2023, Adler has fully impaired the investment in Caesar due to unfavourable business prospects.

Adler has receivables against AB Immobilien at a gross amount (including unpaid interest) of EUR 14,928 thousand (31 December 2022: EUR 17,628 thousand) and against Caesar at a gross amount (including unpaid interest) of EUR 31,540 thousand (31 December 2022: EUR 28,204 thousand). Further information on these receivables is provided in Note 32A.

Investments in joint ventures

The investments in joint ventures relate to Adler Real Estate Assekuranzmakler GmbH & Co. KG (Adler Assekuranz) and Brack Capital (Chemnitz) B.V. (BCP Chemnitz).

On September 2023, Consus completed the sale of the Staytion - Forum Pankow development project in Berlin. Adler Group's subsidiary Consus sold its interest of 75.0% in the joint venture MAP Liegenschaften GmbH (MAP) to its joint venture partner Kondor Wessels for a cash consideration of EUR 9,100 thousand. In connection with this transaction, net financial liabilities of EUR 8,938 thousand due to MAP were settled resulting in net cash proceeds of EUR 162 thousand. The sale resulted in a loss of EUR 12,555 thousand. Due to the structure of the shareholders' agreement, MAP was not controlled by the Group, but accounted for under the equity method. The carrying amount of the investment in MAP developed as follows:

In EUR thousand	2023	2022
Balance as at 1 January	**22,041**	**21,139**
Share in profit and loss	(386)	175
Additions to the scope of consolidated entities	-	727
Removals from the scope of consolidated entities	(21,655)	-
Balance as at 31 December	**-**	**22,041**

The tables below represent the combined financial information of MAP (according to German GAAP):

Assets (in EUR thousand)	31 Dec 2023	31 Dec 2022
Non-current assets	-	-
Current assets	-	27,383

Equity and liabilities (in EUR thousand)	31 Dec 2023	31 Dec 2022
Equity	-	(5,059)
Current liabilities	-	32,442

-

Profit or loss and cash flows (in EUR thousand)	2023	2,022
EBIT (Earnings before interest and tax)	-	(76)
Net profit	-	(1,185)
Cash flow from operating activities	-	(133)
Cash flow from financing activities	-	(388)
Change in cash and cash equivalents	-	(471)

As per 31 December 2023, the contribution of ADLER Real Estate Assekuranzmakler GmbH & Co. KG and Brack Capital (Chemnitz) B.V. to the financial position, comprehensive income and cashflow is not material for the consolidated financial statements of the Group. The carrying amounts and the share of profit and other comprehensive income of these entities are presented in aggregate below:

In EUR thousand	31 Dec 2023	31 Dec 2022
Carrying amount of shares in non-significant investees consolidated at equity	68	46
Group's share in the result of non-significant at-equity investees		
Share in profit or loss of the investee	(17)	(17)
Share in other comprehensive income of the investee	-	-
Total result	**(17)**	**(17)**

Note 9 – Property, plant and equipment

Property, plant and equipment (principally fixtures and fittings) developed as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Carrying amount as of 1 January	**24,981**	**30,028**
Acquisitions	4,593	5,566
Disposals	(11,306)	(6,671)
Transfer to a disposal group of non-current assets held for sale	(1,921)	-
Depreciation	(1,825)	(3,813)
Impairment	-	(115)
Removals from the scope of consolidated entities	(264)	(14)
Balance at 31 December	**14,258**	**24,981**

Note 10 – Other financial assets

In EUR thousand	31 Dec 2023	31 Dec 2022
Loans to holders of non-controlling interest in subsidiaries	109,084	153,750
Investments in debt securities	-	12,723
Miscellaneous other financial assets	2,836	2,488
Other financial assets	**111,920**	**168,961**

In March 2022, Adler Group agreed on a renewal of the loans with the two major borrowers holding non-controlling interests in property companies of the Group (Taurecon and Amelicaster). All receivables and loans against the two borrowers have been combined under two loan agreements at market interest rates. The loans mature on 30 September 2026 and are secured by share liens. An amount of EUR 12,300 thousand of this loan was repaid in 2023. As per 31 December 2023, the Group recognised an impairment loss in the amount of 15,989 thousand based on the decrease in the fair value of share liens. 28,550 thousand of the amount have been reclassified to other receivables. Investments in debt securities refer to bonds issued by Aggregate Holdings S.A. The bonds are measured at fair value through other comprehensive income.

Note 11 – Restricted bank deposits

Restricted bank deposits are denominated in euro and they do not carry any interest. The total balance (current and non-current) as at 31 December 2023 includes EUR 19,553 thousand of pledged bank deposits received from tenants (31 December 2022: EUR 18,920 thousand), EUR 13,565 thousand pledged to secure banking facilities (31 December 2022: EUR 37,507 thousand) and EUR 31,536 thousand of restricted proceeds from project developments (31 December 2022: EUR 21,458 thousand).

Note 12 – Goodwill

As per 31 December 2023 and 31 December 2022 no goodwill has been allocated to a cash-generating unit or a group of cash-generating units. Prior year goodwill was impacted by the following events.

As per 30 June 2022, the goodwill arising from the acquisition of Consus totalling EUR 91,400 thousand was tested for impairment in accordance with the regulations of IAS 36. The impairment test was carried out based on the value in use as recoverable amount of the cash-generating unit ("CGU") Consus, whereby the cash-generating unit is characterised by the development of real estate projects for Consus' own portfolio as well as the sale to third parties. The value in use was derived from the estimated future free cash flows. The detailed planning is based on a ten-year detailed planning phase (including a forecast for the six months period ended 31 December 2022) specific to the CGU and a perpetual annuity for the subsequent period. The perpetual annuity takes into account a sustainable and anticipated average level of future annual financial surpluses (terminal value) after the detailed planning phase. The detailed planning period as well as the perpetual annuity include both contractually agreed development projects and new development projects planned with standard expected margins reflecting a sustainable business development.

Regarding the projects for Consus' own portfolio as well as for the sale to third parties, the business plan considers the experience from previous years and management forecasts for the development of the property market. For the terminal value a sustainable growth rate of 2.00% was applied. The discount rates for the property development business and the rental business were derived separately. The beta factors for the two businesses were derived based on specific peer groups. A risk-free rate of 1.25% and a market risk premium of 7.50% was assumed. The discount rate before taxes is 8.21% (7.68% after tax) for the property development business and 4.78% (4.26% after tax) for the rental business.

Based on the planned free cash flows and the discount rates as described above, the resulting goodwill impairment is EUR 91,400 thousand. The impairment has been predominantly triggered by the following factors:

- higher construction costs for the contractually agreed projects in the current portfolio,
- lower sales prices for the upfront sales due to the current market environment,
- lower profitability for the other development projects ('ODPs') due to higher construction cost and uncertainty in the market,
- higher cost of capital due to the changed capital market environment.

The business plan for the CGU mainly includes the components current portfolio and other development projects (ODPs). The current portfolio refers to the contractually agreed projects currently being developed by the CGU. ODPs refer to new real estate projects. ODPs are planned with standard revenue, cost and margin assumptions. The assumed gross development volume of EUR 600 million p.a. reflects a level of projects that can be developed in the future and is based on the past performance of the CGU. The projects are planned to be sold as forward sales (FS). Assumptions regarding the margins as well as the development and payment profile are based on management's experience.

Note 13 – Contract assets from development

Contract assets and liabilities mainly result from development contracts with customers. The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities). In the Group's development activities, amounts are billed as work in progress in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognised, resulting in contract liabilities. These assets and liabilities are reported on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the reporting period were not materially impacted by other factors besides as laid out below.

In EUR thousand	31 Dec 2023	31 Dec 2022
Gross contract assets - non-current	112,178	22,087
Prepayments received on non-current contract balances	(56,665)	-
Net contract assets - non-current	**55,513**	**22,087**
Gross contract assets - current	14,455	192,911
Prepayments received on current contract balances	(3,674)	(128,135)
Net contract asset - current	**10,781**	**64,776**
Net contract liabilities - current	**(14,473)**	**(13,924)**

Contract assets have not been impaired for credit risks in accordance with IFRS 9. This is due to the fact that the credit default risk of the contractual partners is relatively low. Furthermore, the value at-risk can be regarded as relatively low due to collaterals.

The net contract assets related to development projects developed as follows:

In EUR thousand	2023	2022
Contract assets balance as at 1 January	**86,863**	**82,237**
Additions due to performance obligations satisfied in the reporting period	9,926	46,688
Reclassification to receivables / payments received	(7,122)	(22,487)
Other changes (i.e., timing, transaction price, change in the measure of progress)	(23,373)	(19,575)
Balance as at 31 December	**66,294**	**86,863**

The net contract liabilities related to development projects developed as follows:

In EUR thousand	2023	2022
Contract liabilities balance as at 1 January	**13,924**	**36,109**
Received prepayments (incl. billed invoices) relating to performance obligations not satisfied yet	6,029	(4,475)
Derecognition when performance obligations satisfied	(833)	(1,484)
Other changes (i.e., timing, transaction price, change in the measure of progress)	(4,647)	(16,226)
Balance as at 31 December	**14,472**	**13,924**

Note 14 – Inventories

Inventories, which also include land from forward sales, are broken down as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Real Estate "Trading properties (condominiums)"	474,987	619,938
Real Estate "Institutional"	18,336	12,878
Real Estate "Parking"	21,858	29,946
Real Estate "Other construction work"	286	5,960
Other inventories: excl. development	0	9,850
Total balance	**515,467**	**678,572**

The following factors had an impact on the amount of inventories:

In EUR thousand	31 Dec 2023	31 Dec 2022
Carrying amount as of 1 January	**678,572**	**1,093,454**
Capitalisation of interest	-	28,171
Expenses from construction work	14,780	37,221
Transfer from a disposal group of non-current assets held for sale	1	-
Transfer to a disposal group of non-current assets held for sale	-	-
Impairment	(84,508)	(366,425)
Expenses from the sale	(103,587)	(121,412)
Reversals of sales to 3rd parties in priod periods	10,209	10,049
Other changes	-	(2,486)
Balance at 31 December	**515,467**	**678,572**

Since 31 December 2023, the Group has ceased to capitalise the interest in the inventories (in 2022, a rate of 2.25 percent was used).

Reversals of transactions result from withdrawals from forward sales, either by Adler or by the respective client. In such cases, revenue recognition cannot be applied any longer and all contract balances recognised for the transaction are reversed against profit or loss.

Impairments are made when the net realisable value of inventories is falling below the book value at the date when such assessment is made. Net realisable values are derived from actuarial appraisals provided by NAI Apollo, an independent valuation expert with appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties.

The carrying amount of the inventories provided as collateral for loan agreements is EUR 515,467 thousand (31 December 2022: EUR 11,704 thousand). The sale of the inventories relating to development will likely occur after more than twelve months.

Note 15 – Trade receivables

As at the reporting date, trade receivables mainly consist of rental receivables (EUR 32,165 thousand; 31 December 2022: EUR 49,129 thousand), receivables from the sale of real estate inventories (EUR 15,381 thousand; 31 December 2022: EUR 16,000 thousand) and receivables from property development (EUR 25,290 thousand; 31 December 2022: EUR 26,763 thousand). The balances represent gross amounts less allowances for expected credit losses.

Note 16 – Other receivables and financial assets

Other current receivables and financial assets consist of the following:

In EUR thousand	31 Dec 2023	31 Dec 2022
Receivables from income tax	16,354	13,332
Receivables from other taxes	5,475	12,094
Advances to suppliers	17,167	11,574
Prepaid expenses	1,037	5,734
Miscellaneous other receivables (non-financial)	2,608	5,126
Total other receivables (non-financial)	**42,640**	**47,860**
Receivables from portfolio sales to associates	-	6,204
Receivables from portfolio sales to third parties	6,866	15,018
Loans to holders of non-controlling interest in subsidiaries	32,683	10,050
Loans	19,917	26,577
Deposits	6,641	11,953
Miscellaneous other receivables (financial)	7,574	1,191
Other receivables (financial)	**73,682**	**70,993**
Short-term financial investments	-	-
Total other receivables and financial assets	**116,322**	**118,853**

Receivables from other taxes principally relate to value added tax.

Receivables from portfolio sales to associates include receivables against Caesar JV Immobilienbesitz und Verwaltungs GmbH of EUR 0 thousand (31 December 2022: EUR 6,204 thousand). Receivables from portfolio sales to third parties include receivables against the acquirer of the majority shareholding in ACCENTRO Real Estate AG. Further information on these receivables is given in Note 32.A.

Note 17 – Non-current assets and liabilities held for sale

As per 1 December 2021, the Group has decided to sell its remaining shares in BCP. The Group is actively following its plan to sell the shares in BCP thereby offering its shares at prices that reflect current market conditions. As a result, the Group continues to present BCP as a disposal group held for sale.

Major classes of assets and associated liabilities classified as held for sale comprise of the following:

In EUR thousand	31 Dec 2023	31 Dec 2022
Investment properties	1,099,710	1,146,022
Financial assets	40,572	37,561
Inventories	15,400	25,500
Other assets	42,353	18,825
Cash and cash equivalents	42,527	210,477
Non-current assets held for sale	-	143,823
Assets total	**1,240,562**	**1,582,208**
Deferred tax liabilities	80,334	96,201
Financial liabilities due to bank	342,215	296,200
Corporate bonds	93,245	158,978
Other liabilities	59,129	60,389
Liabilities held for sale	-	66,780
Liabilities total	**574,923**	**678,548**

The investment properties of the disposal group comprised income-generating residential real estate of EUR 804,760 thousand (31 December 2022: EUR 891,122 thousand), income-generating commercial real estate of EUR 13,550 thousand (31 December 2022: EUR 34,000 thousand) and development properties of EUR 281,400 thousand (31 December 2022: EUR 220,900 thousand). The fair value of these assets was determined by independent external appraisers with appropriate, recognised professional qualification and up-to-date experience regarding the location and category of the properties valued. Significant assumptions (based on weighted averages) that were used in valuation estimates are as follows:

Income-generating residential real estate	31 Dec 2023	31 Dec 2022
Discount rate (%)	5.24	4.79
Capitalisation interest rate (%)	3.74	3.30
Vacancy rate (%)	2.17	2.05
Representative monthly rent (EUR/m²)	8.18	7.74
Income-generating commercial real estate		
Discount rate (%)	8.63	7.42
Capitalisation interest rate (%)	7.78	6.71
Development projects (*)		
Expected sales price (EUR/m²)	4,745	6.046
Expected construction costs (EUR/m²)	3,678	3.663

(*) The figure as of 31 December 2023 includes Gerresheim in the amount of EUR 141 million (prior year: EUR 186 million).

The effect of a possible increase (decrease) in the discount rate by 0.25 basis points would lead to a change in the fair value of the investment properties included in the disposal group by approximately EUR 53,400 thousand (31 December 2022: EUR 42,900 thousand).

The Company reclassified three investment properties with a carrying amount of EUR 141,000 thousand as assets held for sale. The fair value of the investment properties was determined based on the purchase price offer at year-end. One investment property with a carrying amount at 31 December 2022 of EUR 37,000 thousand did no longer meet the IFRS 5 criteria and was reclassified to investment properties.

The remainder of non-current assets and liabilities held for sale principally relate to the sale of real estate properties, for which notarised purchase agreements are in place without transfer of control on the balance sheet date.

Note 18 – Equity

1. Share capital and share premium

Ordinary shares (in thousands of shares)	31 Dec 2023	31 Dec 2022
In issue as at 1 January	**117,510**	**117,510**
Increase from issuance of ordinary shares, net	34,116	-
In issue as at 31 December	**151,626**	**117,510**

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at the General Meetings of the Company. All shares rank equally with regard to the Company's residual assets. The par value per share is EUR 0.0012.

During the year the Company issued 34,116 thousand new ordinary shares in the course of the debt restructuring process. The new shares were acquired by a group of lending parties participating in the debt restructuring process ("New Money") and have been measured at EUR 42 thousand. For the 10,614 thousand issued new ordinary shares, lock-up agreements were concluded between the Company and the investors for a period of 12 months over which the new shares are not admitted to trading. The lock-up period ends on 26 April 2024.

Share premium development is as follows:

Share premium (in EUR thousand)	31 Dec 2023	31 Dec 2022
In issue as at 1 January	**1,844,765**	**1,844,765**
Transactions with non-controlling interests without a change in control	28,834	-
Dividend	-	-
In issue as at 31 December	**1,873,599**	**1,844,765**

For further details, we refer to Note 20 and to the consolidated statement of changes in equity.

2. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of the related deferred tax.

3. Other capital reserves

The other capital reserves comprises the cumulative equity impact from transactions with previous controlling shareholder (ADO Group) in the past.

The legal reserve according to Luxembourg law amounts to EUR 14.6 thousand.

4. Reserve from financial assets measured at fair value through other comprehensive income

The reserve from financial assets measured at fair value through other comprehensive income comprises of equity instruments for which the Group chose to present the fair value changes in other comprehensive income. The fair value change relates to the difference between the fair value on the balance sheet date and the fair value at the acquisition date, net of tax. In addition, it includes the fair value changes from debt instruments for which the Group is required to present the fair value changes in other comprehensive income. Past cumulative gains or losses of equity instruments measured at fair value through OCI are not reclassified within equity.

5. Non-controlling interests

Non-controlling interests comprise the share of the non-controlling shareholders in equity and annual earnings of consolidated subsidiaries. The consolidated net income attributable to shareholders in the parent company corresponds to the difference between the consolidated net income before non-controlling interests and the non-controlling interests reported in the income statement. Non-controlling interests are broken down as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Subsidiary Adler subgroup	230,613	375,910
Subsidiary Consus subgroup	(133,346)	(73,092)
Other	173,993	193,132
Total Balance	**271,260**	**495,950**

The development of non-controlling interests is presented separately in the statement of changes in equity.

The decrease in non-controlling interests was mainly impacted by incurred losses and by a number of changes in the consolidation scope without loss of control. Accordingly, the Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiary as follows: Further information of these transactions is provided in Note 5.C.

The key financials of the subsidiaries with non-controlling interests which are of material relevance to the Group are presented in the following tables. The amounts are presented prior to consolidation.

Combined consolidated balance sheets IFRS		**Subsidiary Adler RE sub-group**		**Subsidiary Consus sub-group**
Headquarters	**Berlin**	**Berlin**	**Berlin**	**Berlin**
Minority interest %	**0.00%**	**3.10%**	**3.12%**	**3.12%**
In EUR thousand	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Current assets[1]	-	2,166,179	837,174	914,911
Current liabilities[1]	-	(1,431,098)	(584,380)	(438,191)
Net current assets	**-**	**735,081**	**252,794**	**476,720**
Investment properties	-	1,864,442	564,938	975,022
Other non-current assets	-	94,194	99,861	101,976
Non-current liabilities	-	(1,050,152)	(3,511,783)	(3,450,473)
Net non-current assets	**-**	**908,485**	**(2,846,984)**	**(2,373,475)**
Equity	**-**	**1,643,566**	**(2,594,190)**	**(1,896,755)**

1) Includes non-current assets and liabilities held for sale.

Combined statement of comprehensive income IFRS

In EUR thousand	2023	Subsidiary Adler RE sub-group 2022	2023	Subsidiary Consus sub-group 2022
Revenue	-	222,782	138,449	390,462
Annual result	**-**	**(459,203)**	**(706,492)**	**(1,175,956)**
Other comprehensive income	-	(18,961)	9,070	1,738
Net result	**-**	**(478,165)**	**(697,422)**	**(1,174,218)**
Profit or loss attributable to non-controlling interests	-	(107,758)	(40,462)	(63,670)

Combined statement of cashflows IFRS

In EUR thousand	2023	Subsidiary Adler RE sub-group 2022	2023	Subsidiary Consus sub-group 2022
Cash flow from operating activities	-	17,422	(80,983)	(183,326)
Cash flow from investing activities	-	879,457	(980)	86,493
Cash flow from financing activities	-	(886,120)	88,781	105,041
Change in cash and cash equivalents	-	10,759	6,818	8,208

Note 19 – Corporate bonds and convertible bonds

These liabilities were structured as follows as at the balance sheet date:

In EUR thousand	31 Dec 2023	31 Dec 2022
Adler Group Bond 2017/2024	-	399,090
Adler Group Bond 2020/2025	-	394,823
Adler Group Bond 2020/2026	-	392,552
Adler Group Bond 2021/2026	-	689,681
Adler Group Bond 2021/2029	-	781,486
Adler Group Bond 2021/2027	-	492,118
Adler Group Bond 2023/2025	196,464	-
AGPS Bond 2017/2024	413,443	-
AGPS Bond 2020/2025	416,577	-
AGPS Bond 2020/2026	723,307	-
AGPS Bond 2021/2026	411,454	-
AGPS Bond 2021/2029	818,916	-
AGPS Bond 2021/2027	515,188	-
Adler Bond 2018/2023	-	498,496
Adler Bond 2018/2026	292,599	289,794
Adler Bond 2017/2024	3,405	296,006
Adler Group Convertible Bond 2018/2023	-	100,503
Total balance	**3,791,354**	**4,334,549**

1) included in the disposal group held for sale IFRS 5 (Note 17).

On 20 July 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2017/2024). The bonds carry an interest rate of 1.5% per annum and mature on 26 July 2024. The gross proceeds resulting from the transaction amounted to EUR 398.6 million with an issue price of 99.651%. The net proceeds of the bond were mainly used to fund acquisitions. Effective as at 11 January 2023 Adler Group S.A. was substituted as issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured note was amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Furthermore, the maturity date of the bond was extended from 26 July 2024 until 31 July 2025. Based on a 10% present value test, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 24,460 thousand in 2023 which has been recognised as a modification loss within financial result. For further information please refer to the paragraph 10 in the Material Events/Subsequent events section of the Management Report.

On 16 November 2018, the Company placed senior, unsecured bonds in a total nominal amount of EUR 165 million with institutional investors, which are convertible into new and/or existing ordinary registered shares of the Company (Adler

Group Convertible Bond 2018/2023). The coupon has been set at 1.25% per annum, payable semi-annually in arrears. Due to the downgrade of the Company the interest increased to 2.00% p.a. starting from 23 November 2020. ADO Group Ltd., a subsidiary of Adler RE, held 38.24% of the convertible bond. On 9 October 2023 the Company repurchased the nominal amount of EUR 69,500 thousand via a tender offer. The remaining outstanding nominal amount was repaid on mature date as of 23 November 2023.

On 5 August 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2020/2025). The bonds carry an interest rate of 3.25% per annum and mature on 5 August 2025. The gross proceeds resulting from the transaction amounted to EUR 395.5 million with an issue price of 98.87%. The net proceeds of the bond were mainly used to refinance existing liabilities. Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured note was amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 23,721 thousand in 2023 which has been recognised as a modification loss within financial result. For further information please refer to the paragraph 10 in the Material Events/Subsequent events section of the Management Report.

On 13 November 2020, the Company placed unsecured, fixed-rate corporate bonds (Adler Group Bond 2020/2026) with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 2.75% per annum and mature on 13 November 2026. The gross proceeds resulting from the transaction amounted to EUR 394.6 million with an issue price of 98.646%. The net proceeds of the bond have mainly been used to refinance existing liabilities. Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured note was amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 24,291 thousand in 2023 which has been recognised as a modification loss within financial result. For further information please refer to the paragraph 10 in the Material Events/Subsequent events section of the Management Report.

On 8 January 2021, the Company placed EUR 1,500 million fixed rate senior unsecured notes comprising of two tranches, a EUR 700 million 5-year maturity with a 1.875% fixed coupon (Adler Group Bond 2021/2026) and a EUR 800 million 8-year maturity with a 2.25% fixed coupon (Adler Group Bond 2021/2029). The proceeds of the issues were used to repay existing indebtedness, including buybacks. Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer by AGPS of these bonds by BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured notes were amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the both tranches were adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the 5-year tranche by EUR 43,265 thousand and in an increase in the 8-year tranche by EUR 49,275 respectively which have been recognised as a modification loss within financial result. For further information please refer to the paragraph 10 in the Material Events/Subsequent events section of the Management Report.

On 21 April 2021, Adler Group S.A. placed EUR 500 million fixed rate senior unsecured notes with a 6-year maturity and a 2.25% fixed coupon under its newly established EMTN programme (Adler Group Bond 2021/2027). The proceeds of the issue of the notes were used to call and repay the EUR 450 million 9.625% high yield bond issued by Consus Real Estate AG (Consus Bond 2019/2024). Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured notes were amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 30,356 thousand in 2023 which has been recognised as a modification loss within financial result. For further information please refer to the paragraph 10 in the Material Events/Subsequent events section of the Management Report.

In December 2017, Adler issued a corporate bond of EUR 800 million in two tranches. The first tranche (Adler Bond 2017/2021) with a coupon of 1.50%, a volume of EUR 500 million and a term until December 2021 and was issued at 99.52% of par value. The first tranche was partly redeemed in 2021, with the remaining amount being repaid upon expiry. The second tranche (Adler Bond 2017/2024) with a coupon of 2.13% and a volume of EUR 300 million expires in February 2024 and was issued at 99.28% of par value. On average, the interest on the bonds overall is 1.73%. Adler repurchased the second tranche (Adler Bond 2017/2024) in two tranches on 26 May and 13 June 2023 with a remaining nominal amount of EUR 3,406 thousands. The reacquisition was made at a rate of 94.0% including accumulated interest and rates.

In April 2018, Adler successfully placed corporate bonds of EUR 800 million in two tranches again with institutional investors in Europe. The first tranche (Adler 2018/2023) has a volume of EUR 500 million, a coupon of 1.88% and a term until April 2023; the second tranche (Adler 2018/2026) has a volume of EUR 300 million, a coupon of 3.0% and a term until April 2026. On average, the interest on the bonds overall is 2.30%. The net proceeds were largely used to refinance the bridge loan which Adler had raised in connection with the acquisition of Brack Capital Properties N.V. ("BCP"). On 26 April 2023, the maturity date of the first tranche, Adler Real Estate AG repaid its bond (Adler Bond 2018/2023) in the full amount of EUR 500 million.

As part of the acquisition of BCP, Adler has assumed liabilities for bonds in three tranches with an original volume of NIS 700 million. Tranche A (BCP Bond 2011/2020 originally NIS 400 million) has a term up to July 2020 and has 4.80% interest rate. The liabilities from the BCP Tranche A bond were repaid early on 20 April 2020. Tranche B (BCP Bond 2013/2024 originally NIS 175 million) has a term up to December 2024 and has a 3.29% interest rate which has been increased to 4.04% due to the downgrade of BCP in 2022. Tranche C (BCP Bond 2014/2026 originally NIS 125 million) has a term up to 2026 and has a 3.30% interest rate which has been increased to 4.05% in 2022. Annual principal payments are made until the end of the respective term. The interest rate and the repayment of the three tranches is also linked to the development of the Israeli Consumer Price Index. In August 2023, BCP completed an exchange tender offer for Bonds (Series B), as part of which it repaid EUR 97,132 thousand (ILS 390,324,629) par value of Bonds (Series B) in consideration for EUR 53,180 thousand (ILS 213,702,734) par value of Bonds (Series C) and EUR 53,385 thousand (ILS 222,563,103) in cash. This resulted in a modification loss in an amount of EUR 2,458 thousand which has been recognised within financial result. Due to the sale plan, the bonds were reclassified as non-current liabilities held for sale along with disposal group BCP according to IFRS 5 (Note 17).

On 29 September 2023 Adler Group S.A. placed EUR 191 million senior secured notes due 31 July 2025 totalling to cash proceeds of EUR 191 million received on 9 October 2023 (Adler Group Bond 2023/2025). The notes were issued at 100% of their nominal value and accrue an annual PIK-amount of 21%. The new notes are secured in ranking after the relevant asset level financings and the Company's financing obtained in connection with the restructuring under the Company's existing intercreditor agreement (i.e., secured on a "1.5 Lien" basis). The net proceeds were mainly used for the repayment of the convertible notes due 23 November 2023 and promissory notes in the amount of EUR 24.5 million.

On 5 May 2022, the international rating agency Standard and Poor's (S&P) downgraded the issuer rating of Adler Group S.A. and Adler RE from B- to CCC with outlook negative. The rating of the unsecured debt was lowered from B to CCC. The ratings were removed from CreditWatch negative.

On 6 December 2022, S&P downgraded the issuer rating of Adler Group S.A. as well as the rating of its unsecured debt from CCC to CC with outlook negative. The issuer rating of Adler RE as well as the rating of its unsecured debt was lowered from CCC to CCC- with outlook negative.

On 28 February 2023, S&P downgraded the issuer rating of Adler RE from CCC- to CC with outlook negative. The bond due in 2026 was also downgraded from CCC- to CC. The CCC- rating on Adler RE's 2023 and 2024 notes was affirmed.

On 17 April 2023, S&P downgraded the issuer ratings of both Adler Group S.A. and Adler RE from CC to SD (selective default). The rating of the unsecured debt for both Adler Group and Adler RE was lowered from CC to D (default). The ratings on Adler RE's 2023 and 2024 unsecured debt was affirmed at CCC-.

On 27 April 2023, S&P upgraded the issuer rating of both Adler Group S.A. and Adler RE from SD to CCC+ with outlook negative. The ratings of the now secured bonds were set to different levels depending on their status under the relevant intercreditor agreements. The rating of Adler Financing S.à r.l.'s senior secured notes (1st lien) was set to B, AGPS Bondco Ltd senior secured notes (1.5 lien) were set to CCC+ and AGPS Bondco Ltd senior secured notes (2nd lien) were set to CCC-. Adler RE's 2024 and 2026 notes were set to CCC+.

On 11 October 2023, S&P assigned a CCC+ rating to Adler Group S.A.'s new secured notes (1.5 lien).

With effect from 17 April 2023, Adler Group S.A. and respectively AGPS Bondco amended their bond terms. As part of these agreements the existing financial covenants were replaced by a new financial covenant. The issuers undertake to maintain a loan-to-value ratio of 87.5% until 31 December 2025 and 85% thereafter. The first testing date will be 31 December 2024 (and is hence not applicable as per 31 December 2023).

ADLER Real Estate AG undertakes to not incur any financial indebtedness after the issue date of the bonds, and will also procure that its subsidiaries will not incur any financial indebtedness after the issue date of the bonds (except for refinancing existing financial indebtedness), if immediately after giving effect to the incurrence of such additional financial indebtedness (taking into account the application of the net proceeds of such incurrence), the following tests would not be met: (i) loan-to-value ratio (LTV) ≤ 60%; (ii) secured loan-to-value ratio ≤ 40%. Additionally, it is required from ADLER Real Estate AG to maintain the consolidated coverage ratio at or above 1.80 to 1.00 for any reporting date falling on or after 1 January 2021.

Note 20 – Other loans and borrowings

The Group's other loans and borrowings are comprised as follows:

	31 Dec 2023		31 Dec 2022	
In EUR thousand	**Non-current**	**Current**	**Non-current**	**Current**
Bank loans	848,720	288,224	1,326,155	295,162
New Money Facility	941,930	-	-	-
Debenture and other loans	180,399	-	11,500	13,000
Total	**1,971,049**	**288,224**	**1,337,655**	**308,162**

As at 31 December 2023, other loans and borrowings of Adler Group (excluding IFRS 5) carry an average effective interest rate (i.e., considering the swap interest hedging effect from variable to fixed interest) of 7.6 percent per annum including the new money facility (as at 31 December 2022: 2.0 percent). The average maturity of other loans and borrowings including the new money facility is 2.1 years (as at 31 December 2022: 3.8 years).

In 2023 the Company repaid promissory notes in the amount of EUR 24.5 million issued by ADO Lux Finance S.à r.l. Further, the Company repurchased promissory notes issued by Consus in the nominal amount of EUR 110,500 thousand at 97% of the nominal amount from third party investors. From the Group's perspective, the notes are extinguished and the income from the derecognition in the amount of EUR 3,247 has been recognised in finance income.

Due to a share deal ("Wasserstadt"), other loans and borrowings decreased by EUR 192,6 million (refer to Note 4).

In June 2023 two subsidiaries of Adler Real Estate AG refinanced promissory notes in an amount of EUR 61.2 million. The promissory notes were refinanced by a new issue of EUR 176.8 million with a maturity date on June 2026 and a variable interest rate of 3M Euribor +6.7%.

New Money Facility 04/2023

The increase in the other loans and borrowings thousand results mainly from the New Money Facilities. In accordance with the Restructuring Plan, the Restructuring and related committed funding of up to EUR 937,474,000 (the "New Money Funding"), a special purpose vehicle established for the sole purpose of the Restructuring ("ADLER Financing S.à r.l. Luxembourg or "LendingCo") issued EUR 937,474,000 12.500% notes due 30 June 2025 (the "New Money Notes") and subsequently LendingCo lent the New Money Notes proceeds to the Group via loan facilities (the "New Money Facilities") under a facilities agreement dated 22 April 2023 (the "New Money Facilities Agreement"). Adler Group SA has received a total of four loans by LendingCo, three of which for the purpose of refinancing bonds repayments by Adler

Real Estate AG and the remainder for capital expenditure of the Consus sub-group. As of 31 December 2023 the Company has drawn a nominal amount of EUR 926,738 million under the New Money Facilities Agreement. After taking into account the direct transaction costs of EUR 32,947 thousand and a discount of EUR 57,474 thousand, the net cash proceeds amounted to EUR 836,317 thousand. In addition, embedded derivative assets in the amount of EUR 7,228 thousand have been bifurcated due to the prepayment options and initially recognised as a derivative financial asset measured at fair value through profit and loss. A loss of EUR 7,228 thousand has been recognised in the finance costs due to the remeasurement of the derivatives during the reporting period. The carrying amount of the New Money Facility including the accrued payment-in-kind (PIK) amounted to EUR 941,930 thousand as at 31 December 2023 and has been shown in the non-current portion of other loans and borrowings. Interest expenses relating to the New Money Facility amounted to EUR 97.381 thousand in 2023. Due to the payment-in-kind (PIK), no interest payments occurred during the reporting period. On 24 April 2023, Adler Group increased its share capital by EUR 42 thousand from EUR 146 thousand to EUR 188 thousand by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Providers. The cash proceeds of the equity increase amounted to EUR 42 thousand. It is noted that LendingCo was founded by the New Money Providers as a restructuring vehicle representing a large number of individual New Money investors for the sole purpose of the restructuring plan. As such and based on the voting rights of the individual investors, the dispersion among them, voting rights notifications received, the LendingCo as well as the New Money Providers are not assumed to be a related party to the Company according to IAS 24.

Financial covenants related to other loans and borrowings

In regard to the New Money Facility Adler Group undertakes to maintain a loan-to-value ratio of 87.5% until 31 December 2025 and 85% thereafter. The first testing date will be 31 December 2024 (and is hence not applicable as per 31 December 2023).

Most of other loan agreements have also imposed requirements in the form of financial covenants. Loans secured by properties which constitute the bulk of a loan agreement usually include financial covenants at the level of the subsidiaries. Covenant levels vary by property. Most secured loans contain minimum/maximum debt service coverage ratios (DSCR), interest coverage ratios (ICR), loan-to-value (LTV) ratios and/or loan-to-mortgage-lending-value (LTMLV) ratios. Individual credit agreements require a minimum amount of maintenance work or rental income. Should the maintenance measures agreed in the loan agreement not be carried out, the Company must maintain a cash reserve of the same amount on restricted accounts. Failure to comply with such covenants entitles the lenders to impose various sanctions, which may also include terminating the respective facility. As at 31 December 2023, the Group is compliant with the covenants stipulated in the loan agreements.

Almost all loans are secured with the assets (investment properties and inventory properties, financial assets, trade and other receivables, cash and cash equivalents).

Note 21 – Derivatives

Derivative assets include an option to repurchase shares of non-controlling interests in the Group's property companies amounting to EUR 6,393 thousand (31 December 2022: EUR 8,053 thousand). The remainder of the derivatives (both with positive and with negative carrying amounts) relate to interest rate swaps and caps.

Note 22 – Provisions and other payables

Provisions and other payables are composed of the following:

In EUR thousand	31 Dec 2023	31 Dec 2022
Provisions for litigations	28,605	15,813
Contingent losses from development contracts	104,608	75,580
Provisions	**133,213**	**91,393**
Income tax payables	161,562	158,131
Accrued expenses	9,718	5,663
Deferred income	2,127	2,713
Value added tax	3,591	12,215
Miscellaneous other payables (non-financial)	24,934	20,452
Total other payables (non-financial)	**201,932**	**199,174**
Accrued interest	7,041	66,076
Tenants' deposits	21,323	18,939
Other payables due to associated companies	-	22,667
Liability to holders of non-controlling interest in subsidiaries	2,268	-
Purchase price liabilities	6,288	506
Miscellaneous other payables (financial)	-	18,283
Total other payables (financial)	**36,920**	**126,471**
Total other payables	**372,065**	**417,038**

Provisions

Provisions for litigations principally relate to legal claims resulting from contractual penalties and from compensation for other damages. The increase mainly relates to the additions during the reporting period.

Contingent losses from development contracts mainly relate to project developments with potential adverse margin expectations and rent guarantees given. The measurement is based on management's expectations on sales, revenues for those projects, the completion stage for individual projects and rental status. During the reporting period, after utilisation of an amount of EUR 24,476 thousand, the remaining amount of EUR 23,628 thousand has been released and presented in other income. An amount of EUR 77,132 thousand has been added to the provisions based on updated management's expectations. The balance of the provision for contingent losses from development contracts is short-term and hence does not include any interest component.

Other payables

Other payables due to associated companies – short-term interest-bearing loans – have been settled in the course of disposal of the at-equity investment.

Note 23 – Prepayments received

Whereas payments received for development projects accounted for according to IFRS are presented under contract assets and liabilities, the prepayments received for inventories is presented separately in the consolidated statement of financial position.

Note 24 – Taxes

A. The main tax laws imposed on the Group companies in their countries of residence

(1) Germany

- Corporation tax is levied at a uniform rate of 15%. In addition, a 5.5% solidarity surcharge is payable on this 15%. This results in a total tax burden of 15.825%. Corporations with their registered office or management in Germany are subject to unlimited corporation tax. However, corporations that are not resident in Germany for tax purposes with income that is related to Germany (domestic income) may also be subject to limited corporate income tax in Germany. Trade tax at the rate applicable in the municipality is also levied on the income of the companies, except for companies with no permanent establishment in Germany. The trade tax rate is a combination of a uniform tax rate of 3.5% (basic tax rate) and a municipal tax rate (Hebesatz) depending on where the establishments of the business are located. For example, the municipal tax rate in Berlin is 410%, resulting in an effective trade tax rate of 14.35%. Enterprises, which exclusively manage and use their "own real estate", may be eligible to deduct that part of the income which relates to the management and use of their own real estate from their tax base ("extended trade tax deduction") and thus practically be entirely or nearly entirely be exempted from trade tax in Germany.

- Capital gains on the sale of German real estate property are subject to limited corporate tax liability for both residents and non-resident companies. Trade tax is also applicable at the relevant rate, except for non-resident companies with no permanent establishment in Germany and (subject to further conditions) for property holding companies eligible to the extended trade tax deduction. For dividends to be exempt from trade tax.
- Dividends received from another company are 95% tax exempt when the investment in the other company amounts to at least 10% at the beginning of the calendar year or at least 10% of investment was purchased during the year. Capital gains realised by a company on the sale of shares in a corporation held long-term are also 95% tax exempt. (less 5% non-deductible operating expenses), there must be a shareholding of at least 15% in the distributing company at the beginning of the tax period.
- German real estate owned at the start of the calendar year is subject to annual property tax of between 3.5% and 6.5%, depending on the location and type of building (in Berlin up to less than 1% (small municipalities with a property tax collection rate of 0%) to approximately 10% depending on the location of the real estate (for example up to 8.1% in Berlin) on the specially assessed value of the property (dependent on the rental value and age of the property). The tax payable is a deductible expense for income tax purposes and is typically passed on to tenants.
- German Real Estate Transfer Tax ("RETT") is a transaction tax which can for example be triggered by acquisitions (share and asset deals), mergers, reorganisations, contributions, demergers, spin-offs, etc. involving German real estate owning companies. RETT due is calculated by multiplying the RETT basis with the applicable RETT rate. The RETT rate depends on the location of the real estate and ranges from currently between 3.5% and 6.5% depending on the Federal State. With effect as of 1 July 2021, the German legislator has further tightened the already complex RETT Act with respect to direct and indirect transfers of shares in corporations and of interests in partnerships owning real estate in Germany (or real estate equivalent rights such as hereditary building rights). Direct and indirect transfers of at least 90% (before 1 July 2021 the hurdle was 95%) over a period of 10 years are now taxable. Specific rules apply to partnerships and in case of transfers made on a recognised stock exchange.
- Limitation on the tax deductibility of interest expenses: the "interest barrier rule" allows the deduction of net interest expenses exceeding EUR 3 million p.a. only to the extent that total net interest expenses do not exceed 30% of EBITDA, unless the total net interest does not exceed EUR 3 million p.a. or other exemption criteria are met. The net interest expenses that are not deductible can be carried forward.
- Accumulated tax losses can be carried forward without time restriction and can be deducted from future profits and capital gains unless they exceed EUR 1 million. Losses carried forward that exceed EUR 1 million can only be deducted to the amount of 60% of the profits/capital gains that exceed EUR 1 million (minimum taxation). Those parts that cannot be deducted on the basis of the minimum taxation can be carried forward again and are subject to minimum taxation in the following years. For corporation tax there is also a loss carry back to the previous year (as of 2022: also carryback to the second year preceding the loss year) up to EUR 1 million (due to the Covid-19 pandemic, the possible loss carryback for the years 2020 to 2023 was temporarily increased to EUR 10 million). Loss forfeiture rules apply in case of a change of control.
- The tax rate used to calculate deferred tax assets and deferred tax liabilities as at 31 December 2021 and as at 31 December 2020 is 15.825% for the property holding companies which only hold real estate assets and 30.18% for the management companies that operate the real estate in Berlin, as these management companies are subject to corporate income tax of 15.825% and trade tax at the relevant rate.
- In 2018, a Group tax audit for the former ADO sub-group (scope of 37 companies) for the financial years 2013 until 2016 was commenced by the tax authorities. Even though the audit has not yet been finalised, it is expected to end soon.

(2) Luxembourg

- The Company is liable for Luxembourg corporation taxes. The aggregate maximum applicable rate, including corporate income tax, municipal business tax and a contribution to the employment fund, is 24.94% for the financial year ending 2021 for a company established in Luxembourg City.
- The Company is fully subject to the annual net wealth tax charge which amounts to 0.5% of the net asset value of the Company. Certain assets might be excluded from the net asset value for the purposes of the net wealth tax computation, provided that the provisions of paragraph 60 of the valuation law of 16 October 1934, as amended (BewG), are met.
- A 15% withholding tax is due in Luxembourg on dividends paid by the Company to its shareholders unless the domestic withholding tax exemption regime or a withholding tax reduction or exemption under a double tax treaty concluded by Luxembourg applies. Normal interest payments (i.e., not profit-linked interest) and liquidation proceeds are generally not subject to withholding tax, unless the EU Savings Directive applies. Should any withholding taxes be payable on amounts paid by the Company, the Company assumes responsibility for the withholding of Luxembourg taxes at the source.

(3) Ireland

- An Irish tax resident company is subject to corporation tax on its worldwide income (subject to any relevant exemptions) at either 12.5% or 25% depending on the activities undertaken by the Company. Any capital gains recognised by an Irish company (subject to any relevant exemptions) will also be subject to corporation tax. However, such gains are re-grossed for corporation tax purposes to ensure they are taxed at the capital gains tax rate of 33%.
- Dividends received by an Irish resident company from another Irish resident company are exempt from corporation tax. Dividends received from a foreign company in the hands of an Irish resident company are subject to corporation tax; however, a credit should be available for underlying corporate and withholding tax generally for foreign tax paid.
- In general, with respect to non-resident companies, interest and patent royalties, which are derived from Ireland, are subject to withholding tax in Ireland at the rate of 20%. However, there are a number of domestic exemptions from this withholding tax. In addition, there may be exemptions or reliefs available under a treaty or under the EU directives.

(4) Malta

- A Malta tax resident company is subject to corporation tax on its worldwide income (subject to any relevant exemptions) at 35%. Any capital gains recognised by a Maltese company (subject to any relevant exemptions) will also be subject to corporation tax.
- The corporation income tax rate of a Maltese company may be significantly reduced based on the Notional Interest Deduction (NID) provision, and subject to conditions, or based on the refund mechanism subject to the conditions under the domestic law in Malta.
- Malta does not impose any withholding tax on an outbound payment of dividends. Consequently, dividends distribution by a Maltese resident company to its shareholder should not be subject to withholding tax in Malta.
- Interest payments generated in Malta by non-residents should not be subject to withholding tax in Malta based on the domestic tax law.

(5) Pillar Two

- Pillar Two legislation was enacted in Luxembourg on 22 December 2023 and came into effect for Group financial years starting on or after 31 December 2023. The Group is currently analysing its status from a Pillar 2 perspective to determine if it is in scope or not of the OECD Pillar Two model rules. Subject to the outcome of this pending analysis, in case the Group would be in scope, since the Pillar Two legislation was not effective at the reporting date, the Group would not have related current tax exposure. The Group however applies the exception to recognising and disclosing information in its 2023 consolidated accounts about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.
- If in scope, under the legislation, the Group could be liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.
- The Group is in the process of assessing if in scope or not and in this case, its possible exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation cannot yet be reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, subject to pending analysis, there might still be Pillar Two tax implications. The Group is currently engaged with tax specialists to confirm the modalities of the application of the legislation, including the scoping exercise.

B. Income taxes

In EUR thousand	2023	2022
Current year	(1,833)	(80,480)
Adjustments for prior years	(17,039)	(19,825)
Deferred tax expense / income	174,996	232,629
Total	**156,124**	**132,324**

C. Recognised deferred tax assets and liabilities

Deferred taxes were recognised for all temporary differences that arise from the following:

	31 Dec 2023	31 Dec 2022
Deductable temporary differences and carryforwards		
Tax loss and interest carryforward	64,147	71,023
Inventories	23,496	14,698
Financial receivables	0	3,384
Bonds and convertible bonds	138	2,566
Derivatives	1	2
Other financial liabilities	2,497	3,526
Other liabilities	4,689	4,210
Other provisions	4,951	6,166
Other deductible temporary differences	449	-
Total deductable temporary differences	**100,368**	**105,575**
Taxable temporary differences		
Investment properties	(410,364)	(584,356)
Trading properties	(2,913)	(3,802)
Contract assets	(20,009)	(16,574)
Prepayments received	(9,133)	(6,259)
Financial assets	(1,449)	(402)
Non-financial receivables	(1,687)	(4,680)
Bonds and convertible bonds	4,379	1,721
Derivatives	(750)	(29)
Other financial liabilities	(89)	(11,263)
Right-of-Use assets	(1,802)	(2,417)
Other taxable temporary differences	(3,403)	(662)
Total taxable temporary differences	**(447,220)**	**(628,723)**
Offsetting (-)	100,230	103,008
Deferred tax assets (net)	138	2,566
Deferred tax liabilities (net)	(346,990)	(525,715)

In EUR thousand	2023	2022
Deferred tax liabilities as of 1 January	**(523,148)**	**(754,155)**
Deferred tax expense in income statement	174,997	232,629
Deferred tax due to first-time consolidation and deconsolidation	25,959	23,157
Transfer to disposal group held for sale (IFRS 5)	(12,219)	-
Deferred taxes recognised directly in equity due to costs of issuance equity	-	656
Other	(12,439)	(25,435)
Reported deferred tax liabilities (deferred tax assets offset) as at 31 December	**(346,850)**	**(523,148)**

Losses for tax purposes carried forward to future years, based on the Group's estimation.

Unused tax losses carried forward amounted to EUR 5,616,464 thousand at 31 December 2023 (31 December 2022: EUR 2,506,598 thousand). Tax losses can be carried forward indefinitely.

Deferred tax assets for tax losses carried forward are recognised to the extent that they can be offset against deferred tax liabilities from taxable temporary differences. The Group did not recognise deferred tax assets in respect of losses carried forward amounting to EUR 5,440,215 thousand as at 31 December 2023 (2022: EUR 2,034,663 thousand).

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

The development of the tax rate is attributable to the following factors:

	31 Dec 2023	31 Dec 2022
Profit before taxes	(1,965,958)	(1,807,171)
Group tax rate	24.940%	24.940%
Tax at group tax rate	**(490,310)**	**(450,708)**
Tax difference due to foreign tax rates	(11,001)	(41,167)
Effects from German trade tax	(4,484)	-
Non-deductible expenses	81,916	122,946
Effects from co-entrepreneurship	(232)	-
Effects from tax groups	102	-
Change in valuation allowances on deferred tax assets	113,048	52,775
Change in tax effects from tax loss carryforwards	310,955	36,044
Adjustments for current tax of prior periods	(418,068)	178,074
Adjustments for deferred tax of prior periods	272,694	-
Effects from deconsolidation	19,632	-
Effects from goodwill impairment	-	36,111
Effects from permanent differences	(16,194)	(38,639)
Other	(14,183)	(27,760)
Income tax expense	**(156,125)**	**(132,324)**
Taxation rate	7.94%	7.32%

Note 25 – Revenue

In EUR thousand	2023	2022
Net rental income	209,576	244,506
Income from charged costs of utilities	82,786	100,150
Income from facility services	22,294	24,698
Income from property development	27,832	115,481
Sale of trading properties (condominiums)	1,500	2,389
Income from real estate inventories disposed of	91,575	228,750
Revenue other	9,516	18,498
Total	**445,077**	**734,472**

Revenue from real estate inventories disposed of includes the sale of properties, buildings and projects that are not recognised over time.

In 2023 no new forward sales contracts were signed. Income from property development mainly resulted from construction progress.

A transaction price of EUR 14,473 thousand (prior year: EUR 13,924 thousand) was allocated to the remaining performance obligations that had not yet been satisfied (in full) at the end of the current reporting period. These amounts are expected to be recognised, affecting net income, with an amount of EUR 0 thousand attributable to 2024, an amount of EUR 14,473 thousand attributable to the years 2025 and thereafter.

Disaggregation of revenue

The following table presents the revenue streams and their allocation to the segments in addition to rental income which represents a major source of income in the Group:

	Segments					Total
2023	**Residential Property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	
Revenue from charged costs of utilities	45,418	-	56,761	-	(11,595)	90,584
Revenue from sale of trading properties (condominiums)	-	615	885	-	-	1,500
Revenue from property development contracts	-	-	-	27,832	-	27,832
Revenue from real estate inventories disposed of	-	-	-	91,575	-	91,575
Revenue other	27,172	-	-	9,516	(27,172)	9,516
Revenue from contracts with customers (IFRS 15)	**72,590**	**615**	**57,646**	**128,923**	**(38,767)**	**221,006**
thereof: products and services transferred at a point in time	-	615	885	119,407	(27,832)	93,075
thereof products and services transferred over time	72,590	-	56,761	9,516	(10,936)	127,931
Rental income (IFRS 16)	96,697	-	108,690	4,197	(8)	209,576
Revenue from ancillary costs (IFRS 16)(*)	7,645	-	6,851	-	-	14,496
Rental income (IFRS 16)	**104,342**	**-**	**115,541**	**4,197**	**(8)**	**224,072**
Revenues (IFRS 15/IFRS 16)	**176,932**	**615**	**173,187**	**133,120**	**(38,776)**	**445,077**

(*) Includes land tax and building insurance.

Revenues from charged costs of utilities and facility services subject to consolidation principally relate to energy and heat supply services distributed by Adler Energie Service GmbH. Other revenues subject to consolidation between segments are comprised of management fees charged between the management entities of the Group.

2022	Segments: Residential Property management	Segments: Privatisation	Segments: Adler RE	Segments: Consus	Segments: Consolidation	Total(*)
Revenue from charged costs of utilities	38,985	-	77,779	-	(9,326)	107,438
Revenue from sale of trading properties (condominiums)	-	1,994	395	-	-	2,389
Revenue from property development contracts	-	-	-	115,481	0	115,481
Revenue from real estate inventories disposed of	-	-	-	228,750	-	228,750
Revenue other	19,236	-	-	18,498	(19,236)	18,498
Revenue from contracts with customers (IFRS 15)	**58,221**	**1,994**	**78,174**	**362,729**	**(28,562)**	**472,556**
thereof: products and services transferred at a point in time	-	1,994	395	302,476	-	304,865
thereof products and services transferred over time	58,220	-	77,779	60,254	(28,562)	167,691
Rental income (IFRS 16)	102,004	171	133,247	9,084	(0)	244,506
Revenue from ancillary costs (IFRS 16)(*)	7,458	-	9,952	-	-	17,410
Rental income (IFRS 16)	**109,462**	**171**	**143,199**	**9,084**	**(0)**	**261,916**
Revenues (IFRS 15/IFRS 16)	**167,683**	**2,165**	**221,373**	**371,813**	**(28,562)**	**734,472**

(*) Includes land tax and building insurance.

Contract balances

Following table summarises the contract balances from revenue with customers under IFRS 15:

Contract balances	31 Dec 2023	31 Dec 2022
Contract assets arising from re-charge of utilities (presented in "trade receivables")	6,438	20,924
Receivables from sale of real estate properties (presented in "trade receivables")	7,019	16,000
Receivables from other sales including forward sales (presented in "trade receivables")	25,289	26,763
Contract assets from developments (presented net in "contract assets")	66,295	86,862
Total contract assets	**105,042**	**150,549**
Prepayments received from developments (presented net in "contract liabilities")	14,473	13,924
Contract liabilities arising from re-charge of utilities (presented net in "trade payables")	968	1,149
Total contract liabilities	**15,441**	**15,073**

Note 26 – Cost of operations

In EUR thousand	2023	2022
Salaries and other expenses	(20,661)	(21,698)
Cost of utilities recharged	(95,992)	(125,271)
Costs of property development	(169,446)	(258,110)
Cost of real estate inventories disposed of	(91,007)	(499,529)
Costs of sale of trading properties (condominiums)	(775)	(1,409)
Property operations and maintenance	(26,435)	(38,717)
Other costs of operations	(38,568)	(27,459)
Total	**(442,884)**	**(972,194)**

Cost of real estate inventories disposed of includes write-down of inventories in an amount of EUR 90,137 thousand (2022: EUR 366,425 thousand). Please refer to Note 14.

Note 27 – General and administrative expenses

In EUR thousand	2023	2022
Salaries and related expenses	(33,727)	(34,651)
Share-based payments	(1,007)	(695)
Directors fee	(1,451)	(1,095)
Rent	(2,866)	(2,797)
Professional services	(55,304)	(45,934)
Traveling	(1,717)	(2,053)
Office, communication and IT expenses	(15,662)	(17,461)
Advertising and marketing	(1,994)	(3,869)
Impairment loss on trade receivables	(10,793)	(7,646)
Depreciation	(3,827)	(13,267)
Depreciation of right-of-use assets	(5,318)	(5,661)
Non-deductible VAT	-	-
Other	(20,168)	(13,796)
Total	**(153,834)**	**(148,925)**

Expenses for professional services include expenses for legal, accounting, audit and consulting fees.

Other general and administrative expenses principally include expenses for local taxes, car and related costs, insurance expenses and representation cost.

As at 31 December 2023, the Group had 721 full-time employees (31 December 2022: 787). On an annual average 758 people (2022: 934) were employed.

Note 28 – Other expenses

Other expenses in an amount of EUR 69,122 thousand (2022: EUR 44,953 thousand) relate to one-off legal and consulting fees. The remainder mainly relates to penalties from contractual obligations (EUR 19,903 thousand, 2022: EUR 27,286 thousand), expenses for selling investment properties held for sale (EUR 19 thousand, 2022: EUR 5,416 thousand) and the impairment of goodwill in an amount of EUR 0 thousand (2022: EUR 91,400 thousand, please refer to Note 12). The result from deconsolidation of EUR 25,436 thousand (in 2022: EUR 3,085 thousand) was recognised as other expenses.

Note 29 – Other income

Other income includes EUR 21,894 thousand (2022: EUR 30,249 thousand) from the derecognition of liabilities, EUR 2,662 thousand (2022: EUR 16,029 thousand) from deconsolidation of other subsidiaries. The remainder mainly relates to income from prior periods in an amount of EUR 11,963 thousand (2022: EUR 16,531 thousand). In 2023 the Group recognised EUR 26,642 thousand other income from reversal of provisions (2022: EUR 0 thousand).

Note 30 – Net finance costs

In EUR thousand	2023	2022
Interest received	23,915	32,628
Change in fair value of derivative component of convertible bond	-	82
Change in fair value of other derivatives	19	29
Income from derecognition of financial instruments	6,691	38,227
Change in fair value of other financial assets - profit	-	1
Net foreign exchange gain	11,144	9,901
Other finance income	2,463	14,850
Total finance income	**44,232**	**95,718**
Interest on bonds	(139,766)	(123,741)
Change in fair value of other derivatives	(10,001)	(206)
Change in fair value of investments in financial assets and other financial assets	-	(247)
Impairment of financial instruments	(28,352)	(426,985)
Interest on other loans and borrowings	(153,421)	(39,047)
One-off refinance costs	(9,804)	(15,140)
Loss on modification of corporate bonds	(195,313)	-
Other finance expenses	(4,433)	(25,682)
Total finance costs	**(541,090)**	**(631,048)**
Total net finance costs	**(496,858)**	**(535,330)**

The net foreign exchange gain relates to revaluation effects of bonds and convertible bonds denoted in NIS.

The Company ceased to capitalise interest costs in investment properties and inventories under construction beginning 1 January 2023 (in 2022, the total interest capitalised amounted to EUR 0 thousand 2022 EUR 62,127 thousand).

Finance expenses includes modification losses of EUR 195,313 thousand due to the debt restructuring of the bonds held by AGPS BondCo plc...

Prior year the written call option granted by Adler to LEG Immobilien SE to tender its remaining shares in BCP has been derecognised through finance income (EUR 38,227 thousand).

Note 31 – Leases

A. Leases in which the Group is the lessee

Lease obligations not resulting from leaseholds are discounted using the incremental borrowing rate. Discount rates of between 1.92% and 6.70% were applied in the reporting year and between 1.92% and 5.04% in the prior year.

The following table shows the right-of-use assets that do not meet the definition of investment property.

In EUR thousand	Property	Vehicles	Hardware/ Contracting	Total
Balance as at 1 January 2023	**10,477**	**1,757**	**-**	**12,234**
Additions to right-of-use assets (+)	25,382	475	-	25,857
Depreciation charge for the year (-)	(4,438)	(1,194)	-	(5,632)
Impairment (-)	(11)	(155)	-	(166)
Balance as at 31 December 2023	**31,410**	**883**	**-**	**32,293**

In EUR thousand	Property	Vehicles	Hardware/ Contracting	Total
Balance as at 1 January 2022	**11,587**	**2,658**	**519**	**14,764**
Additions to right-of-use assets (+)	4,323	1,036	-	5,359
Depreciation charge for the year (-)	(5,041)	(1,705)	(62)	(6,808)
Impairment (-)	(392)	(232)	(457)	(1,081)
Balance as at 31 December 2022	**10,477**	**1,757**	**-**	**12,234**

The following table shows the amounts recognised in interest expenses and general and administrative expenses in connection with leases (including leaseholds):

In EUR thousand	2023	2022
Interest expenses for lease liabilities	1,007	540

The lease payments over the lease term (including lease holds) break down as follows by maturity:

In EUR thousand	31 Dec 2023	31 Dec 2022
Up to 1 year	3,157	3,230
1 to 5 years	9,517	3,296
More than 5 years	20,949	16,230

B. Leases in which the Group is the lessor

Adler leases its investment property. A lessor classifies these leases as operating leases as the lessee does not receive substantially all of the risks and rewards incidental to ownership.

The claims to lease payments from long-term operating leases generally result from the letting of commercial properties. For the residential properties, leases are generally subject to the three-month statutory term of notice. There are no further claims to lease payments. The lease payments shown in the following tables include the net rental income only.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Up to 1 year	50,492	42,536
1 to 3 years	11,563	19,356
More than 3 years	2,895	16,167

Note 32 – Financial instruments

The Group has exposure to the following risks arising from its use of financial instruments:

- **Credit risk**
- **Market risk**
- **Liquidity risk**

A. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from financial assets, trade and other receivables.

Exposure to credit risk

The carrying amounts of financial assets and contract assets represent the maximum exposure to credit risk. The following table presents the carrying amounts for each class of financial instruments as at the balance sheet date.

In EUR thousand	Category in accordance with IFRS 9	31 Dec 2023	31 Dec 2022
Investments in financial instruments	aafvPL	17,395	19,234
Other financial assets - investments in debt securities	aafOCI	-	12,723
Other financial assets - loans and borrowings	aac	111,920	156,238
Other receivables - miscellaneous other receivables	aac	73,682	70,993
Trade receivables - receivables against tenants	aac	25,471	35,928
Trade receivables - other trade receivables	aac	53,802	59,744
Restricted bank deposits	aac	66,942	77,885
Cash and cash equivalents	aac	377,419	386,985
Total financial assets		**726,631**	**819,730**

Restricted bank deposits, cash and cash equivalents

Deposits with banks and other financial institutions are made exclusively at well-known financial institutions with very high credit ratings. The ratings are monitored and assessed by the Group on a regular basis. In the event of substantial deterioration in the credit rating, the Group takes efforts to ensure that its exposures are no longer entered into with the respective counterparty. The credit risk resulting from restricted bank deposits, cash and cash equivalents is not material to the Group. The Group did not recognise any material credit loss with regard to deposits with banks and other financial institutions on those financial instruments.

Debt securities

The Group limits its exposure to credit risk by investing only in liquid products and only with counterparties with an appropriate credit rating. The Group monitors changes in credit risk by tracking published external credit ratings and other information available with regard to the credit worthiness of a counterparty. The credit risk resulting from debt securities is not material to the Group. Credit losses are recorded at the amount of the 12-month expected credit loss.

Loans and borrowings, other receivables and other trade receivables

The credit risk from loans and borrowings, other receivables and other trade receivables is managed before and throughout the contract term and monitored closely at Group level. There are trading rules to ensure that transactions are only made with business partners if they have shown adequate payment behaviour in the past. Care is taken to ensure that all counterparties with relevance for the Group have at least a satisfactory credit rating. Credit risk is reduced by requiring the borrowers to provide securities, bank guarantees or other similar credit enhancements.

The following table presents a breakdown of loans and borrowings, other receivables and other trade receivables by category as at the balance sheet date. It indicates whether those assets were subject to a 12-month expected credit loss or lifetime expected credit loss allowance and, in the latter case, whether they were credit-impaired.

			31 Dec 2023
In EUR thousand	**Expected 12-month credit loss (Stage 1)**	**Lifetime expected credit loss - not credit-impaired (Stage 2)**	**Lifetime expected credit loss - credit-impaired (Stage 3)**
Loans and borrowings			
Loans to holder of non-controlling interest in subsidiaries	-	103,725	15,007
Miscellaneous other borrowings	2,493	-	-
Other receivables			**-**
Receivables from portfolio sales to associates	-	-	46,468
Receivables from portfolio sales to third parties	6,866	-	63,302
Receivables against holders of non-controlling interest in subsidiaries	28,550	10,473	5,974
Miscellaneous other receivables	15,946	2	62,505
Trade receivables			**-**
Receivables against tenants	-	44,133	-
Other trade receivables	15,116	22,652	275,584
Gross carrying amount	**68,972**	**180,985**	**468,841**
Accumulated impairment losses	-	(41,561)	(415,521)
Net carrying amount	**68,972**	**139,424**	**53,320**

In EUR thousand	31 Dec 2022 Expected 12-month credit loss (Stage 1)	Lifetime expected credit loss - not credit-impaired (Stage 2)	Lifetime expected credit loss - credit-impaired (Stage 3)
Loans and borrowings			
Loans to holder of non-controlling interest in subsidiaries	153,750	-	11,331
Other receivables			
Receivables from portfolio sales to associates	-	17,628	28,204
Receivables from portfolio sales to third parties	14,775	-	60,792
Receivables against holders of non-controlling interest in subsidiaries	10,050	-	5,974
Miscellaneous other receivables	1,057	-	63,270
Trade receivables			
Other trade receivables	103,616	-	239,177
Gross carrying amount	**283,248**	**17,628**	**408,748**
Accumulated impairment losses	(61,444)	(17,628)	(377,098)
Net carrying amount	**221,804**	**-**	**31,650**

Expected credit losses regarding loans to non-controlling shareholders of subsidiaries are considered as relatively low as those are generally secured by liens on the shares held by these shareholders. However, the Group had to record allowances against some of these receivables as the carrying amount was no longer covered by the fair value of the underlying shares.

Other receivables

The credit risk from portfolio-sales is managed before and throughout the contract term and monitored closely at Group level. Care is taken to ensure that all counterparties with relevance for the Group have at least a satisfactory credit rating. Receivables from portfolio sales are typically collateralised by share liens and exploitation rights. The credit risk management process for receivables from portfolio sales to associates does not differ from the process applied to third parties.

Receivables from portfolio sales to associates include receivables before impairment against AB Immobilien B.V. at an amount of EUR 14,928 thousand (31 December 2022: 17,628) and against Caesar JV Immobilienmanagement und Verwaltungs GmbH at an amount of EUR 31,540 thousand (31 December 2022: TEUR 28,975 thousand).

In 2022 the Group received a final payment of EUR 9,072 thousand from AB Immobilien B.V. the remainder of both receivables has been impaired to nil.

Including interest and default interest, Caesar JV Immobilienbesitz und Verwaltungs GmbH owes to the Group an amount of EUR 31,540 thousand (31 December 2022: EUR 28.975 thousand). In 2023 the Group earned interest income at an amount of EUR 2,565 thousand (2022: EUR 908 thousand). Due to a significant deterioration of the creditworthiness of the debtor, the Group revised its assessment of the credit risk inherent in those receivables and recorded an impairment loss of EUR 8,769 thousand (2022: EUR 22,805 thousand).

Receivables from portfolio sales to third parties include receivables from the sale of the majority shareholding in ACCENTRO Real Estate AG in 2017. The outstanding amount against the acquirer of the shares (including interest and default interest) is EUR 63,302 thousand (31 December 2022: EUR 60,512 thousand). In 2023 the Group earned interest income at an amount of EUR 2,790 thousand (2022: EUR 3,920 thousand). Due to a significant deterioration of the creditworthiness of the debtor, the Group revised its assessment of the credit risk inherent in those receivables and recorded an impairment loss of EUR 2,790 thousand (2022: EUR 60,512 thousand).

The Group had to record allowances on receivables against the holders of non-controlling interest in subsidiaries as the carrying amount was no longer covered by the fair value of the underlying shares.

Trade receivables

Other trade receivables include receivables from the sale of real estate held for trading, forward sales and project related services. The credit risk inherent in these receivables is closely monitored by the Group's Senior Management. Care is taken to ensure that all counterparties with relevance for the Group have at least a satisfactory credit rating. Receivables are typically collateralised and subject to legal actions in cases of non-performance by the debtor.

The credit risk from trade receivables against tenants is managed and reduced through credit checks prior and throughout the lease term as well as through risk mitigating contractual terms such es security deposits, direct debit authorisations and advance payments. Due to the Group’s heterogenous tenant base, both in terms of geographical location as well as in terms of the size of individual tenant contracts, the concentration of risk is limited.

The Group uses the simplified approach to estimate the lifetime expected credit loss of trade receivables against tenants. The approach relies on a provision matrix that is based on the ageing of the underlying receivables.

The table below shows the gross amount, the provisions for expected credit losses and the net carrying amount for each aging bucket. The Group regards trade receivables against tenants that are more than 30 days overdue as credit impaired.

			31 Dec 2023
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Net carrying amount**
Not past due	6,456	-	6,456
0-30 days past due	2,101	(283)	1,818
31-180 days past due	5,266	(2,346)	2,920
More than 180 days past due	30,310	(16,033)	14,277
Total	**44,133**	**(18,662)**	**25,471**

			31 Dec 2022
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Net carrying amount**
Not past due	21,565	(551)	21,014
0-30 days past due	5,833	(207)	5,626
31-180 days past due	5,995	(3,063)	2,932
More than 180 days past due	29,657	(23,301)	6,356
Total	**63,050**	**(27,122)**	**35,928**

Impairment losses on receivables from tenants have changed as follows:

In EUR thousand	2023	2022
Balance as at 1 January	**(27,122)**	**(23,562)**
Additions to the scope of consolidation	-	-
Removals from the scope of consolidation	71	-
Additions	(7,162)	(6,966)
Reversals	7,812	5,458
Write-offs	928	(2,052)
Balance as at 31 December	**(25,473)**	**(27,122)**

The following impairment losses have been recognised for each class of financial instruments in the reporting period:

In EUR thousand **Impairment loss of current period for:**	2023	2022
Loans and borrowings		
Loans to holders of non-controlling interest in subsidiaries	-	10,283
Miscellaneous other borrowings	-	185
Other receivables		
Receivables from portfolio sales to associates	8,769	27,769
Receivables from portfolio sales to third parties	2,790	60,512
Receivables against holders of non-controlling interest in subsidiaries	15,989	5,689
Miscellaneous other receivables	-	43,618
Trade receivables		
Receivables against tenants	5,719	7,646
Other trade receivables	-	278,929
Total	**33,267**	**434,631**

B. Market risk

The Group is exposed to the risk of changes in market interest rates as a result of floating rate debt. Loans obtained at variable interest rates expose the Group to cash flow interest rate risk, which could have adverse effects on the Group's profit or loss or financial position. With respect to fixed rate loans, a change in market interest rates does not have impact on Group's profit or loss or financial position as they are mainly measured at amortised cost. However, a change in market interest rates may cause variations in fair value of the respective loans.

As of 31 December 2023 the nominal amount of variable interest-bearing liabilities which are exposed to interest rate risk amount to EUR 407 million (prior year: EUR 267 million).

On the basis of the valuation as at 31 December 2023, the Group performed a sensitivity analysis to determine the change in interest income and expenses given a parallel shift in the EUR yield curve by +/– 50 basis points:

Variable rate instruments	**2023**	**2022**
Change in interest basis points	-/+50	-/+50
Effect on the profit before tax (in EUR thousand)	(2,034)	(1,551)

In preparation of the analysis, the Group identified all financial instruments with variable interest rates (principally loan agreements). Where applicable, interest rate floors embedded in those financial instruments have been taken into account. All other variables have been held constant. A negative change in the interest rate at the same amount would have a similar impact on the profit and loss, but in the opposite direction.

In addition, in the course of the acquisition of Adler RE, the Group took over bonds which were issued in New Israeli Shekels (NIS) and linked to the Consumer Price Index (CPI) for Israel. The bonds of the BCP sub-group were reclassified to liabilities held for sale since 2021. Had the exchange rate (EUR/NIS) as at the reporting date been 5% higher/lower, the carrying amount of the bonds would have changed by EUR 4,396 thousand (31 December 2022: EUR 7,486 thousand) or EUR -4,396 thousand (31 December 2022: EUR -7,486 thousand). If the CPI had increased/decreased by 3%, the carrying amount of the bonds would have changed by EUR -2,638 thousand (31 December 2022: -4,491 thousand) or EUR 2,638 thousand (31 December 2022: EUR 4,491 thousand).

C. Liquidity risk

The Company's operational earnings power is generally sufficient to cover ongoing expenses, including the interest incurred. However, it is not sufficient to repay outstanding bonds or other debt financing.

In order to limit liquidity risk, the Group continuously monitors all financing options available on the capital and banking markets and uses these options in a targeted manner. Moreover, the Group subjects its existing financings to an early review prior to the respective final maturity date in order to ensure refinancing.

In 2022, the Group was faced with a critical liquidity position and upcoming debt maturities for example with Adler RE's outstanding EUR 500,000 thousand 1.875% senior unsecured notes due 27 April 2023. If (e.g.) Adler RE failed to meet the upcoming maturity, creditors under those bonds and under certain other financing arrangements would have been entitled by cross-default provisions to terminate and declare the relevant debts immediately due and payable. Due to the above risk, the Group proposed a Restructuring Plan aimed to facilitate a successful implementation of amendments to the Group's senior unsecured notes and to complete a wider financial Restructuring of the Group. In doing so, the Restructuring Plan would help improve the Group's liquidity position, avoid imminent defaults under the bonds and reduce the risk of termination and acceleration of the Group's debt obligations, and avoid the commencement of bankruptcy or insolvency proceedings of the Company or any other Group company.

On 12 April 2023, the Restructuring Plan was sanctioned by the High Court of Justice of England and Wales. Pursuant to that plan, the senior unsecured notes were amended with effect from 17 April 2023. The Restructuring Plan and related amendments provided the liquidity needed to manage the Group's near-term debt maturities, stabilise its business operations, and avoid the need for material Group members to file for insolvency and sell assets at a deep discount in the current challenging market conditions. The Group received a funding of up to EUR 937 million due 30 June 2025 in accordance with the Restructuring Plan.

While the Group has achieved operational successes and realised asset disposals since April 2023, it faces persistent challenges due to market weakness in the German real estate sector. Inflationary pressures, elevated borrowing costs, and greater asset devaluations than expected have shaken investor confidence and curtailed transaction volumes. The initial restructuring plan, predicated on asset sales for debt repayment, has been reassessed in light of the strained ability to dispose of assets at favourable prices under these market conditions. In response, Adler Group is proactively revising its restructuring framework. Management has entered into constructive discussions with its creditors to facilitate negotiations about the refined restructuring plan. Based on progress thus far and considering alternative options available, management takes the view that a solution can be implemented until end of 2024. Nevertheless, despite proactive measures, the liquidity risk remains high and depends on the Group's capability to raise capital.

Under the conditions of existing loan agreements and bonds, the Group is obliged to fulfil certain financial covenants. If financial covenants are violated, the lenders could call in the loan. The fulfilment of these covenants is continually monitored as part of risk management. Some of the financial covenants limit the ability of the subsidiaries to incur new debt and refinance upcoming maturities.

The following table shows the forecast for undiscounted cash flows of non-derivative financial liabilities and derivative financial instruments prevalent as per 31 December 2023:

In EUR thousand	Carrying amount	Contractual cash flows	2024	2025	2026	Due after 3 years
Corporate bonds	3,791,353	4,168,292	12,480	1,347,999	1,442,563	1,365,250
Other loans and borrowings	2,259,273	2,606,860	326,252	1,642,516	290,264	347,828
Other financial liabilities	165,882	166,045	3,435	152,047	-	10,563
Trade payables	65,167	65,167	65,167	-	-	-
Tenants' deposits	21,322	21,322	21,322	-	-	-
Other payables	15,597	15,597	15,597	-	-	-
Derivatives (stand-alone)	323	323	323	-	-	-
Total	**6,318,917**	**7,043,605**	**444,576**	**3,142,562**	**1,732,826**	**1,723,641**

In EUR thousand	Carrying amount	Contractual cash flows	2023	2024	2025	Due after 3 years
Corporate bonds	4,234,046	4,687,876	597,125	787,750	475,375	2,827,626
Convertible bonds	100,503	167,064	167,064	-	-	-
Other loans and borrowings	1,645,817	1,717,039	335,563	272,875	404,375	704,226
Other financial liabilities	16,029	16,029	15,092	937	-	-
Trade payables	78,242	78,785	78,785	-	-	-
Tenants' deposits	18,939	18,939	18,939	-	-	-
Other payables	107,532	107,534	107,534	-	-	-
Derivatives (stand-alone)	806	806	-	806	-	-
Total	**6,201,913**	**6,794,072**	**1,320,102**	**1,062,368**	**879,750**	**3,531,852**

The undiscounted cash flows expected from lease liabilities are outlined in the Note 31 Leases.

D. Fair value

The following table shows an overview on different classes of financial instruments, their carrying amount, measurement basis, fair value and fair value hierarchy level:

								31 Dec 2023
In EUR thousand	**Category**	**Carrying amount**	**Amortised cost**	**Fair value through PL**	**Fair value through OCI**	**Carrying amounts acc. to IFRS 16 / IAS 28**	**Fair Value**	**Fair value hie-rarchy level**
Assets								
Investments in financial instruments								
Investments in equity instruments	aafvPL	17,121	-	17,121	-	-	17,121	Level 3
Other investments in financial instruments	aafvPL	275	-	275	-	-	275	Level 3
Investments accounted under the equity method	n/a	1,534	-	-	-	1,534	-	n/a
Other financial assets								
Loans to holders of non-controlling interest in subsidiaries	aac	99,435	99,435	-	-	-	99,435	1)
Miscellaneous other financial assets	aac	2,838	2,838	-	-	-	2,838	Level 1
Derivatives	aafvPL	8,219	-	8,219	-	-	8,219	Level 3
Restricted bank deposits (non-current)	aac	32,657	32,657	-	-	-	32,657	1)
Trade receivables	aac	79,273	79,273	-	-	-	79,273	1)
Other receivables (financial)								
Receivables from portfolio sales	aac	6,866	6,866	-	-	-	6,866	Level 3
Receivables against holders of non-controlling interest in subsidiaries	aac	32,683	32,683	-	-	-	32,683	Level 3
Miscellaneous other receivables (financial)	aac	7,577	7,577	-	-	-	7,577	Level 3
Cash and cash equivalents	aac	377,419	377,419	-	-	-	377,419	1)
Total financial assets		**665,896**	**638,747**	**25,615**	**-**	**1,534**	**678,805**	

Liabilities		**-**	**-**	**-**	**-**	**-**	**-**	
Corporate bonds	flac	3,791,353	3,791,353	-	-	-	1,643,852	Level 1
Convertible bonds	flac	-	-	-	-	-	-	Level 2
Other loans and borrowings	flac	2,259,273	2,259,273	-	-	-	2,477,000	Level 3
Other financial liabilities		-	-	-	-	-	-	
Other financial liabilities at cost	flac	165,882	165,882	-	-	-	165,882	1)
Derivatives	lafv	323	-	323	-	-	323	Level 3
Trade payables	flac	65,167	65,167	-	-	-	65,167	1)
Lease liabilities	n/a	33,091	-	-	-	33,091	-	n/a
Other payables (financial)		-	-	-	-	-	-	
Miscellaneous other payables (financial)	flac	32,241	32,241	-	-	-	32,241	Level 3
Total financial liabilities		**6,347,330**	**6,313,916**	**323**	**-**	**33,091**	**4,337,762**	

1) The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, restricted and other bank deposits and trade and other financial payables are considered to be the same or proximate to their fair value due to their short-term nature.

Further information on the financial assets and liabilities measured at fair value through profit or loss are included in the respective notes: Note 21 Derivatives, Note 16 Other receivables, and Note 10 Other financial assets.

In EUR thousand	Category	Carrying amount	Amortised cost	Fair value through PL	Fair value through OCI	Carrying amounts acc. to IFRS 16 / IAS 28	Fair Value	31 Dec 2022 Fair value hie-rarchy level
Assets								
Investments in financial instruments								
Investments in equity instruments	aafvPL	19,234	-	19,234	-	-	19,234	Level 3
Investments accounted under the equity method	n/a	25,530	-	-	-	25,530	-	n/a
Other financial assets								
Investments in debt securities	aafvOCI	12,723	-	-	12,723	-	12,723	Level 1
Miscellaneous other financial assets	aac	156,238	156,238	-	-	-	156,238	Level 1
Derivatives	aafvPL	8,053	-	8,053	-	-	8,053	Level 3
Restricted bank deposits (non-current)	aac	77,885	77,885	-	-	-	77,885	1)
Trade receivables	aac	95,672	95,672	-	-	-	95,672	1)
Other receivables (financial)								
Miscellaneous other receivables (financial)	aac	70,777	70,777	-	-	-	70,777	Level 1
Short-term financial investments	aafvPL	216	-	216	-	-	216	1)
Cash and cash equivalents	aac	386,985	386,985	-	-	-	386,985	1)
Total financial assets		**853,313**	**787,557**	**27,503**	**12,723**	**25,530**	**827,783**	
Liabilities		**-**	**-**	**-**		**-**	**-**	
Corporate bonds	flac	4,234,046	4,234,046	-		-	2,270,099	Level 1
Convertible bonds	flac	100,503	100,503	-		-	83,588	Level 2
Other loans and borrowings	flac	1,645,818	1,645,818	-		-	1,488,415	Level 3
Other financial liabilities		-	-	-		-	-	
Other financial liabilities at cost	flac	16,029	16,029	-		-	16,029	1)
Derivatives	lafv	806	-	806		-	806	Level 3
Trade payables	flac	78,242	78,242	-		-	78,242	1)
Lease liabilities	n/a	14,152	-	-		14,152	-	n/a
Other payables (financial)		-	-	-		-	-	
Miscellaneous other payables (financial)	flac	126,471	126,471	-		-	126,471	1)
Total financial liabilities		**6,216,067**	**6,201,109**	**806**	**-**	**14,152**	**4,063,651**	

1) The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, restricted and other bank deposits and trade and other payables are considered to be the same or proximate to their fair value due to their short-term nature.

Fair value for liabilities is estimated by discounting future cash flows by the market interest rate of the similar instruments on the date of measurement. In respect of the liability component of convertible bonds, the market rate of interest is determined by bid and ask quotes in the market. The fair value of the bonds is derived from quoted prices in active markets.

E. Capital management

The Company's management aims to maximise a long-term increase in value for the investors, taking into account financial risks by maintaining a degree of financial flexibility in order to be able to pursue the Group's growth and portfolio optimisation.

The key figure for capital management is the loan-to-value ratio, which is the ratio of net financial liabilities compared to the value of the investment and trading properties. The Company aims to achieve a long-term loan-to-value ratio of below 50% (please refer to the Management Report section). The initiated disposals are expected to contribute significantly to the achievement of this target in 2023.

F. Movement in liabilities deriving from financing activities

In EUR thousand	Corporate bonds	Convertible bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 Jan 2023	**4,234,046**	**100,503**	**1,645,818**	**16,029**	**5,996,396**
Changes from financing cash flows	**-**	**-**	**-**	**-**	**-**
Cash inflow from raising debt	196,464	-	869,264	181,832	1,247,560
Cash outflow from repayment of debt	(868,055)	(102,399)	(292,933)	-	(1,263,387)
Cash outflow from payment of transaction cost	-	-	(32,947)	-	(32,947)
Cash outflow from payment of interest	(57,774)	(2,024)	(57,580)	(2,241)	(119,619)
Total changes from financing cash flows	**(729,365)**	**(104,423)**	**485,804**	**179,591**	**(168,393)**
Interest expense	86,025	4,112	272,972	2,241	365,350
Gains or losses from changes in foreign exchange rates	-	-	-	-	-
Gains or losses from the modification of debt	185,144	-	-	-	185,144
Transfer of debt to liabilities held for sale as part of a disposal group	-	-	-	-	-
Changes in the scope of consolidated entities	-	-	(145,320)	-	(145,320)
Other changes	15,503	(192)	-	(31,979)	(16,668)
Balance as at 31 Dec 2023	**3,791,353**	**-**	**2,259,273**	**165,882**	**6,216,508**

In EUR thousand	Corporate bonds	Convertible bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 Jan 2022	**4,610,352**	**216,941**	**2,176,136**	**27,168**	**7,030,597**
Changes from financing cash flows					
Cash inflow from raising debt	162,518	-	74,809	-	237,327
Cash outflow from repayment of debt	(462,660)	(118,696)	(724,934)	-	(1,306,290)
Cash outflow from payment of transaction cost	-	-	-	-	-
Cash outflow from payment of interest	(38,338)	-	(16,507)	-	(54,845)
Total changes from financing cash flows	**(338,480)**	**(118,696)**	**(666,632)**	**-**	**(1,123,808)**
Gains or losses from changes in foreign exchange rates	7,901	-	-	-	7,901
Gains or losses from the modification of debt	-	-	-	-	-
Transfer of debt to liabilities held for sale as part of a disposal group	(91,703)	-	289,428	-	197,725
Changes in the scope of consolidated entities	-	-	-	2,735	2,735
Other changes	45,976	2,258	(153,115)	(13,876)	(118,757)
Balance as at 31 Dec 2022	**4,234,046**	**100,503**	**1,645,818**	**16,029**	**5,996,396**

Other changes principally relate to deferred interest and amortisation of transaction costs.

G. Net result from financial instruments by the measurement classifications in IFRS 9

The net result from financial instruments broken down into individual measurement categories is presented in the table below. Interest income and interest expenses from financial instruments represent a component of the net result. The gains and losses are due to impairments and reversals from the fair value measurement.

					Net result 2023
In EUR thousand	**IFRS 9 category**	**Interest**	**Gains / Losses**	**OCI**	**Total**
Financial assets measured at amortised cost	aac	20,644	(28,352)	-	(7,708)
Financial assets measured at fair value through profit or loss	aafv	-	(10,001)	-	(10,001)
Financial assets measured at fair value through other comprehensive income	aafvOCI	3,269	(2,619)	(4,293)	(3,643)
Financial liabilities measured at amortised cost	flac	(293,187)	(188,622)	-	(481,809)
Total		**(269,274)**	**(229,595)**	**(4,293)**	**(503,161)**

					Net result 2022
In EUR thousand	IFRS 9 category	Interest	Gains / Losses	OCI	Total
Investments in equity instruments measured at fair value through other comprehensive income	aafvOCI	-	(16)	-	(16)
Financial assets measured at amortised cost	aac	30,439	(434,631)	-	(404,192)
Financial assets measured at fair value through profit or loss	aafv	1,360	(246)	-	1,114
Financial assets measured at fair value through other comprehensive income	aafvOCI	829	-	(10,235)	(9,406)
Financial liabilities measured at amortised cost	flac	(180,983)	2,680	-	(178,303)
Financial liabilities measured at fair value through profit or loss	lafv	-	38,132	-	38,132
Total		**(148,355)**	**(394,081)**	**(10,235)**	**(552,671)**

H. Derivative financial instruments

Interest rate hedging instruments

Interest rate hedging instruments such as swaps are used at the Group to hedge interest rate risks for floating-rate loan agreements in particular. The fair values and nominal values of the interest hedge contracts broken down by maturity are presented below:

In EUR thousand	31 Dec 2023		31 Dec 2022	
	Fair value	Nominal	Fair value	Nominal
Up to 1 year	493	167,792	-	-
Due between 1 and 5 years	436	43,679	(800)	30,000
Due between 5 and 10 years	-	-	-	-
Due in more than 10 years	-	-	-	-
As at 31 December	**929**	**211,471**	**(800)**	**30,000**

Note 33 – Related parties

A. Related companies

Transactions with related companies

In 2022 the shares held by Aggregate Holdings Invest S.A. were transferred to Vonovia SE. Since the date of the transfer, Aggregate Holdings Invest S.A. is no longer assumed to be a related party of the Group. There were no business relationships with Vonovia SE. As a result of the capital increase conducted in April 2023, the ownership of Vonovia fell below 20% and Vonovia is thus no longer assumed to be a related party of the Group.

The following amounts with related parties are included in the consolidated statement of financial position:

In EUR thousand	Trade receivables	Other receivables and financial assets	Other financial assets	Other payables
Associated companies and joint ventures	3	46,736	2,072	(70)
Other related parties	57	8,043	1,021	(167)
Total nominal value	**60**	**54,779**	**3,093**	**(237)**
Accumulated impairment losses	-	(46,468)	(2,069)	-
Carrying amount	**60**	**8,311**	**1,024**	**(237)**

In EUR thousand	Trade receivables	Other receivables and financial assets	Other financial assets	Other payables
Aggregate (subsidiaries of the parent)	53	330	24,298	-
Associated companies and joint ventures	3,712	14,694	3	(22,524)
Other related parties	8	8,369	993	(152)
Total nominal value	**3,773**	**23,393**	**25,294**	**(22,676)**
Accumulated impairment losses	-	-	(11,574)	-
Carrying amount	**3,773**	**23,393**	**13,720**	**(22,676)**

The following amounts with related parties are included in the consolidated statement of profit or loss:

2023

In EUR thousand	Rental income	Income from services rendered	Expense from services received	Interest income	Impair-ment	Other income/(ex-pense)
Associated companies and joint ventures	-	-	5	2,680	(8,769)	979
Other related parties	-	17	670	9	(143)	-
Total	**-**	**17**	**675**	**2,689**	**(8,912)**	**979**

2022

In EUR thousand	Rental income	Income from services rendered	Expense from services received	Interest income	Interest expense	Other income/(ex-pense)
Aggregate (subsidiaries of the parent)	372	-	-	2,348	-	-
Harel Insurance Company Ltd. (joint venture partner)	-	-	-	-	(527)	-
Associated companies and joint ventures	-	-	-	1,718	(208)	65
Other related parties	220	73	(57)	-	-	-
Total	**592**	**73**	**(57)**	**4,066**	**(735)**	**65**

B. Transactions with key management personnel

Within the Group, the individuals in key positions pursuant to IAS 24 include the Senior Management and the Board of Directors of Adler Group S.A.

Compensation and benefits to key management personnel employed by the Group are broken down as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Short-term employee benefits	3,769	2,469
Share-based payments	450	695
Termination fees	-	1,611
Total	**4,219**	**4,775**

The Board of Directors and members of their immediate families do not personally have any business relationship with the Group other than in their capacity as members of the Board of Directors.

C. Emoluments granted to the members of the management and supervisory bodies

The emoluments granted to the members of the supervisory bodies in that capacity for the financial year are broken down as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Directors fee granted to the members of the Board of Directors	1,032	1,095
Total	**1,032**	**1,095**

The emoluments granted to the members of the Senior Management (CEO, CLO, CFO, CRO in 2023; Co-CEOs, CEO, CFO, CLO, CDO in 2022) are broken down as follows:

In EUR thousand	31 Dec 2023	31 Dec 2022
Fixed salary	2,270	1,561
Short-term cash incentive	1,624	385
Long-term incentive to be paid in shares or cash	-	695
Other bonus(*)	-	-
Consulting fees	196	442
Other benefits	129	81
Termination fees	-	1,611
Total	**4,219**	**4,775**

(*) Related to 2020 before appointment to the Senior Management.

Note 34 – Auditors' fees

Fees expensed by the Company and its subsidiaries for services provided by AVEGA Revision S.à.r.l., Morison Köln AG, Domus Steuerberatungs-AG Wirtschaftsprüfungsgesellschaft and Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft solely relate to audit services. The amount disclosed for the prior year end has been provided at a point in time when the Group was still searching for auditors.

In EUR thousand	31 Dec 2023	31 Dec 2022
Audit fees	6,128	4,169

Note 35 – Segments reporting

The segment report reflects the operating segments reported to the Group's chief operating decision maker (CODM).

The following summary describes the operations in each of the Group's operating segments:

- Residential property management – the Group's core business activity is renting and managing residential properties, which includes the modernisation and maintenance of the properties, the management of tenancy agreements and marketing of residential units. The focus of property management is on the optimisation of rental income.
- Privatisation – this segment includes all aspects of preparing and executing the sale of units. In addition, this segment is also subject to modernisation, maintenance and management, and generates rental income from non-vacant units.
- Adler RE – this segment comprises the sub-group Adler RE. Adler RE's activities have the objective of investing in residential properties that offer sustainable potential for value appreciation and whose current income contributes to the Group's success. The Company's operating strategy also includes active value creation, i.e., improving its existing residential property portfolios by means of expansion, conversion or modernisation measures.
- Consus – this segment comprises the sub-group Consus Real Estate AG. Consus' core business is the development of urban middle-income housing in Germany's nine largest cities. The focus is on the development of large-volume projects with a growing share of large urban neighbourhoods.

Adler RE and Consus are presented as an independent segment in accordance with current internal reporting to the chief operating decision maker. The goodwill has been allocated to the segment Consus.

The CODM does not review assets and liabilities separately by segment.

Performance is measured based on segment gross profit before revaluation of investment properties. Segment results reported to the CODM include items directly attributable to a segment on a reasonable basis.

Information about reportable segments

Information regarding the results of each reportable segment is included below. For a detailed breakdown of revenues including revenues realised at a point in time and over time please refer to Note 25.

2023

In EUR thousand	Residential property management	Privatisation	Adler RE	Consus	Consolidation	Total consolidated
External income from residential property management	149,760	-	172,302	4,197	(11,604)	314,655
External income from sale of trading properties (condominiums)	-	615	885	-	-	1,500
External income from selling of other real estate inventories	-	-	-	91,575	-	91,575
External income from property development	-	-	-	27,832	-	27,832
Other income	27,172	-	-	9,516	(27,172)	9,516
Consolidated revenue	**176,932**	**615**	**173,187**	**133,120**	**(38,776)**	**445,078**
Reportable segment gross profit	(67,020)	(160)	(153,733)	19,961	203,146	2,194
General and administrative expenses						(153,834)
Changes in fair value of investment properties						(1,172,738)
Other expenses						(207,677)
Other income						68,063
Finance income						44,232
Finance costs						(541,089)
Net income from at-equity valued investments						(5,108)
Consolidated profit (loss) before tax						**(1,965,957)**
Income tax expense						156,124
Consolidated profit (loss) after tax						**(1,809,833)**

						2022
In EUR thousand	**Residential property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	**Total consolidated**
External income from residential property management	148,447	171	220,978	9,084	(9,327)	369,353
External income from sale of trading properties (condominiums)	-	1,994	395	-	-	2,389
External income from selling of other real estate inventories	-	-	-	228,750	-	228,750
External income from property development	-	-	-	115,481	-	115,481
Other income	19,236	-	-	18,498	(19,236)	18,498
Consolidated revenue	**167,683**	**2,165**	**221,373**	**371,813**	**(28,562)**	**734,472**
Reportable segment gross profit	21,246	764	83,290	(332,661)	(10,360)	(237,721)
General and administrative expenses	-	-	-	-		(148,925)
Changes in fair value of investment properties	-	-	-	-		(761,851)
Other expenses	-	-	-	-		(220,385)
Other income	-	-	-	-		96,834
Finance income	-	-	-	-		95,718
Finance costs	-	-	-	-		(631,049)
Net income from at-equity valued investments	-	-	-	-		208
Consolidated profit before tax	**-**	**-**	**-**	**-**		**(1,807,172)**
Income tax expense	-	-	-	-		132,324
Consolidated profit after tax	**-**	**-**	**-**	**-**		**(1,674,848)**

Note 36 – Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share as at 31 December 2023 was based on the profit attributable to the Company's ordinary shareholders divided by a weighted average number of ordinary shares outstanding, calculated as follows:

(1) The diluted and undiluted earnings amount to:

In EUR thousand	2023	2022
Profit attributable to the owners of the Company	(1,656,495)	(1,556,867)
Correction: interest from convertible bonds (after tax)	2,416	2,638
Correction: measurement of convertible bonds (after tax)	-	(62)
Adjusted profit attributable to the owners of the Company to calculate diluted earnings	(1,654,079)	(1,554,291)

(2) Weighted average number of ordinary shares

(in thousands of shares)	2023	2022
Weighted average as at 1 January	**117,510**	**117,510**
Effect of issuance of regular shares	-	-
Weighted average as at 31 December	**141,035**	**117,510**

In EUR	2023	2022
Basic earnings per share	(11.75)	(13.25)
Diluted earnings per share	**(11.75)**	**(13.21)**

Note 37 – Material events in the Reporting Period and Subsequent events

In the Reporting Period

1. On 9 January 2023, the local court of Berlin-Charlottenburg appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor of Adler Real Estate AG ("**Adler RE**"). The judicial appointment required the acceptance of the audit mandate by the auditor, which KPMG AG Wirtschaftsprüfungsgesellschaft rejected on 11 January 2023. As of the date hereof, Adler Group did not have an auditor and continued its intensive efforts to engage an auditor. On 24 April 2023, Adler RE announced that Rödl & Partner had agreed to accept an appointment as auditor for the audit of the standalone and the consolidated financial statements of Adler RE for the financial year 2022.

2. On 11 January 2023, AGPS BondCo PLC (the "**New Issuer**") was substituted in place of Adler Group as issuer of its six series of senior unsecured notes ("**SUNs**") (the "**Issuer Substitution**"). In connection with the Issuer Substitution, Adler Group provided irrevocable and unconditional guarantees in relation to the obligations and liabilities under the SUNs, including (but not limited to) payment of the principal of, and interest on, the SUNs. On 24 February 2023, a holder of the SUNs, Plan.e.Anleihe GmbH, commenced proceedings in the Frankfurt Regional Court against Adler Group seeking a declaration that the Issuer Substitution was invalid and unenforceable. Adler Group opposed the relief sought on the grounds that the Issuer Substitution was effected in accordance with the terms and conditions governing each series of SUNs (the "**Terms and Conditions**"), and is and continues to be valid as a matter of German law, and will vigorously defend against such declaration in any such proceedings.

3. On 16 February 2023, the New Issuer completed the downlisting of its EUR 400,000,000 1.500% unsecured notes due 2024 ("**2024 Notes**"), which were admitted to trading on the regulated Market of Luxembourg Stock Exchange, on the Euro MTF. The purpose of the downlisting was to harmonise the 2024 Notes with the other five series of SUNs.

4. On 23 February 2023, BNP Paribas, as principal paying agent, received notices of termination under the Terms and Conditions from certain holders of SUNs (representing approximately 6% of the aggregate principal amount of the SUNs). Such notices were rejected by the New Issuer for procedural deficiencies. On 10 March 2023, the notices of termination were resubmitted. The New Issuer rejected one resubmitted notice for procedural deficiencies and rejected all resubmitted notices on the basis that no valid grounds for such termination exist and therefore considered the purported declarations to be invalid. On 24 March 2023, BNP Paribas again received resubmitted termination notices, which were similarly rejected by the New Issuer on the basis that no valid grounds for such termination exist and that the noteholders of the respective notes were not entitled to terminate the notes due to the presence of an ongoing Restructuring Plan proceeding.

5. On 28 February 2023, S&P downgraded the issuer rating of Adler RE from CCC- to CC with outlook negative. Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026 ("**Adler RE 2026 SUNs**") were also downgraded from CCC- to CC. The CCC- rating on EUR 500,000,000 1.875% senior unsecured notes due 27 April 2023 ("**Adler RE 2023 SUNs**") and on Adler Real Estate's 2.125% EUR 300,000,000 notes due 2024 ("**Adler Re 2024 SUNs**") was affirmed.

6. On 17 March 2023, the Group sent a request to Adler RE to squeeze-out the remaining minority shareholders of Adler RE. Subsequently on the same date, the Group and Adler RE published an ad-hoc notification disclosing the EUR 8.76 per share cash compensation to be paid to the squeezed-out minority Adler RE shareholders.

7. On 21 March 2023, meetings of holders of the SUNs (the "**Plan Meetings**") were held to consider and vote on the Group's proposed Restructuring Plan (the "**Restructuring Plan**"), which aimed to facilitate a successful implementation of amendments to the SUNs and complete the wider financial restructuring of the Group (the "**Restructuring**"), and in doing so help resolve the financial difficulties faced by the Group. Subsequently on 21 March 2023, the Group announced the voting results of the Plan Meetings, noting a strong level of support for the Restructuring Plan and, more broadly, the Group's comprehensive Restructuring proposal.

8. On 31 March 2023, Adler RE signed a comfort letter ("**Comfort Letter**") in relation to the intra-group loan agreement dated 23 May 2022 on the granting of a loan in an amount of up to EUR 200,000,000 to its subsidiary, Brack Capital Properties N.V. ("**BCP**"). Pursuant to the Comfort Letter, Adler RE undertook to prolong the maturity of part of the loans granted under the intra-group loan agreement in an amount of EUR 70,000,000 ("**Prolonged Loans**") by six months until 30 June 2024 if certain conditions are met. These conditions require, among others, that the Prolonged Loans have been secured by collateral provided by BCP in favour of Adler RE. BCP will provide market standard collateral as consideration for the Prolonged Loans, and the interest rate for the Prolonged Loans will be increased with effect from the original maturity date to 3-month-Euribor plus a margin reflecting the then prevailing market conditions (provided that such margin shall be no lower than 200 basis points). The remaining EUR 130,000,000 part of the loans will maintain the original maturity date of 29 December 2023.

9. On 12 April 2023, the High Court of Justice of England and Wales (the "**High Court**") made an order sanctioning the Restructuring Plan (the "**Sanction Order**") with the final judgement published on 21 April 2023 (the "**Judgement**"). At the hearing of the High Court's decision to sanction the Restructuring Plan on 12 April 2023, the ad hoc group of noteholders (the "**AHG**") opposing the Restructuring Plan stated that it would seek permission to appeal. The New Issuer opposed this application. On 25 April 2023 the High Court declined to grant AHG the permission to appeal. On 16 May 2023, the AHG filed an application with the Court of Appeal for permission to appeal and requested that the application for permission to appeal and the substantive hearing of the appeal be dealt with by the Court of Appeal on an expedited basis. The Group made submissions to the Court of Appeal opposing the AHG's request for expedition and intended to oppose the AHG's application for permission to appeal (as well as its appeal, if permission is granted).

10. On 13 April 2023, the Group announced completion of the Restructuring Plan. Pursuant to the Restructuring Plan, on 17 April 2023, the SUNs were amended in accordance with the amended Terms and Conditions governing each series of SUNs, which included, among other changes:

10.1 2.75% coupons increase until 31 July 2025; after which time, the coupons revert to their respective prior levels;

10.2 extension of the maturity date of the 2024 Notes from 26 July 2024 until 31 July 2025;

10.3 amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur the New Money Funding (as defined below) and refinance certain existing indebtedness;

10.4 amendments to the reporting covenants that temporarily alleviate the reporting obligations placed on the Group; and

10.5 amendments to certain other restrictive covenants to support the new capital structure and liquidity position of the Group.

The key amendments are summarised in the table below:

	EUR 400,000,000 1.500% unsecured notes due 2024	EUR 400,000,000 3.250% unsecured notes due 2025	EUR 700,000,000 1.875% unsecured notes due 2026	EUR 400,000,000 2.750% unsecured notes due 2026	EUR 500,000,000 2.250% unsecured notes due 2027	EUR 800,000,000 2.250% unsecured notes due 2029
Maturity	31 July 2025	As initially scheduled (5 Aug 2025)	As initially scheduled (14 Jan 2026)	As initially scheduled (13 Nov 2026)	As initially scheduled (27 Apr 2027)	As initially scheduled (14 Jan 2029)
Interest from 13 April 2023 to 31 July 2025	4.250%	6.000%	4.625%	5.500%	5.000%	5.000%
Interest after 31 July 2025	past maturity date	3.250%	1.875%	2.750%	2.250%	2.250%
Reporting covenant amendments	The audited year-end financials for the years ending on 31 December 2022 and 31 December 2023 each to be delivered by 30 September 2024					
Financial maintenance covenant	A maintenance loan-to-value ratio (“Maintenance LTV Ratio”) covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date (first covenant testing date 31 December 2024)		A Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter (first covenant testing date 31 December 2024)			
Limitations on incurrence of debt	The incurrence of debt other than the New Money Facilities (as defined below), certain refinancing indebtedness, and a general basket indebtedness of up to EUR 150,000,000 will not be permitted					

11. On 13 April 2023, Adler Group completed a reorganisation of the Group’s corporate structure. Following the completion of the reorganisation (i) Adler Group became the sole shareholder of the newly incorporated Luxembourg entity Adler Group Intermediate Holding S.à r.l. (“Adler Group Intermediate Holding”), which became the sole shareholder of three newly incorporated Luxembourg entities (collectively, the “Collateral LuxCos”) and (ii) all shares in Adler RE, Consus Real Estate AG (“Consus”) and certain other subsidiaries, which were previously directly or indirectly held by Adler Group (except for the New Issuer and for a certain number of the shares in such subsidiaries, which continue to be held by Adler Group), were transferred to the Collateral LuxCos.

12. On 17 April 2023, S&P downgraded the issuer ratings of both Adler Group and Adler RE from CC to SD (selective default). The rating of the unsecured debt for both Adler Group and Adler RE was lowered from CC to D (default). The ratings on Adler RE 2023 SUNs and Adler RE 2024 SUNs unsecured debt was affirmed at CCC-. S&P stated that it will reassess its ratings on Adler Group and Adler RE after the Restructuring is implemented.

13. In accordance with the Restructuring Plan, the Restructuring and related committed funding of up to EUR 937,474,000 (the “**New Money Funding**”), a special purpose vehicle established for the sole purpose of the Restructuring (“**LendingCo**”) issued EUR 937,474,000 12.500% notes due 30 June 2025 (the “**New Money Notes**”) and subsequently LendingCo lent the New Money Notes proceeds to the Group via loan facilities (the “**New Money Facilities**”) under a facilities agreement dated 22 April 2023 (the “**New Money Facilities Agreement**”):

13.1 EUR 322,474,000 term loan facility with Adler Group, with proceeds funding (i) the repayment of the existing upstream loan from Adler RE and (ii) the payment of fee incurred in relation to the New Money Funding;

13.2 EUR 235,000,000 term loan facility ("**Facility ARE**") with Adler Group, with proceeds funding a non-interest bearing shareholder loan to Adler RE to fund repayment of the Adler RE 2023 SUNs in full on its maturity date (27 April 2023). The non-interest bearing shareholder loan to Adler RE was entered into on 27 April 2023;

13.3 Up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds funding certain capital expenditures; and

13.4 EUR 300,000,000 term loan facility ("**Facility 2024**") with Adler Group, to fund a non-interest bearing shareholder loan to Adler RE to, in turn, fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

14. Further to the public announcement issued by the Group on 23 February 2023 relating to results of Adler Real Estate consent solicitations, the terms and conditions of the Adler RE 2024 SUNs and the Adler RE 2026 SUNs were amended. The amendments allow Adler Real Estate to provide liens over its assets to secure the Adler RE 2024 SUNs, the Adler RE 2026 SUNs, Facility ARE, Facility 2024 and the payment-in-kind interest related to Facility ARE and Facility 2024.

15. Certain members of the Group provided guarantees and transaction security in favour of Global Loan Agency Services GmbH, as security agent, to secure the claims under the New Money Facilities. In addition, two intercreditor agreements were executed on 22 April 2023 to govern the enforcement of collateral and the waterfall for the distribution of enforcement proceeds amongst the different classes of Group creditors.

16. On 24 April 2023, Adler Group increased its share capital by EUR 42,303.68 from EUR 145,712.69 to EUR 188,016.37
by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Investors.

17. On 27 April 2023, the Adler RE bond 2018/2023 with a nominal outstanding amount of EUR 500 million was repaid.

18. On 27 April 2023, S&P upgraded the issuer ratings of both Adler Group and Adler RE from SD to CCC+ with outlook negative. Furthermore, the issue rating on the Adler Group bond which had been extended from 2024 to 2025 and the two Adler RE AG bonds due in 2024 and 2026 were upgraded to CCC+. The rating of the remaining Adler Group bonds was raised to CCC-. The New Money Funding note was assigned a rating of B.

19. On 28 April 2023, the general meeting of Adler RE resolved on the squeeze out. However, the decision had not yet been implemented because actions for rescission and nullity are still pending at the competent regional court in Berlin.

20. On 9 May 2023, Adler RE announced a tender offer and consent solicitation in respect of its outstanding EUR 300,000,000 2.125% notes due 2024. The consent solicitation shall eliminate certain restrictive covenants and other provisions of the indenture of the bond in their entirety as well as almost all Events of Default (as defined in the indenture). By 7 June 2023, 98.86% of the outstanding notes had been validly tendered.

21. On 24 May 2023, BCP engaged with a German bank in an agreement, according to which it will extend a loan of approximately EUR 95 million by another three years.

22. On 1 June 2023, Adler Group announced the extension of its Senior Management as part of the implementation of the Restructuring Plan. With effect from 19 June 2023, Hubertus Kobe was appointed as Chief Restructuring Officer (CRO) thereby joining the Senior Management of Adler Group. The responsibilities of the newly created CRO position will primarily include overseeing the restructuring of Adler Group in accordance with the approved Restructuring Plan. Also, the employment contract of Chief Executive Officer (CEO) Thierry Beaudemoulin was renewed.

23. On 21 June 2023, the annual General Meeting (AGM) was held. All proposed resolutions were adopted with large majorities of up to 100%. Thomas Echelmeyer was appointed to become Director and member of the Board of Directors in addition to his current role as CFO. The annual General Meeting also approved the appointment of both Dr. Heiner Arnoldi and Stefan Brendgen as members of the Board of Directors. Prof. Dr. A. Stefan Kirsten, Thierry Beaudemoulin, Thilo Schmid and Thomas Zinnöcker remained members of the Board of Directors. The Group's Board of Directors thus consists of seven individuals, five of them independent, with extensive expertise in corporate governance, real estate, finance, restructuring and capital markets.

24. On 21 June 2023, the extraordinary General Meeting (EGM) approved continuing the Company.

25. On 28 June 2023, investigators from the Frankfurt Public Prosecutor's Office and the Federal Criminal Police Office seized business records at Adler Group premises. The court-ordered investigations took place against the background of business transactions of Adler Real Estate AG in 2019 extending into 2020. The business transactions in question relate to the “Gerresheim” project and the relevant accounting as well as payments under two consulting agreements with one of the defendants. The investigations are expressly not directed against the members of the Board of Directors of the Adler Group. The Adler Group is cooperating with the authorities and fully supports the facts being clarified as quickly as possible.

26. On 29 June 2023, the Board of Directors expressed its full confidence in and support for Senior Management member Sven-Christian Frank. Previously, Sven-Christian Frank had asked to be temporarily released from his duties and responsibilities in connection with the investigations by the public prosecutor's office in which he is listed as an accused. The Board of Directors did not comply with this request.

27. On 3 July 2023, Adler Real Estate AG agreed with its parent company Adler Group to grant it a loan of up to EUR 75 million and a term until 30 June 2025 with interest at market rates.

28. On 9 August 2023, BCP completed an exchange tender offer for its bonds (Series B), as part of which BCP repaid EUR 97,132 thousand (ILS 390,324,629) par value of bond (Series B) in consideration for EUR 53,180 thousand (ILS 213,702,734) par value of bonds (Series C) and EUR 53,385 thousand (ILS 222,563,103) in cash.

29. On 29 August 2023, Adler Group announced that its affiliate Adler RE will receive an early repayment of an intra-company loan from its subsidiary BCP in a partial amount of EUR 75 million by 31 August 2023. The early repayment is part of an original intra-company loan facility of EUR 200 million from which EUR 150 million had been drawn. Beside the early repayment of EUR 75 million, another EUR 75 million of the drawn credit will be prolonged until 29 December 2024. The remaining undrawn credit line of EUR 50 million will be terminated.

30. On 5 September 2023, Adler Group announced the completion of the sale of the Staytion - Forum Pankow development project in Berlin. Adler Group's subsidiary Consus sold its shares in the joint venture to its JV partner Kondor Wessels. The transaction contributed to the stated goal of further deleveraging the Group in 2023 and beyond.

31. On 8 September 2023, Adler Group announced the notarisation of the sale of the so-called “Mannheim No.1” development portfolio located in Mannheim. Closing of the transaction took place in October 2023. Consus, a subsidiary of Adler Group, sold its respective assets to FONDSGRUND Investment, an investment and asset management company based in Hamburg. The Mannheim No. 1 building is adjacent to the main railway system and combines predominately commercial units with some residential units. The recently developed project consists of a lettable area of around 19 thousand m^2. The transaction generated net proceeds of approximately EUR 70 million for Adler Group. The selling price reflects a discount of around 10% to the valuation (GAV) of the portfolio as of

30 June 2023. The transaction contributed to the stated goal of further deleveraging the Group in 2023 and beyond.

32. On 11 September 2023, Adler Group announced the completion of the sale of the so-called “Wasserstadt” rental portfolio located in Berlin. Adler RE, a subsidiary of Adler Group, sold its shares to a real estate investor advised by Quantum. The Wasserstadt portfolio is located in Berlin-Mitte and consists of a lettable area of around 47 thousand m^2. The portfolio was completed in 2019 after a construction period of around two years. It is mainly for residential use and encompasses around 700 flats including more than 200 co-living spaces. The portfolios “Wasserstadt Tankstelle” and “Wasserstadt Kornversuchsspeicher” did not belong to the sold portfolio and will be marketed separately. The transaction generated net proceeds of approximately EUR 130 million for Adler Group. The selling price was broadly in line with the valuation (GAV) of the portfolio as of 30 June 2023, resulting in a discount of about 0.7%. The transaction contributed to the stated goal of further deleveraging the Group in 2023 and beyond. The sale of Wasserstadt was one of the largest transactions in the European real estate market in 2023, demonstrating Adler Group’s ability to close significant deals in a challenging environment.

33. On 29 September 2023, Adler Group S.A. successfully placed EUR 191,000,000 senior secured notes due 31 July 2025 (the “**New Notes**”). The New Notes will be issued at 100% of their nominal value and accrue an annual PIK-amount of 21%. The New Notes are secured in ranking after the relevant asset level financings and the Company’s financing obtained in connection with the restructuring under the Company’s existing intercreditor agreement (i.e., secured on a “1.5 Lien” basis). The net proceeds from the issuance of the New Notes will be used to repay the Company’s outstanding EUR 165,000,000 senior secured convertible notes due 23 November 2023 (the “Convertible Notes”) and certain promissory notes (Schuldscheine) issued by ADO Lux Finance S.à r.l. and guaranteed by the Company. The Company intended for the New Notes to be quoted on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The issuance closed on 9 October 2023.

34. On 9 October 2023, Adler Group announced the results of the tender offer launched on 29 August 2023 (the “**Tender Offer**”) to repurchase its outstanding EUR 165,000,000 senior secured Convertible Notes due 23 November 2023. The total tendered (and not validly withdrawn) amount under the Tender Offer is EUR 69,500,000 (representing 42.12% of the nominal amount outstanding). The Company accepted the full tendered amount for a purchase price of EUR 97,000 per EUR 100,000 principal amount plus accrued interest. The Tender Offer was settled on 12 October 2023. The Tender Offer was financed with the net proceeds from the placement of new EUR 191,000,000 senior secured notes due 31 July 2025, which closed on 9 October 2023.

35. On 16 October 2023, Adler Group announced that it had successfully completed its search for an auditor for the financial years 2022 and 2023. The Board of Directors of Adler Group received a declaration of acceptance of a corresponding engagement from AVEGA Revision S.à r.l. (“AVEGA Revision”) and set in motion the convening of a General Meeting (GM) for the appointment of the auditor, which took place on 27 November 2023. A resolution was passed at the General Meeting, that AVEGA Revision will be responsible for the audit of the annual and consolidated financial statements of Adler Group for the financial years 2022 and 2023. Three other auditing firms will be responsible for the audit of the sub-areas relevant to the Group (“component audit”): Rödl & Partner had already been appointed by the court to audit the 2022 annual and consolidated financial statements of Adler RE. Morison Köln AG was commissioned with the sub-area audit of the sub-group Consus Real Estate AG. DOMUS Steuerberatungs-AG Wirtschaftsprüfungsgesellschaft will audit the individual financial statements of the German property companies of Adler Group.

36. On 19 October 2023, Adler Group announced that the competent local court in Berlin entered the resolution on the transfer of the shares of the remaining minority shareholders of Adler RE to Adler Group as the majority shareholder in the commercial register. The corresponding resolution of the annual General Meeting of Adler RE of 28

April 2023 thus became effective. The entry was enabled after the competent Superior Court in Berlin ruled in a release procedure (“Freigabeverfahren”) that the pending avoidance actions do not prevent the entry. The minority shareholders were entitled to an appropriate cash compensation for the transfer of their shares, which was set at EUR 8.76 per share of Adler RE which was resolved upon by the annual General Meeting. The cash compensation was paid out in exchange for the shares being derecognised. On 2 November 2023, Adler RE was delisted from the regulated market (Prime and General Standard). Furthermore, with effect on 4 January 2024, Adler Real Estate AG was transformed into Adler Real Estate GmbH.

37. On 27 December 2023, Adler Group announced that the German Federal Financial Supervisory Authority (“BaFin”) had concluded its examination of the consolidated financial statements and combined management reports of Adler Group’s formerly listed subsidiary, Adler RE, for the financial years 2019, 2020 and 2021. Neither a restatement nor a re-issue of the financial statements was required by BaFin. The BaFin findings have no further material impact on the consolidated financial statements in 2023. In that regard, a restatement according to IAS 8.41 was not to be made. Independent of that, the Adler RE filed appeal against the BaFin findings.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2023 in the annual financial statements through 26 September 2024, the date of finalisation of the financial statements.

1. On 23 January 2024, Adler Group S.A. confirmed that it will continue its restructuring path as planned. This followed the same day's decision by the Court of Appeal of England and Wales on 23 January 2024 to set aside the Sanction Order made by the High Court of Justice of England and Wales on 12 April 2023. Pursuant to the Sanction Order, the bonds issued by AGPS BondCo plc, a wholly owned subsidiary of Adler Group, were amended as of 17 April 2023. Since then, the amended bond terms have formed the basis of the Adler Group’s ongoing liabilities, and the appellants in April 2023 did not apply for the appeal to have a suspensive effect on the Sanction Order. The implementation of the restructuring in April 2023 was carried out in accordance with German law and therefore the terms and conditions of the bonds remain valid regardless of the decision by the Court of Appeal to set aside the Sanction Order. The Court of Appeal’s decision was made following a hearing lasting several days at the end of October 2023. While Adler Group respects the decision of the Court of Appeal to set aside the Sanction Order, the decision has no impact on the Adler Group or the effective amendments to the bond terms.

2. Pursuant to a decision of the Tel Aviv Stock Exchange Ltd. (“TASE”), the shares of BCP were transferred to the TASE maintenance list on 31 January 2024.

3. On 19 February 2024, Prof. Dr. A. Stefan Kirsten resigned from his office as Chairman of the Board of Directors of Adler Group S.A. with immediate effect for health reasons and left the Board. This was announced by the Company following an extraordinary meeting of the Board of Directors. Stefan Brendgen, member of the Board, assumed the office of Chairman of the Board of Directors.

4. On 28 February 2024, BCP completed the issuance of a new listed series of bonds (Series D) with a total scope of approximately ILS 360 million (equivalent to EUR 91.4 million). The bonds are linked to the CPI and are subject to a fixed interest rate (which is also linked to the CPI) of 5.05%.

5. On 27 March 2024, Adler Group announced the completion of the sale of the Wasserstadt Tankstelle development project in Berlin. The buyer was the Hilpert Group, headquartered in Würzburg. The property was leased to a petrol station until 2022 and is therefore the last undeveloped part of Wasserstadt Berlin. The transaction, which was signed in December 2023, generated net proceeds in the double-digit millions for the Adler Group. The transaction contributed to the declared goals of further reducing the Group's debt in 2024 and beyond, as well as focusing operationally on the residential rental portfolio.

6. On 25 April 2024, Adler Group announced that it is currently in advanced negotiations with a steering committee of bondholders ("SteerCo") to, among other plans, refinance and extend existing financial indebtedness, partially subordinate existing financial indebtedness and issue instruments representing majority voting control in Adler Group to bondholders. These discussions resulted in a non-binding agreement in principle and the parties were aiming for a lock-up agreement ("Lock-up Agreement") to be signed with the members of the SteerCo and further bondholders of the Group in due course.

7. On 30 April 2024, Adler Group announced the sale of the development project FourLiving VauVau & Mensa located in Leipzig. Following the positive council resolution passed by a clear majority on 24 April 2024, the City of Leipzig notarised its acceptance of the offer and acquired the project located on Prager Strasse with a gross floor area of around 37,900 square metres and an area of around 1.5 hectares. The transaction, which was signed on 26 April 2024, generated net proceeds of around EUR 26 million at a sales price of EUR 27 million. In the challenging market environment, Adler Group sold the project at a discount of around 5% on the gross asset value as at 31 December 2023. The transaction closed in May 2024.

8. On 7 May 2024, S&P downgraded Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026, Adler Group's EUR 191,000,000 21.000% senior secured notes due 31 July 2025 and EUR 400,000,000 4.250% senior secured notes due 31 July 2025 to CCC- from CCC+. The issue rating of the Adler Group EUR 937,474,000 12.500% New Money Facilities due 30 June 2025 was also downgraded from B to CCC+. Moreover, the ratings of Adler Group's second lien senior secured notes with a total volume of EUR 2,800,000,000 due between August 2025 to January 2029 were lowered from CCC- to C. The issuer credit rating of Adler Group was also downgraded from CCC+ to CCC-.

9. On 24 May 2024, Adler Group announced that Mr Matthias Moser is to be proposed as a new Board member at the upcoming annual General Meeting (AGM) on 25 June 2024. This proposed appointment followed the resignation of Prof. Stefan A. Kirsten in February 2024. Dr. Heiner Arnoldi and Thomas Zinnöcker also tendered their resignations with effect as of the upcoming AGM.

Matthias Moser is a graduate economist and an expert in real estate and finance with more than 30 years' experience. He has held a number of appointments as executive, non-executive and advisor roles in various companies, including most recently Domicil Real Estate AG, SüdeWo GmbH and GBW Immobilien AG.

Following the AGM's approval of the appointment on 25 June 2024, the Board of Directors consists of five members. The Board is therefore composed as follows: Stefan Brendgen (Chairman), Thierry Beaudemoulin (CEO), Thomas Echelmeyer (CFO), Matthias Moser, and Thilo Schmid.

10. On 24 May 2024, Adler Group announced that it had entered into a binding Lock-Up Agreement with the SteerCo supporting a comprehensive recapitalisation of the Group. The Lock-Up Agreement was signed by bondholders representing more than 60% of the 2L Senior Secured Notes ("2L Notes") issued by Adler Group's subsidiary AGPS BondCo plc.

The first component of the agreement is to extend the existing Group debt maturities to December 2028, December 2029, and January 2030. The second component is to strengthen Adler Group's equity by approximately EUR 2.3 billion, which is expected to be achieved through the conversion of most of the existing 2L Notes into subordinated perpetual notes with terms consistent with equity classification under IFRS, thereby stabilising the Group's balance sheet. Together with the remaining reinstated 2L Notes of EUR 700 million, the perpetual notes form new notes, totalling approximately EUR 3 billion. Furthermore, Adler Group will be provided with up to EUR 100 million of fresh money through an increase in the existing 1L New Money Facility provided by a special purpose vehicle at the initiative of the bondholders. Additionally, the finance documents will provide for the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

As part of the recapitalisation transaction, bondholders are to receive the majority in Adler Group's voting rights. Following the implementation of the transaction, all outstanding common shares are to represent 25% of Adler Group's total voting rights. The remaining 75% of total voting rights will be represented by the bondholders. All common shares continue to represent 100% of Adler Group's dividend distribution rights.

11. Effective on 31 May 2024, Hubertus Kobe, Chief Restructuring Officer (CRO) and member of the Senior Management of Adler Group, decided to leave the Company. The position of the CRO will not be filled again.

12. On 18 June 2024, Adler Group announced that its bondholders cleared the way for the Group's comprehensive recapitalisation following a consent solicitation that was conducted after the binding agreement with a steering committee of bondholders had been announced on 24 May 2024. In the consent solicitation, more than 90% of the present and voting bondholders of each series approved the amendment of the terms and conditions of the senior secured notes issued by AGPS BondCo plc, a 100% direct subsidiary of Adler Group S.A. (the "Notes"). The 75% (present and voting) bondholder approval needed to implement the proposed amendments was far surpassed in each series of Notes, which underlined the strong and unified support received to effect certain amendments to the Notes (the "Proposed Amendments").

Adler Group stated that it will procure the implementation of the Proposed Amendments, which are subject to the fulfilment of certain conditions set out in the corresponding consent solicitation statement and will inform the bondholders as soon as the implementation conditions have been fulfilled or waived.

13. On 24 June 2024, S&P lowered the long-term issuer credit ratings of Adler Group to 'SD' (selective default) from 'CCC-. Moreover, the ratings of Adler Group's second lien senior secured notes with a total volume of EUR 2,800,000,000 due between August 2025 to January 2029 were reduced from C to D. S&P has placed the following four notes on CreditWatch: Adler Group EUR 937,474,000 12.500% New Money Facilities due 30 June 2025, Adler Group EUR 191,000,000 21.000% senior secured notes due 31 July 2025, Adler Group EUR 400,000,000 4.250% senior secured notes due 31 July 2025 and Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026. S&P stated that they will reassess their ratings of Adler Group and Adler RE after the restructuring is implemented and expect an upgrade to a 'CCC+' rating.

14. In June 2024, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 77 million by more than four years until October 2028. Also in June 2024, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48 million by more than four years until December 2028.

15. On 9 August 2024, the reconvened extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the recently announced comprehensive recapitalisation. Bondholders invested in the 2L Notes shall receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group.

16. In August 2024, a group of Berlin-based property companies of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 136 million by more than three years until October 2028.

17. On 19 September 2024, Adler Group declared that the comprehensive recapitalisation announced about on 24 May 2024 had been completed. The recapitalisation was implemented through the conversion of certain of the existing 2L notes into subordinated perpetual notes which are classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities were extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group was provided with additional liquidity in the amount of approximately EUR 87 million through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024.

Additional information can be found on the Adler Group website: https://www.adler-group.com/en/investors/publications/news

List of the company shareholdings

	Company	Country	Shareholding and control at 31 December in % 2023	2022
1	Adest Grundstücks GmbH	Germany	99.54	99.54
2	Adoa Grundstücks GmbH	Germany	99.54	99.54
3	Adom Grundstücks GmbH	Germany	99.54	99.54
4	Adon Grundstücks GmbH	Germany	99.54	99.54
5	Ahava Grundstücks GmbH	Germany	89.90	99.54
6	Anafa 1 Grundstücks GmbH	Germany	99.54	99.54
7	Anafa 2 Grundstücks GmbH	Germany	99.54	99.54
8	GAMAZI Grundstücks GmbH	Germany	99.54	99.54
9	Anafa Grundstücks GmbH	Germany	89.90	99.54
10	Badolina Grundstücks GmbH	Germany	89.90	99.54
11	Berale Grundstücks GmbH	Germany	99.54	99.54
12	Bamba Grundstücks GmbH	Germany	99.54	99.54
13	Zman Grundstücks GmbH	Germany	99.54	99.54
14	Adler Immobilien Management GmbH2)	Germany	100.00	100.00
15	CCM City Construction Management GmbH	Germany	100.00	100.00
16	Drontheimer Straße 4 Grundstücks GmbH	Germany	99.54	99.54
17	Eldalote Grundstücks GmbH	Germany	99.54	99.54
18	NUNI Grundstücks GmbH	Germany	99.54	99.54
19	KREMBO Grundstücks GmbH	Germany	99.54	99.54
20	TUSSIK Grundstücks GmbH	Germany	99.54	99.54
21	Geut Grundstücks GmbH	Germany	99.54	99.54
22	Gozal Grundstücks GmbH	Germany	99.54	99.54
23	Gamad Grundstücks GmbH	Germany	99.54	99.54
24	Geshem Grundstücks GmbH	Germany	99.54	99.54
25	Lavlav 1 Grundstücks GmbH	Germany	99.54	99.54
26	Lavlav 2 Grundstücks GmbH	Germany	99.54	99.54
27	Lavlav 3 Grundstücks GmbH	Germany	99.54	99.54
28	Lavlav Grundstücks GmbH	Germany	99.54	99.54
29	Mastik Grundstücks GmbH	Germany	99.54	99.54
30	Maya Grundstücks GmbH	Germany	89.90	99.54
31	Mezi Grundstücks GmbH	Germany	99.54	99.54
32	Muse Grundstücks GmbH	Germany	99.54	99.54
33	Papun Grundstücks GmbH	Germany	99.54	99.54
34	Nehederet Grundstücks GmbH	Germany	99.54	99.54

	Company	Country	Shareholding and control at 31 December in % 2023	2022
35	Neshama Grundstücks GmbH	Germany	99.54	99.54
36	Osher Grundstücks GmbH	Germany	99.64	99.64
37	Pola Grundstücks GmbH	Germany	99.54	99.54
38	Adler Properties GmbH2)	Germany	100.00	100.00
39	Reshet Grundstücks GmbH	Germany	99.54	99.54
40	Sababa 18 Grundstücks GmbH	Germany	99.54	99.54
41	Sababa 19 Grundstücks GmbH	Germany	99.54	99.54
42	Sababa 20 Grundstücks GmbH	Germany	99.54	99.54
43	Sababa 21 Grundstücks GmbH	Germany	99.54	99.54
44	Sababa 22 Grundstücks GmbH	Germany	99.54	99.54
45	Sababa 23 Grundstücks GmbH	Germany	99.54	99.54
46	Sababa 24 Grundstücks GmbH	Germany	99.54	99.54
47	Sababa 25 Grundstücks GmbH	Germany	99.54	99.54
48	Sababa 26 Grundstücks GmbH	Germany	99.54	99.54
49	Sababa 27 Grundstücks GmbH	Germany	99.54	99.54
50	Sababa 28 Grundstücks GmbH	Germany	99.54	99.54
51	Sababa 29 Grundstücks GmbH	Germany	99.54	99.54
52	Sababa 30 Grundstücks GmbH	Germany	99.54	99.54
53	Sababa 31 Grundstücks GmbH	Germany	99.54	99.54
54	Sababa 32 Grundstücks GmbH	Germany	99.54	99.54
55	Stav Grundstücks GmbH	Germany	99.54	99.54
56	Tamuril Grundstücks GmbH	Germany	99.54	99.54
57	Tara Grundstücks GmbH	Germany	99.54	99.54
58	Tehila 1 Grundstücks GmbH	Germany	99.54	99.54
59	Tehila 2 Grundstücks GmbH	Germany	99.54	99.54
60	Tehila Grundstücks GmbH	Germany	99.54	99.54
61	Trusk Grundstücks GmbH	Germany	99.54	99.54
62	Wernerwerkdamm 25 Berlin Grundstücks GmbH	Germany	89.90	99.54
63	Yarok Grundstücks GmbH	Germany	99.54	99.54
64	Yahel Grundstücks GmbH	Germany	99.54	99.54
65	Yussifun Grundstücks GmbH	Germany	99.54	99.54
66	Bombila Grundstücks GmbH	Germany	99.54	99.54
67	ADO SBI Holdings S.A. & Co. KG1)	Germany	94.00	94.00
68	Central Facility Management GmbH	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2023	2022
69	Sheket Grundstücks GmbH	Germany	99.90	99.90
70	Seret Grundstücks GmbH	Germany	99.90	99.90
71	Melet Grundstücks GmbH	Germany	89.90	99.90
72	Yabeshet Grundstücks GmbH	Germany	99.90	99.90
73	Yadit Grundstücks GmbH	Germany	99.90	99.90
74	Zamir Grundstücks GmbH	Germany	99.90	99.90
75	Arafel Grundstücks GmbH	Germany	99.90	99.90
76	Sharav Grundstücks GmbH	Germany	89.90	99.90
77	Sipur Grundstücks GmbH	Germany	99.90	99.90
78	Matok Grundstücks GmbH	Germany	100.00	100.00
79	Barbur Grundstücks GmbH	Germany	94.80	94.80
80	Parpar Grundstücks GmbH	Germany	100.00	100.00
81	Jessica Properties B.V.	Netherlands	94.41	94.41
82	Alexandra Properties B.V.	Netherlands	94.34	94.34
83	Marbien B.V.	Netherlands	94.80	94.80
84	Meghan Properties B.V.	Netherlands	94.34	94.34
85	Matok Löwenberger Straße Grundstücks GmbH	Germany	99.90	99.90
86	Songbird 1 ApS	Denmark	100.00	60.00
87	Songbird 2 ApS	Denmark	100.00	60.00
88	Joysun 1 B.V.	Netherlands	100.00	60.00
89	Joysun 2 B.V.	Netherlands	100.00	60.00
90	Yona Investment GmbH & Co. KG	Germany	100.00	60.00
91	Yanshuf Investment GmbH & Co. KG	Germany	100.00	60.00
92	Ziporim Investment GmbH	Germany	100.00	60.00
93	Joysun Florapromenade Grundstücks GmbH	Germany	99.90	59.90
94	Joysun Cotheniusstraße Grundstücks GmbH	Germany	99.90	59.90
95	Joysun Tauroggener Straße Grundstücks GmbH	Germany	99.90	59.90
96	Joysun Kiehlufer Grundstücks GmbH	Germany	99.90	59.90
97	Hanpaka Holding GmbH	Germany	100.00	100.00
98	Hanpaka Immobilien GmbH	Germany	89.90	89.90
99	Dvash 1 Holding GmbH	Germany	100.00	100.00
100	Dvash 2 Holding GmbH	Germany	100.00	100.00
101	Dvash 3 B.V.	Netherlands	100.00	100.00
102	Rimon Holding GmbH	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2023	2022
103	Bosem Grundstücks GmbH	Germany	100.00	100.00
104	Rimon Grundstücks GmbH	Germany	89.90	89.90
105	Dvash 21 Grundstücks GmbH	Germany	89.90	89.90
106	Dvash 22 Grundstücks GmbH	Germany	89.90	89.90
107	Dvash 23 Grundstücks GmbH	Germany	89.90	89.90
108	Dvash 24 Grundstücks GmbH	Germany	89.90	89.90
109	Dvash 11 Grundstücks GmbH	Germany	89.90	89.90
110	Dvash 12 Grundstücks GmbH	Germany	89.90	89.90
111	Dvash 13 Grundstücks GmbH	Germany	89.90	89.90
112	Dvash 14 Grundstücks GmbH	Germany	89.90	89.90
113	ADO FC Management Unlimited Company	Ireland	100.00	100.00
114	5. Ostdeutschland Invest GmbH	Germany	89.90	89.90
115	8. Ostdeutschland Invest GmbH	Germany	89.90	89.90
116	Horef Holding GmbH	Germany	100.00	100.00
117	ADO 9110 Holding GmbH	Germany	100.00	100.00
118	Silan Grundstücks GmbH	Germany	99.90	99.90
119	ADO Sonnensiedlung S.à r.l.	Luxembourg	89.90	89.90
120	Horef Grundstücks GmbH	Germany	89.90	89.90
121	Sprengelstraße 39 GmbH	Germany	89.90	89.90
122	Scharnweberstraße 112 Verwaltungsgesellschaft mbH	Germany	89.90	89.90
123	Kantstraße 62 Grundstücks GmbH	Germany	99.90	100.00
124	Adler Treasury GmbH	Germany	100.00	100.00
125	ADO 9160 Grundstücks GmbH	Germany	89.90	89.90
126	ADO 9200 Grundstücks GmbH	Germany	89.90	89.90
127	ADO 9210 Grundstücks GmbH	Germany	89.90	89.90
128	ADO 9220 Grundstücks GmbH	Germany	89.90	89.90
129	ADO 9230 Grundstücks GmbH	Germany	89.90	89.90
130	ADO 9240 Grundstücks GmbH	Germany	89.90	89.90
131	ADO 9250 Grundstücks GmbH	Germany	89.90	89.90
132	ADO 9260 Grundstücks GmbH	Germany	89.90	89.90
133	ADO 9270 Grundstücks GmbH	Germany	89.90	89.90
134	ADO 9280 Grundstücks GmbH	Germany	89.90	89.90
135	ADO 9290 Grundstücks GmbH	Germany	89.90	89.90
136	ADO 9300 Grundstücks GmbH	Germany	89.90	89.90

	Company	Country	Shareholding and control at 31 December in % 2023	2022
137	ADO 9310 Grundstücks GmbH	Germany	89.90	89.90
138	ADO 9320 Grundstücks GmbH	Germany	89.90	89.90
139	ADO 9330 Grundstücks GmbH	Germany	89.90	89.90
140	ADO 9340 Grundstücks GmbH	Germany	89.90	89.90
141	ADO 9350 Grundstücks GmbH	Germany	89.90	89.90
142	ADO 9360 Holding GmbH	Germany	100.00	100.00
143	ADO 9370 Grundstücks GmbH	Germany	89.90	89.90
144	ADO 9380 Grundstücks GmbH	Germany	89.90	89.90
145	ADO 9390 Grundstücks GmbH	Germany	89.90	89.90
146	ADO 9400 Grundstücks GmbH	Germany	89.90	89.90
147	ADO 9410 Grundstücks GmbH	Germany	89.90	89.90
148	ADO 9420 Grundstücks GmbH	Germany	89.90	89.90
149	ADO 9430 Grundstücks GmbH	Germany	89.90	89.90
150	ADO 9440 Grundstücks GmbH	Germany	89.90	89.90
151	ADO 9450 Grundstücks GmbH	Germany	89.90	89.90
152	ADO 9460 Grundstücks GmbH	Germany	89.90	89.90
153	ADO 9470 Grundstücks GmbH	Germany	89.90	89.90
154	ADO 9480 Grundstücks GmbH	Germany	89.90	89.90
155	ADO 9490 Grundstücks GmbH	Germany	89.90	89.90
156	ADO 9500 Grundstücks GmbH	Germany	89.90	89.90
157	ADO 9510 Grundstücks GmbH	Germany	89.90	89.90
158	ADO 9520 Grundstücks GmbH	Germany	89.90	89.90
159	ADO 9530 Grundstücks GmbH	Germany	89.90	89.90
160	ADO 9540 Holding GmbH	Germany	100.00	100.00
161	ADO Lux Finance S.à r.l.	Luxembourg	100.00	100.00
162	ADO 9550 Grundstücks GmbH	Germany	89.90	89.90
163	ADO 9560 Grundstücks GmbH	Germany	89.90	89.90
164	ADO 9570 Grundstücks GmbH	Germany	89.90	89.90
165	ADO 9580 Holding GmbH	Germany	100.00	100.00
166	ADO 9590 Angerburgerallee B.V.	Netherlands	89.90	89.90
167	ADO 9600 Grundstücks GmbH	Germany	89.90	89.90
168	ADO 9610 Grundstücks GmbH	Germany	89.90	89.90
169	ADO 9620 Grundstücks GmbH	Germany	89.90	89.90
170	ADO 9630 Grundstücks GmbH	Germany	89.90	89.90

	Company	Country	Shareholding and control at 31 December in % 2023	2022
171	Adler Living GmbH	Germany	100.00	100.00
172	ADO 9640 Grundstücks GmbH	Germany	89.90	89.90
173	ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00
174	ADO Malta Limited	Malta	100.00	100.00
175	ADLER Real Estate GmbH (former ADLER Real Estate AG)	Germany	100.00	96.72
176	Consus Real Estate AG	Germany	96.88	96.88
177	Westgrund Holding GmbH	Germany	-	100.00
178	AGPS BondCo PLC	UK	100.00	100.00
179	ADLER Real Estate Service GmbH2)	Germany	100.00	100.00
180	Verwaltungsgesellschaft ADLER Real Estate mbH	Germany	100.00	100.00
181	Achte ADLER Real Estate GmbH & Co. KG	Germany	-	100.00
182	Münchener Baugesellschaft mbH	Germany	100.00	100.00
183	ADLER Wohnen Service GmbH2)	Germany	100.00	100.00
184	MBG Großbeeren GmbH & Co. KG	Germany	-	100.00
185	MBG Trachau GmbH & Co. KG1)	Germany	99.90	99.90
186	MBG Erste Vermögensverwaltungs GmbH	Germany	100.00	100.00
187	Magnus zweite Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
188	Magnus Dritte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
189	ESTAVIS 6. Wohnen GmbH	Germany	94.80	94.80
190	ESTAVIS 7. Wohnen GmbH	Germany	94.80	94.80
191	ESTAVIS 8. Wohnen S.à r.l. (prev. GmbH)	Luxembourg	100.00	94.80
192	ESTAVIS 9. Wohnen S.à r.l. (prev. GmbH)	Germany	100.00	94.80
193	RELDA 36. Wohnen GmbH	Germany	-	94.80
194	RELDA Bernau Wohnen Verwaltungs S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
195	MBG Sachsen S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
196	Magnus-Relda Holding Vier GmbH	Germany	97.99	97.99
197	Cato Immobilienbesitz und -verwaltungs S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
198	Magnus Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
199	WBR Wohnungsbau Rheinhausen GmbH2)	Germany	87.35	87.35
200	S.I.G. RE GmbH	Germany	100.00	100.00
201	Resident Sachsen P&K S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
202	Resident West GmbH	Germany	89.90	89.90
203	MBG Schwelm GmbH	Germany	89.90	89.90
204	Alana Properties GmbH	Germany	89.90	89.90

			Shareholding and control at 31 December in %	
	Company	Country	2023	2022
205	Aramis Properties Luna S.à r.l. (prev. Aramis Properties GmbH)	Luxembourg	100.00	89.90
206	REO-Real Estate Opportunities S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
207	ROSLYN Properties Luna S.à r.l. (prev. ROSLYN Properties GmbH)	Luxembourg	100.00	89.90
208	Rostock Verwaltungs S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
209	SEPAT PROPERTIES GmbH	Germany	89.90	89.90
210	Wallace Properties Luna S.à r.l. (prev. Wallace Properties GmbH)	Luxembourg	100.00	89.90
211	ADLER ImmoProjekt Erste GmbH	Germany	89.90	89.90
212	ADLER Energie Service GmbH2)	Germany	100.00	100.00
213	Magnus Neunte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
214	ADLER Immo Invest GmbH	Germany	-	100.00
215	ADLER Gebäude Service GmbH	Germany	100.00	100.00
216	Westgrund Immobilien II. GmbH	Germany	89.90	89.90
217	Westconcept GmbH	Germany	100.00	100.00
218	IMMOLETO Gesellschaft mit beschränkter Haftung	Germany	100.00	100.00
219	ICR Idee Concept und Realisation von Immobilienvorhaben GmbH	Germany	89.90	89.90
220	Westgrund Immobilien Beteiligung GmbH	Germany	100.00	100.00
221	Westgrund Immobilien Beteiligung II. GmbH	Germany	100.00	100.00
222	Westgrund Immobilien Beteiligung III. GmbH	Germany	89.90	89.90
223	WESTGRUND Immobilien IV. GmbH	Germany	89.90	89.90
224	WESTGRUND Immobilien V. S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
225	WESTGRUND Immobilien VI. S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
226	WAB Hausverwaltungsgesellschaft mbH	Germany	100.00	100.00
227	Westgrund Brandenburg S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
228	WESTGRUND Immobilien VII. S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
229	Westgrund Halle Immobilienverwaltung GmbH	Germany	100.00	100.00
230	Westgrund Immobilien II. Halle GmbH & Co. KG	Germany	-	99.90
231	RESSAP - Real Estate Service Solution Applications -GmbH	Germany	100.00	100.00
232	Xammit GmbH	Germany	100.00	100.00
233	Magnus Zehnte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
234	Magnus Elfte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
235	Zweite CM Real Estate GmbH	Germany	89.90	89.90
236	Dritte CM Real Estate GmbH	Germany	89.90	89.90
237	Vierte CM Real Estate GmbH	Germany	89.90	89.90
238	TGA Immobilien Erwerb 3 S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90

	Company	Country	Shareholding and control at 31 December in % 2023	2022
239	ADP Germany GmbH	Germany	-	89.90
240	AFP III Germany GmbH	Germany	89.90	89.90
241	RIV Harbour West MI 1 GmbH	Germany	-	89.90
242	RIV Harbour East WA 1 GmbH	Germany	-	89.90
243	RIV Total MI 2 GmbH	Germany	89.90	89.90
244	RIV Central WA 2 GmbH	Germany	-	89.90
245	RIV Square West MI 3 GmbH	Germany	-	89.90
246	RIV Square East WA 3 GmbH	Germany	-	89.90
247	RIV Channel MI 4 GmbH	Germany	-	89.90
248	RIV Kornspeicher GmbH	Germany	89.90	89.90
249	Magnus Zwölfte Immobilienbesitz und Verwaltungs GmbH	Germany	-	100.00
250	Magnus Dreizehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
251	TGA Immobilien Erwerb 10 GmbH	Germany	-	89.90
252	Brack Capital Properties N.V. (BCP)	Netherlands	62.78	62.78
253	Magnus Fünfzehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
254	Magnus Sechszehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
255	Brack German Properties B.V.	Netherlands	100.00	100.00
256	Brack Capital (Düsseldorf-Rossstrasse) B.V.	Netherlands	99.90	99.90
257	Brack Capital (Düsseldorf-Schanzenstraße) B.V.	Netherlands	100.00	100.00
258	Brack Capital (Bad Kreuznach) B.V.	Netherlands	99.90	99.90
259	Brack Capital (Gelsenkirchen) B.V.	Netherlands	100.00	100.00
260	Brack Capital (Neubrandenburg) B.V.	Netherlands	99.90	99.90
261	Brack Capital (Ludwigsfelde) B.V.	Netherlands	99.90	99.90
262	Brack Capital (Remscheid) B.V.	Netherlands	99.90	99.90
263	Brack Capital Theta B.V.	Netherlands	100.00	100.00
264	Graniak Leipzig Real Estate GmbH & Co KG	Germany	99.90	99.90
265	BCRE Leipzig Residenz am Zoo GmbH	Germany	94.90	94.90
266	Brack Capital Epsilon B.V.	Netherlands	100.00	100.00
267	Brack Capital Delta B.V.	Netherlands	100.00	52.29
268	Brack Capital Alfa B.V.	Netherlands	100.00	52.29
269	Brack Capital (Hamburg) B.V.	Netherlands	100.00	100.00
270	BCP Leipzig B.V.	Netherlands	100.00	100.00
271	Brack Capital Germany (Netherlands) XVIII B.V.	Netherlands	100.00	100.00
272	Brack Capital Germany (Netherlands) XXII B. V.	Netherlands	100.00	100.00

			Shareholding and control at 31 December in %	
	Company	Country	2023	2022
273	BCRE Essen Wohnen B.V.	Netherlands	99.90	99.90
274	BCRE Duisburg Wohnen B.V.	Netherlands	99.90	99.90
275	BCRE Dortmund Wohnen B.V.	Netherlands	99.90	99.90
276	Brack Capital Germany (Netherlands) XVII B.V.	Netherlands	100.00	100.00
277	Brack Capital Germany (Netherlands) Hedging B.V.	Netherlands	100.00	100.00
278	Brack Capital Germany (Netherlands) XLV B.V.	Netherlands	100.00	100.00
279	S.I.B. Capital Future Markets Ltd.	Israel	100.00	100.00
280	Brack Capital Labda B.V.	Netherlands	100.00	100.00
281	LBHQ Investments B.V.	Netherlands	100.00	100.00
282	RealProb (Rodelheim) C.V.	Netherlands	100.00	100.00
283	Brack Capital Germany (Netherlands) III B.V.	Netherlands	100.00	100.00
284	Brack Capital Germany (Netherlands) XLVII B.V.	Netherlands	99.90	99.90
285	Brack Capital Germany (Netherlands) L B.V.	Netherlands	100.00	100.00
286	Brack Capital Germany (Netherlands) LI B.V.	Netherlands	99.90	99.90
287	Brack Capital Germany (Netherlands) LIII B.V.	Netherlands	99.90	99.90
288	Brack Capital Germany (Netherlands) LIV B.V.	Netherlands	100.00	100.00
289	Brack Capital Germany (Netherlands) XLVIII B.V.	Netherlands	100.00	100.00
290	Brack Capital Beta B.V.	Netherlands	89.90	89.90
291	Grafental Mitte B.V.	Netherlands	99.90	99.90
292	Brack Capital Germany (Netherlands) XXVI B.V.	Netherlands	99.90	99.90
293	Grafental GmbH & Co. KG	Germany	100.00	100.00
294	Brack Capital Germany (Netherlands) XLIX B.V.	Netherlands	99.90	99.90
295	Brack Capital Germany (Netherlands) XLVI B.V.	Netherlands	100.00	100.00
296	Brack Capital (Witten) GmbH & Co. Immobilien KG	Germany	100.00	100.00
297	Brack Capital Witten GmbH (GP)	Germany	100.00	100.00
298	Brack Capital Germany (Netherlands) XII B.V.	Netherlands	100.00	100.00
299	Brack Capital Germany (Netherlands) XIX B.V.	Netherlands	99.90	99.90
300	Brack Capital Germany (Netherlands) XXI B.V.	Netherlands	99.90	99.90
301	Brack Capital Germany (Netherlands) XLI B.V.	Netherlands	99.90	99.90
302	Brack Capital Germany (Netherlands) XXIII B.V.	Netherlands	100.00	100.00
303	Brack Capital Germany (Netherlands) XLII B.V.	Netherlands	99.90	99.90
304	Brack Capital Germany (Netherlands) XLIII B.V.	Netherlands	100.00	100.00
305	Brack Capital Germany (Netherlands) XLIV B.V.	Netherlands	99.90	99.90
306	Brack Capital Germany (Netherlands) XXX B.V.	Netherlands	99.90	99.90

	Company	Country	Shareholding and control at 31 December in % 2023	2022
307	Brack Capital (Darmstadt Goebelstrasse) GmbH	Germany	100.00	100.00
308	Brack Capital Germany (Netherlands) XXXI B.V.	Netherlands	99.90	99.90
309	Brack Capital Germany (Netherlands) XXXV B.V.	Netherlands	99.90	99.90
310	Brack Capital Germany (Netherlands) XXXVI B.V.	Netherlands	-	99.90
311	Brack Capital Germany (Netherlands) XXXVII B.V.	Netherlands	99.90	99.90
312	Brack Capital Germany (Netherlands) XXXVIII B.V.	Netherlands	99.90	99.90
313	Brack Capital Germany (Netherlands) XXXIX B.V.	Netherlands	99.90	99.90
314	Brack Capital Germany (Netherlands) XXV B.V.	Netherlands	100.00	100.00
315	Brack Capital Wuppertal (Netherlands) B.V.	Netherlands	100.00	100.00
316	Brack Capital (Wuppertal) GmbH	Germany	100.00	100.00
317	Invest Partner GmbH	Germany	93.90	93.90
318	Brack Capital Gelsenkirchen GmbH & Co. Immobilien KG	Germany	99.23	99.23
319	Brack Capital (Oberhausen) GmbH	Germany	100.00	100.00
320	Grafental Verwaltungs GmbH (phG)	Germany	100.00	100.00
321	Brack Capital Kaufland S.à r.l.	Luxembourg	100.00	89.89
322	TPL Augsburg S.à r.l.	Luxembourg	91.90	91.90
323	TPL Bad Aibling S.à r.l.	Luxembourg	91.90	91.90
324	TPL Biberach S.à r.l.	Luxembourg	91.90	91.90
325	TPL Borken S.à r.l.	Luxembourg	91.90	91.90
326	TPL Geislingen S.à r.l.	Luxembourg	91.90	91.90
327	TPL Neckarsulm S.à r.l.	Luxembourg	91.90	91.90
328	TPL Vilshofen S.à r.l.	Luxembourg	91.90	91.90
329	TPL Ludwigsburg S.à r.l.	Luxembourg	91.90	91.90
330	Brack Capital Eta B.V.	Netherlands	100.00	100.00
331	Brack Capital Germany (Netherlands) XL B.V.	Netherlands	100.00	100.00
332	Parkblick GmbH & Co. KG	Germany	99.90	99.90
333	Grafental am Wald GmbH (PhG)	Germany	100.00	100.00
334	Brack Capital Germany (Netherlands) LII B.V. "Holdco BV"	Netherlands	100.00	100.00
335	Brack Capital Patros GmbH "Holdco GmbH"	Germany	100.00	100.00
336	Brack Capital Magdeburg I GmbH	Germany	94.80	94.80
337	Brack Capital Magdeburg II GmbH	Germany	94.80	94.80
338	Brack Capital Magdeburg III GmbH	Germany	94.80	94.80
339	Brack Capital Magdeburg IV GmbH	Germany	94.80	94.80
340	Brack Capital Magdeburg V GmbH	Germany	94.80	94.80

	Company	Country	Shareholding and control at 31 December in % 2023	2022
341	Brack Capital Magdeburg VI GmbH	Germany	94.80	94.80
342	Brack Capital Halle I GmbH	Germany	94.80	94.80
343	Brack Capital Halle II GmbH	Germany	94.80	94.80
344	Brack Capital Halle III GmbH	Germany	94.80	94.80
345	Brack Capital Halle IV GmbH	Germany	94.80	94.80
346	Brack Capital Halle V GmbH	Germany	94.80	94.80
347	Brack Capital Leipzig I GmbH	Germany	94.80	94.80
348	Brack Capital Leipzig II GmbH	Germany	94.80	94.80
349	Brack Capital Leipzig III GmbH	Germany	94.80	94.80
350	Brack Capital Leipzig IV GmbH	Germany	94.80	94.80
351	Brack Capital Leipzig V GmbH	Germany	94.80	94.80
352	Brack Capital Leipzig VI GmbH	Germany	94.80	94.80
353	Brack Capital Germany (Netherlands) LV B.V.	Netherlands	100.00	100.00
354	RT Facility Management GmbH & Co. KG	Germany	100.00	100.00
355	RT Facility Management (Germany) GmbH (GP)	Germany	100.00	100.00
356	BCRE Kassel I B.V.	Netherlands	100.00	100.00
357	Brack Objekt Kassel Hafenstrasse GmbH	Germany	94.90	94.90
358	Brack Capital (Kassel) GmbH & Co. Immobilien KG	Germany	100.00	100.00
359	RealProb Investment (Duisburg) B.V.	Netherlands	100.00	100.00
360	Magnus Siebzehnte Immobilienbesitz- und Verwaltungs GmbH	Germany	99.90	99.90
361	Wasserstadt Co-Living GmbH	Germany	100.00	100.00
362	WER 1. Wohnungsgesellschaft Erfurt Rieth S.à r.l	Luxembourg	100.00	-
363	WER 2. Wohnungsgesellschaft Erfurt Rieth S.à r.l	Luxembourg	100.00	-
364	Spree Röbellweg 2-10 Verwaltungs GmbH	Germany	89.90	89.90
365	Westgrund I. Halle S.à r.l.	Luxembourg	100.00	-
366	RELDA 39. Wohnen S.à r.l.	Luxembourg	100.00	-
367	Spree Zweite Beteiligungs Ost S.à r.l.	Luxembourg	100.00	-
368	ADO GROUP LTD.	Israel	100.00	100.00
369	BCP Invest Rostock B.V.	Netherlands	89.90	89.90
370	BCP Invest Celle B.V.	Netherlands	89.90	89.90
371	BCP Invest Castrop B.V.	Netherlands	89.90	89.90
372	Eurohaus Frankfurt AG	Germany	89.99	89.99
373	Glasmacherviertel Verwaltungs GmbH (phG)	Germany	100.00	100.00
374	Brack Capital (Duisburg 2) GmbH & Co. Immobilien KG	Germany	99.33	99.33

	Company	Country	Shareholding and control at 31 December in % 2023	2022
375	Glasmacherviertel GmbH & Co. KG	Germany	100.00	100.00
376	Consus Holding GmbH	Germany	100.00	100.00
377	CCP Objektholding GmbH	Germany	100.00	100.00
378	Consus CCP 13 GmbH	Germany	-	100.00
379	Consus CCP 6 GmbH	Germany	100.00	100.00
380	DIPLAN GmbH	Germany	74.90	74.90
381	CONSUS Swiss Finance AG	Switzerland	93.40	93.40
382	CONSUS Swiss Services AG	Switzerland	93.40	93.40
383	CSW GmbH & Co. KG	Germany	93.40	93.40
384	CSW Verwaltungs GmbH	Germany	93.40	93.40
385	Consus Projektmanagement Verwaltungs GmbH	Germany	93.40	93.40
386	Knecht Ludwigsburg GmbH	Germany	93.40	93.40
387	SSN Facility Services GmbH	Germany	93.40	93.40
388	CSW Beteiligungs GmbH	Germany	93.40	93.40
389	SSN Gebäudetechnik GmbH	Germany	-	79.39
390	Consus Projektmanagement GmbH & Co. KG	Germany	93.40	93.40
391	CONSUS Swiss Projektholding AG	Switzerland	93.40	93.40
392	SSN Alboingärten Berlin GmbH	Germany	93.40	93.40
393	Franklinstrasse 26a Verwaltungs GmbH	Germany	87.80	87.80
394	Consus Wilhelmstraße Berlin GmbH	Germany	93.40	93.40
395	Wilhelmstrasse 56-59 Immobilienentwicklungs GmbH	Germany	93.40	93.40
396	Consus Franklinstraße Berlin GmbH	Germany	93.40	93.40
397	Consus Projekt Holding Deutschland GmbH	Germany	93.40	93.40
398	CONSUS (Schweiz) AG	Switzerland	93.40	93.40
399	Consus Deutschland GmbH	Germany	87.61	87.61
400	Consus Development Verwaltungs GmbH	Germany	87.61	87.61
401	Consus Development GmbH & Co. KG	Germany	87.61	87.61
402	Parken & Immobilien Invest GmbH Hamburg	Germany	87.61	87.61
403	Parken & Immobilien Betriebs GmbH Hamburg	Germany	87.61	87.61
404	Consus Investment Bundesallee Berlin GmbH	Germany	87.61	87.61
405	SSN Real GmbH	Germany	93.40	93.40
406	Consus Projekt Development GmbH	Germany	86.53	86.53
407	Wilhelmstrasse I GmbH	Germany	85.90	85.90
408	SG IBM-Campus 4 UG	Germany	86.53	86.53

			Shareholding and control at 31 December in %	
	Company	Country	2023	2022
409	SG IBM-Campus 5 UG	Germany	86.53	86.53
410	SG IBM-Campus 6 UG	Germany	86.53	86.53
411	SG IBM-Campus 7 UG	Germany	86.53	86.53
412	SG IBM-Campus 8 UG	Germany	86.53	86.53
413	SG IBM-Campus 9 UG	Germany	86.53	86.53
414	SG IBM-Campus 10 UG	Germany	86.53	86.53
415	SG IBM-Campus 11 UG	Germany	86.53	86.53
416	SG IBM-Campus 12 UG	Germany	86.53	86.53
417	SG IBM-Campus 13 UG	Germany	86.53	86.53
418	SG IBM-Campus 14 UG	Germany	86.53	86.53
419	SG IBM-Campus 15 UG	Germany	86.53	86.53
420	SG IBM-Campus 16 UG	Germany	86.53	86.53
421	SG IBM-Campus 17 UG	Germany	86.53	86.53
422	Consus Einkaufs-GbR Garden Campus Vaihingen	Germany	86.53	86.53
423	Consus Stuttgart Wohnen an der Villa Berg UG haftungsbeschränkt	Germany	86.53	86.53
424	Consus Stuttgart Park an der Villa Berg UG haftungsbeschränkt	Germany	81.34	81.34
425	Consus Stuttgart Villa Berg Parkhaus UG haftungsbeschränkt	Germany	81.34	81.34
426	Consus Stuttgart Villa Berg historisch UG haftungsbeschränkt	Germany	81.34	81.34
427	Consus Frankfurt Mainzer Landstraße Investitions UG haftungsbeschränkt	Germany	86.53	86.53
428	SG Frankfurt Mainzer Landstrasse GmbH	Germany	81.34	81.34
429	Consus München Schwabing Investitionsgesellschaft UG haftungsbeschränkt	Germany	86.53	86.53
430	Consus München Schwabing Verwaltungs GmbH	Germany	86.53	86.53
431	Consus Mannheim Glücksteinquartier Investitions UG haftungsbeschränkt	Germany	86.53	86.53
432	Consus Mannheim Glücksteinquartier Verwaltungs GmbH	Germany	86.53	86.53
433	Consus Mannheim Glücksteinquartier GmbH & Co. KG	Germany	81.34	81.34
434	SG Hamburg Holsten Quartiere 14 UG	Germany	98.68	86.53
435	SG Hamburg Holsten Quartiere 20 UG	Germany	100.00	86.53
436	Consus Einkaufs-GbR Holsten-Quartiere Hamburg	Germany	100.00	86.53
437	Consus Einkaufs-GbR Korallusviertel Hamburg	Germany	86.53	86.53
438	SG IBM-Campus 1 UG	Germany	86.53	86.53
439	SG IBM-Campus 2 UG	Germany	86.53	86.53
440	SG IBM-Campus 3 UG	Germany	86.53	86.53
441	Consus Stuttgart Vaihingen IBM Campus Holding GmbH	Germany	86.53	86.53
442	Consus RE GmbH	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2023	2022
443	Artists Living Berlin - ST GmbH & Co. KG	Germany	93.90	93.90
444	Steglitzer Kreisel Sockel GmbH	Germany	100.00	100.00
445	Steglitzer Kreisel Turm GmbH	Germany	100.00	100.00
446	Steglitzer Kreisel Parkhaus GmbH	Germany	100.00	100.00
447	Artists Commercial Berlin - ST GmbH & Co. KG	Germany	93.90	93.90
448	Artists Parking Berlin - ST GmbH & Co. KG	Germany	93.90	93.90
449	Artists Living Leipzig GmbH & Co. KG	Germany	99.90	99.90
450	Ostplatz Leipzig Work & Life GmbH & Co. KG	Germany	93.90	93.90
451	Ostplatz Leipzig Mensa GmbH	Germany	88.26	88.26
452	Artists Living Dresden PP GmbH & Co. KG	Germany	83.80	100.00
453	Artists Living Frankfurt SSc GmbH & Co. KG	Germany	99.90	99.90
454	Artists Living Frankfurt Dev GmbH & Co. KG	Germany	93.90	93.90
455	Artists Living Frankfurt Com GmbH & Co. KG	Germany	94.00	94.00
456	UpperNord Tower GmbH & Co. KG	Germany	93.90	94.00
457	UpperNord Hotel GmbH & Co. KG	Germany	100.00	100.00
458	UpperNord Quarter GmbH	Germany	94.00	94.00
459	Artists Living Köln StG GmbH & Co. KG	Germany	99.90	99.90
460	Holz ART CG-Innovationen GmbH	Germany	100.00	100.00
461	BCC BauCompetenzCenter GmbH	Germany	-	100.00
462	Consus ST(R)AHLKRAFT GmbH	Germany	100.00	100.00
463	Consus Estate & Hostel GmbH & Co. KG	Germany	100.00	100.00
464	Böblinger CityQuartier GmbH	Germany	94.90	94.90
465	Innenstadt Residenz Dresden GmbH & Co. KG	Germany	93.90	93.90
466	Residenz Dresden an der Elbe GmbH & Co. KG	Germany	-	100.00
467	LEA Grundstücksverwaltungs GmbH	Germany	93.90	93.90
468	Cologneo I GmbH & Co. KG	Germany	99.90	99.90
469	Cologneo III GmbH	Germany	94.80	100.00
470	Consus Deutsche Wohnen GmbH	Germany	93.90	93.90
471	Consus Bauprojekte GmbH	Germany	100.00	100.00
472	Günther Fischer Gesellschaft für Projektentwicklung mbH	Germany	80.00	80.00
473	Consus Immobilien GmbH	Germany	100.00	100.00
474	RVG Real Estate Vertriebs GmbH	Germany	51.00	51.00
475	City-Hausverwaltung GmbH	Germany	-	100.00
476	Consus IT-Service GmbH	Germany	90.00	90.00

	Company	Country	Shareholding and control at 31 December in % 2023	2022
477	APARTes Gestalten GmbH	Germany	100.00	100.00
478	CREATIVes Bauen GmbH	Germany	100.00	100.00
479	Consus Denkmalimmobilien GmbH	Germany	93.90	93.90
480	Consus Graphisches Viertel GmbH & Co. KG	Germany	94.00	94.00
481	Living Central Beteiligungs-GmbH	Germany	94.00	94.00
482	Living Central 1 GmbH	Germany	94.00	94.00
483	Living Central 2 GmbH	Germany	94.00	94.00
484	Living Central 3 GmbH	Germany	94.00	94.00
485	Living Central 4 GmbH	Germany	94.00	94.00
486	Living Central 5 GmbH	Germany	94.00	94.00
487	Living Central 6 GmbH	Germany	94.00	94.00
488	Living Central 7 GmbH	Germany	94.00	94.00
489	Living Central 8 GmbH	Germany	94.00	94.00
490	Living Central 9 GmbH	Germany	94.00	94.00
491	Living Central 11 GmbH	Germany	94.00	94.00
492	Consus Erste Delitzscher Straße GmbH & Co. KG	Germany	100.00	100.00
493	Consus Zweite Delitzscher Straße GmbH & Co. KG	Germany	100.00	100.00
494	Benrather Gärten Wohnentwicklung GmbH & Co. KG	Germany	94.90	94.90
495	Consus Sechste Delitzscher Straße GmbH & Co. KG	Germany	100.00	100.00
496	SLT 107 Schwabenland Tower GmbH	Germany	94.90	94.90
497	Benrather Gärten Gewerbeentwicklung GmbH & Co. KG	Germany	94.90	94.90
498	Benrather Gärten Projektentwicklung GmbH	Germany	94.90	94.90
499	Consus Siebte SHELF GmbH & Co. KG	Germany	94.90	94.90
500	Consus Achte SHELF GmbH & Co. KG	Germany	-	100.00
501	Consus Neunte SHELF GmbH & Co. KG	Germany	-	100.00
502	Consus Zehnte SHELF GmbH & Co. KG	Germany	-	100.00
503	Consus Elfte SHELF GmbH & Co. KG	Germany	-	100.00
504	Consus Zwölfte SHELF GmbH & Co. KG	Germany	-	100.00
505	Consus Dreizehnte SHELF GmbH & Co. KG	Germany	-	100.00
506	Consus Construction GmbH	Germany	100.00	90.00
507	Consus TEC Service GmbH	Germany	100.00	100.00
508	Neuländer Quaree II Verwaltungs GmbH	Germany	-	100.00
509	Consus Works GmbH	Germany	-	100.00
510	RAFFA Verwaltungs GmbH	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2023	2022
511	Artists Living Verwaltungs GmbH	Germany	100.00	100.00
512	Adler Group Intermediate Holding S.à r.l.	Luxembourg	100.00	-
513	Adler Group Group Holding LuxCo 1 S.à r.l.	Luxembourg	100.00	-
514	Adler Group Group Holding LuxCo 2 S.à r.l.	Luxembourg	100.00	-
515	Adler Group Group Holding LuxCo 3 S.à r.l.	Luxembourg	100.00	-
516	Consus Netz-Werk GmbH	Germany	74.90	74.90
517	AR Development GmbH	Germany	100.00	100.00

1)The Company intends to utilise the exemption option under § 264 b HGB

2)The Company intends to utilise the exemption option under § 264 Art. 3 HGB

Annual Accounts

4 Annual Accounts

To the Shareholders of

Adler Group S.A. | 55 Allée Scheffer | 2520 Luxembourg | Grand Duchy of Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the Audit of the Annual accounts

Opinion

We have audited the annual accounts of Adler Group S.A. (the "Company"), which comprise the balance sheet as at 31 December 2023 and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2023 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for our opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Annual accounts" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Value adjustments in respect of financial assets

a) Why the matter was considered to be one of most significance in our audit of the annual accounts:

Reference is made to the disclosures contained in Note 2.2.3 and in Note 4 of the annual accounts of Adler Group S.A. as at 31 December 2023 and for the year then ended.

Financial assets represent 89,3% of the Company's total assets and are subject to recoverability assessment at each reporting date. The conclusion on whether there is a durable diminution in value in the respect of financial assets is a significant judgement.

For purpose of identifying a durable diminution of financial assets, the Company's management considers the net assets of each affiliated undertaking as at the balance sheet date, values from properties held by these undertakings and any listed share price for investments held as fixed assets, if applicable. The respective properties held by the affiliated undertakings are valued at their fair values based on independent external valuers (the "Valuers").

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. In determining the property's valuation, the Valuers take into account property specific characteristics and information, including the rental income. The Valuers apply assumptions for estimated market rent, capitalisation interest rate and discount rate, which are influenced by prevailing market conditions and comparable market transactions, to arrive at the final valuation.

b) How our audit addressed the key audit matter:

Our procedures over the value adjustments in respect of financial assets included, but were not limited to:

- Comparison of the carrying amount of financial assets for each of the underlying affiliated undertaking with its net assets as per management accounts, considering also the fair value of properties of these underlying affiliated undertakings or to relevant listed share price for investments held as fixed assets, if applicable.

- Regarding the valuation of investment properties performing amongst others the following procedures:
  - Evaluate the qualifications and competence of the Valuers and read the terms of engagement of the Valuers with the Company and/or its subsidiaries to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
  - Evaluate the valuation methodologies used and testing the integrity of inputs of the projected cash flows used in the valuation to support leases and other documents on a selection;
  - Evaluate the material input parameters (i.a. capitalisation and discount rates) used in the valuation by comparing them with historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the Company and/or its external advisor;
  - Evaluate the internal controls with respect to the valuation of financial assets;
  - Drive-by-site-visits for a selection of properties.

Other matter

The audited annual accounts of the Company as at 31 December 2022 and for the year then ended have not been approved by the shareholders until the date of this audit report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the combined management report and the Corporate Governance Report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as réviseur d'entreprises agréé by the Extraordinary General Meeting of the Shareholders on 27 November 2023 and the duration of our uninterrupted engagement including previous renewals and reappointments is one year.

The combined management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Report is presented on pages 32 to 51. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 December 2023 and for the year then ended with relevant statutory requirements set out in the ESEF Regulation that are applicable to the annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of Adler Group S.A. as at 31 December 2023 and for the year then ended have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our report only refers to the annual accounts of Adler Group S.A. as at 31 December 2023 and for the year then ended, identified as "391200OYYFJ3DWAMEC69-2023-12-31-en.zip", prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Avega Revision S.à r.l.
Cabinet de Révision Agréé

Represented by

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Frank Thihatmar
Réviseur d'entreprises agréé

Luxembourg, 27 September 2024

Balance Sheet

In EUR	Note	31 Dec 2023	31 Dec 2022
Assets			
Formation expenses	**2.2.2, 3**	**71,748,230**	**33,670,336**
Fixed assets		**3,265,854,992**	**3,339,081,102**
Financial assets		3,265,854,992	3,339,081,102
Shares in affiliated undertakings	2.2.3, 4.1	2,151,757,548	2,502,563,760
Loans to affiliated undertakings	2.2.3, 4.2	1,059,616,642	767,928,824
Investments held as fixed assets	2.2.3, 4.3	342,550	8,232,250
Other loans	2.2.3, 4.4	54,138,252	60,356,268
Current assets		**312,008,096**	**178,210,840**
Debtors		212,157,665	100,309,233
Trade debtors	2.2.4, 5.1	18,079	7,658
Becoming due and payable within one year		18,079	7,658
Amounts owed by affiliated undertakings	2.2.4, 5.2	171,705,961	71,667,116
Becoming due and payable within one year		171,705,961	71,667,116
Other debtors	2.2.4, 5.3	40,433,625	28,634,459
Becoming due and payable within one year		40,433,625	28,634,459
Investments	2.2.5, 6	-	39,865,000
Other investments		-	39,865,000
Cash at bank and in hand	2.2.6	99,850,431	38,036,607
Prepayments	**2.2.8, 7**	**5,887,509**	**27,171,133**
Total assets		**3,655,498,828**	**3,578,133,411**

The accompanying notes form an integral part of the annual accounts.

In EUR	Note	31 Dec 2023	31 Dec 2022
Capital, reserves and liabilities			
Capital and reserves		**(1,159,767,237)**	**(289,469,812)**
Subscribed capital	8.1	188,016	145,713
Share premium account	8.2	2,242,906,370	2,242,906,370
Reserves		452,059	452,059
Legal reserve	8.3, 8.4	14,571	14,571
Other reserves, including the fair value reserve	8.4	437,488	437,488
Other available reserves		437,488	437,488
Profit or (loss) brought forward	8.4	(2,532,973,954)	(1,401,873,180)
Profit or (loss) for the financial year	8.4	(870,339,729)	(1,131,100,774)
Provisions		**2,980,907**	**1,372,892**
Provisions for taxation	2.2.9	9,630	4,815
Other provisions	2.2.9, 9	2,971,277	1,368,077
Creditors	**2.2.10, 10**	**4,812,285,158**	**3,866,230,332**
Debenture loans	10.1	3,550,691,771	3,412,244,955
Convertible loans		-	165,354,885
Becoming due and payable within one year		-	165,354,885
Non-convertible loans		3,550,691,771	3,246,890,070
Becoming due and payable within one year		159,691,771	46,890,070
Becoming due and payable after more than one year		3,391,000,000	3,200,000,000
Amounts owed to credit institutions	10.2	94,500,000	96,500,125
Becoming due and payable within one year		2,000,000	2,000,125
Becoming due and payable after more than one year		92,500,000	94,500,000
Trade creditors		4,755,557	5,613,802
Becoming due and payable within one year		4,755,557	5,613,802
Amounts owed to affiliated undertakings	10.3	217,246,287	342,494,665
Becoming due and payable within one year		142,246,287	342,494,665
Becoming due and payable after more than one year		75,000,000	-
Other creditors		945,091,543	9,376,784
Tax authorities	10.4	21,662,440	8,488,820
Social security authorities	10.4	9,578	10,214
Other creditors	10.5	923,419,525	877,751
Becoming due and payable within one year		1,669,126	877,751
Becoming due and payable after more than one year		921,750,399	-
Total capital, reserves and liabilities		**3,655,498,828**	**3,578,133,411**

The accompanying notes form an integral part of the annual accounts.

Profit and Loss Account

In EUR	Note	2023	2022
Profit and loss account			
Net turnover	**2.2.11, 11**	**33,509,752**	**24,705,659**
Other operating income		**17,208**	**-**
Raw materials and consumables and other external expenses		**(93,226,247)**	**(54,945,190)**
Other external expenses	12	(93,226,247)	(54,945,190)
Staff costs		**(2,430,626)**	**(2,376,933)**
Wages and salaries	14, 15	(2,414,496)	(2,350,535)
Social security costs	14, 15	(16,130)	(26,397)
Relating to pensions		(10,284)	(16,942)
Other social security costs		(5,846)	(9,456)
Value adjustments		**(174,134,601)**	**(26,110,131)**
In respect of formation expenses and of tangible and intangible fixed assets	2.2.12, 3	(55,755,269)	(13,670,664)
In respect of current assets	2.2.12, 5.2	(118,379,332)	(12,439,467)
Other operating expenses		**(9,015,589)**	**(1,540,660)**
Income from participating interests		**134,574,007.00**	**94,103,470**
Derived from affiliated undertakings	2.2.13, 4.1	134,574,007.00	94,103,470
Income from other investments and loans forming part of the fixed assets	**2.2.14**	**126,220,470**	**110,550,684**
Derived from affiliated undertakings	4.2	113,441,274	98,600,894
Other income not from affiliated undertakings	4.3, 4.4, 6	12,779,195	11,949,790
Other interest receivable and similar income		**4,368,580**	**557,834**
Derived from affiliated undertakings	5.2	125,185	108,310
Other interest and similar income	2.2.14	4,243,396	449,524
Value adjustments in respect of financial assets and of investments held as current assets	**2.2.3, 2.2.5, 4, 6**	**(626,707,015)**	**(1,182,515,637)**
Interest payable and similar expenses		**(263,510,852)**	**(93,525,055)**
Concerning affiliated undertakings	2.2.14, 10.3	(146,287,485)	(9,746,179)
Other interest and similar expenses	2.2.14, 10.1, 10.2, 10.5	(117,223,367)	(83,778,876)
Tax on profit or loss		**-**	**-**
Profit or loss after taxation		**(870,334,914)**	**(1,131,095,959)**
Other taxes not shown above		**(4,815)**	**(4,815)**
Profit or loss for the financial year	**8.4**	**(870,339,729)**	**(1,131,100,774)**

The accompanying notes form an integral part of the annual accounts.

Note 1 – General information

Adler Group S.A. (hereafter the "Company") previously known as ADO Properties S.A. was incorporated in Cyprus as Swallowbird Trading & Investments Limited on 13 November 2007 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office was situated in Larnaca, Cyprus. On 8 June 2015, the Company deleted its registration in Cyprus and moved its registered office and central administration to Luxembourg.

The Company adopted the form of a private limited liability company (société à responsabilité limitée) under Luxembourg law. The Company was then converted to a public limited liability company (société anonyme) for an unlimited duration under the Luxembourg law by decision of the General Meeting of Shareholders dated 16 June 2015 and changed its name to ADO Properties S.A.

The Company changed its name from ADO Properties S.A. to Adler Group S.A. by decision of the General Meeting of Shareholders dated 29 September 2020.

The Company is registered under the RCS number B197554 in Luxembourg.

On 23 July 2015, the Company completed an initial public offering ("IPO") and its shares are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The Company has its registered office at 55 Allée Scheffer, L-2520 Luxembourg. The Company's financial year starts 1 January and ends 31 December of each year.

The object of the Company is the acquisition and holding of interests in Luxembourg and/or in foreign undertakings, as well as the administration, development and management of such holdings. The Company may provide financial assistance to the undertakings forming part of the Group of the Company such as the providing of loans and granting of guarantees or securities in any kind or form.

The Company may also utilise its funds to invest in real estate and, provided such investment is ancillary to or related to the acquisition, holding, administration, development and management of the undertaking forming part of the Group of the Company, the Company may invest in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and may privately issue bonds, notes or similar debt instruments.

The annual accounts of the Company are prepared under the provision of the law applicable for commercial companies in Luxembourg.

The Company also prepares consolidated financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The copies of the consolidated financial statements are available at the registered office of the Company or at https://adler-group.com

Note 2 — Summary of significant accounting and valuation policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that these annual accounts present the financial position and results fairly.

The books and records are maintained in EUR and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

The accounting policies applied to prepare these annual accounts are in conformity with the going concern principle.

The Ukraine conflict and its impact on the Group

Following the invasion of Ukraine by the Russian Federation on 24 February 2022, the German government and the European Union decided on a set of comprehensive economic sanctions against the Russian Federation with adverse effects on domestic energy price levels. Whether and to what extent further sanctions will be adopted or whether the conflict may intensify further cannot be assessed at present. All estimates and disclosures regarding the impact of the Ukraine conflict reflect the information available as of the report publication date and may be subject to subsequent changes.

The Group's risks and exposures relating to the Ukraine conflict

In itself, energy price inflation does not have a significant impact on the profitability and value of the Group's residential portfolio, as it is deemed that price increases can generally be recharged. The risk of default by tenants is addressed by appropriate valuation allowances on the Group's receivables and contract assets against tenants.

Risks for the Group's development projects arise from further disruptions in global supply chains causing further delays in the construction progress and price increases.

Market fluctuations and sanctions against investors from the Russian Federation make refinancing more difficult. As a company with a weak credit rating, the Group might be affected.

Specific effects of the Ukraine crisis on the Group's operating results

The Group is continuously assessing the impact of the Ukraine conflict on profitability and value of its assets.

The value of investment properties, contract balances, inventories and financial assets and liabilities as at 31 December 2023 reflects the economic conditions in existence at that date.

Going concern

Adler Group has taken considerable steps to ensure its ongoing viability through a restructuring plan agreed in April 2023. Following the implementation of the restructuring plan, Adler Group has taken various actions aimed at stabilising the business and managing debt maturities effectively. These measures have been instrumental in reinforcing the Group's capacity to continue as a going concern.

While the Group has achieved operational successes and realised asset disposals since April 2023, it faces persistent challenges due to market weakness in the German real estate sector. Inflationary pressures, elevated borrowing costs, and greater asset devaluations than expected have shaken investor confidence and curtailed transaction volumes. The initial restructuring plan, predicated on asset sales for debt repayment, has been reassessed in light of the strained ability to dispose of assets at favourable prices under these market conditions.

In response, Adler Group has proactively revised its restructuring framework, focusing on two key pillars: (i) a revised business plan to restructure the Group's most difficult assets and to participate in the expected market recovery, and (ii) a financial restructuring which improves the Group's cash position, stabilises the debt structure by postponement of maturities beyond 2026/27 and provides a sufficient equity position until maturity of Adler Group's prolonged debt in order to provide a solid foundation for the Group's going concern for at least, but not limited to, the next two years. This revised restructuring framework was the basis of Management's assessment of going concern which was conducted as part of the process of finalising these financial statements.

On 18 June 2024, Adler Group's bondholders cleared the way for Adler Group's comprehensive recapitalisation via a consent solicitation, following a binding agreement with a steering committee of bondholders supporting the recapitalisation of the Group as announced on 24 May 2024. The comprehensive recapitalisation was expected to be implemented through the conversion of certain of the existing debt instruments into subordinated perpetual notes which are to be classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities were expected to be extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group was expected to be provided with up to EUR 100 million of additional liquidity through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

On 9 August 2024, the extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the comprehensive recapitalisation of the Group. Bondholders invested in the 2L Notes are to receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group.

Based on this progress, Management was able to complete the comprehensive recapitalisation and the extension of the debt maturities combined with new liquidity on 19 September 2024, the restructuring effective date.

In addition, Adler Group was able to successfully prolong several secured bank loans in the second quarter of 2024 until 2028.

These recent measures, coupled with the projected recovery of the real estate market and a more stable economic environment, bolsters the Group's assertion of its going concern status, underpinning its capability to fulfil financial commitments, dispose of assets, and satisfy liabilities in the ordinary course of operations.

Nevertheless, despite proactive measures, the going concern assessment is inherently subject to certain risks and uncertainties. The condensed consolidated financial statements of Adler Group S.A., as per International Financial Reporting Standards, presuppose the entity's ability to continue as a going concern. This is predicated on the successful negotiation with creditors to sustain the business, realise asset sales, and settle liabilities in the ordinary course of business for the foreseeable future, which is assessed to be at least, but not limited to, two years from the reporting date.

2.2 Significant accounting and valuation policies

The main accounting and valuation rules applied by the Company are the following:

2.2.1. Currency translation

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are valued individually at the lower, respectively the higher, of their value at the historical exchange rate or their value determined at the exchange rates prevailing at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. Realised exchange gains and realised exchange losses are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above, the net unrealised losses are recorded in the profit and loss account, and the net unrealised exchange gains are not recognised.

2.2.2. Formation expenses

Formation expenses include expenses incurred for the IPO, capital increase, bond issuance, notes issuance, new money facility costs and costs incurred on revolving credit facilities. Formation expenses are written off based on a straight-line method over a period of five years or until the maturity date of the respective loan.

2.2.3. Financial assets

Shares in affiliated undertakings/participating interests/loans to these undertakings/investments held as fixed assets/other loans are valued at purchase price/nominal value (loans and claims), including their incidental expenses.

If, in the opinion of the Board of Directors, the value is permanently compromised, the values of the financial assets are adjusted and recognised at the lower value as at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4. Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.5. Investments

Transferable securities are valued at the lower of purchase price, including expenses incidental thereto and calculated on the basis of weighted average prices method, or market value, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to:

- the latest available quote on the valuation date for transferable securities listed on a stock exchange or traded on another regulated market;
- the probable realisation value estimated with due care and in good faith by the Board of Directors for transferable securities not listed on a stock exchange or not traded on another regulated market and for transferable securities listed on a stock exchange or traded on another regulated market where the latest quote is not representative.

2.2.6. Cash at bank and in hand

Cash at bank and in hand comprise cash on hand and deposits in banks. Cash is valued at its nominal value.

2.2.7. Derivative financial instruments

The Company may enter into derivative financial instruments such as options, swaps and futures. These derivative financial instruments are initially recorded at cost.

At each balance sheet date, unrealised losses are recognised in the profit and loss account whereas gains are accounted for when realised.

In the case of hedging of an asset or a liability that is not recognised at fair value, unrealised gains or losses are deferred until the recognition of the realised gains or losses on the hedged item.

2.2.8. Prepayments

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

2.2.9. Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the balance sheet date, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and, which at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which no final assessment notices have yet been received are recorded under the caption “Provisions for taxation”. The advance payments are shown in the assets of the balance sheet under “Other debtors”.

2.2.10. Creditors

Creditors are recorded at repayable amount.

2.2.11. Net turnover

The net turnover comprises the amounts of management fees, sales of services, recharge of fees and income on loan guarantee charged to affiliated companies.

2.2.12. Value adjustments

Value adjustments are deducted directly from the book value of the related asset and charged to the profit and loss.

2.2.13. Income from participating interests

Dividend income and gain on disposal of shares in affiliated undertakings are recognised on an accrual basis.

2.2.14. Interest income and expenses

Interest income and expenses are recognised on an accrual basis.

Note 3 – Formation expenses

Formation expenses comprise incorporation expenses, expenses incurred for the capital increase, costs incurred for the IPO and costs incurred for bond or loan issuance (covering mainly underwriting, appraisal, legal and audit expenses).

In EUR	31 Dec 2023	31 Dec 2022
Gross book value - opening balance	104,672,137	104,112,137
Additions for the year	93,833,164	560,000
Gross book value - closing balance	**198,505,301**	**104,672,137**
(Accumulated value adjustments - opening balance)	(71,001,802)	(57,331,138)
(Additions for the year)	(55,755,269)	(13,670,664)
(Accumulated value adjustments - closing balance)	**(126,757,071)**	**(71,001,802)**
Net book value - closing balance	**71,748,230**	**33,670,335**
Net book value - opening balance	**33,670,335**	**46,780,999**

During the year the addition of the formation expenses is composed of the following elements:

Nature and date of the formation expenses In EUR	2023	2022
Revolving credit facility costs in March 2021	-	560,000
NMF Facility Issuance Costs in April 2023	90,421,244	-
Copper Notes Issuance Costs in October 2023	3,411,920	-
Total	**93,833,164**	**560,000**

Note 4 – Financial assets

4.1 Shares in affiliated undertakings

The movements are as follows:

In EUR	31 Dec 2023	31 Dec 2022
Gross book value - opening balance	4,334,276,428	4,285,770,051
Additions for the year	2,098,661,663	52,007,406
(Disposals for the year)	(2,068,849,717)	(3,501,028)
Gross book value - closing balance	**4,364,088,374**	**4,334,276,428**
(Accumulated value adjustments - opening balance)	(1,831,712,669)	(1,083,891,829)
(Additions for the year)	(380,618,157)	(747,820,840)
(Accumulated value adjustments - closing balance)	**(2,212,330,826)**	**(1,831,712,669)**
Net book value - closing balance	**2,151,757,548**	**2,502,563,760**
Net book value - opening balance	**2,502,563,760**	**3,201,878,222**

The financial year 2023 witnessed significant changes in the shares of affiliated undertakings within the portfolio. Notably, the net book value decreased to EUR 2,151,757,548 in 2023 (2022: EUR 2,502,563,760). Despite these challenges, strategic initiatives remain focused on sustaining long-term value creation.

Changes in ownership:

Direct ownership of certain subsidiaries has decreased notably during the financial year. However, it is important to highlight that these changes primarily stem from intra-group sales. Consequently, while direct ownership has decreased, indirect ownership through intra-group structures remains unchanged.

On 9 March, 2023, the Company established Adler Group Intermediate Holding S.à r.l. as part of its restructuring strategy. The Company being the sole shareholder and had the objective to partly transfer its current shares to this company. The initial transfer occurred on 13 April 2023 for an amount of ca EUR 2.1 billion. Subsequently, on 13 April, 2023, the Company executed a partial share transfer agreement with its newly established entity, Adler Group Intermediate Holding S.à r.l., involving the transfer of ownership of 90 entities (comprising 84 German entities, 5 Dutch entities, and 1 Luxembourg entity). The transaction amounted to EUR 2.1 billion.

While basically no sales were conducted with external entities during the financial year, the Company engaged in strategic divestitures to newly incorporated subsidiaries within its corporate structure. These internal transactions were aimed at enhancing operational efficiency.

Value adjustments:

Throughout the reporting period, significant adjustments in value were observed across various subsidiaries, reflecting changes in market conditions and asset performance. Notably, meticulous evaluations led to substantial adjustments in key subsidiaries:

ADO Lux-EEME S.à r.l. recorded a substantial value adjustment of EUR 309,449,433, reflecting an assessment of asset impairments within the portfolio. Similarly, Adler Real Estate AG reported a notable adjustment of EUR 20,438,169, indicative of reassessments made in light of changing market conditions. Additionally, Songbird 1 ApS and Songbird 2 ApS both registered significant value adjustments of EUR 25,113,869 and EUR 25,120,500, respectively.

These adjustments underscore the diligent scrutiny applied to our asset valuations and the proactive measures taken to maintain the integrity of our financial statements. Through transparent disclosure and prudent financial management, we aim to provide stakeholders with a comprehensive understanding of the factors influencing our financial performance.

As of year-end, the Company held the following shares in affiliated undertakings:

Company	Registered country	Ownership 2023 %	Ownership 2022 %
Adler Group Intermediate Holding S.à r.l.	Luxembourg	100.00	-
Adest Grundstücks GmbH	Germany	10.10	93.90
Adler Immobilien Management GmbH	Germany	100.00	100.00
Adler Properties GmbH	Germany	100.00	100.00
Adler Real Estate AG	Germany	13.20	96.90
Adler Treasury GmbH	Germany	100.00	100.00
ADO 9110 Holding GmbH	Germany	10.10	100.00
ADO 9360 Holding GmbH	Germany	10.10	100.00
ADO 9540 Holding GmbH	Germany	10.10	100.00
ADO 9580 Holding GmbH	Germany	10.10	100.00
ADO Living GmbH	Germany	100.00	100.00
ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00
ADO SBI Holdings S.A. & Co. KG	Germany	94.00	94.00
ADO Sonnensiedlung S.à r.l.	Luxembourg	10.10	89.90
Adoa Grundstücks GmbH	Germany	10.10	93.90
Adom Grundstücks GmbH	Germany	10.10	93.90
Adon Grundstücks GmbH	Germany	10.10	93.90
AGPS BondCo PLC	United Kingdom	100.00	100.00
Alexandra Properties BV	Netherlands	10.10	94.34
Anafa 1 Grundstücks GmbH	Germany	10.10	93.90
Anafa 2 Grundstücks GmbH	Germany	10.10	93.90
Arafel Grundstücks GmbH	Germany	10.10	99.90
Artists Living Frankfurt Com GmbH & Co. KG	Germany	10.10	83.80
Artists Living Frankfurt Dev GmbH	Germany	10.10	83.80
Artists Living Frankfurt SSc GmbH & Co. KG	Germany	10.10	83.80
Bamba Grundstücks GmbH	Germany	10.10	93.90
Barbur Grundstücks GmbH	Germany	10.10	94.80
Berale Grundstücks GmbH	Germany	10.10	93.90
Bombila Grundstücks GmbH	Germany	10.10	93.90
Bosem Grundstücks GmbH	Germany	10.10	100.00
CCM City Construction Management GmbH	Germany	100.00	100.00
Central Facility Management GmbH	Germany	100.00	100.00
Consus Real Estate AG	Germany	10.10	93.86
Drontheimer Str. 4 Grundstücks GmbH	Germany	10.10	93.90
Dvash 1 Holding GmbH	Germany	10.10	100.00
Dvash 2 Holding GmbH	Germany	10.10	100.00

Company	Registered country	Ownership 2023 %	Ownership 2022 %
Dvash 3 B.V.	Netherlands	11.00	100.00
Eldalote Grundstücks GmbH	Germany	10.10	93.90
Gamad Grundstücks GmbH	Germany	10.10	93.90
GAMAZI Grundstücks GmbH	Germany	10.10	93.90
Geshem Grundstücks GmbH	Germany	10.10	93.90
Geut Grundstücks GmbH	Germany	10.10	93.90
Gozal Grundstücks GmbH	Germany	10.10	93.90
Hanpaka Holding GmbH	Germany	10.10	100.00
Horef Holding GmbH	Germany	10.10	100.00
Jessica Properties B.V.	Netherlands	10.10	94.41
Joysun 1 B.V.	Netherlands	100.00	100.00
Joysun 2 B.V.	Netherlands	100.00	100.00
KREMBO Grundstücks GmbH	Germany	10.10	93.90
Lavlav 1 Grundstücks GmbH	Germany	10.10	93.90
Lavlav 2 Grundstücks GmbH	Germany	10.10	93.90
Lavlav 3 Grundstücks GmbH	Germany	10.10	93.90
Lavlav Grundstücks GmbH	Germany	10.10	93.90
Marbien B.V.	Netherlands	10.10	94.80
Mastik Grundstücks GmbH	Germany	10.10	93.90
Matok Grundstücks GmbH	Germany	10.10	100.00
Meghan Properties B.V.	Netherlands	10.10	94.34
Mezi Grundstücks GmbH	Germany	10.10	93.90
Muse Grundstücks GmbH	Germany	10.10	93.90
Nehederet Grundstücks GmbH	Germany	10.10	93.90
Neshama Grundstücks GmbH	Germany	10.10	93.90
NUNI Grundstücks GmbH	Germany	10.10	93.90
Osher Grundstücks GmbH	Germany	10.10	94.00
Papun Grundstücks GmbH	Germany	10.10	93.90
Parpar Grundstücks GmbH	Germany	10.10	100.00
Pola Grundstücks GmbH	Germany	10.10	93.90
Artists Living II Verwaltungs GmbH (form. name RAFFA Verwaltungs GmbH)	Germany	100.00	100.00
Reshet Grundstücks GmbH	Germany	10.10	93.90
Rimon Holding GmbH	Germany	10.10	100.00
Sababa 18 Grundstücks GmbH	Germany	10.10	93.90
Sababa 19 Grundstücks GmbH	Germany	10.10	93.90
Sababa 20 Grundstücks GmbH	Germany	10.10	93.90

Company	Registered country	Ownership 2023 %	Ownership 2022 %
Sababa 21 Grundstücks GmbH	Germany	10.10	93.90
Sababa 22 Grundstücks GmbH	Germany	10.10	93.90
Sababa 23 Grundstücks GmbH	Germany	10.10	93.90
Sababa 24 Grundstücks GmbH	Germany	10.10	93.90
Sababa 25 Grundstücks GmbH	Germany	10.10	93.90
Sababa 26 Grundstücks GmbH	Germany	10.10	93.90
Sababa 27 Grundstücks GmbH	Germany	10.10	93.90
Sababa 28 Grundstücks GmbH	Germany	10.10	93.90
Sababa 29 Grundstücks GmbH	Germany	10.10	93.90
Sababa 30 Grundstücks GmbH	Germany	10.10	93.90
Sababa 31 Grundstücks GmbH	Germany	10.10	93.90
Sababa 32 Grundstücks GmbH	Germany	10.10	93.90
Seret Grundstücks GmbH	Germany	10.10	99.90
Sheket Grundstücks GmbH	Germany	10.10	99.90
Silan Grundstücks GmbH	Germany	10.10	99.90
Sipur Grundstücks GmbH	Germany	10.10	99.90
Songbird 1 ApS	Denmark	100.00	100.00
Songbird 2 ApS	Denmark	100.00	100.00
Stav Grundstücks GmbH	Germany	10.10	93.90
Tamuril Grundstücks GmbH	Germany	10.10	93.90
Tara Grundstücks GmbH	Germany	10.10	93.90
Tehila 1 Grundstücks GmbH	Germany	10.10	93.90
Tehila 2 Grundstücks GmbH	Germany	10.10	93.90
Tehila Grundstücks GmbH	Germany	10.10	93.90
Trusk Grundstücks GmbH	Germany	10.10	93.90
TUSSIK Grundstücks GmbH	Germany	10.10	93.90
Yabeshet Grundstücks GmbH	Germany	10.10	99.90
Yadit Grundstücks GmbH	Germany	10.10	99.90
Yahel Grundstücks GmbH	Germany	10.10	93.90
Yarok Grundstücks GmbH	Germany	10.10	93.90
Yussifun Grundstücks GmbH	Germany	10.10	93.90
Zamir Grundstücks GmbH	Germany	10.10	99.90
Zman Grundstücks GmbH	Germany	10.10	93.90

These affiliated undertakings form part of the Company’s consolidated financial statements prepared under IFRS as adopted by the European Union.

4.2 Loans to affiliated undertakings

The movements are as follows:

In EUR	31 Dec 2023	31 Dec 2022
Gross book value - opening balance	1,878,420,169	1,681,491,125
Additions for the year	483,595,119	196,929,044
Transfers during the year	(41,875,079)	-
Gross book value - closing balance	**2,320,140,208**	**1,878,420,169**
(Accumulated value adjustments - opening balance)	(1,110,491,344)	(682,371,297)
(Additions for the year)	(191,907,301)	(428,120,047)
Transfers during the year	41,875,079	-
(Accumulated value adjustments - closing balance)	**(1,260,523,566)**	**(1,110,491,344)**
Net book value - closing balance	**1,059,616,643**	**767,928,824**
Net book value - opening balance	**767,928,824**	**999,119,828**

As of 31 December, 2023, the loans to affiliated undertakings are as follows:

The loan to ADO Lux Finance S.à r.l. amounts to EUR 1,226,170,184 (2022: EUR 1,196,048,871). The partial impairment in the value of the loan to ADO Lux Finance S.à r.l., totalling EUR 620,027,348 (2022: EUR 428,120,047).

The loan to Consus Swiss Finance AG amounts to EUR 640,496,217 (2022: EUR 640,496,217). The impairment in the value of the loan to Consus Swiss Finance AG, totalling EUR 640,496,217, remains unchanged (2022: EUR 640,496,217).

The new interest-free loans to Adler Real Estate AG amounts to EUR 164,210,134 (2022: nil) and EUR 289,263,671 (2022: nil) respectively.

The interest income from loans to affiliated undertakings amount to EUR 113,441,274 (2022: EUR 98,600,894).

4.3 Investments held as fixed assets

The movements are as follows:

In EUR	31 Dec 2023	31 Dec 2022
Gross book value - opening balance	19,806,613	19,806,613
Gross book value - closing balance	**19,806,613**	**19,806,613**
(Accumulated value adjustments - opening balance)	(11,574,363)	(4,999,613)
(Additions for the year)	(7,889,700)	(6,574,750)
(Accumulated value adjustments - closing balance)	**(19,464,063)**	**(11,574,363)**
Net book value - closing balance	**342,550**	**8,232,250**
Net book value - opening balance	**8,232,250**	**14,807,000**

Investments held as fixed assets relate to the bond from Aggregate Holdings S.A., in an amount of EUR 342,550 (2022: EUR 8,232,250). As at 31 December 2023 the Company deemed that an additional impairment has occurred in the value of the bond from Aggregate based on the decreasing market rate. The value adjustment amounts to EUR 7,889,700 (2022: EUR 6,574,750).

The Company realised EUR 2,213,709 (2022: EUR 1,519,375) interest income from the Aggregate Bond.

4.4 Other loans

The movements are as follows:

In EUR	31 Dec 2023	31 Dec 2022
Gross book value - opening balance	60,356,268	47,312,005
Additions for the year	208,841	13,996,037
(Disposals for the year)	-	(951,774)
Gross book value - closing balance	**60,565,109**	**60,356,268**
(Accumulated value adjustments - opening balance)	-	-
(Additions for the year)	(6,426,857)	-
(Accumulated value adjustments - closing balance)	**(6,426,857)**	**-**
Net book value - closing balance	**54,138,252**	**60,356,268**
Net book value - opening balance	**60,356,268**	**47,312,005**

During 2020 and 2021 the Company entered into loan agreements with Taurecon Invest IX GmbH and had purchase price receivables from the sale of minority shares to Taurecon Invest XII GmbH (Taurecon). Effective 1 January 2022 all the previous loan agreements with Taurecon Invest IX GmbH were assigned to Taurecon Lux Invest III GmbH and the interest rate increased to 4.30% (previously 3.50%). The purchase price receivables were also transformed into the new loan agreement bearing an interest rate of 4.30%. The minority shares that the Taurecon companies hold in Adler subsidiaries are pledged as security measurement. An amount of nil (2022: EUR 951,774) was repaid during the year 2023.

During the year 2023, several impairments were conducted, Taurecon Lux Invest III GmbH recorded an impairment of EUR 5,545,914 (2022: nil) and Taurecon Invest XII GmbH recorded an impairment of EUR 880,943 (2022: nil).

The total interest income from other loans for year 2023 amounts to EUR 2,592,487 (2022: EUR 2,614,649).

Note 5 - Debtors

5.1 Trade debtors

In EUR	31 Dec 2023	31 Dec 2022
Becoming due and payable within one year		
Trade receivables	18,079	7,658
Total	**18,079**	**7,658**

5.2 Amounts owed by affiliated undertakings

In EUR	31 Dec 2023	31 Dec 2022
Becoming due and payable within one year		
Management fees due from affiliated companies	9,196,659	12,019,215
Other related parties	162,509,303	59,647,900
Total	**171,705,961**	**71,667,116**

Management fees receivable from affiliated companies represent fees for management services provided to Adler RE, Consus Real Estate AG, Adler Properties GmbH. As of 31 December 2023 the recorded management fees amounted to EUR 9,196,659 (2022: EUR 12,019,214). During the financial year 2023, several value adjustments on loans and interest to affiliated undertakings were conducted and will be described below. Other related parties have experienced significant growth, with notable changes highlighted below:

New loans extended to related parties include:
- Yanshuf Investment, accumulating nominal and interest amounts totalling EUR 8,154,266 (2022: nil). The value adjustment for the year 2023 amounts to EUR 2,522,066 (2022: nil)
- Yona Investment, amounting to EUR 4,127,468 (2022: nil). The value adjustment for the year 2023 amounts to EUR 1,207,289 (2022: nil)
- Wilhelmstr.56-59 GmbH, reflecting EUR 111,099,743 (2022: nil). The value adjustment for the year 2023 amounts to EUR 26,309,746 (2022: nil)

During the year, the Company made payments “on behalf of” certain affiliated entities due to their lack of a dedicated bank account or insufficient cash reserves to support their operational activities. Key “payments on behalf of” during the year are outlined as follows:
- ADO FC Management Unlimited Company EUR 279,575 (2022: EUR 187,319).
- Receivables from AGPS BondCo PLC, EUR 2,375,978 (2022: nil).
- Receivables from Adler Group Intermediate Holdings S.à r.l., EUR 256,657 (2022: nil).
- Receivables from Artist Living Frankfurt, EUR 669,000 (2022: nil). The value adjustments for the year amounts to EUR 669,000 (2022: nil).
- Receivables from WBR Grundstücks GmbH, EUR 1,869,264 (2022: nil).
- Receivables from Adler Treasury GmbH, EUR 7,000,000 (2022: nil).

The partial value adjustments pertaining to Adler Properties GmbH, Consus Real Estate AG and Consus Swiss Finance AG for the year amount to EUR 8,207,102 (2022: EUR 3,369,940), EUR 20,563,290 (2022: EUR 11,340,594) and EUR 64,487,432 (2022: EUR 20,062,155) respectively.

5.3 Other debtors

In EUR	31 Dec 2023	31 Dec 2022
Becoming due and payable within one year		
VAT receivable	21,253,442	8,277,699
Advance tax payments	42,870	38,055
Advance foreign tax payments	16,982	12,671
Other receivables	19,120,331	20,306,034
Total	**40,433,625**	**28,634,459**

Other receivables are principally composed of a total amount of EUR 10,472,751 (2022: EUR 10,277,079) impaired in 2023 by an amount of EUR 4,244,973 (2022: EUR nil) owed by a minority shareholder of affiliated undertakings.

The remaining portion of other debtors composed of accrued interest receivable from bonds and loans given detailed as below:

- EUR 15,170,847 (2022: EUR 7,197,847) impaired during the year by an amount of EUR 7,503,627 (2022: nil) is a receivable from Consus RE GmbH, a subsidiary of Consus Real Estate AG and;
- EUR 2,430,167 (2022: EUR 216,459) completely impaired at year end (2022: nil). This receivable was from Aggregate Holdings SA and;
- EUR 5,131,479 (2022: EUR 2,576,872) and EUR 93,854 (2022: EUR 37,777) are interest receivables from third parties.

Note 6 – Other investments

Other investments primarily consist of investments in bonds. The amount of EUR 39,865,000 (2022: EUR 39,865,000) was fully impaired by the end of the year, with no remaining balance as of 2022 either. It refers to a bond held by Consus RE GmbH, a subsidiary of Consus Real Estate AG.

In 2023, interest income from other bond investments totalled EUR 7,973,000 (2022: EUR 7,815,766).

Note 7 – Prepayments

Prepayments mainly consist of an insurance premium of EUR 5,853,123 (2022: EUR 26,940,182) concerning the net value of the discount on the corporate bonds. The balance of the prepayment concerning the net value of the discount on the corporate bonds (please refer to the Note 10.1) is completely recognised in the profit or loss account.

Note 8 – Capital

8.1 Subscribed capital

Subscribed capital amounts to EUR 145,713 and is divided into 117,510,233 dematerialised shares without a nominal value, all of said shares being fully paid-up.

Pursuant to the Resolutions as adopted on 12 April 2023, the Board of Directors of the Company has decided to increase the share capital by an amount of EUR 42,304 through the issuance of 34,115,874 dematerialised shares without nominal value. The shares issued have been subscribed on 24 April 2023.

At the end of the year 2023, the share capital of the Company is set at EUR 188,016 (2022: EUR 145,713) represented by 151,626,107 dematerialised shares without nominal value, all of said shares being fully paid up.

The authorised unissued capital of the Company is set at EUR 1,000,000 without nominal value.

The movements are as follows:

In EUR	2023	2022
Subscribed capital - opening balance	145,713	145,713
Subscriptions for the period	42,303	-
Subscribed capital - closing balance	**188,016**	**145,713**

8.2 Share premium

The movements are as follows:

In EUR	2023	2022
Share premium and similar premiums - opening balance	2,242,906,370	2,242,906,370
Movements for the year	-	-
Share premium and similar premiums - closing balance	**2,242,906,370**	**2,242,906,370**

8.3 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve after deduction of any losses brought forward, until this reserve equals 10% of the subscribed share capital. This reserve is non-distributable during the life of the Company. The appropriation to legal reserve is effected after approval at the General Meeting of shareholders.

8.4 Movements during the year on the reserves and profit and loss items

The movements during the year 2023 are as follows:

In EUR	Legal reserve	Other reserves	Profit or loss brought forward	Profit or loss for the financial year
At the beginning of the year	**14,571**	**437,488**	**(1,401,873,180)**	**(1,131,100,774)**
Movements for the year				
Allocation of prior year's result	-	-	(1,131,100,774)	1,131,100,774
Result of the year	-	-	-	(870,339,729)
At the end of the year	**14,571**	**437,488**	**(2,532,973,954)**	**(870,339,729)**

The impairments on investments and receivables resulted in a loss for the year that depleted Adler Group S.A.'s equity. Please refer to Note 4.1, 4.2, 4.3, 4.4, 5.2 and 6 for further details of the impairments made.

Note 9 – Provisions

Other provisions

Other provisions are presented as follows:

In EUR	31 Dec 2023	31 Dec 2022
Provision for audit services	2,903,200	1,300,000
Provision for KPMG tax services	60,000	-
Provision for KPMG other services	-	60,000
Provision for costs relating to the bond issuance	8,077	8,077
Total	**2,971,277**	**1,368,077**

Note 10 – Creditors

Amounts due and payable for the accounts shown under creditors are as follows:

In EUR	Within one year	After one year and within five years	After more than five years	2023 Total	2022 Total
10.1 Non-convertible debenture loans - principal	-	2,591,000,000	800,000,000	3,391,000,000	3,200,000,000
Non-convertible debenture loans - accrued interest	159,691,771	-	-	159,691,771	46,890,070
10.1 Convertible debenture loans - principal	-	-	-	-	165,000,000
Convertible debenture loans - accrued interest	-	-	-	-	354,885
10.2 Amounts owed to credit institutions	2,000,000	6,000,000	86,500,000	94,500,000	96,500,125
Trade creditors	4,755,557	-	-	4,755,557	5,613,802
10.3 Amounts owed to affiliated undertakings	142,246,287	75,000,000	-	217,246,287	342,494,665
10.4 Tax and social security debts	21,672,019	-	-	21,672,019	8,499,033
10.5 Other creditors	1,669,126	-	921,750,399	923,419,525	877,751
Total	**332,034,759**	**2,672,000,000**	**1,808,250,399**	**4,812,285,158**	**3,866,230,332**

10.1 Debenture loans

On 20 July 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 1.50% per annum and mature on 26 July 2024. The gross proceeds resulting from the transaction amounted to EUR 398.6 million with an issue price of 99.651%. The discount is shown in the assets of the balance sheet under “Prepayments” (please refer to the Note 7) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to fund future acquisitions. Effective as at 11 January 2023 Adler Group S.A. was substituted as Issuer of this bond by AGPS BondCo PLC, a wholly-owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Reporting period.

On 16 November 2018, the Company placed senior, unsecured convertible bonds in a total nominal amount of EUR 165 million, convertible into new and/or existing ordinary registered shares of the Company at the maturity date. The coupon has been set at 1.25% p.a., payable semi-annually in arrears. Due to the downgrade of the Company, the interest rate increased to 2.00% p.a. starting from 23 November 2020. The bonds will mature on 23 November 2023. The Company used the net proceeds to repay existing short-term debt, extend the Company’s debt maturity profile as well as to strengthen the Company’s liquidity position.

On 5 August 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 3.25% per annum and mature on 5 August 2025. The gross proceeds resulting from the transaction amounted to EUR 395.484 million with an issue price of 98.871%. The discount is shown in the assets of the balance sheet under “Prepayments” (please refer to the Note 7) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to refinance existing liabilities. Effective as at 11 January 2023 Adler Group S.A. was substituted as Issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Reporting period.

On 13 November 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 2.75% per annum and mature on 13 November 2026. The gross proceeds resulting from the transaction amounted to EUR 394.584 million with an issue price of 98.646%. The discount is shown in the assets of the balance sheet under “Prepayments” (please refer to the Note 7) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to refinance existing liabilities. Effective as at 11 January 2023 Adler Group S.A. was substituted as Issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Reporting period.

On 8 January 2021, the Company successfully placed EUR 1.5 billion fixed rate senior unsecured notes comprising of two tranches, a EUR 700 million 5-year maturity with a 1.875% fixed coupon and a EUR 800 million 8-year maturity with a 2.25% fixed coupon. The gross proceeds resulting from the transaction amounted to EUR 691.782 million with an issue price of 98.826% and EUR 785.656 million with an issue price of 98.207%. The discount is shown in the assets of the balance sheet under “Prepayments” (please refer to the Note 7) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to refinance existing liabilities. Effective as at 11 January 2023 Adler Group S.A. was substituted as Issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Reporting period.

On 21 April 2021, Adler Group S.A. successfully placed EUR 500 million fixed rate senior unsecured notes with a 6-year maturity and a 2.25% fixed coupon under its newly established EMTN programme. The notes were placed with institutional investors across Europe with a total order book of EUR 1.1 billion. The gross proceeds resulting from the transaction amounted to EUR 493.115 million with an issue price of 98.623%. The discount is shown in the assets of the balance sheet under “Prepayments” (please refer to the Note 7) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to refinance existing liabilities. Effective as at 11 January 2023 Adler Group S.A. was substituted as Issuer of this bond by AGPS BondCo PLC, a wholly-owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Reporting period.

The Company undertakes not to incur any financial indebtedness after the issue date of the bonds, and will also procure that its subsidiaries will not incur any financial indebtedness after the issue date of the bonds (except for refinancing existing financial indebtedness), if immediately after giving effect to the incurrence of such additional financial indebtedness (taking into account the application of the net proceeds of such incurrence), the following tests would not be met: (i) loan-to-value ratio (LTV) ≤ 60%; (ii) secured loan-to-value ratio ≤ 45%; (iii) unencumbered asset ratio ≥ 125%; and (iv) interest coverage ratio (ICR) ≥ 1.8.

During 2023 the Company had a total amount of EUR 13,549,004 (2022: EUR 75,675,000) interest expense and a total amount of EUR 26,940,182 (2022: EUR 6,582,740) expenses from the amortisation of bonds issuance premium on the debenture loans.

As at 31 December 2023, the Company is fully compliant with all financial covenant requirements.

The year 2023 primary modification that are observed in the non-convertible debenture loans principal reflects the addition of a newly issued Note with Berenberg Private Bank. On 9 October, 2023, the Company issued bonds with a nominal value of EUR 191 million. These bonds bear an annual interest rate of 22.92% and mature on 31 July, 2025.

Accrued interest on the non-convertible debenture loans comprises two components: firstly, the accrued interest from the bond issuance with Berenberg, totalling EUR 8,581,368 (2022: EUR nil); and secondly, the accrued interest from the Global Note, amounting to EUR 151,110,403 (2022: EUR 46,890,070).

On 9 October, 2023, a partial repayment of EUR 69,500,000 was made towards the Global Convertible Note, followed by the full repayment of EUR 95,500,000 on 22 November, 2023, covering the entire principal amount. Additionally, accrued interest totalling EUR 3,141,359 was repaid during the year 2023.

10.2 Amounts owed to credit institutions

On 15 March 2021, the Company signed a EUR 300 million syndicated revolving credit facility with JP Morgan, Deutsche Bank and Barclays as lenders for a 3-year term with two extension options, each for one year. In the second half of 2021, the Company drew down an amount of EUR 300 million. The amount was fully repaid on 30 December 2021. The facility was terminated in April 2022.

In March and April 2021, the Company raised a secured banking loan of EUR 100 million in total. The loan has an interest rate of 1.25% p.a. and a maturity term to 2028.

In 2023, the Company incurred a total interest expense of EUR 1,210,174 (2022: EUR 1,235,417) on loans owed to credit institutions.

10.3 Amounts owed to affiliated undertakings

In EUR	31 Dec 2023	31 Dec 2022
Adler Real Estate AG	115,866,753	273,481,424
A.D.O Group L.t.d	79,389,726	-
Other related parties	21,989,807	69,013,241
Total	**217,246,287**	**342,494,665**

The loan received from Adler RE bears an interest of 5.16% p.a. and had a maturity date of 15 April 2023 that was prolonged to 30 June 2025.

Other related parties are principally composed of payables to Bosem Grundstücks GmbH amounting to EUR 6,502,045 (2022: EUR 6,502,045), to Adler Treasury GmbH EUR 8,223,165 (2022: EUR 8,223,165), to ABO SBI Holdings S.A & Co. KG amounting to EUR 2,212,756 (2022: EUR 2,212,756).

On July 10, 2023, the Company received an intra-group loan from Adler Real Estate AG up to EUR 75 million, this amount was drawn down in 2023. The loan carries an interest rate of 13% and matures on 30 June, 2025. During the reporting period, this loan accrued interest totalling EUR 4,389,726.

On 22 December 2023, the Company received intra-group loan from Adler Real Estate AG totalling EUR 115 million, the interest rate is 27.51% the accrued interest at year end amount to EUR 866,753.

As of 31 December, 2023, the same loan and interest was transferred to ADO Group Ltd, an affiliated undertaking, with the terms and conditions of the loan remaining unchanged.

10.4 Tax and social security debts

In EUR	31 Dec 2023	31 Dec 2022
Becoming due and payable within one year		
Social security debts	9,578	10,214
VAT payable	21,631,248	8,474,527
Tax on salaries	5,042	5,042
Tax on director fees	26,150	9,250
Total	**21,672,019**	**8,499,033**

10.5 Other creditors

In EUR	31 Dec 2023	31 Dec 2022
Becoming due and payable within one year		
Amount payable to staff	1,668,199	877,751
Other creditors	927	-
Becoming due and payable after more than one year	**-**	**-**
Loans and similar debts (New Money Facility)	921,750,399	-
Total	**923,419,525**	**877,751**

Further details regarding the New Money Facility can be found in Note 18, including information on related interest expenses as referenced in Financial Statements caption 14b.

Note 11 – Net turnover

The Company's net turnover is mainly composed of management fee services in an amount of EUR 29,988,633 (2022: EUR 20,474,451) and recharged fees in an amount of EUR 3,368,572 (2022: EUR 4,097,502). The total amount of the net turnover is coming from related parties.

Note 12 – Other external expenses

Other external expenses are presented as follows:

In EUR	2023	2022
Consulting services - external	63,737,534	34,938,300
Accounting and audit fees	2,649,752	5,589,853
Legal fees	14,017,378	9,058,686
Capital market fees	1,084,748	137,667
Travel and entertainment costs - staff	173,333	150,081
Management fees - Adler Properties GmbH	1,067,434	1,287,793
Management fees - Adler subgroup	1,105,683	849,971
Management fees - Consus subgroup	251,011	87,396
Data processing	66,608	88,980
Real estate rental building and services	174,177	125,444
Commitments	5,281,541	-
Other fees	3,617,050	2,631,019
Total	**93,226,247**	**54,945,190**

The notable increase in other external expenses primarily stems from expenditures on consulting services, particularly external legal fees. In 2022, the Company initiated a restructuring process, requiring the engagement of numerous external consultants to support this strategic initiative aimed at enhancing operational efficiency.

Furthermore, the restructuring efforts have continued with heightened intensity throughout 2023, resulting in a significant escalation in associated expenses. The continued engagement of external consultants underscores the Company's commitment to optimising operational performance and strategic alignment in pursuit of its objectives.

Note 13 – Auditor's remuneration

The audit fees for the years 2023 and 2022 are presented below. It is important to note that for the year 2022, the Company did not engage an auditor, hence the column for 2022 will be empty. However, relevant data pertaining to the year 2022 is disclosed alongside the information for the year 2023.

In EUR	2023	2022
Audit fees:		-
Thereof: AVEGA** Revision S.à r.l. 2022* Standalone	60,000	-
Thereof: AVEGA** Revision S.à r.l. 2022* Consolidation	1,200,000	
Thereof: AVEGA** Revision S.à r.l. 2023 Standalone	60,000	-
Thereof: AVEGA** Revision S.à r.l. 2023 Consolidation	650,000	
Thereof: Domus Steuerberatungs AG** 2022* Consolidation	600,000	-
Thereof: Domus Steuerberatungs AG** 2023 Consolidation	600,000	-
Total	**3,170,000**	**-**

* Including fees incurred on the audit 2022

** Both AVEGA Revision and Domus Steuerberatungs AG are members of the Russell Bedford International Network

Note 14 – Staff

As at 31 December 2023, the Company has one full-time employee (2022: four) and no part-time employee (2022: one at 3/10) with an annual average of two employees (2022: five) during the financial year.

Note 15 – Emoluments granted to the members of the management and supervisory bodies

The emoluments granted by the Company to the members of the supervisory bodies in that capacity for the financial year are broken down as follows:

In EUR	2023	2022
Directors fee granted to the members of the Board of Directors	963,250	1,094,616
Total	**963,250**	**1,094,616**

The emoluments granted by the Company to the members of the Senior Management (Co-CEOs, CLO) are broken down as follows:

In EUR	2023	2022
Fixed salary	926,598	640,000
Short-term cash incentive	1,624,015	326,167
Other benefits	252,562	45,216
Consulting fees	195,833	441,753
Termination fee	-	992,342
Total	**2,999,008**	**2,445,478**

There are no commitments arising or entered into in respect of retirement pensions for former members of the management or supervisory bodies in that capacity of the Company.

There are no advances and loans to members of the management or supervisory body or commitment entered into on their behalf by way of guarantees of any kind.

Note 16 – Related party transactions

Other than those disclosed elsewhere in the annual accounts, the Company did not enter into any other material related party transactions with its related parties during the year.

Note 17 – Off balance sheet commitments

Based on the agreements signed by the Company in respect of the issuance of the corporate bonds and the convertible bond (please refer to Note 10.1) the Company is bound by a negative pledge clause.

The Company issued "Letters of Comfort" to some of the German subsidiaries in order to avoid illiquidity or over indebtedness of these companies.

Note 18 - Material events in the Reporting Period and Subsequent events

In the Reporting Period

1. On 11 January 2023, AGPS BondCo PLC (the "**New Issuer**") was substituted in place of Adler Group as issuer of its six series of senior unsecured notes ("**SUNs**") (the "**Issuer Substitution**"). In connection with the Issuer Substitution, Adler Group provided irrevocable and unconditional guarantees in relation to the obligations and liabilities under the SUNs, including (but not limited to) payment of the principal of, and interest on, the SUNs. On 24 February 2023, a holder of the SUNs, Plan.e.Anleihe GmbH, commenced proceedings in the Frankfurt Regional Court against Adler Group seeking a declaration that the Issuer Substitution was invalid and unenforceable. Adler Group opposed the relief sought on the grounds that the Issuer Substitution was effected in accordance with the terms and conditions governing each series of SUNs (the "**Terms and Conditions**"), and is and continues to be valid as a matter of German law, and will vigorously defend against such declaration in any such proceedings.

2. On 16 February 2023, the New Issuer completed the downlisting of its EUR 400,000,000 1.500% unsecured notes due 2024 ("**2024 Notes**"), which were admitted to trading on the regulated Market of Luxembourg Stock Exchange, on the Euro MTF. The purpose of the downlisting was to harmonise the 2024 Notes with the other five series of SUNs.

3. On 23 February 2023, BNP Paribas, as principal paying agent, received notices of termination under the Terms and Conditions from certain holders of SUNs (representing approximately 6% of the aggregate principal amount of the SUNs). Such notices were rejected by the New Issuer for procedural deficiencies. On 10 March 2023, the notices of termination were resubmitted. The New Issuer rejected one resubmitted notice for procedural deficiencies and rejected all resubmitted notices on the basis that no valid grounds for such termination exist and therefore considered the purported declarations to be invalid. On 24 March 2023, BNP Paribas again received resubmitted termination notices, which were similarly rejected by the New Issuer on the basis that no valid grounds for such termination exist and that the noteholders of the respective notes were not entitled to terminate the notes due to the presence of an ongoing Restructuring Plan proceeding.

4. On 17 March 2023, the Group sent a request to Adler RE to squeeze-out the remaining minority shareholders of Adler RE. Subsequently on the same date, the Group and Adler RE published an ad-hoc notification disclosing the EUR 8.76 per share cash compensation to be paid to the squeezed-out minority Adler RE shareholders.

5. On 21 March 2023, meetings of holders of the SUNs (the "**Plan Meetings**") were held to consider and vote on the Group's proposed Restructuring Plan (the "**Restructuring Plan**"), which aimed to facilitate a successful implementation of amendments to the SUNs and complete the wider financial restructuring of the Group (the "**Restructuring**"), and in doing so help resolve the financial difficulties faced by the Group. Subsequently on 21 March 2023, the Group announced the voting results of the Plan Meetings, noting a strong level of support for the Restructuring Plan and, more broadly, the Group's comprehensive Restructuring proposal.

6. On 12 April 2023, the High Court of Justice of England and Wales (the "**High Court**") made an order sanctioning the Restructuring Plan (the "**Sanction Order**") with the final judgement published on 21 April 2023 (the "**Judgement**"). At the hearing of the High Court's decision to sanction the Restructuring Plan on 12 April 2023, the ad hoc group of noteholders (the "**AHG**") opposing the Restructuring Plan stated that it would seek permission to appeal. The New Issuer opposed this application. On 25 April 2023 the High Court declined to grant AHG the permission to appeal. On 16 May 2023, the AHG filed an application with the Court of Appeal for permission to appeal and requested that the application for permission to appeal and the substantive hearing of the appeal be dealt with by the Court of Appeal on an expedited basis. The Group made submissions to the Court of Appeal opposing the AHG's request for expedition and intended to oppose the AHG's application for permission to appeal (as well as its appeal, if permission is granted).

7. On 13 April 2023, the Group announced completion of the Restructuring Plan. Pursuant to the Restructuring Plan, on 17 April 2023, the SUNs were amended in accordance with the amended Terms and Conditions governing each series of SUNs, which included, among other changes:

7.1 2.75% coupons increase until 31 July 2025; after which time, the coupons revert to their respective prior levels;

7.2 extension of the maturity date of the 2024 Notes from 26 July 2024 until 31 July 2025;

7.3 amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur the New Money Funding (as defined below) and refinance certain existing indebtedness;

7.4 amendments to the reporting covenants that temporarily alleviate the reporting obligations placed on the Group; and

7.5 amendments to certain other restrictive covenants to support the new capital structure and liquidity position of the Group.

The key amendments are summarised in the table below:

	EUR 400,000,000 1.500% unsecured notes due 2024	EUR 400,000,000 3.250% unsecured notes due 2025	EUR 700,000,000 1.875% unsecured notes due 2026	EUR 400,000,000 2.750% unsecured notes due 2026	EUR 500,000,000 2.250% unsecured notes due 2027	EUR 800,000,000 2.250% unsecured notes due 2029
Maturity	31 July 2025	As initially scheduled (5 Aug 2025)	As initially scheduled (14 Jan 2026)	As initially scheduled (13 Nov 2026)	As initially scheduled (27 Apr 2027)	As initially scheduled (14 Jan 2029)
Interest from 13 April 2023 to 31 July 2025	4.250%	6.000%	4.625%	5.500%	5.000%	5.000%
Interest after 31 July 2025	past maturity date	3.250%	1.875%	2.750%	2.250%	2.250%
Reporting covenant amendments	The audited year-end financials for the years ending on 31 December 2022 and 31 December 2023 each to be delivered by 30 September 2024					
Financial maintenance covenant	A maintenance loan-to-value ratio ("Maintenance LTV Ratio") covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date (first covenant testing date 31 December 2024)		A Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter (first covenant testing date 31 December 2024)			
Limitations on incurrence of debt	The incurrence of debt other than the New Money Facilities (as defined below), certain refinancing indebtedness, and a general basket indebtedness of up to EUR 150,000,000 will not be permitted					

8. On 13 April 2023, Adler Group completed a reorganisation of the Group's corporate structure. Following the completion of the reorganisation (i) Adler Group became the sole shareholder of the newly incorporated Luxembourg entity Adler Group Intermediate Holding S.à r.l. ("Adler Group Intermediate Holding"), which became the sole shareholder of three newly incorporated Luxembourg entities (collectively, the "Collateral LuxCos") and (ii) all shares in Adler RE, Consus Real Estate AG ("Consus") and certain other subsidiaries, which were previously directly or indirectly held by Adler Group (except for the New Issuer and for a certain number of the shares in such subsidiaries, which continue to be held by Adler Group), were transferred to the Collateral LuxCos.

9. On 17 April 2023, S&P downgraded the issuer ratings of both Adler Group and Adler RE from CC to SD (selective default). The rating of the unsecured debt for both Adler Group and Adler RE was lowered from CC to D (default). The ratings on Adler RE 2023 SUNs and Adler RE 2024 SUNs unsecured debt was affirmed at CCC-. S&P stated that it will reassess its ratings on Adler Group and Adler RE after the Restructuring is implemented.

10. In accordance with the Restructuring Plan, the Restructuring and related committed funding of up to EUR 937,474,000 (the "**New Money Funding**"), a special purpose vehicle established for the sole purpose of the Restructuring ("**LendingCo**") issued EUR 937,474,000 12.500% notes due 30 June 2025 (the "**New Money Notes**") and subsequently LendingCo lent the New Money Notes proceeds to the Group via loan facilities (the "**New Money Facilities**") under a facilities agreement dated 22 April 2023 (the "**New Money Facilities Agreement**"):

10.1 EUR 322,474,000 term loan facility with Adler Group, with proceeds funding (i) the repayment of the existing upstream loan from Adler RE and (ii) the payment of fee incurred in relation to the New Money Funding;

10.2 EUR 235,000,000 term loan facility ("**Facility ARE**") with Adler Group, with proceeds funding a non-interest bearing shareholder loan to Adler RE to fund repayment of the Adler RE 2023 SUNs in full on its maturity date (27 April 2023). The non-interest bearing shareholder loan to Adler RE was entered into on 27 April 2023;

10.3 Up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds funding certain capital expenditures; and

10.4 EUR 300,000,000 term loan facility ("**Facility 2024**") with Adler Group, to fund a non-interest bearing shareholder loan to Adler RE to, in turn, fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

11. Certain members of the Group provided guarantees and transaction security in favour of Global Loan Agency Services GmbH, as security agent, to secure the claims under the New Money Facilities. In addition, two intercreditor agreements were executed on 22 April 2023 to govern the enforcement of collateral and the waterfall for the distribution of enforcement proceeds amongst the different classes of Group creditors.

12. On 24 April 2023, Adler Group increased its share capital by EUR 42,303.68 from EUR 145,712.69 to EUR 188,016.37 by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Investors.

13. On 27 April 2023, S&P upgraded the issuer ratings of both Adler Group and Adler RE from SD to CCC+ with outlook negative. Furthermore, the issue rating on the Adler Group bond which had been extended from 2024 to 2025 and the two Adler RE AG bonds due in 2024 and 2026 were upgraded to CCC+. The rating of the remaining Adler Group bonds was raised to CCC-. The New Money Funding note was assigned a rating of B.

14. On 1 June 2023, Adler Group announced the extension of its Senior Management as part of the implementation of the Restructuring Plan. With effect from 19 June 2023, Hubertus Kobe was appointed as Chief Restructuring Officer (CRO) thereby joining the Senior Management of Adler Group. The responsibilities of the newly created CRO position will primarily include overseeing the restructuring of Adler Group in accordance with the approved Restructuring Plan. Also, the employment contract of Chief Executive Officer (CEO) Thierry Beaudemoulin was renewed.

15. On 21 June 2023, the annual General Meeting (AGM) was held. All proposed resolutions were adopted with large majorities of up to 100%. Thomas Echelmeyer was appointed to become Director and member of the Board of Directors in addition to his current role as CFO. The annual General Meeting also approved the appointment of both Dr. Heiner Arnoldi and Stefan Brendgen as members of the Board of Directors. Prof. Dr. A. Stefan Kirsten, Thierry Beaudemoulin, Thilo Schmid and Thomas Zinnöcker remained members of the Board of Directors. The Group's Board of Directors thus consists of seven individuals, five of them independent, with extensive expertise in corporate governance, real estate, finance, restructuring and capital markets.

16. On 21 June 2023, the extraordinary General Meeting (EGM) approved continuing the Company.

17. On 29 June 2023, the Board of Directors expressed its full confidence in and support for Senior Management member Sven-Christian Frank. Previously, Sven-Christian Frank had asked to be temporarily released from his duties and responsibilities in connection with the investigations by the public prosecutor's office in which he is listed as an accused. The Board of Directors did not comply with this request.

18. On 3 July 2023, Adler Real Estate AG agreed with its parent company Adler Group to grant it a loan of up to EUR 75 million and a term until 30 June 2025 with interest at market rates.

19. On 29 September 2023, Adler Group S.A. successfully placed EUR 191,000,000 senior secured notes due 31 July 2025 (the "**New Notes**"). The New Notes will be issued at 100% of their nominal value and accrue an annual PIK-amount of 21%. The New Notes are secured in ranking after the relevant asset level financings and the Company's financing obtained in connection with the restructuring under the Company's existing intercreditor agreement (i.e., secured on a "1.5 Lien" basis). The net proceeds from the issuance of the New Notes will be used to repay the Company's outstanding EUR 165,000,000 senior secured convertible notes due 23 November 2023 (the "Convertible Notes") and certain promissory notes (Schuldscheine) issued by ADO Lux Finance S.à r.l. and guaranteed by the Company. The Company intended for the New Notes to be quoted on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The issuance closed on 9 October 2023.

20. On 9 October 2023, Adler Group announced the results of the tender offer launched on 29 August 2023 (the "**Tender Offer**") to repurchase its outstanding EUR 165,000,000 senior secured Convertible Notes due 23 November 2023. The total tendered (and not validly withdrawn) amount under the Tender Offer is EUR 69,500,000 (representing 42.12% of the nominal amount outstanding). The Company accepted the full tendered amount for a purchase price of EUR 97,000 per EUR 100,000 principal amount plus accrued interest. The Tender Offer was settled on 12 October 2023. The Tender Offer was financed with the net proceeds from the placement of new EUR 191,000,000 senior secured notes due 31 July 2025, which closed on 9 October 2023.

21. On 16 October 2023, Adler Group announced that it had successfully completed its search for an auditor for the financial years 2022 and 2023. The Board of Directors of Adler Group received a declaration of acceptance of a corresponding engagement from AVEGA Revision S.à r.l. ("AVEGA Revision") and set in motion the convening of a General Meeting (GM) for the appointment of the auditor, which took place on 27 November 2023. A resolution was passed at the General Meeting, that AVEGA Revision will be responsible for the audit of the annual and consolidated financial statements of Adler Group for the financial years 2022 and 2023. Three other auditing firms will be responsible for the audit of the sub-areas relevant to the Group ("component audit"): Rödl & Partner had already been appointed by the court to audit the 2022 annual and consolidated financial statements of Adler RE. Morison Köln AG was commissioned with the sub-area audit of the sub-group Consus Real Estate AG. DOMUS Steuerberatungs-AG Wirtschaftsprüfungsgesellschaft will audit the individual financial statements of the German property companies of Adler Group.

22. On 19 October 2023, Adler Group announced that the competent local court in Berlin entered the resolution on the transfer of the shares of the remaining minority shareholders of Adler RE to Adler Group as the majority shareholder in the commercial register. The corresponding resolution of the annual General Meeting of Adler RE of 28 April 2023 thus became effective. The entry was enabled after the competent Superior Court in Berlin ruled in a release procedure ("Freigabeverfahren") that the pending avoidance actions do not prevent the entry. The minority shareholders were entitled to an appropriate cash compensation for the transfer of their shares, which was set at EUR 8.76 per share of Adler RE which was resolved upon by the annual General Meeting. The cash compensation was paid out in exchange for the shares being derecognised. On 2 November 2023, Adler RE was delisted from the regulated market (Prime and General Standard). Furthermore, with effect on 4 January 2024, Adler Real Estate AG was transformed into Adler Real Estate GmbH.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2023 in the annual financial statements through 26 September 2024, the date of finalisation of the financial statements.

1. On 23 January 2024, Adler Group S.A. confirmed that it will continue its restructuring path as planned. This followed the same day's decision by the Court of Appeal of England and Wales on 23 January 2024 to set aside the Sanction Order made by the High Court of Justice of England and Wales on 12 April 2023. Pursuant to the Sanction Order, the bonds issued by AGPS BondCo plc, a wholly owned subsidiary of Adler Group, were amended as of 17 April 2023. Since then, the amended bond terms have formed the basis of the Adler Group's ongoing liabilities, and the appellants in April 2023 did not apply for the appeal to have a suspensive effect on the Sanction Order. The implementation of the restructuring in April 2023 was carried out in accordance with German law and therefore the terms and conditions of the bonds remain valid regardless of the decision by the Court of Appeal to set aside the Sanction Order. The Court of Appeal's decision was made following a hearing lasting several days at the end of October 2023. While Adler Group respects the decision of the Court of Appeal to set aside the Sanction Order, the decision has no impact on the Adler Group or the effective amendments to the bond terms.

2 On 19 February 2024, Prof. Dr. A. Stefan Kirsten resigned from his office as Chairman of the Board of Directors of Adler Group S.A. with immediate effect for health reasons and left the Board. This was announced by the Company following an extraordinary meeting of the Board of Directors. Stefan Brendgen, member of the Board, assumed the office of Chairman of the Board of Directors.

3. On 25 April 2024, Adler Group announced that it is in advanced negotiations with a steering committee of bondholders ("SteerCo") to, among other plans, refinance and extend existing financial indebtedness, partially subordinate existing financial indebtedness and issue instruments representing majority voting control in Adler Group to bondholders. These discussions resulted in a non-binding agreement in principle and the parties were aiming for a lock-up agreement ("Lock-up Agreement") to be signed with the members of the SteerCo and further bondholders of the Group in due course.

4. On 7 May 2024, S&P downgraded Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026, Adler Group's EUR 191,000,000 21.000% senior secured notes due 31 July 2025 and EUR 400,000,000 4.250% senior secured notes due 31 July 2025 to CCC- from CCC+. The issue rating of the Adler Group EUR 937,474,000 12.500% New Money Facilities due 30 June 2025 was also downgraded from B to CCC+. Moreover, the ratings of Adler Group's second lien senior secured notes with a total volume of EUR 2,800,000,000 due between August 2025 to January 2029 were lowered from CCC- to C. The issuer credit rating of Adler Group was also downgraded from CCC+ to CCC-.

5. On 24 May 2024, Adler Group announced that Mr Matthias Moser is to be proposed as a new Board member at the upcoming annual General Meeting (AGM) on 25 June 2024. This proposed appointment followed the resignation of Prof. Stefan A. Kirsten in February 2024. Dr. Heiner Arnoldi and Thomas Zinnöcker also tendered their resignations with effect as of the upcoming AGM.

Following the AGM's approval of the appointment on 25 June 2024, the Board of Directors consists of five members. The Board is therefore composed as follows: Stefan Brendgen (Chairman), Thierry Beaudemoulin (CEO), Thomas Echelmeyer (CFO), Matthias Moser, and Thilo Schmid.

6. On 24 May 2024, Adler Group announced that it had entered into a binding Lock-Up Agreement with the SteerCo supporting a comprehensive recapitalisation of the Group. The Lock-Up Agreement was signed by bondholders representing more than 60% of the 2L Senior Secured Notes ("2L Notes") issued by Adler Group's subsidiary AGPS BondCo plc.

The first component of the agreement is to extend the existing Group debt maturities to December 2028, December 2029, and January 2030. The second component is to strengthen Adler Group's equity by approximately EUR 2.3 billion, which is expected to be achieved through the conversion of most of the existing 2L Notes into subordinated perpetual notes with terms consistent with equity classification under IFRS, thereby stabilising the Group's balance sheet. Together with the remaining reinstated 2L Notes of EUR 700 million, the perpetual notes form new notes, totalling approximately EUR 3 billion. Furthermore, Adler Group will be provided with up to EUR 100 million of fresh money through an increase in the existing 1L New Money Facility provided by a special purpose vehicle at the initiative of the bondholders. Additionally, the finance documents will provide for the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

As part of the recapitalisation transaction, bondholders are to receive the majority in Adler Group's voting rights. Following the implementation of the transaction, all outstanding common shares are to represent 25% of Adler Group's total voting rights. The remaining 75% of total voting rights will be represented by the bondholders. All common shares continue to represent 100% of Adler Group's dividend distribution rights.

7. Effective on 31 May 2024, Hubertus Kobe, Chief Restructuring Officer (CRO) and member of the Senior Management of Adler Group, decided to leave the Company. The position of the CRO will not be filled again.

8. On 18 June 2024, Adler Group announced that its bondholders cleared the way for the Group's comprehensive recapitalisation following a consent solicitation that was conducted after the binding agreement with a steering committee of bondholders had been announced on 24 May 2024. In the consent solicitation, more than 90% of the present and voting bondholders of each series approved the amendment of the terms and conditions of the senior secured notes issued by AGPS BondCo plc, a 100% direct subsidiary of Adler Group S.A. (the "Notes"). The 75% (present and voting) bondholder approval needed to implement the proposed amendments was far surpassed in each series of Notes, which underlined the strong and unified support received to effect certain amendments to the Notes (the "Proposed Amendments").

Adler Group stated that it will procure the implementation of the Proposed Amendments, which are subject to the fulfilment of certain conditions set out in the corresponding consent solicitation statement and will inform the bondholders as soon as the implementation conditions have been fulfilled or waived.

9. On 24 June 2024, S&P lowered the long-term issuer credit ratings of Adler Group to 'SD' (selective default) from 'CCC-. Moreover, the ratings of Adler Group's second lien senior secured notes with a total volume of EUR 2,800,000,000 due between August 2025 to January 2029 were reduced from C to D. S&P has placed the following four notes on CreditWatch: Adler Group EUR 937,474,000 12.500% New Money Facilities due 30 June 2025, Adler Group EUR 191,000,000 21.000% senior secured notes due 31 July 2025, Adler Group EUR 400,000,000 4.250% senior secured notes due 31 July 2025 and Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026. S&P stated that they will reassess their ratings of Adler Group and Adler RE after the restructuring is implemented and expect an upgrade to a 'CCC+' rating.

10. In June 2024, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 77 million by more than four years until October 2028. Also in June 2024, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48 million by more than four years until December 2028.

11. On 9 August 2024, the reconvened extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the recently announced comprehensive recapitalisation. Bondholders invested in the 2L Notes shall receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group.

12. In August 2024, a group of Berlin-based property companies of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 136 million by more than three years until October 2028.

13. On 19 September 2024, Adler Group declared that the comprehensive recapitalisation announced on 24 May 2024 had been completed. The recapitalisation was implemented through the conversion of certain of the existing 2L notes into subordinated perpetual notes which are classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities were extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group was provided with additional liquidity in the amount of approximately EUR 87 million through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised as from April 2024.

Additional information can be found on the Adler Group website: https://www.adler-group.com/en/investors/publications/news

Appendix: Key Figures Sustainability

EPRA Overarching Recommendations

The Adler Group prepared this report in line with the European Public Real Estate Association (EPRA) reporting criteria for sustainability reports, as described in the institute's "Best Practices Recommendations" of September 2017. All these criteria correspond to the Global Reporting Standards (GRI).

Operational boundaries

The information on energy consumption and greenhouse gas emissions for 2023 relates to the portfolio held by Adler Group at the end of the reporting period. If the coverage for an energy source is not 100%, this fact is noted.

Coverage

Information on personnel-related parameters and corporate governance disclosure relates to the Adler Group with all its Group companies. Information on stocks always relates to 31 December; information on flows is always for the year as a whole. Information on flows also includes data for properties that were sold or acquired during a period, i.e., that were not owned by the Group for the entire period.

There are no data on the number of buildings with sustainability certificates. The Adler Group intends to have all new buildings certified as well as buildings that undergo energy efficiency improvement. This is why Adler Group has become a member of the German Sustainable Building Council (DGNB). New buildings for the own portfolio have been completed in 2023. Neither have existing buildings undergone energy efficiency improvements as the portfolio has been materially altered. The Adler Group has practically no influence on water consumption, waste volumes incurred or the nature of their disposal. This is because water supply and waste disposal are services typically provided by municipal companies or by companies acting on their behalf on the basis of local monopolies. Typically, these services are supplied to the tenants directly, without interference by Adler Group.

Estimation of landlord-obtained consumption

Disclosures on the individual parameters do not include any estimates. In all cases, the figures have been actually measured, counted or derived from energy certificates.

Third party assurance

The Board of Directors examined the content of the report. It has not been subjected though to a limited assurance review in line with the international standards on assurance engagements (ISAE 3000) for reasons that an audited report for 2023 will only be submitted in September 2024 as specified in the Restructuring Plan after the auditor for the 2022 report had issued a disclaimer of opinion. The main financial and non-financial information that serves the internal management and further development of the Company is described in the annual report.

Boundaries – reporting on landlord and tenant consumption

The Adler Group has only limited influence on the total amount of energy used by tenants for their various purposes. In case of district heating or contracting, the Adler Group has no direct influence on the efficiency of this supply. Influence on heating consumption is thus limited to properties where the heating systems belong to the Adler Group.

This also applies to electricity consumption. The Adler Group cannot influence its tenants as far as their private choice of the preferred electricity supplier or the preferred type of electricity is concerned, but can only do so in relation to electricity used in the common areas of its properties. Here, it can decide on the electricity providers and which energy sources are used. In the (office) buildings rented for the Company's own administration, the Adler Group can influence consumption, but has only limited influence on the buildings' technical facilities.

Segmental analysis (by property type, geography)

The Adler Group's portfolio almost exclusively comprises rental units which, in terms of facilities and quality, fall into the category of affordable housing. They are exclusively located in Germany and thus in a region that is highly homogeneous in terms of climate, infrastructure and the need for safeguards against certain weather events. The properties were therefore not assigned to different segments. The non-financial reporting procedure is thus the same as for the financial reporting.

Disclosure on own offices

The Adler Group reports on energy consumption at its own locations, which are mostly rented, in this report in the chapter "Sustainability within the Company's organisation".

Narrative on performance

The Adler Group focusses its non-financial reporting on the topics derived from the double materiality analysis as demanded by the EU taxonomy. In the Company's opinion, these are the most significant ESG issues and fully comply with the relevant legal or regulatory provisions. The key events and developments in these areas in 2023 are described in this report.

Location of EPRA sustainability performance measures in Company's reports

The EPRA key performance indicators for the year 2023 are published, for the second time, in a combined report containing all relevant financial and non-financial information for the year.

Reporting period

The reporting period for all data relating to sustainability in this report is the 2023 calendar year. Prior-year comparisons relate to the 2022 calendar year. The reporting period is the same as in financial reporting.

Materiality

For 2023, the Adler Group has reviewed the materiality analysis in line with the new requirements of the EU of double materiality, adapted it in light of the changes in the overall settings and has reformulated it where appropriate. The results of the analysis are presented in this report in the chapter sustainability policies/reporting.

EPRA Performance Measures

The following tables show the indicators as recommended by EPRA in its "Best practice recommendations". They also refer to the relevant GRI standards. The deviations from the previous year, some of which are considerable, are mainly due to the fact that the number of existing properties in the portfolio has decreased significantly. Where calculation procedures have changed or other effects need to be taken into account in the comparison of the figures, this is explained in the footnotes.

Environmental Performance Measures

EPRA-Code	GRI-Standard and CRESD-Indicator-Code	Unit(s) of measure	Feature	Coverage in 2022 (%)	2022 Adler Group	Coverage in 2023 (%)	2023 Adler Group	Change in (%)
Elec								
Elec-tenant								
Elec-Abs	302-1	kWh	Total electricity consumption, tenants	100%	4,807,932	100%	4,856,011	1.0
Elec-landlord[1]								
Elec-Abs	302-1	kWh	Total electricity consumption, landlord	100%	759.215	100%	744,031	-2.0
Elec								
Elec-Abs	302-1	kWh	Total electricity consumption	100%	5,567,147	100%	5,600,042	0.6
Elec-tenant								
Elec-Lfl	302-1	kWh	Like-for-like total electricity consumption, tenants	100%	4,788,590	100%	4,740,704	-1.0
Elec-landlord[1]								
Elec-Lfl	302-1	kWh	Like-for-like total electricity consumption, landlord	100%	759.215	100%	774,400	2.0
Elec[2]								
Elec-Lfl	302-1	kWh	Like-for-like total electricity consumption	100%	5,547,805	100%	5,515,104	-0.6
DH&C								
DH&C tenant[3]								
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption, tenants	85%	125,612,668	85%	121,844,288	-3.0
DH&C landlord[1]								
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption, landlord	100%	2,756,200	100%	2,701,076	-2.0
DH&C								
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption	85%	128,368,868	85%	124,545,364	-3.0

EPRA-Code	GRI-Standard and CRESD-Indicator-Code	Unit(s) of measure	Feature	Coverage in 2022 (%)	2022 Adler Group	Coverage in 2023 (%)	2023 Adler Group	Change in (%)
DH&C tenant								
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption, tenants	71%	125,612,668	71%	121,844,288	-3.0
DH&C landlord[1]								
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption, landlord	100%	2,756,200	100%	2,701,076	-2.0
DH&C								
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption	71%	128,368,868	71%	124,545,364	-3.0
FUELS-ABS								
Fuels tenants			Total fuel consumption for heating, tenants					
Fuels-Abs[4]	302-1	kWh		80%	12,956,838	80%	12,956,838	0.0
of which natural gas	302-1	kWh		82%	10,694,634	82%	10,694,634	0.0
of which heating oil	302-1	kWh		73%	2,262,204	73%	2,262,204	0.0
Fuels Landlord			Total fuel consumption for heating, landlord					
Fuels-Abs[1]	302-1	kWh		100%	5,346,808	100%	5,075,064	-5.1
of which natural gas[1]	302-1	kWh		100%	1,206,531	100%	1,182,400	-2.0
of which heating oil[1]	302-1	kWh		100%	20,080	100%	19,678	-2.0
of which cars, machinery	302-1	kWh	Total fuel for cars, machinery, landlord	100%	4,120,197	100%	3,872,985	-6.0
Total fuel consumption	302-1	Annual kWh	Total	100%	18,303,645	100%	18,031,901	-1.5
FUELS-LFL								
Fuels tenants								
Fuels-Lfl	302-1	kWh	Like-for-like total fuel consumption, tenants	80%	12.956.838	80%	12.956.838	0.0
of which natural gas	302-1			82%	10,694,634	82%	10,694,634	0.0
of which heating oil	302-1			73%	2,262,204	73%	2,262,204	0.0

EPRA-Code	GRI-Standard and CRESD-Indicator-Code	Unit(s) of measure	Feature	Coverage in 2022 (%)	2022 Adler Group	Coverage in 2023 (%)	2023 Adler Group	Change in (%)
Fuels landlords								
Fuels-Lfl[1]	302-1	kWh	Like-for-like total fuel consumption, landlord	100%	5,346,808	100%	5,075,064	-5.1
of which natural gas[1]	302-1			100%	1,206,531	100%	1,182,400	-2.0
of which heating oil[1]	302-1			100%	20,080	100%	19,678	-2.0
of which cars, machinery	302-1			100%	4,120,197	100%	3,872,985	-6.0
Fuels-Lfl	302-1	kWh	Like-for-like total fuel consumption	100%	18,303,645	100%	18,031,901	-1.5
Energy-Int								
Elec	302-1	kWh/m²		100%	3.14	100%	3.15	0.6
DH&C	302-1	kWh/m²		85%	133.88	85%	129.89	-3.0
Fuels	302-1	kWh/m²		80%	169.40	80%	166.89	-1.5
Energy-Int	CRE1	kWh/m²	Building energy intensity	94%	145.20	94%	142.15	-2.1
GHG-Dir-Abs (Scope 1)			Total direct greenhouse gas (GHG) emissions (Scope 1)					
Natural gas	305-1	Tonnes of CO_2		82%	2,392	82%	2,387	-0.2
thereof tenants	305-1	Tonnes of CO_2		82%	2,150	82%	2,150	0.0
thereof landlord	305-1	Tonnes of CO_2		100%	243	100%	238	-2.0
Heating oil	305-1	Tonnes of CO_2		73%	637	73%	637	0.0
thereof tenants	305-1	Tonnes of CO_2		73%	631	73%	631	0.0
thereof landlord	305-1	Tonnes of CO_2		100%	6	100%	6	-2.0
Cars/machinery, landlord	305-1	Tonnes of CO_2		100%	1,100	100%	1,034	-6.0
GHG-Dir-Abs	305-1	Tonnes of CO_2		80%	4,129	80%	4,058	-1.7
GHG-Indir-Abs (Scope 2)			Total indirect greenhouse gas (GHG) emissions, (Scope 2)					
Elec	305-2	Tonnes of CO_2		100%	3,270	100%	3,251	-0.6
DH&C	305-2	Tonnes of CO_2		85%	27,322	85%	26,509	-3.0
Fuels[5]	305-2	Tonnes of CO_2						
GHG-Indirect-Abs	305-2	Tonnes of CO_2		87%	30,592	87%	29,759	-2.7

EPRA-Code	GRI-Standard and CRESD-Indicator-Code	Unit(s) of measure	Feature	Coverage in 2022 (%)	2022 Adler Group	Coverage in 2023 (%)	2023 Adler Group	Change in (%)
GHG-Int								
Tonnes of CO_2/ residential unit	CRE3	Tonnes of CO_2/ residential unit	Greenhouse gas (GHG) intensity from building energy consumption	94%	2.10	94%	2.05	-2.6
Tonnes of CO_2/m²	CRE3	Tonnes of		94%	0.033	94%	0.032	-2.7
Water-Abs								
Water Abs	303-1	m³/year	Total water consumption, tenants (withdrawal from the water mains)	74%	5,384,482	76%	5,115,258	-5.0
Water LfL	303-1	m³/year	Like-for-like total water consumption	48%	3,502,788	49%	3,327,649	-5.0
Water Int	CRE2	m³/m²	Water intensity of buildings (tenants)	74%	3.89	76%	3.60	-7.5

EPRA-Code	GRI-Standard and CRESD-Indicator-Code	Unit(s) of measure	Feature	Coverage in 2022 (%)	2022 Adler Group	Coverage in 2023 (%)	2023 Adler Group	Change in (%)
Waste-Abs	306-2	Total volume waste and proportion by disposal route (annual m³)	Total volume of waste per tenant	100%	251,514	100%	237,681	-5.5%
		Recyclable material		100%	27,813	100%	27,396	-1.5%
			Glass	100%	3,033	100%	2,988	-1.5%
			Paper	100%	59,767	100%	58,870	-1.5%
			Organic waste	100%	8,804	100%	8,672	-1.5%
		Recycling rate		100%	36,03	100%	41.20	5.17 PP
			Residual waste	100%	152,096	100%	139,755	-8.3%
Waste-LfL	306-2	Total volume waste and proportion by disposal route (annual m³)			155,939		154,492	-0.9%
Cert-Tot[6]	CRE8	Certified buildings			0		0	

(1) All landlord-based data in the table are taken from the 2022 figures and assume a reduction of 2% annually in line with the energy management system.

(2) This does not include the Scope 3 electricity consumption of the storage heaters.

(3) Consumption data were used where available. Energy certificates were used where consumption data were not available.

(4) Based on energy certificates only. Does not include the Scope 3 gas consumption of the gas heating.

(5) Fuels are missing because we only use Scope 1, not Scope 2 fuels in the Company.

(6) Certification is planned for all development projects and modernisation activities. Such projects were not completed in 2022 nor in 2023.

Social Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of Measure	2022				2023			
Diversity-Emp	Employee gender diversity	405-1	Percentage of employees		m	f	d		m	f	d
				Management	4	0	0	Management	6	0	0
				Executives	33	9	0	Executives	30	6	0
Diversity-Pay	Employee gender diversity	405-2	Remuneration of female employees in relation to average pay of relevant group in %	Second management level		98		Second management level		83	
				Third management level		77		Third management level		83	
				Total		96		Total		97	
Emp-Training	Employee training and development	404-1	Average hours	5.8				23.3			
Emp-Dev	Employee performance appraisals	404-3	Percentage of employees	16.0				20.7			
Emp-Turnover	New hires and turnover rate	401-1	Total and rate	New hires				New hires			
				Absolute	Rate (%)			Absolute	Rate (%)		
				155	19.0			99	16.0		
				Departures				Departures			
				Absolute	Rate (%)			Absolute	Rate (%)		
				229	28.0			217	35.0		
H&S-Emp	Employee health and safety	403-2	Injury rate, absentee rate and number of work related fatalities	Accidents per 100,000. working hours	1.1			Accidents per 100,000. working hours	1.3		
				Lost working days per 100,000 working hours	29.7			Lost working days per 100,000 working hours	58.1		
				Absentee rate	6.0%			Absentee rate	6.0%		
				Fatalities	1			Fatalities	0		

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of Measure	2022	2023
H&S-Asset	Asset health and safety assessments	416-1	Percentage of assets	100%	100%
H&S-Comp	Asset health and safety compliance	416-2	Number of incidents	0	0
Comty-Eng	Community engagement, impact assessment and development programmes	413-1	Percentage of assets	100%	100% Tenants can reach the Adler Group personally through the service hotline, caretakers or the contact/tenant offices. Tenants are systematically involved and consulted in all modernisation work. In its development projects, the Adler Group maintains constant dialogue with communities, investors and representatives of different interest groups.

Governance Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of Measure	2022		2023	
Gov-Board	Composition of the highest governance body	102-9	Number	Number of members of the Board of Directors	4	Number of members of the Board of Directors	6
				Average term of office	1	Average term of office	1
Gov-Selec	Process of nomination and selecting the highest governance body	102-10		Criteria are applied in the selection process that are derived from both Luxembourg law and the German Corporate Governance Code, to which the Adler Group is committed.		Criteria are applied in the selection process that are derived from both Luxembourg law and the German Corporate Governance Code, to which Adler Group is committed. (See chapter Corporate Governance).	
Gov-CoI	Process of managing conflicts of interest	102-15		The members of the highest governance body are also subject to the Company's compliance requirements. In addition, the governance bodies are regularly questioned in the course of the audits of the annual financial statements in accordance with recognised auditing standards.		The members of the highest governance body are also subject to the Company's compliance requirements. In addition, the governance bodies are regularly questioned in the course of the audits of the annual financial statements in accordance with recognised auditing standards. (See chapter Corporate Governance).	

TCFD Content Table

Implementation of the TCFD recommendations

	Governance	Strategy	Risk management	Metrics and targets
TCFD recommendations	Organisational structure of the Company regarding climate-related risks and opportunities	Actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	How the organisation identifies, assesses, and manages climate-related risks	Metrics and targets used to assess and manage relevant climate-related risks and opportunities
Chapter in the combined annual report 2023	Welcome to Adler Group, Letter from the Chairman, Sustainability policies, Corporate Governance Report	Letter from the Senior Management, Sustainability policies, Forecast report, Sustainability risks and opportunities	Sustainability policies, Sustainability risks and opportunities	Sustainability policies, Corporate Governance Report, Principles of Corporate Governance, Sustainability risks and opportunities, EPRA Performance Measures

Financial Calendar 2024

Adler Group S.A.

28 November 2024	**Publication Q3 2024 Results**

Online Financial Calendar

www.adler-group.com

Imprint

Coordination:

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