Adler Group S.A.
Annual Accounts

As at and for the year ended
31 December 2022

Registered office:
55 Allée Scheffer
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RCSL Nr. :	B197554	Matricule :	20152210249

BALANCE SHEET

Financial year from 01 01/01/2022 **to** 02 31/12/2022 *(in* 03 EUR *)*

ADLER Group S.A.
Heienhaff, 1B
L-1736 SENNINGERBERG

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107	2.2.2, 3	107	33,670,336	108	46,780,999
C. Fixed assets	1109		109	3,339,081,102	110	4,263,117,054
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

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	Code	Reference(s)	Code	Current year	Code	Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135		135	3,339,081,102	136	4,263,117,054
1. Shares in affiliated undertakings	1137	2.2.3, 4.1	137	2,502,563,760	138	3,201,878,222
2. Loans to affiliated undertakings	1139	2.2.3, 4.2	139	767,928,824	140	999,119,828
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145	2.2.3, 4.3	145	8,232,250	146	14,807,000
6. Other loans	1147	2.2.3, 4.4	147	60,356,268	148	47,312,005
D. Current assets	1151		151	178,210,840	152	292,120,033
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	100,309,233	164	99,182,399
1. Trade debtors	1165	2.2.4, 5.1	165	7,658	166	508,077
a) becoming due and payable within one year	1167		167	7,658	168	508,077
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	2.2.4, 5.2	171	71,667,116	172	74,539,202
a) becoming due and payable within one year	1173		173	71,667,116	174	74,539,202
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183	2.2.4, 5.3	183	28,634,459	184	24,135,120
a) becoming due and payable within one year	1185		185	28,634,459	186	24,135,120
b) becoming due and payable after more than one year	1187		187		188	

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		Reference(s)		Current year		Previous year
III. Investments	1189	2.2.5, 6	189	39,865,000	190	98,400,000
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195	39,865,000	196	98,400,000
IV. Cash at bank and in hand	1197	2.2.6	197	38,036,607	198	94,537,634
E. Prepayments	1199	2.2.8, 7	199	27,171,133	200	33,683,228
TOTAL (ASSETS)			201	3,578,133,411	202	4,635,701,315

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CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	-289,469,812	302	841,630,962
I. Subscribed capital	1303	8.1	303	145,713	304	145,713
II. Share premium account	1305	8.2	305	2,242,906,370	306	2,242,906,370
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	452,059	310	452,059
1. Legal reserve	1311	8.3, 8.4	311	14,571	312	14,571
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429	8.4	429	437,488	430	437,488
a) other available reserves	1431		431	437,488	432	437,488
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319	8.4	319	-1,401,873,180	320	434,033,399
VI. Profit or loss for the financial year	1321	8.4	321	-1,131,100,774	322	-1,835,906,579
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331	1,372,892	332	1,467,594
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335	2.2.9	335	4,815	336	9,630
3. Other provisions	1337	2.2.9, 9.1	337	1,368,077	338	1,457,964
C. Creditors	1435	2.2.10, 10	435	3,866,230,332	436	3,792,602,759
1. Debenture loans	1437	10.1	437	3,412,244,955	438	3,412,244,955
a) Convertible loans	1439		439	165,354,885	440	165,354,885
i) becoming due and payable within one year	1441		441	165,354,885	442	354,885
ii) becoming due and payable after more than one year	1443		443		444	165,000,000
b) Non convertible loans	1445		445	3,246,890,070	446	3,246,890,070
i) becoming due and payable within one year	1447		447	46,890,070	448	46,890,070
ii) becoming due and payable after more than one year	1449		449	3,200,000,000	450	3,200,000,000
2. Amounts owed to credit institutions	1355	10.2	355	96,500,125	356	98,500,000
a) becoming due and payable within one year	1357		357	2,000,125	358	2,000,000
b) becoming due and payable after more than one year	1359		359	94,500,000	360	96,500,000

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		Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	5,613,802	368	3,631,115
a) becoming due and payable within one year	1369		369	5,613,802	370	3,631,115
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	10.3	379	342,494,665	380	273,374,313
a) becoming due and payable within one year	1381		381	342,494,665	382	273,374,313
b) becoming due and payable after more than one year	1383		383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451		451	9,376,784	452	4,852,376
a) Tax authorities	1393	10.4	393	8,488,820	394	3,402,979
b) Social security authorities	1395	10.4	395	10,214	396	6,647
c) Other creditors	1397	10.5	397	877,751	398	1,442,751
i) becoming due and payable within one year	1399		399	877,751	400	1,442,751
ii) becoming due and payable after more than one year	1401		401		402	
D. Deferred income	1403		403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	3,578,133,411	406	4,635,701,315

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PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2022 **to** 02 31/12/2022 (in 03 EUR)

ADLER Group S.A.
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		Reference(s)		Current year		Previous year
1. Net turnover	1701	2.2.11, 11	701	24,705,659	702	8,594,436
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713		714	8,646
5. Raw materials and consumables and other external expenses	1671		671	-54,945,190	672	-19,636,384
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	12	603	-54,945,190	604	-19,636,384
6. Staff costs	1605		605	-2,376,933	606	-1,768,802
a) Wages and salaries	1607		607	-2,350,535	608	-1,757,181
b) Social security costs	1609		609	-26,397	610	-11,620
i) relating to pensions	1653		653	-16,942	654	-7,500
ii) other social security costs	1655		655	-9,456	656	-4,120
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657	-26,110,131	658	-36,079,575
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	2.2.12, 3	659	-13,670,664	660	-13,746,353
b) in respect of current assets	1661	2.2.12,5.2	661	-12,439,467	662	-22,333,223
8. Other operating expenses	1621		621	-1,540,660	622	-2,199,178
9. Income from participating interests	1715		715	94,103,470	716	
a) derived from affiliated undertakings	1717	2.2.13, 4.1	717	94,103,470	718	
b) other income from participating interests	1719		719		720	

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		Reference(s)		Current year		Previous year
10. Income from other investments and loans forming part of the fixed assets	1721	2.2.14	721	110,550,684	722	72,248,765
a) derived from affiliated undertakings	1723	4.2	723	98,600,894	724	61,193,376
b) other income not included under a)	1725	4.3, 4.4	725	11,949,790	726	11,055,389
11. Other interest receivable and similar income	1727		727	557,834	728	1,184,891
a) derived from affiliated undertakings	1729	5	729	108,310	730	1,184,832
b) other interest and similar income	1731	2.2.14	731	449,524	732	59
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	2.2.3	665	-1,182,515,637	666	-1,771,262,739
14. Interest payable and similar expenses	1627		627	-93,525,055	628	-86,991,823
a) concerning affiliated undertakings	1629	2.2.14	629	-9,746,179	630	-173,311
b) other interest and similar expenses	1631	2.2.14	631	-83,778,876	632	-86,818,512
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	-1,131,095,959	668	-1,835,901,764
17. Other taxes not shown under items 1 to 16	1637		637	-4,815	638	-4,815
18. Profit or loss for the financial year	1669	8.4	669	-1,131,100,774	670	-1,835,906,579

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 coronavirus pandemic and its impact on the Company

Following the outbreak of the coronavirus in December 2019 there has been a decline in economic activity in many regions of the world including Germany. In response to the risks of the pandemic for the health system and in order to protect particularly vulnerable individuals, the government took numerous measures to limit the spread of the virus with serious negative effects on Germany's economic development. The year 2022 was characterised by a gradual withdrawal of those measures. However, persistent supply chain disruptions continue to lead to shortages of raw materials and other inputs and consequent price increases.

The Company's risks and exposures relating to the coronavirus pandemic

Adler Group may be exposed to risks from a deterioration in the solvency of commercial and private tenants. Risks for the Group's development projects arise from disruptions in global supply chains causing further delays in the construction progress and price increases for building materials.

Specific effects of the coronavirus on the Company's operating results

The Company is continuously assessing the impact of the pandemic on its business, on the measurement of all of its assets and liabilities and on its ability to generate positive results from forward and upfront sales of development projects. The Company does not expect the crisis to have material impact on the rental income and the valuation of investment properties. The values of investment properties, projects, financial assets and financial liabilities as at 31 December 2022 as disclosed in these annual accounts reflect the economic conditions in existence at that date.
Disruptions in global supply chains burdened the Group's construction activity and had a negative impact on the profitability and value of the Group's development assets.

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 profitabitliy and value of its assets.
The value of investment properties, contract balances, inventories and financial assets and liabilities as at 31 December 2022 reflects the economic conditions in existence at that date.

Going concern

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. Throughout 2022, certain financial covenants limited the Company's ability to incur new debt and refinance upcoming maturities.
In 2022, the Company was faced with a critical liquidity position and upcoming debt maturities, for example with ADLER RE's senior unsecured notes. If ADLER RE failed to meet the upcoming maturities in 2023, creditors under several financing arrangements would been entitled by cross-default provisions to terminate those financing arrangements and declare the relevant debts immediately due and payable. Such non-consensual and uncoordinated acceleration of outstanding debt would have risked significant value destruction, as the Company would have been unable to satisfy these material accelerated debt obligations given its liquidity position and inability to sell assets at the necessary speed and price. As a result, in this scenario, the directors of the debtor entities would have had a statutory duty to file those relevant Group companies into bankruptcy or insolvency proceedings.
Due to the above risks, Adler Group proposed a restructuring plan with the goal of facilitating a successful implementation of amendments to the senior unsecured notes and complete a wider financial restructuring of the Group.
On 12 April 2023, the Restructuring Plan was sanctioned by the High Court of Justice of England and Wales. Pursuant to the Restructuring Plan, the senior unsecured notes were amended to provide, among other things:

- 2.75% coupons increase until 31 July 2025; after which time, the coupons revert to their respective prior levels;
- extension of the maturity date of AGPS BondCo PLC's EUR 400,000,000 1.500% unsecured notes due 2024 from 26 July 2024 until 31 July 2025;
- amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur EUR 937,500,000 of new financing via four term loan facilities ("New Money Funding") and refinance certain existing indebtedness;
- amendments to the reporting covenants that temporarily alleviate the reporting obligations placed on the Group; and
- amendments to certain other restrictive covenants to support the new capital structure and liquidity position of the Group.

The Restructuring Plan and related amendments provide the liquidity needed to manage the Group's upcoming debt maturities, stabilise its business operations and hence, continue as a going concern.

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, 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 2022**	**31 Dec 2021**
Gross book value - opening balance	104,112,137	79,220,131

Additions for the year	560,000	24,892,006
(Disposals for the year)	-	-
Gross book value - closing balance	**104,672,137**	**104,112,137**
(Accumulated value adjustments - opening balance)	(57,331,138)	(43,584,785)
(Additions for the year)	(13,670,664)	(13,746,353)
Reversals for the year	-	-
(Accumulated value adjustments - closing balance)	**(71,001,802)**	**(57,331,138)**
Net book value - closing balance	**33,670,335**	**46,780,999**
Net book value - opening balance	**46,780,999**	**35,635,346**

During the year the addition of the formation expenses is composed of the following elements:

Nature and date of the formation expenses In EUR	**2022**	**2021**
Revolving credit facility costs in March 2018	-	27,708
Revolving credit facility costs in September 2020	-	72,917
Bonds issuance costs in January 2021	-	17,955,272
Revolving credit facility costs in March 2021	560,000	2,114,496
Loan issuance costs in March 2021	-	316,000
EMTN Programme costs in 2021	-	560,846
Bonds issuance costs in April 2021	-	3,822,267
Green bond costs in 2021	-	22,500
Total	**560,000**	**24,892,006**

Note 4 - Financial assets

4.1 Shares in affiliated undertakings

The movements are as follows:

In EUR	**31 Dec 2022**	**31 Dec 2021**
Gross book value - opening balance	4,285,770,051	4,225,210,109
Additions for the year	52,007,406	60,559,943
(Disposals for the year)	(3,501,028)	-
Gross book value - closing balance	**4,334,276,428**	**4,285,770,051**
(Accumulated value adjustments - opening balance)	(1,083,891,829)	-
(Additions for the year)	(747,820,840)	(1,083,891,829)
(Accumulated value adjustments - closing balance)	**(1,831,712,669)**	**(1,083,891,829)**

Net book value - closing balance	**2,502,563,760**	**3,201,878,222**
Net book value - opening balance	**3,201,878,222**	**4,225,210,109**

During the year 2022 the company acquired further shares of Adler Real Estate AG for a total purchase price of EUR 1,490,764.
On 25 November 2022 the Company bought 83.8% of the shares in Artists Living Frankfurt Com GmbH & Co. KG, Artists Living Frankfurt Dev GmbH and Artists Living Frankfurt SSC GmbH & Co. KG, as well as 100% of the shares of RAFFA Verwaltungs GmbH.
On 23 December 2022 the Company founded AGPS BondCo PLC, a 100% owned subsidiary in the United Kingdom.
On 29 December 2022 the Company bought 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 50,438,193.

Based on the valuation of investments as well as recoverability of intercompany loans as at 31 December 2022, the Management Board decided to impair certain investments. The main effects are based on the partial impairment in the value of the shares of the Adler RE as well as the assessed recoverability of intercompany receivables against entities of the Consus Real Estate AG subgroup. The assessments take the current market conditions as well as the approved restructuring plan (please refer to Note 18. Subsequent events) as discussed in front of the High Court of Justice of England and Wales into account. The calculation of the impairment in the value of the shares of the Adler RE was based on the share price of EUR 8.76 per share that was offered to the minority shareholders of Adler RE at the squeeze-out. Based on this information, the Management Board decided to impair the investment in Adler RE in an amount of
EUR 221 million. Further, the Management Board decided on a partial impairment in the value of the shares of the following subsidiaries in the following amounts: ADO Lux-EEME S.à r.l EUR 526,081,800, Adler Treasury GmbH EUR 25,000, Adest Grundstücks GmbH EUR 23,475, Adler Immobilien Management GmbH EUR 337,564, Adler Properties GmbH EUR 25,0000, ADO Living GmbH EUR 25,000, CCM City Construction Management GmbH EUR 25,000, Mezi Grundstücks GmbH EUR 223,262 EUR, Osher Grundstücks GmbH EUR 23,500. As at 31 December 2021 the
Management Board decided on a full impairment in the value of the shares of the Consus Real Estate AG.

During the year 2022 the Company sold some of its subsidiaries to affiliated companies. From this sale the Company recognised EUR 94,103,470 income.
As at the year-end, the Company held the following shares in affiliated undertakings:

Company's name	**Registered country**	**Ownership 2022 %**	**Ownership 2021 %**
Adest Grundstücks GmbH	Germany	93.90	93.90
Adler Immobilien Management GmbH	Germany	100.00	100.00
Adler Properties GmbH	Germany	100.00	100.00
ADLER Real Estate AG	Germany	96.90	96.72
Adler Treasury GmbH	Germany	100.00	100.00
ADO 9110 Holding GmbH	Germany	100.00	100.00
ADO 9360 Holding GmbH	Germany	100.00	100.00
ADO 9500 Grundstücks GmbH	Germany	89.90	89.90
ADO 9540 Holding GmbH	Germany	100.00	100.00
ADO 9580 Holding GmbH	Germany	100.00	100.00
ADO Finance B.V.	Netherlands	100.00	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	89.90	89.90
Adoa Grundstücks GmbH	Germany	93.90	93.90
Adom Grundstücks GmbH	Germany	93.90	93.90
Adon Grundstücks GmbH	Germany	93.90	93.90
AGPS BondCo PLC	United Kingdom	100.00	-
Ahava Grundstücks GmbH	Germany	-	93.90
Alexandra Properties BV	Netherlands	94.34	94.34
Anafa 1 Grundstücks GmbH	Germany	93.90	93.90
Anafa 2 Grundstücks GmbH	Germany	93.90	93.90
Anafa Grundstücks GmbH	Germany	-	93.90
Arafel Grundstücks GmbH	Germany	99.90	99.90
Artists Living Frankfurt Com GmbH & Co. KG	Germany	83.80	-
Artists Living Frankfurt Dev GmbH	Germany	83.80	-
Artists Living Frankfurt SSc GmbH & Co. KG	Germany	83.80	-
Badolina Grundstücks GmbH	Germany	-	93.90
Bamba Grundstücks GmbH	Germany	93.90	93.90
Barbur Grundstücks GmbH	Germany	94.80	94.80
Berale Grundstücks GmbH	Germany	93.90	93.90
Bombila Grundstücks GmbH	Germany	93.90	93.90
Bosem Grundstücks GmbH	Germany	100.00	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	93.86	93.86
Drontheimer Str. 4 GmbH	Germany	93.90	93.90
Dvash 1 Holding GmbH	Germany	100.00	100.00
Dvash 2 Holding GmbH	Germany	100.00	100.00
Eldalote Grundstücks GmbH	Germany	93.90	93.90
Gamad Grundstücks GmbH	Germany	93.90	93.90
GAMAZI Grundstücks GmbH	Germany	93.90	93.90
Geshem Grundstücks GmbH	Germany	93.90	93.90
Geut Grundstücks GmbH	Germany	93.90	93.90
Gozal Grundstücks GmbH	Germany	93.90	93.90

Hanpaka Holding GmbH	Germany	100.00	100.00
Horef Holding GmbH	Germany	100.00	100.00
Jessica Properties BV	Netherlands	94.41	94.41
Joysun 1 B.V.	Netherlands	100.00	60.00
Joysun 2 B.V.	Netherlands	100.00	60.00
KREMBO Grundstücks GmbH	Germany	93.90	93.90
Lavlav 1 Grundstücks GmbH	Germany	93.90	93.90
Lavlav 2 Grundstücks GmbH	Germany	93.90	93.90
Lavlav 3 Grundstücks GmbH	Germany	93.90	93.90
Lavlav Grundstücks GmbH	Germany	93.90	93.90
Marbien Properties BV	Netherlands	94.80	94.80
Mastik Grundstücks GmbH	Germany	93.90	93.90
Matok Grundstücks GmbH	Germany	100.00	100.00
Maya Grundstücks GmbH	Germany	-	93.90
Meghan Properties BV	Netherlands	94.34	94.34
Melet Grundstücks GmbH	Germany	-	99.90
Mezi Grundstücks GmbH	Germany	93.90	93.90
Muse Grundstücks GmbH	Germany	93.90	93.90
Nehederet Grundstücks GmbH	Germany	93.90	93.90
Neshama Grundstücks GmbH	Germany	93.90	93.90
NUNI Grundstücks GmbH	Germany	93.90	93.90
Osher Grundstücks GmbH	Germany	94.00	94.00
Papun Grundstücks GmbH	Germany	93.90	93.90
Parpar Grundstücks GmbH	Germany	100.00	100.00
Pola Grundstücks GmbH	Germany	93.90	93.90
RAFFA Verwaltungs GmbH	Germany	100.00	-
Reshet Grundstücks GmbH	Germany	93.90	93.90
Rimon Holding GmbH	Germany	100.00	100.00
Sababa 18 Grundstücks GmbH	Germany	93.90	93.90
Sababa 19 Grundstücks GmbH	Germany	93.90	93.90
Sababa 20 Grundstücks GmbH	Germany	93.90	93.90
Sababa 21 Grundstücks GmbH	Germany	93.90	93.90
Sababa 22 Grundstücks GmbH	Germany	93.90	93.90

Sababa 23 Grundstücks GmbH	Germany	93.90	93.90
Sababa 24 Grundstücks GmbH	Germany	93.90	93.90
Sababa 25 Grundstücks GmbH	Germany	93.90	93.90
Sababa 26 Grundstücks GmbH	Germany	93.90	93.90
Sababa 27 Grundstücks GmbH	Germany	93.90	93.90
Sababa 28 Grundstücks GmbH	Germany	93.90	93.90
Sababa 29 Grundstücks GmbH	Germany	93.90	93.90
Sababa 30 Grundstücks GmbH	Germany	93.90	93.90
Sababa 31 Grundstücks GmbH	Germany	93.90	93.90
Sababa 32 Grundstücks GmbH	Germany	93.90	93.90
Seret Grundstücks GmbH	Germany	99.90	99.90
Sharav Grundstücks GmbH	Germany	-	99.90
Sheket Grundstücks GmbH	Germany	99.90	99.90
Silan Grundstücks GmbH	Germany	99.90	99.90
Sipur Grundstücks GmbH	Germany	99.90	99.90
Songbird 1 ApS	Denmark	100.00	60.00
Songbird 2 ApS	Denmark	100.00	60.00
Stav Grundstücks GmbH	Germany	93.90	93.90
Tamuril Grundstücks GmbH	Germany	93.90	93.90
Tara Grundstücks GmbH	Germany	93.90	93.90
Tehila 1 Grundstücks GmbH	Germany	93.90	93.90
Tehila 2 Grundstücks GmbH	Germany	93.90	93.90
Tehila Grundstücks GmbH	Germany	93.90	93.90
Trusk Grundstücks GmbH	Germany	93.90	93.90
TUSSIK Grundstücks GmbH	Germany	93.90	93.90
Wernerwerkdamm 25 Berlin Grundstücks GmbH	Germany	-	93.90
Yabeshet Grundstücks GmbH	Germany	99.90	99.90
Yadit Grundstücks GmbH	Germany	99.90	99.90
Yahel Grundstücks GmbH	Germany	93.90	93.90
Yarok Grundstücks GmbH	Germany	93.90	93.90
Yussifun Grundstücks GmbH	Germany	93.90	93.90
Zamir Grundstücks GmbH	Germany	99.90	99.90
Zman Grundstücks GmbH	Germany	93.90	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 2022**	**31 Dec 2021**
Gross book value - opening balance	1,681,491,125	115,894,274
Additions for the year	196,929,044	1,534,309,657
(Repayments during the year)	-	(18,712,806)
Transfers during the year	-	50,000,000
Gross book value - closing balance	**1,878,420,169**	**1,681,491,125**
(Accumulated value adjustments - opening balance)	(682,371,297)	-
(Additions for the year)	(428,120,047)	(682,371,297)
(Accumulated value adjustments - closing balance)	**(1,110,491,344)**	**(682,371,297)**
Net book value - closing balance	**767,928,824**	**999,119,828**
Net book value - opening balance	**999,119,828**	**115,894,274**

During the year 2021, the Company entered into loan agreements with ADO Lux Finance S.à r.l. (interest: 5.8% p.a., original maturity date: 31 March 2023, prolonged till 31 March 2024) and Consus Swiss Finance AG (interest: 4.32-6.00% p.a., maturity date: variable, latest at 31 December 2023). As at 31 December 2022, the Management Board decided on a partial impairment in the value of the loan to ADO Lux Finance S.à r.l. in an amount of EUR 428,120,047. The balance of the loan amounted to EUR 802,300,510 (31 December 2021: EUR 999,119,828). There was no further loan given to Consus Swiss Finance AG. As at 31 December 2021, the Management Board decided on a full impairment in the value of the loan amount to Consus.
The interest income from loans to affiliated undertakings amounted to EUR 98,600,894 (2021: EUR 61,193,376).

4.3 Investments held as fixed assets

The movements are as follows:

In EUR	**31 Dec 2022**	**31 Dec 2021**
Gross book value - opening balance	19,806,613	12,940,772
Additions for the year	-	19,806,613
(Disposals for the year)	-	(12,940,772)
Gross book value - closing balance	**19,806,613**	**19,806,613**
(Accumulated value adjustments - opening balance)	(4,999,613)	-
(Additions for the year)	(6,574,750)	(4,999,613)
Reversals for the year	-	-
(Accumulated value adjustments - closing balance)	**(11,574,363)**	**(4,999,613)**
Net book value - closing balance	**8,232,250**	**14,807,000**
Net book value - opening balance	**14,807,000**	**12,940,772**

Investments held as fixed assets relate to the bond from Aggregate Holdings S.A., a subsidiary of Aggregate Holdings Invest S.A. (a shareholder of the Company) in an amount of EUR 8,232,500. As at 31 December 2022 the Company deemed that an impairment has occurred in the value of the bond from Aggregate based on the decreasing market rate. The value adjustment amounts to EUR 6,574,750 (31 December 2021: EUR 4,999,613).
The Company realised EUR 1,519,375 (2021: EUR 664,163) interest income from the Aggregate Bond.

4.4 Other loans

The movements are as follows:

In EUR	31 Dec 2022	31 Dec 2021
Gross book value - opening balance	47,312,005	43,542,242
Additions for the year	13,996,037	3,769,763
(Disposals for the year)	(951,774)	-
Gross book value - closing balance	**60,356,268**	**47,312,005**
(Accumulated value adjustments - opening balance)	-	-
(Additions for the year)	-	-
Reversals for the year	-	-
(Accumulated value adjustments - closing balance)	**-**	**-**
Net book value - closing balance	**60,356,268**	**47,312,005**
Net book value - opening balance	**47,312,005**	**43,542,242**

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 EUR 951,774 was repaid during 2022.
The total interest income from other loans for 2022 amounted to EUR 2,614,649 (2021: EUR 1,827,082).

Note 5 - Debtors

5.1 Trade debtors

In EUR	31 Dec 2022	31 Dec 2021
Becoming due and payable within one year		
Trade receivables	7,658	-
Suppliers with a debit balance	-	508,077
Total	**7,658**	**508,077**

5.2 Amounts owed by affiliated undertakings

In EUR	31 Dec 2022	31 Dec 2021
Becoming due and payable within one year		
Management fees due from affiliated companies	12,019,215	7,355,273
Other related parties	59,647,900	67,183,929
Total	**71,667,116**	**74,539,202**

Management fees due from affiliated companies comprises of management fee services provided to Adler RE, Consus Real Estate AG and Adler Properties GmbH. As at 31 December 2022 the Management Board decided on a partial impairment of the trade receivables from Adler Properties GmbH in an amount of EUR 3,360,940 as well as a full impairment of the trade receivables from Consus Real Estate AG in an amount of EUR 9,069,527 (2021: EUR 2,271,067).

Other related parties are principally composed of an accrued interest receivable of EUR 29,731,896 (31 December 2021: EUR 33,641,541) from the loan given to ADO Lux Finance S.à r.l. The short-term loan of EUR 31,380,739 as at 31 December 2021 owed by Adler Treasury GmbH was repaid during 2022. The accrued interest receivable from the loan given to Consus Swiss Finance amounts to EUR 28,925,201 (31 December 2021: EUR 0 as it was fully impaired).

5.3 Other debtors

In EUR	31 Dec 2022	31 Dec 2021
Becoming due and payable within one year		
VAT receivable	8,277,699	3,729,651
Advance tax payments	38,055	104,309
Advance foreign tax payments	12,671	291,932
Other receivables	20,306,034	20,009,227
Total	**28,634,459**	**24,135,120**

Other receivables are principally composed of a total amount of EUR 10,277,079 owed by a minority shareholder of affiliated undertakings and EUR 10,028,955 accrued interest receivable from bonds and loans given, from which EUR 7,197,847 (31 December 2021: EUR 5,772,096) is a receivable from Consus RE GmbH, a subsidiary of Consus Real Estate AG and EUR 216,459 (31 December 2021: EUR 216,459) is a receivable from Aggregate Holdings S.A., a subsidiary of Aggregate Holdings Invest S.A. (a shareholder of the Company).

Note 6 - Other investments

Other investments are composed of investments in bonds. All of the EUR 39,865,000 relate to a bond of Consus RE GmbH, a subsidiary of Consus Real Estate AG.

In 2022 the interest income from other investments in bonds amounted to EUR 7,815,766 (2021: EUR 7,067,623).

Note 7 - Prepayments

Prepayments are mainly composed of an amount of EUR 26,940,182 (31 December 2021: EUR 33,522,923) concerning the net value of the discount on the corporate bonds (please refer to the Note 10.1).

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.

The authorised unissued capital of the Company is set at EUR 1,000,000 without nominal value.

The movements are as follows:

In EUR	2022	2021
Subscribed capital - opening balance	145,713	145,713

Subscriptions for the period	-	-
Subscribed capital - closing balance	**145,713**	**145,713**

8.2 Share premium

The movements are as follows:

In EUR	**2022**	**2021**
Share premium and similar premiums - opening balance	2,242,906,370	2,296,961,077
Movements for the year	-	(54,054,707)
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 2022 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**	**434,033,399**	**(1,835,906,579)**
Movements for the year				
Allocation of prior year's result	-	-	(1,835,906,579)	1,835,906,579
Result of the year	-	-	-	(1,131,100,774)
At the end of the year	**14,571**	**437,488**	**(1,401,873,180)**	**(1,131,100,774)**

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 and 5.2 for further details of the impairments made.

Note 9 - Provisions

9.1 Other provisions

Other provisions are presented as follows:

In EUR	**31 Dec 2022**	**31 Dec 2021**
Provision for audit services	1,300,000	476,700
Provision for KPMG tax services	-	15,225
Provision for KPMG other services	60,000	950,606
Provision for costs relating to the bond issuance	8,077	15,433

Total	**1,368,077**	**1,457,964**

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	2022 Total	2021 Total
10.1 Non-convertible debenture loans - principal	-	2,400,000,000	800,000,000	3,200,000,000	3,200,000,000
Non-convertible debenture loans - accrued interest	46,890,070	-	-	46,890,070	46,890,070
10.1 Convertible debenture loans - principal	165,000,000	-	-	165,000,000	165,000,000
Convertible debenture loans - accrued interest	354,885	-	-	354,885	354,885
10.2 Amounts owed to credit institutions	2,000,125	8,000,000	86,500,000	96,500,125	98,500,000
Trade creditors	5,613,802	-	-	5,613,802	3,631,115
10.3 Amounts owed to affiliated undertakings	342,494,665	-	-	342,494,665	273,374,313
10.4 Tax and social security debts	8,499,033	-	-	8,499,033	3,409,625
10.5 Other creditors	877,751	-	-	877,751	1,442,751
Total	**571,730,332**	**2,408,000,000**	**886,500,000**	**3,866,230,332**	**3,792,602,759**

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 100% owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Subsequent events 1.

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, Subsequent events 1.

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, Subsequent events 1.

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, Subsequent events 1.

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 100% owned subsidiary of Adler Group S.A. For further information please refer to the Note 18, Subsequent events 1.

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 2022 the Company had a total amount of EUR 75,675,000 interest expense (2021: EUR 70,876,311) and a total amount of EUR 6,582,740 (2021: EUR 6,083,572) expenses from the amortisation of bonds issuance premium on the debenture loans.

As at 31 December 2022, the Company is fully compliant with all financial covenant requirements.

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 2022 the Company had a total amount of EUR 1,235,417 (2021: EUR 2,899,332) interest expense on loans owed to credit institutions.

10.3 Amounts owed to affiliated undertakings

In EUR	**31 Dec 2022**	**31 Dec 2021**
ADLER Real Estate AG	265,220,905	265,220,905
Other related parties	77,273,760	8,153,408
Total	**342,494,665**	**273,374,313**

The loan received from Adler RE bears an interest of 5.16 per cent p.a. and had a maturity date of 15 April 2023 that was prolonged to 30 April 2023.

Other related parties are principally composed of EUR 24,533,884 owed to Songbird 1 Aps; EUR 24,566,288 owed to

Songbird 2 Aps; EUR 12,862,955 owed to Adler Treasury GmbH; EUR 6,502,044 owed to Bosem Grundstücks GmbH; and EUR 8,260,519 interest payable owed to Adler RE.

10.4 Tax and social security debts

In EUR	31 Dec 2022	31 Dec 2021
Becoming due and payable within one year		
Social security debts	10,214	6,647
VAT payable	8,474,527	3,399,743
Tax on salaries	5,042	6,717
Tax on director fees	9,250	(3,522)
Other tax debts	-	40
Total	**8,499,033**	**3,409,625**

10.5 Other creditors

In EUR	31 Dec 2022	31 Dec 2021
Becoming due and payable within one year		
Amount payable to staff	877,751	1,442,751
Total	**877,751**	**1,442,751**

Note 11 - Net turnover

The Company's net turnover is mainly composed of management fee services in an amount of EUR 20,474,451 (2021: EUR 7,152,335) and recharged fees in an amount of EUR 4,097,502 (2021: EUR 1,312,006). 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	2022	2021
Consulting services - external	34,938,300	12,083,053
Accounting and audit fees	5,589,853	2,444,118
Legal fees	9,058,686	1,309,748
Capital market fees	137,667	254,833
Travel and entertainment costs - staff	150,081	25,074
Management fees - Adler Properties GmbH	1,287,793	957,888
Management fees - Adler RE subgroup	849,971	982,244
Management fees - Consus subgroup	87,396	73,464

Data processing	88,980	57,882
Real estate rental building and services	125,444	19,563
Other fees	2,631,019	1,428,518
Total	**54,945,190**	**19,636,384**

The main driver of the increase in the other external expenses is the consulting services - external and legal fees. In 2022 the Company launched a restructuring process which required the expertise of numerous external consultants.

Note 13 - Auditor's remuneration

Fees billed to the Company by KPMG Luxembourg, Société anonyme, and other member firms of the KPMG network during the year 2021 are as follows (excluding VAT). As the Company has no auditor at the issuance of these annual accounts, no auditors' fee can be disclosed for the financial year 2022.

In EUR	**2021**
Audit fees	1,135,762
Thereof: KPMG Luxembourg, Société anonyme	868,262
Tax fees	39,574
Thereof: KPMG Luxembourg, Société anonyme	-
Other fees (*)	1,209,754
Thereof: KPMG Luxembourg, Société anonyme	169,148

(*) Including fees incurred on the audit by KPMG Forensic.

Note 14 - Staff

As at 31 December 2022, the Company has four full-time employees (2021: three) and one part-time (at 3/10) employee (since October 2017) with an annual average of five employees (2021: three) 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	**2022**	**2021**
Directors fee granted to the members of the Board of Directors	1,094,616	1,184,499
Total	**1,094,616**	**1,184,499**

The emoluments granted by the Company to the members of the Senior Management (Co-CEOs, CLO) are broken down as follows:

In EUR	**2022**	**2021**
Fixed salary	640,000	660,000

Short-term cash incentive	326,167	852,846
Other benefits	45,216	72,764
Consulting fees	441,753	42,000
Termination fee	992,342	-
Total	**2,445,478**	**1,627,610**

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 31 January 2022, Dr. Michael Bütter tendered his resignation from the Board of Directors of Adler Group with effective date of 31 January 2022.

2. On 16 February 2022, the members of the Board of Directors of Adler Group appointed Prof. Dr. A. Stefan Kirsten as a new member of the Board of Directors and elected him as Chairman of the Board of Directors with immediate effect. The previous Chairman of the Board of Directors, Dr. Peter Maser, was elected as Deputy Chairman.

3. In first half year of 2022, Adler Group agreed on a debt restructuring with major non-controlling shareholders in its subsidiaries (Taurecon). All receivables and loans against these shareholders have been combined under two loan agreements at market interest rates. The loans mature on 30 September 2024 and are secured by share liens.

4. On 21 April 2022, Adler Group announced that KPMG Forensic had provided the Company with the final report of its comprehensive review of the allegations of Viceroy Research LLC. This report was published on the website of the Company on 22 April 2022. KPMG Forensic did not find evidence that there were systematic fraudulent and looting transactions with allegedly related parties. However, KPMG Forensic identified deficiencies in the documentation and the processes handling those transactions. Prof. Dr. Kirsten, Chairman of the Board of Directors of Adler Group, announced a programme to address the identified weaknesses in structure and process on 22 April 2022. First results of this programme were published prior to the annual General Meeting of the Company on 29 June 2022.

5. Due to the disclaimer of opinion by the auditor on the consolidated financial statements and the annual accounts of Adler Group S.A., all members of the Board of Directors who held a mandate in 2021 offered their resignation on 30 April 2022 with immediate effect. For the continuity of the Company the resignations of Thilo Schmid, Thomas Zinnöcker as well as of Co-CEO Thierry Beaudemoulin were only accepted with effect as of the date of the annual General Meeting of the Company on 29 June 2022. The Board of Directors now consists of the Chairman of the Board of Directors Prof. Dr. A. Stefan Kirsten, the CEO and Daily Manager Thierry Beaudemoulin, Thilo Schmid and Thomas Zinnöcker. At the General Meeting the Board then stood for re-election.

6. On 5 May 2022, the international rating agency Standard and Poor's (S&P) downgraded the issuer rating of Adler Group S.A. to CCC with outlook negative. The rating of the unsecured bonds was lowered to CCC. The ratings were removed from CreditWatch negative.

7. On 17 May 2022, the Company announced that effective 1 June 2022, Thomas Echelmeyer will join the Senior

Management of Adler Group as interim Chief Financial Officer (CFO). On 29 August 2022, the Board of Directors appointed Mr Thomas Echelmeyer as its Chief Financial Officer, effective 1 September 2022. The Board of Directors will propose to the next annual General Meeting or extraordinary General Meeting to appoint Mr Echelmeyer as an additional member to the Board of Directors.

Also the Company announced that the Board of Directors concluded that it is not advisable for the Company to pay a dividend in the light of the existing disclaimer of opinion by the auditor. Accordingly, the Board recommended to the AGM to not pay a dividend for the financial year 2021.

Furthermore, the Company announced that KPMG
Luxembourg Société anonyme ("KPMG") informed the Company that KPMG is not available to audit the 2022 standalone and consolidated financial statements of the Company. The Company has initiated a selection process to appoint a new auditor for the Company.

8. On 29 June 2022, the annual General Meeting (AGM) was held. All proposed resolutions were adopted with a majority ranging from 89.20% to 99.998% and all Board members were confirmed for a period of three years until the AGM in 2025.

Furthermore, the Company launched a tender for the mandate to audit its stand-alone and consolidated financial statements for the financial year 2022. The tender ended on 13 July 2022. In that time, no applications had been received. Thereafter the Company started a process to invite auditing firms individually. This process is still ongoing.

9. For reasons of prudence, the Board of Directors has previously decided not to submit a dividend proposal to the shareholders of the Adler Group until an unqualified audit opinion has been issued and will therefore not make any forward-looking statement on the dividend until further notice, as agreed by the Board of Directors on 29 August 2022.

10. On 18 November 2022, Adler Group announced that it is currently in advanced negotiations with its bondholders on the conclusion of an agreement to effect certain amendments of the terms and conditions of bonds issued by Adler Group S.A. as well as a provision of secured debt financing for the Adler group of companies.

On 25 November 2022, following extensive negotiations with a group of bondholders and their legal and financial advisors, Adler Group S.A. entered into an agreement with the members of the steering committee of an ad-hoc group of holders of its notes supporting the stabilization of the Adler group of companies to effect an amendment of the terms and conditions of the Notes.

Concurrently with the conclusion of the lock-up agreement, the Adler Group has also entered into a commitment letter with the members of the steering committee, in which they commit to provide the Adler group of companies with up to EUR 937.5 million of new funding to stabilize them. The provision of the new funding is subject to a positive restructuring opinion, an amendment of the bond terms and conditions, the provision of the agreed collateral and other customary conditions.

Adler Group launched a consent solicitation process on
2 December 2022 to effect certain amendments to the terms and conditions of the notes. Adler Group intends that the changes to the terms and conditions of Adler Group's senior unsecured notes take effect during the first quarter of 2023, subject to bondholder consent.

On 20 December 2022, Adler Group announced the voting results the initiated consent solicitation to effect the amendment of the terms and conditions of its senior unsecured fixed rate notes. There was overwhelming support in favour of the consent solicitation and resolutions were passed with the required majority regarding all, but one, series of notes, which would have been sufficient to amend such series. With the support of almost 83% of bondholders who took part in the creditor votes, Adler proceeds to implement the proposed changes to the notes via an alternative route.

Subsequent Events

Adler Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2022 in the annual accounts through 24 April 2023, the date of finalisation of the financial statements.

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 opposes 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. The proceedings are ongoing.

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 and the date of the general meeting resolving on the squeeze-out, which is scheduled for 28 April 2023. The completion of the squeeze out is expected to occur as early as 28 May 2023.

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**"). It is expected that a hearing will be scheduled imminently to take place either during the week of 24 April 2023 or the week of 1 May 2023 (the "**Consequentials Hearing**"). As is set out in the Sanction Order and the Judgement, the purpose of the Consequentials Hearing will be to hear the parties' applications consequential to the Judgement, including, pertaining to the permission to appeal, the deadline for any appellant's notice and questions of costs. 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 will oppose this application. Following the Consequentials Hearing, if the High Court refuses the AHG's application for permission to appeal, the AHG may apply to the Court of Appeal for permission to appeal. Permission to appeal will be granted where the appeal has real prospects of success or there is some other compelling reason why the appeal should be heard. The substantive appeal will be allowed where the lower court's decision was wrong or unjust because of a serious procedural or other irregularity (these are the only permitted 'grounds of appeal'). The Sanction Order is now in force.

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.

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 newly Luxembourg incorporated entity Adler Group Intermediate Holding S.à r.l. ("Adler Group Intermediate Holding"), which became the sole shareholder of three newly Luxembourg incorporated entities (collectively, the "Collateral LuxCos") and (ii) all shares in Adler RE, Consus Real Estate AG ("Consus") and certain other subsidiaries which previously were 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 Adler Group S.A. from CC to SD (selective default). The rating of the unsecured debt for Adler Group was lowered from CC to D (default). S&P stated that it will reassess its ratings after the Restructuring is implemented in a few weeks and expects an upgrade to the CCC category.

In connection with the sanctioning of the Restructuring Plan and the implementation of the Restructuring and, in each case, subject to satisfaction of all the applicable conditions, the following events described in clauses 10-12 are expected to commence on or around 25 April 2023 and be completed on or around 27 April 2023. Certain of the events described in clauses 10-12 will occur simultaneously.

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**") will issue the EUR 937,474,000 12.500% notes due 30 June 2025 (the "**New Money Notes**") and subsequently LendingCo will on lend 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**"):

10.1 322,474,000 term loan facility with Adler Group, with proceeds to fund (i) in an amount of EUR 265,000,000, the repayment of an existing upstream loan from Adler RE, proceeds of which will be applied to repay the Adler RE 2023 SUNs, and (ii) in an amount of 57,474,000, the payment of fees incurred in relation to the New Money Funding;

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

10.3 up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds to fund 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 Real Estate to fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

10.5 The New Money Facilities Agreement contains a number of covenants and undertakings restricting the actions of Adler Group and certain members of the Group, including, among others:

10.5.1 A Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio not to exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter;

10.5.2 restrictions to create or permit to subsist security over assets;

10.5.3 limitations on indebtedness;

10.5.4 limitations on mergers;

10.5.5 restrictions to sell, lease, transfer or otherwise dispose of any property: (a) in relation to yielding properties, below 80% of the relevant gross-asset value, and (b) in relation to development properties, 70% of the relevant gross-asset value, in each case as reflected in Adler Group's IFRS financial report as of 30 June 2022;

10.5.6 restrictions on Adler Group in respect of share buy-backs, repayments/prepayments/cancellation and debt buy-backs;

10.5.7 restrictions on investments in properties or projects and on acquisitions of companies, shares, securities or business;

10.5.8 restrictions on the change of the general nature of the Group's business;

10.5.9 restrictions on granting loans;

10.5.10 restrictions on providing guarantees; and

10.5.11 an obligation of Adler Group to appoint a chief restructuring officer and an independent board member.

10.6 The New Money Facilities Agreement will be governed by German law and contain certain events of default, including (subject to certain exceptions) cross default in relation to the outstanding SUNs, the Adler RE 2024 SUNs and/or the Adler RE 2026 SUNs, as well as cross acceleration in relation to any other debt in the Group above EUR 50 million.

11. Certain members of the Group will provide 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 be 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. Adler Group will issue and deliver shares in an amount equal to 22.5% of Adler Group's share capital following such issuance (i.e. equal to approximately 29% of the current outstanding share capital of Adler Group) to the New Money Notes investors.

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

Adler Group S.A.
Consolidated Financial Statements

As at and for the year ended
31 December 2022

Unaudited

Consolidated Statement of Financial Position

In EUR thousand	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Investment properties	6	6,344,294	7,113,859
Investments in financial instruments	7	19,234	20,228
Investments accounted under the equity method	8	25,530	32,395
Advances related to investment properties		-	2,003
Property, plant and equipment	9	24,981	30,028
Other financial assets	10	168,961	73,063
Derivatives	21	8,053	10,433
Restricted bank deposits	11	40,621	42,060
Deferred expenses		-	1,602
Right-of-use assets	31	12,234	14,764
Goodwill	12	-	91,400
Other intangible assets		646	3,023
Contract assets	13	22,087	12,510
Deferred tax assets	24	2,566	5,673
Total non-current assets		**6,669,207**	**7,453,041**
Current assets			
Inventories	14	678,572	1,093,454
Restricted bank deposits	11	37,264	29,400
Trade receivables	15	95,672	379,118
Other receivables and financial assets	16	118,853	423,412
Contract assets	13	64,775	69,727
Cash and cash equivalents		386,985	555,700
Advances paid on inventories		9,194	14,884
Total current assets		**1,391,315**	**2,565,695**
Non-current assets held for sale	17	1,648,991	3,017,588

Total assets		**9,709,513**	**13,036,324**

In EUR thousand	**Note**	**31 Dec 2022**	**31 Dec 2021**
Shareholders' equity			
Share capital		146	146
Share premium		1,844,765	1,844,765
Reserves		193,852	217,788
Retained earnings		(621,651)	927,684
Total equity attributable to owners of the Company		**1,417,112**	**2,990,383**
Non-controlling interests		**495,951**	**703,094**
Total equity	**18**	**1,913,063**	**3,693,477**
Liabilities			
Non-current liabilities			
Corporate bonds	19	3,735,550	4,211,305
Convertible bonds	19	-	99,025
Other loans and borrowings	20	1,337,655	2,056,810
Other financial liabilities		14,114	25,253
Derivatives	21	800	2,412
Pension provisions		719	1,363
Lease liabilities	31	10,341	10,186
Other payables		46	8,815
Deferred tax liabilities	24	525,715	759,828
Total non-current liabilities		**5,624,940**	**7,174,997**
Current liabilities			
Corporate bonds	19	498,496	399,047
Convertible bonds	19	100,503	117,916
Other loans and borrowings	20	308,162	119,326
Other financial liabilities		1,915	1,915
Trade payables		78,242	76,383
Other payables	22	341,458	357,065
Provisions	22	75,580	73,865
Lease liabilities	31	3,811	6,815

Prepayments received	23	70,865	92,132
Contract liabilities	13	13,924	36,109
Derivatives	21	6	38,227
Total current liabilities		**1,492,962**	**1,318,800**
Non-current liabilities held for sale	17	678,548	849,050
Total shareholders' equity and liabilities		**9,709,513**	**13,036,324**

Date of approval: 24 April 2023
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

In EUR thousand	**Note**	**2022**	**2021**
Revenue	25	734,472	1,143,732
Cost of operations	26	(972,194)	(1,131,964)
Gross profit		**(237,722)**	**11,768**
General and administrative expenses	27	(148,925)	(122,762)
Other expenses	28	(220,385)	(1,128,797)
Other income	29	96,834	183,680
Changes in fair value of investment properties	6	(761,851)	415,142
Results from operating activities		**(1,272,049)**	**(640,969)**
Finance income	30	95,718	133,091
Finance costs	30	(631,048)	(515,560)
Net finance income / (costs)		**(535,330)**	**(382,469)**
Net income (losses) from investments in associated companies	8	208	758
Profit before tax		**(1,807,171)**	**(1,022,680)**
Income tax expense	24	132,324	(142,327)
Profit for the year		**(1,674,847)**	**(1,165,007)**
Profit attributable to:			

Owners of the company		(1,556,867)	(1,177,213)
Non-controlling interests		(117,980)	12,206
Profit for the year		**(1,674,847)**	**(1,165,007)**
Earnings per share in EUR (undiluted)		**(13.25)**	**(10.03)**
Earnings per share in EUR (diluted)		**(13.21)**	**(10.03)**

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

Consolidated Statement of Comprehensive Income

In EUR thousand	Note	2022	2021
Profit for the year		**(1,674,847)**	**(1,165,007)**
Items that may be reclassified subsequently to profit or loss			
Hedging reserve classified to profit or loss, net of tax		-	1,117
Effective portion of changes in fair value of cash flow hedges		387	(349)
Related tax		(57)	177
Currency translation reserve		(14,031)	28,363
Reserve from financial assets measured at fair value through other comprehensive income		(10,235)	(9,071)
Total other comprehensive income / (loss)		**(23,936)**	**20,237**
Total comprehensive income for the year		**(1,698,783)**	**(1,144,770)**
attributable to:			
Owners of the company		(1,580,803)	(1,156,976)
Non-controlling interests		(117,980)	12,206
Total comprehensive income for the year		**(1,698,783)**	**(1,144,770)**

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

Consolidated Statement of Cash Flows

In EUR thousand	Note	2022	2021
Cash flows from operating activities			
Profit for the year		(1,674,847)	(1,165,007)
Adjustments for:			
Depreciation		20,165	19,649
Profit from disposal of portfolio		(21,818)	-
Change in fair value of investment properties	6	761,851	(415,142)
Non-cash other income and expense		163,711	988,929
Change in contract assets		(4,625)	80,496
Change in contract liabilities		(22,185)	10,239
Non-cash income from at-equity valued investment associates		(209)	(758)
Net finance costs / (income)	30	535,330	382,469
Income tax expense	24	(132,324)	142,327
Share-based payments		369	756
Change in short-term restricted bank deposits related to tenants		3,573	(1,382)
Change in long-term restricted bank deposits from condominium sales		818	4,041
Change in trade receivables		(27,360)	(32,942)
Change in other receivables		(102,520)	(3,079)
Change in inventories		447,891	382,396
Change in advances received		(21,267)	(258,635)
Change in trade payables		(185,410)	(66,974)
Change in other payables		148,419	(304,188)
Income tax paid		(27,779)	(39,435)
Net cash from operating activities		**(138,217)**	**(276,240)**
Cash flows from investing activities			
Purchase of and CapEx on investment properties	6	(168,865)	(272,819)
Advances paid for purchase of investment properties		10,200	(188)
Grant of long-term loans		-	(10,263)

Proceeds from disposals of investment properties		1,365,134	1,541,386
Proceeds from selling portfolio		244,972	-
Investments in financial instruments		-	(270,450)
Purchase of and CapEx on property, plant and equipment		(1,221)	(3,951)
Interest received		10,750	10,752
Proceeds from sale of financial instruments		67,878	129,284
Proceeds from sale of fixed assets		175	4,335
Repayment of long-term loans		952	-
Acquisition of other investments		-	1,114
Change in short-term restricted bank deposits, net		(4,388)	4,474
Net cash from (used in) investing activities		**1,525,587**	**1,133,674**
Cash flows from financing activities			
Acquisition of non-controlling interests		(91,309)	(41,925)
Repayment of bonds		(582,260)	(1,051,562)
Long-term loans received	20	74,809	837,466
Repayment of long-term loans	20	(726,020)	(1,910,915)
Proceeds from issuance of corporate bonds, net	19	162,518	1,951,053
Short-term loans received	20	-	314,999
Upfront fees paid for credit facilities		(560)	(2,114)
Repayment of short-term loans	20	-	(370,386)
Interest paid		(173,605)	(306,470)
Payment of lease liabilities	31	(4,727)	(9,238)
Transaction costs		(28,215)	(14,179)
Prepaid costs of raising debt		(1,100)	(4,441)
Tax payments		-	(15,994)
Dividend distributed		-	(54,054)
Net cash from (used in) financing activities		**(1,370,469)**	**(677,760)**
Change in cash and cash equivalents during the year		**16,901**	**179,674**
Changes in the carrying amount of cash and cash equivalents that are presented among assets held for sale as part of a disposal group"		**(185,616)**	**-**
Cash and cash equivalents at the beginning of the year		**555,700**	**376,026**
Cash and cash equivalents at the end of the year		**386,985**	**555,700**

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 2022	**146**	**1,844,765**	**573**	**24,803**	**315,746**	**(123,334)**	**927,684**	**2,990,383**	**703,094**	**3,693,477**
Profit 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 income (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 5D)	-	-	-	-	-	-	7,163	7,163	(89,163)	(82,000)
Change in consolidation scope related to sale	-	-	-	-	-	-	-	-	-	-
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.

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 2021	**146**	**1,892,145**	**(372)**	**(3,560)**	**264,903**	**(114,263)**	**2,086,788**	**4,125,787**	**774,192**	**4,899,979**
Total comprehensive income for the year								**-**		

Profit for the year	-	-	-	-	-	-	(1,177,213)	(1,177,213)	12,206	(1,165,007)
Other comprehensive income, net of tax	-	-	945	28,363	-	(9,071)	-	20,237	-	20,237
Total comprehensive (loss) for the year	**-**	**-**	**945**	**28,363**	**-**	**(9,071)**	**(1,177,213)**	**(1,156,976)**	**12,206**	**(1,144,770)**
Transactions with owners, recognised directly in equity										
Transactions with non-controlling interest without a change in control (Note 5)	-	6,674	-	-	-	-	17,212	23,886	(27,661)	(3,775)
Change in consolidation scope related to sale	-	-	-	-	50,843	-	141	50,984	(55,643)	(4,659)
Dividend distributed	-	(54,054)	-	-	-	-	-	(54,054)	-	(54,054)
Share-based payments	-	-	-	-	-	-	756	756	-	756
Correction of errors - IAS 8										
IAS 8 Adjustment	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2021	**146**	**1,844,765**	**573**	**24,803**	**315,746**	**(123,334)**	**927,684**	**2,990,383**	**703,094**	**3,693,477**

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 2022 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 2022, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").
The consolidated financial statements were authorised for issue by the Board of Directors on 25 April 2023.

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 coronavirus pandemic and its impact on the Group

Following the outbreak of the coronavirus in December 2019 there has been a decline in economic activity in many regions of the world including Germany. In response to the risks of the pandemic for the health system and in order to protect particularly vulnerable individuals, the government took numerous measures to limit the spread of the virus with serious negative effects on the economic development of the Federal Republic of Germany. The year 2022 was characterised by a gradual withdrawal of those measures.However, persistent supply chain disruptions continue to lead to shortages of raw materials and other inputs and subsequent price increases.

The Group's risks and exposures relating to the coronavirus pandemic

The Group may be exposed to risks from a deterioration in the solvency of commercial and private tenants. Risks for the Group's development projects arise from disruptions in global supply chains causing further delays in the construction progress and price increases for building materials.

Specific effects of the coronavirus on the Group's operating results

The Group is continuously assessing the impact of the pandemic on its business, on the measurement of all of its assets and liabilities and on its ability to generate positive results from forward and upfront sales of development projects. The values of investment properties, projects, financial assets and financial liabilities as at 31 December 2022 as disclosed in these consolidated financial statements reflect the economic conditions in existence at that date. Disruptions in global supply chains burdened the Group's construction activity and had a negative impact on the profitability and value of the Group's development assets.
Albeit severely affected by the pandemic, the development of the profitability and value of the Group's commercial portfolio did not have a material impact on the Group's financial performance.
The Group did not register a material impact of the pandemic on the profitability and value of its residential assets.

F. 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. As per 17 April 2023 the Group made an arrangement with its bond holders that secure refinancing of the Group for the upcoming years. That is why the risk of disruptions by the Ukraine crisis is relatively low.

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 2022 reflects the economic conditions in existence at that date.

G. 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 2022 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).

H. 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 2022 and have been applied:

Standard/Interpretation	**Title**	**IASB effective date[1)]**	**Effective date of initial application in the EU[1)]**
Amend. IFRS 3	References to the conceptual framework	1 Jan 2022	1 Jan 2022
Amend. IAS 16	Proceeds prior to the intended use	1 Jan 2022	1 Jan 2022
Amend. IAS 37	Onerous contracts and contract cost	1 Jan 2022	1 Jan 2022
Annual improvements (2018-2020)	Amend. to IFRS 1, IFRS 9, IAS 41 and IFRS 16	1 Jan 2022	1 Jan 2022

1) For financial years beginning on or after that date

Amendment IFRS 3, IAS 16 and IAS 37

The amendment to IAS 37 „Provisions, Contingent Liabilities and Contingent Assets" includes a clarification on the definition of settlement costs. The costs used to identify onerous contracts include both direct and indirect cost to the extent that those indirect cost are incremental to the contract.
The amendment to IFRS 3 „Business Combinations" relates exclusively to an adjustment to the references made to

the framework.
The amendment to IAS 16 „Property, Plant and Equipment" clarifies that costs and revenues from the production and sale of items produced during the construction phase of an asset are to be recognised in profit or loss.
Annual improvements (2018-2020)
The annual improvements only include minor changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

I. New standards and interpretations not yet applied
Application of the following standards, interpretations and amendments was not mandatory for the 2022 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			
IAS 1	Presentation of Financial Statements and IFRS Practice statement 2: Disclosure of Accounting policies	endorsed on 3 March 2022	1 Jan 2023
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	pending	open
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	endorsed on 3 March 2022	1 Jan 2023
IAS 12	Income Taxes: Deferred tax related to Assets and Liabilities arising from a Single Transaction	endorsed on 11 August 2022	1 Jan 2023
IFRS 16	Lease liabilities in a Sale and Leaseback	pending	1 Jan 2024
IFRS 17	Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	endorsed on 8 September 2022	1 Jan 2023
New Standards			
IFRS 17	Insurance contracts	endorsed on 23 Nov 2021	1 Jan 2023

I. Uncertainties on the continuation as a going concern

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. Throughout 2022, certain financial covenants limited the Group's ability to incur new debt and refinance upcoming maturities.
In 2022, the Group was faced with a critical liquidity position and upcoming debt maturities, for example with ADLER Real Estate AG's senior unsecured notes. If ADLER Real Estate AG (e.g.) failed to meet the upcoming maturities in 2023, creditors under several financing arrangements would have been entitled by cross-default provisions to terminate those financing arrangements and declare the relevant debts immediately due and payable. Such non-consensual and uncoordinated acceleration of outstanding debt would have risked significant value destruction, as the Group would have been unable to satisfy these material accelerated debt obligations given its liquidity position and inability to sell assets at the necessary speed and price. As a result, in this scenario, the directors of the debtor entities would have had a statutory duty to file those relevant Group companies into bankruptcy or insolvency proceedings.
Due to the above risks, the Group proposed a Restructuring Plan aimed to facilitate a successful implementation of amendments to the senior unsecured notes and complete a wider financial Restructuring of the Group.
On 12 April 2023, the Restructuring Plan was sanctioned by the High Court of Justice of England and Wales. Pursuant to the Restructuring Plan, the senior unsecured notes were amended to provide, among other things:

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

- extension of the maturity date of AGPS BondCo PLC's EUR 400,000,000 1.500% unsecured notes due 2024 from 26 July 2024 until 31 July 2025;

- amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur EUR 937,500,000 of new financing via four term loan facilities ("New Money Funding") and refinance certain existing indebtedness;

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

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

The Restructuring Plan and related amendments provide the liquidity needed to manage the Group's upcoming debt maturities, stabilise its business operations and hence, continue as a going concern.

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, 515 subsidiaries (2021: 568) 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.

A put option granted by the Group to non-controlling interests that is settled in cash or another financial instrument is recognised as a liability at the present value of the exercise price. In subsequent periods, changes in the value of the liability and dividends distributed to non-controlling interests in respect of put options are recognised in equity. The Group's share of a subsidiary's profits includes the share of the non-controlling interests to which the Group granted a put option, also when the non-controlling interests have access to the returns arising from the interests in the investee company.

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 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 cirumstances, 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 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. These leases typically do not have a fixed term and can be terminated by the contracting parties observing a defined notice period. In assessing the term of such leases, the Group assumed that the respective leases will remain in effect for five years, unless there were specific indications of shorter use. 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 expense 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 finanical 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 deteriotation 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 equity instruments are granted by the parent company to the employees of the Group are recognised in the reserve from transactions with the controlling shareholder. 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 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 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 liabilties.
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 2022, 27 companies (2021: 17 companies) were deconsolidated. 7 companies (2021: 4 companies) were merged with others, no companies (2021: 1 company) were liquidated.

A. Deconsolidation of subsidiaries

On 30 December 2022, BCP - a subsidiary of Adler - 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 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 seated 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	**244,935**
- thereof for the repayment of shareholder loans	62,674
- thereof for the acquisition of the net assets	182,261
Net assets	

Property, plant and equipment	15
Investment properties	244,203
Trade receivables	249
Income tax receivables	2,485
Other current assets	135
Cash and cash equivalents	1,737
Assets total	**248,824**
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	18,896

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.

In the fourth quarter of 2021, Adler, a 97% subsidiary of Adler Group, entered into a share purchase agreement with a subsidiary of LEG IMMOBILIEN SE ("LEG"), to dispose of 15,500 residential and commercial units. On 29 December 2021, the transaction was effectively completed due to transfer of control to the buyer. The properties were predominantly located in small and medium-sized towns in northern Germany. The sale was structured as a share deal including the entire shares in 13 entities (AFP II Germany GmbH, HKA Grundstücksverwaltungsgesellschaft mbH & Co. KG, HKA Verwaltungsgesellschaft mbH, Relda 38. Wohnen GmbH, Relda 45. Wohnen GmbH, Resident Baltic GmbH, Westgrund Immobilien GmbH, Westgrund Immobilien VIII. GmbH, Westgrund Wolfsburg GmbH, WBG Jade mbH, Zweite REO Real Estate Opportunities GmbH, Westgrund Niedersachsen Nord GmbH and Westgrund Niedersachsen Süd GmbH). Due to the loss of control, net assets of EUR 548,838 thousand (of which EUR 1,227,323 thousand) had been deconsolidated as of 31 December 2021. Based on the preliminary purchase price of EUR 689.6 million, the deconsolidation of the entities resulted in a gain on deconsolidation of EUR 123,209 thousand which had been presented in other income. The deconsolidation led to a decrease in cash and cash equivalents of EUR 47,686 thousand.

As part of a share deal, TPL Erlangen S.à r.l. (total assets of EUR 12,784 thousand and total liabilities of EUR 11,748 thousand) has been deconsolidated with effect from 28 February 2021.

Magnus Achte Immobilienbesitz und Verwaltungs GmbH was deconsolidated on 1 April 2021 as part of another share deal. Based on the preliminary purchase price, the disposal of the company resulted in a loss on deconsolidation of EUR 334 thousand which is presented under other operating expenses.

On 11 February 2021, Consus, a subsidiary of Adler Group, transferred control of a portfolio of non-core assets to an institutional investor for a consideration of about EUR 218,700 thousand. The transaction was structured as a share deal including 21 subsidiaries (Grundstücksgesellschaft TCR 1 mbH, Billerwerder Neuer Deich GmbH, Neuländer Quarree GmbH, Cologneo II GmbH & Co. KG, Cologneo IV GmbH & Co. KG, SG Einkaufs-GbR Peschl-Areal, SG Peschl Areal 1 UG, SG Peschl Areal 2 UG, SG Peschl Areal 3 UG, SG Peschl Areal 4 UG, SG Peschl Areal 5 UG, SG Peschl Areal 6 UG, Consus Einkaufs-GbR Glockengut, SG Glockengut 1 UG, SG Glockengut 2 UG, SG Glockengut 3 UG, SG Glockengut 4 UG, SG Glockengut 5 UG, SG Glockengut 6 UG, SG Glockengut 7 UG). The transaction resulted in a loss on deconsolidation of circa EUR 34,800 thousand which had been presented among other expenses.

In 2021, Adler Lux S.à r.l and Brack European Ingatlankezelő Kft., Budapest, Hungary, had been removed from the consolidated group without material impact on the consolidated financial statements of the Group.

B. Additions to the scope of consolidated entities

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.
In the course of a sale of residential properties to KKR & Co. Inc. (see note 17), 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 from approximately 96.7% to 96.9% for a purchase price of EUR 1,483 thousand.
In 2021, Adler Group S.A. increased its stake in Adler RE from approximately 93.9% to 96.7% through a debt-to-equity swap. In the course of this transaction, Adler Group S.A. acquired 35,107,487 additional Adler shares against a contribution in kind of about EUR 478,000 thousand. The resulting net gain of about EUR 24,900 thousand was recognised in share premium.
In addition, the Company increased its majority holding in Consus from approximately 94.0% to 96.9%. The resulting net loss of about EUR 17,600 thousand was recognised in share premium.
According to share purchase agreement with LEG IMMOBILIEN SE dated 1 December 2021, Adler RE, a 96.7% subsidiary of the Group, decreased its stake in Brack Capital N.V. (BCP) from approximately 69.8% to 62.8%. The transaction resulted in an increase in minority interest by EUR 57,788 thousand. The resulting net gain of EUR 17,212 thousand had been recognised in retained earnings.
At the annual general meeting on 9 June 2021, the majority shareholder of Westgrund Aktiengesellschaft (Adler RE) decided on a squeeze-out of the minority shareholders. The squeeze-out led to a decrease of minority interest by EUR 32,258 thousand. The resulting net gain of EUR 2,237 thousand was recognised in retained earnings.

D. Other changes

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 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.
In 2021, MBG Dallgow GmbH & Co. KG was merged to Münchener Baugesellschaft mbH, MÜBAU Real Estate GmbH was merged into Adler RE, MBG Beteiligungsgesellschaft mbH & Co. KG was merged into MBG Wohnbau Verwaltungsgesellschaft mbH and the same subsequently into Münchener Wohnbau GmbH without material impact on the Group's consolidated financial statements.

On 19 October 2021, Adler and the former acquirer signed an agreement to rescind from a share deal concluded on the sale of 75.0% of the shares in Glasmacherviertel GmbH & Co. KG on 22 September 2019 / 26 December 2019. Glasmacherviertel GmbH & Co. KG had since been accounted for as an associate. Adler did not treat that recission as a business combination (i.e., according to IFRS 3) but as a withdrawal from a contract (i.e., according to IFRS 15). As a result, the Group re-aquired net assets at an amount of EUR 220,938 thousand (thereof investment properties at an amount of EUR 396,638 thousand, deferred tax liabilities at an amount of EUR 32,009 thousand and interest-bearing loans liabilities at an amount of EUR 147,500 thousand). Due to delays in the approval of zoning plans in connection with the project and adverse developments in market conditions (see Note 2E on the impacts of the coronavirus pandemic and Note 2F on the impacts of the Ukraine crisis) an impairment of EUR 126,638 thousand had to be recorded on the project with a corresponding reversal of deferred tax liabilities at an amount of EUR 20,072 thousand. Since 31 December 2021, the project is presented as a disposal group together with all other assets and liabilities of Brack Capital Partners N.V. (see Note 16)

Prior year's acquisitions

In 2021 Consus, a subsidiary of Adler Group sold its subsidiary Artists Living Frankfurt Com GmbH & Co. KG to Ajos RE 1 GmbH. In the first half of 2021, Consus and Ajos RE 1 GmbH agreed upon the repurchase of the entity as per 30 June 2021 for a purchase price of 1 EUR. The reacquisition did not constitute a business combination. As a result, the transaction was presented as an asset deal. When allocating the purchase price to the assets and liabilities, the project (presented under inventories) was assigned with an initial value of about EUR 66,000 thousand. As the residual value of the project turned out to fall below the initial value, an impairment of circa EUR 12,300 thousand had to be considered. Thus, inventories by way of acquiring assets were added in an amount of about EUR 53,700 thousand.

Note 6 – Investment properties

investment properties - residential / commercial

In EUR thousand	2022	2021
Balance as at 1 January	**5,566,469**	**8,396,307**
Additions by way of acquiring assets	13,863	127,864
Capital expenditure	72,836	145,880
Transfer from investment properties to assets of disposal groups classified as held for sale	(22,694)	(2,431,716)
Other reclassifications	93	(3,600)
Disposal of investment properties	(457,886)	(1,292,538)
Fair value adjustments	(389,880)	624,272
Changes of investment properties presented as part of a disposal group among long-term assets held for sale	409,370	-
Balance as at 31 December	**5,192,171**	**5,566,469**

Investment properties - project developments

In EUR thousand	2022	2021
Balance as at 1 January	**1,547,390**	**1,712,581**
Additions by way of acquiring assets	-	42,508
Transfer due to consolidation of at equity investments	-	270,000
Capital expenditure	71,364	121,204
Disposal of investment properties	(11,000)	-
Disposal of subsidiaries	(41,000)	-
Transfer to investment properties from inventories	-	97,735
Transfer from investment properties to assets of disposal groups classified as held for sale	(64,700)	(491,108)
Other reclassifications	7,234	3,600

Fair value adjustments(*)	(349,670)	(209,130)
Changes of investment properties presented as part of a disposal group among long-term assets held for sale	(7,495)	-
Balance as at 31 December	**1,152,123**	**1,547,390**

(*) Changes in fair value of investment properties in consolidated statement of profit or loss include the revaluation loss from projects presented among assets held for sale in the amount EUR 22.3 million.

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 62,127 thousand (2021: EUR 24,481 thousand).

The fair value of the residential investment properties as at 31 December 2022 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).

A combination of global inflationary pressure, higher interest rates, the recent geopolitical events in Ukraine and the ongoing impact of the coronavirus ("Covid-19") has heightened the potential for greater disruptions in property markets over the short-to-medium term. According to CBRE, property markets are still mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value.

Based on the above, for certain major German cities, the overall fair values at portfolio level as at 31 December 2022 are stable.

A negative fair value adjustment of EUR 389,879 thousand (2021: EUR +624,272 thousand) was recognised for the residential portfolio. Adler RE contributed with a fair value adjustment of EUR -297,458 thousand (2021: EUR 225,207 thousand).

The commercial portfolio in the amount of EUR 49,100 thousand which stems from Brack Capital Properties B.V. (BCP), has been reclassified as held for sale in 2021 (see Note 17).

During the reporting period, the development projects were impacted as follows:

Parkhaus Hamburg (EUR 17,500 thousand) was transferred from "investment property" to "assets held for sale" as of 31 December 2022. The deal closing took place in January 2023.

A development portfolio in the amount of EUR 386,300 thousand is part of the BCP disposal group and has been presented as assets held for sale in 2021 (see Note 17).

A negative fair value adjustment of EUR 349,671 thousand (2021: EUR 209,130 thousand) was recognised for the development projects in 2022. Consus contributed with a negative value adjustment of EUR 337,300 thousand (2021: EUR 184,900 thousand). The main reasons for the negative fair value adjustments were increased finance and construction costs, and reduced market values after completion.

EUR 4,271,926 thousand (31 December 2021: EUR 4,565,680 thousand) of the investment properties are encumbered with restrictions on realisability.

Valuation technique and significant unobservable inputs

Due to the significant disposals of the investment properties and reclassification of disposal groups including investment properties as held for sale (IFRS 5), the residential investment properties are more predominantly

concentrated on Berlin.
The following tables give an overview of the main valuation parameters and valuations 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 2022	**Berlin**	**Duisburg**	**Düsseldorf**	**Dortmund**	**Other**	**Total**
Value (EUR/m²)	3,806.83	1,335.30	3,339	1,840.08	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/m²)	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)	4,486,885	352,478	91,936	30,700	220,490	5,182,489

The following table gives an overview of the main valuation parameters and valuations for the prior year:

	Location					
Balance as at 31 Dec 2021	**Berlin**	**Duisburg**	**Düsseldorf**	**Dortmund**	**Other**	**Total**
Value (EUR/m²)	3,880	1,312	3,341	1,809	1,381	3,594
Average residential in-place rent	8.71	5.70	8.74	6.35	5.84	8.39
CBRE market rent (EUR/m²)	9.70	6.16	10.07	7.05	6.56	9.33
Multiplier (current rent)	37.6	19.1	32.7	23.4	19.6	35.5
Multiplier (CBRE market rent)	31.0	17.5	27.9	20.8	16.5	29.4
Discount rate (%)	4.22	5.12	4.00	4.62	4.98	4.31
Capitalisation interest rate (%)	2.29	3.64	2.52	3.14	3.70	2.44
Market rental growth (%)	2.4	1.7	1.7	1.7	1.5	2.8
Vacancy rate (%)	0.5	2.0	1.0	1.6	2.3	0.7
Fair value (EUR thousand)	4,871,499	346,882	91,998	30,290	225,800	5,566,469

B. Investment properties - commercial

As at 31 December 2021, commercial properties amounting to EUR 49,100 thousand were included in the disposal group held for sale according to IFRS 5 (see Note 17).

C. Investment properties - project development (under construction)

Valuation parameters for investment properties under construction	31 Dec 2022	31 Dec 2021
Market rent, weighted average (EUR)	14.86	14.51
Project development costs (EUR/m²)	3,750	3,583
Capitalisation interest rate, weighted average (in %)	3.77	2.89

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%	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)

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/m²)	10%	362,633	6.62
Vacancy rate (%)	1%	(70,735)	(1.29)
Discount and capitalisation rate (%)	25bps	(531,275)	(9.70)

Investment properties - commercial

Sensitivity	Discount and rate cap		Void month		Market rent	
Change in parameters	0.25%	(0.25%)	3	(3)	5.0%	(5.0%)
Change of fair value (EUR thousand)	(3,080)	3,510	(710)	810	3,320	(3,120)

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)	(349,800)	350,000	368,100	(306,300)	309,200	(308,900)

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.

D. Amounts that were recognised in the consolidated statement of profit or loss

In EUR thousand	2022	2021
Rental income from investment property	244,506	346,188
Direct operating expenses arising from investment property that generated rental income during the period	(38,717)	(54,792)
Total	**205,789**	**291,396**

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 2022: EUR 18.911 thousand, 31 December 2021: EUR 18,927 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 2021: three) associates and three (31 December 2021: 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	2022	2021
Balance as at 1 January	**32,395**	**84,816**
Share in profit and losses (at equity result)	208	758
Impairments	(7,824)	(1,436)
Transfer to consolidated entities	-	(51,743)
Transfer from / to non-current assets held for sale (IFRS 5)	751	-
Balance as at 31 December	**25,530**	**32,395**

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 2021: 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	**2022**	**2021**
Balance as at 1 January	**10,466**	**11,557**
Additions arising from business combination	-	-
Share in profit and loss (at equity result)	32	345
Impairments	(7,056)	(1,436)
Balance as at 31 December	**3,442**	**10,466**

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 2022**	**31 Dec 2021**
Non-current assets	455,095	427,705
of which goodwill	17,776	17,776
Current assets	433,145	485,761
of which inventories	241,366	300,597
of which cash and cash equivalents	121,746	121,502
Long-term assets held for sale	-	16,000
Equity and liabilities (in EUR thousand)	**30 Sep 2022**	**31 Dec 2021**
Equity	252,552	260,637
Non-current liabilities	18,751	508,796
of which financial liabilities to banks	74,675	148,248
of which liabilities from bonds	99,350	346,701
Current liabilities	4,448,175	160,032
of which financial liabilities to banks	141,518	104,672
of which liabilities from bonds	252,562	6,655
Profit or loss (in EUR thousand)	**1 Jan - 30 Sep 2022**	**1 Jan - 31 Dec 2021**
Earnings from sale of inventories	33,818	47,791
Earnings from property lettings	118	7,018
Earnings from services	29	1,946
EBIT (Earnings before interest and tax)	9,565	45,165

EBT (Earnings before tax)	(4,610)	20,597
Consolidated net profit	(7,078)	13,127
Cash flows (in EUR thousand)	**1 Jan - 30 Sep 2022**	**1 Jan - 31 Dec 2021**
Cash flow from operating activities	70	100
Cash flow from investing activities	(12)	(85)
Cash flow from financing activities	(56)	50
Change in cash and cash equivalents	1	64

On 30 November 2017, Adler sold most of its shares in ACCENTRO to a third party. A gross amount of EUR 60,512 thousand (31 December 2021: EUR 58,592 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 2022, 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 2022**	**31 Dec 2021**
Carrying amount of shares in non-significant investees consolidated at equity	-	-
Share in profit or loss of the investee	-	(3,908)

Due to a binding purchasing agreement Caesar had been presented among non-current assets held for sale, as per 31 December 2021. In 2022, Caesar has been reclassified to investments accounted for under the equity method, as the potential aquirers did not exercise their right to purchase and Adler subsequently has given up the plan to sell. In 2022, 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 17,628 thousand (31 December 2021: 34,346 thousand) and against Caesar at a gross amount (including unpaid interest) of EUR 28,204 thousand (31 December 2021: EUR 27,802 thousand). Further information on these receivables is provided in note 32A.

Investments in joint ventures

The investments in joint ventures relate to MAP Liegenschaften GmbH (MAP), Adler Real Estate Assekuranzmakler GmbH & Co. KG (Adler Assekuranz) and Brack Capital (Chemnitz) B.V. (BCP Chemnitz).
The business purpose of MAP is the purchase and sale, development and construction of real estate. The Group holds an interest of 75.0% in MAP. Due to the structure of the shareholders' agreement, MAP is not controlled by the Group, but accounted under the equity method. The carrying amount of the investment in MAP developed as follows:

In EUR thousand	**2022**	**2021**
Balance as at 1 January	**21,848**	**21,178**
Additions arising from business combination	-	-
Share in profit and loss (at equity result)	175	670
Balance as at 31 December	**22,023**	**21,848**

The tables below represent the combined financial information of MAP (according to German GAAP):

Assets (in EUR thousand)	**31 Dec 2022**	**31 Dec 2021**

Non-current assets	-	-
Current assets	27,383	23,820
Equity and liabilities (in EUR thousand)	**31 Dec 2022**	**31 Dec 2021**
Equity	(5,059)	-
Non-current liabilities	-	-
Current liabilities	32,442	23,820
Profit or loss and Cash flows (in EUR thousand)	**2022**	**2021**
EBIT (Earnings before interest and tax)	76	306
Net profit	(1,185)	(829)
Cash flow from operating activities	(133)	(1,897)
Cash flow from financing activities	(338)	1,545
Change in cash and cash equivalents	(471)	(352)

As per 31 December 2022, the contribution of Adler Assekuranz and BCP Chemnitz 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 2022**	**31 Dec 2021**
Carrying amount of shares in non-significant investees consolidated at equity	46	81
Share in profit or loss of the investee	(17)	(258)

Note 9 – Property, plant and equipment

Property, plant and equipment (principally fixtures and fittings) developed as follows:

In EUR thousand	**2022**	**2021**
Carrying amount as of 1 January	**30,028**	**36,663**
Transfer to investment property	-	(56)
Additions (+)	5,566	3,926
Depreciation current period (-)	(3,813)	(5,444)
Impairment loss	(115)	-
Discontinuance of consolidation	(14)	-
Disposals	(6,671)	(5,061)
Balance at 31 December	**24,981**	**30,028**

Note 10 – Other financial assets

In EUR thousand	2022	2021
Loans to non-controlling shareholders	153,750	48,772
Investments in debt securities	12,723	22,885
Miscellaneous other financial assets	2,488	1,406
Balance at 31 December	**168,961**	**73,063**

In March 2022, Adler Group agreed on a debt restructuring with two major non-controlling shareholders (Taurecon and Amelicaster). All receivables and loans against these shareholders have been combined under two loan agreements at market interest rates. The loans mature on 30 September 2024 and are secured by share liens. The loans include amounts formerly presented as receivables against non-controlling shareholders (other current receivables and financial assets) and as loans to non-controlling shareholders (which were classified as financial assets measured at fair value through profit and loss in the year-end consolidated financial statements of the prior year). Part of the loan amount was off-set against payables due from the repurchase of minorities in the second quarter of 2022.
Investments in debt securities refer to bonds issued by Aggregate Holdings S.A. The bonds are measured at fair value through other comprehensive income. The decrease in value reflects the change in bond prices.

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 2022 includes EUR 18,920 thousand of pledged bank deposits received from tenants (31 December 2021: EUR 23,144 thousand), EUR 37,507 thousand pledged to secure banking facilities (31 December 2021: EUR 28,494 thousand) and EUR 21,458 thousand of restricted proceeds from condominium sales (31 December 2021: EUR 19,822 thousand).

Note 12 – Goodwill

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 2022**	**31 Dec 2021**
Gross contract assets - non-current	22,087	12,510
Prepayments received on non-current contract balances	-	-
Net contract assets - non-current	**22,087**	**12,510**
Gross contract assets - current	192,911	196,430
Prepayments received on current contract balances	(128,135)	(126,703)
Net contract asset - current	**64,775**	**69,727**
Net contract liabilities - current	**(13,924)**	**(36,109)**

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	**2022**	**2021**
Contract asset balance as at 1 January	**82,237**	**162,733**
+ Additions due to performance obligations satisfied in the reporting period	46,688	63,737
- Reclassification to receivables / payments received	(22,487)	(59,210)
+/- Other changes (i.e., timing, transaction price, change in the measure of progress)	(19,575)	(85,023)
Balance as at 31 December	**86,862**	**82,237**

The net contract liabilities related to development projects developed as follows:

In EUR thousand	**2022**	**2021**
Contract liabilities balance as at 1 January	**36,109**	**25,870**
+ Received prepayments (incl. billed invoices) relating to performance obligations not satisfied yet	(4,475)	25,564
- Derecognition when performance obligations satisfied	(1,484)	(5,574)
+/- Other changes (i.e., timing, transaction price, change in the measure of progress)	(16,226)	(9,751)
Balance as at 31 December	**13,924**	**36,109**

In the course of rescission from a forward sale contract, the Group has returned prepayments to a customer in an amount of EUR 4,475 thousand.

Note 14 - Inventories

Inventories also include land from forward sales and are broken down as follows:

In EUR thousand	**31 Dec 2022**	**31 Dec 2021**
Real Estate "Trading properties (condominiums)"	619,938	174,077
Real Estate "Institutional"	12,878	864,905
Real Estate "Parking"	29,946	35,490
Real Estate "Other construction work"	5,960	7,536
Other inventories: excl. development	9,850	11,446
Total balance	**678,572**	**1,093,454**

The decrease in inventories (2022: EUR 414,882 thousand, 2021: EUR 465,308 thousand) is a result of increases due to acquisitions of real estate (2022: EUR 0 thousand, 2021: EUR 53,660 thousand), construction work (2022: EUR 37,221 thousand; 2021: EUR 41,939 thousand), capitalisation of interest (2022: EUR 28,171 thousand; 2021: EUR 54,734 thousand) and reversals of transactions (2022: EUR 10,049 thousand; 2021: EUR 405,663 thousand).
Decreases of the inventory balance resulted from sales transactions (2022: EUR 121,412 thousand; 2021: EUR 643,368 thousand), reclassification of completed projects to investment properties (2022: EUR 0 thousand; 2021: EUR 97,735 thousand), reclassification to assets held for sale as part of a disposal group (2022: EUR 0 thousand; 2021: EUR 55,027 thousand) and impairments (2022: EUR 366,425 thousand; 2021: 227,174 thousand).
The capitalisation rate used to determine the amount of borrowing eligible for capitalisation was 2.25% (2021: 2.44%).
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 11,704 thousand (31 December 2021: EUR 1,062,051). The sale of the inventories relating to development will likely occur after more than twelve months. Inventories in an amount of EUR 388,879 thousand have been carried at fair value less costs to sell.

Note 15 – Trade receivables

As at the reporting date, trade receivables mainly consist of rental receivables (EUR 49,129 thousand; 31 December 2021: EUR 27,784 thousand), receivables from the sale of real estate inventories (EUR 16,000 thousand; 31 December 2021: EUR 261,652 thousand) and receivables from property development (EUR 26,763 thousand; 31 December 2021: EUR 90,542 thousand).The balances represent gross amounts less allowances for expected credit losses. The changes of receivables from the sale of real estate inventories and from property development mainly result from additions to allowances at a total amount of EUR 227,032 thousand and EUR 41,941 thousand (also see Note 32A).

Note 16 – Other receivables and financial assets

Other current receivables and financial assets consist of the following:

In EUR thousand	31 Dec 2022	31 Dec 2021
Receivables from income tax	13,332	18,249
Receivables from other taxes	12,094	13,003
Advances to suppliers	11,574	4,792
Prepaid expenses	5,734	3,706
Miscellaneous other receivables (non-financial)	5,126	6,427
Total other receivables (non-financial)	**47,860**	**46,177**
Receivables from portfolio sales to associates	6,204	42,775
Receivables from portfolio sales to third parties	15,018	102,294
Receivables against non-controlling shareholders of subsidiaries	10,050	119,594
Loans	26,577	-
Deposits	11,953	3,627
Miscellaneous other receivables (financial)	1,057	44,045
Other receivables (financial)	**70,993**	**312,335**
Short-term financial investments	-	64,900
Total other receivables and financial assets	**118,853**	**423,412**

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 6,204 thousand (31 December 2021: EUR 27,802 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.

The Group expects EUR 15,019 thousand (31 December 2021: EUR 11,281 thousand) from final payments with relation to recent portfolio transactions.

The decrease in receivables against non-controlling shareholders from subsidiaries results from a debt restructuring with two major non-controlling shareholder (Taurecon and Amelicaster) in March 2022 (also see Note 10).

Note 17 – Non-current assets and liabilities held for sale

As per 1 December 2021, Adler has irrevocably committed itself to tender its remaining shares in BCP as part of a public tender offer by LEG Immobilien SE, provided that the price per share offered is not less than EUR 157 and that the (first) acceptance period ends no later than 30 September 2022. On 3 August 2022, the management of LEG Immobilien SE announced that it would not take advantage of the tender committment given by Adler. Nonetheless, Adler is still actively following its plan to sell its remaining shares in BCP thereby offering its shares at prices that reflect current market conditions. As a result, Adler 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 2022**	**31 Dec 2021**
Investment properties	1,146,022	1,686,330
Financial assets	37,561	37,328
Inventories	25,500	50,720
Other assets	18,825	82,703
Cash and cash equivalents	210,477	24,861
Non-current assets held for sale	143,823	30,100
Assets total	**1,582,208**	**1,912,042**
Deferred tax liabilities	96,201	162,288
Financial liabilities due to bank	296,200	583,285
Corporate bonds	158,978	69,959
Other liabilities	60,389	33,518
Liabilities held for sale	66,780	-
Liabilities total	**678,548**	**849,050**

The investment properties of the disposal group comprised income-generating residential real estate of EUR 1,029,781 thousand (31 December 2021: 1,292,590 thousand), income-generating commercial real estate of EUR 34,000 thousand (31 December 2021: EUR 26,640 thousand) and development properties of EUR 220,900 thousand (31 December 2021: EUR 369,100 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 2022**	**31 Dec 2021**
Discount rate (%)	4.79	4.72
Capitalisation interest rate (%)	3.30	3.27
Vacancy rate (%)	2.05	1.82
Representative monthly rent (EUR/m²)	7.74	7.51
Income-generating commercial real estate		
Discount rate (%)	7.42	7.14
Capitalisation interest rate (%)	6.71	6.21

Development projects (*)		
Expected sales price (EUR/m²)	6,046	7,471
Expected construction costs (EUR/m²)	3,663	2,784

(*) The figure as of 31 December 2021 includes Gerresheim in the amount of EUR 270 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 EUR 42,900 thousand (31 December 2021: EUR 89,900 thousand).

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.

As per 13 January 2022, Adler signed an agreement to sell a portfolio of approximately 14,400 units, located in the eastern federal states of Germany to a subsidiary of KKR & Co. Inc. Having signed a corresponding term sheet on 26 October 2021, Adler presented these properties among assets held for sale as per 31 December 2021 at an amount of EUR 1,046,530 thousand. All of those properties have been sold in the course of the financial year 2022.

Note 18 – Equity

1. Share capital and share premium

Ordinary shares (in thousands of shares)	2022	2021
In issue as at 1 January	**117,510**	**117,510**
Increase from issuance of ordinary shares, net	-	-
In issue as at 31 December	**117,510**	**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 0.00124.

Share premium development is as follows:

Share premium (in EUR thousand)	2022	2021
In issue as at 1 January	**1,844,765**	**1,892,145**
Transactions with non-controlling interests without a change in control	-	6,674
Dividend	-	(54,054)
In issue as at 31 December	**1,844,765**	**1,844,765**

At the annual General Meeting of shareholders held on 29 June 2021, a dividend in an amount of EUR 0.46 per share (gross dividend in an amount of EUR 54.1 million) was declared. The dividend was paid to the shareholders at the beginning of July 2021 from the share premium. In 2022 the company did not pay any dividend.

For further details, we refer to Note 5 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.

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 2022**	**31 Dec 2021**
Subsidiary Adler RE subgroup	375,910	490,574
Subsidiary Consus subgroup	(73,092)	43,465
Other	193,132	169,056
Total Balance	**495,951**	**703,094**

The development of non-controlling interests is presented separately in the statement of changes in equity.
The increase in non-controlling interests was mainly impacted 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 subgroup**		**Subsidiary Consus subgroup**	
Headquarters	**Berlin**	**Berlin**	**Berlin**	**Berlin**
Minority interest %	**3.10%**	**3.28%**	**3.12%**	**3.12%**
In EUR thousand	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Current assets1)	2,166,179	3,762,006	/	/
Current liabilities1)	(1,431,098)	(1,416,747)	/	/
Net current assets	**735,081**	**2,345,259**	**/**	**/**
Investment properties	1,864,442	1,662,824	/	/
Other non-current assets	94,194	159,831	/	/
Non-current liabilities	(1,050,152)	(2,023,897)	/	/
Net non-current assets	**908,485**	**(201,242)**	**/**	**/**
Equity	**1,643,566**	**2,144,017**	**/**	**/**
Contribution made for completion of agreed capital increase	**-**	**-**	**/**	**/**
Equity including contribution made	**1,643,566**	**2,144,017**	**/**	**/**

1) Includes non-current assets and liabilities held for sale.

Combined statement of comprehensive income IFRS	**Subsidiary Adler RE subgroup**		**Subsidiary Consus subgroup**	
In EUR thousand	**2022**	**2021**	**2022**	**2021**
Revenue	222,782	337,758	/	/
Annual result	**(459,203)**	**74,588**	**/**	**/**
Other comprehensive income	(18,961)	23,401	/	/
Net result	**(478,165)**	**97,959**	**/**	**/**
Profit or loss attributable to non-controlling interests	(107,758)	5,407	/	/

Combined statement of comprehensive income IFRS	**Subsidiary Adler RE subgroup**		**Subsidiary Consus subgroup**	
In EUR thousand	**2022**	**2021**	**2022**	**2021**
Cash flow from operating activities	17,422	93,759	/	/
Cash flow from investing activities	879,457	1,105,839	/	/
Cash flow from financing activities	(886,120)	(1,051,173)	/	/
Change in cash and cash equivalents	10,759	148,425	/	/

Note 19 – Corporate bonds and convertible bonds

These liabilities were structured as follows as at the balance sheet date:

In EUR thousand	**31 Dec 2022**	**31 Dec 2021**
Adler Group Bond 2017/2024	399,090	398,529
Adler Group Convertible Bond 2018/2023	100,503	99,025
Adler Group Bond 2020/2025	394,823	392,959
Adler Group Bond 2020/2026	392,552	390,774
Adler Group Bond 2021/2026	689,681	686,444
Adler Group Bond 2021/2029	781,486	778,694
Adler Group Bond 2021/2027	492,118	490,418
Adler RE Bond 2017/2024	296,006	292,512
Adler RE Bond 2018/2023	498,496	493,977
Adler RE Bond 2018/2026	289,794	286,999
Adler RE Bond 2019/2022	-	399,047

Consus Convertible Bond 2017/2022	-	117,915
Total balance	**4,334,549**	**4,827,293**

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 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 paragraph 2 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. The bonds will mature on 23 November 2023. ADO Group Ltd., a subsidiary of Adler RE holds 38.24% of the convertible bond on the balance sheet date.

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 98.871%. The net proceeds of the bond were mainly used to refinance existing liabilities. Effective as at 11 January, 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 paragraph 2 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, 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 paragraph 2 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. Subsequent to the placement, Adler RE made a public tender offer to redeem its EUR 500 million bond due in December 2021 (Adler Bond 2017/2021) which was accepted by approximately 66% of bondholders. After the redemption, the remaining outstanding amount of EUR 170.4 million has been repaid upon expiry. Effective as at 11 January, 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. For further information please refer to the paragraph 2 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). In connection with the redemption, early repayment fees of EUR 21.7 million were incurred. The derecognition of the bond without the embedded derivative led to a gain of EUR 65.8 million which has been presented in finance income. Effective as at 11 January, Adler Group S.A. was substituted as issuer by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. For further information please refer to the paragraph 2 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%.

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").

In April 2019, Adler placed a corporate bond of EUR 400 million with a coupon of 1.5% with institutional investors in Europe (Adler 2019/2022). The bond had a three-year term and was repaid in April 2022.

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. Tranche C (BCP Bond 2014/2026) originally NIS 125 million) has a term up to 2026 and has a 3.30% interest rate. 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. 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).

A convertible bond with a total nominal value of EUR 200 million was issued by Consus on 29 November 2017 (Consus Convertible Bond 2017/2022). The convertible bond has a maturity as of 29 November 2022, and was issued at a price of 100% of the principal amount in a denomination of EUR 100,000 each. The convertible bonds bear an interest at a rate of 4.0% per annum, payable semi-annually in arrears. In accordance with the convertible bond conditions, bondholders have the right to offer to the Company to participate in a capital increase by way of contribution in kind

(Sacheinlage) by offering bonds held by it as contribution in kind. It is in the discretion of the Company whether it accepts such offer. If the Company accepts such offer, the new shares would be derived from the Company's conditional capital. The exercise of the included termination right leads to a 100% repayment plus accrued interest. The conversion right and the redemption rights represent an embedded derivative, which has been measured at fair value and presented in derivatives liabilities. The bond was repaid in November 2022 without any conversion.

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-. S&P stated that it will reassess its ratings on Adler Group and Adler RE after the Restructuring is implemented in a few weeks and expects an upgrade to the CCC category.

As at 31 December 2022, the Company was in compliance with all applicable financial covenants. Compliance with these covenants, however, is achieved by the following measures:

Adler Group 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 ≤ 45%; (iii) interest coverage ratio (ICR) ≥ 1.8 and iv) unencumbered asset ratio ≥ 125%; the latter only applies to the following instruments: Adler Group S.A. bond

(EUR 400 million, 1.5% coupon, maturity 26 July 2024) and Adler Group S.A. promissory note tranches (total volume EUR 24.5 million, maturity 2023 – 2028, WACD 3.15% as of 31 December 2022).

Adler RE 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 RE to maintain the consolidated coverage ratio at or above 1.70 to 1.00 on 31 December 2020 and at or above 1.80 to 1.00 for any reporting date falling on or after 1 January 2021.

With effect from 17 April 2023, the Group made an agreement with its major bond holders to amend bond terms. As part of that agreement new financial covenants are imposed on the Group. Please refer to the subsequent events report for further details.

Note 20 – Other loans and borrowings

The Group's other loans and borrowings are comprised as follows:

	31 Dec 2022		31 Dec 2021	
In EUR thousand	**Non-current**	**Current**	**Non-current**	**Current**
Loans from banks	1,326,155	295,162	2,006,549	119,326
Other creditors	11,500	13,000	50,261	0
Total	**1,337,655**	**308,162**	**2,056,810**	**119,326**

As at 31 December 2022, other loans and borrowings of Adler Group including Adler and Consus carry an average effective interest rate (i.e., considering the swap interest hedging effect from variable to fixed interest) of 1.96% per annum (as at 31 December 2021: 2.03%). The average maturity of other loans and borrowings is 3.8 years (as at 31 December 2021: 4.6 years).

On 1 July 2022, the Group repaid the outstanding loan to Harel in the amount of EUR 26.3 million.

Most of these loan agreements have 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 2022, the Group is compliant with the covenants stipulated in the loan agreements.

On 15 March 2021, the Group signed a EUR 300 million syndicated revolving credit facility for a 3-year-term with extension options, each for one year. At the same time the bilateral RCFs with the same lenders were terminated. In the second half year of 2021, the Group, the Group drew down an amount of EUR 300 million as a further liquidity cushion and to enhance the Group's flexibility which were repaid at the end of 2021. The facility was terminated in April 2022.

In January 2021, BCP, a subsidiary of the Group, signed a refinancing agreement with a German banking corporation for a loan of approximately EUR 100.5 million The loan bears an average annual interest rate of approximately 1.41% with a maturity date in June 2023.

In March 2021, Westgrund, a subsidiary of the Group, raised a secured loan of EUR 400 million with a 7-year term and a fixed interest rate of 1.6%, replacing the current outstanding loan of EUR 191 million due in December 2021.

In March and April 2021, the Group 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.

On 25 June 2021, Adler Group established a commercial paper programme which allows the Company to issue short-term notes up to a maximum aggregate amount of EUR 500 million for interim financings of general corporate purposes. As per the balance sheet date, no commercial papers were outstanding.

In addition to the repayment of Consus high yield bond 2019/2024, the Group refinanced bank and mezzanine loans relating to Consus in a total volume of EUR 756 million in the financial year 2021. Proceeds from bond issuances were largely utilised for the repayment. Consus bank loans including mezzanine debt were significantly decreased and amount to EUR 341 million on the balance sheet date (prior year: EUR 1,087 million).

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 principally relate to embedded derivatives recognised separately from their respective host contracts and measured at fair value through profit or loss. These derivatives include an option to repurchase the shares of non-controlling shareholders in an amount of EUR 8 million (31 December 2021: EUR 8.3 million). As per 31 December 2022 the embedded derivatives related to early repayment options of other loans and borrowings have been completely devalued as the exercise of the options is unlikely. The change in fair value of the embedded derivative (EUR 2.1 million, 31 December 2021: 15.4 million) has been presented in finance expenses through the

change in fair value of other derivatives. In 2021 an option for early redemption of the 2019/2024 Consus bond was exercised and the remaining value of the embedded derivative EUR 90.4 million, derecognised though finance expenses.
Non-current derivative liabilities relate to interest rate swaps. The fair value of those swaps, including both current and non-current liabilities in the amount of EUR 1,443 thousand (31 December 2021: EUR 2,412 thousand), is measured by discounting the future cash flows over the period of the contract and using market interest rates appropriate for similar instruments. The credit risk used by the bank is not a material component of the valuation made by the bank, and the other variables are market-observable.
Current derivatives liabilities relate to the written call option granted by Adler to LEG Immobilien SE to tender its remaining shares in BCP at a minimum tender offer price of EUR 157 per share (also see Note 17). The option was initially measured at transaction price of EUR 7.5 million. As of 31 December 2021, the option has been remeasured at fair value using the option pricing model of Black and Scholes which includes the stock price of BCP, the volatility of the stock price and discount rates as key parameters. The fair value of the option amounts to EUR 38.2 million as of 31 December 2021. The increase in value was presented in finance expenses (EUR 30.7 million). In 2022 the option was fully derecognised through finance income (EUR 38.2 million).

Note 22 – Provisions and other payables

Provisions and other payables are composed of the following:

In EUR thousand	**31 Dec 2022**	**31 Dec 2021**
Provisions for litigations	15,813	77,975
Contingent losses from development contracts	75,580	73,865
Provisions	**91,393**	**151,840**
Income tax payables	158,131	81,988
Accrued expenses	5,663	48,297
Deferred income	2,713	4,288
Value added tax	12,215	2,244
Miscellaneous other payables (non-financial)	20,452	17,113
Total other payables (non-financial)	**199,174**	**153,930**
Accrued interest	66,076	69,720
Tenants' deposits	18,939	22,213
Other payables due to associated companies	22,667	16,120
Purchase price liabilities	506	869
Miscellaneous other payables (financial)	18,283	16,238
Total other payables (financial)	**126,471**	**125,160**
Total other payables	**417,038**	**430,930**

Provisions

Provisions for litigations principally relate to legal claims resulting from contractual penalties and from compensation for other damages. During the reporting period, an amount of EUR 64,682 thousand was released due to the termination of a contract.
Contingent losses from development contracts relate to project developments with potential adverse margin expectations. The measurement is based on management's expectations on sales, revenues for those projects and the completion stage for individual projects. During the reporting period, a total amount of EUR 4,120 thousand has been released and presented in other income due to the termination of the sales projects. An amount of EUR 32,253

thousand has been added 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

As at 31 December 2022, other current payables consist of financial liabilities with a book value of EUR 126,471 thousand (as at 31 December 2021: EUR 125,160 thousand) and non-financial liabilities with a book value of EUR 199,439 thousand (as at 31 December 2021: EUR 153,930 thousand).
Other payables due to associated companies are short-term interest- bearing loans.

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% and is then subject to a surcharge of 5.5% (solidarity surcharge). This results in a total corporate tax rate of 15.825%. Corporations with their registered office or management in Germany are unrestricted corporate taxpayers. However, corporations that are not tax resident in Germany but have a connection to Germany (domestic income) may be subject to limited tax liability 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% (base 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 at less than 1% (small municipalities with a property tax collection rate of 0%) to approximately 10% depending on the location of the real estate (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 coronavirus 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 subgroup (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.

B. Income taxes

In EUR thousand	**2022**	**2021**
Current year	(80,480)	(46,760)
Adjustments for prior years	(19,825)	(8,302)
Deferred tax expense	232,629	(87,265)
Total	**132,324**	**(142,327)**

C. Reconciliation of statutory to effective tax rate

In EUR thousand	**2022**	**2021**
Statutory income tax rate	24.94%	24.94%
Profit before taxes	(1,807,171)	(1,022,680)
Tax using the Company's domestic tax rate	450,708	255,056
Non-deductible expense	122,946	62,933
Not taxable income	(38,639)	(55,257)
Utilisation of tax losses from prior years for which deferred taxes were not created	36,044	35,760
Effect of tax rates in foreign jurisdictions	(41,167)	(48,372)
Deferred tax assets not recognised for tax losses and other timing differences	52,775	42,713
Tax effect from impairment of goodwill	36,111	271,765
Tax unrelated to accounting period	178,074	96,182
Other differences, net	(27,760)	(8,341)
Income tax expense	**132,324**	**(142,327)**

D. Recognised deferred tax assets and liabilities

Deferred taxes recognised are attributable to the following:

Assets	**31 Dec 2022**	**31 Dec 2021**
Tax loss carryforwards incl. interests carried forward (DTA)	71,023	106,473
Derivatives	2	-
Other non-current liabilities	-	4,505
Other current liabilities	4,210	9,788
Financial liabilities	3,526	70,845
Other provision	6,166	12,861
Financial receivables	3,384	8,532
Bonds and convertible bonds	(2,462)	(1,198)
Inventories	14,698	-
Other deferred tax assets	-	7,631
Derivatives	(29)	-
Bonds and convertible bonds	1,721	(14,132)
Investment properties	(584,356)	(796,949)
Trading properties	(3,802)	(27,533)
Financial assets	(402)	(3,887)
Financial liabilities	(11,263)	(70,491)
Right-of-Use assets	(2,417)	(1,189)
Contractual assets	(16,574)	(14,584)
Other current receivables	(4,680)	(3,516)
Prepayments received	(6,259)	(7,854)
Other deferred tax liabilities	4,366	(33,455)
Total deferred tax assets	100,547	219,437
Total deferred tax liabilities	(623,695)	(973,592)
Offsetting (-)	97,980	213,764
Reported deferred tax assets (net)	**2,566**	**5,673**
Reported deferred tax liabilities (net)	**(525,715)**	**(759,828)**

The change in deferred taxes is as follows:

In EUR thousand	2022	2021
Deferred tax liabilities as of 1 January	**(754,155)**	**(936,344)**
Deferred tax expense in income statement	232,629	(87,265)
Deferred tax due to first-time consolidation and deconsolidation	23,157	134,967
Transfer to disposal group held for sale (IFRS 5)	-	154,970
Deferred taxes recognised directly in equity due to costs of issuance equity	656	2,781
Other	(25,435)	(23,264)
Reported deferred tax liabilities (deferred tax assets offset) as at 31 December	**(523,148)**	**(754,155)**

Losses for tax purposes carried forward to future years, based on the Group's estimation:
Tax losses carried forward amounted to EUR 2,506,599 thousand at 31 December 2022 (2021: EUR 1,469,555 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 2,058,663 thousand as at 31 December 2022 (2021: EUR 676,161 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.

Note 25 – Revenue

In EUR thousand	2022	2021
Net rental income	244,506	346,188
Income from charged costs of utilities	100,150	119,460
Income from facility services	24,698	29,444
Income from property development	115,481	122,969
Sale of trading properties (condominiums)	2,389	5,437
Income from real estate inventories disposed of	228,750	502,108
Revenue other	18,498	18,126
Total	**734,472**	**1,143,732**

Net rental income amounting to EUR 133,247 thousand, income from charged costs of utilities amounting to EUR 60,951 thousand and income from facility services with an amount of EUR 17,455 thousand are attributable to the business of Adler.
Net rental income amounting to EUR 9,084 thousand, income from property development amounting to EUR 115,481 thousand, income from real estate inventories disposed of amounting to EUR 228,750 and other revenue with an amount of EUR 18,498 thousand are attributable to the business of Consus.
Revenue from real estate inventories disposed of includes the sale of properties, buildings and projects that are not

recognised over time.
In 2022 no new forward sales contracts were signed. Income from property development mainly resulted from construction progress.
A transaction price of EUR 13,924 thousand (prior year: EUR 36,109 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 2023, an amount of EUR 13,924 thousand attributable to the years 2024 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
2022	**Residential Property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	
Revenue from charged costs of utilities and facility services	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	-	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	-	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**	**-**	**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.

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.

	Segments					Total(*)
2021	**Residential Propert**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	

	y manage ment					
Revenue from charged costs of utilities and facility services	33,393	-	95,476	-	(4,486)	124,383
Revenue from sale of trading properties (condominiums)	-	5,437	-	-	-	5,437
Revenue from property development contracts	-	-	8,301	115,481	(814)	122,969
Revenue from real estate inventories disposed of	-	-	-	502,108	-	502,108
Revenue other	9,727	-	-	19,018	(10,619)	18,126
Revenue from contracts with customers (IFRS 15)	**43,120**	**5,437**	**103,777**	**636,607**	**(15,919)**	**773,022**
thereof: products and services transferred at a point in time	-	5,437	-	571,735	-	577,172
thereof products and services transferred over time	43,120	-	103,777	64,872	(15,919)	195,850
Rental income (IFRS 16)	112,028	467	225,585	8,179	(72)	346,188
Revenue from ancillary costs (IFRS 16)(*)	8,508	-	15,978	36	-	24,521
Rental income (IFRS 16)	**120,536**	**467**	**241,563**	**8,215**	**(72)**	**370,709**
Revenues (IFRS 15/IFRS 16)	**163,656**	**5,904**	**345,340**	**644,822**	**(15,991)**	**1,143,732**

(*) 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 2022**	**31 Dec 2021**
Contract assets arising from re-charge of utilities (presented in "trade receivables")	20,924	11,359
Receivables from sale of real estate properties (presented in "trade receivables")	16,000	261,652
Receivables from other sales including forward sales (presented in "trade receivables")	26,763	90,542
Contract assets from developments (presented net in "contract assets")	86,862	82,237
Total contract assets	**150,549**	**445,790**
Prepayments received from developments (presented net in "contract liabilities")	13,924	36,109
Contract liabilities arising from re-charge of utilities (presented net in "trade payables")	1,149	2,178
Total contract liabilities	**15,073**	**38,287**

Note 26 – Cost of operations

In EUR thousand	**2022**	**2021**
Salaries and other expenses	21,698	37,481

Costs of apportionable utilities	122,163	148,782
Costs of utilities recharged, net	3,108	1,281
Costs of property development	258,111	80,759
Cost of real estate inventories disposed of	499,529	789,045
Costs of sale of trading properties (condominiums)	1,409	3,675
Property operations and maintenance	38,717	54,792
Other costs of operations	27,459	16,149
Total	**972,194**	**1,131,964**

Cost of real estate inventories disposed of includes write-down of inventories in an amount of EUR 366,425 thousand (2021: EUR 227,174 thousand). Please refer to Note 14.

Note 27 – General and administrative expenses

In EUR thousand	**2022**	**2021**
Salaries and related expenses	34,651	28,916
Share-based payments	695	756
Directors fee	1,095	1,184
Rent	2,797	2,172
Professional services	45,934	30,410
Traveling	2,053	2,512
Office, communication and IT expenses	17,461	19,247
Advertising and marketing	3,869	1,532
Impairment loss on trade receivables	7,646	4,622
Depreciation	18,928	17,645
Other	13,796	13,766
Total	**148,925**	**122,762**

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 2022, the Group had 787 full-time employees (2021: 1,329). On an annual average 934 people (2021: 1,499) were employed.

Note 28 – Other expenses

Other expenses principally relate to the impairment of goodwill in an amount of EUR 91,400 thousand (2021: EUR 1,083,300 thousand, please refer to Note 12). Further other expenses in an amount of EUR 44,953 thousand (2021: EUR 5,100 thousand) relate to one-off legal and consulting fees. The remainder mainly relates to penalties from contractual obligations (EUR 27,286 thousand, 2021: EUR 1,600 thousand) and expenses for selling investment properties held for sale (EUR 5,416 thousand, 2021: EUR 356 thousand).
On 30 December 2022, BCP - a subsidiary of Adler - completed the sale of a portfolio of 2,400 residential units located in the city of Leipzig. The result from deconsolidation EUR 3,085 thousand was recognised in other expenses.

Note 29 – Other income

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. As a result of the deconsolidation of these entities, a net income of EUR 18,896 thousand has been achieved and presented under other income.
Other income includes EUR 30,249 thousand (2021: EUR 8,748 thousand) from the derecognition of liabilities, in addition to the Waypoint transaction described above EUR 16,029 thousand (2021: EUR 123,909 thousand) from deconsolidation of other subsidiaries. The remainder mainly relates to income from prior periods in an amount of EUR 16,531 thousand (2021: EUR 2,818 thousand). In 2021 the Group recognised EUR 37,972 thousand other income from reversal of provisions.
In the fourth quarter of 2021, Adler RE, a subsidiary of the Group, closed the sale of approximately 15,500 units to a subsidiary of LEG IMMOBILIEN SE. The sale was structured as share deal including 13 property holding entities. As a result of the deconsolidation of these entities, a net income of EUR 123,209 thousand has been achieved and presented under other income.

Note 30 – Net finance costs

In EUR thousand	**2022**	**2021**
Interest received	32,628	33,333
Change in fair value of derivative component of convertible bond	82	6,570
Change in fair value of other derivatives	29	10,605
Income from derecognition of derivatives	38,227	-
Change in fair value of other financial assets - profit	1	1,160
Net foreign exchange gain	9,901	-
Other finance income	14,850	81,423
Total finance income	**95,718**	**133,091**
Interest on bonds	(123,741)	(135,303)
Change in fair value of other derivatives	(206)	(53,751)
Expense from derecognition of derivatives	-	(90,399)
Change in fair value of investments in financial assets and other financial assets	(247)	(5,650)
Change in fair value of loans granted	-	(4,224)
Impairment of financial instruments	(426,985)	(18,512)
Interest on other loans and borrowings	(39,047)	(75,011)
One-off refinance costs	(15,140)	(69,154)

Net foreign exchange loss	-	(38,484)
Other finance expenses	(25,682)	(25,072)
Total finance costs	**(631,048)**	**(515,560)**
Total net finance costs	**(535,330)**	**(382,469)**

Other finance income is mainly comprised of the derecognition of financial instruments (EUR 12,351 thousand).
One-off refinance costs are mostly early repayment penalties for the repayment of the bank loans of Adler RE.
The net foreign exchange gain relates to revaluation effects of bonds and convertible bonds denoted in NIS.
An amount of EUR 62,127 thousand (2021: EUR 79,214 thousand) interest on other loans and borrowings was capitalised to investment properties and inventories under construction.

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 5.04% were applied in the reporting 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 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**	**0**	**12,234**

In EUR thousand	**Property**	**Vehicles**	**Hardware/ Contracting**	**Total**
Balance as at 1 January 2021	**12,278**	**4,881**	**699**	**17,858**
Additions to right-of-use assets (+)	4,827	925	-	5,752
Depreciation charge for the year (-)	(5,117)	(2,567)	(180)	(7,864)
Impairment (-)	(401)	(581)	-	(982)
Balance as at 31 December 2021	**11,587**	**2,658**	**519**	**14,764**

The following table shows the amounts recognised in the consolidated statement of profit or loss in connection with leases (including leaseholds):

In EUR thousand	**2022**	**2021**
Interest expenses for lease liabilities	540	1,203

Expenses for short-term leases	456	765
Expenses for low-value leases	1,552	334
Total	**2,548**	**2,302**

The lease payments over the lease term (including lease holds) break down as follows by maturity:

	Expected lease payments as per	
In EUR thousand	**31 Dec 2022**	**31 Dec 2021**
Up to 1 year	3,230	5,307
1 to 5 years	3,296	5,874
More than 5 years	16,230	16,989

Leases that the Group has entered into as a lessee but have not yet commenced result in possible future payment outflows totalling EUR 24.8 million (including the amount from new office lease agreement over the term).

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:

		Expected lease payments as per
In EUR thousand	**31 Dec 2022**	**31 Dec 2021**
Up to 1 year	42,536	45,735
1 to 3 years	19,356	19,297
More than 3 years	16,167	15,448

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 2022	31 Dec 2021
Investments in financial instruments	aafvPL	19,234	20,228
Other financial assets - investments in debt securities	aafOCI	12,723	22,885
Other financial assets - loans and borrowings	afvPL	-	37,900
Other financial assets - loans and borrowings	aac	156,238	12,278
Other receivables - miscelaneous other receivables	aac	70,993	312,335
Trade receivables - receivables against tenants	aac	47,145	28,972
Trade receivables - other trade receivables	aac	48,527	350,146
Restricted bank deposits	aac	77,885	71,460
Cash and cash equivalents	aac	386,985	555,700
Total financial assets		**819,730**	**1,476,804**

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 2022
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 non-controlling shareholders of subsidiaries	153,750	-	11,331

Miscellaneous other borrowings	-	-	-
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 non-controlling shareholders of 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**

	31 Dec 2021		
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)**
Financial assets			
Loans to non-controlling shareholders of subsidiaries	-	-	-
Miscellaneous other borrowings	7,990	-	4,288
Other receivables			
Receivables from portfolio sales to associates	27,802	34,346	-
Receivables from portfolio sales to third parties	102,295	-	21,577
Receivables against non-controlling shareholders of subsidiaries	122,076	-	-
Miscellaneous other receivables	81,739	-	-
Trade receivables			
Other trade receivables	351,334	-	-
Gross carrying amount	**693,236**	**34,346**	**25,865**
Accumulated impairment losses	(2,482)	(23,601)	(4,288)
Net carrying amount	**690,754**	**10,745**	**21,577**

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 portfoiio sales to associates does not differ from the process applied to third parties.
Receivables from portfolio sales to associates include receivables against AB Immobilien B.V. at an amount of EUR 0 thousand (31 December 2021: EUR 14,972 thousand), receivables against Caesar JV Immobilienmanagement und Verwaltungs GmbH at an amount of EUR 6,204 thousand (31 December 2021: EUR 27,802 thousand).
In 2022 the Group received a final payment of EUR 9,072 thousand from AB Immobilien B.V. the remainder of the 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 28,975 thousand (31 December 2021: EUR 27,802 thousand). In 2022 the Group earned interest income at an amount of EUR 908 thousand (2021: EUR 810 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 22,805 thousand (2021: EUR 0 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 60,512 thousand (31 December 2021: EUR 59,592 thousand). In 2022 the Group earned interest income at an amount of EUR 3,920 thousand (2021: EUR 2,715 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 60,512 thousand.
Expected credit losses regarding **receivables against 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.
Miscellaneous other receivables include receivables against diverse debtors. Due to a significant deterioration in the creditworthiness of these counterparties, the Group changed its credit risk assessment in 2022 and increased its allowances against these receivables by EUR 45,484 thousand.
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.
Due to a significant deterioration of the creditworthiness of the counterparties and irrecoverability of collateralisation, the Group revised its assessment of the credit risk inherent in other trade receivables in 2022 and recorded impairment losses at a total amount of EUR 329,958 thousand (2021: EUR 0 thousand).
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 2022
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Net carrying amount**
Not past due	21,565	(551)	5,681
0-30 days past due	5,833	(207)	5,626
31-180 days past due	5,995	(3,063)	2,932
Mare than 180 days past due	29,657	(23,301)	6,356

Total	**63,050**	**(27,122)**	**35,928**

	31 Dec 2021		
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Net carrying amount**
Not past due	20,397	-	20,397
0-30 days past due	3,426	(101)	3,325
31-180 days past due	2,587	(966)	1,983
Mare than 180 days past due	25,763	(22,496)	3,267
Total	**52,173**	**(23,562)**	**28,972**

Impairment losses on receivables from tenants changed as follows:

In EUR thousand	**2022**	**2021**
Balance as at 1 January	**(23,562)**	**(34,589)**
Business combinations (IFRS 3)	-	-
Additions	(6,966)	(8,177)
Reversals	5,458	13,981
Write off of irrecoverable debts	(2,052)	347
Reclassification as held for sale (IFRS 5)	-	-
+/- Change in scope of consolidation	-	4,876
Balance as at 31 December	**(27,122)**	**(23,562)**

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:**	**31 Dec 2022**	**31 Dec 2021**
Loans and borrowings		
Loans to non-controlling shareholders of subsidiaries	10,283	-
Miscellaneous other borrowings	185	387
Other receivables		
Receivables from portfolio sales to associates	27,769	19,343
Receivables from portfolio sales to third parties	60,512	-
Receivables against non-controlling shareholders of subsidiaries	5,689	
Miscellaneous other receivables	43,618	-

Trade receivables		
Receivables against tenants	7,646	4,621
Other trade receivables	278,929	-
Total	**434,631**	**24,351**

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 2022 the nominal amount of interest-bearing liabilities which are exposed to interest rate risk amount to EUR 6,643 million (prior year: EUR 7,811 million). Thereof, an amount of EUR 267 million (prior year: EUR 108 million) relates to variable rate loans.

On the basis of the valuation as at 31 December 2022, 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	
	31 Dec 2022	**31 Dec 2021**
Change in interest basis points	+50	+50
Effect on the profit before tax (in EUR thousand)	(1,551)	(93)

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 ADO Group were redeemed in the 2020 financial year. The bonds of the BCP subgroup were reclassified to liabilities held for sale in 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 7,486 thousand (31 December 2021: EUR 3,612 thousand) or EUR -7,486 thousand (31 December 2021: EUR -3,612 thousand). If the CPI had increased/decreased by 3%, the carrying amount of the bonds would have changed by EUR -4,491 thousand (31 December 2021: -2,464 thousand) or EUR 4,491 thousand (31 December 2021: EUR 392 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.
Under the conditions of existing loan agreements and bonds, the Group is obliged to fulfill certain financial covenants. If financial covenants are violated and all commonly practiced solutions will be unsuccessful, the lenders could call in the loan. The fulfilling of these covenants is continually monitored as part of risk management. Throughout 2022 some of these financial covenants limited the Group's ability to incur new debt and refinance upcoming maturities.
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 provide the liquidity needed to manage the Group's upcoming 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 following table shows the forecast for undiscounted cash flows of non-derivative financial liabilities and derivative financial instruments prevalent as per 31 December 2022:

						31 Dec 2022
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' security deposits	18,939	18,939	18,939	-	-	-
Other payables	107,532	107,534	107,534	-	-	-
Derivatives (stand-alone)	806	806	-	806	-	-
Total	**6,201,914**	**6,794,072**	**1,320,102**	**1,062,368**	**879,750**	**3,531,852**

						31 Dec 2021
In EUR thousand	**Carrying amount(*)**	**Contractual cash flows**	**2022**	**2023**	**2024**	**Due after 3 years**
Corporate bonds	4,610,353	5,191,000	503,125	597,125	787,750	3,303,000
Convertible bonds	216,940	231,880	125,695	106,185	-	-
Other loans and borrowings	2,176,136	2,310,192	139,486	423,156	300,280	1,447,270
Other financial liabilities	27,168	27,168	25,452	1,716	-	-
Trade payables	76,383	76,383	76,383	-	-	-
Tenants' security deposits	22,213	22,213	22,213	-	-	-
Other payables	102,947	102,947	102,947	-	-	-
Derivatives (stand-alone)	40,639	2,412	-	1,298	1,114	-
Total	**7,272,779**	**7,964,195**	**995,301**	**1,129,480**	**1,089,144**	**4,750,270**

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:

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 hierarchy level
Assets								
Investments in financial instruments								
Investments in equity instruments - FVPL	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								
Receivables due from associated companies	aac	-	-	-	-	-	-	1)
Receivables due from third parties	aac	156,238	156,238	-	-	-	156,238	1)
Other financial assets	aafvPL		-	-	-	-	-	Level 3
Investments in debt securities	aafvOCI	12,723	-	-	12,723	-	12,723	Level 1
Derivatives	aafvPL	8,053	-	8,053	-	-	8,053	Level 3
Restricted bank deposits	aac	77,885	77,885	-	-	-	77,885	1)
Trade receivables	aac	95,672	95,672	-	-	-	95,672	1)
Other receivables and financial assets								
Other financial receivables at cost	aac	70,777	70,777	-	-	-	70,777	1)
Short-term financial investments	aafvPL	216	-	216	-	-	216	Level 3
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**	**1)**
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	1,645,817	1,645,817	-	-	-	1,488,415	Level 3
Other financial liabilities		16,029						
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		126,471						
Other financial payables at cost	flac	126,471	126,471	-	-	-	126,471	1)

Total financial liabilities		**6,216,066**	**6,201,108**	**806**	**-**	**14,152**	**4,063,650**	

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 21 Derivatives, Note 16 Other receivables, Note 10 Other financial assets.

								31 Dec 2021
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 hierarchy level**
Assets								
Investments in financial instruments								
Investments in equity instruments - FVPL	aafvPL	20,228	-	20,228	-	-	20,228	Level 3
Investments accounted under the equity method	n/a	32,395	-	-	-	32,395	-	n/a
Other financial assets								
Receivables due from associated companies	aac	-	-	-	-	-	-	1)
Receivables due from third parties	aac	4,963	4,963	-	-	-	4,963	1)
Other financial assets	aafvPL	45,215	-	45,215	-	-	45,215	Level 3
Investments in debt securities	aafvOCI	22,885	-	-	22,885	-	22,885	Level 1
Derivatives (embedded)	aafvPL	10,433	-	10,433	-	-	10,433	Level 3
Restricted bank deposits	aac	71,460	71,460	-	-	-	71,460	1)
Trade receivables	aac	379,118	379,118	-	-	-	379,118	1)
Other receivables and financial assets								
Other financial receivables at cost	aac	312,335	312,335	-	-	-	312,335	1)
Short-term financial investments	aafvPL	64,900	-	64,900	-	-	64,900	Level 3
Cash and cash equivalents	aac	555,700	555,700	-	-	-	555,700	1)
Total financial assets		**1,519,632**	**1,323,576**	**140,776**	**22,885**	**32,395**	**1,487,237**	
Liabilities								
Corporate bonds	flac	4,610,352	4,610,352	-	-	-	4,138,155	Level 1
Convertible bonds	flac	216,941	216,941	-	-	-	205,871	Level 2
Other loans and borrowings	flac	2,176,136	2,176,136	-	-	-	2,181,516	Level 3
Other financial liabilities								

Other financial liabilities at fair value	lafv	-	-	-	-	-	-	Level 3
Other financial liabilities at cost	flac	27,168	27,168	-	-	-	27,168	1)
Derivatives	lafv	40,639	-	40,639	-	-	40,639	Level 3
Trade payables	flac	76,383	76,383	-	-	-	76,383	1)
Lease liabilities	n/a	17,001	-	-	-	17,001	-	n/a
Other payables								
Other financial payables	flac	125,159	125,159	-	-	-	125,159	1)
Total financial liabilities		**7,289,779**	**7,232,139**	**40,639**	**-**	**17,001**	**6,794,891**	

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 2022.

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 2022	**4,610,352**	**216,941**	**2,176,136**	**4,813**	**7,008,242**
Changes from financing cash flows					
Receipt of loans and borrowings	162,518	-	74,809	-	237,327
Repayment of loans and borrowings	(462,660)	(118,696)	(724,934)	-	(1,306,290)
Transaction costs related to borrowings	-	-	-	-	-
Interest paid	(38,338)	-	(16,507)		(54,845)
Total net financing cash flows	(338,480)	(118,696)	(666,632)	-	(1,123,808)
Effect of changes in foreign exchange rates	7,901	-	-	-	7,901
Changes arising from selling group of assets and liabilities classified as held for sale	(91,703)	-	289,428	-	197,725
Changes arising from obtaining control of subsidiaries	-	-	-	-	-
Changes in fair value	-	-	-	-	-
Subsequent measurement PPA	-	-	-	-	-

Other changes	45,976	2,258	(153,115)	8,481	(96,400)
Balance as at 31 Dec 2022	**4,234,046**	**100,503**	**1,645,817**	**16,029**	**5,996,395**

In EUR thousand	Corporate bonds	Convertible bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 Jan 2021	**3,728,962**	**311,972**	**3,969,192**	**16,128**	**8,026,254**
Changes from financing cash flows					
Receipt of loans and borrowings	1,951,053	-	1,152,465	-	3,103,518
Repayment of loans and borrowings	(961,298)	(91,044)	(2,281,301)	-	(3,333,643)
Transaction costs related to borrowings	(2,278)	-	-		(2,278)
Interest paid	(33,306)	-	(37,423)		(70,729)
Total net financing cash flows	954,171	(91,044)	(1,166,259)	-	(303,132)
Effect of changes in foreign exchange rates	10,023	-	-	-	10,023
Changes arising from selling group of assets and liabilities classified as held for sale	(74,459)	-	(602,267)	-	(676,726)
Changes arising from obtaining control of subsidiaries	-	-	145,185	-	145,185
Changes in fair value	-	-	-	(9,315)	(9,315)
Subsequent measurement PPA	13,533	(2,869)	36,402	-	47,066
Other changes	(21,878)	(1,118)	(206,117)	(2,000)	(231,113)
Balance as at 31 Dec 2021	**4,610,352**	**216,941**	**2,176,136**	**4,813**	**7,008,242**

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 2022
In EUR thousand	**IFRS 9 category**	**Interest**	**Profit / loss**	**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)**

					Net result 2021
In EUR thousand	**IFRS 9 category**	**Interest**	**Profit / loss**	**OCI**	**Total**
Investments in equity instruments measured at fair value through other comprehensive income	aafvOCI	-	3,689	-	3,689
Financial assets measured at amortised cost	aac	10,309	(23,134)	-	(12,825)
Financial assets measured at fair value through profit or loss	aafv	1,794	(8,714)	-	(6,920)
Financial assets measured at fair value through other comprehensive income	aafvOCI	1,326	-	(9,067)	(7,741)
Financial liabilities measured at amortised cost	flac	(280,217)	35,926	-	(244,291)
Financial liabilities measured at fair value through profit or loss	lafv	-	(126,975)	-	(126,975)
Total		**(266,788)**	**(119,208)**	**(9,067)**	**(395,063)**

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		**2022**		**2021**
	Fair value	**Nominal**	**Fair value**	**Nominal**
Up to 1 year	-	-	-	-
Due between 1 and 5 years	(800)	30,000	(2,372)	81,126
Due between 5 and 10 years	-	-	-	-
As at 31 December	**(800)**	**30,000**	**(2,372)**	**81,126**

Note 33 – Related parties

A. Related companies

Transactions with related companies

In 2021 Aggregate Holdings Invest S.A. was the ultimate parent company of Adler Group S.A. In 2022 the shares held

by Aggregate Holdings Invest S.A. were transferred to Vonovia SE. Aggregate Holdings Invest S.A. continues to be a related party of the Group. There were no business relationships with Vonovia SE.
The following amounts with related parties are included in the consolidated statement of financial position:

						31 Dec 2022
In EUR thousand	**Trade receivables**	**Other receivables and financial assets**	**Other financial assets**	**Trade payables**	**Other payables**	**Other loans and borrowings**
Aggregate (subsidiaries of the parent)	53	330	24,298	-	-	-
Harel Insurance Company Ltd. (joint venture partner)	-	-	-	-	-	-
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**	**13,719**	**-**	**(22,676)**	**-**

						31 Dec 2021
In EUR thousand	**Trade receivables**	**Other receivables and financial assets**	**Other financial assets**	**Trade payables**	**Other payables**	**Other loans and borrowings**
Aggregate (subsidiaries of the parent)	124	21,330	27,885	(31)	-	-
Harel Insurance Company Ltd. (joint venture partner)	-	-	-	-	-	(25,761)
Associated companies and joint ventures	524	44,775	2,072	-	(15,932)	-
Other related parties	-	2,264	914	-	(188)	-
Total nominal value	**648**	**68,369**	**30,871**	**(31)**	**(16,120)**	**(25,761)**
Accumulated impairment losses	-	-	(5,000)	-	-	-
Carrying amount	**648**	**68,369**	**25,871**	**(31)**	**(16,120)**	**(25,761)**

The following amounts with related parties are included in the consolidated statement of profit or loss:

						2022
In EUR thousand	**Rental income**	**Income from services rendered**	**Expense from services received**	**Interest income**	**Interest expense**	**Other income/(expense)**

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**

							2021
In EUR thousand	**Rental income**	**Income from services rendered**	**Expense from services received**	**Interest income**	**Interest expense**	**Other finance expense**	**Other income /(expense)**
Aggregate (subsidiaries of the parent)	361	10	-	1,326	-	(5,651)	(12)
Harel Insurance Company Ltd. (joint venture partner)	-	-	-	-	(1,064)	-	-
Associated companies and joint ventures	-	-	-	3,569	(38)	-	948
Other related parties	882	81	(60)	-	-	-	-
Total	**1,243**	**91**	**(60)**	**4,895**	**(1,102)**	**(5,651)**	**936**

B. Transactions with key management personnel

Within the Group, the individuals in key positions pursuant to IAS 24 include the Board of Directors of Adler Group S.A.

Compensation and benefits to key management personnel that are employed by the Group are broken down as follows:

In EUR thousand	**2022**	**2021**
Short-term employee benefits	2,469	2,638
Share-based payments	695	756
Other bonus(*)	-	259
Termination fees	1,611	-
Total	**4,775**	**3,653**

(*) Related to 2020 before appointment to the Senior Management.

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	**2022**	**2021**
Directors fee granted to the members of the Board of Directors	1,095	1,184
Total	**1,095**	**1,184**

The emoluments granted to the members of the Senior Management (Co-CEOs, CEO, CFO, CLO, CDO in 2022, Co-CEOs, CLO, CDO in 2021) are broken down as follows:

In EUR thousand	2022	2021
Fixed salary	1,561	1,645
Short-term cash incentive	385	852
Long-term incentive to be paid in shares or cash	695	756
Other bonus(*)	-	259
Consulting fees	442	42
Other benefits	81	99
Termination fees	1,611	-
Total	**4,775**	**3,653**

(*) Related to 2020 before appointment to the Senior Management.

Note 34 – Auditors' fees

Fees billed to the Company and its subsidiaries by KPMG Luxembourg, Société Anonyme, Luxembourg, the previous auditor of the Company and other member firms of the KPMG network during the previous year are as follows (excluding VAT). As the Company has no auditor at the issuance of these consolidated financial statements, no auditors' fee can be disclosed for the financial year 2022.

In EUR thousand	2021
Audit fees	1,136
Thereof: KPMG Luxembourg, Société Anonyme	868
Tax consultancy services	40
Thereof: KPMG Luxembourg, Société Anonyme	-
Other non-audit related services(*)	1,210
Thereof: KPMG Luxembourg, Société Anonyme	169

(*) 2021: An amount of about EUR 4.0 million, was incurred on the audit by KPMG Forensic subsequent to the balance sheet date.

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 subgroup 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 subgroup 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.

						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	(9,326)	369,354
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						106,412
Finance income						95,718
Finance costs						(631,049)
Net income from at-equity valued investments						208
Consolidated profit before tax						**(1,797,593)**
Income tax expense						132,324
Consolidated profit after tax						**(1,665,269)**

						2021
In EUR thousand	**Residential property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	**Total consolidated**
External income from residential property management	153,929	467	337,039	8,215	(4,558)	495,092
External income from sale of trading properties (condominiums)	-	5,437	-	-	-	5,437
External income from selling of other real estate inventories	-	-	-	502,108	-	502,108
External income from property development	-	-	8,301	115,481	(814)	122,969
Other income	9,727	-	-	19,018	(10,619)	18,126
Consolidated revenue	**163,656**	**5,904**	**345,340**	**644,822**	**(15,991)**	**(15,991)**
Reportable segment gross profit	106,290	2,104	156,277	(245,495)	(7,408)	11,768
General and administrative expenses						(122,762)
Changes in fair value of investment properties						415,142
Other expenses						(1,128,797)
Other income						183,680
Finance income						133,091
Finance costs						(515,560)
Net income from at-equity valued investments						758
Consolidated profit before tax						**(1,022,680)**
Income tax expense						(142,327)
Consolidated profit after tax						**(1,165,007)**

Note 36 – Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share as at 31 December 2022 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	**2022**	**2,021**
Profit attributable to the owners of the Company	(1,556,867)	(1,177,213)

Correction: interest from convertible bonds (after tax)	2,638	2,548
Correction: measurement of convertible bonds (after tax)	(62)	(4,931)
Adjusted profit attributable to the owners of the Company to calculate diluted earnings	(1,554,291)	(1,179,596)

(2) Weighted average number of ordinary shares

(in thousands of shares)	**2022**	**2021**
Weighted average as at 1 January	**117,510**	**117,510**
Weighted average as at 31 December	**117,510**	**117,510**

In EUR	**2022**	**2021**
Basic earnings per share	(13.25)	(10.03)
Diluted earnings per share	**(13.21)**	**(10.03)**

Note 37 – Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2022 in the annual financial statements through 24 April 2023, the date of finalisation of the financial statements.

1. On 9 January 2023, the local court of Berlin-Charlottenburg appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor of 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 RE and Adler Group do not have an auditor and are continuing its intensive efforts to engage an auditor.
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 opposes 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. The proceedings are ongoing.
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 and the date of the general meeting resolving on the squeeze-out, which is scheduled for 28 April 2023. The completion of the squeeze out is expected to occur as early as 28 May 2023.
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"). It is expected that a hearing will be scheduled imminently to take place either during the week of 24 April 2023 or the week of 1 May 2023 (the "Consequentials Hearing"). As is set out in the Sanction Order and the Judgement, the purpose of the Consequentials Hearing will be to hear the parties' applications consequential to the Judgement, including , pertaining to the permission to appeal, the deadline for any appellant's notice and questions of costs. 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 will oppose this application. Following the Consequentials Hearing, if the High Court refuses the AHG's application for permission to appeal, the AHG may apply to the Court of Appeal for permission to appeal. Permission to appeal will be granted where the appeal has real prospects of success or there is some other compelling reason why the appeal should be heard. The substantive appeal will be allowed where the lower court's decision was wrong or unjust because of a serious procedural or other irregularity (these are the only permitted 'grounds of appeal'). The Sanction Order is now in force.

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 August 2025)	As initially scheduled (14 January 2026)	As initially scheduled (13 November 2026)	As initially scheduled (27 April 2027)	As initially scheduled (14 January 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		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			
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 newly Luxembourg incorporated entity Adler Group Intermediate Holding S.à r.l. ("Adler Group Intermediate Holding"), which became the sole shareholder of three newly Luxembourg incorporated entities (collectively, the "Collateral LuxCos") and (ii) all shares in Adler RE, Consus Real Estate AG ("Consus") and certain other subsidiaries which previously were 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 in a few weeks and expects an upgrade to the CCC category.

In connection with the sanctioning of the Restructuring Plan and the implementation of the Restructuring and, in each case, subject to satisfaction of all the applicable conditions, the following events described in clauses 13-16 are expected to commence on or around 25 April 2023 and be completed on or around 27 April 2023. Certain of the events described in clauses 13-16 will occur simultaneously.

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") will issue the EUR 937,474,000 12.500% notes due 30 June 2025 (the "New Money Notes") and subsequently LendingCo will on lend 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 to fund (i) in an amount of EUR 265,000,000, the repayment of an existing upstream loan from Adler RE, proceeds of which will be applied to repay the Adler RE 2023 SUNs, and (ii) in an amount of 57,474,000, the payment of fees incurred in relation to the New Money Funding;

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

13.3 Up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds to fund 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 Real Estate to fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

13.5 The New Money Facilities Agreement contains a number of covenants and undertakings restricting the actions of Adler Group

and certain members of the Group, including, among others:

13.5.1

a Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio not to exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter;
13.5.2 restrictions to create or permit to subsist security over assets;
13.5.3 limitations on indebtedness;
13.5.4 limitations on mergers;
13.5.5 restrictions to sell, lease, transfer or otherwise dispose of any property: (a) in relation to yielding properties, below 80% of the relevant gross-asset value, and (b) in relation to development properties, 70% of the relevant gross-asset value, in each case as reflected in Adler Group's IFRS financial report as of 30 June 2022;
13.5.6 restrictions on Adler Group in respect of share buy-backs, repayments/prepayments/cancellation and debt buy-backs;
13.5.7 restrictions on investments in properties or projects and on acquisitions of companies, shares, securities or business;
13.5.8 restrictions on the change of the general nature of the Group's business;
13.5.9 restrictions on granting loans;
13.5.10 restrictions on providing guarantees; and
13.5.11 an obligation of Adler Group

to appoint a chief restructuring officer and an independent board member.

13.6 The New Money Facilities Agreement

will be governed by German law and contains certain events of default, including (subject to certain exceptions) cross default in relation to the outstanding SUNs, the Adler RE 2024 SUNs and/or the Adler RE

2026 SUNs, as well as cross acceleration in relation to any other debt in the Group above EUR 50 million.

14.

Further to the public announcement issued by the Group on 23 February 2023 related to results of Adler Real Estate consent solicitations, the terms and conditions of the ADLER RE 2024 SUNs and the ADLER RE 2026 SUNs will be amended. The amendments will 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 will provide 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 be 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. Adler Group will issue and deliver shares in an amount equal to 22.5% of Adler Group's share capital following such issuance (i.e. equal to approximately 29% of the current outstanding share capital of Adler Group) to the New Money Notes investors.
Additional information can be found on the Adler Group

website: https://www.adler-group.com/en/investors/
publications/news

List of the company shareholdings

			Shareholding and control at 31 December in %	
	Company	**Country**	**2022**	**2021**
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 GmbH	Germany	100.00	100.00
15	CCM City Construction Management GmbH	Germany	100.00	100.00
16	Drontheimer Str. 4 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
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 GmbH	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. KG	Germany	94.00	94.00
68	Central Facility Management GmbH	Germany	100.00	100.00
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	ADO Finance B.V.	Netherlands	100.00	100.00
74	Yadit Grundstücks GmbH	Germany	99.90	99.90
75	Zamir Grundstücks GmbH	Germany	99.90	99.90
76	Arafel Grundstücks GmbH	Germany	99.90	99.90
77	Sharav Grundstücks GmbH	Germany	89.90	99.90
78	Sipur Grundstücks GmbH	Germany	99.90	99.90
79	Matok Grundstücks GmbH	Germany	100.00	100.00
80	Barbur Grundstücks GmbH	Germany	94.80	94.80
81	Parpar Grundstücks GmbH	Germany	100.00	100.00
82	Jessica Properties B.V.	Netherlands	94.41	94.41
83	Alexandra Properties B.V.	Netherlands	94.34	94.34
84	Marbien Properties B.V.	Netherlands	94.80	94.80
85	Meghan Properties B.V.	Netherlands	94.34	94.34
86	Matok Lövenberger Straße Grundstücks GmbH	Germany	99.90	99.90
87	Songbird 1 ApS	Denmark	100.00	60.00
88	Songbird 2 ApS	Denmark	100.00	60.00
89	Joysun 1 B.V.	Netherlands	100.00	60.00
90	Joysun 2 B.V.	Netherlands	100.00	60.00
91	Yona Investment GmbH &Co KG	Germany	100.00	60.00
92	Yanshuf Investment GmbH &Co KG	Germany	100.00	60.00
93	Ziporim Investment GmbH	Germany	100.00	60.00
94	Joysun Nestorstraße Grundstücks GmbH	Germany	-	59.90
95	Joysun Florapromenade Grundstücks GmbH	Germany	99.90	59.90
96	Joysun Cotheniusstraße Grundstücks GmbH	Germany	99.90	59.90
97	Joysun Tauroggener Straße Grundstücks GmbH	Germany	99.90	59.90
98	Joysun Kiehlufer Grundstücks GmbH	Germany	99.90	59.90
99	Joysun Rubenstraße Grundstücks GmbH	Germany	-	59.90
100	Yona Stettiner Straße Grundstücks GmbH	Germany	-	59.90
101	Yona Schulstraße Grundstücks GmbH	Germany	-	59.90
102	Yona Otawistraße Grundstücks GmbH	Germany	-	59.90
103	Yona Stromstraße Grundstücks GmbH	Germany	-	59.90

104	Yona Gutenbergstraße Grundstücks GmbH	Germany	-	59.90
105	Yona Kameruner Straße Grundstücks GmbH	Germany	-	59.90
106	Yona Schichauweg Grundstücks GmbH	Germany	-	59.90
107	Yona Alt-Tempelhof Grundstücks GmbH	Germany	-	59.90
108	Yona Gruberzeile Grundstücks GmbH	Germany	-	59.90
109	Yona Schloßstraße Grundstücks GmbH	Germany	-	59.90
110	Yona Lindauer Allee Grundstücks GmbH	Germany	-	59.90
111	Yona Nogatstraße Grundstücks GmbH	Germany	-	59.90
112	Yona Bötzowstraße 55 Grundstücks GmbH	Germany	-	59.90
113	Yona Herbststraße Grundstücks GmbH	Germany	-	59.90
114	Yona Danziger Straße Grundstücks GmbH	Germany	-	59.90
115	Yona Schönstraße Grundstücks GmbH	Germany	-	59.90
116	Yanshuf Kaiserstraße Grundstücks GmbH	Germany	-	59.90
117	Yanshuf Binzstraße Grundstücks GmbH	Germany	-	59.90
118	Yanshuf Antonienstraße Grundstücks GmbH Germany	Germany	-	59.90
119	Yanshuf Seestraße Grundstücks GmbH	Germany	-	59.90
120	Yanshuf Hermannstraße Grundstücks GmbH	Germany	-	59.90
121	Yanshuf Schmidt-Ott-Straße Grundstücks GmbH	Germany	-	59.90
122	Hanpaka Holding GmbH	Germany	100.00	100.00
123	Hanpaka Immobilien GmbH	Germany	89.90	89.90
124	Dvash 1 Holding GmbH	Germany	100.00	100.00
125	Dvash 2 Holding GmbH	Germany	100.00	100.00
126	Dvash 3 B.V.	Netherlands	100.00	100.00
127	Rimon Holding GmbH	Germany	100.00	100.00
128	Bosem Grundstücks GmbH	Germany	100.00	100.00
129	Rimon Grundstücks GmbH	Germany	89.90	89.90
130	Dvash 21 Grundstücks GmbH	Germany	89.90	89.90
131	Dvash 22 Grundstücks GmbH	Germany	89.90	89.90
132	Dvash 23 Grundstücks GmbH	Germany	89.90	89.90
133	Dvash 24 Grundstücks GmbH	Germany	89.90	89.90
134	Dvash 11 Grundstücks GmbH	Germany	89.90	89.90
135	Dvash 12 Grundstücks GmbH	Germany	89.90	89.90
136	Dvash 13 Grundstücks GmbH	Germany	89.90	89.90

137	Dvash 14 Grundstücks GmbH	Germany	89.90	89.90
138	ADO FC Management Unlimited Company	Ireland	100.00	100.00
139	5. Ostdeutschland Invest GmbH	Germany	89.90	89.90
140	8. Ostdeutschland Invest GmbH	Germany	89.90	89.90
141	Horef Holding GmbH	Germany	100.00	100.00
142	ADO 9110 Holding GmbH	Germany	100.00	100.00
143	Silan Grundstücks GmbH	Germany	99.90	99.90
144	ADO Sonnensiedlung S.à r.l.	Luxembourg	89.90	89.90
145	Horef Grundstücks GmbH	Germany	89.90	89.90
146	Sprengelstraße 39 GmbH	Germany	89.90	89.90
147	Scharnweberstraße 112 Verwaltungsgesellschaft mbH	Germany	89.90	89.90
148	Kantstraße 62 Grundstücks GmbH	Germany	99.90	100.00
149	Adler Treasury GmbH	Germany	100.00	100.00
150	ADO 9160 Grundstücks GmbH	Germany	89.90	89.90
151	ADO 9200 Grundstücks GmbH	Germany	89.90	89.90
152	ADO 9210 Grundstücks GmbH	Germany	89.90	89.90
153	ADO 9220 Grundstücks GmbH	Germany	89.90	89.90
154	ADO 9230 Grundstücks GmbH	Germany	89.90	89.90
155	ADO 9240 Grundstücks GmbH	Germany	89.90	89.90
156	ADO 9250 Grundstücks GmbH	Germany	89.90	89.90
157	ADO 9260 Grundstücks GmbH	Germany	89.90	89.90
158	ADO 9270 Grundstücks GmbH	Germany	89.90	89.90
159	ADO 9280 Grundstücks GmbH	Germany	89.90	89.90
160	ADO 9290 Grundstücks GmbH	Germany	89.90	89.90
161	ADO 9300 Grundstücks GmbH	Germany	89.90	89.90
162	ADO 9310 Grundstücks GmbH	Germany	89.90	89.90
163	ADO 9320 Grundstücks GmbH	Germany	89.90	89.90
164	ADO 9330 Grundstücks GmbH	Germany	89.90	89.90
165	ADO 9340 Grundstücks GmbH	Germany	89.90	89.90
166	ADO 9350 Grundstücks GmbH	Germany	89.90	89.90
167	ADO 9360 Holding GmbH	Germany	100.00	100.00
168	ADO 9370 Grundstücks GmbH	Germany	89.90	89.90
169	ADO 9380 Grundstücks GmbH	Germany	89.90	89.90

170	ADO 9390 Grundstücks GmbH	Germany	89.90	89.90
171	ADO 9400 Grundstücks GmbH	Germany	89.90	89.90
172	ADO 9410 Grundstücks GmbH	Germany	89.90	89.90
173	ADO 9420 Grundstücks GmbH	Germany	89.90	89.90
174	ADO 9430 Grundstücks GmbH	Germany	89.90	89.90
175	ADO 9440 Grundstücks GmbH	Germany	89.90	89.90
176	ADO 9450 Grundstücks GmbH	Germany	89.90	89.90
177	ADO 9460 Grundstücks GmbH	Germany	89.90	89.90
178	ADO 9470 Grundstücks GmbH	Germany	89.90	89.90
179	ADO 9480 Grundstücks GmbH	Germany	89.90	89.90
180	ADO 9490 Grundstücks GmbH	Germany	89.90	89.90
181	ADO 9500 Grundstücks GmbH	Germany	89.90	89.90
182	ADO 9510 Grundstücks GmbH	Germany	89.90	89.90
183	ADO 9520 Grundstücks GmbH	Germany	89.90	89.90
184	ADO 9530 Grundstücks GmbH	Germany	89.90	89.90
185	ADO 9540 Holding GmbH	Germany	100.00	100.00
186	ADO Lux Finance S.à r.l.	Luxembourg	100.00	100.00
187	ADO 9550 Grundstücks GmbH	Germany	89.90	89.90
188	ADO 9560 Grundstücks GmbH	Germany	89.90	89.90
189	ADO 9570 Grundstücks GmbH	Germany	89.90	89.90
190	ADO 9580 Holding GmbH	Germany	100.00	100.00
191	ADO 9590 Angerburgerallee B.V.	Netherlands	89.90	89.90
192	ADO 9600 Grundstücks GmbH	Germany	89.90	89.90
193	ADO 9610 Grundstücks GmbH	Germany	89.90	89.90
194	ADO 9620 Grundstücks GmbH	Germany	89.90	89.90
195	ADO 9630 Grundstücks GmbH	Germany	89.90	89.90
196	Adler Living GmbH	Germany	100.00	100.00
197	ADO 9640 Grundstücks GmbH	Germany	89.90	89.90
198	ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00
199	ADO Malta Limited	Malta	100.00	100.00
200	ADLER Real Estate AG	Germany	96.90	96.72
201	Consus Real Estate AG	Germany	96.88	96.88
202	Westgrund Holding GmbH	Germany	100.00	100.00

203	AGPS BondCo PLC	UK	100.00	-
204	ADLER Real Estate Service GmbH	Germany	100.00	100.00
205	Verwaltungsgesellschaft ADLER Real Estate mbH	Germany	100.00	100.00
206	Achte ADLER Real Estate GmbH & Co. KG	Germany	100.00	100.00
207	Münchener Baugesellschaft mbH	Germany	100.00	100.00
208	ADLER Wohnen Service GmbH	Germany	100.00	100.00
209	MBG Großbeeren GmbH & Co. KG	Germany	100.00	100.00
210	MBG Trachau GmbH & Co. KG	Germany	99.90	99.90
211	MBG Erste Vermögensverwaltungs GmbH	Germany	100.00	100.00
212	Magnus zweite Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
213	Energy AcquiCo I GmbH	Germany	-	100.00
214	Magnus Dritte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
215	Magnus Fünfte Immobilienbesitz und Verwaltungs GmbH	Germany	-	100.00
216	WER 1. Wohnungsgesellschaft Erfurt Rieth mbH	Germany	-	89.90
217	WER 2. Wohnungsgesellschaft Erfurt Rieth mbH	Germany	-	89.90
218	ESTAVIS 6. Wohnen GmbH	Germany	94.80	94.80
219	ESTAVIS 7. Wohnen GmbH	Germany	94.80	94.80
220	ESTAVIS 8. Wohnen S.à r.l. (prev. GmbH)	Luxembourg	100.00	94.80
221	ESTAVIS 9. Wohnen S.à r.l. (prev. GmbH)	Germany	100.00	94.80
222	RELDA 36. Wohnen GmbH	Germany	94.80	94.80
223	RELDA 39. Wohnen GmbH	Germany	-	94.80
224	RELDA Bernau Wohnen Verwaltungs S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
225	MBG Sachsen S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
226	Magnus-Relda Holding Vier GmbH	Germany	97.99	97.99
227	Cato Immobilienbesitz und -verwaltungs S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
228	Magnus Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
229	WBR Wohnungsbau Rheinhausen GmbH	Germany	87.35	87.35
230	S.I.G. RE GmbH	Germany	100.00	100.00
231	Resident Sachsen P&K S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
232	Resident West GmbH	Germany	89.90	89.90
233	MBG Schwelm GmbH	Germany	89.90	89.90
234	Alana Properties GmbH	Germany	89.90	89.90
235	Aramis Properties Luna S.à r.l. (prev. Aramis Properties GmbH)	Luxembourg	100.00	89.90

236	REO-Real Estate Opportunities S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
237	ROSLYN Properties Luna S.à r.l. (prev. ROSLYN Properties GmbH)	Luxembourg	100.00	89.90
238	Rostock Verwaltungs S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
239	SEPAT PROPERTIES GmbH	Germany	89.90	89.90
240	Wallace Properties Luna S.à r.l. (prev. Wallace Properties GmbH)	Luxembourg	100.00	89.90
241	ADLER ImmoProjekt Erste GmbH	Germany	89.90	89.90
242	ADLER Energie Service GmbH	Germany	100.00	100.00
243	Magnus Neunte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
244	ADLER Immo Invest GmbH	Germany	100.00	100.00
245	ADLER Gebäude Service GmbH	Germany	100.00	100.00
246	Westgrund Immobilien II. GmbH	Germany	89.90	89.90
247	Westconcept GmbH	Germany	100.00	100.00
248	IMMOLETO Gesellschaft mit beschränkter Haftung	Germany	100.00	100.00
249	ICR Idee Concept und Realisation von Immobilienvorhaben GmbH	Germany	89.90	89.90
250	Westgrund Immobilien Beteiligung GmbH	Germany	100.00	100.00
251	Westgrund Immobilien Beteiligung II. GmbH	Germany	100.00	100.00
252	Westgrund Immobilien Beteiligung III. GmbH	Germany	89.90	89.90
253	WESTGRUND Immobilien IV. GmbH	Germany	89.90	89.90
254	WESTGRUND Immobilien V. S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
255	WESTGRUND Immobilien VI. S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
256	WAB Hausverwaltungsgesellschaft mbH	Germany	100.00	100.00
257	Westgrund Brandenburg S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
258	WESTGRUND Immobilien VII. S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
259	Westgrund I. Halle GmbH	Germany	-	94.90
260	Westgrund Halle Immobilienverwaltung GmbH	Germany	100.00	100.00
261	Westgrund Immobilien II. Halle GmbH & Co. KG	Germany	99.90	99.90
262	RESSAP - Real Estate Service Solution Applications -GmbH	Germany	100.00	100.00
263	Xammit GmbH	Germany	100.00	100.00
264	Magnus Zehnte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
265	Magnus Elfte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
266	Zweite CM Real Estate GmbH	Germany	89.90	89.90
267	Dritte CM Real Estate GmbH	Germany	89.90	89.90
268	Vierte CM Real Estate GmbH	Germany	89.90	89.90

269	TGA Immobilien Erwerb 3 S.à r.l. (prev. GmbH)	Luxembourg	100.00	89.90
270	ADP Germany GmbH	Germany	89.90	89.90
271	AFP III Germany GmbH	Germany	89.90	89.90
272	RIV Harbour West MI 1 GmbH	Germany	89.90	89.90
273	RIV Harbour East WA 1 GmbH	Germany	89.90	89.90
274	RIV Total MI 2 GmbH	Germany	89.90	89.90
275	RIV Central WA 2 GmbH	Germany	89.90	89.90
276	RIV Square West MI 3 GmbH	Germany	89.90	89.90
277	RIV Square East WA 3 GmbH	Germany	89.90	89.90
278	RIV Channel MI 4 GmbH	Germany	89.90	89.90
279	RIV Kornspeicher GmbH	Germany	89.90	89.90
280	Magnus Zwölfte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	100.00
281	Magnus Dreizehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
282	TGA Immobilien Erwerb 10 GmbH	Germany	89.90	89.90
283	Brack Capital Properties N.V. (BCP)	Netherlands	62.78	62.78
284	Magnus Fünfzehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
285	Magnus Sechszehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
286	Brack German Properties B.V.	Netherlands	100.00	100.00
287	Brack Capital (Düsseldorf-Rossstrasse) B.V.	Netherlands	99.90	99.90
288	Brack Capital (Düsseldorf-Schanzenstraße) B.V.	Netherlands	100.00	100.00
289	Brack Capital (Bad Kreuznach) B.V.	Netherlands	99.90	99.90
290	Brack Capital (Gelsenkirchen) B.V.	Netherlands	100.00	100.00
291	Brack Capital (Neubrandenburg) B.V.	Netherlands	99.90	99.90
292	Brack Capital (Ludwigsfelde) B.V.	Netherlands	99.90	99.90
293	Brack Capital (Remscheid) B.V.	Netherlands	99.90	99.90
294	Brack Capital Theta B.V.	Netherlands	100.00	100.00
295	Graniak Leipzig Real Estate GmbH & Co KG	Germany	99.90	99.90
296	BCRE Leipzig Residenz am Zoo GmbH	Germany	94.90	94.90
297	Brack Capital Epsilon B.V.	Netherlands	100.00	100.00
298	Brack Capital Delta B.V.	Netherlands	100.00	52.29
299	Brack Capital Alfa B.V.	Netherlands	100.00	52.29
300	Brack Capital (Hamburg) B.V.	Netherlands	100.00	100.00
301	BCP Leipzig B.V.	Netherlands	100.00	100.00

302	BCRE Leipzig Wohnen Nord B.V.	Netherlands	99.90	99.90
303	BCRE Leipzig Wohnen Ost B.V.	Netherlands	99.90	99.90
304	BCRE Leipzig Wohnen West B.V.	Netherlands	99.90	99.90
305	Brack Capital Germany (Netherlands) XVIII B.V.	Netherlands	100.00	100.00
306	Brack Capital Germany (Netherlands) XXII B. V.	Netherlands	100.00	100.00
307	BCRE Essen Wohnen B.V.	Netherlands	99.90	99.90
308	BCRE Duisburg Wohnen B.V.	Netherlands	99.90	99.90
309	BCRE Dortmund Wohnen B.V.	Netherlands	99.90	99.90
310	Brack Capital Germany (Netherlands) XVII B.V.	Netherlands	100.00	100.00
311	Brack Capital Germany (Netherlands) Hedging B.V.	Netherlands	100.00	100.00
312	Brack Capital Germany (Netherlands) XLV B.V.	Netherlands	100.00	100.00
313	S.I.B. Capital Future Markets Ltd.	Israel	100.00	100.00
314	Brack Capital Labda B.V.	Netherlands	100.00	100.00
315	LBHQ Investments B.V.	Netherlands	100.00	100.00
316	RealProb (Rodelheim) C.V.	Netherlands	100.00	100.00
317	RealProb Investment Germany (Netherlands) III B.V.	Netherlands	100.00	100.00
318	Brack Capital Germany (Netherlands) XLVII B.V.	Netherlands	99.90	99.90
319	Brack Capital Germany (Netherlands) L B.V.	Netherlands	100.00	100.00
320	Brack Capital Germany (Netherlands) LI B.V.	Netherlands	99.90	99.90
321	Brack Capital Germany (Netherlands) LIII B.V.	Netherlands	99.90	99.90
322	Brack Capital Germany (Netherlands) LIV B.V.	Netherlands	100.00	100.00
323	Brack Capital Germany (Netherlands) XLVIII B.V.	Netherlands	100.00	100.00
324	Brack Capital Beta B.V.	Netherlands	89.90	89.90
325	Grafental Mitte B.V.	Netherlands	99.90	99.90
326	Brack Capital Germany (Netherlands) XXVI B.V.	Netherlands	99.90	99.90
327	Grafental GmbH & Co. KG	Germany	100.00	100.00
328	Brack Capital Germany (Netherlands) XLIX B.V.	Netherlands	99.90	99.90
329	Brack Capital Germany (Netherlands) XLVI B.V.	Netherlands	100.00	100.00
330	Brack Capital (Witten) GmbH & Co. Immobilien KG	Germany	100.00	100.00
331	Brack Capital Witten GmbH (GP)	Germany	100.00	100.00
332	Brack Capital Germany (Netherlands) XII B.V.	Netherlands	100.00	100.00
333	Brack Capital Germany (Netherlands) XIX B.V.	Netherlands	99.90	99.90
334	Brack Capital Germany (Netherlands) XXI B.V.	Netherlands	99.90	99.90

335	Brack Capital Germany (Netherlands) XLI B.V.	Netherlands	99.90	99.90
336	Brack Capital Germany (Netherlands) XXIII B.V.	Netherlands	100.00	100.00
337	Brack Capital Germany (Netherlands) XLII B.V.	Netherlands	99.90	99.90
338	Brack Capital Germany (Netherlands) XLIII B.V.	Netherlands	100.00	100.00
339	Brack Capital Germany (Netherlands) XLIV B.V.	Netherlands	99.90	99.90
340	Brack Capital Germany (Netherlands) XXX B.V.	Netherlands	99.90	99.90
341	Brack Capital (Darmstadt Goebelstrasse) GmbH	Germany	100.00	100.00
342	Brack Capital Germany (Netherlands) XXXI B.V.	Netherlands	99.90	99.90
343	Brack Capital Germany (Netherlands) XXXV B.V.	Netherlands	99.90	99.90
344	Brack Capital Germany (Netherlands) XXXVI B.V.	Netherlands	99.90	99.90
345	Brack Capital Germany (Netherlands) XXXVII B.V.	Netherlands	99.90	99.90
346	Brack Capital Germany (Netherlands) XXXVIII B.V.	Netherlands	99.90	99.90
347	Brack Capital Germany (Netherlands) XXXIX B.V.	Netherlands	99.90	99.90
348	Brack Capital Germany (Netherlands) XXV B.V.	Netherlands	100.00	100.00
349	Brack Capital Wuppertal (Netherlands) B.V.	Netherlands	100.00	100.00
350	Brack Capital (Wuppertal) GmbH	Germany	100.00	100.00
351	Invest Partner GmbH	Germany	93.90	93.90
352	Brack Capital Gelsenkirchen GmbH & Co. Immobilien KG	Germany	99.23	99.23
353	Brack Capital (Oberhausen) GmbH	Germany	100.00	100.00
354	Grafental Verwaltungs GmbH (phG)	Germany	100.00	100.00
355	Brack Capital Kaufland Sarl	Luxembourg	100.00	89.89
356	TPL Augsburg Sàrl	Luxembourg	92.00	92.00
357	TPL Bad Aibling Sàrl	Luxembourg	91.90	91.90
358	TPL Biberach Sàrl	Luxembourg	91.90	91.90
359	TPL Borken Sàrl	Luxembourg	92.00	92.00
360	TPL Geislingen Sàrl	Luxembourg	91.90	91.90
361	TPL Neckarsulm Sàrl	Luxembourg	91.90	91.90
362	TPL Vilshofen Sàrl	Luxembourg	92.00	92.00
363	TPL Ludwigsburg Sàrl	Luxembourg	91.90	91.90
364	Brack Capital Eta B.V.	Netherlands	100.00	100.00
365	Brack Capital Germany (Netherlands) XL B.V.	Netherlands	100.00	100.00
366	Parkblick GmbH & Co. KG	Germany	99.90	99.90
367	Grafental am Wald GmbH (PhG)	Germany	100.00	100.00

368	Brack Capital Germany (Netherlands) LII B.V. "Holdco BV"	Netherlands	100.00	100.00
369	Brack Capital Patros GmbH "Holdco GmbH"	Germany	100.00	100.00
370	Brack Capital Magdeburg I GmbH	Germany	94.80	94.80
371	Brack Capital Magdeburg II GmbH	Germany	94.80	94.80
372	Brack Capital Magdeburg III GmbH	Germany	94.80	94.80
373	Brack Capital Magdeburg IV GmbH	Germany	94.80	94.80
374	Brack Capital Magdeburg V GmbH	Germany	94.80	94.80
375	Brack Capital Magdeburg VI GmbH	Germany	94.80	94.80
376	Brack Capital Halle I GmbH	Germany	94.80	94.80
377	Brack Capital Halle II GmbH	Germany	94.80	94.80
378	Brack Capital Halle III GmbH	Germany	94.80	94.80
379	Brack Capital Halle IV GmbH	Germany	94.80	94.80
380	Brack Capital Halle V GmbH	Germany	94.80	94.80
381	Brack Capital Leipzig I GmbH	Germany	94.80	94.80
382	Brack Capital Leipzig II GmbH	Germany	94.80	94.80
383	Brack Capital Leipzig III GmbH	Germany	94.80	94.80
384	Brack Capital Leipzig IV GmbH	Germany	94.80	94.80
385	Brack Capital Leipzig V GmbH	Germany	94.80	94.80
386	Brack Capital Leipzig VI GmbH	Germany	94.80	94.80
387	Brack Capital Germany (Netherlands) LV B.V.	Netherlands	100.00	100.00
388	RT Facility Management GmbH & Co. KG	Germany	100.00	100.00
389	RT Facility Management (Germany) GmbH (GP)	Germany	100.00	100.00
390	BCRE Kassel I B.V.	Netherlands	100.00	100.00
391	Brack Objekt Kassel Hafenstrasse GmbH	Germany	94.90	94.90
392	Brack Capital (Kassel) GmbH & Co. Immobilien KG	Germany	100.00	100.00
393	RealProb Investment (Duisburg) B.V.	Netherlands	100.00	100.00
394	Magnus Siebzehnte Immobilienbesitz- und Verwaltungs GmbH	Germany	99.90	99.90
395	Wasserstadt Co-Living GmbH	Germany	100.00	100.00
396	Magnus Neunzehnte Immobilienbesitz- und Verwaltungs GmbH	Germany	-	100.00
397	Magnus Zwanzigste Immobilienbesitz- und Verwaltungs GmbH	Germany	-	100.00
398	WER 1. Wohnungsgesellschaft Erfurt Rieth S.à r.l	Luxembourg	100.00	-
399	WER 2. Wohnungsgesellschaft Erfurt Rieth S.à r.l	Luxembourg	100.00	-
400	Spree Zweite Beteiligungs Ost GmbH	Germany	-	89.90

401	Spree Röbellweg 2-10 Verwaltungs GmbH	Germany	89.90	89.90
402	Westgrund I. Halle S.à r.l.	Luxembourg	100.00	-
403	RELDA 39. Wohnen S.à r.l.	Luxembourg	100.00	-
404	Spree Zweite Beteiligungs Ost S.à r.l.	Luxembourg	100.00	-
405	ADO GROUP LTD.	Israel	100.00	100.00
406	BCP Invest Rostock B.V.	Netherlands	100.00	100.00
407	BCP Invest Celle B.V.	Netherlands	100.00	100.00
408	BCP Invest Castrop B.V.	Netherlands	100.00	100.00
409	Eurohaus Frankfurt AG	Germany	89.99	89.99
410	Glasmacherviertel Verwaltungs GmbH (phG)	Germany	100.00	100.00
411	Brack Capital (Duisburg 2) GmbH & Co. Immobilien KG	Germany	99.33	99.33
412	Glasmacherviertel GmbH & Co. KG	Germany	100.00	100.00
413	Consus Holding GmbH	Germany	100.00	100.00
414	CCP Objektholding GmbH	Germany	100.00	100.00
415	Consus CCP 13 GmbH	Germany	100.00	100.00
416	Consus CCP 6 GmbH	Germany	100.00	100.00
417	DIPLAN GmbH	Germany	74.90	74.90
418	CONSUS Swiss Finance AG	Switzerland	93.40	93.40
419	CONSUS Swiss Services AG	Switzerland	93.40	93.40
420	CSW GmbH & Co. KG	Germany	93.40	93.40
421	CSW Verwaltungs GmbH	Germany	93.40	93.40
422	Consus Projektmanagement Verwaltungs GmbH	Germany	93.40	93.40
423	Knecht Ludwigsburg GmbH	Germany	93.40	93.40
424	SSN Facility Services GmbH	Germany	93.40	93.40
425	CSW Beteiligungs GmbH	Germany	93.40	93.40
426	SSN Gebäudetechnik GmbH	Germany	79.39	79.39
427	Consus Projektmanagement GmbH & Co. KG	Germany	93.40	93.40
428	CONSUS Swiss Projektholding AG	Switzerland	93.40	93.40
429	SSN Alboingärten Berlin GmbH	Germany	93.40	93.40
430	Franklinstrasse 26a Verwaltungs GmbH	Germany	87.80	87.80
431	Consus Wilhelmstraße Berlin GmbH	Germany	93.40	93.40
432	Wilhelmstrasse 56-59 Immobilienentwicklungs GmbH	Germany	93.40	93.40
433	Consus Franklinstraße Berlin GmbH	Germany	93.40	93.40

434	Consus Projekt Holding Deutschland GmbH	Germany	93.40	93.40
435	CONSUS (Schweiz) AG	Switzerland	93.40	93.40
436	Consus Deutschland GmbH	Germany	87.61	87.61
437	Consus Development Verwaltungs GmbH	Germany	87.61	87.61
438	Consus Development GmbH & Co. KG	Germany	87.61	87.61
439	Parken & Immobilien Invest GmbH Hamburg	Germany	87.61	87.61
440	Parken & Immobilien Betriebs GmbH Hamburg	Germany	87.61	87.61
441	Consus Investment Bundesallee Berlin GmbH	Germany	87.61	87.61
442	SSN Real GmbH	Germany	93.40	93.40
443	Consus Projekt Development GmbH	Germany	86.53	86.53
444	Wilhelmstrasse I GmbH	Germany	85.90	85.90
445	SG IBM-Campus 4 UG	Germany	86.53	86.53
446	SG IBM-Campus 5 UG	Germany	86.53	86.53
447	SG IBM-Campus 6 UG	Germany	86.53	86.53
448	SG IBM-Campus 7 UG	Germany	86.53	86.53
449	SG IBM-Campus 8 UG	Germany	86.53	86.53
450	SG IBM-Campus 9 UG	Germany	86.53	86.53
451	SG IBM-Campus 10 UG	Germany	86.53	86.53
452	SG IBM-Campus 11 UG	Germany	86.53	86.53
453	SG IBM-Campus 12 UG	Germany	86.53	86.53
454	SG IBM-Campus 13 UG	Germany	86.53	86.53
455	SG IBM-Campus 14 UG	Germany	86.53	86.53
456	SG IBM-Campus 15 UG	Germany	86.53	86.53
457	SG IBM-Campus 16 UG	Germany	86.53	86.53
458	SG IBM-Campus 17 UG	Germany	86.53	86.53
459	Consus Einkaufs-GbR Garden Campus Vaihingen	Germany	86.53	86.53
460	Consus Stuttgart Wohnen an der Villa Berg UG haftungsbeschränkt	Germany	86.53	86.53
461	Consus Stuttgart Park an der Villa Berg UG haftungsbeschränkt	Germany	81.34	81.34
462	Consus Stuttgart Villa Berg Parkhaus UG haftungsbeschränkt	Germany	81.34	81.34
463	Consus Stuttgart Villa Berg historisch UG haftungsbeschränkt	Germany	81.34	81.34
464	Consus Frankfurt Mainzer Landstraße Investitions UG haftungsbeschränkt	Germany	86.53	86.53
465	SG Frankfurt Mainzer Landstrasse GmbH	Germany	81.34	81.34
466	Consus München Schwabing Investitionsgesellschaft UG haftungsbeschränkt	Germany	86.53	86.53

467	Consus München Schwabing Verwaltungs GmbH	Germany	86.53	86.53
468	Consus Mannheim Glücksteinquartier Investitions UG haftungsbeschränkt	Germany	86.53	86.53
469	Consus Mannheim Glücksteinquartier Verwaltungs GmbH	Germany	86.53	86.53
470	Consus Mannheim Glücksteinquartier GmbH & Co. KG	Germany	81.34	81.34
471	SG Hamburg Holsten Quartiere 1 UG	Germany	-	86.53
472	SG Hamburg Holsten Quartiere 2 UG	Germany	-	86.53
473	SG Hamburg Holsten Quartiere 3 UG	Germany	-	86.53
474	SG Hamburg Holsten Quartiere 4 UG	Germany	-	86.53
475	SG Hamburg Holsten Quartiere 5 UG	Germany	-	86.53
476	SG Hamburg Holsten Quartiere 6 UG	Germany	-	86.53
477	SG Hamburg Holsten Quartiere 7 UG	Germany	-	86.53
478	SG Hamburg Holsten Quartiere 8 UG	Germany	-	86.53
479	SG Hamburg Holsten Quartiere 9 UG	Germany	-	86.53
480	SG Hamburg Holsten Quartiere 10 UG	Germany	-	86.53
481	SG Hamburg Holsten Quartiere 11 UG	Germany	-	86.53
482	SG Hamburg Holsten Quartiere 12 UG	Germany	-	86.53
483	SG Hamburg Holsten Quartiere 13 UG	Germany	-	86.53
484	SG Hamburg Holsten Quartiere 14 UG	Germany	98.68	86.53
485	SG Hamburg Holsten Quartiere 15 UG	Germany	-	86.53
486	SG Hamburg Holsten Quartiere 16 UG	Germany	-	86.53
487	SG Hamburg Holsten Quartiere 17 UG	Germany	-	86.53
488	SG Hamburg Holsten Quartiere 18 UG	Germany	-	86.53
489	SG Hamburg Holsten Quartiere 19 UG	Germany	-	86.53
490	SG Hamburg Holsten Quartiere 20 UG	Germany	100.00	86.53
491	Consus Einkaufs-GbR Holsten-Quartiere Hamburg	Germany	100.00	86.53
492	SG Neues Korallusviertel 1 UG	Germany	-	86.53
493	SG Neues Korallusviertel 2 UG	Germany	-	86.53
494	SG Neues Korallusviertel 3 UG	Germany	-	86.53
495	SG Neues Korallusviertel 4 UG	Germany	-	86.53
496	SG Neues Korallusviertel 5 UG	Germany	-	86.53
497	SG Neues Korallusviertel 6 UG	Germany	-	86.53
498	SG Neues Korallusviertel 7 UG	Germany	-	86.53
499	SG Neues Korallusviertel 8 UG	Germany	-	86.53

500	Consus Einkaufs-GbR Korallusviertel Hamburg	Germany	86.53	86.53
501	SG IBM-Campus 1 UG	Germany	86.53	86.53
502	SG IBM-Campus 2 UG	Germany	86.53	86.53
503	SG IBM-Campus 3 UG	Germany	86.53	86.53
504	Consus Stuttgart Vaihingen IBM Campus Holding GmbH	Germany	86.53	86.53
505	Consus RE GmbH	Germany	100.00	100.00
506	Artists Living Berlin - ST GmbH & Co. KG	Germany	94.00	94.00
507	Steglitzer Kreisel Sockel GbR	Germany	94.00	94.00
508	Steglitzer Kreisel Turm GbR	Germany	94.00	94.00
509	Steglitzer Kreisel Parkhaus GbR	Germany	94.00	94.00
510	Artists Commercial Berlin - ST GmbH & Co. KG	Germany	94.00	94.00
511	Artists Parking Berlin - ST GmbH & Co. KG	Germany	94.00	94.00
512	Artists Living Leipzig GmbH & Co. KG	Germany	100.00	100.00
513	Ostplatz Leipzig Work & Life GmbH & Co. KG	Germany	94.00	94.00
514	Ostplatz Leipzig Mensa GmbH	Germany	88.26	88.26
515	Artists Living Dresden PP GmbH & Co. KG	Germany	83.80	100.00
516	Artists Living Frankfurt SSc GmbH & Co. KG	Germany	83.80	100.00
517	Artists Living Frankfurt Dev GmbH & Co. KG	Germany	94.00	94.00
518	Artists Living Frankfurt Com GmbH & Co. KG	Germany	83.80	94.00
519	UpperNord Tower GmbH & Co. KG	Germany	93.90	94.00
520	UpperNord Hotel GmbH & Co. KG	Germany	100.00	100.00
521	UpperNord Quarter GmbH	Germany	94.00	94.00
522	Artists Living Köln StG GmbH & Co. KG	Germany	100.00	100.00
523	Holz ART CG-Innovationen GmbH	Germany	100.00	100.00
524	BCC BauCompetenzCenter GmbH	Germany	100.00	100.00
525	Consus ST(R)AHLKRAFT GmbH	Germany	100.00	100.00
526	Consus Estate & Hostel GmbH & Co. KG	Germany	100.00	100.00
527	Böblinger CityQuartier GmbH	Germany	94.90	94.90
528	Innenstadt Residenz Dresden GmbH & Co. KG	Germany	94.00	94.00
529	Residenz Dresden an der Elbe GmbH & Co. KG	Germany	100.00	100.00
530	Frankfurt Ostend Immobilienentwicklungs GmbH	Germany	-	94.00
531	LEA Grundstücksverwaltung GmbH	Germany	94.00	94.00
532	Cologneo I GmbH & Co. KG	Germany	100.00	100.00

533	Cologneo III GmbH	Germany	94.80	100.00
534	Consus Deutsche Wohnen GmbH	Germany	93.90	93.90
535	Consus Bauprojekte GmbH	Germany	100.00	100.00
536	Günther Fischer Gesellschaft für Projektentwicklung mbH	Germany	80.00	80.00
537	Consus Immobilien GmbH	Germany	100.00	100.00
538	RVG Real Estate Vertriebs GmbH	Germany	51.00	51.00
539	City-Hausverwaltung GmbH	Germany	100.00	100.00
540	CG Gruppe IT-Service GmbH	Germany	51.00	51.00
541	APARTes Gestalten GmbH	Germany	100.00	100.00
542	CREATIVes Bauen GmbH	Germany	100.00	100.00
543	Consus Denkmalimmobilien GmbH	Germany	93.90	93.90
544	Consus Graphisches Viertel GmbH & Co. KG	Germany	94.00	94.00
545	Living Central Beteiligungs-GmbH	Germany	94.00	94.00
546	Living Central 1 GmbH	Germany	94.00	94.00
547	Living Central 2 GmbH	Germany	94.00	94.00
548	Living Central 3 GmbH	Germany	94.00	94.00
549	Living Central 4 GmbH	Germany	94.00	94.00
550	Living Central 5 GmbH	Germany	94.00	94.00
551	Living Central 6 GmbH	Germany	94.00	94.00
552	Living Central 7 GmbH	Germany	94.00	94.00
553	Living Central 8 GmbH	Germany	94.00	94.00
554	Living Central 9 GmbH	Germany	94.00	94.00
555	Living Central 11 GmbH	Germany	94.00	94.00
556	Consus Erste Delitzscher Straße GmbH & Co. KG	Germany	100.00	100.00
557	Consus Zweite Delitzscher Straße GmbH & Co. KG	Germany	100.00	100.00
558	Benrather Gärten Wohnentwicklung GmbH & Co. KG	Germany	94.90	94.90
559	Consus Sechste Delitzscher Straße GmbH & Co. KG	Germany	100.00	100.00
560	SLT 107 Schwabenland Tower GmbH	Germany	94.90	94.90
561	Benrather Gärten Gewerbeentwicklung GmbH & Co. KG	Germany	94.90	94.90
562	Benrather Gärten Projektentwicklung GmbH	Germany	94.90	94.90
563	Consus Siebte SHELF GmbH & Co. KG	Germany	94.90	94.90
564	Consus Achte SHELF GmbH & Co. KG	Germany	100.00	100.00
565	Consus Neunte SHELF GmbH & Co. KG	Germany	100.00	100.00

566	Consus Zehnte SHELF GmbH & Co. KG	Germany	100.00	100.00
567	Consus Elfte SHELF GmbH & Co. KG	Germany	100.00	100.00
568	Consus Zwölfte SHELF GmbH & Co. KG	Germany	100.00	100.00
569	Consus Dreizehnte SHELF GmbH & Co. KG	Germany	100.00	100.00
570	Consus Construction GmbH	Germany	90.00	90.00
571	Consus TEC Service GmbH	Germany	100.00	100.00
572	Neuländer Quaree II Verwaltungs GmbH	Germany	100.00	100.00
573	Consus Works GmbH	Germany	100.00	100.00
574	RAFFA Verwaltungs GmbH	Germany	100.00	100.00
575	Artists Living Verwaltungs GmbH	Germany	100.00	100.00

Adler Group S.A.
Combined Management Report

As at and for the year ended 31 December 2022

Fundamentals of the Group

Business model

Adler Group S.A. is a well-diversified residential real estate company which holds and manages approximately 26,200 apartments, primarily based in both Berlin and North-Rhine-Westphalia. This core rental portfolio is valued at EUR 5.2 billion. Besides the rental portfolio, Adler Group owns and runs a portfolio of development projects valued at EUR 2.2 billion. In alignment with our strategy and the agreement with our bondholders under the terms of the Restructuring Plan, these development projects in larger German cities are predominately subject to sales processes, either initiated or to be initiated.

Hence, our business model focuses on asset and portfolio management, property and facility management and identifying residential properties throughout Germany that present opportunities to create value by increasing rents and decreasing vacancy.

Our 731 operational employees are based in several locations across Luxembourg and Germany bringing us closer to our assets and tenants.

Objectives and strategy

We focus on actively managing our core portfolio to grow earnings and improve EBITDA margins.

We focus on increasing rents through active asset management and targeted investments to modernise, refurbish and re-position our properties, while constantly screening and anticipating developments in different sub-markets. Our strategy to realise upside potential consists of the following approaches: We pursue regular rent increases up to the market levels (i) within the regulatory and legal limits as well as (ii) through tenant fluctuation without CapEx investment. In addition, we continuously review rent potentials and pursue growth beyond the rent tables through targeted CapEx investments to modernise, refurbish and/or re-position our properties allowing for higher rent levels. Lastly, we reduce portfolio vacancy by active marketing with an approach
tailored to the respective micro-location. Our strategy allows and also leads us to choose high quality tenants which continuously improves our tenant structure by maintaining our portfolio assets at the market standard suitable for current demand.

We seek to optimise our portfolio and recycle capital through selective investments and disposals.

By disposing of non-core assets, we aim to streamline our rental portfolio by increasing our focus on mid and large-size cities where we can manage a critical mass of assets and simultaneously improve our profitability and portfolio KPIs. By selling selected assets at or around book value, we aim to continuously demonstrate the resilience of the German residential real estate market. Active capital recycling enables us to reduce our leverage and ultimately to improve the capital structure of the group.

We are committed to adding value through development and modernisation thereby driving organic growth.

Selected CapEx and modernisation measures in our core portfolio will elevate the quality of our rental portfolio and simultaneously improve the energy efficiency.

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 approximately 26,200 residential units as of 31 December 2022. 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 crisis that was partly self-inflicted and largely caused by external factors throughout the financial year 2022. The crisis itself manifested in liquidity constraints, lack of financing capacities and dried real estate markets that made portfolio sales almost impossible. By coping with this crisis, 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 lesser focus than usual. Consequently, we waive the explicit description of the below listed financial performance indicators.
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 Asset (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 has an outstanding convertible bond, which might be 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.

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alculation 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.
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.
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 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 EBITDA margin from rental activities – calculated as 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

Co

mpany level.

Calculation of 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)]

= 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 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)]
= EBITDA Total
(−) Net cash interest[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) Net cash interest 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 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)

EBITDA from rental activities
(−) Net cash interest relating to rental activities[1]

6)

(–) Current income taxes relating to rental activities[17)]
(–) Interest of minority shareholders[18]
)

= FFO 1 (from rental activities)

16) Net cash interest relating to rental activities 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.

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tarting from 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)

EBITDA Total
(–) Net cash interest[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 become 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 ventures27)**	**Share of material associates27)**	**Non-controlling interests28)**	**Total29)**
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:

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 of 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.

P
ortfolio 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 m² of vacant units in our properties to total m². Vacancy rate is used as an indicator of the current letting performance.
The in-place rent per m² 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.

RESIDENTIAL RENTAL PORTFOLIO

26,202

units

OPERATIONAL EMPLOYEES

731

people

AVERAGE RESIDENTIAL IN-PLACE RENT EUR/M²/MONTH

7.58

LIKE-FOR-LIKE
RENTAL GROWTH

1.5%

VACANCY RATE
TOTAL PORTFOLIO

1.3%

INCOME FROM
RENTAL ACTIVITIES
EUR

369.4

million

FFO 1
EUR

86.8

million

EPRA LTV

74.5%

Portfolio Overview

Business performance highlights

As at 31 December 2022, our 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 residential core portfolio and do not comprise any assets classified as held for sale (i.e, assets owned by BCP).
The size of the residential rental portfolio has further decreased due to portfolio disposals completed in 2022. Please note that corresponding assets had partly already been classified as held for sale as at 31 December 2021. Therefore, those units were not included in previous year's operational KPI figures as presented in the section below.

Portfolio overview(*)

Location	Fair value EUR m Q4 22	Fair value EUR/m² Q4 22	Units	Lettable area m²	NRI(**) EUR m Q4 22	Rental yield (in-place rent)	Vacancy Q4 22	Vacancy Δ YoY LFL	Q4 22 Avg. rent EUR/m² /month	NRI Δ YoY LFL	Reversionary potential
Berlin	4,521	3,508	18,563	1,288,729	126.7	2.8%	1.0%	0.2%	8.19	1.8%	19.9%
Other	695	1,428	7,639	486,898	34.1	4.9%	2.0%	0.1%	5.94	0.6%	14.5%
Total	**5,217**	**2,938**	**26,202**	**1,775,627**	**160.8**	**3.1%**	**1.3%**	**0.1%**	**7.58**	**1.5%**	**18.7%**

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

In addition to our financial performance indicators, we also use the following non-financial operating performance indicators.
The vacancy rate shows the ratio of m² of vacant units in our properties to total m². Vacancy rate is used as an indicator of the current letting performance.
The in-place rent per m² 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 our portfolio are further operational figures to ensure an appropriate level of investment in our real estate portfolio.

Portfolio performance

Residential portfolio(*)

	31 Dec 2022	31 Dec 2021
Number of units	26,202	27,469
Average rent/m²/month (EUR)	7.58	7.45
Vacancy	1.3%	1.1%

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

The average rent per m2 increased to EUR 7.58 in the course of the year, while the vacancy rate remained at a very low level of 1.3%.

Like-for-like rental growth(*)

In %	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2021**
Like-for-like rental growth	1.5%	2.5%

(*) All values include ground floor commercial units and exclude units under renovation and development projects.
(**) Last 12 months (LTM).

Like-for-like rental growth of our Berlin portfolio amounted to 1.8% while like-for-like rental growth of the remaining portfolio stood at 0.6%.

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

Maintenance and CapEx

In EUR per m²	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2021**
Maintenance	4.7	5.2
CapEx	17.0	21.8
Total	**21.7**	**27.0**

Maintenance and CapEx

In EUR million	**1 Jan - 31 Dec 2022**	**1 Jan - 31 Dec 2021**
Maintenance	9.9	23.1
CapEx	35.9	97.1
Total	**45.8**	**120.2**

In 2022, total investment in the core portfolio amounted to EUR 45.8 million resulting in maintenance and CAPEX cost per m2 amounting to EUR 21.7. Please note that, in contrast to 2021, both maintenance and CapEx figures for 2022 do not include assets that were classified as held for sale (i.e. assets owned by BCP). Including BCP, total CapEx amounted to EUR 49.3 million and maintenance expenses amounted to EUR 13.1 million resulting in the CapEx and maintenance cost per m2 of EUR 22.0 in 2022.

Vacancy split

Our active asset management aims to minimise our vacancy rate while keeping the necessary flexibility for our portfolio optimisation.

Vacancy(*)

	31 Dec 2022	31 Dec 2021
Total vacancy (units)	321	309
Total vacancy (m²)	22,521	20,360
Total vacancy rate	1.3%	1.1%

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

Economic Review

Economic and industry-specific parameters

Macroeconomic environment

The overall economic development in 2022 was marked by the lasting consequences of disrupted or even completely discontinued supply chains in the wake of the Covid-19 pandemic. Massive additional burdens resulted from Russia's attack on Ukraine, which triggered economic sanctions against Russia introduced at the beginning of the year and tightened several times over the course of the year, and led to the crisis on the energy market. Higher energy and food prices led to high inflation and further stifled economic growth. ECB and the US Federal Reserve reacted with an extreme tightening of monetary policies. This was followed by several interest rate hikes in close succession, further dampening economic growth in Europe.

According to the Federal Statistical Office (Destatis), GDP in Germany adjusted for prices increased by 1.8% in 2022[1)]. Economic growth thus remained significantly below the German Federal Government's forecasts from the beginning of the year; however, in view of the turbulence on the energy market and the geopolitical uncertainties caused by Russia's invasion of Ukraine, the German economy proved to be far less vulnerable in 2022 than originally feared. Private households suffered a decline in their real incomes in 2022 due to the high inflation rate, despite massive government intervention. And this, in turn, dampened consumer spending. High inflation and the general uncertainty in both the economic and the geopolitical situation have also had a significant negative impact on corporate readiness to invest. Investment activity slumped over the course of the year, especially in the construction sector.

Despite the difficult environment in 2022, the German labour market remained robust. The unemployment rate of 5.4% at the end of the year was only marginally above the previous year's level (5.1%)[2)3)]. Some of this increase was due to the fact that refugees from Ukraine were included in the unemployment statistics. The lack of qualified personnel continued to be a strong limiting factor for further growth in many sectors.

Situation on the financial markets

The real estate business is capital-intensive and asset-heavy. The availability of debt financing and related conditions therefore play a particularly important role in the development of the property market.

2022 was characterised by tighter monetary policies of the central banks. The Fed and the ECB have raised their respective key interest rates in several steps, especially in the second half of the year, to 4.5% in the USA and 2.0%

(deposit facility) and 2.5% (main refinancing operations) in the EU. At the end of 2022, the ECB's deposit interest rate thus reached its highest level since 2008. In line with its quantitative tightening programme, the Fed has already started shrinking its previously significantly increased balance sheet from June 2022, while the ECB also announced at its December meeting that it would start reducing its assets from March 2023.

Inflation and the massive interest rate hikes by the largest central banks are also having an impact on the interest rate market, leading to higher yields and high volatility. The yields of 2-year (2.74%) and 10-year (2.57%) German government bonds both reached their respective highs within the reporting period at 30 December 2022.

Development of the residential property market in Germany

Demand for property investments fell sharply in the course of 2022 due to the tighter financing terms. Another important factor dampening activity was related to price expectations, which are still diverging among potential buyers and sellers of real estate and have yet to settle at a common level. Many buyers expect significantly lower multiples – but at the same time, many owners only offer moderate price reductions or none at all.

This has led to transactions being postponed or cancelled altogether. According to surveys conducted by estate agents, the transaction volume for German commercial real estate, including commercially traded residential properties, amounted to EUR 65.6 billion in 2022 and thus remained 41% below the previous year's level[4)]. In the case of residential portfolios, the registered transaction volume declined over the course of 2022 and was around a quarter lower in the second half of the year than in the first half.

According to data from the Association of German Pfandbrief Banks (vdp), residential property prices rose by 2.1%[5)] over the year in 2022, but fell significantly in the second half of the year. For the top 7 cities in Germany, the vdp calculated a price increase of 2.2% over the year and a decline of 2.0% in the fourth quarter of 2022 compared to the previous quarter. The main reason for this development was the decline in demand caused by the increase in interest rates.

As opposed to purchase prices, rents on the German housing market increased significantly over the course of the year. In the top 8 cities in Germany, asking rents increased by an average of 1.7%[6)] in the first half of the year and by an average of 6.3%[7)] in the second half, according to surveys by estate agents; vacancy rates remained at a very low level.

Demand growth in the rental market is fuelled by continued population growth, the influx of refugees and the fact that households who refrain from buying their own home due to higher financing costs remain tenants. And the number of additional apartments being made available cannot keep up with needs, especially in the cities. From January to the end of November, around 276,474 new apartments were completed in Germany, according to Destatis[8)]. 321,757 new construction permits were issued for new apartments to be built in 2022, a figure which is significantly below the comparable figure from the previous year[9)]. At this level, both completions and permits fell significantly short of the German government's target of 400,000 new dwellings per year in Germany, 100,000 of which were supposed to be social housing.

Development of the residential property market in Berlin

More than 70% of Adler Group's rental units are located in Berlin; in addition, Adler Group companies also realise project developments in the German capital. The development of the residential property market in Berlin is therefore particularly relevant for the Company. In 2022, the Berlin property market was very robust, much more so than in other top locations in Germany. While the realised investment volume also declined here compared to the previous year, it still amounted to EUR 8.5 billion, the fourth highest value in history.

Residential property prices were 4.6% higher at the end of 2022 than twelve months earlier. While property prices in Berlin also fell in the fourth quarter compared to the previous quarter, the decrease was comparatively moderate at 0.7%.

Estate agents estimate the vacancy rate on the rental housing market in Berlin to amount to just 0.9%. Further demographic growth and the intake and accommodation of refugees from Ukraine ensured that demand will continued to grow throughout 2022.

In their Alliance for Affordable Housing and Building, the federal state of Berlin, the municipal and private residential property sector, the Chamber of Industry and Commerce and welfare associations in Berlin have agreed on a package of goals and measures to boost affordable housing in the city. The Adler Group is one of the first signatories of this alliance and contributes to the current discussions.

1) Destatis, Press release No. 037 of 30 January 2023

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2)

Federal Employment Agency, Labour market in December 2022 (3 January 2023 Press release no. 1).
3) Federal Employment Agency, Labour market in December 2021 (4 January 2022 Press release no. 1).
4) CBRE Market Report Germany Investment Market 2022.
5) Press (pfandbrief.de).
6) BNP Paribas Real Estate, Residential Report Germany H1 2022.
7) JLL Wohnungsmarktüberblick (Overview Residential Market) Q4 2022, p. 13.
8) Destatis, Press release No. 024 of 18 January 2023.
9) Statista, Building permits issued for dwellings in Germany until
November 2022.

Profit situation

EBITDA from rental activities decreased in 2022 compared to 2021 mainly as a result of the Northern portfolio disposal to LEG, the Eastern Portfolio disposal to KKR/Velero and the Waypoint portfolio disposal, respectively. These assets all contributed to the 2021 result, but only partly, if at all, to the 2022 result.

EBITDA Total decreased in 2022 compared to 2021 mainly due to lower net operating income (NOI), primarily due to the reduced number of assets. As part of a revised development strategy, the Company has ceased to carry out any build-to-hold developments. Correspondingly, there is no contribution to EBITDA Total in 2022 resulting from fair value changes of build-to-hold developments. The pro-forma EBITDA Total for the year ended 2021 and for the three months ended as of 31 December 2021, respectively would amount to EUR 290,936 thousand and EUR 113,931 thousand, respectively, under the assumption that Adler Group would pursue the current development strategy (i.e, no build-to-hold projects).

For 2022 the FFO 1 amounts to EUR 86.8 million and translates into a per share basis of EUR 0.74, whereas the FFO 2 accounts for EUR -15.8 million and EUR -0.13 per share.

As at 31 December 2022 the total interest-bearing nominal debt amounted to around EUR 6.6 billion. At year-end, our average interest rate on all outstanding debt is 2.2%, with a weighted average maturity of 3.3 years and an interest coverage ratio of 1.0(*).

(*) The interest coverage ratio ("ICR") is defined as the EBITDA Total relative to the net cash interest in the most recent four consecutive quarters.

EBITDA

EBITDA from rental activities

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Net rental income	244,506	346,188	57,029	86,859
Income from facility services and recharged utilities costs	124,848	148,904	31,008	63,883
Income from rental activities	**369,354**	**495,092**	**88,037**	**150,742**
Cost from rental activities	(159,166)	(216,775)	(40,373)	(83,029)
Net operating income (NOI) from rental activities	**210,188**	**278,317**	**47,664**	**67,713**
NOI from rental activities margin (%)	**86.0%**	**80.4%**	**83.6%**	**78.0%**
Overhead costs from rental activities	(61,954)	(50,569)	(17,666)	(9,145)
EBITDA from rental activities	**148,235**	**227,748**	**29,999**	**58,569**
EBITDA margin from rental activities (%)	**60.6%**	**65.8%**	**52.6%**	**67.4%**

EBITDA Total

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Income from rental activities	369,354	495,092	88,037	150,742
Income from property development	115,481	122,969	17,541	44,425
Income from other services	18,498	18,126	4,554	7,680
Income from real estate inventory disposed of	228,750	502,108	-	502,108
Income from sale of trading properties	2,389	5,437	395	315

Revenue	**734,472**	**1,143,732**	**110,527**	**705,270**
Cost from rental activities	(159,166)	(216,775)	(40,373)	(83,029)
Other operational costs from development and privatisation sales	(389,593)	(611,416)	(31,675)	(536,741)
Net operating income (NOI)	**185,713**	**315,541**	**38,478**	**85,500**
Overhead costs from rental activities	(61,954)	(50,569)	(17,666)	(9,145)
Overhead costs from development and privatisation sales	(28,679)	(19,674)	(5,066)	(8,062)
Profit from portfolio sales(*)	-	45,638	-	45,638
Fair value gain from build-to-hold development(**)	-	(82,690)	-	(124,809)
EBITDA Total	**95,080**	**208,246**	**15,746**	**(10,878)**
Net cash interest	(83,281)	(97,903)	(19,681)	(28,343)
Other net financial costs	(452,049)	(284,566)	(68,736)	(108,446)
Depreciation and amortisation	(20,288)	(19,688)	(2,874)	(8,291)
Other income/(expenses)	(584,990)	(1,281,721)	(414,078)	(1,291,941)
Change in valuation	(761,851)	452,195	(392,147)	(76,468)
Net income from at-equity valued investments	208	758	(235)	805
EBT	**(1,807,171)**	**(1,022,680)**	**(882,004)**	**(1,523,562)**

(*) Contains the profit stemming from the KKR/Velero transaction.
(**) Figures contain the build-to-hold developments at the time of the corresponding reporting date.

FFO

FFO 1 (from rental activities)

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
EBITDA from rental activities	148,235	227,748	29,999	58,569
Net cash interest	(46,720)	(75,644)	(9,725)	(19,176)
Current income taxes	(5,004)	(5,600)	975	(1,534)
Interest of minority shareholders	(9,732)	(9,433)	(2,437)	(3,633)
FFO 1 (from rental activities)	**86,779**	**137,072**	**18,811**	**34,226**
No. of shares(*)	117,510	117,510	117,510	117,510
FFO 1 per share	**0.74**	**1.17**	**0.16**	**0.29**

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

FFO 2 (incl. disposal results and development activities)

	For the year ended		For the three months ended	

In EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
EBITDA Total	95,080	208,246	15,746	(10,878)
Net cash interest	(83,281)	(97,903)	(19,681)	(28,343)
Current income taxes	(17,873)	(40,027)	(8,197)	(30,736)
Interest of minority shareholders	(9,732)	(9,433)	(2,437)	(3,633)
FFO 2	**(15,806)**	**60,883**	**(14,569)**	**(73,590)**
No. of shares(*)	117,510	117,510	117,510	117,510
FFO 2 per share	**(0.13)**	**0.52**	**(0.12)**	**(0.63)**

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

Financial and asset position

The Company has updated the fair value of the properties based on a third-party valuation. Non-current assets held for sale include primarily the assets owned by the Group's subsidiary Brack Capital Properties (BCP). The Group's total equity has decreased to EUR 1,916 million on the back of the net loss resulting, amongst others, from non-cash effective negative change in fair value of investment properties as well as the impairment of financial instruments.

Financial position

In EUR thousand	31 Dec 2022	31 Dec 2021
Investment properties and advances related to investment properties	6,344,294	7,115,862
Other non-current assets	324,913	337,179
Non-current assets	**6,669,207**	**7,453,041**
Cash and cash deposits	386,985	555,700
Inventories	678,572	1,093,454
Other current assets	325,758	916,541
Current assets	**1,391,315**	**2,565,695**
Non-current assets held for sale	**1,648,991**	**3,017,588**
Total assets	**9,709,513**	**13,036,324**
Interest-bearing debts	5,980,366	7,003,429
Other liabilities	611,821	730,540
Deferred tax liabilities	525,715	759,828
Liabilities classified as available for sale	**678,548**	**849,050**
Total liabilities	**7,796,450**	**9,342,847**
Total equity attributable to owner of the Company	**1,417,112**	**2,990,383**
Non-controlling interests	495,951	703,094
Total equity	**1,913,063**	**3,693,477**

Total equity and liabilities	**9,709,513**	**13,036,324**

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 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.

	31 Dec 2021(*)			
In EUR thousand	**NAV**	**NRV**	**NTA**	**NDV**
Total equity attributable to owners of the Company	2,990,383	2,990,383	2,990,383	2,990,383
Revaluation of inventories	8,167	8,167	8,167	8,167
Deferred tax	947,757	947,757	857,403	-
Goodwill	-	-	(91,400)	(91,400)
Fair value of financial instruments	2,412	2,412	2,412	-
Fair value of fixed interest rate debt	-	-	-	435,476
Real estate transfer tax	-	700,654	501,611	-
EPRA NAV	**3,948,718**	**4,649,372**	**4,268,575**	**3,342,626**
No. of shares	117,510	117,510	117,510	117,510

EPRA NAV per share	**33.60**	**39.57**	**36.33**	**28.45**
Convertibles	99,025	99,025	99,025	99,025
EPRA NAV fully diluted	**4,047,743**	**4,748,397**	**4,367,600**	**3,441,651**
No. of shares (diluted)	118,694	118,694	118,694	118,694
EPRA NAV per share fully diluted	**34.10**	**40.01**	**36.80**	**29.00**

(*) 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 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%**		**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").

			31 Dec 2021

In EUR thousand	Group loan-to-value	Non-controlling interests(***)	Total
Borrowings from financial institutions	2,176,136	-	2,176,136
Commercial paper	-	-	-
Hybrids	216,941	-	216,941
Bond loans	4,610,352	-	4,610,352
Foreign currency derivatives	-	-	-
Net payables	528,608	(311,319)	217,289
Owner-occupied property (debt)	-	-	-
Current accounts (equity characteristics)	-	-	-
Cash and cash equivalents	(555,700)	-	(555,700)
Net financial liabilities	**6,976,337**	**(311,319)**	**6,665,018**
Owner-occupied property(*)	6,161	-	6,161
Investment properties at fair value	7,113,859	-	7,113,859
Properties held for sale(**)	4,119,209	(680,225)	3,438,984
Properties under development	-	-	-
Intangibles	-	-	-
Net receivables	-	-	-
Financial assets	73,063	-	73,063
Total property value	**11,312,292**	**(680,225)**	**10,632,067**
EPRA loan-to-value	**61.7%**		**62.7%**

(*) The balance sheet position property, plant and equipment contains owner-occupied property in the amount of EUR 6,161 thousand.
(**) Considers inventories at fair value (EUR 1,101,621 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 2022	31 Dec 2021
Investments in financial instruments	19,234	20,228
Advances related to investment properties	0	2,003
Restricted bank deposits	77,885	71,460
Contract assets	86,862	82,237
Trade receivables	95,672	379,118
Other receivables and financial assets	118,853	423,412
Advances paid on inventories	9,194	14,884

Deduct:	0	0
Other financial liabilities	(16,029)	(27,168)
Pension provisions	(719)	(1,363)
Other payables	(341,504)	(365,880)
Contract liabilities	(13,924)	(36,109)
Trade payables	(78,242)	(76,383)
Provisions	(75,580)	(73,865)
Prepayments received	(70,865)	(92,132)
Non-current liabilities held for sale	(678,548)	(849,050)
Net payables	**(867,711)**	**(528,608)**

Material Events

In the reporting period

1. On 13 January 2022, Adler Group announced the signing of an agreement with KKR, a leading global investment firm, on the sale of approximately 14,400 residential and commercial units, predominantly located in medium-sized cities in eastern Germany. The transaction is structured as an asset deal. The agreed purchase price corresponds to a valuation of the portfolio of EUR 1.05 billion and thus a premium on the book value reported as at 30 September 2021 and independently appraised by CBRE. With this cash inflow, Adler Group delivered on its objective of deleveraging its balance sheet and reducing the loan-to-value ratio (LTV). The signed agreement corresponds to the terms of the letter of intent concluded between Adler Group and KKR/Velero at the end of October 2021. Thus, the sale above book value provides further evidence of the intrinsic value of the Adler Group portfolio. All of the investment properties were transferred to the purchaser in the course of the financial year 2022. Due to the fact that the investment properties were measured at the agreed sales price, the sale did not impact the profit of the reporting period, except costs of sales. Cash proceeds received were used to repay bank loans and borrowings in the amount of EUR 319 million. In this context, early repayment fees were incurred in the amount of EUR 10.7 million (presented as finance expenses).
2. Following the completion of the acquisition of the shares in Brack Capital Properties N.V. ("BCP") by LEG on 6 January 2022, the Company estimates that in light of the real estate tax laws applicable in Germany, BCP's subsidiaries may be subject to a tax liability as a result of the acquisition of the shares, for which a provision was set up at EUR 20.4 million during the reporting period. Despite the fact that the amount to be paid may be lower, BCP resolved to provide for the entire amount in the first quarter of 2022.
3. On 28 January 2022, Adler Group was informed by its statutory auditor KPMG Luxembourg that due to the ongoing forensic special investigation on the allegations made by the short seller report, which should be completed prior to the issuance of an audit opinion, it is highly unlikely that the audit of the financial statements can be concluded timely enough to allow for a publication of the audited financial statements by 31 March 2022.
4. On 31 January 2022, Dr. Michael Bütter tendered his resignation from the Board of Directors of Adler Group with effective date of 31 January 2022. This resignation was driven by the recent decision of the supervisory board of Union Investment Real Estate GmbH to assign Dr. Bütter additional areas of responsibility within the regulated real estate division of Union Investment with the approval of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). After due consideration by all relevant parties, there is a consensus that these new responsibilities within Union Investment Real Estate GmbH could potentially give rise to conflicts of interest, which must be avoided in the interests of both companies.
5. On 11 February 2022, the international rating agency Standard and Poor's (S&P) lowered the long-term issuer

credit rating on Adler to "B-" from "B+" and lowered the issue ratings on its senior unsecured debt to "B" from "BB-". The ratings were placed on CreditWatch negative.
6. On 16 February 2022, the members of the Board of Directors of Adler Group appointed Prof. Dr. A. Stefan Kirsten as a new member of the Board of Directors and elected him as Chairman of the Board of Directors with immediate effect. The previous Chairman of the Board of Directors, Dr. Peter Maser, was elected as Deputy Chairman.
7. In first half year of 2022, Adler Group agreed on a debt restructuring with two major non-controlling shareholders in its subsidiaries (Taurecon and Amelicaster). All receivables and loans against these shareholders have been combined under two loan agreements at market interest rates. The loans mature on 30 September 2024 and are secured by share liens. As at 31 December 2021, one loan granted to Taurecon Invest IX GmbH (nominal amount as at 31 December 2021 EUR 46.3 million) was measured at fair value through profit and loss ("FVtPL") due to the borrower's settlement option in shares. In the reporting period, this loan was turned into a plain loan agreement (i.e., no settlement option) and includes collateral as well. The amendment resulted in the derecognition of this loan measured at FVtPL which resulted in an income of EUR 12.3 million (presented as finance income). As a result of this amendment, this loan meets the "solely payment of principal and interest criteria" and has been measured at cost subsequently.
8. During March 2022, BCP completed a private placement of NIS 528,440,367 par value of debentures (Series B) by way of expansion of the registered series. This corresponds to a nominal amount of approximately EUR 150 million with an effective interest rate of approximately 1%. The gross proceeds from the private placement of approximately EUR 163.5 million were received during the reporting period. This led to an increase in cash proceeds of EUR 162.5 million and to an increase in bonds by EUR 163.5 million. Due to the reclassification as held for sale (IFRS 5), the amount has been included in non-current liabilities held for sale and in the cash flows of the disposal group separately.
9. Current derivatives liabilities included the written call option granted by Adler to LEG Immobilien SE to tender its remaining shares in BCP at a minimum tender offer price of EUR 157 per share (EUR 38.2 million as at 31 December 2021). After the expiration date, the liability has been derecognised, resulting in a financial income in the same amount.
10. On 4 April 2022, the new federal government decided that from 2023 landlords would also have to contribute to the CO_2 levy on heating costs. A staged model is planned, which sets the share of landlords in inverse relation to the energy efficiency of the building.
11. As announced on 16 March 2022, Adler RE repaid its bond (ISIN XS1843441491) in the full amount of EUR 400 million on 19 April 2022, the maturity date.
12. On 21 April 2022, Adler Group announced that KPMG Forensic had provided the Company with the final report of its comprehensive review of the allegations of Viceroy Research LLC. This report was published on the website of the Company on 22 April 2022. KPMG Forensic did not find evidence that there were systematic fraudulent and looting transactions with allegedly related parties. However, KPMG Forensic identified deficiencies in the documentation and the processes handling those transactions. Prof. Dr. Kirsten, Chairman of the Board of Directors of Adler Group, announced a programme to address the identified weaknesses in structure and process on 22 April 2022. First results of this programme were published prior to the annual General Meeting of the Company on 29 June 2022.
13. Due to the disclaimer of opinion by the auditor on the consolidated financial statements and the annual accounts of Adler Group S.A., all members of the Board of Directors who held a mandate in 2021 offered their resignation on 30 April 2022 with immediate effect. For the continuity of the Company the resignations of Thilo Schmid, Thomas Zinnöcker as well as of Co-CEO Thierry Beaudemoulin were only accepted with effect as of the date of the annual General Meeting of the Company on 29 June 2022. The Board of Directors now consists of the Chairman of the Board of Directors Prof. Dr. A. Stefan Kirsten, the CEO and Daily Manager Thierry Beaudemoulin, Thilo Schmid and Thomas Zinnöcker. At the General Meeting the Board then stood for re-election.
14. On 3 May 2022, the Company issued a declaration of rescission regarding the sales contract of the development project Offenbach-Kaiserlei. The Company expects to sell this project to another investor in the course of the year.
15. 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 bonds was lowered from B to CCC. The ratings were removed from CreditWatch negative.
16. On 17 May 2022, the Company announced that effective 1 June 2022, Thomas Echelmeyer will join the Senior Management of Adler Group as interim Chief Financial Officer (CFO). He will hold this position temporarily until the CFO position is finally filled. On 29 August 2022, the Board of Directors appointed Mr Thomas Echelmeyer as its Chief Financial Officer, effective 1 September 2022. The Board of Directors will propose to the next annual General Meeting or extraordinary General Meeting to appoint Mr Echelmeyer as an additional member to the Board of Directors.
Also the Company announced that the Board of Directors concluded that it is not advisable for the Company to pay a dividend in the light of the existing disclaimer of opinion by the auditor. Accordingly, the Board recommended to the AGM to not pay a dividend for the financial year 2021.
Furthermore, the Company announced that KPMG Luxembourg Société anonyme ("KPMG") informed the Company that KPMG is not available to audit the 2022 stand-alone and consolidated financial statements of the Company. The Company has initiated a selection process to

appoint a new auditor for the Company.
17. On 29 June 2022, the annual General Meeting (AGM) was held. All proposed resolutions were adopted with a majority ranging from 89.20% to 99.998% and all Board members were confirmed for a period of three years until the AGM in 2025.
Furthermore, the Company launched a tender for the mandate to audit its stand-alone and consolidated financial statements for the financial year 2022. The tender ended on 13 July 2022. In that time, no applications had been received. Thereafter the Company started a process to invite auditing firms individually. This process is still ongoing.
18. In August 2022, Adler RE appealed against the decision of the German Federal Financial Supervisory Authority ("BaFin") relating to the finding of an error in Adler RE's consolidated financial statements as 31 December 2019. In essence, BaFin's derivation of the error finding is based on what BaFin considers to be an overvaluation of the "Glasmacherviertel" real estate project. Adler Group and Adler RE repeatedly pointed out publicly that the property valuations were carried out by a professional, independent expert. In addition, the valuations included in the consolidated financial statements of the Adler Group have been audited and certified on several occasions.
19. On 3 August 2022, LEG Immobilien SE announced it will refrain from the acquisition of further shares in Adler RE's subsidiary Brack Capital Properties N.V. ("BCP"). The Senior Management of the Group together with Adler RE are evaluating further options for the value of the investment in BCP, taking into account the interests of all stakeholders. In view of the high quality of the portfolio, Adler Group is confident of finding a solution within a reasonable period of time. Real estate brokers have been appointed to engage with potential investors regarding an acquisition of BCP. BCP and its business activities are therefore still considered as disposal groups and consequently accounted for under IFRS 5.
20. On 11 August 2022, Adler Group announced the completed sale of the development projects Ostend Quartier and Westend Ensemble – Upper West – Lea B, both located in Frankfurt am Main. Both projects were formerly owned by Adler Group's subsidiary Consus Real Estate AG. The two projects were sold in separate transactions to institutional investors. Both transactions closed in August and the combined cash proceeds of c. EUR 166 million have been received. The project debt including interest in the amount of EUR 65 million related to one transaction was fully repaid.
21. On 14 August 2022, the Board of Adler RE decided to extend the loan agreement for the granting of a loan in the amount of EUR 200 million to its subsidiary BCP. The amendment agreement postpones the due date for repayment of the loan from 23 May 2023 to 29 December 2023. At the same time, the period within which the loan commitments that have not yet been called can be called has been extended. The extension of the loan agreement provides BCP with additional flexibility in its financing. To date EUR 100 million of the EUR 200 million have been drawn.
22. For reasons of prudence, the Board of Directors has previously decided not to submit a dividend proposal to the shareholders of the Adler Group until an unqualified audit opinion has been issued and will therefore not make any forward-looking statement on the dividend until further notice, as agreed by the Board of Directors on 29 August 2022.
23. On 3 October 2022, Adler Group announced that, as expected, the option period for the irrevocable tender commitment for 63% of the shares in BCP granted to LEG Immobilien SE expired on 30 September 2022, without a public tender offer.
24. On 17 November 2022, Adler Group announced that it is appealing against a further partial decision by the German Federal Financial Supervisory Authority ("BaFin"). Adler Group does not share BaFin's view related to the further finding of partial error in Adler RE's consolidated financial statements as of 31 December 2019. Adler continues to maintain the full accuracy and correctness of the audited consolidated financial statements for the 2019 financial year. Adler will pursue legal remedies to move resolution of this issue forward. However, good and constructive dialogue with BaFin is continued despite differences of opinion.
25. On 18 November 2022, Adler Group announced that it is currently in advanced negotiations with its bondholders on the conclusion of an agreement to effect certain amendments of the terms and conditions of bonds issued by Adler Group S.A. as well as a provision of secured debt financing for the Adler group of companies. Whether an agreement with bondholders will be concluded is currently uncertain and being further assessed. In particular, the parties have not yet reached a final agreement on the content of the agreement. The conclusion of the agreement is also subject to the approval of the governing bodies of all parties.
26. On 25 November 2022, following extensive negotiations with a group of bondholders and their legal and financial advisors, Adler Group S.A. as well as its subsidiaries, Adler RE and Consus Real Estate AG (together "Adler group of companies") entered into an agreement with the members of the steering committee of an ad-hoc group of holders of its notes supporting the stabilisation of the
Adler group of companies to effect an amendment of the terms and conditions of the Notes.
Concurrently with the conclusion of the lock-up agreement, the Adler Group has also entered into a commitment letter with the members of the steering committee, in which they commit to provide the Adler group of companies with up to EUR 937.5 million of new funding to stabilise the Adler group of companies.
Adler Group launched a consent solicitation process on
2 December 2022 to effect certain amendments to the terms and conditions of the notes.

27. 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 Real Estate AG as well as the rating of its unsecured debt was lowered from CCC to CCC- with outlook negative.

28. On 20 December 2022, Adler Group announced the voting results of the initiated consent solicitation to effect the amendment of the terms and conditions of its senior unsecured fixed rate notes. There was overwhelming support in favour of the consent solicitation and resolutions were passed with the required majority regarding all, but one, series of notes. Following the failure of the consent solicitation, Adler Group proceeded to implement the amendments via an alternative route.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2022 in the annual financial statements through 24 April 2023, the date of finalisation of the financial statements.

1. On 9 January 2023, the local court of Berlin-Charlottenburg appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor of 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 RE and Adler Group do not have an auditor and are continuing its intensive efforts to engage an auditor.

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 opposes 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. The proceedings are ongoing.

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 and the date of the general meeting resolving on the squeeze-out, which is scheduled for 28 April 2023. The completion of the squeeze out is expected to occur as early as 28 May 2023.

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"). It is expected that a hearing will be scheduled imminently to take place either during the week of 24 April 2023 or the week of 1 May 2023 (the "Consequentials Hearing"). As is set out in the Sanction Order and the Judgement, the purpose of the Consequentials Hearing will be to hear the parties' applications consequential to the Judgement, including, pertaining to the permission to appeal, the deadline for any appellant's notice and questions of costs. 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 will oppose this application. Following the Consequentials Hearing, if the High Court refuses the AHG's application for permission to appeal, the AHG may apply to the Court of Appeal for permission to appeal. Permission to appeal will be granted where the appeal has real prospects of success or there is some other compelling reason why the appeal should be heard. The substantive appeal will be allowed where the lower court's decision was wrong or unjust because of a serious procedural or other irregularity (these are the only permitted 'grounds of appeal'). The Sanction Order is now in force.

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 August 2025)	As initially scheduled (14 January 2026)	As initially scheduled (13 November 2026)	As initially scheduled (27 April 2027)	As initially scheduled (14 January 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		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			

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 newly Luxembourg incorporated entity Adler Group Intermediate Holding S.à r.l. ("Adler Group Intermediate Holding"), which became the sole shareholder of three newly Luxembourg incorporated entities (collectively, the "Collateral LuxCos") and (ii) all shares in Adler RE, Consus Real Estate AG ("Consus") and certain other subsidiaries which previously were 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 in a few weeks and expects an upgrade to the CCC category.

In connection with the sanctioning of the Restructuring Plan and the implementation of the Restructuring and, in each case, subject to satisfaction of all the applicable conditions, the following events described in clauses 13-16 are expected to commence on or around 25 April 2023 and be completed on or around 27 April 2023. Certain of the events described in clauses 13-16 will occur simultaneously.

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") will issue the EUR 937,474,000 12.500% notes due 30 June 2025 (the "New Money Notes") and subsequently LendingCo will on lend 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 to fund (i) in an amount of EUR 265,000,000, the repayment of an existing upstream loan from Adler RE, proceeds of which will be applied to repay the Adler RE 2023 SUNs, and (ii) in an amount of 57,474,000, the payment of fees incurred in relation to the New Money Funding;

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

13.3 Up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds to fund 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 Real Estate to fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

13.5 The New Money Facilities Agreement contains a number of covenants and undertakings restricting the actions of Adler Group and certain members of the Group, including, among others:

13.5.1 a Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio not to exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter;

13.5.2 restrictions to create or permit to subsist security over assets;

13.5.3 limitations on indebtedness;

13.5.4 limitations on mergers;

13.5.5 restrictions to sell, lease, transfer or otherwise dispose of any property: (a) in relation to yielding properties, below 80% of the relevant gross-asset value, and (b) in relation to development properties, 70% of the relevant gross-asset value, in each case as reflected in Adler Group's IFRS financial report as of 30 June 2022;

13.5.6 restrictions on Adler Group in respect of share buy-backs, repayments/prepayments/cancellation and debt buy-backs;

13.5.7 restrictions on investments in properties or projects and on acquisitions of companies, shares, securities or business;

13.5.8 restrictions on the change of the general nature of the Group's business;

13.5.9 restrictions on granting loans;

13.5.10 restrictions on providing guarantees; and

13.5.11 an obligation of Adler Group to appoint a chief restructuring officer and an independent board member.

13.6 The New Money Facilities Agreement will be governed by German law and

contains

certain events of default, including (subject to certain exceptions) cross default in relation to the outstanding SUNs, the Adler RE 2024 SUNs and/or the Adler RE 2026 SUNs, as well as cross acceleration in relation to any other debt in the Group above EUR 50 million.

14. Further to the public announcement issued by the Group on 23 February 2023 related to results of Adler Real Estate consent solicitations, the terms and conditions of the Adler RE 2024 SUNs and the Adler RE 2026 SUNs will be amended. The amendments will 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 will provide 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 be 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. Adler Group will issue and deliver shares in an amount equal to 22.5% of Adler Group's share capital following such issuance (i.e. equal to approximately 29% of the current outstanding share capital of Adler Group) to the New Money Notes investors.

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 2022

Despite having experienced a continuously challenging environment in 2022 due to Covid-19, the Russian attack on Ukraine, accelerated inflation rates and a spike in interest rates, the operations developed as planned and the Company achieved its targets.

In 2022, net rental income amounted to EUR 244.5 million exceeding the guidance of EUR 233-242 million.

The funds from operations from rental activities (FFO 1) for the full year amounted to EUR 86.8 million, in line with the guidance of between EUR 84-88 million.

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 2023

Following significant disposals made from the yielding asset portfolio, Adler Group expects to generate net rental income for 2023 in the range of EUR 207-219 million.

Following the sanctioning of the Restructuring Plan, 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.

Opportunities and Risk Report

Risk report

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. The Group’s risk management governs all organisational regulations and uses a risk management system (“Risk Management System”) to monitor, identify and address business risks. The Risk Management System also 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. The Board of Directors and the Senior Management currently see no risks that threaten the Group’s existence.

Risk management system

The Group’s risk management governs all organisational regulations and measures needed to monitor and identify business risks to address them with suitable countermeasures. As part of the risk management efforts, in 2020 the Group established a Risk Management System to record and regularly assess all identifiable 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 Group reviews the Risk Management System on a regular basis to ensure it is aligned with the current risk environment and any relevant changes to the Group’s business.

The Risk Management System is documented in the Group-wide risk management manual, which defines all the main six risk categories, corresponding processes, responsibilities and reportable 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 occuring. Additionally, a top-down quantification scoring model that differentiates the impact of a specific risk on the funds from operations (“FFO”) and the impact of a specific risk on total assets has been introduced to the Risk Management System in 2022, as further detailed in the *"Risk quantification and risk-bearing capacity"* 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.

The Audit Committee of the Board of Directors regularly meets to discuss opportunities and risks as well as to review how effective the current risk management and internal control procedures are.

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 to report 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 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. 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 reputational, etc.)

The six risk categories contain 38 risk sub-categories with a total of 106 individual risks.
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:

Measures already taken to reduce or avert a risk are taken into account for both 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, and it is considered highly relevant if the risk score exceeds 4.5. Risks and risk sub-categories with a risk score of 5 or higher are considered to be a threat to the going concern 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. 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 increased the risk score required for a risk to be considered highly relevant from 4.0 in 2021 (at that time called "very relevant") to 4.5 in 2022. In addition, the Group has added the 5% "material" classification described above to this 2022 Opportunities and Risk Report, which was not present in the 2021 Opportunities and Risk Report. The classification as "material" serves to consider and present risks that are significant to the Group's risk situation taking into account their weighting in the overall risk assessment. As a result of these updates, the number of risks described in this 2022 Opportunities and Risk Report are lower than were included in the Group's 2021 Opportunities and Risk Report.
Risk quantification and risk-bearing capacity
A top-down quantification scoring model that is based on the qualitative assessment was added to the Risk Management System in 2022. The model differentiates between the impact of a specific risk on the FFO (i.e, the part of the income statement that has an impact on liquidity) and the impact of a specific risk 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 FFO 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.
The following classes of expected loss and probability of occurrence have been defined:
Expected loss

Risk class	FFO(*) **(in EUR million)**	Total assets(*) (in EUR million)
Threatening (6)	> 200	> 1,500
Severe (5)	> 100 - 200	> 750 - 1,500

Serious (4)	> 30 - 100	> 225 - 750
Significant (3)	> 10 - 30	> 75 - 225
Medium (2)	> 4 - 10	> 30 - 75
Low (1)	> 0 - 4	> 0 - 30

(*) Expected amount of damage over two years.

Probability of occurrence

Risk class	(Percent)
Probable (6)	> 90
Likely (5)	> 75 - 90
Conceivable (4)	> 50 - 75
Seldom (3)	> 25 - 50
Remote (2)	> 10 - 25
Unlikely (1)	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 sub-sector of the Risk Management System. Control measures can avert or reduce risks. The Senior Management is responsible for implementing, monitoring and reviewing the effectiveness of the ICS as well as further developing it.

Accounting-based ICS

According to the relevant regulations, the accounting-based ICS aims to:

- ensure the profitability of business activities and protect the assets of the Company;
- ensure the reliability of internal and external accounting; and
- ensure compliance with the relevant legal requirements, in particular the conformity of the consolidated financial statements and the group management report with the applicable accounting policies.

The Company's accounting department is responsible for the processes that ensure uniform and standardised application of the relevant accounting policies in accordance with the International Financial Reporting Standards (IFRS) and the German Commercial Code (HGB). Furthermore, the department is responsible for collecting the content in the financial statement preparation process. A dual control procedure is in place for important approval processes. Within the scope of the further development of the Company, efforts are being made to standardise processes in order to reduce the complexity of organisational structures, workflows and IT systems in order to create more efficient and effective internal controls and to ensure the separation of functions. The Group has set up an initiative to further formalise the ICS thereby creating documented transparency and improving processes through successive digitalisation and process optimisation.

One key aspect in guaranteeing the correctness and reliability of financial reporting involves deliberately separating administrative, executive, invoicing and approval functions by assigning separate responsibilities for each function.

The Group uses the expertise of external property valuation specialists to ensure a fair and accurate valuation of its assets.

In cooperation with the Senior Management and the Audit Committee of the Board of Directors, the internal auditors prepare a risk-oriented audit plan and verify whether the legal provisions and the guidelines for control and risk management have been complied with. The Group thus monitors the functionality and effectiveness of the defined controls. The audit plan is submitted to the Senior Management and the Board of Directors. This enables the Board of Directors to ask the Senior Management to rectify potential errors and to optimise the ICS in general.

Risk environment

The risk situation of the Group at the end of 2022 was attributable, mainly, to (i) the economic, political and financial factors affecting the residential and commercial real estate market in Germany, (ii) a short-seller attack and related investigations, (iii) the absence of an auditor and (iv) the worsening liquidity of the Group and its upcoming maturities, as further described below.

Economic, political and financial factors

Throughout 2022, raising inflation rates, supply chain disruptions, rising energy and raw material (including building material) prices caused by the war in Ukraine and the ongoing impacts of the Covid-19 pandemic had a significant negative impact on the German economy. The resulting domestic and global economic downturns, high interest rates and decreased business confidence reduced demand for residential and commercial real estate in Germany in 2022, impacting the core businesses of the Group. In addition, the Group's ability to meet its debt services obligations may depend on its ability to sell assets at attractive prices, which is affected by the German real estate market conditions and the general economic, financial, competitive, regulatory and other factors described above that are beyond the Group's control. Selling assets at a substantial discount to the fair value of the relevant properties could adversely impact the value of the Group's remaining portfolio, reducing the Group's ability to meet its debt services obligations and significantly and adversely affecting its financial performance.

Short-seller attack and related investigations

In October 2021, as part of a short-seller attack on the Group, a report was published making various allegations against the Group. The Group engaged KPMG Forensic to conduct a forensic investigation, and in April 2022, it found no evidence to support the allegations. However, with respect to the so-called Gerresheim transaction to an allegedly related party, KMPG Forensic was unable to refute the allegation that the sales price for the project company was excessive. The Group still believes that the fair value of the project company agreed in the transaction as reflected and testified in various audited financial statements is correct. KPMG Forensic identified deficiencies in certain aspects of governance and noted that it had not been provided with sufficient documentation to complete the audit, referring to 800,000 electronic documents.[1)]

In 2021, BaFin and CSSF initiated an examination into the Company's and Adler RE's consolidated financial statements and annual accounts for the financial years 2019, 2020, and 2021. BaFin announced its view that the audited consolidated financial statements as of 31 December 2019 and the related summarised management report for the 2019 financial year of Adler RE contained accounting errors. In August 2022 and November 2022, BaFin issued determinations of accounting errors in the annual financial statements for the 2019 financial year of Adler RE, claiming errors related to a book value of a certain transaction and to the consolidation of the Company by Adler RE in 2019. The determinations of accounting errors have no impact on the validity of the 2019 annual financial statements. The Group disputes BaFin's determination and Adler RE has filed for an annulment of BaFin's decisions.[2)]

The Group's statement of 21 April 2022 on the results of the KPMG Forensic review (and other information) on this topic can be found in the Investor Relations section of
the Group's website (https://www.adler-group.com/en/
investors/publications/news).

The Group's reputation suffered considerable damage from the short-seller attack report and subsequent BaFin and CSSF examination and determinations. The Group cannot exclude that it may be exposed to additional reputational damage in relation to further investigations and/or determinations by BaFin, CSSF or other regulatory and/or governmental bodies. Such investigations could also require the Group to expend significant time and resources in response, and the occurrence of any material fine or penalty may inhibit the Group's ability to operate and generate liquidity and revenue. The Group may also be subject to additional lawsuits and investigations stemming from various allegations or forensic investigations. The Group cannot predict the number or outcome of any such proceedings and the impact that they or the matters described above will have on its financial results, but any such impact may be material.

Absence of an auditor

In April 2022, KPMG Luxembourg S.A. and KPMG AG Wirtschaftsprüfungsgesellschaft 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, to the effect that the auditor was not able to obtain sufficient evidence to support the aforementioned financial statements. The auditor claimed that the preconditions for performing a statutory audit of the 2021 annual financial statements were not met.[3)] KMPG Luxembourg SA also stated that its audit reports on the annual accounts of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 should no longer be relied upon. Subsequently, during the second quarter of 2022, KPMG Luxembourg S.A. and KPMG AG Wirtschaftsprüfungsgesellschaft informed the Company 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. In June 2022, the Company and Adler RE launched an audit tender but were unable to identify any candidates to replace the previous auditors.

The absence of an auditor means the Group has been unable to complete the audit of its financial statements, putting it at risk of breaching the reporting covenants under its debt obligations. As part of implementation of the Group's Restructuring Plan (as further described below), the six series of senior unsecured notes issued by AGPS BondCo PLC (the "SUNs") have been amended to avoid breach of the reporting covenants, which had required audited financial statements to be produced for the financial year ending 31 December 2022, by the end of April 2023. Additional consents and/or waivers have been obtained by the Group to avoid breaching the reporting covenants under its other debt obligations.

The Group is also subject to various Luxembourg and German laws and regulations that require the publication of audited financial statements by end of April 2023—the outcome of such anticipated violations cannot be predicted with certainty at this time and the Group could be exposed to a number of risks in relation to such violations.

1) The Group's statement of 21 April 2022 on the results of the KPMG Forensic review (and other information) on this topic can be found in the Investor Relations section of the Group's website (https://www.adler-group.com/en/investors/publications/news).
2) For further information, please see the following press releases by the Group: https://www.adler-group.com/en/investor-relations/translate-to-english-news-publications/news/detail-news?tx_news_pi1%5Baction%5D=detail&tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Bnews%5D=975&cHash=72e080b5aef3cda212a3b9a8eae84828 ; https://www.adler-group.com/en/investor-relations/translate-to-english-news-publications/news/detail-news?tx_news_pi1%5Baction%5D=detail&tx_news_pi1%5Bcontroller%5D=News&tx_news_pi1%5Bnews%5D=961&cHash=71f357e70dc8e1632db564a563c613fb
3) KPMG Luxembourg SA's official statement on this topic can be found on KPMG's website (https://kpmg.com/lu/en/home/media/press-releases/2022/04/official-statement-on-adler-group-s-a.html).

Worsening liquidity and upcoming maturities

During 2022, the Group was faced with a critical liquidity position and upcoming debt maturities, with Adler RE's outstanding EUR 500,000,000 1.875% senior unsecured notes due 27 April 2023 ("Adler RE 2023 SUNs") and an intra-group loan and other interest payments and expenses coming due. If Adler RE failed to meet the upcoming maturity of the Adler RE 2023 SUNs, creditors under certain other financing arrangements, including the SUNs, would have been entitled by cross-default provisions to terminate those financing arrangements and declare the relevant debts immediately due and payable. Such non-consensual and uncoordinated acceleration of outstanding debt would have risked significant value destruction, as the Group would have been unable to satisfy these material accelerated debt obligations given its liquidity position and inability to sell assets at the necessary speed and price. As a result, in this scenario, the directors of the debtor entities would have had a statutory duty to file those relevant Group companies into bankruptcy or insolvency proceedings.

Due to the above risks, the Group proposed a restructuring plan (the "Restructuring Plan") aimed to facilitate a successful implementation of amendments to the SUNs and complete a wider financial restructuring of the Group (the "Restructuring"). In doing so, the Restructuring Plan would help improve the Group's liquidity position, avoid imminent defaults under the SUNs 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.

The Restructuring Plan

On 12 April 2023, the Restructuring Plan was sanctioned by the High Court of Justice of England and Wales (the "High Court"), and the Group announced completion of the Restructuring Plan on 17 April 2023. Pursuant to the Restructuring Plan, the SUNs were amended to provide, among other things:

- 2.75% coupons increase until 31 July 2025; after which time, the coupons revert to their respective prior levels;
- extension of the maturity date of AGPS BondCo PLC's EUR 400,000,000 1.500% unsecured notes due 2024 from 26 July 2024 until 31 July 2025;
- amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur EUR 937,500,000 of new financing via four term loan facilities ("New Money Funding") and refinance certain existing indebtedness;
- amendments to the reporting covenants that temporarily alleviate the reporting obligations placed on the Group; and
- amendments to certain other restrictive covenants to support the new capital structure and liquidity position of the Group.

The Restructuring Plan and related amendments provide the liquidity needed to manage the Group's upcoming 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. For more detail on the Restructuring Plan and the risk of appeal of the High Court's sanction order, please see the "Material Events" section of the Combined Management Report.

Risk assessment as at 31 December 2022

The risk assessment as at 31 December 2022 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 2022 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**							
> = 200 or > = 1500	6						
100 – < 200 or 750 – < 1500	5					1	2
30 – < 100 or 225 – < 750	4				1	1	
10 – < 30 or 75 – < 225	3				1	3	3
4 – < 10 or 30 – < 75	2			1	7	3	
< 4 or < 30	1		4	8	1	2	
		1	2	3	4	5	6
		Probability of occurrence					
		< 10	10 – < 25	25 – < 50	50 – < 75	75 – < 90	> = 90

The seven risks in the red area are:

- Risks from financial covenant breaches (EL 5 /PO 6) (assessed as threatening the existence of Adler Group)
- Risks in project phase "build & deliver" (EL 5/ PO 6) (assessed as threatening the existence of Adler Group)
- Liquidity risk (EL 5/ PO 5) (assessed as threatening the existence of Adler Group)
- Valuation risk (EL 4 / PO 5)
- Project-specific transaction risks (PO 3 / EL 6)
- Reputation risk (EL 3 / PO 6)
- Central purchasing: Availability and dependency of suppliers (EL 3/ PO 6)

Qualitative assessment

The table overleaf provides an overview as at 31 December 2022 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. 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	Real estate market risks	5.0	
	Macroeconomic development	4.8	
Strategic risks	Sustainability risks	4.6	
Financial and refinancing risks	Risks from violation of financial covenants	5.9	Material

	Liquidity risks	5.4	Material
	Accounting and valuation risks	5.3	Material
	Audit opinion and disclosure risks	4.8	
Operating risks in property management	Environmental risks	4.7	
Operating risks in project development	Risks in the "Build & Deliver" project phase	5.9	Material
	Project-specific transaction risks	5.6	
Company-specific risks	Public relations risks	5.9	Material
	Central purchasing	5.8	
	Human resources	4.9	

Highly relevant and material risks

Following the implementation of the Restructuring Plan, certain risks or risk sub-categories identified by the Group as highly relevant (i.e. have a risk score of more than 4.5 in the qualitative assessment) and material (i.e. weighting in the overall risk assessment exceeds 5%) still exist, of which these are considered as risks threatening the existence of the company: (1) risks from violation of financial covenants, (2) liquidity risks, and (3) accounting and valuation risks risks. Other highly relevant and material risks are (4) risks in the "build & deliver" project phase, and (5) public relations risks, which are all addressed in more detail below. Additionally, two risks are discussed, that are non-material, but due to the risk assessment are regarded as highly relevant: (6) Project-specific transaction risks, and (7) risks from central purchasing. 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 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. The following three risk sub-categories are highly relevant and material:

Risks from violation of financial covenants

The Group's facilities require compliance with certain covenants, as non-compliance gives the respective creditor the right to terminate the corresponding financing agreement and demand repayment of the debt. In connection, the Group has established an internal control process to ensure compliance with the financial covenants.

Throughout 2022, certain financial covenants limited the Group's ability to incur new debt and refinance upcoming maturities. For example, consolidated coverage ratio covenants under Adler RE's financing arrangements risked being breached if Adler RE had borrowed the New Money Funding directly. As a result, 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. For additional details on the covenants and undertakings restricting the actions of the Company and certain members of the Group, please see the "Material Events" section of the Combined Management Report.

The Group's ability to comply with the Maintenance LTV Ratio covenant, among other covenants and restrictions, may be affected by events beyond its control. These include prevailing economic, financial and industry conditions. If the Group breaches the Maintenance LTV Ratio covenant or any other restrictive covenants or restrictions, it may be in default under the SUNs and the New Money Funding facilities agreement ("New Money Facilities Agreement"). The relevant holders or lenders could then elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable. If the SUNs, New Money Facilities Agreement or any other material financing arrangement entered into by the Group were to be accelerated at the same time, the Group's assets may be insufficient to repay in full the SUNs, the New Money Funding and any other indebtedness then outstanding.

Liquidity risks

The Company's operational earnings power is generally sufficient to cover expenses, including the interest incurred. However, it is not sufficient to repay future outstanding bonds or other debt financing.

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. While the Group believes that the Restructuring Plan alleviates the pressure to sell assets at deep discounts, in the event that the Group is required to sell parts of its portfolio, it may not be able to do so in a timely fashion, on favourable terms or at all. The ability of the Group to sell properties generally depends on the liquidity of the real estate markets at the time of the potential sale. In addition, the demand for real estate assets is influenced 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.
As a result, 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.

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 2022, and may progress even further in the future.

Operating risks in project development

In this risk category, a total of 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

The ability of the Group to successfully complete its development projects 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 increases in the acquisition costs for land, 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, delays during the building permits application process, unidentified land and/or property defects, the occurrence of technical problems, 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.
In the event of such cases, the funds tied in these development projects may have to be provided in larger amounts, for a longer time or at higher interest rates. The Group may also be unable to secure financing for certain capital expenditures needed for a development project, which could result in the potential deterioration of the properties and, as a result, the Group's investment in such properties. At the same time, project valuations may lead to impairment losses that can have a negative effect on the balance sheet structure, especially on equity. 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 fulfill its obligations under the forward sale agreements by completing the respective project development as planned, it may negatively influence the Company's abilitiy to refinance the acquisition costs and development of a project, lead to delays in or fail to launch new real estate development projects.
Any forward sale agreement may not materialise under the agreed terms, including as a result of amendments, withdrawals, failure to make payments or terminations by purchasers. In the event that the purchaser withdraws from

or terminates the forward sale agreement, Adler Group must bear the costs in connection with the sale of the property. Although this risk is classified as highly relevant, this risk is not immediately threatening the existence of the Group.

Company-specific risks

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

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 evidence to support the short-seller's allegations.

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

Sustainability risks

Stimulated by the public debate on human rights issues, environmental protection, climate change and corporate social responsibility, sustainability has become a growing imperative in recent years. As a result, capital markets and the public increasingly evaluate companies based on their potential negative environmental impacts, the measures they take to reduce or stop these impacts, corporate governance or compliance with the fundamental principles of diversity. Non-compliance with these aspects poses not only financial risks but also risks to the reputation of a company.

The separate risk category of "Sustainability risks" was removed in 2022, and the risks that had previously been categorised therein, if still relevant, have been assigned to the other six above-mentioned categories.

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. Because of the above-mentioned allegations regarding property valuations in the balance sheet and deficiencies in corporate governance, the Group's ESG ratings deteriorated during 2022.

Environmental risks

Environmental aspects play a crucial role in all of the Group's business activities, both in portfolio management and in development projects.

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). Even though the legal, financial and reputational consequences of failing to meet this objective are still uncertain, failure to achieve this goal is fraught with certain risk.

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 introduces a levy on CO2 emissions. The CO2 levy for heating residential buildings is borne by both the tenants and landlords. The ratio for how this 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. In order to lower their contribution, landlords have to take measures to increase energy efficiency.

Opportunities report

As part of the Company's opportunity policy, those responsible regularly assess the business opportunities of the Group as a whole.

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

Since the beginning of 2023, energy prices have started to decline again and, while inflation continues to be high, it is now forecast to slow down. The general 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 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.

Digitalisation in the real estate industry and company organisation

The Company sees ongoing digitalisation as an opportunity to increase the efficiency of administrative processes and thus reduce administrative expenses in the longer term. Digitalised processes help collect tenant, property and project development data in a standardised format and provide the basis for timely and comprehensive reporting and controlling of all real estate activities. The digitalisation of internal business processes (e.g, in financial management and human resources) also improves efficiency and has a positive impact on the Company's cost structure.

Financial and refinancing opportunities

The Group completed the implementation of its Restructuring Plan on 13 April 2023. In accordance, it extended the maturity of the 2024 Notes and amended certain covenants to avoid imminent defaults under the SUNs and permit the incurrence of the New Money Funding, among other changes. Such changes provides 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.

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 sales 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.

Company-specific opportunities

The further harmonisation and development of standardised processes and guidelines, the implementation of a common IT landscape and the streamlining of the Group's tax structure offer opportunities to increase efficiency and reduce costs. Measures taken to increase its attractiveness as an employer, paying fair and competitive salaries and a range of fringe benefits make the Group an attractive employer for qualified and motivated employees.

Overall management assessment of risks and opportunities

The 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 to avert them. The management is furthermore confident that the High Court's decision and the subsequent implementation of the Restructuring creates the conditions necessary for a positive going concern forecast and the financing of all material maturities for the next two years.

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 current expectations, assessments and assumptions about future developments and events 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.

Expected loss

Accepted risk		**Ad-hoc reportable risk**		**Initiation of emergency measure**		
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
	Unlikely (1)	Remote (2)	Seldom (3)	Conceivable (4)	Likely (5)	Probable (6)

Probability of occurrence

Responsibility Statement

I confirm, to the best of my knowledge, that the Consolidated Financial Statements of Adler Group S.A. presented in this Annual Financial Report for 2022, 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.