Adler Group S.A.

Société Anonyme

Siège social: 55, Allée Scheffer, L-2520 Luxembourg

R.C.S. Luxembourg: B 197554

FINANCIAL STATEMENTS

As at December 31, 2024

Audited

Registered Office:

55, Allée Scheffer

L-2520 Luxembourg

RCS Luxembourg: B197554

To the Shareholders of

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

Report of the Réviseur d'Entreprises agréé

Report on the Audit of the Annual accounts

Opinion

We have audited the annual accounts of Adler Group S.A. (the "Company"), which comprise the balance sheet as at 31 December 2024 and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2024 and of the results of its operations for the year then ended in accord-ance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for our opinion

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

Key Audit Matters

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

I. Value adjustments in respect of financial assets

a) Why the matter was considered to be one of most significance in our audit of the annual accounts:

Reference is made to the disclosures contained in Note 2.2.3 and in Note 4 of the annual accounts of Adler Group S.A. as at 31 December 2024 and for the year then ended.

Financial assets represent 86,3% of the Company's total assets and are subject to recoverability assessment at each reporting date. The conclusion on whether there is a durable diminution in value in the respect of financial assets is a significant judgement.

For purpose of identifying a durable diminution of financial assets, the Company's management considers the net assets of each affiliated undertaking as at the balance sheet date, values from properties held by these undertakings and any listed share price for investments held as fixed assets, if applicable. The respective properties held by the affiliated undertakings are valued at their fair values based on independent external valuers (the "Valuers").

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. In determining the property's valuation, the Valuers take into account property specific characteristics and information, including the rental income. The Valuers apply assumptions for estimated market rent, capitalisation interest rate and discount rate, which are influenced by prevailing market conditions and comparable market transactions, to arrive at the final valuation.

b) How our audit addressed the key audit matter:

Our procedures over the value adjustments in respect of financial assets included, but were not limited to:

- Comparison of the carrying amount of financial assets for each of the underlying affiliated undertaking with its net assets as per management accounts, considering also the fair value of properties of these underlying affiliated undertakings or to relevant listed share price for investments held as fixed assets, if applicable.

- Regarding the valuation of investment properties performing amongst others the following procedures:
  - Evaluate the qualifications and competence of the Valuers and read the terms of engagement of the Valuers with the Company and/or its subsidiaries to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
  - Evaluate the valuation methodologies used and testing the integrity of inputs of the projected cash flows used in the valuation to support leases and other documents on a selection;
  - Evaluate the material input parameters (i.a. capitalisation and discount rates) used in the valuation by comparing them with historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the Company and/or its external advisor;

Other information

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

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the Annual accounts

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We have been appointed as réviseur d'entreprises agréé by the Extraordinary General Meeting of the Shareholders on 27 November 2024 and the duration of our uninterrupted engagement including previous renewals and reappointments is two years.

The combined management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Report is presented on pages 25 to 41. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

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

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

We have checked the compliance of the annual accounts of the Company as at 31 December 2024 and for the year then ended with relevant statutory requirements set out in the ESEF Regulation that are applicable to the annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of Adler Group S.A. as at 31 December 2024 and for the year then ended have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our report only refers to the annual accounts of Adler Group S.A. as at 31 December 2024 and for the year then ended, identified as "391200OYYFJ3DWAMEC69-2024-12-31-0-en.zip", prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

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

Represented by

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Frank Thihatmar
Réviseur d'entreprises agréé

Luxembourg, 28 April 2025

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RCSL Nr. : B197554	Matricule : 20152210249

BALANCE SHEET

Financial year from 01 01-01-2024 **to** 02 31-12-2024 *(in* 03 EUR)

ADLER Group S.A.
Allée Scheffer, 55
L-2520 LUXEMBOURG

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 99,926,871	108 71,748,230
C. Fixed assets	1109	109 2,888,430,983	110 3,265,854,992
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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		Reference(s)		Current year		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	2,888,430,983	136	3,265,854,992
1. Shares in affiliated undertakings	1137	2.2.3, 4.1	137	1,965,410,663	138	2,151,757,548
2. Loans to affiliated undertakings	1139	2.2.3, 4.2	139	868,183,301	140	1,059,616,642
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	44,200	146	342,550
6. Other loans	1147	2.2.3, 4.4	147	54,792,819	148	54,138,252
D. Current assets	1151		151	354,566,294	152	312,008,096
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	327,848,731	164	212,157,665
1. Trade debtors	1165	2.2.4, 5.1	165	-	166	18,079
a) becoming due and payable within one year	1167		167	-	168	18,079
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	309,060,566	172	171,705,961
a) becoming due and payable within one year	1173		173	309,060,566	174	171,705,961
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	18,788,164	184	40,433,625
a) becoming due and payable within one year	1185		185	18,788,164	186	40,433,625
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	-	190	-
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197	2.2.6	197	26,717,563	198	99,850,431
E. Prepayments	1199	2.2.8, 7	199	4,514,933	200	5,887,509
TOTAL (ASSETS)			201	3,347,439,081	202	3,655,498,828

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CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	-1,912,369,690	302	-1,159,767,237
I. Subscribed capital	1303	8.1	303	188,016	304	188,016
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	-3,403,313,683	320	-2,532,973,954
VI. Profit or loss for the financial year	1321	8.4	321	-752,602,453	322	-870,339,729
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331	8,321,942	332	2,980,907
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	8,317,127	338	2,971,277
C. Creditors	1435	2.2.10, 10	435	5,251,486,829	436	4,812,285,158
1. Debenture loans	1437	10.1	437	-	438	3,550,691,771
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445		445	-	446	3,550,691,771
i) becoming due and payable within one year	1447		447	-	448	159,691,771
ii) becoming due and payable after more than one year	1449		449	-	450	3,391,000,000
2. Amounts owed to credit institutions	1355	10.2	355	92,500,000	356	94,500,000
a) becoming due and payable within one year	1357		357	2,000,000	358	2,000,000
b) becoming due and payable after more than one year	1359		359	90,500,000	360	92,500,000

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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	2,750,551	368	4,755,557
a) becoming due and payable within one year	1369		369	2,750,551	370	4,755,557
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	3,303,076,973	380	217,246,287
a) becoming due and payable within one year	1381		381	117,953,815	382	142,246,287
b) becoming due and payable after more than one year	1383		383	3,185,123,159	384	75,000,000
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	1,853,159,305	452	945,091,543
a) Tax authorities	1393	10.4	393	3,550,347	394	21,662,440
b) Social security authorities	1395	10.4	395	14,519	396	9,578
c) Other creditors	1397	10.5	397	1,849,594,439	398	923,419,525
i) becoming due and payable within one year	1399		399	3,009,370	400	1,669,126
ii) becoming due and payable after more than one year	1401		401	1,846,585,068	402	921,750,399
D. Deferred income	1403		403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	3,347,439,081	406	3,655,498,828

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PROFIT AND LOSS ACCOUNT

Financial year from 01 01-01-2024 **to** 02 31-12-2024 *(in* 03 EUR *)*

ADLER Group S.A.
Allée Scheffer, 55
L-2520 LUXEMBOURG

		Reference(s)		Current year		Previous year
1. Net turnover	1701	2.2.11, 11	701	17,267,443	702	33,509,752
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	20,222	714	17,208
5. Raw materials and consumables and other external expenses	1671		671	-58,579,485	672	-93,226,247
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	12	603	-58,579,485	604	-93,226,247
6. Staff costs	1605		605	-9,418,907	606	-2,430,626
a) Wages and salaries	1607		607	-9,389,283	608	-2,414,496
b) Social security costs	1609		609	-29,624	610	-16,130
i) relating to pensions	1653		653	-20,386	654	-10,284
ii) other social security costs	1655		655	-9,238	656	-5,846
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657	-93,449,172	658	-174,134,601
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	2.2.12, 3	659	-43,496,372	660	-55,755,269
b) in respect of current assets	1661	2.2.12, 5.2	661	-49,952,800	662	-118,379,332
8. Other operating expenses	1621		621	-6,709,053	622	-9,015,589
9. Income from participating interests	1715		715	-	716	134,574,007
a) derived from affiliated undertakings	1717	2.2.13, 4.1	717	-	718	134,574,007
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	184,200,829	722	126,220,470
a) derived from affiliated undertakings	1723	4.2	723	171,486,282	724	113,441,274
b) other income not included under a)	1725	4.3, 4.4, 6	725	12,714,547	726	12,779,195
11. Other interest receivable and similar income	1727		727	2,568,439	728	4,368,580
a) derived from affiliated undertakings	1729	5.2	729	984,986	730	125,185
b) other interest and similar income	1731	2.2.14	731	1,583,453	732	4,243,396
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, 4, 6	665	-409,977,131	666	-626,707,015
14. Interest payable and similar expenses	1627		627	-378,520,823	628	-263,510,852
a) concerning affiliated undertakings	1629	2.2.14, 10.1,10.3	629	-192,064,558	630	-146,287,485
b) other interest and similar expenses	1631	2.2.14, 10.1/2, 10.5	631	-186,456,266	632	-117,223,367
15. Tax on profit or loss	1635	16	635	-	636	-
16. Profit or loss after taxation	1667		667	-752,597,638	668	-870,334,914
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	-752,602,453	670	-870,339,729

Note 1 – General information

Adler Group S.A. (hereafter the "Company") previously known as ADO Properties S.A. was incorporated in Cyprus as Swallowbird Trading & Investments Limited on 13 November 2007 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office was situated in Larnaca, Cyprus. On 8 June 2015, the Company deleted its registration in Cyprus and moved its registered office and central administration to Luxembourg.

The Company adopted the form of a private limited liability company (société à responsabilité limitée) under Luxembourg law. The Company was then converted to a public limited liability company (société anonyme) for an unlimited duration under the Luxembourg law by decision of the General Meeting of Shareholders dated 16 June 2015 and changed its name to ADO Properties S.A.

The Company changed its name from ADO Properties S.A. to Adler Group S.A. by decision of the General Meeting of Shareholders dated 29 September 2020.

The Company is registered under the RCS number B197554 in Luxembourg.

On 23 July 2015, the Company completed an initial public offering ("IPO") and its shares are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The Company has its registered office at 55 Allée Scheffer, L-2520 Luxembourg. The Company's financial year starts 1 January and ends 31 December of each year.

The object of the Company is the acquisition and holding of interests in Luxembourg and/or in foreign undertakings, as well as the administration, development and management of such holdings. The Company may provide financial assistance to the undertakings forming part of the Group of the Company such as the providing of loans and granting of guarantees or securities in any kind or form.

The Company may also utilise its funds to invest in real estate and, provided such investment is ancillary to or related to the acquisition, holding, administration, development and management of the undertaking forming part of the Group of the Company, the Company may invest in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and may privately issue bonds, notes or similar debt instruments.

The annual accounts of the Company are prepared under the provision of the law applicable for commercial companies in Luxembourg.

The Company also prepares consolidated financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The copies of the consolidated financial statements are available at the registered office of the Company or at https://adler-group.com

Note 2 — Summary of significant accounting and valuation policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that these annual accounts present the financial position and results fairly.

The books and records are maintained in EUR and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

The accounting policies applied to prepare these annual accounts are in conformity with the going concern principle.

The Ukraine conflict and its impact on the Group

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

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

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

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

Market fluctuations and sanctions against investors from the Russian Federation make refinancing more difficult. As a company with a weak credit rating, the Group might be affected.

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

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

The value of investment properties, contract balances, inventories and financial assets and liabilities as at 31 December 2024 reflects the economic conditions in existence at that date.

Going concern

In 2024, Adler Group continued to face persistent challenges due to market weakness in the German real estate sector. Inflationary pressures, elevated borrowing costs, and greater asset devaluations than expected shook investor confidence and curtailed transaction volumes. The initial restructuring plan, agreed in early 2023 foresaw assets being sold to repay debt. This plan was revisited in light of the strained ability to dispose of assets at favourable prices under these market conditions.

In response, Adler Group proactively revised its restructuring concept, focusing on two key pillars: (i) a revised business plan to restructure the Group's most challenging assets while positioning the company to benefit from the anticipated market recovery, and (ii) a financial restructuring plan to improve the Group's cash position, stabilise the debt structure by postponement of maturities beyond 2026/27 and provide a sufficient equity position until maturity of Adler Group's prolonged debt in order to provide a solid foundation for the Group's going concern for at least, but not limited to, the next two years.

Management was able to complete the comprehensive recapitalisation and the extension of the debt maturities combined with new liquidity on 19 September 2024, the restructuring effective date. For further details on this, please refer to "Note 19 – Material events in the Reporting Period and Subsequent events". In addition, Adler Group was able to successfully prolong several secured bank loans until 2028.

The recent measures, coupled with the projected recovery of the real estate market and a more stable economic environment, bolsters the Group's assertion of its going concern status, underpinning its capability to fulfil financial commitments, dispose of assets, satisfy liabilities and to reduce future interest requirements in the ordinary course of operations.

Nevertheless, despite proactive measures, the going concern assessment is inherently subject to certain risks and uncertainties. The consolidated financial statements of Adler Group S.A., as per International Financial Reporting Standards, presuppose the entity's ability to continue as a going concern. This is predicated on successful negotiations with creditors to sustain the business, realise asset sales, and settle liabilities in the ordinary course of business for the foreseeable future, which is assessed to be at least, but not limited to, two years from the reporting date.

2.2 Significant accounting and valuation policies

The main accounting and valuation rules applied by the Company are the following:

2.2.1. Currency translation

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are valued individually at the lower, respectively the higher, of their value at the historical exchange rate or their value determined at the exchange rates prevailing at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. Realised exchange gains and realised exchange losses are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above, the net unrealised losses are recorded in the profit and loss account, and the net unrealised exchange gains are not recognised.

2.2.2. Formation expenses

Formation expenses include expenses incurred for the IPO, capital increase, bond issuance, notes issuance, new money facility costs and costs incurred on revolving credit facilities as well as issuance costs related to refinanced facilities and additional note issuances (including Facility 1L, Facility 1.5L, Loan Notes 2L and 3L. 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). They also include issuance costs related to refinancing transactions and additional note issuances, such as those related to Facility 1L, Facility 1.5L, Loan Notes 2L and 3L.

In EUR	31 Dec 2024	31 Dec 2023
Gross book value - opening balance	198,505,301	104,672,137
Additions for the year	162,096,257	93,833,164
(Disposals for the year)	(95,129,741)	-
Gross book value - closing balance	**265,471,817**	**198,505,301**
(Accumulated value adjustments - opening balance)	(126,757,071)	(71,001,802)
(Additions for the year net)	(38,787,875)	(55,755,269)
(Accumulated value adjustments - closing balance)	**(165,544,946)**	**(126,757,071)**
Net book value - closing balance	**99,926,871**	**71,748,230**
Net book value - opening balance	**71,748,230**	**33,670,335**

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

Nature and date of the formation expenses In EUR	2024	2023
NMF Facility Issuance Costs in April 2023	-	90,421,244
Copper Notes Issuance Costs in October 2023	-	3,411,920
Facility 1L Issuance Costs	113,728,293	-
Facility 1.5L Issuance Costs	19,373,842	-
Loan Note 2L (Reinstated) Issuance Cost	6,672,108	-
Loan Note 3L (Sub.) Issuance Costs	22,322,014	-
Total	**162,096,257**	**93,833,164**

Note 4 – Financial assets

4.1 Shares in affiliated undertakings

The movements are as follows:

In EUR	31 Dec 2024	31 Dec 2023
Gross book value - opening balance	4,364,088,374	4,334,276,428
Additions for the year	83,500	2,098,661,663
(Disposals for the year)	(18,000)	(2,068,849,717)
Gross book value - closing balance	**4,364,153,874**	**4,364,088,374**
(Accumulated value adjustments - opening balance)	(2,212,330,826)	(1,831,712,669)
(Additions for the year)	(186,635,153)	(380,618,157)
Reversals for the year	222,768	-
(Accumulated value adjustments - closing balance)	**(2,398,743,211)**	**(2,212,330,826)**
Net book value - closing balance	**1,965,410,663**	**2,151,757,548**
Net book value - opening balance	**2,151,757,548**	**2,502,563,760**

In 2024, the Company recorded structural adjustments and conservative revaluations relating to its participations in affiliated undertakings. The net book value decreased to EUR 1,965,410,663 (2023: EUR 2,151,757,548). These changes reflect the continued alignment of the Group's portfolio with internal reorganisation measures and updated valuation inputs.

Changes in ownership:

An increase of EUR 83,500 was recorded, corresponding to the acquisition of the remaining non-controlling interests in Consus Real Estate AG, following a squeeze-out procedure completed on 18 April 2024. The transaction resulted in the full consolidation of the entity within the Group's holding structure.

A derecognition of EUR 18,000 was also recorded in relation to ADO Finance B.V., following the removal of a dormant participation at residual value. This had no economic impact and was part of the year-end clean-up.

During the year, five affiliated entities were transferred to Adler Group Intermediate Holding S.à r.l. through a capital contribution without consideration. However, in line with the Group's conservative valuation approach, impairments were recorded on these participations, reducing their net book value to zero. The overall impact on the balance sheet remained neutral.

Value adjustments:

Throughout the reporting period, the Company recognised several value adjustments within profit and loss on participations in affiliated undertakings. The main movements are summarised below:

- ADO Lux EEME S.à r.l.: 2023: EUR (835,531,232) → 2024: EUR (992,412,013)
  Additional impairment: EUR (156.880.781)
- Adler Real Estate GmbH: 2023: EUR (43,475,876) → 2024: EUR (73,133,010)
  Additional impairment: EUR (29,657,134)
- Consus Real Estate AG: 2023: EUR (116,639,022) → 2024: EUR (116,722,522)
  Additional impairment: EUR (83,500.00), linked to the squeeze-out
- RAFFA Verwaltung GmbH: 2023: EUR (15,484) → 2024: EUR (21,647)
  Additional impairment: EUR (6,163); entity fully impaired
- Songbird 2 ApS: 2023: EUR (25,120,500) → 2024: EUR (24,897,732)
  Partial reversal of impairment: EUR 222,768
- Artists Living Frankfurt SSc, Dev, Com: 2023: EUR (0) each → 2024: EUR 0.12 each
  Full impairment of investment during the year

These adjustments were made in accordance with the Group's accounting policies and reflect a prudent approach to asset valuation.

As of year-end, the Company held the following shares in affiliated undertakings:

Company	Registered country	Ownership 2024 %	Ownership 2023 %
Adler Group Intermediate Holding S.à r.l.	Luxembourg	100.00	100.00
Adest Grundstücks GmbH	Germany	10.10	10.10
Adler Immobilien Management GmbH	Germany	-	100.00
Adler Properties GmbH	Germany	-	100.00
ADLER Real Estate GmbH (formerly ADLER Real Estate AG)	Germany	13.20	13.20
Adler Treasury GmbH	Germany	-	100.00
ADO 9110 Holding GmbH	Germany	10.10	10.10
ADO 9360 Holding GmbH	Germany	10.10	10.10
ADO 9540 Holding GmbH	Germany	10.10	10.10
ADO 9580 Holding GmbH	Germany	10.10	10.10
Adler Living GmbH (formerly ADO Living GmbH)	Germany	100.00	100.00
ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00
ADO SBI Holdings S.A. & Co. KG	Germany	94.00	94.00
ADO Sonnensiedlung S.à r.l.*	Luxembourg	10.10	10.10
Adoa Grundstücks GmbH	Germany	10.10	10.10
Adom Grundstücks GmbH	Germany	10.10	10.10
Adon Grundstücks GmbH	Germany	10.10	10.10
AGPS BondCo PLC	United Kingdom	100.00	100.00
Alexandra Properties B.V.	Netherlands	10.10	10.10
Anafa 1 Grundstücks GmbH	Germany	10.10	10.10
Anafa 2 Grundstücks GmbH	Germany	10.10	10.10
Arafel Grundstücks GmbH	Germany	10.10	10.10
Artists Living Frankfurt Com GmbH & Co. KG	Germany	10.10	10.10
Artists Living Frankfurt Dev GmbH	Germany	10.10	10.10
Artists Living Frankfurt SSc GmbH & Co. KG	Germany	10.10	10.10
Bamba Grundstücks GmbH	Germany	10.10	10.10
Barbur Grundstücks GmbH	Germany	10.10	10.10
Berale Grundstücks GmbH	Germany	10.10	10.10
Bombila Grundstücks GmbH	Germany	10.10	10.10
Bosem Grundstücks GmbH	Germany	10.10	10.10
CCM City Construction Management GmbH	Germany	-	100.00
Central Facility Management GmbH	Germany	-	100.00
Consus Real Estate AG	Germany	13.22	10.10
Drontheimer Str. 4 Grundstücks GmbH	Germany	10.10	10.10
Dvash 1 Holding GmbH	Germany	10.10	10.10
Dvash 2 Holding GmbH	Germany	10.10	10.10

Company	Registered country	Ownership 2024 %	Ownership 2023 %
Dvash 3 B.V.	Netherlands	11.00	11.00
Eldalote Grundstücks GmbH	Germany	10.10	10.10
Gamad Grundstücks GmbH	Germany	10.10	10.10
GAMAZI Grundstücks GmbH	Germany	10.10	10.10
Geshem Grundstücks GmbH	Germany	10.10	10.10
Geut Grundstücks GmbH	Germany	10.10	10.10
Gozal Grundstücks GmbH	Germany	10.10	10.10
Hanpaka Holding GmbH	Germany	10.10	10.10
Horef Holding GmbH	Germany	10.10	10.10
Jessica Properties B.V.	Netherlands	10.10	10.10
Joysun 1 B.V.	Netherlands	100.00	100.00
Joysun 2 B.V.	Netherlands	100.00	100.00
KREMBO Grundstücks GmbH	Germany	10.10	10.10
Lavlav 1 Grundstücks GmbH	Germany	10.10	10.10
Lavlav 2 Grundstücks GmbH	Germany	10.10	10.10
Lavlav 3 Grundstücks GmbH	Germany	10.10	10.10
Lavlav Grundstücks GmbH	Germany	10.10	10.10
Marbien B.V.	Netherlands	10.10	10.10
Mastik Grundstücks GmbH	Germany	10.10	10.10
Matok Grundstücks GmbH	Germany	10.10	10.10
Meghan Properties B.V.	Netherlands	10.10	10.10
Mezi Grundstücks GmbH	Germany	10.10	10.10
Muse Grundstücks GmbH	Germany	10.10	10.10
Nehederet Grundstücks GmbH	Germany	10.10	10.10
Neshama Grundstücks GmbH	Germany	10.10	10.10
NUNI Grundstücks GmbH	Germany	10.10	10.10
Osher Grundstücks GmbH	Germany	10.10	10.10
Papun Grundstücks GmbH	Germany	10.10	10.10
Parpar Grundstücks GmbH	Germany	10.10	10.10
Pola Grundstücks GmbH	Germany	10.10	10.10
Artists Living II Verwaltungs GmbH (formerly RAFFA Verwaltungs GmbH)	Germany	100.00	100.00
Reshet Grundstücks GmbH	Germany	10.10	10.10
Rimon Holding GmbH	Germany	10.10	10.10
Sababa 18. Grundstücks GmbH	Germany	10.10	10.10
Sababa 19. Grundstücks GmbH	Germany	10.10	10.10
Sababa 20. Grundstücks GmbH	Germany	10.10	10.10

Company	Registered country	Ownership 2024 %	Ownership 2023 %
Sababa 21. Grundstücks GmbH	Germany	10.10	10.10
Sababa 22. Grundstücks GmbH	Germany	10.10	10.10
Sababa 23. Grundstücks GmbH	Germany	10.10	10.10
Sababa 24. Grundstücks GmbH	Germany	10.10	10.10
Sababa 25. Grundstücks GmbH	Germany	10.10	10.10
Sababa 26. Grundstücks GmbH	Germany	10.10	10.10
Sababa 27. Grundstücks GmbH	Germany	10.10	10.10
Sababa 28. Grundstücks GmbH	Germany	10.10	10.10
Sababa 29. Grundstücks GmbH	Germany	10.10	10.10
Sababa 30. Grundstücks GmbH	Germany	10.10	10.10
Sababa 31. Grundstücks GmbH	Germany	10.10	10.10
Sababa 32. Grundstücks GmbH	Germany	10.10	10.10
Seret Grundstücks GmbH	Germany	10.10	10.10
Sheket Grundstücks GmbH	Germany	10.10	10.10
Silan Grundstücks GmbH	Germany	10.10	10.10
Sipur Grundstücks GmbH	Germany	10.10	10.10
Songbird 1 ApS	Denmark	100.00	100.00
Songbird 2 ApS	Denmark	100.00	100.00
Stav Grundstücks GmbH	Germany	10.10	10.10
Tamuril Grundstücks GmbH	Germany	10.10	10.10
Tara Grundstücks GmbH	Germany	10.10	10.10
Tehila 1 Grundstücks GmbH	Germany	10.10	10.10
Tehila 2 Grundstücks GmbH	Germany	10.00	10.10
Tehila Grundstücks GmbH	Germany	10.10	10.10
Trusk Grundstücks GmbH	Germany	10.10	10.10
TUSSIK Grundstücks GmbH	Germany	10.10	10.10
Yabeshet Grundstücks GmbH	Germany	10.10	10.10
Yadit Grundstücks GmbH	Germany	10.10	10.10
Yahel Grundstücks GmbH	Germany	10.10	10.10
Yarok Grundstücks GmbH	Germany	10.10	10.10
Yussifun Grundstücks GmbH	Germany	10.10	10.10
Zamir Grundstücks GmbH	Germany	10.10	10.10
Zman Grundstücks GmbH	Germany	10.10	10.10

* ADO Sonnensiedlung S.à r.l. is exempted pursuant to Article 70 (1) of the Luxembourg Law of 10 August 2002 from the requirement to prepare, audit and publish its annual accounts for the financial year ending 31 December 2024.

4.2 Loans to affiliated undertakings

The movements are as follows:

In EUR	31 Dec 2024	31 Dec 2023
Gross book value - opening balance	2,320,140,208	1,878,420,169
Additions for the year	81,597,212	483,595,119
(Repayments during the year)	(52,540,890)	-
Transfers during the year	-	(41,875,079)
Gross book value - closing balance	**2,349,196,530**	**2,320,140,208**
(Accumulated value adjustments - opening balance)	(1,260,523,566)	(1,110,491,344)
(Additions for the year)	(220,489,663)	(191,907,301)
Transfers during the year	-	41,875,079
(Accumulated value adjustments - closing balance)	**(1,481,013,228)**	**(1,260,523,566)**
Net book value - closing balance	**868,183,302**	**1,059,616,643**
Net book value - opening balance	**1,059,616,643**	**767,928,824**

As of 31 December 2024, the loans to affiliated undertakings are as follows:

The loan to ADO Lux Finance S.à r.l. amounts to EUR 1,234,786,976 (2023: EUR 1,226,170,184). The partial impairment in the value of the loan totals EUR 771,017,010 (2023: EUR 620,027,348).

The loans to Adler Real Estate AG amount to EUR 111,669,244 and EUR 292,744,091 respectively (2023: EUR 164,210,134 and EUR 289,263,671). These loans are interest-free. During the year, a repayment of EUR 52,540,890 was recorded on the first loan.

The loan to Consus Real Estate AG, granted during the year, amounts to EUR 69,500,000 (2023: nil). This loan was fully impaired at the end of the year.

The loan to Consus Swiss Finance AG amounts to EUR 640,496,218 (2023: EUR 640,496,218). The impairment in the value of the loan, totalling EUR 640,496,218, remains unchanged (2023: EUR 640,496,218).

The interest income from loans to affiliated undertakings amounts to EUR 171,486,282 (2023: EUR 113,441,274).

4.3 Investments held as fixed assets

The movements are as follows:

In EUR	31 Dec 2024	31 Dec 2023
Gross book value - opening balance	19,806,613	19,806,613
Gross book value - closing balance	**19,806,613**	**19,806,613**
(Accumulated value adjustments - opening balance)	(19,464,063)	(11,574,363)
(Additions for the year)	(298,350)	(7,889,700)
(Accumulated value adjustments - closing balance)	**(19,762,413)**	**(19,464,063)**
Net book value - closing balance	**44,200**	**342,550**
Net book value - opening balance	**342,550**	**8,232,250**

Investments held as fixed assets relate to the bond from Aggregate Holdings S.A., which had a carrying value of EUR 44,200 at the end of the year (2023: EUR 342,550). During the year, the Company recognised an additional impairment of EUR 298,350, reflecting a further decline in the estimated recoverable amount of the investment.

The total accumulated impairment on this bond amounts to EUR 19,762,413 as at year-end (2023: EUR 19,464,063).

The Company recorded EUR 2,132,953 in interest income from this investment during the year (2023: EUR 2,213,709).

This amount was fully value adjusted in both years.

4.4 Other loans

The movements are as follows:

In EUR	31 Dec 2024	31 Dec 2023
Gross book value - opening balance	60,565,109	60,356,268
Additions for the year	-	208,841
Gross book value - closing balance	**60,565,109**	**60,565,109**
(Accumulated value adjustments - opening balance)	(6,426,857)	-
(Additions for the year)	-	(6,426,857)
Reversals for the year	654,567	-
(Accumulated value adjustments - closing balance)	**(5,772,290)**	**(6,426,857)**
Net book value - closing balance	**54,792,819**	**54,138,252**
Net book value - opening balance	**54,138,252**	**60,356,268**

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.

During the year, a partial reversal of impairment was recorded on the loan to Taurecon Lux Invest III GmbH, the accumulated value adjustments at the end of the year amounts to EUR 4,891,347 (2023: EUR 5,545,914). The impairment on Taurecon Invest XII GmbH, totalling EUR 880,943, remains unchanged (2023: EUR 880,943). The interest income from other loans for the year amounted to EUR 2,608,594 (2023: EUR 2,592,487).

Note 5 - Debtors

5.1 Trade debtors

In EUR	31 Dec 2024	31 Dec 2023
Becoming due and payable within one year		
Trade receivables	-	18,079
Total	**-**	**18,079**

5.2 Amounts owed by affiliated undertakings

In EUR	31 Dec 2024	31 Dec 2023
Becoming due and payable within one year		
Management fees due from affiliated companies	13,796,037	9,196,659
Other amounts owed by affiliated undertakings	295,264,529	162,509,303
Total	**309,060,566**	**171,705,961**

Management fees

Management fees receivable from affiliated companies represent fees for management services provided to Adler RE, Consus Real Estate AG, Adler Properties GmbH. As of 31 December 2024, the recorded management fees amounted to EUR 13.796.037 (2023: EUR 9,196,659), are broken down as below:

- Adler Properties GmbH: Management fees receivable amount to EUR 9,899,136 (2023: EUR 8,551,753) – accumulated value adjustment at year end amounts to EUR 9.899.136 (2023: EUR 8,207,102).
- Adler Real Estate GmbH: Management fees receivable amount to EUR 13,824,935 (2023: EUR 8,729,531) – No value adjustment.
- Consus Real Estate AG: Management fees receivable amount to EUR 26,227,147 (2023: EUR 20,685,767) – Accumulated value adjustment at year end amounts to EUR 26,256,044 (2023: EUR 20,563,290).

Other amounts owed by affiliated undertakings

Other amounts owed by affiliated undertakings have experienced significant growth during the year, with notable changes highlighted below:

- Yanshuf Investment, accumulating nominal and interest amounts totalling EUR nil (2023: 8,154,266). The loan and related interest were fully repaid during the year.
- Yona Investment, amounting to EUR nil (2023: 4,127,468). The loan and related interest were fully repaid during the year.
- Wilhelmstr. 56-59 GmbH, reflecting EUR 118,610,130 (2023: 111,099,743) - Accumulated value adjustment at year end amounts to EUR 52,032,465 (2023: EUR 26,309,746).
- ADO Lux Finance S.à r.l., accumulating interest of EUR 133,283,281 (2023: EUR 36,566,744).
- Consus Swiss Finance AG, accumulating interest of EUR 143,163,485 (2023: EUR 84,774,775) - Accumulated value adjustment at year end amounts to EUR 65,253,646 (2023: EUR 64,487,432).

During the year, the Company made payments "on behalf of" certain affiliated entities due to their lack of a dedicated bank account or insufficient cash reserves to support their operational activities. Key "payments on behalf of" during the year are outlined as follows:

- ADO FC Management Unlimited Company EUR 357,804 (2023: EUR 279,575).
- Receivables from AGPS BondCo PLC, EUR nil (2023: EUR 2,375,978).
- Receivables from Adler Group Intermediate Holdings S.à r.l., EUR 294,596 (2023: EUR 256,657).
- Receivables from Artist Living Frankfurt, EUR 1,606,000 (2023: EUR 669,000) - Accumulated value adjustment at year end amounts to EUR 1,193,851 (2023: EUR 669,000).
- Receivables from Adler Treasury GmbH, EUR 16,000,000 (2023: EUR 7,000,000). A reclassification of EUR 1,000,000 was made from Adler Treasury GmbH to Adler Properties GmbH. Accumulated value adjustment at year end amounts to EUR 3.059.185 (2023: nil)

5.3 Other debtors

In EUR	31 Dec 2024	31 Dec 2023
Becoming due and payable within one year		
VAT receivable	5,349,615	21,253,442
Advance tax payments	31,166	42,870
Advance foreign tax payments	9,680	16,982
Other receivables	13,397,703	19,120,331
Total	**18,788,164**	**40,433,625**

Other receivables are principally composed of a total amount of EUR 10,902,506 (2023: EUR 10,472,751) – Accumulated value adjustment at year end amounts to EUR 5,365.141 (2023: EUR 4,244,973), owed by a minority shareholder of affiliated undertakings.

The remaining portion of other debtors is composed of accrued interest receivable from bonds and loans given are detailed as below:

- EUR 23,143,847 (2023: EUR 15,170,847) with an accumulated value adjustment balance at year end amounting to EUR 15,283.509 (2023: EUR 7,503,627) is a receivable from Consus RE GmbH, a subsidiary of Consus Real Estate AG and;
- EUR 4,563,120 (2023: EUR 2,430,167) completely impaired at year end. This receivable was from Aggregate Holdings SA and;
- EUR 7,702,089 (2023: EUR 5,131,479) and EUR 131,838 (2023: EUR 93,854) are interest receivables from third parties. These receivables are fully impaired at the end of the year.

Note 6 – Other investments

Other investments primarily consist of investments in bonds. The amount of EUR 39,865,000 (2023: EUR 39,865,000) was fully impaired in the prior year, with no remaining balance as of 2023 either. It refers to a bond held by Consus RE GmbH, a subsidiary of Consus Real Estate AG.

In 2024, interest income from other bond investments totalled EUR 7,973,000 (2023: EUR 7,973,000).

Interest income has been fully value adjusted during the year.

Note 7 – Prepayments

Prepayments mainly consist of an insurance premium of EUR 4,334,208 (2023: EUR 5,853,123) related to multi-year coverage for Directors & Officers (D&O) insurance and other contractual insurance obligations.

In 2023, the balance also included the net value of the discount on certain corporate bonds. Following the financial restructuring of the Group in 2024, these corporate bonds were derecognised and replaced by reinstated second lien (2L Reinstated) and newly issued 2L Perpetual loan note. As a result, the remaining prepayment balance related to the bond discount was fully released to the profit or loss account. Please refer to Note 10.1 for further details.

Note 8 – Capital

8.1 Subscribed capital

Subscribed capital amounts to EUR 188,016 (2023: EUR 188,016) and is divided into 151,626,107 dematerialised shares without nominal value, all of which are fully paid up.

Pursuant to the resolutions adopted on 12 April 2023, the Board of Directors decided to increase the share capital by an amount of EUR 42,304 through the issuance of 34,115,874 dematerialised shares without nominal value. The shares were subscribed on 24 April 2023.

There has been no movement in share capital during the year.

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

The movements are as follows:

In EUR	2024	2023
Subscribed capital - opening balance	188,016	145,713
Subscriptions for the period	-	42,303
Subscribed capital - closing balance	**188,016**	**188,016**

8.2 Share premium

The movements are as follows:

In EUR	2024	2023
Share premium and similar premiums - opening balance	2,242,906,370	2,242,906,370
Movements for the year	-	-
Share premium and similar premiums - closing balance	**2,242,906,370**	**2,242,906,370**

8.3 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve after deduction of any losses brought forward, until this reserve equals 10% of the subscribed share capital. This reserve is non-distributable during the life of the Company. The appropriation to legal reserve is effected after approval at the General Meeting of shareholders.

8.4 Movements during the year on the reserves and profit and loss items

The movements during the year 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**	**(2,532,973,954)**	**(870,339,729)**
Movements for the year				
Allocation of prior year's result	-	-	(870,339,729)	870,339,729
Result of the year	-	-	-	(752,602,453)
At the end of the year	**14,571**	**437,488**	**(3,403,313,683)**	**(752,602,453)**

Note 9 – Provisions

Other provisions

Other provisions are mainly presented as follows:

In EUR	31 Dec 2024	31 Dec 2023
Provision for audit services	1,219,500	2,903,200
Provision for KPMG tax services	-	60,000
Provision for costs relating to the bond issuance	-	8,077
Provision for project "Titanium"*	6,957,020	-
Other provisions	26,969	-
Provision for operating costs (HR, legal, cover expenses)	113,638	-
Total	**8,317,127**	**2,971,277**

(*) A portion of the other provisions recognised in 2024 relates to advisory and implementation costs linked to Project Titanium, the Group’s financial restructuring plan executed during the year.

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	2024 Total	2023 Total
10.1 Non-convertible debenture loans - principal	-	-	-	-	3,391,000,000
Non-convertible debenture loans - accrued interest	-	-	-	-	159,691,771
10.1 Convertible debenture loans - principal	-	-	-	-	-
Convertible debenture loans - accrued interest	-	-	-	-	-
10.2 Amounts owed to credit institutions	2,000,000	6,000,000	84,500,000	92,500,000	94,500,000
Trade creditors	2,750,551	-	-	2,750,551	4,755,557
10.3 Amounts owed to affiliated undertakings	117,953,815	143,223,159	3,041,900,000	3,303,076,973	217,246,287
10.4 Tax and social security debts	3,564,866	-	-	3,564,866	21,672,019
10.5 Other creditors	3,009,370	-	1,846,585,068	1,849,594,439	923,419,525
Total	**129,278,602**	**149,223,159**	**4,972,985,068**	**5,251,486,829**	**4,812,285,158**

10.1 Amounts owed to affiliated undertakings/ Debenture loans

As at 31 December 2024, the Company is fully compliant with all financial covenant requirements.

The Group's non-convertible debenture loans amounted to EUR 3,041,900,000 in principal (2023: EUR 3,391,000,000) and EUR 53,223,159 in accrued interest (2023: EUR 159,691,771).

In 2024, the Group implemented a significant financial restructuring through a transaction known as Project Titanium. This process led to the cancellation, amendment, or transformation of several existing loan instruments, including non-convertible debenture loans. These changes affected both the principal amounts and accrued interest.

Due to the restructuring the debenture loans including accrued interests for a total amount of EUR 3,095,123,159 are due to the group company AGPS Bondco and are presented as amounts owed to affiliated companies.

Instruments impacted by the restructuring

A number of legacy instruments previously classified as non-convertible debenture loans were either repaid, reinstated under new terms, or converted into new debt facilities. The table below summarises these changes:

Former Instrument (interest & maturity)	Nominal Value (EUR)	2024 Treatment
Global Note (21%, due 2025)	191,000,000	Fully repaid
2024 Loan Note (1.5%)	400,000,000	Converted into Facility 1.5L (4.25%) – see Note 10.5(*)
2025 Loan Note (3.25%)	400,000,000	Reinstated into 3L Subordinated Loan Note
2026 Loan Note (2.75%)	400,000,000	Reinstated into 3L Subordinated Loan Note
2026 Loan Note (1.875%)	700,000,000	Reinstated into 2L Reinstated Loan Note
2027 Loan Note (2.25%)	500,000,000	Reinstated into 3L Subordinated Loan Note
2029 Loan Note (2.25%)	800,000,000	Reinstated into 3L Subordinated Loan Note

(*) Note: The 2024 Loan Note was not repaid but was converted into a new Facility 1.5L (4.25%). Due to its modified structure and contractual terms, it is no longer classified as a non-convertible debenture loan and is now disclosed under Note 10.5 – Other Creditors.

New instruments issued in 2024

As part of the restructuring, the Group issued the following new instruments bearing PIK interest at 6.250% per annum, increasing to 8.250% in case of late payment:

- 2L Reinstated Loan Note, with a nominal value of EUR 700,000,000, maturing in January 2030
- 3L Subordinated Loan Note, with a nominal value of EUR 2,341,900,000, with no fixed maturity

These instruments bear payment-in-kind (PIK) interest and replaced legacy non-convertible loan instruments.

Both, the subordinated notes as well as the reinstated notes include several obligations and information covenants referring to the maintenance of the centre of commercial interest in the Duchy of Luxembourg, the notification of any event of default and financial information on the transaction collateral. Furthermore, the terms and conditions contain among others limitations on mergers, limitations of contributions to the Consus Sub-group of EUR 265,000,000, limitations of share buy-backs and payments of dividends. With regard to the reinstated notes a maintenance loan-to-value ratio of 90% applies.

Accrued interest movements

As at 31 December 2024, the accrued interest on non-convertible debenture loans amounted to EUR 53,223,159, compared to EUR 159,691,771 as at 31 December 2023.

Accrued interest capitalised into the new instruments included:

- Accrued interest – 2L Reinstated Loan Note: EUR 12,247,678
- Accrued interest – 3L Subordinated Loan Note: EUR 40,975,481

Supporting documentation

All restructuring steps were formalised through signed contractual documents, including:

- Deed of Termination and Release
- 2L Reinstated Loan Note Instrument and Certificate
- 3L Subordinated Loan Note Instrument and Certificate
- Consideration Agreement

All documents were executed on 19 September 2024.

10.2 Amounts owed to credit institutions

In March and April 2021, the Company raised a secured banking loan of EUR 100 million in total from Commerzbank Aktiengesellschaft, bearing a fixed interest rate of 1.25% p.a. and maturing on 30 June 2028.

The loan is secured by transactional security arrangements, including pledges over shares of group companies, bank accounts, and intercompany receivables.

In 2024, the Company incurred a total interest expense of EUR 1,197,847 (2023: EUR 1,210,174) on loans owed to credit institutions.

10.3 Amounts owed to affiliated undertakings

In EUR	31 Dec 2024	31 Dec 2023
Adler Real Estate GmbH (formerly: Adler Real Estate AG)	1,213,455	115,866,753
Adler Real Estate GmbH (formerly: Adler Real Estate AG)	182,613,890	-
A.D.O Group L.t.d	-	79,389,726
Other related parties	3,119,249,628	21,989,807
Total	**3,303,076,973**	**217,246,287**

Throughout the reporting period, the Company engaged in several intra-group financing transactions, primarily with Adler Real Estate GmbH (formerly Adler Real Estate AG), ADO Group Ltd, and other affiliated undertakings. For clarity, the most significant loan arrangements are presented below under the designations Loan A, Loan B, and Loan C.

Loan A – EUR 115 million loan from Adler Real Estate GmbH

On 22 December 2023, the Company received an intra-group loan of EUR 115 million from Adler Real Estate GmbH. This loan carried an annual interest rate of 27.51%. As of 31 December 2024, the accrued interest totalled EUR 1,213,455 (2023: EUR 866,753). The principal was fully repaid on 4 January 2025; however, the accrued interest remained outstanding at year-end.

Loan B – EUR 75 million loan from Adler Real Estate GmbH, later transferred

In July 2023, the Company received a loan of EUR 75 million from Adler Real Estate GmbH. The entire amount was drawn during the same year. On 31 December 2023, the loan together with accrued interest of EUR 4,389,726 was transferred to ADO Group Ltd, with no changes to the original contractual terms. Later, on 31 August 2024, the loan was reassigned to Adler Real Estate GmbH. As of 31 December 2024, the principal remained outstanding at EUR 75,000,000, and accrued interest amounted to EUR 14,166,438. The loan bears interest at 13% per annum and is due to mature on 30 June 2025.

Loan C – EUR 110 million credit facility from Adler Real Estate GmbH

On 25 July 2024, Adler Real Estate GmbH granted the Company a new intra-group loan facility of up to EUR 110 million. The facility bears interest at 11.76% per annum and has a contractual maturity date of 31 March 2026. During the reporting period, EUR 90 million were drawn. As of 31 December 2024, the outstanding principal amounted to EUR 90,000,000, with accumulated interest totalling EUR 3,347,452.

Other related parties mainly consist of the following balances:

- Bosem Grundstücks GmbH: EUR 6,502,045 (2023: EUR 6,502,045)
- Adler Treasury GmbH: EUR 8,223,165 (2023: EUR 8,223,165)
- ABO SBI Holdings S.A & Co. KG: EUR 2,212,756 (2023: EUR 2,212,756)
- Management fees payable to affiliated undertakings: EUR 3,552,297 (2023: EUR 1,757,183)

10.4 Tax and social security debts

In EUR	31 Dec 2024	31 Dec 2023
Becoming due and payable within one year		
Social security debts	14,519	9,578
VAT payable	2,726,460	21,631,248
Tax on salaries	765,868	5,042
Tax on director fees	58,018	26,150
Total	**3,564,866**	**21,672,019**

10.5 Other creditors

In EUR	31 Dec 2024	31 Dec 2023
Becoming due and payable within one year		
Amount payable to staff	3,008,443	1,668,199
Other creditors	927	927
Becoming due and payable after more than one year		-
Loans and similar debts (Facility 1L & 1,5L)	1,846,585,068	921,750,399
Total	**1,849,594,439**	**923,419,525**

In the context of the Group's capital structure optimisation, significant changes occurred during the financial year 2024, notably following the implementation of the financial restructuring plan, which became effective on 19 September 2024. This plan led to the transformation and consolidation of existing financial liabilities, as reflected in the balance of EUR 1,846,585,068 reported under "Loans and similar debts" as at 31 December 2024.

This total includes two newly structured facilities: the 1st Lien Facility (1L) and the 1.5 Lien Facility (1.5L), which replaced legacy financing instruments.

The 1st Lien Facility (maturing in 2028, with an interest rate of 12.5%) results from the conversion of the former New Money Facility (NMF) and is composed of EUR 1,017,825,549 relating to SA and Adler Real Estate (ARE), and EUR 93,263,800 relating to the N-Platform. Accrued interest amounts to EUR 36,283,700 and EUR 3,324,691, respectively. The total outstanding amount under the 1L Facility therefore stands at EUR 1,150,697,740 as at year-end.

The 1.5 Lien Facility (maturing in 2029) was created in the context of the restructuring of the EUR 400 million Loan Note originally bearing 1.5% interest and maturing in 2025. The 1.5L Facility is split into two tranches: EUR 116,700,000 bearing 4.25% interest, and EUR 555,611,000 bearing 14% interest. Accrued interest on these components amounts to EUR 1,426,453 and EUR 22,149,875 respectively, resulting in a total of EUR 695,887,328 under the 1.5L Facility.

It should be noted that this instrument was previously classified under non-convertible debenture loans, as presented in Note 10.1 of the 2023 financial statements. Following the restructuring and the creation of the 1.5L Facility, the instrument is now recognised under this category.

At the end of the prior year, "Loans and similar debts" amounted to EUR 921,750,399, composed of the New Money Facility (12.5%, maturing in 2025) for EUR 846,737,671, accrued interest for EUR 70,081,295, and accrued commitment fees for EUR 4,931,432. In addition, accrued interest of EUR 28,734,177 was recognised on the 2027 Loan Note (bearing 1.5% interest), which was not part of the NMF total above.

Note 11 – Net turnover

The Company's net turnover is mainly composed of management fee services in an amount of EUR 17,138,063 (2023: EUR 29,988,633) and recharged fees in an amount of EUR nil (2023: EUR 3,368,572). 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	2024	2023
Consulting services - external	39,829,415	63,737,534
Accounting and audit fees	1,767,689	2,649,752
Legal fees	6,562,845	14,017,378
Capital market fees	653,807	1,084,748
Travel and entertainment costs - staff	127,876	173,333
Management fees - Adler Properties GmbH	2,071,394	1,067,434
Management fees - Adler subgroup	2,322,203	1,105,683
Management fees - Consus subgroup	1,034,760	251,011
Data processing	88,770	66,608
Real estate rental building and services	197,622	174,177
Commitments	108,824	5,281,541
Other fees	3,814,280	3,617,050
Total	**58,579,485**	**93,226,247**

Although other external expenses decreased in 2024 compared to the exceptional levels of 2023, they remain elevated due to the implementation of Project Titanium, the Group's financial restructuring plan executed during the year.

In 2023, the Company incurred significant advisory and legal costs in preparation for the restructuring. The implementation phase in 2024 continued to require extensive external support, particularly in legal, financial and compliance matters, but to a lesser extent than in the previous year. The decrease is visible across most categories, reflecting a gradual reduction in restructuring intensity while maintaining a high level of operational complexity.

Note 13 – Auditor’s remuneration

The decrease in 2024 (EUR 1,950,520 vs. EUR 3,170,000 in 2023) is mainly due to the consolidation of audit services under two audit firms, AVEGA Revision S.à r.l. and Domus Steuerberatungs AG. The 2023 amount was significantly higher as it also included fees related to the audits of financial years 2022 and 2023, performed by two separate audit firms. The auditor’s remuneration disclosed above includes fees related to audit work only.

In EUR	**2024**	**2023**
Audit fees:		
Thereof: AVEGA[**] Revision S.à r.l. 2022[*] Standalone	-	60,000
Thereof: AVEGA[**] Revision S.à r.l. 2022[*] Consolidation	-	1,200,000
Thereof: AVEGA[**] Revision S.à r.l. 2023 Standalone	-	60,000
Thereof: AVEGA[**] Revision S.à r.l. 2023 Consolidation	-	650,000
Thereof: Domus Steuerberatungs AG[**] 2022[*] Consolidation	-	600,000
Thereof: Domus Steuerberatungs AG[**] 2023 Consolidation	-	600,000
Thereof: Domus[**] Steuerberatungs AG 2024 Consolidation	499,500	
Thereof: AVEGA[**] Revision S.à r.l. 2024 Standalone	60,000	
Thereof: AVEGA[**] Revision S.à r.l. 2024 Consolidation	660,000	
Total	**1,219,500**	**3,170,000**

(*) Including fees incurred on the audit 2022

(**) Both AVEGA Revision and Domus Steuerberatungs AG are members of the Russell Bedford International Network

Note 14 – Staff

As of 31 December 2024, the Company has three full-time employees (2023: one) with an annual average of three employees (2023: two) 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	2024	2023
Directors fee granted to the members of the Board of Directors	856,014	963,250
Total	**856,014**	**963,250**

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

In EUR	2024	2023
Fixed salary	816,311	926,598
Short-term cash incentive	2,388,493	1,624,015
Other benefits	47,000	252,562
Consulting fees	250,000	195,833
Termination fee	6,637,980	-
Total	**10,139,783**	**2,999,008**

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 – Tax on profit or loss

A The Company is subject to all the taxes relevant to commercial companies in the Grand Duchy of Luxembourg.

Pillar Two Law

Adler Group S.A. prepares consolidated financial statements under IFRS. The following section is reproduced verbatim from the Group's consolidated financial statements for information purposes in these standalone annual accounts:

- The Company's Group is within the scope of the OECD/EU Pillar Two rules. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company's Group operates. The Ultimate Parent Entity is located in Luxembourg and, therefore, applies the Income Inclusion Rule ("IIR") for all jurisdictions where Pillar Two rules were not (fully) enacted. The legislation came into effect for the Group's financial year beginning on 1 January 2024.

- Under the legislation, the Copany's Group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15% minimum tax rate.
- The Company's Group performed an impact analysis of the OECD transitional safe harbour rules (as transposed into national legislation). The Company's Group concluded that the majority of jurisdictions will not be subject to top-up tax due to the application of one of the transitional safe harbour rules, with the exception of Israel where the impact is considered to be insignificant relative to the global operations of the Group.
- The Company's Group did not recognise any Pillar Two current tax for the year.
- The Company's Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Disclosure of carried-forward tax losses

- The management of Adler Group SA recognises based on the last filed tax return that the Company has EUR 3,133,783,487 of carried forward tax losses available as at 31 December 2022 and estimates approximately EUR 218,986,272 of additional tax losses up to 31 December 2024, which could lead to a potential deferred tax asset of EUR 800,306,141 at a tax rate of 23.87%.

No deferred taxes have been recorded in the annual accounts.

Note 17 – 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 18 – Off balance sheet commitments

Based on the agreements signed by the Company in connection with the issuance of the corporate bonds and the convertible bond (please refer to Note 10.1), the Company is subject to a negative pledge clause.

The Company has issued “Letters of Comfort” to certain German subsidiaries to support them in avoiding illiquidity or over-indebtedness.

ADO Sonnensiedlung S.à r.l. is exempted pursuant to Article 70 (1) of the Luxembourg Law of 10 August 1915 on commercial companies, as amended, from the requirement to prepare, audit and publish its annual accounts for the financial year ending 31 December 2024. In accordance with this article, the Company has undertaken to irrevocably guarantee the liabilities of ADO Sonnensiedlung S.à r.l. and to provide the necessary financial support to meet its obligations as they fall due.

In addition, the Company has entered into loss absorption commitments (“Verlustübernahmen”) in favour of certain German subsidiaries of the Group, namely Adler Treasury GmbH, Adler Immobilien Management GmbH, Adler Properties GmbH and CCM City Construction Management GmbH. These commitments cover operating losses only and explicitly exclude extraordinary effects and impairments on intercompany receivables. These undertakings are based on shareholder resolutions dated 5 September 2024 and will become effective as from the financial year ending 31 December 2025.

Note 19 – Material events in the Reporting Period and Subsequent events

In the Reporting Period

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For further details, please see below:

Status quo prior to the September 2024 Refinancing and restructuring

Before the refinancing and restructuring, the debt structure of notes issued by Adler Group S.A. and its subsidiaries consisted of the following notes:

Issuer	Ranking	Notes description	ISIN
Adler Group S.A.	1.5L Senior Secured	EUR 191,000,000 due 2025	DE000A3LMVH5
AGPS BondCo PLC	1.5L Senior Secured	EUR 400,000,000 due 2025	XS1652965085
	2L Senior Secured	EUR 400,000,000 due 2025	XS2010029663
	2L Senior Secured	EUR 400,000,000 due 2026	XS2248826294
	2L Senior Secured	EUR 700,000,000 due 2026	XS2283224231
	2L Senior Secured	EUR 500,000,000 due 2027	XS2336188029
	2L Senior Secured	EUR 800,000,000 due 2029	XS2283225477
Adler Real Estate GmbH	Senior Secured	EUR 300,000,000 due 2026	XS1713464524

Additionally, under a facilities agreement between inter alia, Adler Group S.A. and Adler Financing S.à r.l., Adler Group S.A. had received a loan in the amount of EUR 937,474,000. Adler Financing S.à r.l. is an orphan special purpose vehicle which has been set up by an Independent Dutch stichting in the interest of the bondholders of Adler Group S.A. The loan to Adler Group S.A. was funded by Adler Financing S.à r.l. through the issuance of bonds.

The September 2024 refinancing and restructuring

As part of the restructuring, new 1.5L loans in the nominal amount of EUR 672,311,000 were made available to Adler Group S.A. by Adler Financing S.à r.l. and the existing 1L loan was increased to EUR 1,030,737,800. The proceeds have, inter alia, been used by Adler Group S.A. and AGPS BondCo PLC respectively for the redemption of Adler Group S.A.'s 1.5L senior secured notes 2025 (ISIN: DE000A3LMVH5) and AGPS BondCo PLC's 1.5L senior secured notes 2025 (ISIN: XS1652965085) and payment of transaction costs.

Further, on 19 September 2024, AGPS BondCo PLC was substituted as issuer of all five series of 2L senior secured notes by Titanium 2L BondCo S.à r.l. Titanium 2L BondCo S.à r.l is an orphan special purpose vehicle which has also been set up by an Independent Dutch stichting in the interest of the bondholders of Adler Group S.A. The five series were consolidated into one single tranche bond (ISIN: DE000A3L3AG9). As consideration for the issuer substitution, AGPS BondCo PLC issued two series of notes to Titanium 2L BondCo S.à r.l., EUR 700,000,000 6.250% PIK 2L reinstated notes (ISIN: DE000A3L3AH7) and EUR 2,341,900,000 6.250% PIK 3L subordinated notes (ISIN: DE000A3L3AJ3).

Status quo post to the September 2024 refinancing and restructuring

After the September 2024 refinancing and restructuring, Adler Group S.A. and its subsidiaries have therefore issued the following notes:

Issuer	Ranking	Notes description	ISIN
AGPS BondCo PLC (bonds are listed but solely held by Titanium 2L BondCo S.à r.l. and not traded)	2L Senior Secured	EUR 700,000,000 due 2030	DE000A3L3AH7
	3L Subordinated	EUR 2,341,900,000 perpetual	DE000A3L3AJ3
Adler Real Estate GmbH	Senior Secured	EUR 300,000,000 due 2026	XS1713464524

14. On 30 September 2024, Adler Group published its audited consolidated financial statements and annual accounts for the years ending 2022 and 2023. The audits were completed with unqualified audit opinions for both years. The audits were undertaken by AVEGA Révision for the Luxembourg-based Adler Group S.A. and by three other audit firms for the audit of the sub-areas relevant to the Group, a so-called "component audit": Rödl & Partner for Adler Real Estate AG (now Adler Real Estate GmbH), Morison Köln AG for Consus Real Estate AG, and Domus Steuerberatungs-AG und Wirtschaftsprüfungsesellschaft for the financial statements of the German Adler Group property companies.

The publication of the audited annual reports followed the announcement from 19 September 2024 regarding the completion of the comprehensive recapitalisation.

Following the successful audit process and the restructuring, CFO Thomas Echelmeyer opened the perspective for a long-term succession for the Group's CFO position and retired from the Board of Directors and Senior Management of Adler Group with immediate effect. He remained with the Company until the end of the year 2024 allowing a smooth transition period over to the new Group CFO Thorsten Arsan, who joined the Senior Management team as of 1 October 2024. Mr Arsan is a finance and real estate expert with more than 20 years' experience in the industry.

15. In October 2024, Adler Group settled all litigation in which it was involved in relation to the 2023 Restructuring.

16. In October 2024, Ader Group announced the completion of the squeeze-out of the minority shareholders of Consus Real Estate AG. The Extraordinary General Meeting of Consus Real Estate AG on 11 June 2024 had resolved to transfer the no-par value registered shares of the minority shareholders to Adler Group S.A. as the majority shareholder. In accordance with the transfer resolution, the minority shareholders of Consus Real Estate AG received a cash payment of EUR 0.01 per transferred no-par value registered share totalling to EUR 50,408 by Adler Group S.A. As a result the negative balance of direct minority interests in Consus Real Estate AG amounting to EUR 98,243 thousand has been derecognized and the resulting difference in the amount of EUR 98,294 thousand has been deducted from share premium.

17. On 11 October 2024, following the completion of the comprehensive recapitalisation, S&P upgraded the issuer credit rating of Adler Group to 'B-' from 'SD'. S&P assigned a 'B+' issue rating to the 1st lien 12.500% notes issued by Adler Financing S.à r.l. with a total volume of EUR 1,205 million due 31 December 2028, a 'CCC+' issue rating to both the 1.5 lien EUR 555.6 million 14.000% and EUR 116.7 million 4.250% due 31 December 2029 issued by Adler Financing S.à r.l. and a 'CCC' rating to 2nd lien notes EUR 700 million 6.250% due 14 January 2030 held by Titanium 2L BondCo S.à r.l. S&P did not assign a rating to the EUR 2,300 million perpetual notes.

18. On 15 October 2024, 454,878,321 voting securities (parts bénéficiaires) were issued to certain investors of the former 2L notes issued originally by AGPS BondCo PLC (the "2L Noteholders") for participating in, and supporting, the implementation of the financial restructuring of Adler Group S.A. and its subsidiaries in order for Adler Group S.A. to continue its operations as a going concern. The voting securities represent an aggregate of 75% of the total voting rights in Adler Group S.A. The voting securities have no nominal value. Each Voting Security grants its holder the right to one vote at all general meetings of Adler Group S.A., except for any decision in relation to any declaration or payment of dividend. The ISIN of the voting securities is LU2900363131.

19. On 27 November 2024, the Ordinary General Meeting (OGM) of Adler Group passed all proposed resolutions. Besides other resolutions, the OGM appointed AVEGA Révision to perform the audit of the 2024 standalone annual accounts and consolidated financial statements of Adler Group. Also, the OGM appointed CFO Thorsten Arsan and restructuring expert Paul Copley to the Board of Directors as planned.

Furthermore, Adler Group announced that Dr. Karl Reinitzhuber (57) will become the new Chief Executive Officer (CEO) of Adler Group on 1 December 2024. He will succeed Thierry Beaudemoulin (53), who stepped down at his own request at the end of November 2024 to pursue new opportunities. Furthermore, the Board of Directors appointed Jan Duken (55) as Chief Operating Officer (COO). This role was previously also held by Thierry Beaudemoulin.

These changes to the Senior Management Team follow the appointment of Thorsten Arsan as the new CFO on 1 October 2024. In addition to Reinitzhuber (CEO), Duken (COO) and Arsan (CFO), Sven-Christian Frank as Chief Legal Officer (CLO) completes the Adler Group's Senior Management.

Further, the Board appointed Dr. Reinitzhuber as by way of co-optation, filling the vacant position on the Board after Thierry Beaudemoulin has stepped down. The Board of Directors consists now of six members: Stefan Brendgen as Chairman, Thilo Schmid as Chairman of the Audit Committee, real estate expert Matthias Moser, restructuring expert Paul Copley, Thorsten Arsan as CFO and Karl Reinitzhuber as CEO. It is intended to propose CEO Karl Reinitzhuber for re-election to the Board of Directors at the next General Meeting.

20. On 20 December 2024, Adler Group announced that it had procured binding commitments in the amount of c. EUR 1.2 billion for the refinancing of the 1L Notes issued by ADLER Financing S.à r.l., an orphan special purpose vehicle not related to Adler Group (“Financing SPV”), and a corresponding amendment of the 1L Facility between, inter alia, Adler Group and the Financing SPV.

The amended 1L Facility will accrue payment-in-kind (PIK) interest at a rate of 8.25% per annum plus a 1% OID with no call protection. The reduction of the PIK interest down from 12.5% reflects primarily an improved risk profile of Adler Group. The amended 1L Facility was issued on 28 January 2025 and the former 1L Notes were redeemed on 29 January 2025. The maturity date as well as all other terms of the 1L Facility remain unchanged.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2024 in the annual financial statements through 28 April 2025, the date of finalisation of the financial statements.

1. On 20 January 2025, Adler Group announced that it had procured binding commitments in the amount of c. EUR 0.7 billion for the refinancing of the 1.5L Notes issued by ADLER Financing S.à r.l., an orphan special purpose vehicle not related to Adler Group (“Financing SPV”), and a corresponding amendment of the 1.5L Facility between, inter alia, Adler Group and the Financing SPV (“Refinancing”).

The amended 1.5L Facility will accrue payment-in-kind (PIK) interest at a rate of 10.00% per annum plus a 0.75% OID with a non-call protection in year 1 and a 1% call premium in year 2 (thereafter to be called at par). The reduction of the PIK interest from 14.00% reflects primarily an improved risk profile of Adler Group.

The former 1.5 Notes were divided into two series: (i) a EUR 556 million series, which accrues 14.00% PIK interest annually, and (ii) a EUR 116 million series, which accrues 4.25% PIK interest annually until 30 July 2025, after which it will convert into the EUR 556 million series and accrue interest at 14.00% PIK annually. Both were refinanced in parallel. The maturity date of the 1.5L Facility of 31 December 2029 remains unchanged. The Refinancing was completed on 18 February 2025.

2. On 28 January 2025 and 18 February 2025, the 1L and 1.5L Facilities were effectively refinanced. The outstanding loan amounts were increased, and the fixed interest rates were reduced. After the refinancing, the outstanding amount of the 1L Facility amounts to EUR 1,178 million, with an interest rate of 8.25% (compared to EUR 1,158 million outstanding amount and 12.5% interest rate before refinancing). After refinancing, the outstanding 1.5L Facility amounts to EUR 717 million, with an interest rate of 10% (compared to EUR 707.3 million outstanding amount and 14% interest rate before refinancing).

The new terms after refinancing are substantially different from the previous terms in accordance with IFRS 9. As a result, this leads to a derecognition of the existing liabilities and the recognition of a new liability at fair value.

3. In January 2025, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 345 million by more than three years until October 2028. Also in January 2025, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48 million by more than three years until October 2028.

4. On 10 February 2025, S&P revised their outlook on Adler Group and Adler RE to stable from negative and affirmed the B- issuer credit ratings as well as all of the existing issue ratings.

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

Adler Group S.A.

Société Anonyme

Siège social: 55, Allée Scheffer, L-2520 Luxembourg

R.C.S. Luxembourg: B 197554

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2024

Audited

Registered Office:

55, Allée Scheffer

L-2520 Luxembourg

RCS Luxembourg: B197554

To the Shareholders of

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

Report of the Réviseur d'Entreprises agréé

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Adler Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for our opinion

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

Key Audit Matters

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

I. Valuation of investment property

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

Reference is made to the disclosures contained in Note 4 A., in Note 6 and in Note 16 of the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2024 and for the year then ended.

Investment properties including those as held for sale represent 72,6% of the Group's total assets and significant judgement is required in determining their fair value.

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

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

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

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

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

b) How our audit addressed the key audit matter:

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

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

II. Impairment of inventories

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

Reference is made to the disclosures contained in Note 4 D. and in Note 13 of the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2024 and for the year then ended.

Inventories represent 6,0% of the Group's total assets and significant judgement is required in determining their net realisable value. The net realisable value is determined by independent external Valuers.

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

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

b) How our audit addressed the key audit matter:

Our work regarding the impairment of inventory consisted in performing amongst others the following procedures:

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

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

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

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

III. Appropriateness of revenue recognition

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

Reference is made to the disclosures contained in Note 4 K. and in Note 24 of the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2024 and for the year then ended.

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

b) How our audit addressed the key audit matter:

Our work regarding revenue recognition consisted in performing amongst others the following procedures:

- Analysis of the composition of revenue;

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

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

IV. Related party transactions – risk of fraud

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

Reference is made to allegations raised against the Group in prior years including related party transactions not conducted at arm's length.

b) How our audit addressed the key audit matter:

Our work regarding potential undue related party/deemed related party transactions consisted in performing amongst others the following procedures:

- Analyse the process for identifying related party transactions;

- Journal entry testing including search for undisclosed related party transactions;

- For a selection of significant transactions throughout 2024 assess whether these relate to potential related parties and if so assess whether these were conducted at arm's length.

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We have been appointed as réviseur d'entreprises agréé by the Extraordinary General Meeting of the Shareholders on 27 November 2024 and the duration of our uninterrupted engagement including previous renewals and appointments is two years.

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

The accompanying Corporate Governance Report is presented on pages 25 to 41 The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

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

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

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2024 and for the year then ended with relevant statutory requirements set out in the ESEF Regulation that are applicable to the consolidated financial statements.

For the Company it relates to:

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

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

In our opinion, the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2024 and for the year then ended, identified as "391200OYYFJ3DWAMEC69-2024-12-31-0-en.zip", have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our report only refers to the consolidated financial statements of Adler Group S.A. and its subsidiaries as at 31 December 2024 and for the year then ended, identified as "391200OYYFJ3DWAMEC69-2024-12-31-0-en.zip", prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

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

Represented by

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Frank Thihatmar
Réviseur d'entreprises agréé

Luxembourg, 28 April 2025

Consolidated Statement of Financial Position

In EUR thousand	Note	31 Dec 2024	31 Dec 2023
Assets			
Non-current assets			
Investment properties	6	3,963,832	4,910,925
Investments in financial instruments	7	7,406	17,395
Investments accounted under the equity method	8	502	1,534
Property, plant and equipment	9	13,994	14,258
Other financial assets	10	106,712	111,920
Derivatives	20	7,347	7,726
Restricted bank deposits	11	11,402	32,657
Right-of-use assets	30	27,376	32,293
Other intangible assets		40	239
Contract assets	12	2,813	55,513
Deferred tax assets	23	54	138
Total non-current assets		**4,141,478**	**5,184,598**
Current assets			
Inventories	13	410,886	515,467
Restricted bank deposits	11	33,728	34,285
Trade receivables	14	46,498	79,273
Other receivables and financial assets	15	91,064	116,322
Contract assets	12	20,328	10,781
Derivatives	20	158	493
Cash and cash equivalents		246,990	377,419
Advances paid on inventories		7,710	10,007
Total current assets		**857,362**	**1,144,047**
Non-current assets held-for-sale	16	1,888,313	1,388,142
Total assets		**6,887,153**	**7,716,787**

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

In EUR thousand	Note	31 Dec 2024	31 Dec 2023
Shareholders' equity			
Share capital		188	188
Share premium		1,775,304	1,873,598
Equity of Group's hybrid investors		716,707	-
Reserves		186,601	175,445
Retained earnings		(1,352,066)	(2,278,087)
Total equity attributable to owners of the Company		**1,326,734**	**(228,856)**
Non-controlling interests		**238,444**	**271,260**
Total equity	**17**	**1,565,178**	**42,404**
Liabilities			
Non-current liabilities			
Corporate bonds	18	525,690	3,787,949
Other loans and borrowings	19	2,647,101	1,971,049
Other financial liabilities		9,092	164,347
Derivatives	20	3	323
Pension provisions		643	773
Lease liabilities	30	22,837	28,648
Other payables	21	23	53
Deferred tax liabilities	23	261,726	346,989
Total non-current liabilities		**3,467,115**	**6,300,131**
Current liabilities			
Corporate bonds	18	2,722	3,404
Other loans and borrowings	19	359,507	288,224
Other financial liabilities		-	1,535
Trade payables		63,193	65,167
Other payables	21	148,878	266,823
Provisions	21	332,406	105,188
Lease liabilities	30	4,534	4,443
Prepayments received	22	6,386	50,071
Contract liabilities	12	-	14,473
Total current liabilities		**917,626**	**799,328**
Non-current liabilities held-for-sale	16	937,234	574,924
Total shareholders' equity and liabilities		**6,887,153**	**7,716,787**

Dr. Karl Reinitzhuber
CEO

Thorsten Arsan
CFO

Date of approval: 28 April 2025

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

Consolidated Statement of Profit or Loss

In EUR thousand	Note	2024	2023
Revenue	24	392,191	445,077
Cost of operations	25	(322,903)	(442,884)
Gross profit		**69,288**	**2,193**
General and administrative expenses	26	(155,088)	(153,834)
Other expenses	27	(354,947)	(207,677)
Other income	28	43,112	68,063
Changes in fair value of investment properties	6	(483,177)	(1,172,738)
Results from operating activities		**(880,812)**	**(1,463,993)**
Finance income	29	2,121,826	44,232
Finance costs	29	(451,042)	(541,089)
Net finance income / (costs)		**1,670,784**	**(496,857)**
Net income (losses) from investments in associated companies	8	(1)	(5,108)
Profit (loss) before tax		**789,971**	**(1,965,958)**
Income tax income / (expense)	23	2,749	156,124
Profit (loss) for the year		**792,720**	**(1,809,834)**
Profit attributable to:			
Owners of the Company		873,604	(1,656,495)
Non-controlling interests		(80,884)	(153,339)
Profit (loss) for the year		**792,720**	**(1,809,834)**
Earnings per share in EUR (undiluted)	**35**	-	**(11.75)**
Earnings per share in EUR (diluted)	**35**	-	**(11.75)**

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

Consolidated Statement of Comprehensive Income

In EUR thousand	2024	2023
Profit (loss) for the year	**792,720**	**(1,809,834)**
Items that may be reclassified subsequently to profit or loss		
Effective portion of changes in fair value of cash flow hedges	-	(730)
Related tax	-	(28)
Currency translation reserve	12,150	(3,909)
Reserve from financial assets measured at fair value through other comprehensive income	(488)	(12,182)
Total other comprehensive income / (loss)	**11,662**	**(16,849)**
Total comprehensive income / (loss) for the year	**804,382**	**(1,826,683)**
attributable to:		
Owners of the Company	884,760	(1,674,903)
Non-controlling interests	(80,378)	(151,780)
Total comprehensive income (loss) for the year	**804,382**	**(1,826,683)**

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

Consolidated Statement of Cash Flows

In EUR thousand	Note	2024	2023
Cash flows from operating activities			
Profit (loss) for the year		792,720	(1,809,834)
Adjustments for:			
Depreciation		8,547	10,348
Profit from disposal of portfolio		-	(439)
Change in fair value of investment properties	6	483,177	1,172,738
Profit from selling portfolio		(449)	-
Non-cash other income and expense		198,900	63,174
Non-cash income from at-equity valued investment associates	8	-	5,108
Net finance costs / (income)	29	(1,670,785)	496,858
Income tax expense	23	(2,749)	(156,123)
Changes in net working capital		118,737	112,238
Income tax paid		(96,612)	(20,627)
Net cash from operating activities		**(168,514)**	**(126,559)**
Cash flows from investing activities			
Purchase of and CapEx on investment properties	6	(44,630)	(55,114)
Proceeds from investment property disposal and/or portfolio share deal		41,561	175,032
Purchase of and CapEx on property, plant and equipment		(1,988)	(2,351)
Interest received		9,827	6,683
Proceeds from sale of fixed assets		305	3,533
Repayment of long-term loans		-	12,300
Disposal of shareholder loans in connection with a share deal		-	6,709
Disposal of subsidiaries, net of cash disposed		13,494	-
Change in short-term restricted bank deposits, net		15,639	7,782
Net cash from (used in) investing activities		**34,208**	**154,574**
Cash flows from financing activities			
Acquisition of non-controlling interests		(532)	(28,800)
Repayment of bonds	18/31F	(620,215)	(970,454)

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

In EUR thousand	Note	2024	2023
Long-term loans received	19/31F	776,778	1,051,096
Repayment of long-term loans	19/31F	(12,530)	(268,532)
Proceeds from issuance of corporate bonds, net	18/31F	130,745	196,464
Repayment of short-term loans	19/31F	(24,455)	(24,500)
Interest paid	31F	(146,711)	(119,619)
Payment of lease liabilities	30	(4,397)	(8,232)
Transaction costs	31F	(64,718)	(32,947)
Payment from settlement of derivatives		(3,869)	-
Net cash from (used in) financing activities		**30,096**	**(205,524)**
Change in cash and cash equivalents during the year		**(104,210)**	**(177,509)**
Changes in the carrying amount of cash and cash equivalents that are presented among assets held-for-sale as part of a disposal group		**(26,219)**	**167,943**
Cash and cash equivalents at the beginning of the year		**377,419**	**386,985**
Cash and cash equivalents at the end of the year		**246,990**	**377,419**

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	Equity of Group's hybrid investors	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 2024	**188**	**1,873,598**	**-**	**145**	**5,305**	**315,746**	**(145,751)**	**(2,278,087)**	**(228,856)**	**271,260**	**42,404**
Profit (loss) for the year	-	-	-	-	-	-	-	873,604	873,604	(80,884)	792,720
Other comprehensive income (loss), net of tax	-	-	-	-	11,644	-	(488)	-	11,156	506	11,662
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**11,644**	**-**	**(488)**	**873,604**	**884,760**	**(80,378)**	**804,382**
Transactions with owners, recognised directly in equity											
Transactions with non-controlling interests without a change in control (Note 5C)	-	(98,294)	-	-	-	-	-	50,875	(47,419)	47,668	249
Share-based payments	-	-	-	-	-	-	-	1,000	1,000	-	1,000
Other changes (Note 17)	-	-	716,707	-	-	-	-	542	717,249	(106)	717,143
Balance as at 31 December 2024	**188**	**1,775,304**	**716,707**	**145**	**16,949**	**315,746**	**(146,239)**	**(1,352,066)**	**1,326,734**	**238,444**	**1,565,178**

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

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

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 Duchy 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. 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 2024 and for the year then ended comprise the Company and its subsidiaries as illustrated in the List of shareholdings (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 2024, have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 April 2025.

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. 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 6 – Regarding fair value measurement of investment properties (estimations)**
  The fair value of residential investment properties as at 31 December 2024 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 17/18/19 – Equity and debt classification of the financial instruments and measurement (estimation)**

  The Company classifies a financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument (IAS 32.15). According to IAS 32, the main feature that distinguishes an equity instrument from a financial liability is whether the issuer has the unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation. In the specific case of Company's perpetual debt ("subordinated notes 2024"), the interest due on the perpetual debt accumulates into the indefinite future. Both the deferred interest and the principal are payable to the bondholders only at the discretion of the issuer. However, there is still an obligation to pay if the Company declares or pays any distribution to the shareholders which, when aggregated with all other distributions since the subordinated notes issue date, is greater than one thirty-ninth (1/39) of all cash payments made in respect of the subordinated notes. In this case, the subordinated notes (and deferred interest payments) shall become immediately due and payable from that date. Based on Management's assessment, this redemption scenario does not trigger liability classification as the decision to distribute (or not distribute) dividends to ordinary shareholders rests with the Company. Furthermore, the collateralisation of those subordinated perpetual notes affects ranking only in the case of true liquidation in the sense of IFRS. Since reclassification to a liability may be necessary when facts and circumstances change, the matter is closely monitored by the Management on an ongoing basis.

  When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, the Company measures them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured. In the specific case of Company's perpetual debt, the fair value could not be reliably measured directly. The Company estimated the fair value by reference to the quoted prices of the financial liabilities extinguished (IFRIC 19).

  An exchange of debt instruments between an existing borrower and lender with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a portion thereof, is treated as an extinguishment of the original liability and the recognition of a new liability. When determining the fair value of the new financial liability, the entity prioritizes observable quoted prices or recent transaction prices of the new instrument. If such data is not available, the fair value is estimated by reference to quoted prices of instruments with similar terms and seniority in creditor claims. The difference between the carrying amount of the financial liability extinguished, and the estimated fair value of the debt instrument issued, is recognised in profit or loss.

- **Note 18/19/20 – 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 reviewed 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, loans issued by the Group contain embedded derivatives, which are measured at fair value through profit or loss separately from their host contract. In some cases, loans and borrowings issued by the Group may contain termination options (embedded derivatives), which are measured at fair value through profit or loss separately from their host contract. The main input factors in the option price model used are expected volatility and risk-free interest rate, which mainly represent unobservable inputs.

- **Note 23 – 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 23 – 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 24 – 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 24 – Regarding principal 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 fulfilling 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 principal 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 16 Non-current assets and liabilities held-for-sale; and
- Note 31 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).

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

The following amended standards and interpretations became mandatory for the first time in 2024.

Standard/Interpretation	Title	IASB effective date[1)]	Effective date of initial application in the EU[1)]
Amend. IFRS 16	Lease Liability in a Sale and Leaseback	1 Jan 2024	1 Jan 2024
Amend. IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 Jan 2024	1 Jan 2024
Amend. IAS 7 and IFRS 7	Supplier Finance Arrangements	1 Jan 2024	1 Jan 2024

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

The application of the amendments listed above did not have any material impact on the Group's consolidated finance statements in the current and prior reporting periods.

G. New standards and interpretations not yet applied

Application of the following standards, interpretations and amendments was not mandatory for the 2024 financial year and the Group did not choose to apply them in advance. The Group intends to apply these standards, interpretations and amendments from their respective effective dates:

Relevant new standards, interpretations and amendments to existing standards and interpretations		Endorsement status in the EU	Effective date for Group
Amendments to standards			
Amend. IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	endorsed on 12 Nov 2024	1 Jan 2025
Amend. IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	not yet endorsed	1 Jan 2026
Amend. IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity	not yet endorsed	1 Jan 2026
Annual Improvements Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	not yet endorsed	1 Jan 2026
IFRS 18	Presentation and Disclosure in Financial Statements	not yet endorsed	1 Jan 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	not yet endorsed	1 Jan 2027

The application of the new or amended standards and interpretations listed above, with the exception of IFRS 18, are not expected to have a material impact on the Group's consolidated financial statements. The new standard IFRS 18 will potentially impact the line items presented in the primary financial statements and how operating profit is reported due to new grouping categories. Further implications of IFRS 18 are currently under review.

H. Uncertainties on the continuation as a going concern

In 2024, Adler Group continued to face persistent challenges due to market weakness in the German real estate sector. Inflationary pressures, elevated borrowing costs, and greater asset devaluations than expected shook investor confidence and curtailed transaction volumes. The initial restructuring plan, agreed in early 2023 foresaw assets being sold to repay debt. This plan was revisited in light of the strained ability to dispose of assets at favourable prices under these market conditions.

In response, Adler Group proactively revised its restructuring concept, focusing on two key pillars: (i) a revised business plan to restructure the Group's most challenging assets while positioning the company to benefit from the anticipated market recovery, and (ii) a financial restructuring plan to improve the Group's cash position, stabilise the debt structure by postponement of maturities beyond 2026/27 and provide a sufficient equity position until maturity of Adler Group's prolonged debt in order to provide a solid foundation for the Group's going concern for at least, but not limited to, the next two years.

Management was able to complete the comprehensive recapitalisation and the extension of the debt maturities combined with new liquidity on 19 September 2024, the restructuring effective date. For further details on this, please refer to "Note 36 – Material events in the Reporting Period and Subsequent events". In addition, Adler Group was able to successfully prolong several secured bank loans until 2028.

The recent measures, coupled with the projected recovery of the real estate market and a more stable economic environment, bolsters the Group's assertion of its going concern status, underpinning its capability to fulfil financial commitments, dispose of assets, satisfy liabilities and to reduce future interest requirements in the ordinary course of operations.

Nevertheless, despite proactive measures, the going concern assessment is inherently subject to certain risks and uncertainties. The consolidated financial statements of Adler Group S.A., as per International Financial Reporting Standards, presuppose the entity's ability to continue as a going concern.

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, 421 subsidiaries (2023: 470) have been included in these consolidated financial statements (Note 37).

When buying a company holding real estate assets ("Property Company"), the Group exercises judgement to determine whether it is the purchase of a business or a group of assets and liabilities, for the purpose of determining the accounting treatment of the transaction. In determining whether a Property Company is a business, the Group examines, inter alia, the nature of existing processes in the Property Company, including the extent and nature of management, security, cleaning and maintenance services provided to tenants. In transactions in which the acquired company is a business, the transaction is accounted for as a business combination according to IFRS 3.

However, in transactions in which the acquired Property Company is not a business, the acquisition cost, including transaction costs, is allocated in proportion to the identified assets and liabilities acquired, based on their relative fair values at the acquisition date. In this case, neither goodwill nor deferred taxes on the temporary difference existing at the date of acquisition are recognised.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the Company. Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests.

For changes in the consolidation scope without loss of control (such as increase/decrease in the percentage held in the investee), the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries according to IFRS 10.B96. The resulting gains or losses are presented within owner's equity.

Note 4 – Significant accounting policies

A. Investment properties

Investment property is property held to earn rental income or for capital appreciation or both and is not owner-occupied or held-for-sale in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs. In subsequent periods, investment property is measured at fair value, and changes in fair value are recognised in the statement of profit and loss.

Gains and losses on the disposal of investment property are determined by comparing the net proceeds from the disposal with the asset's carrying amount (the fair value of the investment property as at the disposal date). The gains and losses on the disposal of investment properties are recognised in other income and expense when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group has no further substantial acts to complete under the contract.

Projects to develop real estate with a view to be used as part of the Group's yielding portfolio (build-to-hold) are classified as investment property. Projects to develop real estate with a view to sale (build-to-sell) are classified as inventories. Such classification is made at the commencement of project development or the date when a real estate development project is acquired from third parties.

In certain circumstances, the Group changes its asset management strategy for real estate development projects from "build-to-hold" to "build-to-sell". A change in management's intentions for the use of a property in itself, however, does not provide sufficient evidence for a transfer of a project from investment property to inventories. Reclassification is made only when the Group actually ceases to develop a project as build-to-hold and commences development of a distinct project as build-to-sell. That is why the presentation of investment properties in the consolidated financial statements may differ from the assets management strategy laid out in other means of investor communication.

The Group presents advances in respect of investment properties as non-current assets and does not include them as part of the investment properties. In subsequent periods, when the transactions are completed, the advances are reclassified to investment properties.

B. Investments accounted for under the equity method

Investments over which the Group exerts significant influence – generally as a result of shareholdings between 20% and 50% – are basically measured using the at-equity method. For investments requiring measurement using the equity method, the acquisition cost is increased or decreased each year by the changes in equity attributable to the Group.

Gains and losses from transactions between Group companies and associates are eliminated based on the Group's share in the associates. Gains and losses from transactions between associates are not eliminated.

C. Lease accounting (IFRS 16)

Leases in which the Group is the lessee

The Group has lease agreements with respect to the following items:

1. Leasehold contracts for land (leaseholds);
2. Leases for office space, garages and storage space (property);
3. Leases for cars and commercial vehicles (vehicles);
4. Leases for hardware and heating equipment (hardware and contracting).

Information regarding material lease agreements

- Leasehold contracts have terms of up to 200 years. The lessee has no renewal or purchase options. Some of the leasehold payments are index-linked. The right-of-use assets arising from leasehold contracts meet the definition of the investment properties and are accounted for using IAS 40.
- The Group leases office space, garages and storage space. The leases for office space typically have an initial fixed term of up to 10 years with extension options in some cases. In assessing the extension options, the Group assumed that this option will not be used. Some leases provide for additional lease payments based on changes in local price indexes.
- The Group enters into lease agreements for cars and commercial vehicles which typically have a term of three to four years. Typically there are no renewal or purchase options, or such options are not exercised.
- The Group leases hardware and heating equipment (contracting). The terms for leases for hardware are typically between four and five years. Normally 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 related 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 30).

D. Inventories including acquired land and buildings

Inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories includes expenses incurred in acquiring the inventories (i.e., land and buildings) and related purchase costs. The cost of inventories also includes a reasonable share of the indirect overheads based on normal production capacity as well as attributable borrowing costs.

E. Restricted bank deposits

Restricted bank deposits consist of deposits in banks that the Group has pledged to secure banking facilities, deposits received from tenants, and restricted proceeds from condominium sales. The Group cannot use these deposits freely for operations. The basis of measurement of the restricted bank deposits is amortised cost.

F. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits in banks and short-term investments with an original term of up to three months. The basis of measurement of the cash and cash equivalents is amortised cost.

G. Financial instruments

(1) Non-derivative financial assets

The Group initially recognises trade receivables and debt instruments issued on the date that they are created. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Except for items measured at fair value through profit or loss, a financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset.

Classification of financial assets into categories and the accounting treatment of each category

Financial assets are classified at initial recognition to one of the following measurement categories: amortised cost, fair value through profit or loss or fair value through other comprehensive income.

Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.

A financial asset is measured at amortised cost (aac) if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model, the objective of which is to hold assets so as to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

All financial assets not classified as measured at amortised cost as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss (afvtpl).

The Group has balances of trade and other receivables, financial assets and deposits that are held within a business model, the objective of which is to collect contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest, which reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortised cost.

Assessment whether cash flows are solely payments of principal and interest

For the purpose of assessing whether the cash flows are solely payments of principal and interest, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the timing or amount of the cash flows;
- terms that may change the stated interest rate, including variable interest; and
- terms that limit the Group’s claim to cash flows from specified assets (for example a non-recourse financial asset).

Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss (aafvPL)

If the contractual cash flows of the financial assets do not solely represent payments of principal and interest, they are measured at fair value through profit or loss. Net gains and losses, including any interest income or dividend income, are recognised in profit or loss (other than certain derivatives designated as hedging instruments).

Financial assets at amortised cost (aac)

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through other comprehensive income (aafvOCI)

These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognised in other comprehensive income.

(2) Non-derivative financial liabilities

Non-derivative financial liabilities include bonds, loans and borrowings from banks and others, trade and other payables.

The Group initially recognises financial liabilities on the trade date when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method (flac).

An exchange of debt instruments having substantially different terms between an existing borrower and lender is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. In such cases, the entire difference between the amortised cost of the original financial liability and the fair value of the new financial liability is recognised in profit or loss as financing income or expense.

The terms are substantially different if the discounted present value of the cash flows according to the new terms (including any commissions paid, less any commissions received and discounted using the original effective interest rate) is different by at least ten percent from the discounted present value of the remaining cash flows of the original financial liability. In addition to the aforesaid quantitative criterion, the Group also examines qualitative factors, inter alia, whether there have also been changes in various economic parameters inherent in the exchanged debt instruments.

(3) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Incremental costs directly attributable to an expected issuance of an instrument that will be classified as an equity instrument are recognised as an asset in deferred expenses in the statement of financial position. The costs are deducted from the equity upon the initial recognition of the equity instruments, or recognised in profit or loss as finance expenses if the issuance is no longer expected to take place.

(4) Derivative financial instruments, including hedge accounting

The Group enters into contracts for derivative financial instruments such as interest rate swaps 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 accounting relationship. The stand-alone derivatives are measured at fair value through profit and loss (lafv).

(5) Hybrid financial instruments

Hybrid financial instruments with no conversion

The Company classifies a hybrid financial instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument (IAS 32.15). In the specific case of a perpetual debt, these instruments normally provide the holder with the contractual right to receive payments of interest at fixed dates extending into the indefinite future. The holder has no right to receive a return of principal or a right to a return of principal under terms that make it very unlikely or very far in the future. The critical feature that distinguishes an equity instrument from a financial liability to be settled in cash is whether the issuer has an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation (IAS 32.16). In this case, the perpetual bond is recognised as equity and presented separately within equity. It is initially measured at fair value less transaction costs.

Hybrid financial instruments with conversion

Liabilities that are convertible into shares at the option of the holder, including a cash settlement option in favour of the Group, are a hybrid instrument (combined) that is fully presented as a financial liability. The instrument is split into two components for measurement purposes: a liability component without a conversion feature that is measured at amortised cost according to the effective interest method, and a conversion option that is an embedded derivative and is measured at fair value at each reporting date.

Separable embedded derivatives that do not serve hedging purposes

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset. Embedded derivatives are separated from the host contract and accounted for separately if:

(a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
(b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
(c) the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of separable embedded derivatives are recognised in profit or loss, as financing income or expense.

H. Impairment

(1) Non-derivative financial assets

Financial assets

The Group recognises allowances for expected credit losses in respect of financial assets at amortised cost.

Under the general approach, the deterioration or improvement of the credit quality of a financial asset is reflected in three different measurement stages.

Stage 1 (12-month expected credit loss): to be applied to all items from their date of initial recognition unless there has been a significant deterioration in credit quality;

Stage 2 (lifetime expected credit loss - not credit impaired): to be applied where the credit risk of a financial asset or a group of financial instruments has increased significantly;

Stage 3 (lifetime expected credit loss - credit impaired): to be applied where there is objective evidence of impairment.

The Group has elected to measure the provision for expected credit losses in respect of trade receivables and contract assets, which comprise a very large number of small balances, at an amount equal to the full lifetime credit losses of the instrument (simplified approach). The Group uses a credit loss matrix when calculating expected credit losses in respect of trade receivables from tenants and contract assets. The matrix is based on historical default rates and takes into account future expectations.

For other receivables, the expected credit losses are individually estimated taking into account the credit quality and credit enhancements in place.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available with no undue cost or effort. Such information includes quantitative and qualitative information, and an analysis based on the Group's past experience and informed credit assessment, and it includes forward-looking information.

The Group assumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are past due for more than 30 days unless there is reasonable and supportable information available to demonstrate that the credit risk has not increased significantly since initial recognition.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full; or
- the contractual payments of the financial asset are past due for more than 180 days.

Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of the financial asset. The maximum period considered when assessing expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the nominal value of the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default or payments being past due.

Presentation of provision for expected credit losses in the statement of financial position

Provisions for expected credit losses of financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group does not have reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is usually the case when the Group determines that the debtor does not have assets or sources of income that may generate sufficient cash flows for paying the amounts being written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-off constitutes a derecognition event.

(2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties, trading properties and deferred tax assets) to determine whether there is any indication of impairment. The next step involves estimating the recoverable amount of the group of cash-generating units (CGU). This corresponds to either the fair value less costs of sale or the value in use, whichever is higher. Determining the value in use includes adjustments and estimates regarding the forecast and discounting of the future cash flows. Although the management believes that the assumptions used to determine the recoverable amount are appropriate, any unforeseeable changes in these assumptions could result in impairment losses. If any such indication exists, then the asset's recoverable amount is estimated.

I. Provisions

Provisions are recognised when the Group has a present, legal or constructive obligation as a result of a past event that can be estimated reliably and it is probable that it will require an outflow of resources embodying economic benefits to settle the obligation.

The Group recognises indemnification as an asset if, and only if, it is virtually certain that the indemnification will be received if the Group will settle the obligation. The amount recognised for the indemnification does not exceed the amount of the provision. Provisions are measured on the basis of discounted expected future cash flows.

J. Employee benefits

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market performance vesting conditions, the grant-date fair value of the share-based payment awards is measured to reflect such conditions, and therefore the Group recognises an expense in respect of the awards whether or not the conditions have been met.

Share-based payment arrangements in which the Company's equity instruments are granted are recognised in the retained earnings.

K. Revenue recognition

Revenue from contracts with customers

In addition to rental income which represents a major source of income within scope of IFRS 16, the Group also generates revenue from a number of contracts with customers which fall in the scope of IFRS 15 *Revenue from Contracts with Customers*. The Group recognises revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

The Group's key sources of revenue under IFRS 15 include:

- revenue from charged costs of utilities and facility services;
- revenue from sale of trading properties (condominiums);
- revenue from property development;
- revenue from real estate inventories disposed of.

Revenue from charged costs of utilities and facility services

The Group provides ancillary services to tenants, mainly utilities such as heating, cold water, draining, street cleaning, gardening, which it recharges to the tenants. Each promised service is accounted for as a single performance obligation. The performance obligation is satisfied over time in accordance with IFRS 15.3, because the tenant simultaneously receives and consumes the benefits while they are rendered by the Group and the Group's performance does not create an asset with alternative use whereby the Group has an enforceable right to payment for performance completed to date. Revenue from the rendering of these services is recognised by reference to the stage of completion at the end of the reporting period. Under this method, revenues are recognised in the accounting periods in which the services are rendered. The tenants perform advance payments in relation to ancillary services which are due monthly and are payable immediately. The liabilities from advance payments of ancillary services are reported net with contract assets from the services completed to date. Depending on the balance, the net amount is presented either as accrued receivables under trade receivables or as contract liabilities under trade payables.

Revenue from sale of trading properties (condominiums)

The Group enters into contracts with customers to sell trading properties. The promised goods and services identified in the contract mainly include condominiums. The promised transfer of ownership of the trading properties is accounted for as a single performance obligation which is satisfied at the point in time when the control is transferred to the customer, which is generally expected to be when legal title is transferred. The customer contract specifies a fixed or a determinable amount as consideration and an immediate payment term whereby the transfer of control and payment occur simultaneously. Revenue from the sale of trading properties is measured at the fair value of the consideration.

Revenue from property development

The Group enters into forward sale contracts, i.e., the sale of properties before their completion with institutional or individual customers. The Group differentiates between two different types of development projects for which revenue is recognised over time: forward sales of development projects to institutional investors and the forward sale of apartments primarily to individuals.

Forward sales of development projects to institutional investors are separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work is accounted for over time on a percentage of completion basis, revenue for the sale of the land is recognised at the point in time when the customer obtains control over the land, typically at the end of the forward sale. For the accounting of forward sales of apartments to individuals only one performance obligation is assumed. The agreed total revenue from the contract is allocated to the performance obligations for land and development in accordance with the relative stand-alone selling prices. The relative stand-alone selling prices are estimated by using the standard land values for the land performance obligation, taking into account the gross floor area plus capitalised interest up to the date of conclusion of the forward sales contract, and for the development performance obligation the remaining costs of the project plan thereafter plus the margin or a minimum margin planned. Revenue for the land performance obligation is recognised at the point in time when the title passes and revenue for the performance obligation development project is recognised over time.

For the accounting of forward sales of apartments to individuals only one performance obligation is assumed, namely the development of the respective apartment. Similarly, the development work is accounted for over time on a percentage of completion basis.

Upon conclusion of a forward sales contract, the Group begins to recognise revenue from property development over a certain period of time, provided that planning permission had already been granted at the time the contract was concluded. If planning permission is granted after the contract has been signed, the period-related revenue recognition does not commence until the building permit ("Baugenehmigung") is granted, as the forward sales customer usually has the right to withdraw from the contract before the building permit is granted.

Revenue recognised over time is calculated using the "Percentage of Completion" method, which determines the stage of completion of the development project on the basis of the costs incurred in relation to the expected total costs. Revenue over the period is determined according to the stage of completion of the development project, which is calculated on the basis of the costs incurred in relation to the expected total costs. In the Group's opinion, this method is the most reliable way of estimating the stage of completion of a project because potential cost overruns are immediately identified and taken into account. If the contract revenue cannot be reliably estimated, it is recognised without a margin in the amount of the contract costs incurred. If contract losses are expected, appropriate provisions are recognised in the statement of profit or loss, so that the contract loss is fully recognised before the completion of the contract.

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities) in the Statement of Financial Position. In the Group's development activities, amounts are billed as work progresses in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of sub-works ("baurechtliche Gewerke"). The completion of these sub-works is usually confirmed by external experts or the customers itself. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognised, resulting in contract liabilities. These assets and liabilities are reported in the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Based on the expected date of advance payment by the customer, which is presented net after offset with relating gross contract amount on contract basis, the Group considers contract assets which are realised within a period of one year from the reporting date as current, whereas contract assets which are realised after more than one year are classified as non-current.

The outstanding performance obligations from the customer contracts relate to the completion of the construction of the buildings and usually do not include any obligations of the Group concerning returns or similar obligations and only includes the statutory warranties.

Revenue from real estate inventories disposed of

Occasionally, the Group enters into contracts with customers to sell development projects in current state (up-front sales). Revenue from the sale is recognised when the control has been transferred to the customer; this is usually the case when transferring ownership rights, benefits and obligations arising from properties. It is required that there are contractual arrangements with enforceable rights and obligations and that it is likely that the consideration specified will be received. The contracts in question include the transfer of one or multiple development projects in current state as performance obligation with a fixed or determinable consideration and a specific point-in-time where the transfer of control takes place. This is generally when the legal title to the property is transferred. The consideration is usually deposited on notary accounts and paid to the Group when the control has been transferred.

The Group has elected to make use of the following practical expedients:

- the Group applies the practical expedient regarding the consideration of material financing components, according to which the consideration does not have to be adjusted for the effects of financing if it is expected at the time of conclusion of the contract that the period between the receipt of the consideration and the time of realisation of the sale will not exceed one year, IFRS 15.63;
- the Group applies the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period

of the asset that the Group otherwise would have recognised is one year or less, IFRS 15.94;
- as a practical expedient, the Group does not disclose the information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less, IFRS 15.121;
- the Group applies the practical expedient in IFRS 15.121 and does not disclose information about the remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.

L. Finance income and costs

Finance income comprises interest income on funds invested including changes in the fair value of financial assets or liabilities at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets or liabilities at fair value through profit or loss, impairment losses recognised on financial assets, losses from refinance and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Interest paid and dividends paid are presented as part of cash flows from financing activities.

M. Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Current taxes also include taxes in respect of prior years and any tax arising from dividends.

To the extent applicable, uncertainties of tax treatments are adequately reflected as provisions and presented as income tax liabilities.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognised for the following taxable temporary differences:

- the initial recognition of goodwill;
- the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- differences relating to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing dividends in respect of the investment.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only on entity level or within tax groups.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is recognised in other comprehensive income or equity, respectively.

N. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise options granted to employees.

O. Non-current assets (liabilities) and disposal groups held-for-sale

Non-current assets (or groups of assets and liabilities for disposal) are classified as held-for-sale or distribution if it is highly probable that they will be recovered primarily through a sale transaction or a distribution to the owners and not through continuing use. This applies also when the Company is obligated to a sale plan that involves losing control over a subsidiary, whether or not the Company will retain any post-sale non-controlling interests in the subsidiary.

Immediately before classification as held-for-sale or distribution, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter, the assets (or components of a disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment losses recognised, on initial measurement as held for sale, or any impairment loss or gain recognised on subsequent measurement, are allocated to the carrying amounts of non-current assets in the disposal group that are not scoped out from the measurement requirements of IFRS 5 (IFRS 5.19). The assets used in the Company's business activities (investments properties measured at fair value model, inventories and financial assets) typically fall outside the measurement scope of IFRS 5. That is why any potential impairment identified for a disposal group amount will typically exceed the carrying amount of the assets available for the allocation of impairment losses according to IFRS 5.19. Adler is of the opinion that there is an accounting policy choice in applying such excess amount on assets not within the scope of IFRS 5 and decided not to do so. When a binding sales agreement has been signed, and the purchase price agreed upon falls below the net asset value of the disposal group the Company analyses whether such a contract is onerous and recognises a provision for onerous contracts where applicable.

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 2024, one company (2023: 8 companies) was deconsolidated. 30 companies (2023: 7 companies) were merged with others, 18 companies (2023: 0 companies) were dissolved or liquidated.

A. Deconsolidation of subsidiaries

Effective on 3 May 2024, CONSUS Swiss Services AG sold its shares in the subsidiary Knecht Ludwigsburg Planungs- und Bauleitungsgesellschaft mbH, Ludwigsburg, for a cash consideration of EUR 400 thousand. The subsidiary has been deconsolidated. This resulted in a net loss of EUR 924 thousand which has been presented in other expenses.

The assets and liabilities in the subsidiaries over which the control is lost, are summarised by each major category in the following table.

In EUR thousand	31 Dec 2024
Preliminary purchase price	**400**
- thereof for the acquisition of the net assets	400
Net assets	
Property, plant and equipment	134
Other non-current assets	9
Trade receivables	667
Income tax receivables	95
Other current assets	11
Cash and cash equivalents	538
Assets total	**1,454**
Other non-current liabilities	31
Trade payables	2
Other current liabilities	97
Liabilities total	**130**
Result from deconsolidation	(924)

During the prior year, the consolidation scope had been impacted by the following events:

On 8 September 2023, Adler Real Estate AG - a subsidiary of Adler Group - sold a rental portfolio (“Wasserstadt”) comprising the investment properties located in Berlin-Mitte with a lettable area of around 47 thousand m^2. The transaction was structured as a share deal and includes the sale of the shares in six subsidiaries (each 89.9%). As a result of the sale, the subsidiaries RIV Harbour East WA 1 GmbH, Berlin, RIV Central WA 2 GmbH, Berlin, RIV Square West MI 3 GmbH, Berlin, RIV Square East WA 3 GmbH, Berlin, RIV Channel MI 4 GmbH, Berlin, RIV Harbour West MI 1 GmbH, Berlin were deconsolidated.

The assets and liabilities in the subsidiaries over which the control is lost, are summarised by each major category in the following table.

In EUR thousand	31 Dec 2023
Preliminary purchase price	**124,748**
- thereof for the repayment of shareholder loans	6,709
- thereof for the acquisition of the net assets	118,039
Net assets	
Investment properties	311,479
Trade receivables	4,580
Other current assets	87
Cash and cash equivalents	157
Assets total	**316,304**
Deferred tax liabilities	20,930
Financial liabilities due to bank	145,320
Trade payables	6,519
Other current liabilities	60
Liabilities total	**172,829**

Result from deconsolidation	(25,436)

The cash consideration received for the sale of the shares amounts to EUR 118,039 thousand. In connection with the sale of the shares, the Company received a cash consideration of EUR 6,709 thousand for the sale of the shareholder loans. The deconsolidation of the subsidiaries resulted in a loss of EUR 25,436 thousand which was shown in other expenses. The amount of cash and cash equivalents in the subsidiaries deconsolidated amounts to EUR 157 thousand. With effect as of 8 September 2023, an asset deal was concluded over furniture and equipment for which the Company received a cash consideration of EUR 3,533 thousand.

With effect as of 15 December 2023, BCP - a subsidiary of Adler Real Estate AG - completed the sale of residential properties in the city of Hamm, based on an asset value of approximately EUR 24,000 thousand. The sale was structured as a share deal. As a result, BCP deconsolidated its subsidiary in Brack Capital Germany (Netherlands) XXXVI B.V. This resulted in a gain of EUR 674 thousand which had been presented in other income. The assets and liabilities in the subsidiaries over which the control is lost, are summarised by each major category in the following table.

In EUR thousand	31 Dec 2023
Preliminary purchase price	**13,600**
- thereof for the acquisition of the net assets	13,600
Net assets	
Investment properties	24,000
Trade receivables	135
Assets total	**24,135**
Deferred tax liabilities	1,939
Financial liabilities due to bank	7,772
Trade payables	1,498
Liabilities total	**11,209**
Result from deconsolidation	674

The cash consideration amounts to approximately EUR 13,600 thousand. BCP received EUR 750 thousand in December 2023. The remaining amount was paid in January 2024.

With Effect on 1 July 2023, Consus sold its shares in the subsidiary SSN Gebäudetechnik GmbH, Düsseldorf for a cash consideration of EUR 1. The subsidiary has been deconsolidated and the net assets of EUR -436 thousand had been derecognised. This resulted in net income of EUR 436 thousand which had been presented in other income.

B. Additions to the scope of consolidated entities

In 2024 no companies were added to the scope of consolidation entities. During the prior year, the consolidated scope had been impacted by the following events:

In April 2023, Adler Group completed a reorganisation of the Group’s corporate structure. Following the completion of the reorganisation, Adler Group became the sole shareholder of the newly incorporated Luxembourg entity Adler Group Intermediate Holding S.à r.l. (“Adler Group Intermediate Holding”), which became the sole shareholder of three newly incorporated Luxembourg entities (collectively, the “Collateral LuxCos”) and all shares in Adler RE, Consus Real Estate AG and certain other subsidiaries, which were previously directly or indirectly held by Adler Group (except for the AGPS BondCo and for a certain number of the shares in such subsidiaries, which continue to be held by Adler Group), were transferred to the Collateral LuxCos. This intra-group reorganisation serves the collateralisation purposes in the restructuring process with bondholders and did not have any material impact on the consolidated financial statements of the Group.

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 October 2024, Adler Group announced the completion of the squeeze-out of the minority shareholders of Consus Real Estate AG. The Extraordinary General Meeting of Consus Real Estate AG on 11 June 2024 resolved to transfer the no-par value registered shares of the minority shareholders to Adler Group S.A. as the majority shareholder. In accordance with the transfer resolution, the minority shareholders of Consus Real Estate AG received a cash payment of EUR 0.01 per transferred no-par value registered share totalling to EUR 50 thousand. As a result the negative balance of direct minority interests in Consus Real Estate AG amounting to EUR 98,243 thousand has been derecognised and the resulting difference in the amount of EUR 98,294 thousand has been deducted from share premium.

In October 2024, Consus sold approximately 10% in a number of fully consolidated subsidiaries to a non-controlling interest holder for a consideration of 1 EUR. As a result the balance of minority interests of EUR 50,875 thousand has been reduced and the resulting difference in the amount of EUR 50,875 thousand has been presented in the retained earnings.

During the prior year, the consolidation scope had been impacted by the following transactions without loss of control.

On 17 March 2023, the Group sent a request to Adler RE to squeeze-out the remaining minority shareholders of Adler RE. Subsequently on the same date, the Group and Adler RE published an ad-hoc notification disclosing the EUR 8.76 per share cash compensation to be paid to the squeezed-out minority Adler RE shareholders. The squeeze-out became effective on 19 October 2023 with entry in the commercial register. A cash consideration of EUR 29,754 thousand was paid to the minority shareholders in 2023. As a result the direct minority interests in Adler RE amounting to EUR 58,589 thousand had been derecognised and the resulting difference in the amount of EUR 28,835 thousand had been presented in share premium.

In 2023 Consus acquired the remaining non-controlling shares in Consus Construction GmbH, Berlin, by increasing its share by 10%. As a result a negative balance of non-controlling interests relating to the subsidiary was derecognised (EUR 954 thousand) and the resulting loss was presented in the retained earnings (EUR 954 thousand).

D. Other changes

As per 23 September 2024 the shares in the four subsidiaries Joysun Tauroggener Straße Grundstücks GmbH, Berlin, Joysun Cotheniusstraße Grundstücks GmbH, Berlin, Joysun Kiehlufer Grundstücks GmbH, Berlin and Joysun Florapromenade Grundstücks GmbH, Berlin, have been transferred to the subsidiary Ziporim Investment GmbH, Berlin. Following the transfer, the four subsidiaries were merged with Ziporim Investment GmbH, Berlin ("up-stream merger"). The merger became effective as of 1 October 2024. Furthermore, following the departure of the respective limited partners, the two subsidiries Yona Invesment GmbH & Co. KG, Berlin and Yanshuf Investment GmbH & Co. KG, Berlin, are accreted to the general partner Ziporim Investment GmbH, Berlin ("accretion to general partner") as of 17 December 2024. The subsidiaries were removed from the consolidation scope without further impact on the consolidated financial statements of the Group.

On 13 June 2024 following entities ceased to exist due to the intra-group merger with Westgrund I. Halle S.à r.l., Luxembourg:

- Aramis Properties Luna S.à r.l., Luxembourg
- ESTAVIS 8. Wohnen S.à r.l., Luxembourg
- RELDA 39. Wohnen S.à r.l., Luxembourg
- Resident Sachsen P&K S.à r.l., Luxembourg
- Roslyn Properties Luna S.à r.l., Luxembourg
- Spree Zweite Beteiligung Ost S.à r.l., Luxembourg
- Wallace Properties Luna S.à r.l., Luxembourg
- WER 1. Wohnungsgesells chaft Erfurt Rieth S. à r.l., Luxembourg
- WER 2. Wohnungsgesells chaft Erfurt Rieth S.à r.l., Luxembourg
- Westgrund Immobilien V. S.à r.l., Luxembourg
- Cato Immobilienbesitz und -verwaltungs S.à r.l., Luxembourg

Furthermore, on 9 July 2024 following entities ceased to exist due to the intra-group merger with Westgrund VII S.à r.l., Luxembourg:

- TGA Immobilien Erwerb 3 S.à r.l., Luxembourg
- ESTAVIS 9. Wohnen S.à r.l., Luxembourg
- MBG Sachsen S.à r.l., Luxembourg
- RELDA Bernau Wohnen Verwaltungs S.à r.l., Luxembourg
- Rostock Verwaltungs S.à r.l., Luxembourg
- Westgrund Brandenburg S.à r.l., Luxembourg
- Westgrund Immobilien VI. S.à r.l., Luxembourg

As per 1 January 2024, RIV Total MI 2 GmbH, Berlin was merged with RIV Kornspeicher GmbH, Berlin.

None of these intra-group mergers have a material impact on the consolidated financial statements of the Group.

In 2024 CONSUS Swiss Services AG, Zug, Switzerland and CONSUS Swiss Projektholding AG, Zug, Switzerland were merged with Consus Swiss Finance AG, Zug, Switzerland . CONSUS (Schweiz) AG, Zug, Switzerland, was merged with CONSUS Swiss Services AG, Zug, Switzerland. Furthermore, SSN Real GmbH, Düsseldorf was merged with Consus Deutschland GmbH, Düsseldorf and Consus München Schwabing Verwaltungs GmbH, Düsseldorf was merged with Consus Projekt Development GmbH, Düsseldorf. These intra-group mergers did not have material impact on the consolidated financial statements of the Group.

In 2023, Westgrund Holding GmbH, Berlin, TGA Immobilien Erwerb 10 GmbH, Berlin and Magnus Zwölfte Immobilienbesitz und Verwaltungs GmbH, Berlin, were merged with Münchener Baugesellschaft GmbH, Berlin. Westgrund Immobilien II. Halle GmbH & Co. KG, Berlin was merged with Westgrund I. Halle S.à r.l., Luxembourg. ADP Germany GmbH, Berlin was merged with Magnus Elfte Immobilienbesitz und Verwaltungs GmbH, Berlin. RELDA 36. Wohnen GmbH, Berlin was merged with Magnus-Relda Holding Vier GmbH, Berlin. Furthermore, Adler Immo Invest GmbH, Berlin was merged with Adler Real Estate AG, Berlin. These intra-group mergers did not have any impact on the consolidated financial statements of the Group.

Note 6 – Investment properties

A. Investment properties – residential

The carrying amount of the Group's residential investment properties developed as follows:

In EUR thousand	2024	2023
Balance as at 1 January	**4,195,998**	**5,192,171**
Other capital expenditure	32,682	41,874
Transfer from investment properties to inventories	(651)	-
Transfer from investment properties to assets or disposal groups classified as held-for-sale (Note 16)	(590,420)	(27,104)
Transfer from investment properties to property, plant and equipment	571	6,060
Transfer from development projects to residential investment properties	-	23,300
Disposal of investment properties	(2,878)	(364,473)
Fair value adjustments	(227,256)	(795,770)
Changes of investment properties presented as part of a disposal group among non-current assets held-for-sale	78,756	119,940
Balance as at 31 December	**3,486,802**	**4,195,998**

As in the prior year, the Group did not capitalise any interest in residential investment properties.

Valuation technique and significant unobservable inputs

According to the Group's fair value valuation policies, all 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.

The fair value of the residential investment properties 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 Group's residential investment properties are valued using the discounted cash flow (DCF) method. Under the DCF method, the net rental income (here: expected future rental income and costs of the residential assets) is forecasted for a period of 10 years (the cashflow period) and discounted to the date of valuation. For the determination of the net rental income after the cashflow period, a capitalisation rate is used. Rental income mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. 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 following tables give an overview of the most significant valuation parameters and the respective valuation results for each regional cluster for the current and the prior year:

	Location					
Balance as at 31 Dec 2024	**Berlin**	**Duisburg**	**Düssel-dorf**	**Dort-mund**	**Other**	**Total**
Value (EUR/m²)	2,967	0	0	0	1,661	2,958
Average residential in-place rent	8.44	0.00	0.00	0.00	6.19	8.42
CBRE market rent (EUR/m²)	9.83	0.00	0.00	0.00	9.19	9.83
Multiplier (current rent)	29.07	0.00	0.00	0.00	21.90	29.03
Multiplier (CBRE market rent)	23.49	0.00	0.00	0.00	14.30	23.42
Discount rate (%)	4.84	0.00	0.00	0.00	5.18	4.84
Capitalisation interest rate (%)	2.92	0.00	0.00	0.00	3.91	2.92
Market rental growth (%)	2.41	0.00	0.00	0.00	1.50	2.41
Vacancy rate (%)	0.53	0.00	0.00	0.00	3.48	0.55
Fair value (EUR thousand)	3,462,858	0.00	0.00	0.00	23,944	3,486,802

As per 31 December 2024, the Group's assets located in the regional clusters Duisburg, Düsseldorf and Dortmund are presented among long-term assets held-for-sale (see Note 16).

	Location					
Balance as at 31 Dec 2023	**Berlin**	**Duisburg**	**Düssel-dorf**	**Dort-mund**	**Other**	**Total**
Value (EUR/m²)	2,990	1,219	2,890	1,614	1,341	2,766
Average residential in-place rent	8.33	5.92	9.16	6.77	6.22	8.05
CBRE market rent (EUR/m²)	9.52	6.51	10.81	7.67	7.50	9.20
Multiplier (current rent)	30.08	17.22	26.40	19.87	17.60	28.37
Multiplier (CBRE market rent)	24.68	15.37	22.50	17.09	14.10	23.38
Discount rate (%)	4.73	5.42	4.82	5.06	5.41	4.82
Capitalisation interest rate (%)	2.80	3.94	3.09	3.58	4.09	2.96
Market rental growth (%)	2.41	1.73	2.10	1.72	1.50	2.31
Vacancy rate (%)	0.52	2.02	1.03	1.55	2.04	0.72
Fair value (EUR thousand)	3,581,432	321,607	80,040	27,260	185,659	4,195,998

The **Rental in-place rent** and the **Vacancy rate** are derived from the Group's own rental statistics. **CBRE market rent** is derived from the internal rental database of CBRE, the internet data base empirica-systeme Marktdatenbank by Value AG (asking rents) and the local rental tables (Mietspiegel) for residential rents, if available. **Discount rates**, which explicitily reflect market rental growth in the cash flows, are derived from the capitalisation interest rate plus average rental growth. The **Capitalisation interest rates** are derived from the average net initial yield achieved in comparable transactions as observed by CBRE. They are adjusted in accordance with e.g. the quality of the location, demand and levels of value in the relevant local real estate market, the current letting situation of the concrete respective property and the nature of the property, its age, size and condition. The Market rental growth reflects e.g. the household trend in the last 12 years (source: official statistics), household forecast 2025 (source: official statistics), purchasing power index (source: gfk, Nürnberg), Prognos sustainability rating, residential rental forecast (source: BulwienGesa AG) and CBRE internal statistics.

According to CBRE, heightened geopolitical tensions, low economic growth in many major countries, and a "higher for longer" interest rate sentiment in 2024 increased the potential for constrained credit market, negative capital value movements and continued volatility in some property markets which in turn impacted on transitional activity. Consumer and investment behaviour can quickly change during periods of such heightened volatility. The fair value is therefore subject to a heightened market volatility in such times and is valid as at the valuation date only.

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 tables, assuming all other variables remain constant. A negative change in the parameters at the same percentage would have a similar impact on the value in the opposite direction. Interactions between the parameters are possible but cannot be quantified due to the complexity of the interrelationships:

Valuation parameters current year	Change in parameters	In EUR thousand	Change in values %
Average new letting rent (EUR/m^2)	10%	225,376	6.46
Vacancy rate (%)	1%	(41,953)	(1.20)
Discount and capitalisation rate (%)	25bps	(276,955)	(7.94)

Valuation parameters prior year	Change in parameters	In EUR thousand	Change in values %
Average new letting rent (EUR/m^2)	10%	261,781	6.24
Vacancy rate (%)	1%	(54,993)	(1.31)
Discount and capitalisation rate (%)	25bps	(335,142)	(7.99)

With some insignificant exceptions all of Adler Group's investment properties were encumbered following an amendment of bond terms and conditions in 2024 and 2023.

B. Investment properties under construction – project developments

The carrying amount of the Group's investment properties under construction developed as follows:

In EUR thousand	2024	2023
Balance as at 1 January	**714,927**	**1,152,123**
Other capital expenditure	11,948	22,171
Transfer from investment properties to assets or disposal groups classified as held-for-sale	6,076	(124,000)
Transfer from assets or disposal groups classified as held-for-sale to investment properties	-	20,000
Transfer from development projects to residential investment properties	-	(23,300)
Fair value adjustments	(255,921)	(376,968)
Changes of investment properties presented as part of a disposal group among long-term assets held-for-sale	-	44,900
Balance as at 31 December	**477,030**	**714,927**

As in the prior year, the Group did not capitalise any interest in project development investment properties.

Valuation technique and significant unobservable inputs

According to the Group's fair value valuation policies, all 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.

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.

For investment properties under construction, 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. It 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).

Valuation parameters for investment properties under construction	31 Dec 2024	31 Dec 2023
Market rent, weighted average (EUR)	15.14	14.75
Project development costs (EUR/m^2)	4,133	3,885
Capitalisation interest rate, weighted average (in %)	4.19	4.00

Valuation is made on a project by project basis. The **Project development costs** are derived from the project plans and budgets prepared by the Group. For valuation purposes, NAI Apollo derives the **Capitalisation interest rate** from current construction financings prevalent on the market. Cost indices from specialised external providers are used for the purposes of determining construction costs.

It is noted that according to the methodology applied in the valuations, the estimated cash flows 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.

The ongoing uncertainty on the real estate markets has led to a significant decline in the volume and number of transactions. At the time of the valuation, NAI Apollo are of the opinion that in deriving the market value they can attach less weight than previously to comparable market data. In view of the current developments on the financial markets, they are faced with an unprecedented set of circumstances that have to be taken into account in the valuation.

The following tables give an overview over the sensitivity of the valuation results towards a change of the respective valuation assumption, assuming all other variables remain constant.

Sensitivity current year	Market rent		Capitalisation rate		Construction costs	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value (EUR thousand)	(209,360)	209,260	135,930	(120,110)	233,180	(233,180)

Sensitivity prior year	Market rent		Capitalisation rate		Construction costs	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value (EUR thousand)	(216,300)	216,300	147,600	(129,700)	221,900	(222,000)

With some insignificant exceptions all of Adler Group’s investment properties were encumbered following an amendment of bond terms and conditions in 2024 and 2023.

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

In EUR thousand	2024	2023
Rental income from investment property	207,562	209,576
Operating expenses for residential assets that generated rental income(*)	(5,208)	(12,119)
Operating expenses for residential investment properties that did not generate rental income	(22)	(70)
Operating expenses for project investment properties that did not generate rental income	37	1,577

(*)Prior year adjusted.

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 2024: EUR 7,337 thousand, 31 December 2023: EUR 17,121 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 2023: three) associates and two (31 December 2023: two) 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	2024	2023
Balance as at 1 January	**1,534**	**25,530**
Share in profit and loss	(1)	(5,108)
Impairment	(1,035)	-
Reversal of impairment	-	2,767
Changes of assets presented as part of a disposal group	4	-
Additions to the scope of consolidated entities	-	386
Removals from the scope of consolidated entities	-	(22,041)
Balance as at 31 December	**502**	**1,534**

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 2023: 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	2024	2023
Balance as at 1 January	**1,465**	**3,442**
Share in profit and loss	-	(4,744)
Impairment	(1,035)	-
Reversal of impairment	-	2,767
Balance as at 31 December	**430**	**1,465**

The tables below represent the combined financial information of ***ACCENTRO*** based on the last published IFRS consolidated financial statements:

Assets (in EUR thousand)	**30 Sep 2023**
Non-current assets	454,809
Current assets	301,146
of which inventories	203,899
of which cash and cash equivalents	31,323

Equity and liabilities (in EUR thousand)	**30 Sep 2023**
Equity	199,604
Non-current liabilities	358,269
of which financial liabilities to banks	72,594
of which liabilities from bonds	273,969
Current liabilities	198,083
of which financial liabilities to banks	106,406
of which liabilities from bonds	41,033

Profit or loss (in EUR thousand)	**30 Sep 2023**
Earnings from sale of inventories	1,577
Earnings from property lettings	5,731
Earnings from services	223
EBIT (Earnings before interest and tax)	(28,035)
EBT (Earnings before tax)	(49,188)
Consolidated net profit	(48,222)

Cash flows (in EUR thousand)	**30 Sep 2023**
Cash flow from operating activities	28,848
Cash flow from investing activities	(3,336)
Cash flow from financing activities	(94,754)
Change in cash and cash equivalents	(69,242)

On 30 November 2017, Adler sold most of its shares in ACCENTRO to a third party. A gross amount of EUR 73,115 thousand (31 December 2023: EUR 63,302 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 31.A.

As per 31 December 2024, the contribution of AB Immobilien and Caesar to the financial position, comprehensive income and cashflow is no longer material to the consolidated financial statements of the Group.

In 2023, Adler has fully impaired the investment in Caesar due to unfavourable business prospects. After a provisional insolvency administrator was appointed for Caesar on 30 July 2024, the main insolvency proceedings for Caesar's assets were opened in 1 October 2024. It is not assumed that the opening of insolvency proceedings will have an impact on the recoverability of the receivables.

Adler has receivables against AB Immobilien at a gross amount (including unpaid interest) of EUR 14,928 thousand (31 December 2023: EUR 14,928 thousand) and against Caesar at a gross amount (including unpaid interest) of EUR 34,660 thousand (31 December 2023: EUR 31,540 thousand). Further information on these receivables is provided in Note 31A.

Investments in joint ventures

The investments in joint ventures relate to Adler Real Estate Assekuranzmakler GmbH & Co. KG (Adler Assekuranz) and Brack Capital (Chemnitz) B.V. (BCP Chemnitz).

In September 2023, Consus completed the sale of the Staytion - Forum Pankow development project in Berlin. Adler Group's subsidiary Consus sold its interest of 75.0% in the joint venture MAP Liegenschaften GmbH (MAP) to its joint venture partner Kondor Wessels for a cash consideration of EUR 9,100 thousand. In connection with this transaction, net financial liabilities of EUR 8,938 thousand due to MAP were settled resulting in net cash proceeds of EUR 162 thousand. The sale resulted in a loss of EUR 12,555 thousand. Due to the structure of the shareholders' agreement, MAP was not controlled by the Group, but accounted for under the equity method. The carrying amount of the investment in MAP developed as follows:

In EUR thousand	2024	2023
Balance as at 1 January	**-**	**22,041**
Share in profit and loss	-	(386)
Removals from the scope of consolidated entities	-	(21,655)
Balance as at 31 December	**-**	**-**

As per 31 December 2024, the contribution of ADLER Real Estate Assekuranzmakler GmbH & Co. KG and Brack Capital (Chemnitz) B.V. to the financial position, comprehensive income and cashflow is not material to 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 2024	31 Dec 2023
Carrying amount of shares in non-significant investees consolidated at equity	24	68
Group's share in the result of non-significant at-equity investees		
Share in profit or loss of the investee	-	(17)
Total result	**-**	**(17)**

Note 9 – Property, plant and equipment

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

In EUR thousand	2024	2023
Carrying amount as of 1 January	**14,258**	**24,981**
Acquisitions	1,426	4,593
Capitalisation of other expenses	1,146	-
Disposals	(454)	(11,306)
Transfer to a disposal group of non-current assets held-for-sale	-	(1,921)
Changes of investment properties presented as part of a disposal group among non-current assets held-for-sale	370	-
Depreciation	(2,685)	(1,825)
Removals from the scope of consolidated entities	(67)	(264)
Balance at 31 December	**13,994**	**14,258**

Note 10 – Other financial assets

In EUR thousand	31 Dec 2024	31 Dec 2023
Loans to holders of non-controlling interest in subsidiaries	105,676	109,084
Miscellaneous other financial assets	1,036	2,836
Other financial assets	**106,712**	**111,920**

In March 2022, Adler Group agreed on a renewal of the loans with the two major borrowers holding non-controlling interests in property companies of the Group (Taurecon and Amelicaster). All receivables and loans against the two borrowers have been combined under two loan agreements at market interest rates. The loans mature on 30 September 2026 and are secured by share liens. Prior year an amount of EUR 12,300 thousand of this loan was repaid. As per 31 December 2024, the Group recognised no impairment loss based on the fair value of share liens (2023: EUR 15,989 thousand).

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 2024 includes EUR 24,293 thousand of pledged bank deposits received from tenants (31 December 2023: EUR 19,553 thousand), EUR 10,466 thousand pledged to secure banking facilities (31 December 2023: EUR 13,565 thousand) and EUR 10,371 thousand of restricted proceeds from project developments (31 December 2023: EUR 31,536 thousand).

Note 12 – 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 2024	31 Dec 2023
Gross contract assets - non-current	70,795	112,178
Prepayments received on non-current contract balances	(67,982)	(56,665)
Net contract assets - non-current	**2,813**	**55,513**
Gross contract assets - current	139,611	14,455
Prepayments received on current contract balances	(119,283)	(3,674)
Net contract asset - current	**20,328**	**10,781**
Net contract liabilities - current	**-**	**(14,473)**

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	2024	2023
Contract assets balance as at 1 January	**66,294**	**86,863**
Additions due to performance obligations satisfied in the reporting period	40,905	9,926
Reclassification to receivables / payments received	(79,375)	(7,122)
Impairment	(4,683)	-
Other changes (i.e., timing, transaction price, change in the measure of progress)	-	(23,373)
Balance as at 31 December	**23,141**	**66,294**

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

In EUR thousand	2024	2023
Contract liabilities balance as at 1 January	**14,472**	**13,924**
Received prepayments (incl. billed invoices) relating to performance obligations not satisfied yet	(79,786)	6,029
Derecognition when performance obligations satisfied	65,314	(833)
Other changes (i.e., timing, transaction price, change in the measure of progress)	-	(4,647)
Balance as at 31 December	**-**	**14,472**

Note 13 – Inventories

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

In EUR thousand	31 Dec 2024	31 Dec 2023
Real Estate "Trading properties (including condominiums)"	410,599	474,987
Real Estate “Institutional”	-	18,336
Real Estate “Parking”	-	21,858
Real Estate “Other construction work”	-	286
Other inventories: not development	287	-
Total balance	**410,886**	**515,467**

The following factors had an impact on the amount of inventories:

In EUR thousand	2024	2023
Carrying amount as of 1 January	**515,467**	**678,572**
Construction work	-	14,780
Transfer from a disposal group of non-current assets held-for-sale	-	1
Impairment	(76,156)	(84,508)
Reversal of impairment	8,500	-
Expenses from the sale	(36,924)	(103,587)
Reversals of sales to 3rd parties in prior periods	-	10,209
Balance at 31 December	**410,886**	**515,467**

As per 31 December 2024, the Group capitalised no interest in the inventories (2023: EUR 0 thousand).

Impairments are made when the net realisable value of inventories is falling below the book value at the date when such assessment is made. Impairments are presented among Cost of operations. 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 410,886 thousand (31 December 2023: EUR 515,467 thousand). The sale of the inventories relating to development will likely occur after more than twelve months.

Note 14 – Trade receivables

As at the reporting date, trade receivables mainly consist of rental receivables (EUR 12,907 thousand; 31 December 2023: EUR 32,165 thousand), receivables from the sale of real estate inventories (EUR 4,637 thousand; 31 December 2023: EUR 15,381 thousand) and receivables from property development (EUR 18,007 thousand; 31 December 2023: EUR 25,290 thousand). The balances represent gross amounts less allowances for expected credit losses.

Note 15 – Other receivables and financial assets

Other current receivables and financial assets consist of the following:

In EUR thousand	31 Dec 2024	31 Dec 2023
Receivables from income tax	14,874	16,354
Receivables from other taxes	6,059	5,475
Advances to suppliers	4,584	17,167
Prepaid expenses	2,588	1,037
Miscellaneous other receivables (non-financial)	9,512	2,608
Total other receivables (non-financial)	**37,617**	**42,640**
Receivables from portfolio sales to third parties	-	6,866
Receivables against non-controlling shareholders of subsidiaries	35,001	32,683
Loans	10,836	19,917
Deposits	4,013	6,641
Miscellaneous other receivables (financial)	3,597	7,574
Other receivables (financial)	**53,447**	**73,682**
Total other receivables and financial assets	**91,064**	**116,322**

Receivables from other taxes principally relate to value added tax.

Note 16 – Non-current assets and liabilities held-for-sale

Since, in December 2021, ADLER Real Estate AG (ADLER) had irrevocably undertaken vis-à-vis LEG Immobilien SE (LEG) to tender its remaining shares in BCP as part of a public tender offer by LEG until 30 September 2022, the Group presented BCP as a disposal group held-for-sale. Even though the sale did not take place within one year from the date of reclassification, the Group continued to present BCP as a disposal group held-for-sale as it kept on actively marketing its share in BCP at prices that corresponded with the market conditions prevailing at that time.

On 4 November 2024, ADLER and LEG finally agreed on the sale of approximately 52.86% of the issued and outstanding share capital of BCP at a price of EUR 45 per share with closing conditions not expected to be fulfilled before 2 January 2025. Regarding the remaining approximately 10.1% of the issued and outstanding share capital ADLER agreed with LEG to tender these shares to LEG in the context of a public tender offer by LEG until 30 September 2025, provided the price per share does not drop below a price of EUR 45 per share.

The price agreed between ADLER and LEG for the sale of the shares in BCP is falling below the carrying amount of the net assets of BCP as per the balance sheet date. In consistency with prior accounting practice, the Group did not recognise an impairment loss on the assets included in the disposal group (also see Note 4.O). Instead, a provision for onerous contracts has been recognised (see Note 21).

Major classes of assets and associated liabilities relating to the disposal group BCP comprise the following:

In EUR thousand	31 Dec 2024	31 Dec 2023
Investment properties	1,035,490	1,099,710
Financial assets	46,336	40,572
Inventories	-	15,400
Other assets	20,665	42,353
Cash and cash equivalents	62,445	42,527
Non-current assets held-for-sale	6,500	-
Assets total	**1,171,436**	**1,240,562**
Deferred tax liabilities	87,800	80,334
Financial liabilities due to bank	339,635	342,215
Corporate bonds	221,798	93,245
Other liabilities	31,156	59,129
Liabilities held-for-sale	8,800	-
Liabilities total	**689,189**	**574,923**

On 24 October 2024 BCP entered into a transaction for the sale of a commercial property in Ludwigsfelde, in consideration for approximately EUR 8,000 thousand. The property secures a bank loan totalling approximately EUR 6,500 thousand. It should be noted that the Company recognised a profit of approximately EUR 600 thousand in its financial statements due to the completion of this transaction and classified the property and the bank loan as part of the assets and liabilities held-for-sale.

The investment properties of the disposal group comprised income-generating residential real estate of EUR 890,750 thousand (31 December 2023: EUR 804,760 thousand), income-generating commercial real estate of EUR 13,740 thousand (31 December 2023: EUR 13,550 thousand) and development properties of EUR 131,000 thousand (31 December 2023: EUR 281,400 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 2024**	**31 Dec 2023**
Discount rate (%)	5.41	5.24
Capitalisation interest rate (%)	3.91	3.74
Vacancy rate (%)	2.01	2.17
Representative monthly rent (EUR/m^2)	8.40	8.18
Income-generating commercial real estate		
Discount rate (%)	8.48	8.63
Capitalisation interest rate (%)	7.42	7.78
Development projects		
Expected sales price (EUR/m^2)	4,710	4,745
Expected construction costs (EUR/m^2)	3,878	3,678

The effect of a possible increase (decrease) in the discount rate by 0.25 basis points would lead to a change in the fair value of the investment properties included in the disposal group by approximately EUR - 54,861 thousand and EUR + 54,861 thousand respectively (31 December 2023: EUR - 53,400 thousand and EUR +53,400 thousand respectively).

On 23 December 2024, several subsidiaries of ADLER agreed to sell 89,9% of their respective shareholdings in WBR Wohnungsbau Rheinhausen GmbH, Berlin, MBG Schwelm GmbH, Berlin, ESTAVIS 6. Wohnen GmbH, Berlin, ESTAVIS 7. Wohnen GmbH, Berlin, Resident West GmbH, Berlin, and AFP III Germany GmbH, Berlin, (the Cosmopolitan portfolio) to Orange Capital Partners and One Investment Management Ltd for a preliminary purchase price of EUR 167,450 thousand. The Group is entitled to sell its remaining shareholdings to the purchasers at the final purchase price for the sale of the majority shareholding. That option will be exercised in due course. The Group presents the assets and liabilities of the entities sold in assets and liabilities held-for-sale.

The price agreed between ADLER and purchasers for the sale of the shares is falling below the carrying amount of the net assets of the target entities as per the balance sheet date. In consistency with prior accounting practice, the Group did not recognise an impairment loss on the assets included in the disposal group (also see Note 4.O). Instead, a provision for onerous contracts has been recognised (see Note 21).

Major classes of assets and associated liabilities relating to the disposal group Cosmopolitan comprise the following:

In EUR thousand	31 Dec 2024
Investment properties	556,658
Financial assets	5,716
Other assets	1,217
Cash and cash equivalents	6,302
Non-current assets held-for-sale	-
Assets total	**569,893**
Deferred tax liabilities	41,943
Financial liabilities due to bank	197,889
Other liabilities	8,213
Liabilities held-for-sale	-
Liabilities total	**248,045**

The investment properties of the disposal group comprised income-generating residential real estate. 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 2024
Discount rate (%)	5.60
Capitalisation interest rate (%)	4.12
Vacancy rate (%)	1.82
Representative monthly rent (EUR/m^2)	6.58

A potential decrease (increase) of 0.25 basis points in the discount rate would result in an approximate increase of EUR 37,272 thousand (or a decrease of EUR 33,143 thousand) in the fair value of the investment properties included in the disposal group.

On 18 December 2024, Living Central Beteiligungs GmbH, Düsseldorf, signed a contract on the sale of project developments located in the city Düsseldorf to a number of investment holding companies in Luxembourg at a price of EUR 72,560 thousand. On 20 December 2024, Artist Living Köln STG GmbH & Co. KG, Düsseldorf, signed a contract on the sale of a project development in the city of Köln to an investment holding company at a price of EUR 35,000 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.

Note 17 – Equity

1. Share capital and share premium

Ordinary shares (in thousands of shares)	2024	2023
In issue as at 1 January	**151,626**	**117,510**
Increase from issuance of ordinary shares, net	-	34,116
In issue as at 31 December	**151,626**	**151,626**

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. Ordinary shares are subordinated to equity of hybrid investors (Note 17.2). The par value per share is EUR 0.0012.

During the prior year, the Company had issued 34,116 thousand new ordinary shares in the course of the debt restructuring process. The new shares were acquired by a group of lending parties participating in the debt restructuring process (“New Money”) and have been measured at EUR 42 thousand. For the 10,614 thousand issued new ordinary shares, lock-up agreements were concluded between the Company and the investors for a period of 12 months over which the new shares are not admitted to trading. The lock-up period ended on 26 April 2024.

Share premium development is as follows:

Share premium (in EUR thousand)	2024	2023
In issue as at 1 January	**1,873,599**	**1,844,765**
Transactions with non-controlling interests without a change in control	(98,294)	28,834
In issue as at 31 December	**1,775,305**	**1,873,599**

For further details, we refer to Note 19 and to the consolidated statement of changes in equity.

2. Equity of Group’s hybrid investors

In the course of the comprehensive recapitalisation completed in September 2024 (Recapitalisation 09/2024), the former holders of the 2L Notes received new Voting Securities (parts bénéficiaires avec le droit de vote; ISIN LU2900363131) on a pro rata basis. The Voting Securities do not fulfil the definition of an asset or a liability according to the IFRS Conceptual Framework, as they do not produce economic benefits. As a result, they also do not fulfil the definition of intangible assets in accordance with IAS 38 and financial instruments according to IAS 32 for Adler Group S.A. Therefore, they are not recognised in the balance sheet of Adler Group S.A. The bondholders (i.e. holders of the Voting Securities) are generally entitled to vote at general meetings. Decisions regarding dividend payouts and other distributions are explicitly excluded from this right. In addition, the bondholders do not coordinate their decisions regarding voting matters. Therefore, the bondholders (individually or as a group) do not have power or significant influence over Adler Group S.A. according to IFRS 10 and IAS 28. The assessment of power and significant influence over Adler Group S.A. may change due to the changes in the Articles of Association of Adler Group S.A., or the sale or transfer of the Voting Securities amongst the bondholders. This matter and the resulting implications are closely monitored by the management of Adler Group S.A. on an ongoing basis. The Voting Securities are issued for nil consideration and do not convey a portion of the nominal capital in the Adler Group S.A. The Voting Securities have the same voting rights as the existing common shares but no economic rights and are not attached to the subordinated 3 lien perpetual notes. The total number of Voting Securities issued amounts to circa 454.9 million and corresponds to approximately 75% of the total voting rights. Any outstanding bonds (classified as debt and/or equity) rank senior to ordinary shares. Therefore, bondholders (incl. holders of 3L Subordinated Notes) receive their claims including accrued interest prior to the holders of the ordinary shares in the event of liquidation or restructuring.

As part of the comprehensive recapitalisation in 2024 (Recapitalisation 09/2024), AGPS BondCo Plc. issued EUR 2,341.900,000 of 6.25% subordinated perpetual notes ("subordinated notes") and EUR 700,000,000 6.25% 2L reinstated notes on 19 September 2024. These notes were created in bearer form, with a denomination of EUR 100 each and are represented by permanent Global Notes. They replaced five bonds previously issued by AGPS BondCo Plc., specifically AGPS Bond 2020/2025, AGPS Bond 2021/2026, AGPS Bond 2021/2029, AGPS Bond 2021/2027, and AGPS Bond 2020/2026 (including PIK interest). Both bonds are secured by collaterals, such as pledges over shares in certain fully consolidated entities and land charges over certain plots of lands and buildings.

The EUR 2,341,900,000 subordinated perpetual notes are classified as equity because the Company can control the payments, and a repayment obligation regarding the principal and accumulated interest. Payment only arises in the event of the liquidation of the Company. Based on the initial fair value of the perpetual note in the amount of EUR 739,029 thousand, fair value of the reinstated bond in the amount of EUR 220,850 thousand and the carrying amount of the converted bonds including accrued interests totalling to EUR 3,080,100 thousand as of the effective restructuring date on 19 September 2024, a derecognition gain of EUR 2,120,221 thousand has been recognised in the finance income. The perpetual notes are measured at fair value of EUR 739,029 thousand less transaction costs of EUR 22,322 thousand totalling to EUR 716,707 thousand. As a result of the debt-to-equity-conversion including the reinstatement, the equity increased in total by EUR 2,836,928 thousand (thereof EUR 2,120,221 thousand via profit and loss and EUR 716,707 thousand via equity increase).

Under the subordinated notes, there is an obligation to pay to the noteholders if the Company declares or pays any distribution to the shareholders which, when aggregated with all other distributions since the Subordinated Notes issue date, is greater than one thirty-ninth (1/39) of all cash payments made in respect of the subordinated notes. In this case, the subordinated notes (including PIK) shall become immediately due and payable. Since the issue date of the subordinated notes the Company declared no dividends and made no payments in respects of the subordinated notes.

Both, the subordinated notes as well as the reinstated notes include several obligations and information covenants referring to the maintenance of the centre of commercial interest in the Duchy of Luxembourg, the notification of any event of default and financial information on the transaction collateral. Furthermore, the terms and conditions contain among others limitations on mergers, limitations of contributions to the Consus Sub-group of EUR 265,000,000, limitations of share buy-backs and payments of dividends. With regard to the reinstated notes a maintenance loan-to-value ratio of 90% applies.

The nominal amount of the subordinated notes including PIK stood at EUR 2,382,875 thousand as of 31 December 2024.

3. Reserves

The reserves include hedging reserve, other capital reserves and reserve from financial assets measured at fair value through other comprehensive income.

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.

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.

The reserve from financial assets measured at fair value through other comprehensive income (OCI) comprises of equity instruments for which the Group chose to present the fair value changes in other comprehensive income. The fair value change relates to the difference between the fair value on the balance sheet date and the fair value at the acquisition date, net of tax. In addition, it includes the fair value changes from debt instruments for which the Group is required to present the fair value changes in other comprehensive income. Past cumulative gains or losses of equity instruments measured at fair value through OCI are not reclassified within equity.

4. 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 2024	31 Dec 2023
Subsidiary Adler subgroup	207,641	230,613
Subsidiary Consus subgroup	(138,976)	(133,346)
Other	169,779	173,993
Total balance	**238,444**	**271,260**

The development of non-controlling interests is presented separately in the statement of changes in equity.

The non-controlling interests were 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 Consus sub-group**
Headquarters	**Berlin**	**Berlin**
Minority interest %	**0,00%(*)**	**3.12%**
In EUR thousand	**31 Dec 2024**	**31 Dec 2023**
Current assets[1]	-	837,174
Current liabilities[1]	-	(584,380)
Net current assets	**-**	**252,794**
Investment properties	-	564,938
Other non-current assets	-	99,861
Non-current liabilities	-	(3,511,783)
Net non-current assets	**-**	**(2,846,984)**
Equity	**-**	**(2,594,190)**

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

Combined statement of comprehensive income IFRS		**Subsidiary Consus sub-group**
In EUR thousand	**2024**	**2023**
Revenue	-	138,449
Annual result	**-**	**(706,492)**
Other comprehensive income	-	9,070
Net result	**-**	**(697,422)**
Profit or loss attributable to non-controlling interests	-	(40,462)

Combined statement of cashflows IFRS		**Subsidiary Consus sub-group**
In EUR thousand	**2024**	**2023**
Cash flow from operating activities	-	(80,983)
Cash flow from investing activities	-	(980)
Cash flow from financing activities	-	88,781
Change in cash and cash equivalents	-	6,818

*No amounts are shown in the reporting period due to the squeeze-out of Consus in 2024.

Additional non-controlling interest holders relate to minority shareholdings in property companies.

Note 18 – Corporate bonds

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

In EUR thousand	31 Dec 2024	31 Dec 2023
Adler Group Bond 2023/2025	-	196,464
AGPS Bond 2017/2024	-	413,443
AGPS Bond 2020/2025	-	416,577
AGPS Bond 2020/2026	-	411,454
AGPS Bond 2021/2026	-	723,307
AGPS Bond 2021/2029	-	818,916
AGPS Bond 2021/2027	-	515,188
Adler Bond 2018/2026	296,169	292,599
Adler Bond 2017/2024	-	3,405
AGPS Bond Reinstated 2L 2024/2030	232,243	-
Total balance	**528,412**	**3,791,354**

On 20 July 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2017/2024). The bonds carry an interest rate of 1.5% per annum and mature on 26 July 2024. The gross proceeds resulting from the transaction amounted to EUR 398.6 million with an issue price of 99.651%. The net proceeds of the bond were mainly used to fund acquisitions. Effective as at 11 January 2023 Adler Group S.A. was substituted as issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured note was amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Furthermore, the maturity date of the bond was extended from 26 July 2024 until 31 July 2025. Based on a 10% present value test in 2023, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 24.5 million which has been recognised as a modification loss within financial result in 2023. In the course of the comprehensive recapitalisation in 2024 (Recapitalisation 09/2024), the bond has been fully repaid on 19 September 2024. The repayment resulted in a gain of EUR 7.4 million which is presented in the financial income. The repayment was refinanced by issuing new 1.5 lien loans to a group of investors (New Money 09/2024 - refer to Note 19).

On 16 November 2018, the Company placed senior, unsecured bonds in a total nominal amount of EUR 165 million with institutional investors, which are convertible into new and/or existing ordinary registered shares of the Company (Adler Group Convertible Bond 2018/2023). The coupon has been set at 1.25% per annum, payable semi-annually in arrears. Due to the downgrade of the Company the interest increased to 2.00% p.a. starting from 23 November 2020. ADO Group Ltd., a subsidiary of Adler RE, held 38.24% of the convertible bond. On 9 October 2023 the Company repurchased the nominal amount of EUR 69.5 million via a tender offer. The remaining outstanding nominal amount was repaid on mature date as of 23 November 2023.

On 5 August 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2020/2025). The bonds carry an interest rate of 3.25% per annum and mature on 5 August 2025. The gross proceeds resulting from the transaction amounted to EUR 395.5 million with an issue price of 98.87%. The net proceeds of the bond were mainly used to refinance existing liabilities. Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured note was amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test in 2023, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 23.7 million which has been recognised as a modification loss within financial result in 2023. In the course of the comprehensive recapitalisation (Recapitalisation 09/2024), the bond has been derecognised (refer to Note 17 - Equity).

On 13 November 2020, the Company placed unsecured, fixed-rate corporate bonds (Adler Group Bond 2020/2026) with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 2.75% per annum and mature on 13 November 2026. The gross proceeds resulting from the transaction amounted to EUR 394.6 million with an issue price of 98.646%. The net proceeds of the bond have mainly been used to refinance existing liabilities. Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer of this bond by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured note was amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test in 2023, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 24,291 thousand which has been recognised as a modification loss within financial result in 2023. In the course of the comprehensive recapitalisation (Recapitalisation 09/2024), the bond has been derecognised (refer to Note 17 - Equity).

On 8 January 2021, the Company placed EUR 1,500 million fixed rate senior unsecured notes comprising of two tranches, a EUR 700 million 5-year maturity with a 1.875% fixed coupon (Adler Group Bond 2021/2026) and a EUR 800 million 8-year maturity with a 2.25% fixed coupon (Adler Group Bond 2021/2029). The proceeds of the issues were used to repay existing indebtedness, including buybacks. Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer by AGPS of these bonds by BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured notes were amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the both tranches were adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the 5-year tranche by EUR 4.3 million and in an increase in the 8-year tranche by EUR 49.3 million respectively which have been recognised as a modification loss within financial result in 2023. In the course of the comprehensive recapitalisation (Recapitalisation 09/2024), both the 800 million and 700 million tranches have been derecognised (refer to Note 17 - Equity).

On 21 April 2021, Adler Group S.A. placed EUR 500 million fixed rate senior unsecured notes with a 6-year maturity and a 2.25% fixed coupon under its newly established EMTN programme (Adler Group Bond 2021/2027). The proceeds of the issue of the notes were used to call and repay the EUR 450 million 9.625% high yield bond issued by Consus Real Estate AG

(Consus Bond 2019/2024). Effective as at 11 January 2023, Adler Group S.A. was substituted as issuer by AGPS BondCo PLC, a 100% owned subsidiary of Adler Group S.A. Pursuant to the debt restructuring plan, on 17 April 2023, the senior unsecured notes were amended to include a 2.75% coupons increase until 31 July 2025; after which time, the coupon reverts to its respective prior level. Based on a 10% present value test in 2023, the modification to the terms of the bond did not result in the extinguishment of the original bond. Therefore, the carrying amount of the bond was adjusted to reflect the revised cash flows discounted at the original effective interest rate. This resulted in an increase in the carrying amount of the bond by EUR 30.4 million which has been recognised as a modification loss within financial result in 2023. In the course of the comprehensive recapitalisation (Recapitalisation 09/2024), the bond has been derecognised. (refer to Note 17 - Equity).

In exchange of the bonds derecognised, AGPS BondCo issued perpetual notes with a nominal amount of EUR 2,342 million and reinstated notes at an amount of EUR 700 million with a maturity date of 14 January 2030 (AGPS Bond Reinstated 2L 2024/2030). Both notes are secured by collaterals, such as pledges over shares in certain fully consolidated entities and land charges over certain plots of lands and buildings. They bear interest of 6.25 % p.a. AGPS Bond Reinstated 2L 2024/2030 has been initially measured at a fair value of EUR 220.9 million (excluding transaction costs). Perpetual notes have been classified as equity at a fair value of EUR 739.0 million less transaction costs of EUR 22.3 million totalling to EUR 716.7 million. The derecognition of the bonds in exchange of subordinated perpetual notes and reinstated notes has led to a gain of EUR 2,120 million.

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 expired in February 2024 and was issued at 99.28% of par value. On average, the interest on the bonds overall is 1.73%. Adler repurchased the second tranche (Adler Bond 2017/2024) in two tranches on 26 May and 13 June 2023 with a remaining nominal amount of EUR 3.4 million. The reacquisition was made at a rate of 94.0% including accumulated interest and rates. The remaining nominal amount of EUR 3.4 million was repaid on maturity date in 2024.

In April 2018, Adler successfully placed corporate bonds of EUR 800 million in two tranches again with institutional investors in Europe. The first tranche (Adler 2018/2023) has a volume of EUR 500 million, a coupon of 1.88% and a term until April 2023; the second tranche (Adler 2018/2026) has a volume of EUR 300 million, a coupon of 3.0% and a term until April 2026. On average, the interest on the bonds overall is 2.30%. The net proceeds were largely used to refinance the bridge loan which Adler had raised in connection with the acquisition of Brack Capital Properties N.V. (“BCP”). On 26 April 2023, the maturity date of the first tranche, Adler Real Estate AG repaid its bond (Adler Bond 2018/2023) in the full amount of EUR 500 million.

As part of the acquisition of BCP, Adler has assumed liabilities for bonds in three tranches with an original volume of NIS 700 million. Tranche A (BCP Bond 2011/2020 originally NIS 400 million) has a term up to July 2020 and has 4.80% interest rate. The liabilities from the BCP Tranche A bond were repaid early on 20 April 2020. Tranche B (BCP Bond 2013/2024 originally NIS 175 million) has a term up to December 2024 and has a 3.29% interest rate which has been increased to 4.04% due to the downgrade of BCP in 2022. Tranche C (BCP Bond 2014/2026 originally NIS 125 million) has a term up to 2026 and has a 3.30% interest rate which has been increased to 4.05% in 2022. Annual principal payments are made until the end of the respective term. The interest rate and the repayment of the three tranches is also linked to the development of the Israeli Consumer Price Index. In August 2023, BCP completed an exchange tender offer for bonds

(Series B), as part of which it repaid EUR 97.1 million (ILS 390,324,629) par value of bonds (Series B) in consideration for EUR 53.2 million (ILS 213,702,734) par value of bonds (Series C) and EUR 53.4 million (ILS 222,563,103) in cash. This resulted in a modification loss in an amount of EUR 2.5 million which has been recognised within financial result in 2023. On 28 February 2024, BCP completed an issuance of a new series of bonds (Series D) in a total scope of approximately ILS 360 million (equivalent to EUR 92.4 million) at inflation-linked interest of 5.05 %. On 10 July 2024, BCP completed an issuance of bonds (Series D) through expanding the existing series. The issuance was performed at a premium - whereby, BCP received total financial proceeds totalling approximately ILS 158,700,000 (equivalent to EUR 40.1 million) for the issuance of par value of ILS 150,000,000. 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 16).

On 29 September 2023 Adler Group S.A. placed EUR 191 million senior secured notes due 31 July 2025 totalling to cash proceeds of EUR 191 million received on 9 October 2023 (Adler Group Bond 2023/2025). The notes were issued at 100% of their nominal value and accrue an annual PIK-amount of 21%. The new notes are secured in ranking after the relevant asset level financings and the Company's financing obtained in connection with the restructuring under the Company's existing intercreditor agreement (i.e., secured on a "1.5 Lien" basis). The net proceeds were mainly used for the repayment of the convertible notes due 23 November 2023 and promissory notes in the amount of EUR 24.5 million. In the course of the comprehensive recapitalisation in 2024 (Recapitalisation 09/2024), the bond was fully repaid on 9 September 2024. The repayment was refinanced by issuing new 1.5 lien loans to a group of investors (New Money 9/2024 - refer to Note 19).

Conversion of bonds into subordinated perpetual notes (subordinated notes) and reinstated notes

Following the completion of the Issuer Substitution transaction in January 2023 and the subsequent Restructuring Plan in April 2023, AGPS BondCo plc had a number of bond liabilities in issue to external bondholders (Notes), which were listed on the Luxembourg Euro MTF stock exchange. Certain tranches of the Notes issued by AGPS BondCo plc were due for repayment in 2025. As a result, the Group developed a restructuring plan (Restructuring 09/2024) with its bondholders, which resulted in a set of steps involving the repayment of part of the existing AGPS BondCo plc debt and refinancing the remaining part into a combination of reinstated notes and new "subordinated notes", along with associated steps intended to achieve the overall commercial objectives of the restructuring. Among other things, the transaction involved the following:

- The extension of the maturity date of certain of the bonds issued by AGPS BondCo plc to end-2028/end-2029, along with amendments to some of the bond covenants.
- Additional New Money funding being obtained at the Adler Group S.A. level (see Note 19).
- The modification of EUR 2.341 billion of the bonds issued by AGPS BondCo plc to qualify as subordinated notes (perpetual notes, see Note 17).
- The invitation of Bondholders to subscribe for a certain number of Voting Securities (see Note 17).

With effect from 19 September 2024, AGPS Bondco issued two series of notes to Titanium 2L BondCo S.à.r.l., comprising of EUR 700,000,000 6.250% PIK 2L reinstated notes (ISIN: DE000A3L3AH7) and EUR 2,341,900,000 6.250% PIK 3L subordinated notes (ISIN: DE000A3L3AJ3) in exchange of the bonds derecognized in the course of restructuring. The reinstated notes in the nominal amount of EUR 700 million have maturity date of 14 January 2030 and bear interest of 6.25 % p.a. They have been recognized as non-current corporate bond and measured at fair value of EUR 221 million.The subordinated notes have an indefinite duration with a PIK interest of 6.25% p.a. According to IAS 32, the main feature that distinguishes an equity from a financial liability is whether the issuer has an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation. With respect to the subordinated notes, Adler Group S.A. can avoid any payment, because the contingent events triggering an obligation to redeem the notes fully remains under the control of the issuer. Therefore, as the issuer has an unconditional right to avoid payment of the principal amount and the interest due, the subordinated perpetual notes are classified as equity instruments on initial recognition (refer to Note 17 - Equity).

Based on the fair value of the subordinated notes in the amount of EUR 739 million, fair value of the reinstated note in the amount of EUR 221 million and the carrying amount of the bonds including the PIK in the amount of EUR 3,080 million as per the effective restructuring date on 19 September 2024, a derecognition gain of EUR 2,120 million has been recognised in the finance income (refer to Note 29 - Net finance costs).

Bond Covenants

As part of the wider refinancing the previous set of financial covenants was replaced by a new financial covenant in the 2L reinstated notes.

Both, the subordinated notes as well as the reinstated notes include several obligations and information covenants referring to the maintenance of the centre of commercial interest in the Duchy of Luxembourg, the notification of any event of default and financial information on the transaction collateral. Furthermore, the terms and conditions contain among others limitations on mergers, limitations of contributions to the Consus Sub-group of EUR 265,000,000, limitations of share buy-backs and payments of dividends. With regard to the reinstated notes a maintenance loan-to-value ratio of 90% applies.

ADLER Real Estate AG undertakes to maintain a consolidated coverage ratio at or above 1.80 to 1.00 for any reporting date. Further limitations, e.g in the incurrance of financial indebtedness, exist.

As at 31 December 2024, the Group is compliant with the covenants stipulated in the bond agreements.

Credit Ratings Developments – 2023 to 2024

As of 31 December 2023, Adler Group S.A. and Adler Real Estate AG held long-term issuer credit ratings of ‘CCC+’ with a negative outlook from S&P Global Ratings, following the initial steps in their debt restructuring process.

Following the successful completion of the comprehensive recapitalisation in September 2024, S&P further upgraded the long-term issuer credit ratings of Adler Group S.A. and Adler Real Estate AG to ‘B-’ on 11 October 2024, citing improvements in liquidity and the debt maturity profile.

Newly issued secured instruments received issue ratings between ‘B+’ and ‘CCC’, reflecting their respective seniority and recovery expectations.

Note 19 – Other loans and borrowings

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

	31 Dec 2024		31 Dec 2023	
In EUR thousand	**Non-current**	**Current**	**Non-current**	**Current**
Bank loans	720,194	359,507	848,720	288,224
Facility 1L / New Money Facility	1,904,917	-	941,930	-
Debenture and other loans	21,990	-	180,399	-
Total	**2,647,101**	**359,507**	**1,971,049**	**288,224**

As at 31 December 2024, other loans and borrowings of Adler Group (excluding IFRS 5) carry an average effective interest rate (i.e., considering the swap interest hedging effect from variable to fixed interest) of 8.4 percent per annum including the new money facility (as at 31 December 2023: 7.59 percent). The average maturity of other loans and borrowings including the new money facility is 3.7 years (as at 31 December 2023: 2.1 years).

In 2023 the Company repaid promissory notes in the amount of EUR 24.5 million issued by ADO Lux Finance S.à r.l. Further, the Company repurchased promissory notes issued by Consus in the nominal amount of EUR 110,500 thousand at 97% of the nominal amount from third party investors. From the Group's perspective, the notes are extinguished and the income from the derecognition in the amount of EUR 3,247 thousand has been recognised in finance income.

In June 2023 two subsidiaries of Adler Real Estate AG refinanced promissory notes in an amount of EUR 61.2 million. The promissory notes were refinanced by a new issue of EUR 176.8 million with a maturity date on June 2026 and a variable interest rate of 3M Euribor +6.7%.

1 Lien New Money Facility 04/2023

In accordance with the Restructuring Plan, the Restructuring and related committed funding of up to EUR 937,474,000 (the "New Money Funding"), a special purpose vehicle established for the sole purpose of the Restructuring ("ADLER Financing S.à r.l. Luxembourg or "LendingCo") issued EUR 937,474,000 12.500% notes due 30 June 2025 (the "New Money Notes") and subsequently LendingCo lent the New Money Notes proceeds to the Group via loan facilities (the "New Money Facilities") under a facilities agreement dated 22 April 2023 (the "New Money Facilities Agreement"). Adler Group SA has received a total of four loans by LendingCo, three of which for the purpose of refinancing bonds repayments by Adler Real Estate AG and the remainder for capital expenditure of the Consus sub-group. As of 31 December 2023 the Company has drawn a nominal amount of EUR 926,738 thousand under the New Money Facilities Agreement. After taking into account the direct transaction costs of EUR 32,947 thousand and a discount of EUR 57,474 thousand, the net cash proceeds amounted to EUR 836,317 thousand. In addition, embedded derivative assets in the amount of EUR 7,228 thousand have been bifurcated due to the prepayment options and initially recognised as a derivative financial asset measured at fair value through profit and loss. A loss of EUR 7,228 thousand has been recognised in the finance costs due to the remeasurement of the derivatives during the reporting period. The carrying amount of the New Money Facility including the accrued payment-in-kind (PIK) amounted to EUR 941.9 million as at

31 December 2023 and has been shown in the non-current portion of other loans and borrowings. Interest expenses relating to the New Money Facility amounted to EUR 97.4 million in 2023. Due to the payment-in-kind (PIK), no interest payments occurred during the reporting period. On 24 April 2023, Adler Group increased its share capital by EUR 42 thousand from EUR 146 thousand to EUR 188 thousand by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Providers. The cash proceeds of the equity increase amounted to EUR 42 thousand. It is noted that LendingCo was founded by the New Money Providers as a restructuring vehicle representing a large number of individual New Money investors for the sole purpose of the restructuring plan. As such and based on the voting rights of the individual investors, the dispersion among them, voting rights notifications received, the LendingCo as well as the New Money Providers are not assumed to be a related party to the Company according to IAS 24.

1 Lien New Money Facility 09/2024

In the course of the comprehensive recapitalisation in 2024, the 1 Lien facilities under the New Money facility have been increased by a nominal amount of EUR 93,263 thousand and the term was extended to 31 December 2028. According to the agreement with new money investors, the Facility 09/2024 can be upsized up to an amount of EUR 300 million for the purposes of the repayment of the Adler Bond 2018/2026. The interest rate remained with 12.5% unchanged. Due to the significant change in the terms, the loans under 1 Lien 04/2023 have been derecognised and 1 Lien New Money Facility 09/2024 has been initially recognised at fair value less costs. Based on the carrying amount of 1 Lien 04/2023 totalling to EUR 1,072,421 thousand and the fair value of the new 1 Lien 09/2024 in the amount of EUR 1,112,786 thousand (exclusive of the upsize of EUR 93,263 thousand), a derecognition loss of EUR 40,365 thousand has been recognised in the finance result.

Financial covenants related to bank loans and other loans and borrowings

As of 31 December 2024, the Group's total nominal interest-bearing debt amounted to EUR 3.06 billion. Other loans and borrowings of Adler Group — excluding items classified under IFRS 5, the reinstated 2L notes and perpetual notes treated as equity under IFRS — carried a weighted average cost of debt of 9.56% per annum, including the impact of interest rate hedging. The weighted average maturity of these liabilities, including the new money facilities, was 3.8 years.

Most of other loan agreements have also imposed requirements in the form of financial covenants. Loans secured by properties which constitute the bulk of a loan agreement usually include financial covenants at the level of the subsidiaries. Covenant levels vary by property. Most secured loans contain minimum/maximum debt service coverage ratios (DSCR), interest coverage ratios (ICR), loan-to-value (LTV) ratios and/or loan-to-mortgage-lending-value (LTMLV) ratios. Individual credit agreements require a minimum amount of maintenance work or rental income. Should the maintenance measures agreed in the loan agreement not be carried out, the Company must maintain a cash reserve of the same amount on restricted accounts. Failure to comply with such covenants entitles the lenders to impose various sanctions, which may also include terminating the respective facility.

As at 31 December 2024, the Group is compliant with the covenants stipulated in the loan agreements.

Almost all loans are secured with the assets (investment properties and inventory properties, financial assets, trade and other receivables, cash and cash equivalents).

1.5 Lien New Money Facility 09/2024

For the purposes of the repayment of the Adler Group Bond 2023/2025 and AGPS Bond 2017/2024, New Money investors provided the Company with 1.5 lien facilities under the New Money Facility (“1.5 lien New Money Facility 09/2024”) with a nominal amount of EUR 672,311 thousand and a maturity date on 31 December 2029, comprising two facilities. The Facility 1.5 lien 4.25% has a nominal amount of EUR 116,700 thousand with an interest rate of 4.25% until 31 July 2025 and thereafter 14.5% p.a. The Facility 1.5 lien 14.0% has a nominal amount of EUR 555,611 thousand and an interest rate of 14%. The New Money Facility 1.5 Lien has been initially measured at fair value amounting to EUR 672,311 thousand.

Note 20 – Derivatives

Derivative assets include an option to repurchase shares of non-controlling interests in the Group’s property companies amounting to EUR 6,822 thousand (31 December 2023: EUR 6,393 thousand). The remainder of the derivatives (both with positive and with negative carrying amounts) relate to interest rate swaps and caps.

Note 21 – Provisions and other payables

Provisions and other payables are composed of the following:

In EUR thousand	31 Dec 2024	31 Dec 2023
Provisions for litigations	24,809	28,605
Onerous contracts(*)	281,999	56,978
Other provisions(*)	25,598	47,630
Provisions(*)	**332,406**	**133,213**
Income tax payables	70,705	161,562
Accrued expenses	9,304	9,718
Deferred income	2,116	2,127
Value added tax	(146)	3,591
Miscellaneous other payables (non-financial)	15,046	24,934
Total other payables (non-financial)	**97,025**	**201,932**
Accrued interest	6,056	7,041
Tenants' deposits	20,008	21,323
Liability to holders of non-controlling interest in subsidiaries	3,097	2,268
Purchase price liabilities	1,807	6,288
Prepayments received	7,275	-
Miscellaneous other payables (financial)	13,633	-
Total other payables (financial)(*)	**51,876**	**36,920**
Total other payables	**481,307**	**372,065**

(*)Prior year adjusted

Provisions

Provisions for litigations principally relate to legal claims resulting from contractual penalties and from compensation for other damages. The increase mainly relates to the additions during the reporting period.

As per the balance sheet date, provisions for onerous contracts mainly relate to the expected losses from the disposal of BCP (EUR 182,979 thousand) and the Cosmopolitan portfolio (EUR 61,899 thousand) (see Note 16). The provisions are measured at the expected loss from the deconsolidation of the respective entities.

The remainder of the provisions for onerous contracts relate with EUR 38,179 thousand (Prior year: EUR 56,978 thousand) to project developments with potential adverse margin expectations and rent guarantees given. The measurement is based on management's expectations on sales, revenues for those projects, the completion stage for individual projects and rental status. The balance of the provision for contingent losses from development contracts is short-term and hence does not include an interest method.

Note 22 – 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 23 – Taxes

A. The main tax laws imposed on the Group companies in their countries of residence

For the countries in which the group operates, the applicable income tax rates vary within a considerable range.

In Germany, the combined corporation and trade tax results in an effective tax burden of approximately 30.18% for management companies, while property holding companies are subject to 15.825%. Luxembourg applies an aggregate maximum rate of 24.94%. Ireland's corporation tax is levied at either 12.5% or 25%, dependent on the activity the company undertakes and can amount to 33% for capital gains. The corporate tax rate in the United Kingdom is 25%. Malta has a standard corporation tax rate of 35%, but this can be significantly reduced through provisions like the Notional Interest Deduction.

Pillar Two

- The Group is within the scope of the OECD/EU Pillar Two rules. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The Ultimate Parent Entity is located in Luxembourg and, therefore, applies the Income Inclusion Rule ("IIR") for all jurisdictions where Pillar Two rules were not (fully) enacted. The legislation came into effect for the Group's financial year beginning on 1 January 2024.
- Under the legislation, the Group is liable to pay a top-up tax for the difference between its Pillar Two effective tax rate per jurisdiction and the 15% minimum tax rate.

- The Group performed an impact analysis of the OECD transitional safe harbour rules (as transposed into national legislation). The Group concluded that the majority of jurisdictions will not be subject to top-up tax due to the application of one of the transitional safe harbour rules with the exception of Israel where the impact is considered to be insignificant relative to the global operations of the Group.
- The group did not recognise any Pillar Two current tax for the year.
- The group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Disclosure of carried-forward tax losses

- The management of Adler Group SA recognises based on the last filed tax return that the Company has EUR 3,133,783,486.97 of carried forward tax losses available as at 31 December 2022 and estimates approximately EUR 218,986,272 of additional tax losses up to 31 December 2024, which could lead to a potential deferred tax asset of EUR 800,306,141 at a tax rate of 23.87%.
- The aforementioned losses have been generated as from tax year 2019 and can be carried forward for the seventeen years following the tax year in which the losses arose.
- The utilisation of the aforementioned losses is subject to review by the Luxembourg tax authorities under the usual statute of limitation rules that is 5 years for corporate income tax as from 1 January following the end of the financial year. The general statute of limitation may be extended to 10 years in case of (i) incorrect or incomplete tax return or (ii) failure to file a tax return. The existence of the carried forward tax losses remains therefore uncertain (at least) until the end of the fifth financial year after the financial year in which they are used.

B. Income taxes

In EUR thousand	2024	2023
Current year	(23,841)	(1,833)
Adjustments for prior years	(1,754)	(17,039)
Deferred tax income / (expense)	28,344	174,996
Total	**2,749**	**156,124**

C. Recognised deferred tax assets and liabilities

Deferred taxes were recognised for all temporary differences that arise from the following:

	31 Dec 2024	31 Dec 2023(*)
Deductible temporary differences and carryforwards		
Tax loss and interest carryforward	170,611	64,147
Inventories	10,649	23,496
Corporate bonds (**)	42,185	138
Derivatives	-	1
Other financial liabilities	1,529	2,497
Other liabilities	363	4,689
Other provisions	5,448	4,951
Other loans and borrowings	7,617	-
Other deductible temporary differences	170	449
Total deductible temporary differences - deferred tax assets	**238,572**	**100,368**
Taxable temporary differences		
Investment properties	344,439	410,364
Trading properties	11,840	2,913
Contract assets	6,994	20,009
Prepayments received	5,179	9,133
Financial assets	-	1,449
Non-financial receivables	1,136	1,687
Corporate bonds	128,349	(4,379)
Derivatives	4	750
Other financial liabilities	909	89
Right-of-Use assets	1,246	1,802
Other loans and borrowings	-	-
Other taxable temporary differences	148	3,403
Total taxable temporary differences - deferred tax liabilities	**500,244**	**447,220**
Offsetting (-)	(238,518)	100,230
Deferred tax assets (net)	**54**	**138**
Deferred tax liabilities (net)	**261,726**	**346,990**

(*) prior year presentation amended (sign logic).

(**) including effects of subordinated perpetual notes

In EUR thousand	2024	2023
Deferred tax liabilities as of 1 January	**(346,850)**	**(523,148)**
Deferred tax recognised in profit and loss	28,344	174,997
Changes in the scope of consolidation	-	25,959
Transfer to/(from) a disposal group held-for-sale	19,908	(12,219)
Changes of deferred tax included in disposal groups	40,414	-
Effects resulting from currency translation	(607)	-
Other effects	(2,881)	(12,439)
Reported deferred tax liabilities (deferred tax assets offset) as at 31 December	**(261,672)**	**(346,850)**

Losses for tax purposes carried forward to future years, based on the Group's estimation

Unused corporate income tax losses carried forward amounted to 8,865,425 EUR thousand at 31 December 2024 (31 December 2023: 10,196,038 thousand) were derived in Luxembourg EUR 6,436,309 thousand (31 December 2023: 5,889,154 thousand) followed by Germany 1,387,798 (31 December 2023: 1.842.029 thousand). The rest was sourced in Ireland, Switzerland and the Netherlands in the amount of EUR 1,041,317 thousand (31 December 2023: 2,464,854 thousand).

Unused trade tax losses carried forward amounted to EUR 8,210,144 thousand at 31 December 2024 (31 December 2023: EUR 7,715,896 thousand) derived from Luxembourg EUR 6,436,309 thousand (31 December 2023: Eur 5,889,154 thousand) and Germany EUR 1,773,835 thousand (31 December 2023: EUR 1,826,743 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 corporate income tax losses carried forward amounting to EUR 8,778,513 thousand as at 31 December 2024 (31 December 2023: EUR 9,909,763 thousand). The Group did not recognise deferred tax assets in respect of trade tax losses carried forward amounting to EUR 8,123,232 thousand as at 31 December 2024 (31 December 2023: EUR 7,609,605 thousand).

Deferred tax assets and liabilities from lease are offset in the amount of EUR 6,826 thousand (2023: EUR 7,107 thousand).

The Group is of the opinion that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

The development of the tax rate is attributable to the following factors:

	31 Dec 2024	31 Dec 2023
Profit (loss) before taxes	789,971	(1,965,958)
Group tax rate	24.94%	24.94%
Tax at group tax rate	**(197,019)**	**490,310**
Tax difference due to foreign tax rates	127,737	11,001
Effects from German trade tax	(25,957)	4,484
Non-deductible expenses	(179,153)	(81,916)
Effects from co-entrepreneurship	(15,627)	232
Effects from tax groups	-	(102)
Change in valuation allowances on active deferred tax assets	(31,918)	(113,048)
Change in tax effects from tax loss carryforwards	(189,527)	(310,955)
Effects from deconsolidation	-	(19,632)
Effects from permanent differences	502,758	16,194
Adjustments for tax of prior periods	11,376	145,374
Other	78	14,182
Income tax income / (expense)	**2,749**	**156,124**
Taxation rate	**0.35%**	**7.94%**

The effect from permanent differences mainly results from a one-off effect from refinancing and restructuring of bonds.

Note 24 – Revenue

In EUR thousand	2024	2023
Net rental income	207,562	209,576
Revenue from charged cost of utilities	102,617	105,080
Revenue from property development	23,082	27,832
Revenue from the sale of trading properties	1,198	1,500
Revenue from real estate inventories disposed of	43,140	91,575
Miscellaneous other revenue	14,592	9,516
Total	**392,191**	**445,077**

Revenue from real estate inventories disposed of includes the sale of properties, buildings and projects.

In 2024 no new forward sales contracts were signed. Income from property development mainly resulted from construction progress.

A transaction price of EUR 0 thousand (prior year: EUR 14,472 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 2025 (2024: EUR 14,473 thousand) EUR 0 thousand attributable to the years 2026 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					2024
	Residential Property management	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	**Total(*)**
Revenue from charged costs of utilities	65,462	-	61,474	-	(24,319)	102,617
Revenue from sale of trading properties	-	1,198	-	-	-	1,198
Revenue from property development contracts	-	-	-	23,082	-	23,082
Revenue from real estate inventories disposed of	1,140	-	-	42,000	-	43,140
Miscellaneous other revenue	13,744	-	-	39,023	(38,175)	14,592
Revenue from contracts with customers (IFRS 15)	**80,346**	**1,198**	**61,474**	**104,105**	**(62,494)**	**184,629**
thereof: products and services transferred at a point in time	1,140	1,198	-	42,000	-	44,338
thereof: products and services transferred over time	79,206	-	61,474	62,105	(62,494)	140,291
Rental income (IFRS 16)	102,230	-	101,473	3,875	(16)	207,562
Revenue from ancillary costs (IFRS 16)(*)	-	-	-	-	-	-
Rental income (IFRS 16)	**102,230**	**-**	**101,473**	**3,875**	**(16)**	**207,562**
Revenues (IFRS 15/IFRS 16)	**182,576**	**1,198**	**162,947**	**107,980**	**(62,510)**	**392,191**

(*) 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					2023
	Residential Property management	Privatisation	Adler RE	Consus	Consolidation	Total(*)
Revenue from charged costs of utilities	45,418	-	56,761	-	(11,595)	90,584
Revenue from sale of trading properties	-	615	885	-	-	1,500
Revenue from property development contracts	-	-	-	27,832	-	27,832
Revenue from real estate inventories disposed of	-	-	-	91,575	-	91,575
Revenue other	27,172		-	9,516	(27,172)	9,516
Revenue from contracts with customers (IFRS 15)	**72,590**	**615**	**57,646**	**128,923**	**(38,767)**	**221,006**
thereof: products and services transferred at a point in time	-	615	885	119,407	(27,832)	93,075
thereof: products and services transferred over time	72,590	-	56,761	9,516	(10,936)	127,931
Rental income (IFRS 16)	96,697	-	108,690	4,197	(8)	209,576
Revenue from ancillary costs (IFRS 16)(*)	7,645	-	6,851	-	-	14,496
Rental income (IFRS 16)	**104,342**	**-**	**115,541**	**4,197**	**(8)**	**224,072**
Revenues (IFRS 15/IFRS 16)	**176,932**	**615**	**173,187**	**133,120**	**(38,776)**	**445,077**

(*) Includes land tax and building insurance.

Contract balances

Following table summarises the contract balances from revenue with customers under IFRS 15:

Contract balances	31 Dec 2024	31 Dec 2023
Contract assets arising from re-charge of utilities (presented in "trade receivables")	9,712	6,438
Receivables from sale of real estate properties (presented in "trade receivables")	4,066	7,019
Receivables from other sales including forward sales (presented in "trade receivables")	18,060	25,289
Contract assets from developments (presented net in "contract assets")	23,141	66,294
Total contract assets	**54,979**	**105,041**
Prepayments received from developments (presented net in "contract liabilities")	-	14,473
Contract liabilities arising from re-charge of utilities (presented net in "trade payables")	1,793	968
Total contract liabilities	**1,793**	**15,441**

Note 25 – Cost of operations

In EUR thousand	2024	2023
Salaries and other expenses	(21,638)	(20,661)
Costs of utilities recharged, net	(99,762)	(95,992)
Costs of property development	(85,722)	(169,446)
Cost of real estate inventories disposed of	(37,836)	(91,007)
Costs of sale of trading properties (condominiums)	(1,551)	(775)
Property operations and maintenance	(21,769)	(26,435)
Other costs of operations	(54,625)	(38,568)
Total	**(322,903)**	**(442,884)**

Cost of operations include write-down of inventories in the amount of EUR 76,156 thousand (prior year: EUR 90,137 thousand). Please refer to Note 13.

Note 26 – General and administrative expenses

In EUR thousand	2024	2023
Salaries and related expenses	(37,943)	(33,727)
Share-based payments	(1,000)	(1,007)
Directors fee	(1,349)	(1,451)
Rent	(3,502)	(2,866)
Professional services	(50,942)	(55,304)
Traveling	(1,199)	(1,717)
Office, communication and IT expenses	(13,335)	(15,662)
Advertising and marketing	(863)	(1,994)
Impairment loss on trade receivables	(21,766)	(10,793)
Depreciation	(2,328)	(3,827)
Depreciation of right-of-use assets	(5,534)	(5,318)
Other	(15,327)	(20,168)
Total	**(155,088)**	**(153,834)**

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 2024, the Group had 478 full-time employees (31 December 2023: 721). On an annual average 511 employees (2023: 758) were employed.

Note 27 – Other expenses

	2024	2023
Impairments of other non-financial assets	(580)	(9,497)
Loss on losing control over subsidiaries	(244,878)	(32,086)
One-off legal and consulting fees	(82,176)	(69,122)
Penalties from contractual obligations	(15,048)	(42,451)
Book value of investment properties sold (loss)	(2,878)	-
Proceeds from the sale of investment properties (loss)	1,415	-
Result from deconsolidation	-	(25,436)
Miscellaneous other expense	(10,802)	(29,085)
Total other expenses	**(354,947)**	**(207,677)**

Loss on losing control over subsidiaries relates to the onerous contracts (please refer to Note 21).

Note 28 – Other income

In EUR thousand	2024	2023
Reversal of provisions	15,730	26,642
Derecognition of liabilities	12,587	21,894
Gains on losing control over subsidiaries	280	2,622
Income from prior periods	5,411	11,963
Income from insurances (compensation)	3,812	1,675
Income from the sale of property, plant and equipment	12	519
Proceeds from the sale of investment properties (gain)	(1)	-
Miscellaneous other income	5,280	2,748
Total other income	**43,112**	**68,063**

Note 29 – Net finance costs

In EUR thousand	2024	2023
Interest received	32,366	23,915
Change in fair value of other derivatives	429	19
Gain from derecognition of derivatives	2,005	-
Gain from derecognition or modification of financial instruments	2,076,388	6,691
Net foreign exchange gain	9,282	11,144
Other finance income	1,356	2,463
Total finance income	**2,121,826**	**44,232**
Interest on bonds	(147,763)	(139,766)
Change in fair value of other derivatives	-	(10,001)
Impairment of financial instruments	(13,640)	(28,352)
Interest on other loans and borrowings	(233,479)	(153,421)
One-off refinance costs	(19,506)	(9,804)
Loss on modification of corporate bonds	-	(195,313)
Other finance expenses	(36,654)	(4,433)
Total finance costs	**(451,042)**	**(541,090)**
Total net finance costs	**1,670,784**	**(496,858)**

The net foreign exchange gain relates to revaluation effects of bonds and convertible bonds denoted in NIS.

The Company ceased to capitalise interest costs in investment properties and inventories under construction beginning 1 January 2023.

The gain from derecognition of modification of financial instruments primarily results from the modification of the bonds and New Money in the course of the restructuring (refer to Notes 17, 18, 19). Prior year finance expenses include modification losses of EUR 195,313 thousand due to the debt restructuring of the bonds held by AGPS BondCo plc.

Note 30 – Leases

A. Leases in which the Group is the lessee

Lease obligations not resulting from leaseholds are discounted using the incremental borrowing rate. Discount rates of between 1.92% and 6.70% were applied in the reporting year and between 1.92% and 6.70% in the prior year.

The following table shows the right-of-use assets that do not meet the definition of investment property.

In EUR thousand	Property	Vehicles	Total
Balance as at 1 January 2024	**31,410**	**883**	**32,293**
Removals from the scope of consolidated entities (-)	-	(72)	(72)
Additions to right-of-use assets (+)	159	343	502
Depreciation charge for the year (-)	(4,711)	(629)	(5,340)
Impairment (-)	-	(7)	(7)
Balance as at 31 December 2024	**26,858**	**518**	**27,376**

In EUR thousand	Property	Vehicles	Total
Balance as at 1 January 2023	**10,477**	**1,757**	**12,234**
Additions to right-of-use assets (+)	25,382	475	25,857
Depreciation charge for the year (-)	(4,438)	(1,194)	(5,632)
Impairment (-)	(11)	(155)	(166)
Balance as at 31 December 2023	**31,410**	**883**	**32,293**

The following table shows the amounts recognised in interest expenses and general and administrative expenses in connection with leases (including leaseholds):

In EUR thousand	2024	2023
Interest expenses for lease liabilities	1,823	1,007

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

In EUR thousand	31 Dec 2024	31 Dec 2023
Up to 1 year	5,072	3,157
1 to 5 years	19,538	9,517
More than 5 years	23,709	20,949

B. Leases in which the Group is the lessor

Adler leases its investment property. A lessor classifies these leases as operating leases as the lessee does not receive substantially all of the risks and rewards incidental to ownership.

The claims to lease payments from long-term operating leases generally result from the letting of commercial properties. For the residential properties, leases are generally subject to the three-month statutory term of notice. There are no further claims to lease payments. The lease payments shown in the following tables include the net rental income only.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are as follows:

In EUR thousand	31 Dec 2024	31 Dec 2023
Up to 1 year	46,049	50,492
1 to 5 years	3,101	11,563
More than 5 years	562	2,895

Note 31 – 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 2024	31 Dec 2023
Investments in financial instruments	aafvPL	7,406	17,395
Other financial assets - loans and borrowings	aac	106,712	111,920
Other receivables - miscellaneous other receivables (Note 15)	aac	53,447	73,682
Trade receivables - receivables against tenants (Note 14)	aac	12,907	25,471
Trade receivables - other trade receivables	aac	33,591	53,802
Restricted bank deposits	aac	45,130	66,942
Cash and cash equivalents	aac	246,990	377,419
Total financial assets		**506,183**	**726,631**

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 2024
In EUR thousand	Expected 12-month credit loss (Stage 1)	Lifetime expected credit loss - not credit-impaired (Stage 2)	Lifetime expected credit loss - credit-impaired (Stage 3)
Loans and borrowings			
Loans to holder of non-controlling interest in subsidiaries	-	125,155	-
Miscellaneous other borrowings	1,036	-	-
Other receivables			
Receivables from portfolio sales to associates	-	-	49,588
Receivables from portfolio sales to third parties	-	-	73,115
Receivables against holders of non-controlling interest in subsidiaries	29,753	25,899	-
Miscellaneous other receivables	18,569	-	-
Trade receivables			
Receivables against tenants	12,140	12,449	-
Other trade receivables	8,632	-	277,160
Gross carrying amount	**70,130**	**163,503**	**399,863**
Accumulated impairment losses	(4,720)	(47,092)	(375,027)
Net carrying amount	**65,410**	**116,411**	**24,836**

			31 Dec 2023
In EUR thousand	**Expected 12-month credit loss (Stage 1)**	**Lifetime expected credit loss - not credit-impaired (Stage 2)**	**Lifetime expected credit loss - credit-impaired (Stage 3)**
Loans and borrowings			
Loans to holder of non-controlling interest in subsidiaries	-	103,725	15,007
Miscellaneous other borrowings	2,493	-	-
Other receivables			
Receivables from portfolio sales to associates	-	-	46,468
Receivables from portfolio sales to third parties	6,866	-	63,302
Receivables against holders of non-controlling interest in subsidiaries	28,550	10,473	5,974
Miscellaneous other receivables	15,946	2	62,505
Trade receivables			**-**
Receivables against tenants	-	44,133	-
Other trade receivables	15,116	22,652	275,584
Gross carrying amount	**68,972**	**180,985**	**468,841**
Accumulated impairment losses	-	(41,561)	(415,521)
Net carrying amount	**68,972**	**139,424**	**53,320**

Expected credit losses regarding loans to non-controlling shareholders of subsidiaries are considered as relatively low as those are generally secured by liens on the shares held by these shareholders. However, the Group had to record allowances against some of these receivables as the carrying amount was no longer covered by the fair value of the underlying shares.

Other receivables

The credit risk from portfolio-sales is managed before and throughout the contract term and monitored closely at Group level. Care is taken to ensure that all counterparties with relevance for the Group have at least a satisfactory credit rating. Receivables from portfolio sales are typically collateralised by share liens and exploitation rights. The credit risk management process for receivables from portfolio sales to associates does not differ from the process applied to third parties.

Receivables from portfolio sales to associates include receivables before impairment against AB Immobilien B.V. at an amount of EUR 14,928 thousand (31 December 2023: EUR 14,928 thousand) and against Caesar JV Immobilienmanagement und Verwaltungs GmbH at an amount of EUR 34,660 thousand (31 December 2023: EUR 31,540 thousand). Both receivables have been fully impaired.

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 73,115 thousand (31 December 2023: EUR 63,302 thousand). In 2024 the Group earned interest income at an amount of EUR 6,992 thousand (2023: EUR 2,790 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 6,992 thousand (2023: EUR 2,790 thousand).

The Group had to record allowances on receivables against the holders of non-controlling interest in subsidiaries as the carrying amount was no longer covered by the fair value of the underlying shares. The receivables have been fully impaired.

Trade receivables

Other trade receivables include receivables from the sale of real estate held for trading, forward sales and project related services. The credit risk inherent in these receivables is closely monitored by the Group's Senior Management. Care is taken to ensure that all counterparties with relevance for the Group have at least a satisfactory credit rating. Receivables are typically collateralised and subject to legal actions in cases of non-performance by the debtor.

The credit risk from **trade receivables against tenants** is managed and reduced through credit checks prior and throughout the lease term as well as through risk mitigating contractual terms such es security deposits, direct debit authorisations and advance payments. Due to the Group’s heterogenous tenant base, both in terms of geographical location as well as in terms of the size of individual tenant contracts, the concentration of risk is limited.

The Group uses the simplified approach to estimate the lifetime expected credit loss of **trade receivables against tenants**. The approach relies on a provision matrix that is based on the ageing of the underlying receivables.

The table below shows the gross amount, the provisions for expected credit losses and the net carrying amount for each aging bucket. The Group regards trade receivables against tenants that are more than 30 days overdue as credit impaired.

			31 Dec 2024
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Net carrying amount**
Not past due	10,524	-	10,524
0-30 days past due	308	(148)	160
31-180 days past due	3,926	(2,146)	1,780
More than 180 days past due	9,831	(9,388)	443
Total	**24,589**	**(11,682)**	**12,907**

			31 Dec 2023
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Net carrying amount**
Not past due	6,456	-	6,456
0-30 days past due	2,101	(283)	1,818
31-180 days past due	5,266	(2,346)	2,920
More than 180 days past due	30,310	(16,033)	14,277
Total	**44,133**	**(18,662)**	**25,471**

Impairment losses on receivables from tenants have changed as follows:

In EUR thousand	2024	2023
Balance as at 1 January	**(25,473)**	**(27,122)**
Removals from the scope of consolidation	-	71
Additions	(8,735)	(7,162)
Reversals	9,969	7,812
Write-offs	8,227	928
Reclassification to IFRS 5	4,330	-
Balance as at 31 December	**(11,682)**	**(25,473)**

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:**	**2024**	**2023**
Other receivables		
Receivables from portfolio sales to associates	3,198	8,769
Receivables from portfolio sales to third parties	9,813	2,790
Receivables against holders of non-controlling interest in subsidiaries	(1,467)	15,989
Trade receivables		
Receivables against tenants	4,678	5,719
Other trade receivables	1,663	-
Total	**17,885**	**33,267**

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 2024 the nominal amount of variable interest-bearing liabilities which are exposed to interest rate risk amount to EUR 244 million (prior year: EUR 407 million).

On the basis of the valuation as at 31 December 2024, 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	**2024**	**2023**
Change in interest basis points	+50	+50
Effect on the profit before tax (in EUR thousand)	(1,416)	(2,034)

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.

C. Liquidity risk

The Group continues to closely monitor its liquidity position. While operational earnings are generally sufficient to cover ongoing expenses, including cash interest payments, refinancing and deleveraging obligations require proactive financial management.

Following the successful completion of the 2023–2024 restructuring measures, including the comprehensive recapitalisation in September 2024 and the extension of several secured bank loans, the Group has secured sufficient liquidity to meet near-term obligations. Management is actively engaged with lenders and stakeholders and continues to evaluate all available options in the capital and banking markets to ensure ongoing financial flexibility.

Liquidity planning remains a key focus of the Group's financial management and is continuously assessed in the context of ongoing asset disposals, developments in capital markets, and broader macroeconomic conditions affecting the real estate sector. In the context of the comprehensive recapitalisation completed in September 2024, two baskets on Consus subgroup level were implemented. Firstly, a EUR 265 million basket for intercompany loans to members of the Consus subgroup provided by Adler Group and/or any of its subsidiaries which is not a member of the Consus subgroup and secondly, a EUR 240 million overall basket for capex spent by members of the Consus sub-group after 1 April 2024. The first basket sets a limit for liquidity provided to the Consus subgroup. The second sets a limit to the capex which can be spent by the members of the Consus subgroup. In addition, Consus may incur up to EUR 100 million additional secured debt (provided that such debt may not benefit from any guarantees or collateral provided by an entity which is not a member of the Consus subgroup). The proceeds of such additional debt may (also) be used to finance capex in addition to the EUR 240 million basket. The Group also remains subject to financial covenants under its loan and bond agreements. These are regularly reported to the respective lending banks or facility agents and complied with (refer to Notes 18, 19).

The following table shows the forecast for undiscounted cash flows of non-derivative financial liabilities and derivative financial instruments prevalent as per 31 December 2024:

						31 Dec 2024
In EUR thousand	**Carrying amount**	**Contractual cash flows**	**2025**	**2026**	**2027**	**Due after 3 years**
Corporate bonds	528,412	1,284,718	9,000	309,000	-	966,718
Other loans and borrowings	3,006,608	3,015,947	364,984	109,912	97,804	2,443,247
Other financial liabilities	9,092	9,092	9,092	-	-	-
Trade payables	63,193	63,193	63,193	-	-	-
Tenants' deposits (note 21)	20,008	20,008	20,008	-	-	-
Other payables (note 21)	31,868	31,868	31,868	-	-	-
Derivatives (stand-alone)	3	3	-	3	-	-
Total	**3,659,184**	**4,424,829**	**498,145**	**418,915**	**97,804**	**3,409,965**

						31 Dec 2023
In EUR thousand	**Carrying amount**	**Contractual cash flows**	**2024**	**2025**	**2026**	**Due after 3 years**
Corporate bonds	3,791,353	4,168,292	12,480	1,347,999	1,442,563	1,365,250
Other loans and borrowings	2,259,273	2,606,860	326,252	1,642,516	290,264	347,828
Other financial liabilities	165,882	166,045	3,435	152,047	-	10,563
Trade payables	65,167	65,167	65,167	-	-	-
Tenants' deposits	21,322	21,322	21,322	-	-	-
Other payables	15,598	15,598	15,598	-	-	-
Derivatives (stand-alone)	323	323	323	-	-	-
Total	**6,318,918**	**7,043,607**	**444,577**	**3,142,562**	**1,732,827**	**1,723,641**

The undiscounted cash flows expected from lease liabilities are outlined in the Note 30 Leases.

D. Fair value

The following table shows an overview on different classes of financial instruments, their carrying amount, measurement basis, fair value and fair value hierarchy level:

31 Dec 2024

In EUR thousand	Category	Carrying amount	Amortised cost	Fair value through PL	Carrying amounts acc. to IFRS 16 / IAS 28	Fair Value	Fair value hierarchy level
Assets							
Investments in financial instruments							
Other investments in financial instruments	aafvPL	7,406	-	7,406	-	7,406	Level 3
Investments accounted under the equity method	n/a	502	-	-	502	-	n/a
Other financial assets							
Loans to holders of non-controlling interest in subsidiaries	aac	105,676	105,676	-	-	104,029	1)
Miscellaneous other financial assets	aafvPL	1,036	-	1,036	-	1,036	1)
Derivatives	aafvPL	7,505	-	7,505	-	7,505	Level 3
Restricted bank deposits (non-current)	aac	11,402	11,402	-	-	11,402	1)
Restricted bank deposits (current)	aac	33,728	33,728	-	-	33,728	1)
Trade receivables	aac	46,498	46,498	-	-	46,498	1)
Other receivables (financial)							
Receivables against holders of non-controlling interest in subsidiaries	aac	35,001	35,001	-	-	35,001	1)

Miscellaneous other receivables (financial)	aac	18,446	18,148	-	-	18,148	Level 3
Loans	aac	10,836	10,836	-	-	10,836	Level 3
Deposits	aac	4,013	4,013	-	-	4,013	Level 3
Miscellaneous other receivables (financial)	aac	3,597	3,299	-	-	3,299	Level 3
Cash and cash equivalents	aac	246,990	246,990	-	-	246,990	1)
Total financial assets		**514,190**	**497,443**	**15,947**	**502**	**511,743**	
Liabilities							
Corporate bonds	flac	528,412	528,412	-	-	523,285	Level 1
Other loans and borrowings	flac	3,006,608	3,006,608	-	-	3,405,016	Level 3
Other financial liabilities							
Other financial liabilities	flac	9,092	9,092	-	-	9,092	1)
Derivatives	lafv	3	-	3	-	3	Level 3
Trade payables	flac	63,193	63,193	-	-	63,193	1)
Lease liabilities	n/a	27,371	-	-	27,371	-	n/a
Other payables (financial)							
Other payables (financial)	flac	51,876	51,876	-	-	70,355	Level 3
Total financial liabilities		**3,634,679**	**3,607,305**	**3**	**27,371**	**4,000,589**	

1) The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, restricted and other bank deposits and trade and other financial payables are considered to be the same or proximate to their fair value due to their short-term nature.

Further information on the financial assets and liabilities measured at fair value through profit or loss are included in the respective notes: Note 20 Derivatives, Note 15 Other receivables, and Note 10 Other financial assets.

31 Dec 2023

In EUR thousand	Category	Carrying amount	Amortised cost	Fair value through PL	Carrying amounts acc. to IFRS 16 / IAS 28	Fair Value	Fair value hierarchy level
Assets							
Investments in financial instruments							
Investments in equity instruments	aafvPL	17,121	-	17,121	-	17,121	Level 3
Other investments in financial instruments	aafvPL	275	-	275	-	275	Level 3
Investments accounted under the equity method	n/a	1,534	-	-	1,534	-	n/a
Other financial assets							
Loans to holders of non-controlling interest in subsidiaries	aac	99,435	99,435	-	-	99,435	1)
Miscellaneous other financial assets	aac	2,838	2,838	-	-	2,838	Level 1
Derivatives	aafvPL	8,219	-	8,219	-	8,219	Level 3
Restricted bank deposits (non-current)	aac	32,657	32,657	-	-	32,657	1)
Trade receivables	aac	79,273	79,273	-	-	79,273	1)
Other receivables (financial)							
Receivables from portfolio sales	aac	6,866	6,866	-	-	6,866	Level 3
Receivables against holders of non-controlling interest in subsidiaries	aac	32,683	32,683	-	-	32,683	Level 3
Miscellaneous other receivables (financial)	aac	7,577	7,577	-	-	7,577	Level 3
Cash and cash equivalents	aac	377,419	377,419	-	-	377,419	1)
Total financial assets		**665,896**	**638,747**	**25,615**	**1,534**	**664,362**	
Liabilities							
Corporate bonds	flac	3,791,353	3,791,353	-	-	1,643,852	Level 1
Other loans and borrowings	flac	2,259,273	2,259,273	-	-	2,477,000	Level 3
Other financial liabilities							
Other financial liabilities at cost	flac	165,882	165,882	-	-	165,882	1)
Derivatives	lafv	323	-	323	-	323	Level 3
Trade payables	flac	65,167	65,167	-	-	65,167	1)
Lease liabilities	n/a	33,091	-	-	33,091	-	n/a
Other payables (financial)							
Miscellaneous other payables (financial)	flac	32,241	32,241	-	-	32,241	Level 3
Total financial liabilities		**6,347,330**	**6,313,916**	**323**	**33,091**	**4,384,465**	

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 Group's capital strategy is aligned with the terms and conditions of the current restructuring and financing terms.

F. Movement in liabilities deriving from financing activities

In EUR thousand	Corporate bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 Jan 2024	**3,791,353**	**2,259,273**	**165,882**	**6,216,508**
Changes from financing cash flows				
Cash inflow from raising debt	130,745	776,778		907,523
Cash outflow from repayment of debt	(620,215)	(36,985)		(657,200)
Cash outflow from payment of transaction cost		(64,718)		(64,718)
Cash outflow from payment of interest	(84,902)	(61,809)	(3,869)	(150,580)
Total changes from financing cash flows	**(574,372)**	**613,266**	**(3,869)**	**35,025**
Interest expense	59,295	293,885	90,790	443,970
Gains or losses from disposal	(1,874,852)	40,365	(241,900)	(2,076,387)
Conversion to equity (gross, before transaction costs)	(739,029)			(739,029)
Transfer of debt to liabilities held-for-sale as part of a disposal group		(199,060)		(199,060)
Changes of debt included in a disposal group of assets and liabilities held-for-sale	(96,335)	20,771	4,573	(70,991)
Other changes	(37,648)	(21,892)	(6,384)	(65,924)
Balance as at 31 Dec 2024	**528,412**	**3,006,608**	**9,092**	**3,544,112**

In EUR thousand	Corporate bonds	Convertible bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 Jan 2023	**4,234,046**	**100,503**	**1,645,818**	**16,029**	**5,996,396**
Changes from financing cash flows					
Cash inflow from raising debt	196,464	-	869,264	181,832	1,247,560
Cash outflow from repayment of debt	(868,055)	(102,399)	(292,933)	-	(1,263,387)
Cash outflow from payment of transaction cost	-	-	(32,947)	-	(32,947)
Cash outflow from payment of interest	(57,774)	(2,024)	(57,580)	(2,241)	(119,619)
Total changes from financing cash flows	**(729,365)**	**(104,423)**	**485,804**	**179,591**	**(168,393)**
Interest expense	86,025	4,112	272,972	2,241	365,350
Gains or losses from the modification of debt	185,144	-	-	-	185,144
Changes in the scope of consolidated entities	-	-	(145,320)	-	(145,320)
Other changes	15,503	(192)	-	(31,979)	(16,668)
Balance as at 31 Dec 2023	**3,791,353**	**-**	**2,259,273**	**165,882**	**6,216,508**

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 2024
In EUR thousand	**IFRS 9 category**	**Interest**	**Gains / Losses**	**OCI**	**Total**
Financial assets measured at amortised cost	aac	32,366	(13,640)	-	18,726
Financial assets measured at fair value through profit or loss	aafv	-	429	-	429
Financial assets measured at fair value through other comprehensive income	aafvOCI	-	-	(488)	(488)
Financial liabilities measured at amortised cost	flac	(303,357)	2,076,388	-	1,773,031
Total		**(270,991)**	**2,063,177**	**(488)**	**1,791,698**

					Net result 2023
In EUR thousand	**IFRS 9 category**	**Interest**	**Gains / Losses**	**OCI**	**Total**
Financial assets measured at amortised cost	aac	20,644	(28,352)	-	(7,708)
Financial assets measured at fair value through profit or loss	aafv	-	(10,001)	-	(10,001)
Financial assets measured at fair value through other comprehensive income	aafvOCI	3,269	(2,619)	(4,293)	(3,643)
Financial liabilities measured at amortised cost	flac	(293,187)	(188,622)	-	(481,809)
Total		**(269,274)**	**(229,594)**	**(4,293)**	**(503,161)**

H. Derivative financial instruments

Interest rate hedging instruments

Interest rate hedging instruments such as swaps are used at the Group to hedge interest rate risks for floating-rate loan agreements in particular. The fair values and nominal values of the interest hedge contracts broken down by maturity are presented below:

In EUR thousand	31 Dec 2024		31 Dec 2023	
	Fair value	Nominal	Fair value	Nominal
Up to 1 year	-	-	493	167,792
Due between 1 and 5 years	-	-	436	43,679
Due between 5 and 10 years	-	-	-	-
Due in more than 10 years	-	-	-	-
As at 31 December	**-**	**-**	**929**	**211,471**

Note 32 – Related parties

A. Related companies

Transactions with related companies

As a result of the capital increase conducted in April 2023, the ownership of Vonovia fell below 20% and Vonovia is thus no longer assumed to be a related party to the Group.

The following amounts with related parties are included in the consolidated statement of financial position:

				31 Dec 2024
In EUR thousand	**Other receivables and financial assets**	**Other financial assets**	**Other payables**	**Other loans and borrowings**
Associated companies and joint ventures	49,588	-	-	-
Other related parties	(702)	66	103	1
Total nominal value	**48,886**	**66**	**103**	**1**
Accumulated impairment losses	(49,588)	-	-	-
Carrying amount	**(702)**	**66**	**103**	**1**

				31 Dec 2023
In EUR thousand	**Trade receivables**	**Other receivables and financial assets**	**Other financial assets**	**Other payables**
Associated companies and joint ventures	3	46,736	2,072	(70)
Other related parties	57	8,043	1,021	(167)
Total nominal value	**60**	**54,779**	**3,093**	**(237)**
Accumulated impairment losses	-	(46,468)	(2,069)	-
Carrying amount	**60**	**8,311**	**1,024**	**(237)**

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

In EUR thousand	Income from services rendered	Expense from services received	Interest income	Impairment	Other income/ (expense)
					2024
Associated companies and joint ventures	-	-	1,507	(1,507)	-
Total	**-**	**-**	**1,507**	**(1,507)**	**-**

In EUR thousand	Income from services rendered	Expense from services received	Interest income	Impairment	Other income/ (expense)
					2023
Associated companies and joint ventures	-	5	2,680	(8,769)	979
Other related parties	17	670	9	(143)	-
Total	**17**	**675**	**2,689**	**(8,912)**	**979**

B. Transactions with key management personnel

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

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

In EUR thousand	2024	2023
Short-term employee benefits	3,501	3,769
Share-based payments	-	450
Termination benefits	4,312	-
Total	**7,813**	**4,219**

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	2024	2023
Directors fee granted to the members of the Board of Directors	856	1,032
Total	**856**	**1,032**

The emoluments granted to the members of the Senior Management (CEO, CFO, CLO, CRO, COO) are broken down as follows:

In EUR thousand	2024	2023
Fixed salary	745	2,270
Short-term cash incentive	2,367	1,624
Consulting fees	250	196
Other benefits	139	129
Termination fees	4,312	-
Total	**7,813**	**4,219**

Note 33 – Auditors' fees

Fees expensed by the Company and its subsidiaries for services provided by AVEGA Revision S.à r.l., Morison Köln AG, Domus Steuerberatungs-AG Wirtschaftsprüfungsgesellschaft and Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft solely relate to audit services.

In EUR thousand	2,024	2,023
Expense for audit fees	2,440	6,128

Note 34 – Segments reporting

The segment report reflects the operating segments reported to the Group’s chief operating decision maker (CODM).

The following summary describes the operations in each of the Group’s operating segments:

- Residential property management – the Group’s core business activity is renting and managing residential properties, which includes the modernisation and maintenance of the properties, the management of tenancy agreements and marketing of residential units. The focus of property management is on the optimisation of rental income.
- Privatisation – this segment includes all aspects of preparing and executing the sale of units. In addition, this segment is also subject to modernisation, maintenance and management, and generates rental income from non-vacant units.
- Adler RE – this segment comprises the sub-group Adler RE. Adler RE’s activities have the objective of investing in residential properties that offer sustainable potential for value appreciation and whose current income contributes to the Group’s success. The Company’s operating strategy also includes active value creation, i.e., improving its existing residential property portfolios by means of expansion, conversion or modernisation measures.
- Consus – this segment comprises the sub-group Consus Real Estate AG. Consus' core business is the development of urban middle-income housing in Germany's nine largest cities. The focus is on the development of large-volume projects with a growing share of large urban neighbourhoods.

Adler RE and Consus are presented as an independent segment in accordance with current internal reporting to the chief operating decision maker.

The 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 24.

	2024					
In EUR thousand	**Residential property manage-ment**	**Privatisation**	**Adler RE**	**Consus**	**Consoli-dation**	**Total conso-lidated**
Revenue from residential property management	168,832	-	61,474	-	(24,319)	205,987
Revenue from sale of trading properties (condominiums)	-	1,198	-	-	-	1,198
Revenue from selling of other real estate inventories	-	-	-	42,000	-	42,000
Revenue from property development	-	-	-	23,082	-	23,082
Miscellaneous other revenue	13,744	-	-	39,023	(38,175)	14,592
Consolidated revenue	**182,576**	**1,198**	**162,947**	**107,980**	**(62,510)**	**392,191**
Reportable segment gross profit	102,809	(353)	78,991	(94,383)	(17,776)	69,288
General and administrative expenses						(155,088)
Changes in fair value of investment properties						(483,177)
Other expenses						(354,947)
Other income						43,112
Finance income						2,121,826
Finance costs						(451,042)
Net income from at-equity valued investments						(1)
Consolidated profit / (loss) before tax						**789,971**
Income tax						2,749
Consolidated profit / (loss) after tax						**792,720**

						2023
In EUR thousand	**Residential property manage-ment**	**Privatisation**	**Adler RE**	**Consus**	**Consoli-dation**	**Total conso-lidated**
External income from residential property management	149,760	-	172,302	4,197	(11,604)	314,655
External income from sale of trading properties (condominiums)	-	615	885	-	-	1,500
External income from selling of other real estate inventories	-	-	-	91,575	-	91,575
External income from property development	-	-	-	27,832	-	27,832
Other income	27,172	-	-	9,516	(27,172)	9,516
Consolidated revenue	**176,932**	**615**	**173,187**	**133,120**	**(38,776)**	**445,078**
Reportable segment gross profit	(67,020)	(160)	(153,733)	19,961	203,146	2,194
General and administrative expenses						(153,834)
Changes in fair value of investment properties						(1,172,738)
Other expenses						(207,677)
Other income						68,063
Finance income						44,232
Finance costs						(541,089)
Net income from at-equity valued investments						(5,108)
Consolidated profit / (loss) before tax						**(1,965,957)**
Income tax						156,124
Consolidated profit / (loss) after tax						**(1,809,833)**

Note 35 – Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share as at 31 December 2024 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	2024	2023
Profit attributable to the owners of the Company	873,604	(1,656,495)
Correction: interest from convertible bonds (after tax)	-	2,416
Correction: Earnings attributable to Adler Group S.A. hybrid capital investors	(873,604)	-
Adjusted profit attributable to the owners of the Company	-	(1,654,079)

(2) Weighted average number of ordinary shares

(in thousands of shares)	2024	2023
Weighted average as at 1 January	**151,626**	**117,510**
Effect of issuance of regular shares	-	-
Weighted average as at 31 December	**151,626**	**141,035**

In EUR	2024	2023
Basic earnings per share	-	(11.75)
Diluted earnings per share	-	(11.75)

For the purposes of calculating earnings per share an amount of EUR 873,604 thousand has been allocated to the holders of subordinated perpetual notes, based on a potential allocation of dividend claims and on a cumulative basis up to the nominal amount of the perpetual notes, including PIK. Diluted earnings per share are equivalent to basic earnings per share since there are no potential ordinary shares following the repayment of the convertible bond in 2023.

Note 36 – Material events in the Reporting Period and Subsequent events

In the Reporting Period

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For further details, please see below:

Status quo prior to the September 2024 Refinancing and restructuring

Before the refinancing and restructuring, the debt structure of notes issued by Adler Group S.A. and its subsidiaries consisted of the following notes:

Issuer	Ranking	Notes description	ISIN
Adler Group S.A.	1.5L Senior Secured	EUR 191,000,000 due 2025	DE000A3LMVH5
AGPS BondCo PLC	1.5L Senior Secured	EUR 400,000,000 due 2025	XS1652965085
	2L Senior Secured	EUR 400,000,000 due 2025	XS2010029663
	2L Senior Secured	EUR 400,000,000 due 2026	XS2248826294
	2L Senior Secured	EUR 700,000,000 due 2026	XS2283224231
	2L Senior Secured	EUR 500,000,000 due 2027	XS2336188029
	2L Senior Secured	EUR 800,000,000 due 2029	XS2283225477
Adler Real Estate GmbH	Senior Secured	EUR 300,000,000 due 2026	XS1713464524

Additionally, under a facilities agreement between inter alia, Adler Group S.A. and Adler Financing S.à r.l., Adler Group S.A. had received a loan in the amount of EUR 937,474,000. Adler Financing S.à r.l. is an orphan special purpose vehicle which has been set up by an Independent Dutch stichting in the interest of the bondholders of Adler Group S.A. The loan to Adler Group S.A. was funded by Adler Financing S.à r.l. through the issuance of bonds.

The September 2024 refinancing and restructuring

As part of the restructuring, new 1.5L loans in the nominal amount of EUR 672,311,000 were made available to Adler Group S.A. by Adler Financing S.à r.l. and the existing 1L loan was increased to EUR 1,030,737,800. The proceeds have, inter alia, been used by Adler Group S.A. and AGPS BondCo PLC respectively for the redemption of Adler Group S.A.'s 1.5L senior secured notes 2025 (ISIN: DE000A3LMVH5) and AGPS BondCo PLC's 1.5L senior secured notes 2025 (ISIN: XS1652965085) and payment of transaction costs.

Further, on 19 September 2024, AGPS BondCo PLC was substituted as issuer of all five series of 2L senior secured notes by Titanium 2L BondCo S.à r.l. Titanium 2L BondCo S.à r.l is an orphan special purpose vehicle which has also been set up by an Independent Dutch stichting in the interest of the bondholders of Adler Group S.A. The five series were consolidated into one single tranche bond (ISIN: DE000A3L3AG9). As consideration for the issuer substitution, AGPS BondCo PLC issued two series of notes to Titanium 2L BondCo S.à r.l., EUR 700,000,000 6.250% PIK 2L reinstated notes (ISIN: DE000A3L3AH7) and EUR 2,341,900,000 6.250% PIK 3L subordinated notes (ISIN: DE000A3L3AJ3).

Status quo post to the September 2024 refinancing and restructuring

After the September 2024 refinancing and restructuring, Adler Group S.A. and its subsidiaries have therefore issued the following notes:

Issuer	Ranking	Notes description	ISIN
AGPS BondCo PLC (bonds are listed but solely held by Titanium 2L BondCo S.à r.l. and not traded)	2L Senior Secured	EUR 700,000,000 due 2030	DE000A3L3AH7
	3L Subordinated	EUR 2,341,900,000 perpetual	DE000A3L3AJ3
Adler Real Estate GmbH	Senior Secured	EUR 300,000,000 due 2026	XS1713464524

18. On 30 September 2024, Adler Group published its audited consolidated financial statements and annual accounts for the years ending 2022 and 2023. The audits were completed with unqualified audit opinions for both years. The audits were undertaken by AVEGA Révision for the Luxembourg-based Adler Group S.A. and by three other audit firms for the audit of the sub-areas relevant to the Group, a so-called "component audit": Rödl & Partner for Adler Real Estate AG (now Adler Real Estate GmbH), Morison Köln AG for Consus Real Estate AG, and Domus Steuerberatungs-AG und Wirtschaftsprüfungsesellschaft for the financial statements of the German Adler Group property companies.

The publication of the audited annual reports followed the announcement from 19 September 2024 regarding the completion of the comprehensive recapitalisation.

Following the successful audit process and the restructuring, CFO Thomas Echelmeyer opened the perspective for a long-term succession for the Group’s CFO position and retired from the Board of Directors and Senior Management of Adler Group with immediate effect. He remained with the Company until the end of the year 2024 allowing a smooth transition period over to the new Group CFO Thorsten Arsan, who joined the Senior Management team as of 1 October 2024. Mr Arsan is a finance and real estate expert with more than 20 years’ experience in the industry.

19. In October 2024, Adler Group settled all litigation in which it was involved in relation to the 2023 Restructuring.

20. In October 2024, Ader Group announced the completion of the squeeze-out of the minority shareholders of Consus Real Estate AG. The Extraordinary General Meeting of Consus Real Estate AG on 11 June 2024 had resolved to transfer the no-par value registered shares of the minority shareholders to Adler Group S.A. as the majority shareholder. In accordance with the transfer resolution, the minority shareholders of Consus Real Estate AG received a cash payment of EUR 0.01 per transferred no-par value registered share totalling to EUR 50,408 by Adler Group S.A. As a result the negative balance of direct minority interests in Consus Real Estate AG amounting to EUR 98,243 thousand has been derecognized and the resulting difference in the amount of EUR 98,294 thousand has been deducted from share premium.

21. On 11 October 2024, following the completion of the comprehensive recapitalisation, S&P upgraded the issuer credit rating of Adler Group to 'B-' from 'SD'. S&P assigned a 'B+' issue rating to the 1st lien 12.500% notes issued by Adler Financing S.à r.l. with a total volume of EUR 1,205 million due 31 December 2028, a 'CCC+' issue rating to both the 1.5 lien EUR 555.6 million 14.000% and EUR 116.7 million 4.250% due 31 December 2029 issued by Adler Financing S.à r.l. and a 'CCC' rating to 2nd lien notes EUR 700 million 6.250% due 14 January 2030 held by Titanium 2L BondCo S.à r.l. S&P also raised Adler Real Estate’s EUR 300 million 3.000% senior secured notes due 27 April 2026 to 'CCC+'. S&P did not assign a rating to the EUR 2,300 million perpetual notes.

22. On 15 October 2024, 454,878,321 voting securities (parts bénéficiaires) were issued to certain investors of the former 2L notes issued originally by AGPS BondCo PLC (the “2L Noteholders”) for participating in, and supporting, the implementation of the financial restructuring of Adler Group S.A. and its subsidiaries in order for Adler Group S.A. to continue its operations as a going concern. The voting securities represent an aggregate of 75% of the total voting rights in Adler Group S.A. The voting securities have no nominal value. Each Voting Security grants its holder the right to one vote at all general meetings of Adler Group S.A., except for any decision in relation to any declaration or payment of dividend. The ISIN of the voting securities is LU2900363131.

23. On 4 November 2024, Adler Group announced an agreement had been reached regarding the sale of its 62.78% stake in the share capital of Brack Capital Properties N.V. to LEG Immobilien SE for a total cash consideration of EUR 219.3 million.

The transaction will be concluded via a two stage-closing mechanism. The first tranche of 52.68% of the share capital closed on 3 January 2025 via a direct sale at EUR 45.00 per share. For the second tranche of the remaining 10.10% of the share capital, Adler Group signed an irrevocable undertaking to tender its shares in a Public Offer under Israeli Law, at a price of EUR 45.00 per share or more, which settled on 14 April 2025.

The sale has been accounted for as an onerous contract on the balance sheet date resulting in an provision in the amount of EUR 182,979 thousand.

24. On 27 November 2024, the Ordinary General Meeting (OGM) of Adler Group passed all proposed resolutions. Besides other resolutions, the OGM appointed AVEGA Révision to perform the audit of the 2024 standalone annual accounts and consolidated financial statements of Adler Group. Also, the OGM appointed CFO Thorsten Arsan and restructuring expert Paul Copley to the Board of Directors as planned.

Furthermore, Adler Group announced that Dr. Karl Reinitzhuber (57) will become the new Chief Executive Officer (CEO) of Adler Group on 1 December 2024. He will succeed Thierry Beaudemoulin (53), who stepped down at his own request at the end of November 2024 to pursue new opportunities. Furthermore, the Board of Directors appointed Jan Duken (55) as Chief Operating Officer (COO). This role was previously also held by Thierry Beaudemoulin. These changes to the Senior Management Team follow the appointment of Thorsten Arsan as the new CFO on 1 October 2024. In addition to Reinitzhuber (CEO), Duken (COO) and Arsan (CFO), Sven-Christian Frank as Chief Legal Officer (CLO) completes the Adler Group's Senior Management.

Further, the Board appointed Dr. Reinitzhuber as by way of co-optation, filling the vacant position on the Board after Thierry Beaudemoulin has stepped down. The Board of Directors consists now of six members: Stefan Brendgen as Chairman, Thilo Schmid as Chairman of the Audit Committee, real estate expert Matthias Moser, restructuring expert Paul Copley, Thorsten Arsan as CFO and Karl Reinitzhuber as CEO. It is intended to propose CEO Karl Reinitzhuber for re-election to the Board of Directors at the next General Meeting.

25. On 20 December 2024, Adler Group announced that it had procured binding commitments in the amount of c. EUR 1.2 billion for the refinancing of the 1L Notes issued by ADLER Financing S.à r.l., an orphan special purpose vehicle not related to Adler Group ("Financing SPV"), and a corresponding amendment of the 1L Facility between, inter alia, Adler Group and the Financing SPV.

The amended 1L Facility will accrue payment-in-kind (PIK) interest at a rate of 8.25% per annum plus a 1% OID with no call protection. The reduction of the PIK interest down from 12.5% reflects primarily an improved risk profile of Adler Group. The amended 1L Facility was issued on 28 January 2025 and the former 1L Notes were redeemed on 29 January 2025. The maturity date as well as all other terms of the 1L Facility remain unchanged.

26. On 23 December 2024, Adler Group S.A. announced that it entered into an agreement to sell 89.9% of its shares in the subsidiaries of the North Rhine-Westphalia-based "Cosmopolitan portfolio", to Orange Capital Partners ("OCP") and One Investment Management ("OneIM"), a global alternative investment management firm, with a put option to sell the remaining 10.1% in due course.

Once closed, the transaction, which has a total valuation of EUR 422.5 million for 100% of the GAV and compensation for embedded deferred tax liabilities, could generate up to c. EUR 215 million in net cash proceeds after the repayment of asset-level secured financing and transaction costs.

The Cosmopolitan portfolio comprises 6,788 rental units with an occupancy rate of 97.4% and average rent of EUR 6.30 per sqm per month. The assets are mainly located throughout Duisburg, Düsseldorf, Essen, Oberhausen and Dortmund.

The transaction was concluded via a share deal in which a tranche of 89.9% of the share capital is transferred. Further to that, the parties also agreed to enter into a put option, allowing Adler to sell its remaining 10.1% stake to OCP and OneIM in due course. The sale has been accounted for as an onerous contract on the balance sheet date resulting in an provision in the amount of EUR 61,899 thousand.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2024 in the annual financial statements through 28 April 2025, the date of finalisation of the financial statements.

1. On 20 January 2025, Adler Group announced that it had procured binding commitments in the amount of c. EUR 0.7 billion for the refinancing of the 1.5L Notes issued by ADLER Financing S.à r.l., an orphan special purpose vehicle not related to Adler Group ("Financing SPV"), and a corresponding amendment of the 1.5L Facility between, inter alia, Adler Group and the Financing SPV ("Refinancing").

The amended 1.5L Facility will accrue payment-in-kind (PIK) interest at a rate of 10.00% per annum plus a 0.75% OID with a non-call protection in year 1 and a 1% call premium in year 2 (thereafter to be called at par). The reduction of the PIK interest from 14.00% reflects primarily an improved risk profile of Adler Group.

The former 1.5 Notes were divided into two series: (i) a EUR 556 million series, which accrues 14.00% PIK interest annually, and (ii) a EUR 116 million series, which accrues 4.25% PIK interest annually until 30 July 2025, after which it will convert into the EUR 556 million series and accrue interest at 14.00% PIK annually. Both were refinanced in parallel. The maturity date of the 1.5L Facility of 31 December 2029 remains unchanged. The Refinancing was completed on 18 February 2025.

2. On 28 January 2025 and 18 February 2025, the 1L and 1.5L Facilities were effectively refinanced. The outstanding loan amounts were increased, and the fixed interest rates were reduced. After the refinancing, the outstanding amount of the 1L Facility amounts to EUR 1,178 million, with an interest rate of 8.25% (compared to EUR 1,158 million outstanding amount and 12.5% interest rate before refinancing). After refinancing, the outstanding 1.5L Facility amounts to EUR 717 million, with an interest rate of 10% (compared to EUR 707.3 million outstanding amount and 14% interest rate before refinancing).

The new terms after refinancing are substantially different from the previous terms in accordance with IFRS 9. As a result, this leads to a derecognition of the existing liabilities and the recognition of a new liability at fair value.

3. In January 2025, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 345 million by more than three years until October 2028. Also in January 2025, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48 million by more than three years until October 2028.

4. On 10 February 2025, S&P revised their outlook on Adler Group and Adler RE to stable from negative and affirmed the B- issuer credit ratings as well as all of the existing issue ratings.

5. On 4 March 2025, Adler Group announced that it had completed the sale of 89.9% of its shares in the subsidiaries of the North Rhine-Westphalia-based “Cosmopolitan portfolio”, to Orange Capital Partners and One Investment Management with effect from 28 February 2025. transaction had been announced on 23 December 2024.

6. On 14 April 2025, the remaining 10.10% of the share capital held in BCP were effectively transferred to the buyer LEG Immobilien SE, following a tender of Adler Group's shares in a Public Offer under Israeli Law, at a price of EUR 45.00 per share.

7. On 26 April 2025, the sale of the Consus-owned development project CologneApart to Cosimo Investment Group was completed.

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

Note 37 - List of the Company's shareholdings

	Company		Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated				
1	Adest Grundstücks GmbH		Germany	99.90	99.90
2	Adoa Grundstücks GmbH		Germany	99.90	99.90
3	Adom Grundstücks GmbH		Germany	99.90	99.90
4	Adon Grundstücks GmbH		Germany	99.90	99.90
5	Ahava Grundstücks GmbH		Germany	89.90	89.90
6	Anafa 1 Grundstücks GmbH		Germany	99.90	99.90
7	Anafa 2 Grundstücks GmbH		Germany	99.90	99.90
8	GAMAZI Grundstücks GmbH		Germany	99.90	99.90
9	Anafa Grundstücks GmbH		Germany	89.90	89.90
10	Badolina Grundstücks GmbH		Germany	89.90	89.90
11	Berale Grundstücks GmbH		Germany	99.90	99.90
12	Bamba Grundstücks GmbH		Germany	99.90	99.90
13	Zman Grundstücks GmbH		Germany	99.90	99.90
14	Adler Immobilien Management GmbH	2)	Germany	100.00	100.00
15	CCM City Construction Management GmbH	2)	Germany	100.00	100.00
16	Drontheimer Straße 4 Grundstücks GmbH		Germany	99.90	99.90
17	Eldalote Grundstücks GmbH		Germany	99.90	99.90
18	NUNI Grundstücks GmbH		Germany	99.90	99.90
19	KREMBO Grundstücks GmbH		Germany	99.90	99.90
20	TUSSIK Grundstücks GmbH		Germany	99.90	99.90
21	Geut Grundstücks GmbH		Germany	99.90	99.90
22	Gozal Grundstücks GmbH		Germany	99.90	99.90
23	Gamad Grundstücks GmbH		Germany	99.90	99.90
24	Geshem Grundstücks GmbH		Germany	99.90	99.90
25	Lavlav 1 Grundstücks GmbH		Germany	99.90	99.90
26	Lavlav 2 Grundstücks GmbH		Germany	99.90	99.90
27	Lavlav 3 Grundstücks GmbH		Germany	99.90	99.90
28	Lavlav Grundstücks GmbH		Germany	99.90	99.90
29	Mastik Grundstücks GmbH		Germany	99.90	99.90
30	Maya Grundstücks GmbH		Germany	89.90	89.90
31	Mezi Grundstücks GmbH		Germany	99.90	99.90
32	Muse Grundstücks GmbH		Germany	99.90	99.90
33	Papun Grundstücks GmbH		Germany	99.90	99.90

	Company		Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated				
34	Nehederet Grundstücks GmbH		Germany	99.90	99.90
35	Neshama Grundstücks GmbH		Germany	99.90	99.90
36	Osher Grundstücks GmbH		Germany	100.00	100.00
37	Pola Grundstücks GmbH		Germany	99.90	99.90
38	Adler Properties GmbH	2)	Germany	100.00	100.00
39	Reshet Grundstücks GmbH		Germany	99.90	99.90
40	Sababa 18 Grundstücks GmbH		Germany	99.90	99.90
41	Sababa 19 Grundstücks GmbH		Germany	99.90	99.90
42	Sababa 20 Grundstücks GmbH		Germany	99.90	99.90
43	Sababa 21 Grundstücks GmbH		Germany	99.90	99.90
44	Sababa 22 Grundstücks GmbH		Germany	99.90	99.90
45	Sababa 23 Grundstücks GmbH		Germany	99.90	99.90
46	Sababa 24 Grundstücks GmbH		Germany	99.90	99.90
47	Sababa 25 Grundstücks GmbH		Germany	99.90	99.90
48	Sababa 26 Grundstücks GmbH		Germany	99.90	99.90
49	Sababa 27 Grundstücks GmbH		Germany	99.90	99.90
50	Sababa 28 Grundstücks GmbH		Germany	99.90	99.90
51	Sababa 29 Grundstücks GmbH		Germany	99.90	99.90
52	Sababa 30 Grundstücks GmbH		Germany	99.90	99.90
53	Sababa 31 Grundstücks GmbH		Germany	99.90	99.90
54	Sababa 32 Grundstücks GmbH		Germany	99.90	99.90
55	Stav Grundstücks GmbH		Germany	99.90	99.90
56	Tamuril Grundstücks GmbH		Germany	99.90	99.90
57	Tara Grundstücks GmbH		Germany	99.90	99.90
58	Tehila 1 Grundstücks GmbH		Germany	99.90	99.90
59	Tehila 2 Grundstücks GmbH		Germany	99.90	99.90
60	Tehila Grundstücks GmbH		Germany	99.90	99.90
61	Trusk Grundstücks GmbH		Germany	99.90	99.90
62	Wernerwerkdamm 25 Berlin Grundstücks GmbH		Germany	89.90	89.90
63	Yarok Grundstücks GmbH		Germany	99.90	99.90
64	Yahel Grundstücks GmbH		Germany	99.90	99.90
65	Yussifun Grundstücks GmbH		Germany	99.90	99.90
66	Bombila Grundstücks GmbH		Germany	99.90	99.90

				Shareholding and control at 31 December in %	
	Company		**Country**	**2024**	**2023**
	Subsidiaries fully consolidated				
67	ADO SBI Holdings S.A. & Co. KG	1)	Germany	94.00	94.00
68	Central Facility Management GmbH	2)	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	89.90
72	Yabeshet Grundstücks GmbH		Germany	99.90	99.90
73	Yadit Grundstücks GmbH		Germany	99.90	99.90
74	Zamir Grundstücks GmbH		Germany	99.90	99.90
75	Arafel Grundstücks GmbH		Germany	99.90	99.90
76	Sharav Grundstücks GmbH		Germany	89.90	89.90
77	Sipur Grundstücks GmbH		Germany	99.90	99.90
78	Matok Grundstücks GmbH		Germany	100.00	100.00
79	Barbur Grundstücks GmbH		Germany	94.80	94.80
80	Parpar Grundstücks GmbH		Germany	100.00	100.00
81	Jessica Properties B.V.		Netherlands	94.41	94.41
82	Alexandra Properties B.V.		Netherlands	94.34	94.34
83	Marbien B.V.		Netherlands	94.78	94.78
84	Meghan Properties B.V.		Netherlands	94.34	94.34
85	Matok Löwenberger Straße Grundstücks GmbH		Germany	99.90	99.90
86	Songbird 1 ApS		Denmark	100.00	100.00
87	Songbird 2 ApS		Denmark	100.00	100.00
88	Joysun 1 B.V.		Netherlands	100.00	100.00
89	Joysun 2 B.V.		Netherlands	100.00	100.00
90	Yona Investment GmbH & Co. KG		Germany	-	60.00
91	Yanshuf Investment GmbH & Co. KG		Germany	-	60.00
92	Ziporim Investment GmbH		Germany	100.00	100.00
93	Joysun Florapromenade Grundstücks GmbH		Germany	-	99.90
94	Joysun Cotheniusstraße Grundstücks GmbH		Germany	-	99.90
95	Joysun Tauroggener Straße Grundstücks GmbH		Germany	-	99.90
96	Joysun Kiehlufer Grundstücks GmbH		Germany	-	99.90
97	Hanpaka Holding GmbH		Germany	100.00	100.00
98	Hanpaka Immobilien GmbH		Germany	89.90	89.90
99	Dvash 1 Holding GmbH		Germany	100.00	100.00

	Company		Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated				
100	Dvash 2 Holding GmbH		Germany	100.00	100.00
101	Dvash 3 B.V.		Netherlands	100.00	100.00
102	Rimon Holding GmbH		Germany	100.00	100.00
103	Bosem Grundstücks GmbH		Germany	100.00	100.00
104	Rimon Grundstücks GmbH		Germany	89.90	89.90
105	Dvash 21 Grundstücks GmbH		Germany	89.90	89.90
106	Dvash 22 Grundstücks GmbH		Germany	89.90	89.90
107	Dvash 23 Grundstücks GmbH		Germany	89.90	89.90
108	Dvash 24 Grundstücks GmbH		Germany	89.90	89.90
109	Dvash 11 Grundstücks GmbH		Germany	89.90	89.90
110	Dvash 12 Grundstücks GmbH		Germany	89.90	89.90
111	Dvash 13 Grundstücks GmbH		Germany	89.90	89.90
112	Dvash 14 Grundstücks GmbH		Germany	89.90	89.90
113	ADO FC Management Unlimited Company		Ireland	100.00	100.00
114	5. Ostdeutschland Invest GmbH		Germany	89.90	89.90
115	8. Ostdeutschland Invest GmbH		Germany	89.90	89.90
116	Horef Holding GmbH		Germany	100.00	100.00
117	ADO 9110 Holding GmbH		Germany	100.00	100.00
118	Silan Grundstücks GmbH		Germany	99.90	99.90
119	ADO Sonnensiedlung S.à r.l.		Luxembourg	89.90	89.90
120	Horef Grundstücks GmbH		Germany	89.90	89.90
121	Sprengelstraße 39 GmbH		Germany	89.90	89.90
122	Scharnweberstraße 112 Verwaltungsgesellschaft mbH		Germany	89.90	89.90
123	Kantstraße 62 Grundstücks GmbH		Germany	99.90	99.90
124	Adler Treasury GmbH	2)	Germany	100.00	100.00
125	ADO 9160 Grundstücks GmbH		Germany	89.90	89.90
126	ADO 9200 Grundstücks GmbH		Germany	89.90	89.90
127	ADO 9210 Grundstücks GmbH		Germany	89.90	89.90
128	ADO 9220 Grundstücks GmbH		Germany	89.90	89.90
129	ADO 9230 Grundstücks GmbH		Germany	89.90	89.90
130	ADO 9240 Grundstücks GmbH		Germany	89.90	89.90
131	ADO 9250 Grundstücks GmbH		Germany	89.90	89.90
132	ADO 9260 Grundstücks GmbH		Germany	89.90	89.90

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
133	ADO 9270 Grundstücks GmbH	Germany	89.90	89.90
134	ADO 9280 Grundstücks GmbH	Germany	89.90	89.90
135	ADO 9290 Grundstücks GmbH	Germany	89.90	89.90
136	ADO 9300 Grundstücks GmbH	Germany	89.90	89.90
137	ADO 9310 Grundstücks GmbH	Germany	89.90	89.90
138	ADO 9320 Grundstücks GmbH	Germany	89.90	89.90
139	ADO 9330 Grundstücks GmbH	Germany	89.90	89.90
140	ADO 9340 Grundstücks GmbH	Germany	89.90	89.90
141	ADO 9350 Grundstücks GmbH	Germany	89.90	89.90
142	ADO 9360 Holding GmbH	Germany	100.00	100.00
143	ADO 9370 Grundstücks GmbH	Germany	89.90	89.90
144	ADO 9380 Grundstücks GmbH	Germany	89.90	89.90
145	ADO 9390 Grundstücks GmbH	Germany	89.90	89.90
146	ADO 9400 Grundstücks GmbH	Germany	89.90	89.90
147	ADO 9410 Grundstücks GmbH	Germany	89.90	89.90
148	ADO 9420 Grundstücks GmbH	Germany	89.90	89.90
149	ADO 9430 Grundstücks GmbH	Germany	89.90	89.90
150	ADO 9440 Grundstücks GmbH	Germany	89.90	89.90
151	ADO 9450 Grundstücks GmbH	Germany	89.90	89.90
152	ADO 9460 Grundstücks GmbH	Germany	89.90	89.90
153	ADO 9470 Grundstücks GmbH	Germany	89.90	89.90
154	ADO 9480 Grundstücks GmbH	Germany	89.90	89.90
155	ADO 9490 Grundstücks GmbH	Germany	89.90	89.90
156	ADO 9500 Grundstücks GmbH	Germany	89.90	89.90
157	ADO 9510 Grundstücks GmbH	Germany	89.90	89.90
158	ADO 9520 Grundstücks GmbH	Germany	89.90	89.90
159	ADO 9530 Grundstücks GmbH	Germany	89.90	89.90
160	ADO 9540 Holding GmbH	Germany	100.00	100.00
161	ADO Lux Finance S.à r.l.	Luxembourg	100.00	100.00
162	ADO 9550 Grundstücks GmbH	Germany	89.90	89.90
163	ADO 9560 Grundstücks GmbH	Germany	89.90	89.90
164	ADO 9570 Grundstücks GmbH	Germany	89.90	89.90
165	ADO 9580 Holding GmbH	Germany	100.00	100.00

	Company		Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated				
166	ADO 9590 Angerburgerallee B.V.		Netherlands	89.90	89.90
167	ADO 9600 Grundstücks GmbH		Germany	89.90	89.90
168	ADO 9610 Grundstücks GmbH		Germany	89.90	89.90
169	ADO 9620 Grundstücks GmbH		Germany	89.90	89.90
170	ADO 9630 Grundstücks GmbH		Germany	89.90	89.90
171	Adler Living GmbH		Germany	100.00	100.00
172	ADO 9640 Grundstücks GmbH		Germany	89.90	89.90
173	ADO Lux-EEME S.à r.l.		Luxembourg	100.00	100.00
174	ADO Malta Limited		Malta	100.00	100.00
175	ADLER Real Estate GmbH (former ADLER Real Estate AG)	2)	Germany	100.00	100.00
176	Consus Real Estate AG		Germany	100.00	96.88
177	AGPS BondCo PLC		UK	100.00	100.00
178	ADLER Real Estate Service GmbH	2)	Germany	100.00	100.00
179	Verwaltungsgesellschaft ADLER Real Estate mbH		Germany	100.00	100.00
180	Münchener Baugesellschaft mbH		Germany	100.00	100.00
181	ADLER Wohnen Service GmbH	2)	Germany	100.00	100.00
182	MBG Trachau GmbH & Co. KG	1)	Germany	99.90	99.90
183	MBG Erste Vermögensverwaltungs GmbH		Germany	100.00	100.00
184	Magnus zweite Immobilienbesitz und Verwaltungs GmbH		Germany	100.00	100.00
185	Magnus Dritte Immobilienbesitz und Verwaltungs GmbH		Germany	100.00	100.00
186	ESTAVIS 6. Wohnen GmbH		Germany	94.80	94.80
187	ESTAVIS 7. Wohnen GmbH		Germany	94.80	94.80
188	ESTAVIS 8. Wohnen S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
189	ESTAVIS 9. Wohnen S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
190	RELDA Bernau Wohnen Verwaltungs S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
191	MBG Sachsen S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
192	Magnus-Relda Holding Vier GmbH		Germany	97.99	97.99
193	Cato Immobilienbesitz und -verwaltungs S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
194	Magnus Immobilienbesitz und Verwaltungs GmbH		Germany	100.00	100.00
195	WBR Wohnungsbau Rheinhausen GmbH		Germany	87.35	87.35
196	S.I.G. RE GmbH		Germany	100.00	100.00
197	Resident Sachsen P&K S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
198	Resident West GmbH		Germany	89.90	89.90

	Company		Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated				
199	MBG Schwelm GmbH		Germany	89.90	89.90
200	Alana Properties GmbH		Germany	89.90	89.90
201	Aramis Properties Luna S.à r.l. (prev. Aramis Properties GmbH)		Luxembourg	-	100.00
202	REO-Real Estate Opportunities S.à r.l. (prev. GmbH)		Luxembourg	100.00	100.00
203	ROSLYN Properties Luna S.à r.l. (prev. ROSLYN Properties GmbH)		Luxembourg	-	100.00
204	Rostock Verwaltungs S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
205	SEPAT PROPERTIES GmbH		Germany	89.90	89.90
206	Wallace Properties Luna S.à r.l. (prev. Wallace Properties GmbH)		Luxembourg	-	100.00
207	ADLER ImmoProjekt Erste GmbH		Germany	89.90	89.90
208	ADLER Energie Service GmbH	2)	Germany	100.00	100.00
209	Magnus Neunte Immobilienbesitz und Verwaltungs GmbH		Germany	89.90	89.90
210	ADLER Gebäude Service GmbH	2)	Germany	100.00	100.00
211	Westgrund Immobilien II. GmbH		Germany	89.90	89.90
212	Westconcept GmbH		Germany	100.00	100.00
213	IMMOLETO Gesellschaft mit beschränkter Haftung		Germany	100.00	100.00
214	ICR Idee Concept und Realisation von Immobilienvorhaben GmbH		Germany	89.90	89.90
215	Westgrund Immobilien Beteiligung GmbH		Germany	100.00	100.00
216	Westgrund Immobilien Beteiligung II. GmbH		Germany	100.00	100.00
217	Westgrund Immobilien Beteiligung III. GmbH		Germany	89.90	89.90
218	WESTGRUND Immobilien IV. GmbH		Germany	89.90	89.90
219	WESTGRUND Immobilien V. S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
220	WESTGRUND Immobilien VI. S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
221	WAB Hausverwaltungsgesellschaft mbH		Germany	100.00	100.00
222	Westgrund Brandenburg S.à r.l. (prev. GmbH)		Luxembourg	-	100.00
223	WESTGRUND VII. S.à r.l. (prev. WESTGRUND Immobilien VII. GmbH)		Luxembourg	100.00	100.00
224	Westgrund Halle Immobilienverwaltung GmbH		Germany	100.00	100.00
225	RESSAP - Real Estate Service Solution Applications -GmbH		Germany	100.00	100.00
226	Xammit GmbH		Germany	100.00	100.00
227	Magnus Zehnte Immobilienbesitz und Verwaltungs GmbH		Germany	100.00	100.00
228	Magnus Elfte Immobilienbesitz und Verwaltungs GmbH		Germany	100.00	100.00
229	Zweite CM Real Estate GmbH		Germany	89.90	89.90
230	Dritte CM Real Estate GmbH		Germany	89.90	89.90
231	Vierte CM Real Estate GmbH		Germany	89.90	89.90

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
232	TGA Immobilien Erwerb 3 S.à r.l. (prev. GmbH)	Luxembourg	-	100.00
233	AFP III Germany GmbH	Germany	89.90	89.90
234	RIV Total MI 2 GmbH	Germany	-	89.90
235	RIV Kornspeicher GmbH	Germany	89.90	89.90
236	Magnus Dreizehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
237	Brack Capital Properties N.V. (BCP)	Netherlands	62.78	62.78
238	Magnus Fünfzehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
239	Magnus Sechszehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	89.90
240	Brack German Properties B.V.	Netherlands	100.00	100.00
241	Brack Capital (Düsseldorf-Rossstrasse) B.V.	Netherlands	99.90	99.90
242	Brack Capital (Düsseldorf-Schanzenstraße) B.V.	Netherlands	100.00	100.00
243	Brack Capital (Bad Kreuznach) B.V.	Netherlands	99.90	99.90
244	Brack Capital (Gelsenkirchen) B.V.	Netherlands	100.00	100.00
245	Brack Capital (Neubrandenburg) B.V.	Netherlands	99.90	99.90
246	Brack Capital (Ludwigsfelde) B.V.	Netherlands	99.90	99.90
247	Brack Capital (Remscheid) B.V.	Netherlands	99.90	99.90
248	Brack Capital Theta B.V.	Netherlands	100.00	100.00
249	Graniak Leipzig Real Estate GmbH & Co KG	Germany	99.90	99.90
250	Brack Capital Epsilon B.V.	Netherlands	100.00	100.00
251	Brack Capital Delta B.V.	Netherlands	100.00	100.00
252	Brack Capital Alfa B.V.	Netherlands	100.00	100.00
253	Brack Capital (Hamburg) B.V.	Netherlands	100.00	100.00
254	BCP Leipzig B.V.	Netherlands	100.00	100.00
255	Brack Capital Germany (Netherlands) XXII B. V.	Netherlands	100.00	100.00
256	BCRE Essen Wohnen B.V.	Netherlands	99.90	99.90
257	BCRE Duisburg Wohnen B.V.	Netherlands	99.90	99.90
258	BCRE Dortmund Wohnen B.V.	Netherlands	99.90	99.90
259	Brack Capital Germany (Netherlands) XVII B.V.	Netherlands	100.00	100.00
260	Brack Capital Germany (Netherlands) XLV B.V.	Netherlands	100.00	100.00
261	S.I.B. Capital Future Markets Ltd.	Israel	100.00	100.00
262	Brack Capital Labda B.V.	Netherlands	100.00	100.00
263	Brack Capital Germany (Netherlands) XLVII B.V.	Netherlands	99.90	99.90
264	Brack Capital Germany (Netherlands) L B.V.	Netherlands	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
265	Brack Capital Germany (Netherlands) LI B.V.	Netherlands	99.90	99.90
266	Brack Capital Germany (Netherlands) LIII B.V.	Netherlands	99.90	99.90
267	Brack Capital Germany (Netherlands) XLVIII B.V.	Netherlands	100.00	100.00
268	Brack Capital Beta B.V.	Netherlands	89.90	89.90
269	Grafental Mitte B.V.	Netherlands	99.90	99.90
270	Grafental Mitte B.V. Zweigniederlassung Düsseldorf	Germany	100.00	100.00
271	Brack Capital Germany (Netherlands) XXVI B.V.	Netherlands	99.90	99.90
272	Grafental GmbH & Co. KG	Germany	100.00	100.00
273	Brack Capital Germany (Netherlands) XLIX B.V.	Netherlands	99.90	99.90
274	Brack Capital Germany (Netherlands) XLVI B.V.	Netherlands	100.00	100.00
275	Brack Capital Witten GmbH	Germany	100.00	100.00
276	Brack Capital (Witten) GmbH & Co. Immobilien KG	Germany	100.00	100.00
277	Brack Capital Germany (Netherlands) XII B.V.	Netherlands	100.00	100.00
278	Brack Capital Germany (Netherlands) XIX B.V.	Netherlands	99.90	99.90
279	Brack Capital Germany (Netherlands) XXI B.V.	Netherlands	99.90	99.90
280	Brack Capital Germany (Netherlands) XLI B.V.	Netherlands	99.90	99.90
281	Brack Capital Germany (Netherlands) XXIII B.V.	Netherlands	100.00	100.00
282	Brack Capital Germany (Netherlands) XLII B.V.	Netherlands	99.90	99.90
283	Brack Capital Germany (Netherlands) XLIII B.V.	Netherlands	100.00	100.00
284	Brack Capital Germany (Netherlands) XLIV B.V.	Netherlands	99.90	99.90
285	Brack Capital Germany (Netherlands) XXX B.V.	Netherlands	99.90	99.90
286	Brack Capital Germany (Netherlands) XXXI B.V.	Netherlands	99.90	99.90
287	Brack Capital Germany (Netherlands) XXXV B.V.	Netherlands	99.90	99.90
288	Brack Capital Germany (Netherlands) XXXVII B.V.	Netherlands	99.90	99.90
289	Brack Capital Germany (Netherlands) XXXVIII B.V.	Netherlands	99.90	99.90
290	Brack Capital Germany (Netherlands) XXXIX B.V.	Netherlands	99.90	99.90
291	Brack Capital Germany (Netherlands) XXV B.V.	Netherlands	100.00	100.00
292	Brack Capital Wuppertal (Netherlands) B.V.	Netherlands	100.00	100.00
293	Brack Capital (Wuppertal) GmbH	Germany	100.00	100.00
294	Invest Partner GmbH	Germany	93.90	93.90
295	Brack Capital Gelsenkirchen GmbH & Co. Immobilien KG	Germany	99.90	99.90
296	Brack Capital Kaufland S.à r.l.	Luxembourg	-	100.00
297	TPL Augsburg S.à r.l.	Luxembourg	-	91.90

			Shareholding and control at 31 December in %	
	Company	**Country**	**2024**	**2023**
	Subsidiaries fully consolidated			
298	TPL Bad Aibling S.à r.l.	Luxembourg	-	91.90
299	TPL Biberach S.à r.l.	Luxembourg	-	91.90
300	TPL Borken S.à r.l.	Luxembourg	-	91.90
301	TPL Geislingen S.à r.l.	Luxembourg	-	91.90
302	TPL Neckarsulm S.à r.l.	Luxembourg	-	91.90
303	TPL Vilshofen S.à r.l.	Luxembourg	-	91.90
304	TPL Ludwigsburg S.à r.l.	Luxembourg	-	91.90
305	Brack Capital Eta B.V.	Netherlands	100.00	100.00
306	Brack Capital Germany (Netherlands) XL B.V.	Netherlands	100.00	100.00
307	Parkblick GmbH & Co. KG	Germany	99.90	99.90
308	Brack Capital Germany (Netherlands) LII B.V. "Holdco BV"	Netherlands	100.00	100.00
309	Brack Capital Patros GmbH "Holdco GmbH"	Germany	100.00	100.00
310	Brack Capital Magdeburg I GmbH	Germany	94.80	94.80
311	Brack Capital Magdeburg II GmbH	Germany	94.80	94.80
312	Brack Capital Magdeburg III GmbH	Germany	94.80	94.80
313	Brack Capital Magdeburg IV GmbH	Germany	94.80	94.80
314	Brack Capital Magdeburg V GmbH	Germany	94.80	94.80
315	Brack Capital Magdeburg VI GmbH	Germany	94.80	94.80
316	Brack Capital Halle I GmbH	Germany	94.80	94.80
317	Brack Capital Halle II GmbH	Germany	94.80	94.80
318	Brack Capital Halle III GmbH	Germany	94.80	94.80
319	Brack Capital Halle IV GmbH	Germany	94.80	94.80
320	Brack Capital Halle V GmbH	Germany	94.80	94.80
321	Brack Capital Leipzig I GmbH	Germany	94.80	94.80
322	Brack Capital Leipzig II GmbH	Germany	94.80	94.80
323	Brack Capital Leipzig III GmbH	Germany	94.80	94.80
324	Brack Capital Leipzig IV GmbH	Germany	94.80	94.80
325	Brack Capital Leipzig V GmbH	Germany	94.80	94.80
326	Brack Capital Leipzig VI GmbH	Germany	94.80	94.80
327	RT Facility Management GmbH & Co. KG	Germany	100.00	100.00
328	BCRE Kassel I B.V.	Netherlands	100.00	100.00
329	Brack Objekt Kassel Hafenstrasse GmbH	Germany	94.90	94.90
330	Brack Capital (Kassel) GmbH & Co. Immobilien KG	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
331	Magnus Siebzehnte Immobilienbesitz- und Verwaltungs GmbH	Germany	99.90	99.90
332	Wasserstadt Co-Living GmbH	Germany	100.00	100.00
333	WER 1. Wohnungsgesellschaft Erfurt Rieth S.à r.l	Luxembourg	-	100.00
334	WER 2. Wohnungsgesellschaft Erfurt Rieth S.à r.l	Luxembourg	-	100.00
335	Spree Röbellweg 2-10 Verwaltungs GmbH	Germany	89.90	89.90
336	Westgrund I. Halle S.à r.l.	Luxembourg	100.00	100.00
337	RELDA 39. Wohnen S.à r.l.	Luxembourg	-	100.00
338	Spree Zweite Beteiligungs Ost S.à r.l.	Luxembourg	-	100.00
339	ADO GROUP LTD.	Israel	100.00	100.00
340	Eurohaus Frankfurt GmbH	Germany	89.99	89.99
341	Glasmacherviertel GmbH & Co. KG	Germany	100.00	100.00
342	Consus Holding GmbH	Germany	100.00	100.00
343	CCP Objektholding GmbH	Germany	100.00	100.00
344	Consus CCP 6 GmbH i.L.	Germany	100.00	100.00
345	DIPLAN Gesellschaft für Digitales Planen und Bauen GmbH	Germany	74.90	74.90
346	CONSUS Swiss Finance AG	Switzerland	93.40	93.40
347	CONSUS Swiss Services AG	Switzerland	-	93.40
348	CSW "clean and safe water" GmbH & Co. KG	Germany	100.00	100.00
349	CSW clean and safe Water Verwaltungs GmbH	Germany	100.00	100.00
350	Consus Projektmanagement Verwaltungs GmbH	Germany	100.00	100.00
351	Knecht Ludwigsburg Planungs und Bauleitungsgesellschaft mbH	Germany	-	100.00
352	SSN Facility Services GmbH i.L.	Germany	100.00	100.00
353	CSW Beteiligungs GmbH	Germany	100.00	100.00
354	Consus Projektmanagement GmbH & Co. KG	Germany	100.00	100.00
355	CONSUS Swiss Projektholding AG	Switzerland	-	93.40
356	SSN Alboingärten Berlin GmbH i.L.	Germany	100.00	100.00
357	Franklinstrasse 26a Verwaltungs GmbH	Germany	94.00	94.00
358	Consus Wilhelmstraße Berlin GmbH	Germany	100.00	100.00
359	Wilhelmstr. 56-59 Immobilienentwicklungs GmbH	Germany	100.00	100.00
360	Consus Franklinstraße Berlin GmbH	Germany	100.00	100.00
361	Consus Projekt Holding Deutschland GmbH	Germany	100.00	100.00
362	CONSUS (Schweiz) AG	Switzerland	-	93.40
363	Consus Deutschland GmbH	Germany	89.90	89.90

			Shareholding and control at 31 December in %	
	Company	**Country**	**2024**	**2023**
	Subsidiaries fully consolidated			
364	Consus Development Verwaltungs GmbH	Germany	100.00	100.00
365	Consus Development GmbH & Co. KG	Germany	100.00	100.00
366	Parken & Immobilien Invest GmbH Hamburg	Germany	100.00	100.00
367	Parken & Immobilien Betriebs GmbH Hamburg	Germany	100.00	100.00
368	Consus Investment Bundesallee Berlin GmbH i.L.	Germany	100.00	100.00
369	SSN Real GmbH	Germany	-	100.00
370	Consus Projekt Development GmbH	Germany	89.90	89.90
371	Wilhelmstraße I GmbH	Germany	79.80	79.80
372	SG Stuttgart-Vaihingen IBM-Campus 4 UG (haftungsbeschränkt)	Germany	100.00	94.90
373	SG Stuttgart-Vaihingen IBM-Campus 5 UG (haftungsbeschränkt)	Germany	100.00	94.90
374	SG Stuttgart-Vaihingen IBM-Campus 6 UG (haftungsbeschränkt)	Germany	100.00	94.90
375	SG Stuttgart-Vaihingen IBM-Campus 7 UG (haftungsbeschränkt)	Germany	100.00	94.90
376	SG Stuttgart-Vaihingen IBM-Campus 8 UG (haftungsbeschränkt)	Germany	100.00	94.90
377	SG Stuttgart-Vaihingen IBM-Campus 9 UG (haftungsbeschränkt)	Germany	100.00	94.90
378	SG Stuttgart-Vaihingen IBM-Campus 10 UG (haftungsbeschränkt)	Germany	100.00	94.90
379	SG Stuttgart-Vaihingen IBM-Campus 11 UG (haftungsbeschränkt)	Germany	100.00	94.90
380	SG Stuttgart-Vaihingen IBM-Campus 12 UG (haftungsbeschränkt)	Germany	100.00	94.90
381	SG Stuttgart-Vaihingen IBM-Campus 13 UG (haftungsbeschränkt)	Germany	100.00	94.90
382	SG Stuttgart-Vaihingen IBM-Campus 14 UG (haftungsbeschränkt)	Germany	100.00	94.90
383	SG Stuttgart-Vaihingen IBM-Campus 15 UG (haftungsbeschränkt)	Germany	100.00	94.90
384	SG Stuttgart-Vaihingen IBM-Campus 16 UG (haftungsbeschränkt)	Germany	100.00	94.90
385	SG Stuttgart-Vaihingen IBM-Campus 17 UG (haftungsbeschränkt)	Germany	100.00	94.90
386	Consus Einkaufs-GbR Garden Campus Vaihingen	Germany	100.00	100.00
387	Consus Stuttgart Wohnen an der Villa Berg UG (haftungsbeschränkt)	Germany	100.00	100.00
388	Consus Stuttgart Park an der Villa Berg UG (haftungsbeschränkt)	Germany	94.00	94.00
389	Consus Stuttgart Villa Berg Parkhaus UG (haftungsbeschränkt)	Germany	94.00	94.00
390	Consus Stuttgart Villa Berg historisch UG (haftungsbeschränkt)	Germany	94.00	94.00
391	Consus Frankfurt Mainzer Landstraße Investitions UG (haftungsbeschränkt)	Germany	100.00	100.00
392	SG Frankfurt Mainzer Landstrasse GmbH	Germany	94.00	94.00
393	Consus München Schwabing Investitionsgesellschaft UG (haftungsbeschränkt)	Germany	100.00	100.00
394	Consus München Schwabing Verwaltungs GmbH	Germany	-	86.53

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
395	Consus Mannheim Glücksteinquartier Investitions UG (haftungsbeschränkt) i.L.	Germany	100.00	100.00
396	Consus Mannheim Glücksteinquartier Verwaltungs GmbH i.L.	Germany	100.00	100.00
397	Consus Mannheim Glücksteinquartier GmbH & Co. KG	Germany	-	94.90
398	SG Hamburg Holsten Quartiere 14 UG	Germany	100.00	100.00
399	SG Hamburg Holsten Quartiere 20 UG	Germany	100.00	100.00
400	Consus Einkaufs-GbR Holsten-Quartiere Hamburg	Germany	100.00	100.00
401	Consus Einkaufs-GbR Korallusviertel Hamburg	Germany	-	100.00
402	SG Stuttgart-Vaihingen IBM-Campus 1 UG (haftungsbeschränkt)	Germany	100.00	100.00
403	SG Stuttgart-Vaihingen IBM-Campus 2 UG (haftungsbeschränkt)	Germany	100.00	100.00
404	SG Stuttgart-Vaihingen IBM-Campus 3 UG (haftungsbeschränkt)	Germany	100.00	100.00
405	Consus Stuttgart Vaihingen IBM Campus Holding GmbH	Germany	100.00	100.00
406	Consus RE GmbH	Germany	100.00	100.00
407	Artists Living Berlin - ST GmbH & Co. KG	Germany	89.90	93.90
408	Steglitzer Kreisel Sockel GmbH	Germany	100.00	100.00
409	Steglitzer Kreisel Turm GmbH	Germany	100.00	100.00
410	Steglitzer Kreisel Parkhaus GmbH	Germany	100.00	100.00
411	Artists Commercial Berlin - ST GmbH & Co. KG	Germany	89.90	93.90
412	Artists Parking Berlin - ST GmbH & Co. KG	Germany	89.90	93.90
413	Artists Living Leipzig GmbH & Co. KG	Germany	-	99.90
414	Ostplatz Leipzig Work & Life GmbH & Co. KG	Germany	89.90	93.90
415	Ostplatz Leipzig Mensa GmbH i.L.	Germany	93.90	88.26
416	Artists Living Dresden PP GmbH & Co. KG	Germany	99.90	99.90
417	Artists Living Frankfurt SSc GmbH & Co. KG	Germany	89.90	89.90
418	Artists Living Frankfurt Dev GmbH	Germany	89.90	93.90
419	Artists Living Frankfurt Com GmbH & Co. KG	Germany	94.00	94.00
420	UpperNord Tower GmbH & Co. KG	Germany	89.90	93.90
421	UpperNord Hotel GmbH & Co. KG	Germany	100.00	100.00
422	UpperNord Quarter GmbH i.L.	Germany	100.00	94.00
423	Artists Living Köln StG GmbH & Co. KG	Germany	89.90	99.90
424	Holz ART Consus-Innovationen GmbH i.L.	Germany	100.00	100.00
425	Consus ST(R)AHLKRAFT GmbH i.L.	Germany	100.00	100.00
426	Consus Estate & Hostel GmbH & Co. KG	Germany	-	100.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
427	Böblinger CityQuartier GmbH	Germany	94.90	94.90
428	Innenstadt Residenz Dresden GmbH & Co. KG	Germany	89.90	93.90
429	LEA Grundstücksverwaltung GmbH	Germany	83.90	93.90
430	Cologneo I GmbH & Co. KG	Germany	99.90	99.90
431	Cologneo III GmbH	Germany	94.00	94.00
432	Consus Deutsche Wohnen GmbH i.L.	Germany	93.90	93.90
433	Consus Bauprojekte GmbH	Germany	100.00	100.00
434	Günther Fischer Gesellschaft für Projektentwicklung mbH	Germany	80.00	80.00
435	Consus Immobilien GmbH i.L.	Germany	100.00	100.00
436	RVG Real Estate Vertriebs GmbH	Germany	51.00	51.00
437	Consus IT-Service GmbH	Germany	90.00	90.00
438	APARTes Gestalten GmbH i.L.	Germany	100.00	100.00
439	CREATIVes Bauen GmbH i.L.	Germany	100.00	100.00
440	Consus Denkmalimmobilien GmbH i.L.	Germany	93.90	93.90
441	Consus Graphisches Viertel GmbH & Co. KG	Germany	-	94.00
442	Living Central Beteiligungs-GmbH	Germany	94.00	94.00
443	Living Central 1 GmbH	Germany	89.90	94.00
444	Living Central 2 GmbH	Germany	89.90	94.00
445	Living Central 3 GmbH	Germany	89.90	94.00
446	Living Central 4 GmbH	Germany	89.90	94.00
447	Living Central 5 GmbH	Germany	89.90	94.00
448	Living Central 6 GmbH	Germany	89.90	94.00
449	Living Central 7 GmbH	Germany	89.90	94.00
450	Living Central 8 GmbH	Germany	89.90	94.00
451	Living Central 9 GmbH	Germany	89.90	94.00
452	Living Central 11 GmbH	Germany	89.90	94.00
453	Consus Erste Delitzscher Straße GmbH & Co. KG	Germany	-	100.00
454	Consus Zweite Delitzscher Straße GmbH & Co. KG	Germany	-	100.00
455	Benrather Gärten Wohnentwicklung GmbH & Co. KG	Germany	94.90	94.90
456	Consus Sechste Delitzscher Straße GmbH & Co. KG	Germany	-	100.00
457	SLT 107 Schwabenland Tower GmbH	Germany	94.90	94.90
458	Benrather Gärten Gewerbeentwicklung GmbH & Co. KG	Germany	94.90	94.90
459	Benrather Gärten Projektentwicklung GmbH	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Subsidiaries fully consolidated			
460	Consus Siebte SHELF GmbH & Co. KG	Germany	-	94.90
461	Consus Construction GmbH	Germany	100.00	90.00
462	Consus TEC Service GmbH i.L.	Germany	100.00	100.00
463	Artists Living II Verwaltungs GmbH	Germany	100.00	100.00
464	Artists Living Verwaltungs GmbH	Germany	100.00	100.00
465	Adler Group Intermediate Holding S.à r.l.	Luxembourg	100.00	100.00
466	Adler Group Group Holding LuxCo 1 S.à r.l.	Luxembourg	100.00	100.00
467	Adler Group Group Holding LuxCo 2 S.à r.l.	Luxembourg	100.00	100.00
468	Adler Group Group Holding LuxCo 3 S.à r.l.	Luxembourg	100.00	100.00
469	AR Development GmbH	Germany	100.00	100.00
470	CONSUS Assekuranzmakler GmbH & Co. KG	Germany	50.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Associated Companies or Joint Ventures included in the consolidated financial statements			
471	ACCENTRO REAL ESTATE AG	Germany	4.78	4.78
472	ADLER Real Estate Assekuranzmakler GmbH & Co. KG	Germany	50.00	50.00
473	AB Immobilien B.V.	Netherlands	25.00	25.00
474	Caesar JV Immobilienbesitz und Verwaltungs GmbH i. In.	Germany	25.00	25.00
475	Brack Capital (Chemnitz) B.V.	Netherlands	59.90	59.90
476	Consus Netz-Werk GmbH	Germany	74.90	74.90
477	Consus Verwaltungs GmbH	Germany	6.00	6.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Companies not significant enough to be included fully consolidated in the consolidated financial statements			
478	Brack Capital Germany (Netherlands) L B.V.	Netherlands	100.00	100.00
479	Brack Capital Germany (Netherlands) LIV B.V.	Netherlands	100.00	100.00
480	Brack Capital Germany (Netherlands) XVIII B.V.	Netherlands	100.00	100.00
481	Brack Capital Germany (Netherlands) LV B.V.	Netherlands	100.00	100.00
482	BCP Invest Rostock B.V.	Netherlands	89.90	89.90
483	BCP Invest Celle B.V.	Netherlands	89.90	89.90
484	BCP Invest Castrop B.V.	Netherlands	100.00	100.00
485	BCRE Leipzig Residenz am Zoo GmbH	Germany	94.90	94.90
486	Brack Capital Germany (Netherlands) Hedging B.V.	Netherlands	100.00	100.00
487	LBHQ Investments B.V.	Netherlands	-	100.00
488	RealProb (Rodelheim) C.V.	Netherlands	100.00	100.00
489	RealProb Investment Germany (Netherlands) III B.V.	Netherlands	-	100.00
490	Brack Capital Witten GmbH (GP)	Germany	100.00	100.00
491	Brack Capital (Darmstadt Goebelstrasse) GmbH	Germany	100.00	100.00
492	Brack Capital (Oberhausen) GmbH	Germany	100.00	100.00
493	Grafental Verwaltungs GmbH (phG)	Germany	100.00	100.00
494	Grafental am Wald GmbH (PhG)	Germany	100.00	100.00
495	RT Facility Management (Germany) GmbH	Germany	100.00	100.00
496	RealProb Investment (Duisburg) B.V.	Netherlands	-	100.00
497	Glasmacherviertel Verwaltungs GmbH (phG)	Germany	100.00	100.00
498	Brack Capital (Duisburg 2) GmbH & Co. Immobilien KG	Germany	99.33	99.33
499	Ginkasso GmbH	Germany	100.00	100.00
500	SSN Advisory Services GmbH i.L.	Germany	100.00	100.00
501	SSN Cube GmbH i.L.	Germany	100.00	100.00
502	SSN Investment Bundesallee Berlin Zwei GmbH i.L.	Germany	100.00	100.00

	Company	Country	Shareholding and control at 31 December in % 2024	2023
	Companies not significant enough to be included at equity in the consolidated financial statements			
503	Admiralty Holdings Ltd	Gibraltar	10.10	10.10
504	Hanse Holdings S.á r.l.	Luxembourg	10.10	10.10
505	Brack Capital Germany (Netherlands) XXIV B.V	Netherlands	10.10	10.10
506	Portfolio Beckum GmbH & Co. KG	Germany	10.64	10.64
507	Portfolio Dorsten GmbH & Co. KG	Germany	10.10	10.10
508	Portfolio Lüdenscheid GmbH (MBG Lüdenscheid GmbH)	Germany	10.10	10.10
509	Portfolio Ludwigshafen GmbH (Wiederaufbau Gesellschaft mit bescrhänkter Haftung)	Germany	10.10	10.10

1) The Company intends to utilise the exemption option under § 264 b HGB.

2) The Company intends to utilise the exemption option under § 264 Art. 3 HGB.

Adler Group S.A.

Combined Management Report

As at and for the year ended

December 31, 2024

Key Figures 2024

Profit and loss statement

In EUR thousand	For the year ended 31 Dec 2024	For the year ended 31 Dec 2023	For the three months ended 31 Dec 2024	For the three months ended 31 Dec 2023
Income from rental activities	310,179	314,656	80,202	77,615
Adj. EBITDA from rental activities	112,131	109,558	26,361	23,464
Adj. EBITDA from rental activities margin	54.0%	52.3%	50.2%	47.3%
Adj. EBITDA Total	80,990	20,629	28,300	908
FFO 1 (from rental activities)	(112,349)	(42,642)	(24,360)	(33,157)
FFO 2 (incl. disposal results and development activities)	(310,961)	(282,612)	(63,730)	(105,028)

Further KPIs

Residential(*)	31 Dec 2024	31 Dec 2023
Monthly in-place rent (EUR per m^2)	8.29	7.60
Total vacancy rate	1.8%	1.1%
Number of units	17,929	25,043
Like-for-like rental growth (LTM)	1.8%	5.1%

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

Balance sheet

In EUR thousand except per share data	31 Dec 2024	31 Dec 2023
LTV	72.7%	97.6%

About the Group

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

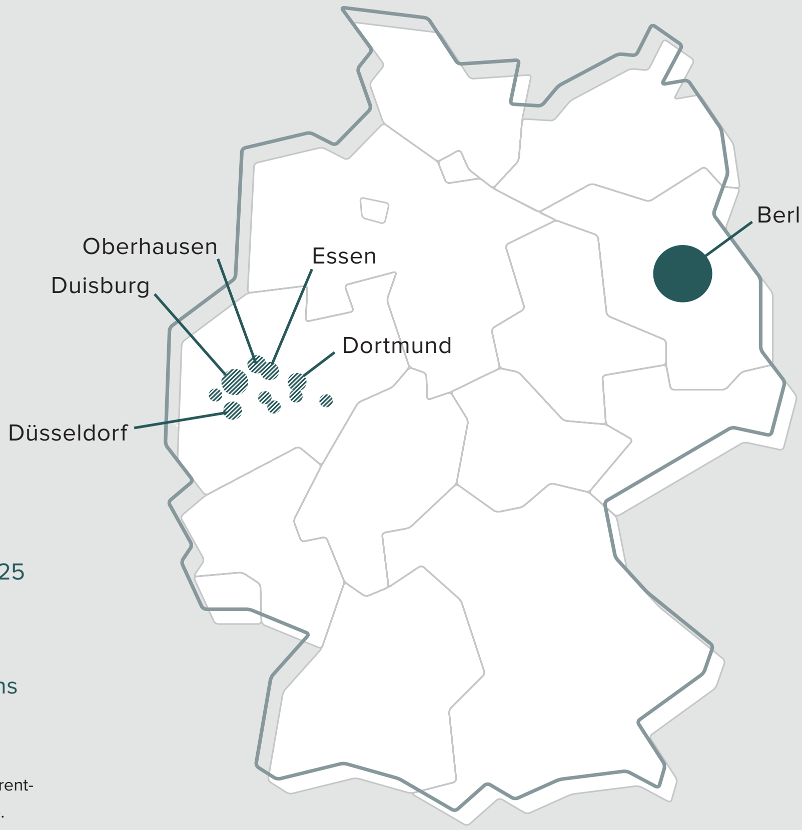
As per the end of the financial year 2024, Adler Group owns and manages a core rental portfolio of 17,929 units. After the Company announced the sale of its North Rhine-Westphalia-based portfolio comprising 6,788 units in December 2024, 98% of all units are now located in Berlin. The transaction closed in February 2025.

Most of the properties fall into the market segment of affordable housing.

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

As of 31 December 2024, Adler Group had 500 employees based in Luxembourg and in several locations across Germany.

Rental portfolio as at 31 December 2024(*)



NRW portfolio sold in February 2025

Residential rental portfolio locations

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

Letter from the Chairman of the Board

Stefan Brendgen

Dear Stakeholders,

2024 was once again a transformative year for Adler Group. As the year began, our industry and subsequently our company were still facing persistent challenges stemming from the ongoing weakness in the German real estate market. Inflation, rising borrowing costs and steeper-than-expected asset devaluations further eroded investor confidence, leading to a significant decline in transaction volumes across the sector. For Adler, this meant revisiting our initial restructuring plan, agreed in early 2023. The original strategy was based on asset sales to support debt repayment and anticipated a market recovery in 2024.

Thus, the Board of Directors, together with the Senior Management, proactively revised the restructuring concept, focusing on two key pillars. The first was an updated business plan aimed at restructuring the Group's most challenging assets while positioning the company to benefit from the anticipated market recovery. The second pillar involved a financial restructuring designed to improve the Group's cash position, extend debt maturities to 2028 and beyond, and restore the company's equity position to provide a solid foundation for the Group's going concern. With the continued support of our trusted bondholders and shareholders, we were able to announce the completion of this comprehensive recapitalisation on 19 September 2024.

Only a few days later at the end of September, we published the fully audited annual reports for 2022 and 2023, both with unqualified audit opinions and no restatements. The recapitalisation had allowed our financial auditors to assess the current situation and capital structure of Adler Group as a sound basis for confirming the company's ability to continue as a going concern. With this, we managed to overcome a totally unprecedented situation in Germany of being a publicly listed company without an appointed auditor and having to publish two consecutive unaudited annual reports. This milestone validated the integrity of our work and the accuracy of our financials—an essential step toward restoring confidence, not only within the investment community but also among all stakeholders and the broader public.

The year 2024 also brought some major changes to the composition of our Senior Management team. On 1 October 2024, we announced Thorsten Arsan as the new Chief Financial Officer (CFO), replacing Thomas Echelmeyer, who had been instrumental for the recapitalisation and the auditing of our annual reports. Thorsten is an expert in the financial dimensions of the real estate industry, whose mandate – next to the day-to-day-finance-business – is to further improve the Group's financial structure. Thorsten was also appointed to the Board of Directors with effect of 27 November 2024.

Effective 1 December 2024, Dr. Karl Reinitzhuber was appointed as the new Chief Executive Officer (CEO) of the Group, replacing Thierry Beaudemoulin, who had decided after five years of service to pursue other career options outside Adler, after having steered the Group through its challenging phase. Karl's expertise circles around the real estate industry – with a proven track record in the development sector as well as in the strategic structuring of real estate organisations. Karl was also appointed to the Board of Directors, effective 1 December 2024.

In addition, we also appointed Jan Duken as the new Chief Operating Officer (COO) of Adler Group, effective 1 December 2024. This position had been previously held by Thierry Beaudemoulin besides his function as CEO. Jan will primarily oversee the reorganisation of the Group as well as manage and further optimise our rental portfolio. Together with Sven-Christian Frank as Chief Legal Officer (CLO), the new Senior Management team will strategically and operationally lead Adler Group's "game plan" for the coming years.

What is our "game plan"? Our goal is to position our company optimally around its core strength: a high-quality portfolio of approximately 18,000 rental units located in the fundamentally attractive Berlin market, currently valued at around EUR 3.5 billion. To sharpen this strategic focus, we took the decision to sell our rental portfolios outside of Berlin by disposing of our majority stake in Brack Capital Properties (BCP) and by selling our North-Rhine Westphalia-based portfolio – both to highly reputable companies at good prices in a continued challenging real estate market. The two transactions were successfully completed in early 2025. Furthermore, subject to prevailing market conditions, our objective is to terminate our project development activities by the end of 2026. Additionally, we are continuously reducing our operational costs in order to transform the company into a more effective and efficient organisation, consistent with its smaller asset size. And we also actively address our financial liabilities. In late 2024 and early 2025 we were able to refinance EUR 1.9 billion of our debt, effectively lowering our interest costs and saving around EUR 130 million over the expected lifetime of the respective debt facilities.

With our revised restructuring concept in place, the path for the coming years is clearly defined: We will continue to sell assets to meet our financial obligations. Compared to one year ago, we are now in a significantly stronger position—enabling us to execute these transactions in a way that maximises value for all stakeholders. At the same time, we will continue to optimise our Berlin residential portfolio.

Finally, some remarks to the Board of Directors: Matthias Moser was appointed to the Board of Directors on 25 June 2024. Matthias is a veteran executive in the real estate industry with finance and infrastructure expertise. Additionally, Paul Copley was added to the Board on 27 November 2024. Paul is a qualified Chartered Accountant with extensive expertise in corporate restructurings.

Besides these two new appointments, Karl Reinitzhuber and Thorsten Arsan replaced Thierry Beaudemoulin and Thomas Echelmeyer as Members of the Board. As the Chairman of the Board, I wish to express my gratitude to the two Senior Managers for their services for Adler Group. With Thilo Schmid and myself, the Board of Directors consist of six members: Stefan Brendgen (Chairman of the Board), Thilo Schmid (Chairman of the Audit Committee), Matthias Moser and Paul Copley as Members of the Board as well as Karl Reinitzhuber (CEO) and Thorsten Arsan (CFO).

On behalf of the Board of Directors, I would like to thank the Senior Management for the achievements made over the last year. I would like to thank the company's employees for their considerable commitment and for being there for our tenants and partners. And finally, I would like to thank our financing partners who have continued to put trust in us.

Yours sincerely,

Mr Stefan Brendgen
CHAIRMAN OF THE BOARD OF DIRECTORS
Luxembourg, 28 April 2025

Letter from the Senior Management

Thorsten Arsan, Sven-Christian Frank, Dr. Karl Reinitzhuber, Jan Duken

Dear Stakeholders,

Amid ongoing geopolitical and economic challenges that persisted in 2024, we were able to make significant progress in stabilising Adler Group for the years to come.

As part of the comprehensive recapitalisation completed in September 2024, we reached an agreement with a key group of bondholders on a series of structural measures, including revised disposal strategies for our real estate assets. By extending our debt maturities to 2028 and beyond, and by improving our liquidity situation, we are now in a position to target a value-preserving disposal strategy for both our yielding and development assets without facing imminent pressure from major debt maturities.

After we had published our audited annual reports for the prior years in late September 2024, we successfully returned to the transaction market to accomplish some large-scale transactions that we had envisaged for some time: The disposals of our majority stake in Brack Capital Properties (BCP) and our North Rhine-Westphalia-based portfolio comprising approximately 6,900 rental units. Both transactions were announced in the fourth quarter 2024 and successfully completed in early 2025.

Following these disposals, we are now able to focus on Berlin as our core market where we now hold approximately 18,000 rental units. The demand for affordable housing in Berlin continues to rise, especially with very limited new construction taking place in the city. In such a market environment with strong fundamentals, our core portfolio seems well-positioned and is likely to further benefit from this trend. The focus on one market also simplifies our operations and enables us to optimise structures and processes around our core business.

We are glad to see that the devaluation cycle of yielding assets that started in 2022 appears to have come to an end – the revaluation of our yielding assets as per December 2024 resulted in a marginal increase in values. At the end of 2024, our rental portfolio is valued EUR 3.5 billion. We will continue to systematically develop this portfolio in the future. For 2025, we expect to generate net rental income in the range of EUR 127-135 million following certain disposals made from the yielding asset portfolio, such as the stake in BCP with effect as of 2 January 2025 and the North-Rhine-Westphalia portfolio with effect as of 28 February 2025.

While valuations for our yielding assets have stabilised, the situation remains more challenging in the project development segment. External appraisals conducted in 2024 led to significant negative value adjustments, largely driven by persistently rising construction costs – a challenge that we also face when completing the construction of our remaining forward sale projects.

In order to fully concentrate on our core rental business, we remain committed to two key priorities: a) disposing of all of our upfront sale projects and b) completing and handing over our few remaining forward sale projects. Subject to prevailing market conditions, our objective is to achieve both by the end of 2026, securing the best possible terms for the company and our stakeholders. This remains a challenge, but we are convinced of the quality of our development projects. As a result, we are seeing strong interest from investors, driven in part by the tight German residential housing market, especially in larger cities where our projects are located. Over the last months, we have made significant progress in finding potential buyers for several of our upfront sale projects. Therefore, we are optimistic to close multiple ongoing transactions and to announce further significant project disposals in the course of the next months. Besides refocussing our business on the yielding portfolio, this process will support our ongoing efforts to reduce portions of our high-cost debt.

Regarding our financing activities, we seized the opportunity and started the process by the end of 2024 to refinance both our 1L and 1.5L Facilities with a combined volume of approximately EUR 1.9 billion. Both refinancings were completed in early 2025 and lead to a significant reduction of interest expenses, reflecting primarily the improved risk profile of Adler Group. Significantly reducing our cost of debt and saving more than EUR 130 million interest costs over the expected remaining lifetime of both the 1L and 1.5L Facilities will play a vital role in further stabilising our platform. We are grateful for the trust placed in us by a large group of investors participating in these refinancings. Their support is a strong signal showing the market's renewed confidence in our company and strategic direction.

As our asset base is shrinking and liquidity remains tight, we will continue to reassess and consequently adjust our organisation in order to make Adler Group a more efficient and streamlined platform.

We would like to thank our partners, investors, financing institutions, and, most importantly, our dedicated employees for their unwavering support and outstanding performance throughout this phase of transformation that we find ourselves in.

In closing, we reaffirm our commitment to transparency, resilience, and sustainability, and we remain cautiously optimistic about the future despite the prevailing uncertainties.

We look forward to navigating these challenges

Sincerely yours,

Dr. Karl Reinitzhuber	Thorsten Arsan	Sven-Christian Frank	Jan Duken
CEO	*CFO*	*CLO*	*COO*

Luxembourg, 28 April 2025

Adler Group Share

Shares

Stock exchange	**Frankfurt Stock Exchange**
Market segment	**Regulated market (Prime Standard)**
ISIN	**LU1250154413**
WKN	**A14U78**
Total number of shares outstanding	**151,626,107**
Ticker symbol	**ADJ**
Primary Listing	**23 July 2015**
Stock exchange	**Frankfurt Stock Exchange**
Issue price	**EUR 20**
Price at the end of Q4 2024	**EUR 0.335**
Highest share price LTM	**EUR 0.550**
Lowest share price LTM	**EUR 0.105**

Shareholder structure(1)

(as at 31 December 2024)

Vonovia SE	**15.9%**
Free Float	**84.1%**

Voting securities

Stock exchange	**Luxembourg Stock Exchange**
Date of issuance	**15 October 2024**
ISIN	**LU2900363131**
Nominal value	**EUR 0.01**
Total number of voting securites	**454,878,321**

Composition(2)

(as at 31 December 2024)

PIMCO	**24.0%**
Taconic Capital Advisors	**12.3%**
Sculptor Capital Management Inc	**11.1%**
Arini Capital Management	**8.7%**
Other	**44.0%**

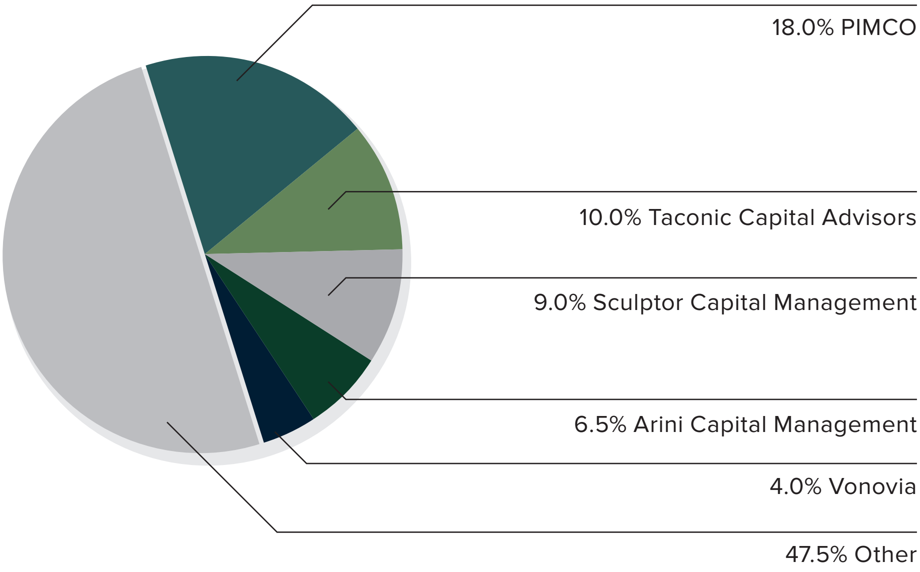
General Note: As part of the comprehensive recapitalisation completed in September 2024, holders of the Investor Notes received new voting securities that represent 75% of the voting rights in Adler Group S.A. (but 0% of the distribution rights). Common shares represent 25% of the voting rights in Adler Group S.A. and 100% of the distribution rights.

(1) Based on approx. 151.6m voting rights attached to the share capital (ISIN LU1250154413); according to the official notifications received from the shareholders; based on the German stock exchange's definition, free float refers to shares that are not owned by major shareholders holding more than 5% of the total shares.

(2) Based on approx. 454.9m voting rights attached to the voting securities (parts bénéficiaires avec le droit de vote; ISIN LU2900363131); based on the voting rights notifications received by the Company in accordance with article 11 of the Luxembourg law of 11 January 2008 on transparency requirements for issuers (as supplemented an amended, the "Luxembourg Transparency Law"), these shareholders hold more than 5% of the voting rights in the Company.

(3) Based on approx. 606.5m total voting rights attached to both the share capital and the voting securities (parts bénéficiaires); according to the official notifications received from the shareholders and holders of voting securities (parts bénéficiaires).

Total number of voting rights (606,504,428) [3]
(as at 31 December 2024)



Key stock market data

Adler Group shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended 31 December 2024, the shares traded between EUR 0.105 and EUR 0.550.

Shareholder structure

As at 31 December 2024, the total number of outstanding-shares of Adler Group amounted to 151.6 million. At that time, the main shareholder with holdings of over 5% was Vonovia SE (15.88%) according to the official notifications received from the shareholders. The remaining 84.12% free float shares were mainly held by institutional investors.

On 15 October 2024, subsequent to the balance sheet date, approximately 454.9 million voting securities (parts bénéficiaires) were issued to certain bond investors, thereby increasing the number of total voting rights to approximately 606.5 million (including the approximately 151.6m voting rights attached to the share capital). For further information, please refer to the Material Events section of this report.

Dividend policy

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

If and as long as any of the subordinated notes issued by the Company's subsidiary AGPS BondCo PLC in the nominal amount of approximately EUR 2.3 billion under the Company’s guarantee as part of its 2024 financial restructuring (the “Subordinated Notes”) remain outstanding, and to the extent that any payments have been made in respect of the Subordinated Notes since the issuance thereof (the "Subordinated Notes Payments"), the Board of Directors may, when approving the annual financial statements of any given financial year recommend to the Annual General Meeting that a dividend be declared and paid in an amount equivalent to one thirty-ninth (1/39) of the total Subordinated Notes Payments.

EU Taxonomy

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

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

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

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

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

Reporting obligation for companies

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

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

The obligation to publish disclosures on taxonomy-eligibility under the EU taxonomy is relatively new, which is why there is a certain degree of uncertainty concerning the interpretation of individual provisions or recommendations. Adler Group exercised reasonable discretion when interpreting such provisions or recommendations. Although all parties involved aim to establish a binding reporting standard, this will likely be achieved over time by implementing best practice solutions, which may require future reports to be adjusted. In its 2024 reporting, Adler Group utilised the EU taxonomy technical screening criteria as per the EU Taxonomy Regulation as well as the FAQs issued by the EU Commission.Companies are to apply specific technical screening criteria that are defined in the taxonomy to assess whether an economic activity can contribute substantially to achieving environmental objectives. For the first two environmental objectives, i.e., climate change mitigation and climate change adaptation, these criteria are defined in Annex I and II to the relevant climate delegated act supplementing the EU Taxonomy (Regulation 2020/852), while the environmental objectives 3 to 6 are specified in Annex I to IV of Commission Delegated Regulation (EU) 2023/2486.

Eligible economic activities under the EU Taxonomy Regulation

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

7.1 'Construction of new buildings'

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

For operating expenditure (OpEx as defined by the Taxonomy Regulation) the economic activity according to 7.7 'Acquisition and ownership of buildings' (rental of own buildings and apartments) could be determined as taxonomy-eligible.

Parts of activity 7.1 'Construction of new buildings' would also be taxonomy-related according to EU environmental objective 4.

In connection with objective 4 – Transition to a circular economy – key activities of the construction and real estate sector are grouped into five activities. Here, activity 3.1 (Construction of new buildings) might have been relevant. After criteria were checked, construction of buildings was subsumed under activity 7.1 (environmental objective 1).

Turnover from the administration of residential properties and facility management of properties no longer owned by the Group is essentially taxonomy non-eligible.

In addition to activities 7.1 and 7.7, Adler Group identified the following economic activities as being essentially taxonomy-eligible with regard to capital expenditure (CapEx) as defined by the Taxonomy Regulation):

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

Economic activities summarised under 4. 'Energy' and other activities like 7.4 'Installation, maintenance, and repair of charging stations for electric vehicles in buildings' and 7.6 'Installation, maintenance, and repair of renewable energy technologies' of the EU taxonomy do not have relevance to Adler Group. The same is true for other activities as defined in the technical screening criteria for objective 4 (Renovation of existing buildings, demolition and wrecking of buildings and other structures, maintenance of roads and motorways, and use of concrete in civil engineering).

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

Aligned economic activities under EU Taxonomy Regulation

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

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

After thorough assessment of all six environmental objectives, economic activities at Adler Group are generally associated with the first environmental objective (climate change mitigation). As a result, the KPIs in the mandatory tables on page 22 ff do not provide a breakdown by eligibility or alignment between several objectives.

Assessment of the substantial contribution

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

Economic activity 7.1 ‘Construction of new buildings’

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

Turnover associated with economic activity 7.1 ‘Construction of new buildings’ contributes substantially to the climate change mitigation objective if the building in question has a Primary Energy Demand (PED) that is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national legislation. This is defined differently depending on the member state, and in Germany – the only country where Adler Group is active – is defined in the Buildings Energy Act (GEG). Buildings larger than 5,000 m² must undergo testing for air-tightness and thermal integrity, and the life-cycle global warming potential (GWP) must be calculated for each stage in the life cycle.

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

As new buildings are constructed for third parties only, the sale of these buildings creates turnover, but does not generate CapEx or OpEx.

As a company active in the field of property management, Adler Group implements selective measures to improve the energy efficiency of its properties. In terms of investment-related individual measures, Adler Group particularly modernises heating systems or replaces windows, measures which are allocated to economic activity 7.3 Installation, maintenance and repair of energy-efficient appliances. As investment measures contribute directly to improving energy efficiency and thus to climate protection, an additional examination of further technical criteria is not necessary.

Economic activity 7.7 ‘Acquisition and ownership of buildings’

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

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

An analysis of Adler Group's existing portfolio revealed that only a few buildings meet the required threshold for Primary Energy Demand. Only buildings that have an EPC were considered in this analysis.

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

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

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

This analysis revealed the following:

- **Environmental objective 2 – Climate change adaptation**
  Economic activities 7.1, 7.3 and 7.7
  In order to determine whether this environmental objective is harmed, the Group carried out a climate risk analysis in accordance with the requirements in Appendix A to the Climate Delegated Act of the EU Taxonomy Regulation. This analysis assumed that climate risks can endanger the performance during the expected economic lifetime of an asset, especially considering that the economic life of real estate usually exceeds ten years. Therefore, the climate risk analysis is based on climate scenarios until 2050 that assume the worst case climate scenario RCP 8.5 (which presupposes the worst-case scenario for climate change in absence of mitigation measures to reduce emissions) and projections by the Intergovernmental Panel on Climate Change (IPCC) stemming from the year 2022 – a procedure compliant with the current DNSH criteria. The analysis only covers the locations of buildings that meet the criterion of making a substantial contribution. It revealed potential risks resulting primarily from adverse weather incidents and, in individual cases, from storms, flooding, drought, or water scarcity.

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

- **Environmental objective 3 – Sustainable use and protection of water and marine resources**
  Economic activity 7.1
  The Climate Delegated Act specifies technical screening criteria with regard to the sustainable use and protection of water and marine resources associated with economic activity 7.1. The water use of all water appliances was reviewed for each new building project on the basis of their technical specifications. It was also checked whether the use of water was compliant with Annex B which requires compliance with the European Water Framework Directive. (Directive 2000/60/EC)
  In all Adler Group's real estate, water is supplied by local waterworks which typically are community owned. Wastewater is drained into wastewater systems, treated, purified and recycled or released in drinking water quality. Adler Group itself does not have any influence on fresh water supply or the treatment or recycling of wastewater.

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

  In Adler Group's residential portfolio, waste disposal follows rules and regulations typically set out by municipal authorities. This typically includes separation and recycling of waste produced by the tenants.

- **Environmental objective 5 – Pollution prevention and control**
  Economic activity 7.1, 7.3
  In connection with the construction of new buildings, the Adler Group carried out a review on how to avoid hazardous substances, to guarantee the use of environmentally-friendly materials (where possible with the corresponding label), to adhere to the examination of the soil quality of the location (e.g., by means of ISO Standard 18400) and to take measures to reduce noise, dust and pollutant emissions during construction or maintenance works. Many of the technical screening criteria defined by the EU in this context are similar to the requirements under German legislation applicable to new buildings that must be observed and documented upon acceptance. Adler Group carried out an initial screening of processes and the underlying contracts in order to potentially exclude the use of any other hazardous substances defined in Art. 57 of the EU regulation 1907/2006 (REACH) for Registration, Evaluation, Authorisation and Restriction of Chemicals.

- **Environmental objective 6 – Protection and restoration of biodiversity and ecosystems**
  Economic activity 7.1
  Appendix D requires screening in accordance with Directive 2011/92/EU requiring an environmental impact assessment (EIA) and compliance with the requirements of biodiversity and ecosystems in relevant areas.

  The Adler Group’s project developments are usually located in urban areas that already served residential or industrial purposes in the past. With regard to new buildings that generate turnover and contribute substantially to climate change mitigation, these aspects have been taken into account and reviewed.

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

Verification of compliance with minimum safeguards

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

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

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

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

Human rights

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

Corruption and bribery

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

Taxes

In order to comply with all the relevant tax laws and provisions, Adler Group has introduced a tax compliance management system that is used to compile the relevant reports every quarter together with the Group's general risk management report.

Fair competition

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

Other

Adler Group is a member of the UN Global Compact, thus heeding all recommendations of the institution. None of the principles have been violated. Adler Group has also documented all corporate governance and compliance processes, adhered to them, and has continued to improve them in 2024. (See chapter Corporate Governance). Adler Group publishes the gender pay gap on a yearly basis as documented in the non-financial report, but has not set targets for Board gender diversity. The existing gender pay gap does not relate to discrimination, but rather to length of stay or regional differences in wages. As Adler Group is a real estate company, it does not deal with weapons of any sort or other controversial products.

Basis for determining the taxonomy key performance indicators

The determination of the KPIs and the reporting on taxonomy-eligible and taxonomy-aligned turnover, capital expenditure, and operating expenditure of Adler Group are carried out in accordance with the Delegated Regulation (EU) 2021/2178 of 6 July 2021 (Disclosures Delegated Act).

The turnover, CapEx and OpEx KPIs are based on the figures in the consolidated financial statements prepared by Adler Group in accordance with the principles of the International Financial Reporting Standards (IFRS).

Taxonomy-aligned turnover, CapEx and OpEx were only identified for economic activity 7.7 'Acquisition and ownership of buildings'. Although most of the technical screening criteria could be evidenced for economic activity 7.1 'Construction of new buildings', the Group is not taxonomy-aligned in this respect, as not all DNSH criteria could be met.

Turnover

The share of taxonomy-aligned economic activities in Adler Group's total turnover was calculated as the part of the turnover derived from services associated with taxonomy-aligned economic activities (numerator) divided by net turnover (denominator), each figure for the financial year from 1 January 2024 to 31 December 2024.

The numerator of turnover KPI is defined as net turnover generated from services associated with taxonomy-aligned economic activities. At Adler Group, this refers primarily to net rental income and recharged utilities costs.

Capital expenditure

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

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

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

All taxonomy-aligned CapEx refers to additions to investment properties.

Operating expenditure

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

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

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

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

The templates in Annex II to the Delegated Regulation (EU) 2021/217 are used to disclose taxonomy KPIs turnover, CapEx and OpEx). The following tables show the share of Adler Group's economic activities that are subject to the EU taxonomy with regard to the relevant environmental objectives as well as the share of activities that qualify as being taxonomy-aligned.

Nuclear and fossil gas-related activities

	Nuclear energy-related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas-related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Proportion of turnover derived from goods or services associated with taxonomy-aligned economic activities – disclosure for year 2024

Economic activities	Code(s)	Absolute turnover EUR	Proportion of turnover %	Criteria for substantial contribution to: Climate change mitigation %, N/EL	Climate change adaptation %, N/EL	Water and marine resources %, N/EL	Circular economy %, N/EL	Pollution %, N/EL	Biodiversity and ecosystems %, N/EL	DNSH criteria ("do no significant harm"): Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned or eligible proportion of turnover 2023 %	Category (enabling activities) E	Category (transitional activities) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	7,560,727	2.12	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.81		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		7,560,727	2.12	2.12	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	0.81		
of which enabling		0	0	0	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	0	E	
of which transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Construction of new buildings	CCM 7.1/ CE 3.1	14,344,610	4.02	EL	N/EL	N/EL	N/EL	EL	N/EL								21.17		
Acquisition and ownership of buildings	CCM 7.7	301,845,481	84.67	EL	N/EL	N/EL	N/EL	N/EL	N/EL								64.90		
Turnover of taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		316,190,091	88.69	88.69	0	0	0	0	0								92.06		
A. Turnover of taxonomy-eligible activities (A.1 + A.2)		**323,750,818**	**90.81**	**90.81**	**0**	**0**	**0**	**0**	**0**								**92.87**		
B. Taxonomy non-eligible activities																			
Turnover of taxonomy non-eligible activities (B.)		**32,747,764**	**9.19**																
Total (A.+B.)		**356,498,582**	**100**																

Proportion of CapEx derived from goods or services associated with taxonomy-aligned economic activities – disclosure for year 2024

				Criteria for substantial contribution to						DNSH criteria ("do no significant harm")									
Economic activities	Code(s)	Absolute CapEx EUR	Proportion of CapEx %	Climate change mitigation %, N/EL	Climate change adaptation %, N/EL	Water and marine resources %, N/EL	Circular economy %, N/EL	Pollution %, N/EL	Biodiversity and ecosystems %, N/EL	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned or eligible proportion of CapEx 2023 %	Category (enabling activities) E	Category (transitional activities) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Installation, maintenance and repair of energy-efficient appliances	CCM 7.3	3,985,041	2.34	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.14	E	
Installation, maintenance and repair of devices for measuring, controlling and regulating the overall energy efficiency of buildings	CCM 7.5	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.14	E	
Acquisition and ownership of buildings	CCM .7	1,688,873	0.99	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.07		
CapEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		5,673,914	3.33	3,33	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	1.31		
of which enabling		3,985,041	2.34	2.34	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	1.24	E	
of which transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Construction of new buildings	CCM 7.1	135,952,640	79.71	EL			EL										25.53		
Acquisition and ownership of buildings	CCM 7.7	27,510,086	16.13	EL	N/EL	N/EL	N/EL	N/EL	N/EL								70.33		
CapEx for taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		163,462,726	16.13	16.13	0	0	0	0	0								70.33		
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		**169,136,640**	**19.64**	**19.64**	**0**	**0**	**0**	**0**	**0**								**71.64**		
B.Taxonomy non-eligible activities																			
CapEx of B.		**1.422,360**	**0.83**																
Total (A.+B.)		**170,559,000**	**100**																

Proportion of OpEx derived from goods or services associated with taxonomy-aligned economic activities – disclosure for year 2024

				Criteria for substantial contribution to						DNSH criteria ("do no significant harm")									
Economic activities	Code(s)	Absolute OpEx EUR	Proportion of OpEx %	Climate change mitigation %, N/EL	Climate change adaptation %, N/EL	Water and marine resources %, N/EL	Circular economy %, N/EL	Pollution %, N/EL	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned or eligible proportion of OpEx 2023 %	Category (enabling activities) E	Category (transitional activities) T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	1,547,622	2.50	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.25		
OpEx for environmentally sustainable activities (taxonomy-aligned) (A.1)		1,547,622	2.50	2.50	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1,25		
of which enabling		0	0	0	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	0	E	
of which transitional		0	0	0						Y	Y	Y	Y	Y	Y	Y	0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	60,237,786	97.50	EL	N/EL	N/EL	N/EL	N/EL	N/EL								98.75		
OpEx for taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		60,237,786	97.50	97.50	0	0	0	0	0								98.75		
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		**61,785,408**	**100**	**100**	**0**	**0**	**0**	**0**	**0**								**100**		
B. Taxonomy non-eligible activities																			
OpEx of taxonomy non-eligible activities (B.)		**0**																	
Total (A.+B.)		**61,785,408**	**100**																

Corporate Governance Report

Principles of Corporate Governance

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

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

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

General

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

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

Board

As a general rule, the Directors are elected by the General Meeting. However, in the event of a vacancy in the office of a Director, the remaining members of the Board may fill such vacancy and appoint a successor to act until the next General Meeting which shall resolve on the permanent appointment in compliance with the applicable legal provisions. As at 31 December 2024, four out of six Directors are independent directors. The only non-independent Directors are the CEO (appointed also as a Daily Manager) and the CFO of the Company.

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

Changes at Board level

During the year 2024, Prof. Dr. A. Stefan Kirsten resigned as a Director (and as Chairman of the Board of Directors) and Stefan Brendgen was appointed as the new Chairman of the Board with effect as of 19 February 2024.

Dr. Heiner Arnoldi and Mr Thomas Zinnöcker resigned with effect as of 25 June 2024 and Mr Matthias Moser was appointed as a Director of the Company with effect as of 25 June 2024.

On 27 November 2024, the General Meeting appointed Mr Paul Copley as independent Board member and Mr Thorsten Arsan as non-independent member of the Board in addition to his current role as CFO of Adler Group.

Mr Thomas Echelmeyer resigned as Director of the Company as of 30 September 2024, and Mr Thierry Beaudemoulin resigned as Director of the Company as of 30 November 2024.

Dr. Karl Reinitzhuber was appointed as Director of the Company by co-optation as of 1 December 2024.

Composition of the Board

as at 31 December 2024:

Mr Stefan Brendgen
Independent Director

Dr. Karl Reinitzhuber
Director

Mr Thorsten Arsan
Director

Mr Paul Copley
Independent Director

Mr Matthias Moser
Independent Director

Mr Thilo Schmid
Independent Director

Mr Stefan Brendgen

Chairman of the Board of Directors

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

Dr. Karl Reinitzhuber

Dr. Karl Reinitzhuber is a seasoned leader with a proven track record in driving profitable growth in the real estate sector. With deep expertise and a strong network in the German market, he has held key leadership roles and worked as an entrepreneur and advisor in residential and retail real estate. As CEO of Carestone Group for five years, he led initiatives that expanded the company's market position. Previously, he served as CFO and CEO at Unibail-Rodamco Germany, contributing to its growth. Between 1997 and 2011, Dr. Reinitzhuber held influential positions at HOCHTIEF Group, including Board Member at Leighton Holdings and Managing Director of the residential developerHOCHTIEF Construction AG. Dr. Reinitzhuber’s academic credentials include a Doctorate degree and a degree in Business Administration from WHU. He is also a certified supervisory and advisory board member from the Boards Academy.

Mr Thorsten Arsan

Mr Thorsten Arsan is a seasoned financial executive with extensive experience in real estate finance and corporate management. In his previous position, he was the Chief Financial Officer of Peach Property Group AG in Zurich, overseeing financial strategy and operations. Before that, he was the Senior Vice President of Finance, Controlling, and Investor Relations at Adler Group in Berlin. Mr Thorsten Arsan's notable leadership roles include being Chairman of the Board of Directors at Vonovia Finance B.V. and Head of Corporate Finance at Vonovia. His earlier career includes significant positions at Eurohypo AG, Deutsche Bank AG, and Moody’s Investors Service. He holds an MBA from Fachhochschule Biberach School, Germany.

Mr Paul Copley

Mr Paul Copley is an experienced business leader and insolvency specialist with a distinguished career spanning over two decades. Currently, he holds several prominent roles, including Non-Executive Director positions at FTX and Ardagh Group, as well as acting as a Creditors' Committee member for Intu Properties and Lehman Brothers Holdings (in administration). His past experience includes serving as CEO of Kaupthing and Partner in Business Recovery Services at PricewaterhouseCoopers, where he built a strong reputation in managing complex corporate restructurings and insolvencies. Mr Paul Copley is a qualified Chartered Accountant and Insolvency Practitioner, holding a BA in English Language and Literature from the University of Liverpool.

Mr Matthias Moser

Mr Matthias Moser studied Economics at the Johannes-Gutenberg University of Mainz. From 1998 to 2000, he was director and head of export and project finance in the infrastructure und telecom sectors of Deutsche Bank. From 2000 to 2003, Mr Moser was managing director and partner at Terra Firma Capital Partners (formerly Nomura Principal Finance Group). From 2004 to 2009, he was managing director and partner of Fortress Investment Group. During his career, Mr Moser also held various management positions in the real estate industry, including the chairman of the supervisory board position of Gagfah Immobilien AG between 2004 and 2009. From 2011 to 2016, Mr Moser was managing director of Patrizia Alternative Investments GmbH and chairman of the advisory board of SüdeWo GmbH, as well as chairman of the supervisory board of GBW Immobilien AG. Mr Moser has been a member of the Board of Directors of Adler Group S.A. since June 2024.

Mr Thilo Schmid

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

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

Committees established by the Board

The Board's work takes place through plenary sessions and committees, which exercise their activities under the responsibility of the Board. As at 31 December 2024, the Company had three committees:

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

As at 1 January 2024, the Company also had the Financing Committee and the Investment Committee. Following Prof. Dr. A. Stefan Kirsten's resignation as Chairman of the Board of Directors and Stefan Brendgen's subsequent appointment as new Chairman of the Board, the Financing Committee and the Investment Committee were merged to the Investment and Financing Committee with effect as of 28 February 2024. Subsequently, the Investment and Financing Committee was dissolved on 25 June 2024.

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

Audit Committee

as at 31 December 2024:

Mr Thilo Schmid
Chairman

Mr Matthias Moser

Mr Stefan Brendgen

Mr Paul Copley

The purpose of the Audit Committee is

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

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

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

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

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

(i) that they are wholly owned; or

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

The Audit Committee also performs other duties imposed by applicable laws and regulations of the markets on which the Company's shares are listed, as well as any other duties entrusted to it. The Audit Committee only has an internal function and reports periodically to the Board on its activities. Only the above-mentioned decision-making powers or powers of representation were delegated to the Audit Committee. The Chairman of the Audit Committee must be independent of the Company. The Committees' Rules of Procedure do not provide for a fixed membership term.

Nomination and Compensation Committee

as at 31 December 2024:

Mr Stefan Brendgen
Chairman

Mr Thilo Schmid

Mr Mathias Moser

Mr Paul Copley

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

Ad Hoc Committee

as at 31 December 2024:

Dr. Karl Reinitzhuber
CEO, Chairman

Mr Thorsten Arsan
CFO

Mr Sven-Christian Frank
CLO

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

The performance of the Board of Directors

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

Unlike German companies with their two-tier supervisory board/management board structure, Adler Group S.A. has a one-tier Board structure. Accordingly, any reference to the supervisory board below, insofar as it refers to Adler Group S.A., should be understood as a reference to the Board of Adler Group S.A. Similarly, any reference below to the management board, insofar as it relates to Adler Group S.A., should be understood as a reference to the Senior Management of Adler Group S.A.

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

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

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

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

The independence of the Board of Directors in 2024

Member	In accordance with German Corporate Governance Code Criteria
Mr Matthias Moser	Independent
Dr. Karl Reinitzhuber *Senior Management*	Not Independent
Mr Stefan Brendgen	Independent
Mr Thorsten Arsan *Senior Management*	Not Independent
Mr Thilo Schmid	Independent
Mr Paul Copley	Independent

☐ **Not Independent** ■ **Independent**

Senior Management and Daily Manager

The Senior Management of the Company is integral to the management of the Company and its subsidiaries.

As at 31 December 2024, the Senior Management of the Company consisted of Dr. Karl Reinitzhuber (CEO), Mr Thorsten Arsan (CFO), Mr Sven-Christian Frank (CLO), and Mr Jan Duken (COO).

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

Changes in the Senior and Daily Management

During the year 2024, the Company and Mr Thomas Echelmeyer agreed to terminate his agreement with effect as of 30 September 2024 and the Company and Mr Thierry Beaudemoulin agreed to terminate his agreement with effect as of 30 November 2024.

Dr. Karl Reinitzhuber was appointed as CEO of the Company as of 1 December 2024, Mr Thorsten Arsan as CFO of the Company as of 27 November 2024 and Mr Jan Duken as COO of the Company as of 1 December 2024.

Composition of the Senior Management

as at 31 December 2024:

Dr. Karl Reinitzhuber
CEO and Daily Manager

Mr Thorsten Arsan
CFO

Mr Sven-Christian Frank
CLO

Mr Jan Duken
COO

General Meetings

Any duly constituted General Meeting shall represent all the holders of shares and voting securities (parts bénéficiaires) of the Company. It shall have the widest powers to order, implement or ratify all acts connected with the Company's operations that are not conferred on the Board of Directors.

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

The Company shall ensure equal treatment of all shareholders so that they are in the same position with regard to participating in and exercising voting rights at the General Meeting.

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

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

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

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

In accordance with articles of association of the Company, holders who hold, individually or collectively, at least 10% of the issued voting securities of the Company have the right to put items on the agenda of the General Meeting and also to place draft resolutions for items included or to be included on the agenda of the General Meeting. Any decision in relation to any dividend, repayment or any other kind of distributions being expressly excluded from the scope of this right. These rights shall be exercised through requests in writing by the relevant holders submitted to the Company by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the General Meeting and shall include the electronic or mailing address at which the Company can acknowledge receipt of the request. Any such request from holders must be received by the Company no later than on the 22nd day prior to the date of the General Meeting of the shareholders.

Under normal circumstances, each shareholder and holder of voting securities is entitled to attend the General Meeting, in person or by proxy, and to exercise voting rights in accordance with the Company Articles.

Each share or voting security (excluding any shares held by the Company) shall entitle the holder to one vote at all General Meetings subject to the provisions of applicable law.

Conflicts of interest and related party transactions

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

At the next subsequent General Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Company.

Where, because of conflicts of interest, the quorum or majority requirements for a vote on an agenda item are not met, the Board may decide to refer the decision on the agenda item in question to the General Meeting for decision. These provisions shall not apply where the decisions of the Board concern ordinary business entered into under normal conditions.

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

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

> **“material transaction”** shall mean any transaction between the Company and a related party whose publication or disclosure would be likely to have a significant impact on the economic decisions of shareholders of the Company and which could create a risk for the Company and its shareholders who are not related parties, including minority shareholders. The nature of the transaction and the position of the related party shall be taken into consideration;
>
> **“related party”** has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Issuance & buy-backs of shares

On 9 August 2024, the extraordinary General Meeting of the Company resolved to convert the dematerialised shares into registered shares of the Company and to approve the amendment and restatement of the Company Articles, which currently no longer include provisions for authorised capital and the Board's authority to issue shares within its limits.

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

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

The EGM on 9 August 2024 also resolved that, as part of the recapitalisation transaction, certain investors receive 75% of Adler Group’s total voting rights via the issue of voting securities by the Board, the shares are to represent 25% of Adler Group’s total voting rights while maintaining 100% of the dividend distribution rights.

Compliance

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

Compliance management

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

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

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

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

Compliance organisation

One of the central pillars of the compliance management system is the compliance organisation, which helps to ensure that the Company is compliant at all times, both in its capacity as a listed company and in its operations, project development and portfolio management. During the financial year 2024, the compliance organisation consisted of the CLO, the Head of Compliance and Risk Management, and a team of compliance, risk and data protection managers.

The compliance organisation is a central function, embedded in the Group-wide Compliance & Risk Management. Collaboration with other departments (e.g. Legal) is close when required. Furthermore, the Adler Group is advised by external service providers on specific compliance issues. They provide assistance with the creation of documents and guidelines and serve as a sparring partner in discussions of relevant compliance matters. Ad hoc and routine audits are performed by an external service provider as necessary. The reporting and escalation channel for compliance issues leads firstly to the CLO and, depending on the issue, to Senior Management and/or the Board of Directors.

Whistleblower system and protection of whistleblowers

Even before the Whistleblower Protection Act ('HinSchG') came into force in July 2023, Adler Group had an electronic whistleblower system in place that offered employees a communication channel through which anonymous or anonymised reports could be submitted. The internal reporting office required by HinSchG, which is responsible for operating the reporting channels, is located in the Adler Group's Compliance department which offers low-threshold accessibility for whistleblowers and their protection at the same time.

Compliance risks

A functioning compliance management system is inconceivable without a thorough analysis of compliance risks which are regularly assessed together with the risk owners in the framework of the risk management system. When appropriate, measures are implemented to minimise risks which again are reviewed in regular audits by Internal Audit. Information is passed on to the Adler Group’s management in the form of regular risk reports or, if necessary, ad-hoc reports. These reports are first supplied to Senior Management and then passed on to the Board of Directors.

Compliance system in practice

New employees are informed about the Code of Conduct of the Adler Group and the pertinent guidelines on relevant issues during onboarding. All information is available on the intranet as well and employees are educated via interactive online learning and classroom trainings.

In the course of 2024, there were several and various indications of compliance violations in the Group for which measures have been taken. The system thus repeatedly proved its efficiency, and at the same time major damage to the Company was averted.

Compliance regulations

Adler Group makes codes, policies and guidelines available to employees in written form and also publishes them on the publicly accessible website. The documents are regularly reviewed to ensure they are up-to-date. Key documents, including topic-related reports, are:

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

Data protection

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

Legal requirements - such as the provisions of the General Data Protection Regulation (GDPR) - are, of course, complied with throughout Adler Group. Should data protection issues arise, they are recorded and dealt with. The designated data protection officer evaluates protective measures and proposes changes where necessary. The Board and Senior Management of Adler Group are regularly informed about ongoing processes and developments.

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

When employment contracts are signed, employees must agree to comply with the provisions of the GDPR.

IT security

Companies are exposed to the risk of unauthorised access from outside and, therefore, need an efficient and secure environment for the use of information technology (IT).

Adler Group has established standardised IT security for networks and computer systems throughout the Group at a high level in order to make unauthorised access as unlikely as possible (“cyber security”). Most business processes in the operating business are digitalised in order to provide central protection and control. The Board of Directors has assumed overall responsibility for the protection of IT systems and is regularly informed about current topics in the area of cyber security. The management level directly below the Board of Directors includes the Cyber Security Officer (CSO) as a central coordination point.

The CSO is responsible for two departments with different specialisations: intensive monitoring on the one hand and the further development of IT security on the other. As in previous years, the systems in use are also subjected to external performance tests (“penetration testing”) and audits.

Numerous targeted and accidental attacks on Adler Group's IT systems were also recorded in 2024. However, there was no data leakage or other damage. The reasons for this successful defence included a detailed initial threat analysis, powerful firewalls and anti-virus software, regular in-house test attacks and the company-wide rollout of multi-factor identification when employees log into the systems.

Risk management and monitoring of the Company's financial reporting

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

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

Audit

On 27 November 2024, the Ordinary General Meeting of the Company appointed AVEGA Revision S.à r.l. as the approved statutory auditor/approved audit firm to perform the statutory audit of the standalone annual accounts and consolidated financial statements of the Company for the financial year ended 31 December 2024.

Diversity policy

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

The understanding that all people should be treated equally and that their individuality should be respected to the greatest possible extent is fundamental to the Company and the entire Group. The idea of diversity is therefore embedded in many publicly available guidelines concerning mission, vision and values, human rights, anti-discrimination and a general code of conduct. As a result, Adler Group has successfully achieved a high level of diversity at every level of the Group and within all companies belonging to the Group. For details see section "Sustainability Report" of this report.

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

a) With reference to article 11(1)(a) of the abovementioned Luxembourg Law on Takeovers: As at 31 December 2024, the Company had issued a single class of shares. Each share entitled the holder to one vote. For further information regarding the structure of capital, reference is made to Note 8 of the Annual Accounts. After the issuance of voting securities (that do not represent a portion of the share capital of the Company) in 2024 as part of the recapitalisation efforts, shares are entitled to 25% of total voting rights while 75 % of the voting rights of the Company have been allocated to the voting securities.

b) The Company Articles do not contain any restrictions on the transfer of shares and voting securities of the Company.

c) According to the notifications of major holdings received with respect to the 2024 financial year, the following shareholders held more than 5% of total voting rights attached to Company shares, as at 31 December 2024:

- Vonovia SE

d) The Company issued voting securities (parts bénéficiaires avec le droit de vote) which do not represent a portion of the share capital of the Company. Each voting security grants its holder the right to one vote at all general meetings of the Company, except for any decision in relation to any declaration or payment of dividend. The voting securities carry no dividend entitlement, no right to share in the Company's profit and no right to share in any surplus in the event of the Company's liquidation.

According to the notifications of major holdings received with respect to the 2024 financial year, the following holders of voting securities held more than 5% of total voting rights attached to Company voting securities as at 31 December 2024:

- Arini Credit Master Fund Limited/ Arini Squarepoint Diversified Partners Fund 7 Limited
- Sculptor Capital Management Inc
- Taconic Capital Advisors L.P.
- Pacific Investment Management Company LLC.

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

f) As at 31 December 2024, the Company Articles did not contain any restrictions on voting rights except that the voting securities do not carry any right to participate in voting in relation to any dividend payment or any other kind of distribution.

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

h) Rules governing the appointment and replacement of Directors:

- The Board shall be composed of at least three Directors. The Board shall be appointed by the General Meeting which determines the number, the duration of the mandate and the remuneration of the Directors.

- The right to nominate for appointment one candidate can be exercised individually by (i) any individual holder of voting securities holding at least 10% of voting securities, and (ii) any group of holders (not included under item (i)) holding between 10% and 30% of voting securities. An individual holder of voting securities can only be counted towards one group of holders at the same time. If no such nominations for appointment are made, the General Meeting may appoint director(s) from any nominations for appointment made by the Board of Directors to the General Meeting. If the exercise of the nomination rights in the paragraph above results in more nominations for appointment than positions that are vacant or available on the Board of Directors, then all such nominations for appointment shall be put to the General Meeting.
- The Directors are appointed for a term which, pursuant to the Luxembourg Companies Law, may not exceed six years. They can be removed at any time without justification by the General Meeting by a simple majority vote, irrespective of the number of shares represented at such General Meeting.
- In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next meeting of the General Meeting at which such appointment shall be confirmed by the General Meeting or at which the General Meeting may appoint another Director.
- According to the Company Articles, the Board shall elect from among its ranks a Chairman of the Board and may also elect from among its ranks one or more Deputy Chairmen.

Rules governing the amendment of the Company Articles:

- At any extraordinary General Meeting for the purpose of amending the Company Articles or voting on resolutions, the adoption of which is subject to the quorum and majority requirements for the amendment of the Company Articles, the quorum shall be at least one half of all the shares issued and outstanding, and at least one half of all the voting securities issued or outstanding. If the said quorum is not present, a second meeting may be convened at which there shall be no quorum requirement unless the proposed amendment to the Company Articles affects the rights of the holders of voting securities, in which case a quorum of at least one half of voting securities must be present or represented. For the sake of clarity, and without limitation, it is noted that any General Meetings at which a resolution is proposed to issue new shares or to create an authorised share capital to issue new shares in future, shall be regarded as a matter affecting the rights of the voting securities.

  In order for the proposed resolutions to be adopted at a meeting, and unless otherwise provided by law, a two thirds (2/3) majority of the votes of the shareholders validly cast is required at any such General Meeting without counting the abstentions, including a favourable vote of at least half of the voting securities in case the proposed amendment to the Company Articles affects the rights of the holders of the voting securities.

i) Powers of the Board:

- The management of the Company is incumbent on the Board. For this, it has the most extensive powers. Its competence extends to all legal acts that are not, expressly by law or the Company Articles, reserved for the General Meeting. The Board may, in particular, purchase real estate directly or through intervening companies, issue bonds and other debt obligations, provide mortgages or other security, reduce or forgive debts and conclude settlements on behalf of the Company.

- The Company shall be bound against third parties in all circumstances by the joint signature of any two Directors. The Company shall also be bound against third parties by (i) the sole or joint signature(s) of any person or persons to whom such signatory power shall be delegated by the Board or, (iii) with respect to matters of daily management, by the sole signature of a Daily Manager.

- Until 9 August 2024, the Board (or delegates duly appointed by the Board) could from time to time issue shares with the limits of the authorised capital which was set at one million euros (EUR 1,000,000), at such times and on such terms and conditions, including the issue price, as the Board (or its delegates) resolved and the Board was further authorised to arrange for a requisite change in the Company Articles to reflect such capital increase.

  On 9 August 2024, the extraordinary General Meeting of the Company resolved to approve the amendment and restatement of the Company Articles, which currently no longer include provisions for authorised capital and the Board's authority to issue shares within its limits.

- The Company may proceed with the purchase of its own shares within the limits laid down by law.

- Until 9 August 2024, interim dividends could be declared by the Board subject to observing the conditions laid down in the Luxembourg Companies Law.

  On 9 August 2024, the extraordinary General Meeting of the Company resolved to approve the amendment and restatement of the Company Articles, which currently no longer include provisions for declaring interim dividends by the Board.

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

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

Sustainability Report

General Disclosures (ESRS 2)

This report has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) of the European Union, even though this directive had not yet been transposed into Luxembourg law at the time of reporting. Adler Group is thus anticipating a reporting obligation based on the requirements of the European Sustainability Reporting Standards (ESRS) that is expected to apply from 2025. Reference to these standards is made in brackets where applicable. At the same time, the report contains all the information that must be taken into account in accordance with the applicable sustainability reporting regulations.

Basis for the preparation of the report

This Sustainability Report describes all activities and developments in the 2024 financial year using the same scope of consolidation as in the financial statements which includes all Group companies without exception.

The sustainability report covers the upstream and downstream value chain to the extent that it is significant and sufficient data are available. This is indicated where applicable.

As part of the materiality analysis, no sustainability areas or aspects were identified as material in regard to which confidential information is relevant. In this respect, no corresponding omissions had to be made in this report. The option to omit the disclosure of pending developments or matters under negotiation was also not utilised.

In the Sustainability Report, Adler Group has adopted the statement for periods in accordance with the definition of the ESRS.2 BP-2 (9a). No disclosures are made in this report that are based on estimated data from indirect sources. At the same time, no quantitative disclosures are made that are subject to a high degree of measurement uncertainty. Adler Group has not made any special assumptions in the measurement so that all values are reproducible at any time.

Adler Group takes care to ensure comparability with previous sustainability publications. In case changes in the reporting sytem are unavoidable, this is indicated and explained. The same holds true for any corrections concerning previous reporting periods.

Information in this sustainability report is based on ESRS only. However, the reporting introduced in recent years in accordance with the "Best Practice Recommendations" of the European Public Real Estate Association (EPRA) has been continued in order to ensure continuity and transparency. Where applicable, reference to these figures is made.

Adler Group assessed all standards in terms of their materiality for the company. Standards ESRS E4 (Biodiversity and ecosystems) and ESRS S3 (Affected communities) were recognised as "not material". Hence there is no reporting on these standards.

As part of the materiality analysis, Adler Group has determined that neither the business model nor the business objectives or the corporate strategy are the specific cause of impacts and risks. Impacts and risks are the result of fundamental entrepreneurial activity. Therefore, the business model and the strategy do not need to be adjusted – or only marginally at most in individual cases.

The role of the administrative, management and supervisory bodies

Adler Group S.A. is a company under Luxembourg law and is subject to the provisions of the Code de Commerce (Luxembourg Commercial Code). In addition, the Company, which has its operational headquarters in Berlin and holds properties exclusively in Germany, complies with the provisions of the German Corporate Governance Code.

Adler Group's Board of Directors consists of six members, two of whom are executive and four of whom are independent members. For composition of the Board, responsibilities of the members, their knowledge and experience, see section "Corporate Governance Report" of this report.

Adler Group has introduced a sustainability organisation headed by the Chief Legal Officer (CLO) and the Sustainability Board. This committee includes representatives from all specialist areas and departments that deal with sustainability-related topics, are involved in implementing the decisions made by the Sustainability Board or are involved in collecting and analysing data and information.

At Adler Group, the entire Board of Directors is responsible for sustainability management and its results. The topic of sustainability is regularly discussed at meetings of the Board of Directors.

The members of the Board of Directors receive timely, regular and comprehensive information from the CLO and the Sustainability Board on current developments in the Company's sustainability performance, the progress of sustainability-related activities or the need to set new targets and develop new strategies.

Adler Group has an incentive system which provides the option of including sustainability-related targets ("bonus payments"). However, this is only utilised for members of senior management if their responsibilities relate to corresponding topics.

Adler Group is guided by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The provisions of the German Supply Chain Due Diligence Act on human rights risks (section 2 (2) LkSG) also apply. These processes are based on corresponding, publicly available directives (see section "Corporate Governance Report").

Risk management and internal controls for sustainability reporting

Adler Group maintains a Company-wide risk management system (RMS) that also covers sustainability risks. These have been revised and adapted with a view to the CSRD. The sustainability risk management system (SRMS) is therefore fully integrated into the Company's RMS. Detailed information on the RMS can be found in the section "Opportunities and Risk Report" of this report.

Strategy, business model and value chain

Adler Group specialises in the management of multi-family residential properties. At the end of the reporting period, Adler Group owned and managed 17.929 rental units, almost all of which are located in Berlin. The majority of the properties fall into the affordable housing market segment. In addition, Adler Group owns development projects in some of Germany's largest cities, which it intends to sell to generate income.

Adler Group's business model is to offer its tenants high-quality yet affordable living space and, at the same time, operate profitably and fulfill sustainability requirements.

Adler Group also has extensive experience in renovation and refurbishment and is therefore well placed to assess the impact of such measures. Part of the corporate strategy is to improve the energy intensity of the portfolio and reduce its greenhouse gas intensity.

Adler Group's upstream value chain comprises the purchase of goods and services required to maintain its properties. Adler Group purchases the vast majority of the goods and services required to provide its own services in Germany. Raw materials/primary products consist primarily of services for the maintenance and upkeep of properties, energy sources and building materials for maintenance and refurbishment. Adler Group purchases on markets with numerous providers, meaning that there are no dependencies or significant procurement risks.

The downstream value chain consists of a range of tenant-related services, with tenants being the central stakeholders of Adler Group. Demand for affordable housing in metropolitan regions such as Berlin remains high, meaning that Adler Group is generally able to maintain a high occupancy rate in its rental units with vacancies just reflecting the usual fluctuation in the tenant base.

Stakeholders' interests and positions

Adler Group maintains a frequent, regular or event-driven dialogue with key stakeholder groups in order to provide them with all the information they need and in return to obtain suggestions how to improve services and business processes. Tenants, employees and financial market participants were involved in the materiality analysis.

- Employees: Information from the workforce is gathered through various channels with the annual employee survey and individual employee appraisals being the most prominent ones.
- Tenants: Information is exchanged via several communication channels like the telephone hotline, the caretakers on site or local tenant offices.
- Cities/municipalities: Regular and/or event driven dialogue with municipal officials on property development, energy supply issues etc.
- Financial/capital market: Regular dialogue with institutional investors and analysts (equity and debt capital) in form of webcasts, roadshows, conferences and individual investor meetings.
- Industry association: Exchange with peer real estate companies, partly via membership in associations like the German Property Federation (ZIA) or EPRA.

Thanks to its continuous dialogue with stakeholders, Adler Group has a good understanding of their interests and views. The dialogue also serves to identify trends and developments especially in the Company's business areas and to take these into account in corporate decision making.

Significant impacts, risks, opportunities and business model

Adler Group has identified a number of material aspects with regard to the ESRS topics and the associated sustainability aspects. The majority of the impacts were identified in the context of its own business activities.

Energy requirements: The energy requirements of Adler Group and, in particular, its tenants in the downstream value chain result in the consumption of significant quantities of fossil fuels. Depending on market price developments, more money must be spent on the procurement of energy. Competitiveness therefore depends to a considerable degree on energy efficiency.

Climate change: Adler Group's services cause greenhouse gas (GHG) emissions arising from heating energy, the operation of the vehicle fleet and the purchase of building materials for renovations/refurbishments. In the downstream value chain, emissions are caused by tenants' energy consumption. CO_2 levies must be fully borne for the Company's own energy consumption and in part for tenants' energy consumption. The level of these CO_2 levies will be determined by market rules from 2027 on, increases are to be expected. Competitiveness therefore depends to a considerable degree on keeping emissions and the associated levies as low as possible.

Own employees: Market developments in 2023 and 2024 necessitated the discontinuation of the development business and a fundamental downsizing of the property portfolio. As a result, fluctuation in Adler Group's workforce was high, partly due to the transfer of employees to the buyers of properties or the termination of employment as part of the realignment.

Reorganisation and portfolio reductions harbour the risk that particularly talented employees will leave the Company, that the motivation of remaining employees will decrease and/or that new skilled employees will not want to work for the Company. Maintaining the qualifications and motivation of the workforce is therefore a major success factor for the Company.

Customers and end users: Tenants are the most important customers of Adler Group and as such the only sustainable source of generating income. It is therefore of utmost importance to maintain an attractive offer in terms of rental units and related services which allows high and increasing rents and a low vacancy rate at the same time.

Corporate Governance and Business Conduct: Compliance violations, breaches of data protection or attacks on Adler Group's IT systems can lead to damages, fines and/or compensation. The Company has experienced in the last few years that even allegations of such breaches can have a significant negative impact. For a solid reputation, it is therefore of importance to maintain good corporate governance.

The impacts as described above are the result of both typical industry conditions and general corporate behaviour, not of Adler Group's individual business model, its corporate objectives or corresponding strategy.

As described in more detail in the section "Opportunities and Risk Report", no impact or risk related to sustainability issues has been recognised as threatening the existence of the Company. Furthermore, Adler Group has not identified any impacts, risks or opportunities that are not covered by the ESRS and the mandatory disclosures.

Process for identifying and assessing significant impacts, risks and opportunities

Adler Group used the "double materiality assessment" to identify the key sustainability aspects in terms of impact and financial materiality in line with the regulations laid out by the European Union (EU) which determine a sustainability aspect from an "impact" and a "financial perspective".

Adler Group assesses impacts in terms of their positive or negative, their actual or potential effect, their extent and scope or the severity of the impact. Adler Group assesses risks and opportunities in terms of dependence on required natural and social resources, its ability to utilise or obtain them and its ability to rely on relationships with acceptable conditions that are required in the business process.

For this purpose, Adler Group divides the value chain into "upstream" (suppliers of goods and service providers), "own activities" and "downstream" (tenants and waste management). All topics are then analysed for their relevance to the impact on the environment or company finances ("long list"). The topics with an identifiable material impact ("short list") are then analysed more intensively including suggestions, criticism or requests from stakeholders.

Criteria for determining material topics result from current and previous materiality analyses, reference values of competitors ("peer group"), industry associations (e.g. EPRA), capital market requirements (ESG ratings, credit ratings), other reporting standards (GRI, SASB, etc.) and stakeholder involvement.

Adler Group has defined roles and responsibilities for the entire materiality analysis and sustainability reporting process, involving the following divisions: Sustainability/CSR, Compliance/Risk Management, Environment, Health & Safety (EHS), Energy Services, Portfolio Management, Facility Management, Purchasing/Supply Chain Management, IT, Human Resources and Finance.

Adler Group has used several sources or instruments in the analysis like current and previously conducted materiality analyses, analysis of environmental aspects (ISO 14.001), risk analysis of the supply chain (Lieferkettensorgfaltspflichtengesetz, LkSG), and knowledge gained by the Risk and Compliance Management of Adler Group. All of these aspects are then included in the final assessment of Adler Group's sustainability performance.

The severity of actual negative impacts results from their extent ("How serious are the impacts?"), their scope ("How widespread are the impacts?") and their irreversibility ("To what extent can negative impacts be remedied?"). Their significance is then determined by multiplying the severity with the probability of occurrence.

The severity of the actual positive impacts results from their extent ("How beneficial are the impacts?") and their scope ("How widespread are the impacts?"), their significance again from the multiplication of severity with the probability of occurrence.

The importance of "financial materiality" arises from the ability to continue to use or procure necessary resources and the relationships required in the business process on acceptable terms.

Significant financial effects relate (with short, medium and long-term time horizons) to cash flows, corporate development and economic performance, market position, capital costs to be paid and access to the financial and capital markets and their assessed probability of occurrence.

Adler Group sees no danger, either in general or in particular, that sustainability-related risks could reach similar probabilities of occurrence and severity as traditional business risks and market risks. (See section "Opportunities and Risks Report").

The topics identified as material, i.e. the result of the process described above, form the basis for this sustainability report.

Adler Group traditionally records a wide range of key performance indicators relating to business performance and development. The input parameters come from the areas of property management, energy management, tenant support, purchasing, human resources and finance. Adler Group has not made any material changes to the system for recording data and information compared to previous periods.

Individual material and non-material sustainability topics

As a result of the analysis described above, significant impacts, risks or opportunities could only be identified for a few sustainability areas:

Results of the materiality test

E1 Climate change	Energy requirement	material
	Greenhouse gas emissions*	material
E2 Pollution		not material
E3 Water/sea	Water utilisation	not material
	Regional water withdrawal	not material
	Waste water discharge	not material
	Discharge of wastewater into the sea	not material
	Pressure on marine biodiversity	not material
E4 Biodiversity/ecosystems		not material
E5 Circular economy	Material requirements	not material
	Material delivery	not material
	Waste	not material
S1 Workforce	Working conditions	material
	Equal treatment/equal opportunities	material
	Other labour rights	not material
S2 External workforces		not material
S3 Communities concerned		not material
S4 Customers/consumers	Information	material
	Security	material
	Social inclusion	not material
G1 Business conduct	Corporate culture	material
	Whistleblower protection	not material
	Animal welfare	not material
	Political engagement/lobbying	not material
	Supplier management	not material
	Corruption and bribery	material

* Adler Group has recognised climate change as material due to greenhouse gas emissions from heating systems in its properties.

Measures and resources in relation to material sustainability aspects

Adler Group has initiated numerous measures to improve its sustainability performance, most of which are geared towards qualitative goals and pursued as part of a corresponding (overall) strategy.

The restructuring of the real estate portfolio and the reorganisation of Adler Group in the past two years meant that, in particular, measures originally planned to increase energy efficiency in the downstream value chain were not implemented. Adler Group will reassess all projects concerning energy efficiency and greenhouse gas emissions in 2025 aiming at implementing them in the medium-term up to 2030.

Based on the experience gained to date, Adler Group expects the installation of new (heating) technology in the properties (energy and emissions) to be the most effective measure.

As far as employee motivation is concerned, additional training programmes, attractive remuneration packages and further health and safety measures are on the agenda.

Targeted improvements to the quality of living (modernisation) should increase tenant satisfaction with the effect that the fluctuation rate should be maintained at the current low level or be further reduced. The financial resources required for this will be made available depending on business development in 2025.

Parameters relating to material sustainability aspects

Adler Group bases its energy efficiency improvements on the amount of heating energy produced/used in kilowatt hours or on the energy efficiency indicator, which relates the kilowatt hours to the total area of the properties in the portfolio. The same applies to greenhouse gas emissions. Here, the main indicators are total greenhouse gas emissions caused or the emissions in relation to the total area of the properties in the portfolio. With regard to tenants, the relevant benchmarks are the corresponding fluctuation rates, while employee satisfaction is measured in an annual employee survey.

Climate Protection (ESRS E1)

Significant climate-related impacts, risks, opportunities and business model

To date, Adler Group has not been able to identify any acute or chronic physical risks to its real estate assets from natural phenomena, even under the assumption of severe climate change. On the other hand, climate change could have a significant impact on the Company in the future in terms of increasing levies on CO_2, rising energy prices or political decisions concerning climate protection that may be to the detriment of landlords.

As long as fossil energy is used in the business operations or in the downstream value chain by tenants for electricity or heating, Adler Group is liable to take over part of the associated GHG levies. These are currently set a a certain level by political decision, but will be determined by market developments from 2026 on. As such, it is unclear, whether and by how much they will rise, creating a potentially significant risk to Adler Group's earnings and, in the absence of measures, to the value of its assets.

Concepts relating to climate change mitigation and adaptation

As Adler Group has not identified any effects of climate change on the business model or business operations, no adjustments to climate change had to be made.

Nevertheless, the Company endeavours to continuously reduce GHG emissions by reducing energy consumption and increasing the use of renewable energies. This is reflected, among other things, in the fact that Adler Group is certified in accordance with DIN ISO 50.001. However, no specific (quantitative) targets or dates for reduction measures have been set.

Concerning the downstream value chain, though, Adler Group will reassess its plans to halve emissions until 2030 in 2025, and will carry out a corresponding analysis in order to identify optimisation potential (energy) and reduction potential (emissions) for the remaining property portfolio. A budget for initial measures has already been planned. The plan, which extends far into the next decade, is intended to set short, medium and long-term (interim) targets and define suitable strategies for achieving them.

Measures and resources in relation to climate protection policy

Due to the low direct and moderate indirect impact of climate change on Adler Group's business model, operations and assets, no regulatory measures have been initiated. Nevertheless, Adler Group intends to further reduce the release of greenhouse gases in its operations by increasing the use of non-fossil energy sources and by replacing plant and machinery with more energy-efficient variants. Both are also reflected in the Company's financial planning.

In order to reduce GHG emissions in the upstream value chain, Adler Group installs photovoltaic systems or heat pumps in its properties where technically feasible and economically viable, increases the use of district heating, replaces old heating systems by modern, more efficient ones and promotes the use of local public transport among commuting employees to reduce Scope 3 emissions.

Targets related to climate change mitigation and adaptation

Adler Group aims to continuously reduce its energy requirements and GHG emissions. Key figures on GHG emissions can be found in the table "Environmental Performance Measures" in the appendix of this report. Adler Group has not formulated any specific targets for its own business operations. For the downstream value chain, GHG emissions are to be halved by 2030 (based on 2020 values), which is in line with EU targets.

Key figures on energy consumption and the energy mix can be found in the table "Environmental Performance Measures" in the appendix of this report. Adler Group has not yet collected or calculated any Scope 3 emissions due to the complexity of doing so.

The Company has not acquired any certificates to offset existing GHG emission and does not use an internal CO_2 pricing system.

Development of relevant environmental parameters in the property portfolio

	2024	2023	2022	2021	2020
Property portfolio as at 31 December	17,929	25,043	26,202	27,469	69,722
Heating energy consumption in kWh/a/m^2	102.2	129.9	133.9	140.9	146.8
Electricity consumption in kWh/a/m^2	4.8	3.2	3.1	3.2	3.2
Energy intensity in kWh/a/m^2	102.2	142.2	145.2	148.6	155.5
GHG emission in tonnes CO_2/a/m^2	0.029	0.032	0.033	0.034	0.035
Volume of water used in m^3/a/m^2	3.5	3.6	3.9	2.4	1.8
Volume of waste in m^3/a	241,246	237,681	251,514	365,759	363,954

Pollution (ESRS E2)

Significant impacts, risks and opportunities in connection with environmental pollution

As part of the double materiality analysis, Adler Group has looked at all relevant activities and services of the Company that have or could have an impact on the environment. This includes emissions to air, water and soil, the impact on (living) organisms, the handling of substances of concern and substances of very high concern, and the handling and use of microplastics. The impacts, risks and opportunities were not material in any scenario.

This was found to be true for Adler Group's own operations as well as in the upstream or downstream value chain including the consideration of "affected communities".

The same applies to all developments in the environment with an impact on the Company's finances and the associated risks and opportunities. None could be identified.

Concepts related to environmental pollution

Adler Group complies with government environmental regulations at all property locations, thereby avoiding negative effects on the environment and effectively limiting corresponding risks. In view of these high standards, there is hardly any room for further improvements. The Company has thus refrained from developing further "concepts for managing significant impacts related to environmental pollution". The same applies for the prevention of incidents and emergency situations, as such scenarios have only an extremely low probability of occurrence.

Adler Group's business operations do not lead to any significant pollution of the environment (air, water, soil). The same applies to the downstream value chain (tenants) and the upstream value chain (procurement). Adler Group's purchasing consists primarily of services that do not lead to environmental pollution. As far as building materials/components are procured for maintenance and refurbishment, environmental pollution could occur during the production of these goods, but indications thereto have been identified. For this reason, the Company has decided not to develop a dedicated concept for the prevention of environmental pollution.

Targets, measures and resources related to environmental pollution

Adler Group provides all necessary resources (human and financial) to fulfil the legal standards/requirements as well as to comply with the Company's internal requirements with regard to environmental pollution.

In view of the very low pollution load from its own business operations as well as from the downstream and upstream value chain, Adler Group has not formulated any specific targets or measures.

Air, water and soil pollution

Due to the nature of its activities, Adler Group has not caused significant pollution of the air, water resources or soil, neither within nor outside legal limits. If at all, pollutants were released below detectable levels. Microplastics were neither produced nor used. Nor were substances of concern or substances of very high concern used in the provision of services.

Adler Group has been operating at a high level in terms of pollution prevention for many years. In view of this, further improvements are marginal, no significant changes have taken place.

Pollution is generally possible in the upstream value chain, but Adler Group has no indications of any suspected cases. In the downstream value chain there are no indications of negative effects due to the behaviour of tenants, in particular none that would be related to the provision of the service by Adler Group.

Water and marine resources (ESRS E3)

Significant impacts, risks and opportunities in connection with water and marine resources

Adler Group's business activities have no discernible or significant impact on water resources and water quality. Water plays only a subordinate role in the provision of services. Adler Group is also not aware of any links in the upstream chain where there would be a high utilisation of water resources. In the downstream value chain, the users of the services (tenants) determine the volume of water used autonomously.

The analysis of the water demand on the environment and the Company's finances did not reveal any significant impacts in the freshwater sector. No impact at all was identified on marine waters and marine resources.

In the analysis of the value chain, tenants' water requirements were the only relevant criterion. They were not considered material, as water requirements are not above average for a property portfolio, and the Company's properties are not located in areas with high water stress.

Strategies, action and resources related to water and marine resources

Due to a lack of relevance, there are no special control mechanisms nor a dedicated water policy. Nevertheless, Adler Group makes careful use of water and marine resources for business reasons which is documented by the ISO 50 001 certificate. In the downstream value chain Adler Group uses sanitary facilities in its flats that limit the flow of water and thus counteract excessive consumption of fresh water.

Adler Group complies with all legal requirements for water management (in particular with regard to the installed sanitary facilities) in its property portfolio without any restriction. Beyond this, no individual water targets were set in its own operations due to a lack of relevance, and in the downstream value chain for reasons of limited controllability.

Water utilisation

Adler Group draws the volume of fresh water required to provide services and supply tenants exclusively from the public mains. These withdrawals take place at the locations of the properties. There is no water shortage at any of these locations. Information on water consumption can be found in the table "Environmental Performance Measures" in the appendix of this report.

Resource utilisation and circular economy (ESRS E5)

Significant impacts, risks and opportunities in connection with resource utilisation and the circular economy

Adler Group has reviewed the entire business operations as well as the upstream and downstream value chain with the involvement of stakeholders to determine the environmental and financial impact of the Company's current practices in resource/material procurement and waste utilisation.

Adler Group exclusively provides services. Materials and goods are purchased in negligible quantities for this purpose. Care is taken to ensure that office or other equipment is recycled properly when no longer useful.

Most of the properties of Adler Group were constructed decades ago. As they typically have a lifespan of approximately 80 years, renovation and refurbishment are standard procedures. When selecting materials and goods for these activities, Adler Group pays attention not only to quality and price but also to durability and good recyclability. Against this background, Adler Group's only relevant resource utilisation is the purchase of heating oil and natural gas to provide heating energy to the tenants. Opportunities exist insofar as Adler Group can improve energy efficiency of heating systems and buildings over the next few years.

With regard to the generation and utilisation of waste, the Company's own business operations only generate comparatively small quantities. However, significant volumes are generated by the tenants' consumption behaviour, which the Company can hardly influence.

Adler Group encourages its tenants to minimise the amount of waste and to separate it for easy recycling by providing appropriate advice and information. The quantities of waste generated by tenants are shown in the table "Environmental Performance Measures" in the appendix of this report.

Strategies, measures and resources related to resource utilisation and the circular economy

With the exception of waste management in the downstream value chain (tenants), Adler Group has not developed any guidelines in this regard due to the lack of materiality.

The type, design and quantities of goods and services purchased at Adler Group are generally commissioned by the specialist departments, with the purchasing department assuming an advisory role e.g. by formulating minimum requirements for the sustainability characteristics of the products and materials purchased. However, due to the overall low volumes, the Company has not developed a dedicated guideline and has no plans to do so in the near future.

For the same reason, Adler Group has not selected corresponding measures or provided corresponding funds, nor have particular targets been set beyond the fulfilment of all legal requirements.

Significant resource inflows only occur in the form of fossil fuels, which are consumed, in the form of building materials for refurbishment, which are installed in the building structures in the long term, and in the form of auxiliary and operating materials for maintenance, which are also consumed. As Adler Group does not manufacture or offer any goods, there are no resource outflows.

Own workforce (ESRS S1)

Stakeholders' interests and positions

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

- Performance-related and market-standard remuneration.
- Guarantee of numerous additional monetary and non-monetary benefits.
- High degree of transparency in personnel policy.
- Regular exchange of information between employees and managers.
- Expansion of internal training programmes.
- Maintain attractive range of training opportunities.
- Further strengthening diversity in the Company.

Significant impacts, risks and opportunities and their interaction with strategy and business model

Adler Group's sustainability report covers all of the Company's employees without exception. In this context, the workforce consists, with few exceptions only, of own employees. To date, Adler Group has not been notified or otherwise become aware of any material effects of its business activities on employees.

Whether a company is considered to be a “good” employer, depends on many criteria, among them market related compensation, attractive fringe benefits, health and safety provisions, a recognised diversity policy, a low gender gap, development opportunities and many more.

Risks stemming from the lack – or substandard provision - of many of these items (and opportunities related to providing them) is always associated with finding motivated employees or not being able to hold them for long, losing experienced members of the workforce, associated productivity losses, high search cost and also reputational risks which the Company considers to be material.

Risks and opportunities arise equally for all employees at Adler Group. There are no known significant negative or positive effects depending on certain employee characteristics (age, gender, other personal characteristics, location of the Company).

Strategies related to own workforce

Adler Group determines the wishes and satisfaction of its employees based on the results of the annual employee survey. A continuously high satisfaction score signals that Adler Group's efforts to promote transparency, diversity, increased training opportunities and additional monetary and non-monetary benefits are paying off, despite the extensive restructuring measures.

An important component of Adler Group's employee policy is the transparency of management decisions vis-à-vis employees to keep employees informed about the actual state of the Company, major events and potential changes in overall strategy. In order to achieve these targets, various measures have been implemented.

Adler Group complies with all of the United Nations Guiding Principles on Business and Human Rights, the International Labour Organisation ILO) Declaration on Fundamental Principles and Rights at Work and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises without exception. To date, no violations have been identified.

Maintaining health and safety of all employees is not only a legal requirement, but also a commitment towards employees. The duty of maintaining high standards in this respect lies in the hands of the health and safety department (HSE). It is responsible for ensuring that the workplaces do not pose any risks.

The concepts for managing significant effects on the Company's own workforce and the associated significant risks and opportunities apply equally to all employees throughout the Group. They are not limited to specific employee groups, nor are there different regulations depending on the respective employee group.

Processes for involving the organisation's own workforce and employee representatives in relation to impacts

Adler Group involves all employees in all relevant processes as part of the ongoing process to fulfil the duty of care with regard to material actual and potential, positive and/or negative impacts. Involvement takes place with all employees individually. The manager responsible for personnel is responsible for this. This manager is also responsible for monitoring the effectiveness of personnel policy measures.

Transparency

Senior management at all major locations report extensively to employees and managers in "fireside chats" on current company developments and also provide an opportunity for discussion. There are also divisional events for employees and a joint Christmas party, which also provides an opportunity for personal dialogue.

These face-to-face events are supplemented by virtual formats ("town halls") and announcements via internal communication channels. Important communication topics in 2024 were the successful recapitalisation of the Company, the consequences of the portfolio adjustments, job security and personnel changes in the management bodies.

Employee appraisals, which take place at least once a year, also serve to improve transparency and trust in order to assess performance appropriately and enquire about individual development needs. The employee appraisal process is digitalised, which contributes to greater flexibility and better documentation.

Health and safety

Adler Group's occupational health and safety department ensures that the workplaces do not pose any health risks, that they enable ergonomically correct work and that all first aid facilities are functional in the event of possible injuries. In the past, Adler Group has continuously improved occupational health and safety, primarily by training new HSE (Health, Safety, Environment) managers.

Risk assessments are carried out for all workplaces, and environments, resulting, when necessary, in individual measures for improvement.

Adler Group organises regular medical check-ups for all its employees. Support is provided for the purchase of medical equipment such as special glasses to relieve stress from computer work, ergonomical office equipment such as height-adjustable desks and protective clothing where required.

Another important component of the HR department in 2024 was the risk assessment of all employees with regard to mental stress in the workplace. All employees were given the opportunity to inform themselves on health food, participate in yoga courses and have their body functions checked.

Thanks to extensive precautions, accidents during day-to-day operations were largely avoided. In 2024, there were only 0.8 work or commuting accidents per 100,000 working hours (previous year: 1.3 accidents). There were no fatalities in 2024 either. 7 per cent of all working days were lost due to illness in 2024 (see also table "Social Performance Measures" in the appendix of this report).

Employee feedback

In order to remedy negative impacts, employees can report them to the Company via various channels in order to achieve prompt remedial action. The most important such channel is the yearly employee survey. Misbehaviour may be anonymously reported through the whistleblower system which is available fo employees of the Company as well as for suppliers in the upstream value chain.

Objectives related to managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities

Adler Group has set itself the goal of offering all employees the most pleasant working environment possible - in the understanding that commitment and productivity are higher when employees are satisfied with their work and their workplace. This also includes Adler Group parting with employees in a socially responsible manner when discontinuing business activities and, in the case of portfolio disposals, ensuring that the employees responsible for managing the portfolio are taken on by the buyer.

Characteristics of the Company's employees

Number of employees 31.12.2023	597
Additions 2024	82
Disposals 2024	168
Number of employees 31.12.2024	500
thereof male	264
thereof female	236
thereof full-time	421
thereof part-time	79
Number of employees in full-time equivalents	477
Annual average of employees in full-time equivalents	511

Adler Group employs only salaried employees, almost exclusively on permanent contracts. The remuneration of employees is not based on a specific collective labour agreement. It is based on the salaries paid in the industry for comparable jobs and, according to the employee survey, is considered by employees to be in line with the market.

Diversity

Adler Group sees diversity in its workforce as a strength. This means a corporate culture characterised, among other things, by equal opportunities, tolerance, equal and fair treatment of all employees and appreciation for different ways of thinking, assessments and judgements. The guiding principle is equality for all employees in terms of gender, age, sexual orientation and identity, race, nationality, ethnic origin or world view.

Adler Group employs people of 31 different nationalities with different educational qualifications and CVs. The Company's talent management programme also takes diversity criteria into account when selecting potential candidates and promotes diversity within the Company at all levels. Diversity in the workplace is reflected in numerous key figures (see table "Diversity in the workplace").

Adler Group also promotes inclusion implementing all relevant specific regulations. Inclusion is practised and individual needs are also addressed. The percentage of people with disabilities among employees, subject to legal restrictions on data collection, was 4 per cent in 2024.

To underline its commitment to diversity and inclusion, Adler Group has signed the "Diversity Charter", a voluntary commitment launched by German industry in 2006 to promote a prejudice-free working environment. Signatories thus document their intention to create and promote equal opportunities for all employees in the Company.

The basic principles and beliefs underlying all endeavours relating to diversity have been codified and made public. The relevant guidelines can be found on Adler Group website at https://www.adler-group.com/investor-relations/corporate-governance/compliance-and-guidelines.

In 2024, no incidents of discrimination, including harassment have been reported to the Company.

Diversity in the workplace	**2024**	**2023**	**2022**
Distribution according to age group			
< 30 years old	10.0%	11,3%	14,1%
30 to 39 years old	24.6%	26,1%	27,2%
40 to 49 years old	26.6%	25,4%	23,5%
50 to 59 years old	24.2%	24,2%	24,1%
> 59 years old	14.6%	13,1%	22,1%
Number of nationalities	**31**	**36**	**35**
Gender distribution*			
Men	52.8%	53,4%	54.7%
Women	47.2%	46,6%	45.3%
Proportion of employees with disabilities in the workforce	**4.0%**	**5,2%**	**4.7%**
Proportion of parents in the workforce**	**55.0%**	**50,6%**	**51.0%**

* Adler Group does not aim for an identical gender distribution, partly because there are hardly any women among the applicants for certain positions in the Company.

** Proportion of employees with at least one child.

At Adler Group, top management includes the members of Senior Management. Executives include employees at management levels C-1, C-2 and C-3. There were no women in Senior Management in 2024, the share of women in executives was 25 per cent. Adler Group has not defined any targets for a proportion according to gender.

Remuneration

Adler Group pays hourly rates above the minimum in most cases. Grading depends on the position and level of training and is in line with the market. Remuneration generally comprises several components: Basic salary, payment of capital-forming benefits and travel allowance, function and hardship allowances, performance-related bonus if applicable.

Salary payments and the working environment are key, but not the sole, determinants of employee satisfaction for Adler Group. There are also numerous fringe benefits the Company provides.

- Up to 90 euros per month towards employees' travelling expenses.
- Allowance of 15 per cent of the amount saved by employees as part of the Company pension scheme.
- Payment of monthly gym membership fees (minus an employee contribution of 20 euros). As part of a company fitness partnership, employees receive access to over 5,000 fitness and yoga studios, swimming pools, crossfit and bouldering gyms in Germany.
- Online courses on health improving activities.
- Gifts/gestures of appreciation from Adler Group for employees on the occasion of birthdays or anniversaries.
- Free fruit and free drinks at the locations.
- 30 days holiday for all employees on the basis of full-time employment.
- Special conditions with co-operating providers of consumer goods and services (vouchers or price reductions).
- Mobile working two days a week.
- Working time accounts that allow time off in excess of holiday days.
- Sabbaticals and workation.

The additional monetary benefits are recorded in the payslips. The positive response of the workforce to this offer from Adler Group was evident here: up to 60 per cent of employees have taken advantage of these benefits.

All employment contracts of Adler Group are subject to social insurance contributions. Accordingly, all employees are protected against loss of income due to illness through social security, public programmes or benefits offered.

Continuing education and skills development

Adler Group organises training in all areas of the Company with external and internal courses and also provides support for part-time study programmes. As part of these training programmes, a virtual e-learning tool is increasingly being used alongside face-to-face teaching.

In the course of 2024, 504 employees took advantage of Adler Group's training programmes and spent a total of 10,024 hours on such measures. This corresponded to an average of nearly 21 training hours per employee (see also table "Social Performance Measures" in the appendix of this report). Training topics covered a wide variety of areas, such as MS office products, talent management, information technology (IT) and compliance training, project management or legal specifics. However, they also included foreign languages, trainings on sustainability topics and training methods for internal Key Users.

Adler Group also once again organised numerous training courses of mandatory nature wherever the content was relevant to employee activities: Occupational safety in the offices, General Equal Treatment Act, IT security, data protection, corruption as well as money laundering prevention, dealing with gifts, invitations, benefits or sponsorship.

In 2024, all employees participated in performance and career development reviews. Moreover, they spent an average of 20.96 hours participating in training and development programmes. Of the participants 49% were female and 51% male.

Reconciliation of work and private life

Regulations in Germany stipulate that employees are entitled to leave for family reasons. In 2024, a total of 66 employees took advantage thereof, which corresponds to 13 per cent of employees at the end of the year. Among the employees who took leave for family reasons, 58 per cent were female and 42 per cent male.

Adler Group has adopted working time regulations that allow flexibility within the scope of regular weekly working hours. In particular, Adler Group offers the opportunity to work four tenths of regular working hours at locations of one's choice. In addition, various part-time concepts are offered – partly to facilitate reintegration when returning from parental leave. Adler Group agrees on individual solutions for cases of hardship of any kind.

Remuneration indicators (differences in earnings and total remuneration)

Adler Group pursues the principle of equal pay for equal tasks. For new vacancies, a certain salary is paid regardless of gender. Differences are only possible for senior management positions due to the extensive range of tasks, different qualification requirements and negotiation-related factors.

The salary structures in the Group are regularly reviewed once or twice a year. Reference values are market levels and the collective agreement for the property industry.

Differences in pay for otherwise comparable positions can be due to a higher age, a longer period of employment with the Company or a higher level of education. Location-related factors can also play a role, as salaries differ from region to region.

The average salary of women at the management level directly below the Board of Director level (C -1) is equal (100 per cent) to the average salary of men. At the next management level (C -2) it is below the average for men reaching 74 per cent while it supersedes the average for men by 4 percentage points at the third management level (C -3, 104 per cent). In the most numerous group of employees without management responsibility, women achieved an average of 99 per cent of their male colleagues' salaries.

Average salary of female employees in relation to the average salary of male employees	2024	2023	2022
C-1	100	83	98
C-2	74	83	77
C-3	104	98	92
Total workforce (excluding managers)	99	97	96

100 = average salaries are the same

> 100 = average salary of women is higher than the average salary of men

< 100 = average salary of women is below the average salary of men

Labour in the value chain (ESRS S2)

Stakeholders' interests and positions

Adler Group rents out residential property in Germany as a service. The vast majority of the services and products required for this are also purchased in Germany. Only a small proportion is sourced from other EU countries.

Adler Group attempts to find out about the legitimate interests, viewpoints and the handling of the rights of workers in the value chain as far as possible and with a reasonable effort in terms of the potential gain in information. This is done both actively, i.e. by analysing accessible information and through discussions/information exchange with the companies in the value chain, and passively, i.e. by providing workers in the value chain with suitable channels ("whistleblower system") for expressing their interests, viewpoints and criticism to Adler Group.

In the event of justified indications of impairment/violation of the aforementioned interests or rights, Adler Group will follow up on these indications and endeavour to remedy the situation if necessary. In accordance with the provisions of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG), this could even lead to the termination of business relationships with companies in the value chain. In such a case, however, neither Adler Group's corporate strategy nor its business model would be affected.

Impacts, risks, opportunities and their interaction with the business model

Adler Group's purchasing and sales conditions are in no way designed to have negative effects on labour in the value chain or to accept these effects. Risks are limited by corresponding requirements in the General Terms and Conditions and in the Business Partner Code plus a systematic complaints procedure through the whistleblower system. Adler Group is not aware of any cases of labour or human rights violations or environmental violations. Specific groups with increased risks could not be identified in this context either.

Strategies and targets related to labour in the value chain

Adler Group has not formulated any targets or a strategy in connection with external workforces due to the reasons above. As a matter of principle, however, Adler Group is guided by international standards such as the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work with regard to the value chain. These standards form an integral part of the Company's human rights policy.

Moreover, Adler Group has established a whistleblower system that is also accessible to workers in the value chain to report material impacts.

As Adler Group is not aware of any serious human rights problems or human rights incidents in the upstream value chain, no measures had to be taken in response.

Consumers and end users (ESRS S4)

Stakeholders' interests and positions

Adler Group engages in regular and systematic dialogue with its tenants as they are the main customers and thus important stakeholders in order to receive suggestions regarding service quality, tenant support or administration and to incorporate them into the improvement of the business model.

Significant effects, risks and opportunities and their interaction with strategy and business model

Adler Group counts only its tenants as its direct customers. They use the living space provided by Adler Group and the associated (property-related) services. Tenants are all equally affected by any impacts.

Adler Group does not offer any services that are harmful to customers and/or entail increased risks if utilised as intended. Customers receive all necessary and comprehensive information from the Company to ensure the proper utilisation of the flats. Negative effects for financially vulnerable customer groups are not to be expected.

Tenants are exposed to certain risks. They need information in order to be able to use the rental property appropriately and to their advantage. If there is a lack of information on how to use the services, the services could become less attractive. Health and safety are important sustainability aspects in order to ensure the personal safety of tenants. A potential risk to the life and limb of tenants could have an impact on demand for the service.

With this in mind, reliable service provision processes are one of Adler Group's top priorities. This is ensured through regular plant maintenance, inspections, risk assessments and employee trainings.

Possible impacts affect all consumers and end users equally. Specific groups that could be primarily or exclusively affected by impacts could not be identified, neither in practice nor in theory.

Concepts related to consumers and end users

Adler Group gives tenants the opportunity to approach the Company with individual concerns in person, by telephone or in writing. Regular enquiries concern the way in which the properties are managed, the reporting of technical defects or safety issues, contractual matters, operating costs, the specific letting of individual flats, relocations, data management and data protection. Adler Group has developed concepts and solutions for all of these issues in order to satisfy tenants as quickly and comprehensively as possible. These concepts allow for customised solutions, but are available to all tenants in absolutely the same way.

Process for involving consumers and end users and for ameliorating negative impacts

All requests, suggestions and criticisms received by the Company are, in justified or justifiable cases, taken into account in the provision of services. The views of tenants are given high priority in Adler Group's planning and decision-making processes. While Adler Group's senior management is responsible for tenant communication, the heads of the respective departments are in charge of the dialogues in day-to-day operations.

Adler Group generally endeavours to avoid negative effects on tenants, to eliminate them if they occur or at least reduce them as far as possible. Adler Group pursues various approaches to this end:

- Environmentally friendly production processes: use of environmentally friendly machines, operating and auxiliary materials as well as special waste utilisation processes.
- Supplier audits: Careful selection of suppliers and services to ensure that all suppliers comply with the required safety and quality standards.
- Diversification of supply chains: reducing dependence on individual suppliers or regions in order to minimise the risk of bottlenecks or quality problems.
- Honest and clear communication: avoiding misleading information with regard to the use of Adler Group's services.
- Strict data protection guidelines: Ensure that all tenant data collected is protected in accordance with data protection regulations.
- Transparency in data processing: informing tenants how and for what purpose their data is used.

Objectives

Satisfied tenants have little reason to move out of their flat, while dissatisfied tenants do. Adler Group therefore measures tenant satisfaction by the tenant turnover rate. However, the objective is not to set a specific target, but to maintain this rate at the present low level in the long term.

Adler Group has not set itself any targets for energy efficiency and/or greenhouse gas intensity, but the Company intends to halve greenhouse gas emissions in the downstream value chain by 2030.

Corporate Policy (ESRS G1)

Role of the administrative, management and supervisory bodies

The role of the administrative, management and supervisory bodies is described in detail in section "Corporate Governance Report" of this report".

Identification of material impacts, risks and opportunities related to Corporate Policy

As part of the double materiality analysis, Adler Group has reviewed all relevant structures, processes and circumstances of the Company that have or could have an impact on the environment and the Company itself.

With regard to the risk assessment, Adler Group has drawn on the experience ot its own recent past when allegations of certain corporate governance breaches led to huge reputational and financial damage.

Concepts for corporate governance and corporate culture

Adler Group attaches great importance to a sustainable corporate culture because it is the prerequisite for a good reputation, access to financial markets and high employee motivation. Companies with a strong ethics and compliance culture are less susceptible to legal problems and penalties. Moreover, a robust culture helps organisations to better respond to and weather crises, promoting long-term financial stability.

Adler Group's compliance management system is based on the "United Nations Convention against Corruption".

Adler Group develops its corporate culture through several instruments/measures. These include:

- a corporate constitution with a clear allocation of responsibilities (see Corporate Governance Report)
- the clear definition of values (code of conduct) and the management's role model function. (See strategies in connection with the Company's own workforce);
- a motivational corporate culture with a good working atmosphere. (See strategies in connection with own workforce);
- adherence to all regulations through an effective compliance management system. (see section Compliance in the Corporate Governance Report).

Whistleblower system

As part of its effective compliance management system, Adler Group has introduced several mechanisms to identify, report and investigate unlawful behaviour or breaches of the Code of Conduct. This includes a reporting system for internal and external stakeholders providing the opportunity to report concerns anonymously. The processes take place via a whistleblowing system. Details are laid out in the Corporate Governance Report.

Corruption and bribery

In the areas of purchasing and sales, there is generally an increased risk of corruption and bribery. These risks can occur because the purchasing and procurement of goods and services as well as sales are generally associated with intensive business relationships and negotiations.

In both areas, Adler Group minimises such risks through strict internal control mechanisms and clear guidelines on compliance and ethical conduct. In this way, the Company ensures that both its own employees and external business partners promote corruption-free and fair business relationships.

Due to the resources allocated and the effectiveness of its systems, Adler Group neither registered any cases of corruption or bribery nor paid any fines for violations of anti-corruption and anti-bribery laws in the 2024 reporting year.

Management of relationships with suppliers

Adler Group has numerous suppliers for services and goods. There are no dependencies on individual business relationships. Relationships with the Company's suppliers have so far been unremarkable and without any significant problems. Requirements regarding certain sustainability aspects are part of Adler Group's General Terms and Conditions. Against this background, there was no need to formulate a dedicated supplier guideline.

Adler Group does not engage in political or lobbying activities.

Portfolio Overview

Business performance highlights

As at 31 December 2024, the residential rental portfolio has a strong focus on Berlin after the Company announced in December 2024 to sell its North Rhine-Westphalia (NRW)-based portfolio comprising 6,788 units.

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

Portfolio overview(*)

Location	Fair value EUR m Q4 24	Fair value EUR/m² Q4 24	Units	Lettable area m²	NRI(**) EUR m Q4 24	Rental yield (in-place rent)	Vacancy Q4 24	Vacancy Δ YoY LFL	Q4 24 Avg. rent EUR/m²/ month	NRI Δ YoY LFL	Rever-sionary potential
Berlin	3,482	2,845	17,709	1,224,231	122	3.5%	1.3%	0.4%	8.31	1.8%	22.3%
Other	8	632	220	12,813	0	5.5%	45.7%	11.9%	5.28	(16.3%)	93.4%
Total	**3,490**	**2,822**	**17,929**	**1,237,044**	**122**	**3.5%**	**1.8%**	**0.5%**	**8.29**	**1.8%**	**22.5%**

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

Portfolio performance

Rental portfolio(*)

	31 Dec 2024	31 Dec 2023
Number of units	17,929	25,043
Average rent/m²/month (EUR)	8.29	7.60
Vacancy	1.8%	1.1%

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

The average rent per m² amounted to EUR 8.29 as at 31 December 2024, a significant increase compared to the previous year. Besides the like-for-like rental growth achieved in 2024, this was also driven by the disposal of NRW-based portfolio which had an average rent per m² lower than the remaining portfolio. The vacancy rate increased slightly to a still structurally low level of 1.8%.

Like-for-like rental growth(*)

In %	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Like-for-like rental growth	1.8%	5.1%

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

Like-for-like rental growth of the portfolio amounted to 1.8% over the last twelve months.

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

Maintenance and CapEx

In EUR per m^2	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Maintenance	8.6	6.0
CapEx	18.9	16.1
Total	**27.4**	**22.1**
In EUR million	**1 Jan - 31 Dec 2024**	**1 Jan - 31 Dec 2023**
Maintenance	14.5	10.6
CapEx	32.0	28.6
Total	**46.5**	**39.1**

In the twelve months of 2024, total investment in the core portfolio amounted to EUR 46.5 million resulting in maintenance and CapEx expenses per m² of EUR 27.4.

Vacancy split

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

Vacancy(*)

	31 Dec 2024	31 Dec 2023
Total vacancy (units)	284	291
Total vacancy (m^2)	21,806	19,058
Total vacancy rate	1.8%	1.1%

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

Economic Review

Economic and industry-specific parameters

Overall economic development

In 2024, the German economy shrank the second year in a row. Price and calendar-adjusted gross domestic product receded by 0.2% compared to the previous year during which GDP had fallen by 0.1%. Factors impeding a better performance were high energy costs, continuing high, albeit declining interest rates and a generally gloomy outlook due to the ongoing war in the Ukraine, the conflict in the Near East and uncertainties concerning a potentially more restrictive trade tariff policy by the newly elected US government.

As a result of the stagnation, German GDP in real terms was only 0.5% higher in 2024 than five years ago, the year before the COVID-19 pandemic.

The weakness of the German economy is clearly reflected in the labour market as well. In the course of the year, the unemployment rate increased by 0.3 percentage points to 6.0%, increasing the number of people without a job by 178.000 to nearly 2.8 million. The total workforce, however, stayed practically unchanged at an all-time high of 45.9 million people, as the influx of immigrants offset the negative demographic effects.

The inflation rate came back to levels in line with the targets of the European Central Bank. On average, prices in Germany rose by 2.2% in 2024 according to the cost-of-living-index, as published by the German Federal Statistical Office. This was less than half compared to the previous year when an average increase of 5.9% had been recorded. Prices for energy which originally had been the main driver for inflation in the previous years, even decreased by nearly 2%.

Rents moved more or less in line with the inflationary environment in 2024 with an increase of 2.1%, according to the cost-of-living index The average, of course, hides local differences and thus also the effect that rates for new rental contracts continued to rise more sharply especially in sought-after metropolitan areas.

Industry development

With the exception of the rental sector, all other parts of the real estate sector were still in a comparatively poor state. The number of building permits, for example, continued to decrease sharply, although the rate of decline at roughly 16.8% was not as sharp in 2024 as in the previous year, when it had reached 26.6%. Although the total number of apartments that have been built in 2024 was not available at the time of reporting, it is estimated by the central association of the German building industry (Zentralverband Deutsches Baugewerbe) to have fallen by around 15%. In 2023, the number of new apartments had decreased by 0.3% only.

Transaction markets recuperated to a certain degree, but still remain at a low level when compared to the last decade. According to data delivered by the industry, transaction volumes reached EUR 35.3 billion, a plus of 14% over the previous year, suggesting a bottoming-out of the market. Roughly one third of the transaction volume related to rental units or the living segment. This asset class obviously gained in attractiveness again due to the pertaining imbalance between demand and supply, the resulting high occupation rates and a potential for increasing rents.

Interest rates are one of the most important economic factors for the real estate industry, driving asset valuations and cost of capital. As such, the long-lasting boom of the industry was tightly linked to the low-interest policy of the European Central bank, while the steep incline of key rates choked off the industry in the recent past. Meanwhile, the ECB has eased its interest rate policy again, with central refinancing rates coming down from 4.5% at the beginning of 2024 to 3.15% in December. Although this did not have an invigorating effect in the business year under review, the outlook for the real estate markets has clearly improved, particularly as the ECB continued to lower central financing rates further in 2025.

For Adler Group this is good news as the Company still intends to sell a lot of its assets in order to restructure its finances. With improving market dynamics, it may become easier to find buyers who are willing to transact at higher prices than in the recent past.

Rents for existing apartments continued to increase in 2024, although the average of just 2.1% conceals regional differences as well as the difference between new and existing rental contracts.

As Adler Group generated the larger part of its rental income from its portfolio in Berlin, market specifics in the German capital are of particular importance to the Group's economic success. As such it has to comply with the "Berliner Mietspiegel" which limits rent increases in orientation to an average rent which again is calculated according to certain quality characteristics of the apartments, their size and their location.

Legal framework

All homeowners in Germany were impacted by the Building Energy Act (Heizungsgesetz), which came into force on 1 November 2023 and stipulates that from 2024 onwards, newly installed heating systems must be powered by at least 65% renewable energy. In new construction areas, this rule applies immediately. In existing buildings and new buildings outside of new construction areas, longer transition periods apply. They may depend, among other things, on municipal heating planning measures, such as whether district heating is available in a certain area or planned to be offered in the future. Oil and gas heating systems may continue to be installed but must be operated with increasing shares of renewable energies. From 2045 onwards, fossil fuels may no longer be used for oil and gas heating. The conversion to climate-friendly heating systems is promoted with various subsidies and low-interest loans. Landlords may pass on up to 10% of the costs incurred by the conversion to the tenants. However, the basic rent may not increase by more than EUR 0.50 per square metre and month.

Since 2020 there is a CO_2 levy on petrol, heating oil and gas. All through 2024 it stood at EUR 45 per tonne. From 1 January 2025, EUR 55 per tonne are charged. From 2027 on, prices will not be determined by governmental decision any longer but will be the result of a market process in form of an EU wide trading system for certificates. The levy creates an incentive for tenants to save on heating and thus reduce climate-damaging CO_2 emissions. For landlords, the increase in the levy will also create a greater incentive to invest in energy efficiency measures, as they bear the CO_2 levy proportionally and also suffer from a declining valuation of energy-inefficient apartments as their competitiveness on the housing market deteriorates.

To what extent these regulations will affect investment decisions of Adler Group is not yet clear. Adler Group intends so set up a plan to invest in heating systems and energy efficiency measures in order to reduce GHG emissions in its properties in line with legal requirements in the course of 2025, taking into considerations all regulatory incentives and disincentives.

In rental markets, a particular regulation has to be observed since 2015, regulating potential rent increases in existing contracts and new lettings. The so-called rental brake ("Mietpreisbremse") is applicable in stressed rental markets which mainly comprise large cities and/or conurbations. The regulation will run out at the end of 2025. According to the coalition agreement the intention of the government is to prolong it for five more years.

Profit and net asset situation

Compared to FY 2023, **net rental income** slightly decreased due to the lack of rental income following the disposal of the "Wasserstadt" portfolio in August 2023, and the Hamm portfolio by BCP in December 2023. The decrease was partly compensated by rent increases realised on the remaining portfolio.

Despite the decrease in net rental income, **Adj. EBITDA from rental activities** slightly increased to EUR 112 million due to overhead cost reductions, thereby slightly increasing the Adj. EBITDA from rental activities margin to 54.1%.

The increase in **Adj. EBITDA Total** was primarily driven by the significant decrease in other operational costs from development and privatisation sales, mainly due to the reduced project pipeline.

Compared to FY 2023, **FFO 1 and FFO 2** were both negatively impacted by the significant increase in net interest expenses due to the 1L New Money Facility of EUR 937.5 million with a PIK interest of 12.5% as well as the 2.75% PIK interest step-up on the Adler Group S.A. bonds, all having become effective in April 2023 as part of the 2023 Restructuring Plan. Furthermore, in course of the comprehensive recapitalisation completed in September 2024, the 1L New Money Facility was further upsized.

EBITDA

Adj. EBITDA from rental activities

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Net rental income	207,562	209,576	52,502	49,604
Income from facility services and recharged utilities costs	102,617	105,080	27,700	28,011
Income from rental activities	**310,179**	**314,656**	**80,202**	**77,615**
Cost from rental activities	(135,523)	(133,656)	(36,546)	(32,033)
Net operating income (NOI) from rental activities	**174,656**	**181,000**	**43,656**	**45,582**
NOI from rental activities margin (%)	**84.1%**	**86.4%**	**83.2%**	**91.9%**
Overhead costs from rental activities	(62,526)	(71,443)	(17,296)	(22,120)
Adj. EBITDA from rental activities	**112,131**	**109,558**	**26,361**	**23,464**
Adj. EBITDA margin from rental activities (%)	**54.0%**	**52.3%**	**50.2%**	**47.3%**

Adj. EBITDA Total

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Income from rental activities	310,179	314,656	80,202	77,615
Income from property development	23,082	27,832	33,851	3,934
Income from other services	14,592	9,514	12,506	1,298
Income from real estate inventory disposed of	43,140	91,575	16,140	72,275
Income from sale of trading properties	1,198	1,500	110	610
Revenue	**392,191**	**445,077**	**142,809**	**155,732**
Cost from rental activities	(135,523)	(133,656)	(36,546)	(32,033)
Other operational costs from development and privatisation sales	(91,369)	(192,841)	(48,568)	(89,918)
Net operating income (NOI)	**165,299**	**118,581**	**57,695**	**33,781**
Overhead costs from rental activities	(62,526)	(71,443)	(17,296)	(22,120)
Overhead costs from development and privatisation sales	(21,783)	(26,509)	(12,100)	(10,753)
Adj. EBITDA Total	**80,990**	**20,629**	**28,300**	**908**
FFO 2 net interest expenses	(359,943)	(277,056)	(81,156)	(96,651)
Other net financial costs	2,030,728	(219,802)	(56,781)	(25,105)
Depreciation and amortisation	(20,419)	(16,283)	872	(3,962)
Other income/(expenses)	(458,208)	(295,601)	(322,623)	(72,400)
Change in valuation	(483,177)	(1,172,738)	(239,217)	(417,734)
Net income from at-equity valued investments	(1)	(5,108)	979	(2,458)
EBT	**789,970**	**(1,965,959)**	**(669,626)**	**(617,402)**

FFO

FFO 1 (from rental activities)

In EUR thousand	For the year ended 31 Dec 2024	For the year ended 31 Dec 2023	For the three months ended 31 Dec 2024	For the three months ended 31 Dec 2023
Adj. EBITDA from rental activities	112,131	109,558	26,361	23,464
FFO 1 net interest expenses	(210,425)	(135,446)	(49,031)	(56,594)
Current income taxes	(7,234)	(9,441)	76	2,455
Interest of minority shareholders	(6,821)	(7,313)	(1,765)	(2,482)
FFO 1 (from rental activities)	**(112,349)**	**(42,642)**	**(24,360)**	**(33,157)**
No. of shares(*)	151,626	141,035	151,626	151,626
FFO 1 per share	**(0.74)**	**(0.30)**	**(0.16)**	**(0.22)**

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

FFO 2 (incl. disposal results and development activities)

In EUR thousand	For the year ended 31 Dec 2024	For the year ended 31 Dec 2023	For the three months ended 31 Dec 2024	For the three months ended 31 Dec 2023
Adj. EBITDA Total	80,990	20,629	28,300	908
FFO 2 net interest expenses	(359,943)	(277,056)	(81,156)	(96,651)
Current income taxes	(25,187)	(18,872)	(9,109)	(6,803)
Interest of minority shareholders	(6,821)	(7,313)	(1,765)	(2,482)
FFO 2	**(310,961)**	**(282,612)**	**(63,730)**	**(105,028)**
No. of shares(*)	151,626	141,035	151,626	151,626
FFO 2 per share	**(2.05)**	**(2.00)**	**(0.42)**	**(0.69)**

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

Financial and asset position

The decrease in **investment properties** was primarily due to (i) the disposal of the NRW-based "Cosmopolitan portfolio reclassified into non-current assets held for sale and (ii) the fair value adjustments of Adler Group's yielding assets and development assets recognised under investment properties, following the external revaluations as per June and December 2024. **Other non-current assets** include other financial assets of EUR 107 million (mainly comprising loans against non-controlling shareholders of subsidiaries), right-of-use assets of EUR 27 million, property and equipment of EUR 14 million as well as restricted bank deposits of EUR 11 million. **Inventories** primarily include upfront sale projects and the land value of forward sale projects. **Other current assets** include other receivables (EUR 91 million), trade receivables (EUR 46 million), restricted bank deposits (EUR 34 million) and contract assets (EUR 20 million). **Non-current assets held for sale** mainly relate to BPC and the NRW-based "Cosmopolitan portfolio".

Interest-bearing debts include bonds, bank debt and the refinanced facilities as part of the recapitalisation completed in September 2024. This position does not contain debts held at BCP level, as these are shown separately as **liabilities held for sale**. **Other liabilities** include provisions (EUR 322 million), other current payables (EUR 149 million) including income tax payables of EUR 68 million, and trade payables (EUR 63 million).

Following the completion of the comprehensive recapitalisation in September 2024, the Group's t**otal equity** was significantly strengthened. The main factor was that an income from the derecognition of financial instruments of EUR 2,088 million was realised, referring to the conversion of the 2L perpetual notes into equity.

As at 31 December 2024, the total interest-bearing nominal debts amounted to around EUR 4,177 million. The average interest rate on all outstanding debt was 8.4%, with a weighted average maturity of 3.7 years.

Financial position

In EUR thousand	31 Dec 2024	31 Dec 2023
Investment properties and advances related to investment properties	3,963,832	4,910,925
Other non-current assets	177,646	273,673
Non-current assets	**4,141,478**	**5,184,598**
Cash and cash deposits	246,990	377,419
Inventories	410,886	515,467
Other current assets	199,486	251,161
Current assets	**857,362**	**1,144,047**
Non-current assets held-for-sale	**1,888,313**	**1,388,142**
Total assets	**6,887,153**	**7,716,787**
Interest-bearing debts	3,535,020	6,050,626
Other liabilities	587,995	701,843
Deferred tax liabilities	261,726	346,989
Liabilities classified as available for sale	**937,234**	**574,924**
Total liabilities	**5,321,975**	**7,674,383**
Total equity attributable to owner of the Company	**1,326,734**	**(228,856)**
Non-controlling interests	238,444	271,260
Total equity	**1,565,178**	**42,404**
Total equity and liabilities	**6,887,153**	**7,716,787**

Loan-to-value

The table below shows the loan-to-value (LTV).

31 Dec 2024

In EUR thousand	Group loan-to-value	Non-controlling interests(**)	Total
Borrowings from financial institutions	3,006,608		3,006,608
Commercial paper			
Bond loans	528,412		528,412
Foreign currency derivatives			
Net payables	1,276,906	(248,077)	1,028,829
Owner-occupied property (debt)			
Current accounts (equity characteristics)			
Cash and cash equivalents	(246,990)		(246,990)
Net financial liabilities	**4,564,936**	**(248,077)**	**4,316,859**
Owner-occupied property			
Investment properties at fair value	3,963,832		3,963,832
Properties held for sale(*)	2,299,199	(429,527)	1,869,672
Properties under development			
Intangibles			
Net receivables			
Financial assets	106,711		106,711
Total property value	**6,369,742**	**(429,527)**	**5,940,215**
Loan-to-value(***)	**71.7%**	**57.8%**	**72.7%**

(*) Considers inventories at fair value (EUR 520,616 thousand) as well as non-current assets held for sale.
(**) Considers the interest of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP").
(***) The LTV is based on the EPRA guidelines, though the perpetual notes are not classified as Hybrids because these instruments are accounted for equity in the balance sheet according to IFRS.

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

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

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

Net payables

In EUR thousand	31 Dec 2024	31 Dec 2023
Investments in financial instruments	7,406	17,395
Restricted bank deposits	45,130	66,942
Contract assets	23,141	66,294
Trade receivables	46,498	79,273
Other receivables and financial assets	91,069	116,322
Advances paid on inventories	7,710	10,007
Deduct:		
Other financial liabilities	(9,092)	(165,882)
Pension provisions	(643)	(773)
Other payables	(148,901)	(266,876)
Contract liabilities	0	(14,473)
Trade payables	(63,193)	(65,167)
Provisions	(332,406)	(105,188)
Prepayments received	(6,386)	(50,071)
Non-current liabilities held for sale	(937,239)	(574,923)
Net payables	**(1,276,906)**	**(887,121)**

Material Events

In the reporting period

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

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

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

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

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

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

7. On 30 April 2024, Adler Group announced the sale of the development project FourLiving VauVau & Mensa located in Leipzig. Following the positive council resolution passed by a clear majority on 24 April 2024, the City of Leipzig notarised its acceptance of the offer and acquired the project located on Prager Strasse with a gross floor area of around 37,900 square metres and an area of around 1.5 hectares.

The transaction, which was signed on 26 April 2024, generated net proceeds of around EUR 26 million at a sales price of EUR 27 million. In the challenging market environment, Adler Group sold the project at a discount of around 5% on the gross asset value as at 31 December 2023. The transaction closed in May 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For further details, please see below:

Status quo prior to the September 2024 Refinancing and restructuring

Before the refinancing and restructuring, the debt structure of notes issued by Adler Group S.A. and its subsidiaries consisted of the following notes:

Issuer	Ranking	Notes description	ISIN
Adler Group S.A.	1.5L Senior Secured	EUR 191,000,000 due 2025	DE000A3LMVH5
AGPS BondCo PLC	1.5L Senior Secured	EUR 400,000,000 due 2025	XS1652965085
	2L Senior Secured	EUR 400,000,000 due 2025	XS2010029663
	2L Senior Secured	EUR 400,000,000 due 2026	XS2248826294
	2L Senior Secured	EUR 700,000,000 due 2026	XS2283224231
	2L Senior Secured	EUR 500,000,000 due 2027	XS2336188029
	2L Senior Secured	EUR 800,000,000 due 2029	XS2283225477
Adler Real Estate GmbH	Senior Secured	EUR 300,000,000 due 2026	XS1713464524

Additionally, under a facilities agreement between inter alia, Adler Group S.A. and Adler Financing S.à r.l., Adler Group S.A. had received a loan in the amount of EUR 937,474,000. Adler Financing S.à r.l. is an orphan special purpose vehicle which has been set up by an Independent Dutch stichting in the interest of the bondholders of Adler Group S.A. The loan to Adler Group S.A. was funded by Adler Financing S.à r.l. through the issuance of bonds.

The September 2024 refinancing and restructuring

As part of the restructuring, new 1.5L loans in the nominal amount of EUR 672,311,000 were made available to Adler Group S.A. by Adler Financing S.à r.l. and the existing 1L loan was increased to EUR 1,030,737,800. The proceeds have, inter alia, been used by Adler Group S.A. and AGPS BondCo PLC respectively for the redemption of Adler Group S.A.'s 1.5L senior secured notes 2025 (ISIN: DE000A3LMVH5) and AGPS BondCo PLC's 1.5L senior secured notes 2025 (ISIN: XS1652965085) and payment of transaction costs.

Further, on 19 September 2024, AGPS BondCo PLC was substituted as issuer of all five series of 2L senior secured notes by Titanium 2L BondCo S.à r.l. Titanium 2L BondCo S.à r.l is an orphan special purpose vehicle which has also been set up by an Independent Dutch stichting in the interest of the bondholders of Adler Group S.A. The five series were consolidated into one single tranche bond (ISIN: DE000A3L3AG9). As consideration for the issuer substitution, AGPS BondCo PLC issued two series of notes to Titanium 2L BondCo S.à r.l., EUR 700,000,000 6.250% PIK 2L reinstated notes (ISIN: DE000A3L3AH7) and EUR 2,341,900,000 6.250% PIK 3L subordinated notes (ISIN: DE000A3L3AJ3).

Status quo post to the September 2024 refinancing and restructuring

After the September 2024 refinancing and restructuring, Adler Group S.A. and its subsidiaries have therefore issued the following notes:

Issuer	Ranking	Notes description	ISIN
AGPS BondCo PLC (bonds are listed but solely held by Titanium 2L BondCo S.à r.l. and not traded)	2L Senior Secured	EUR 700,000,000 due 2030	DE000A3L3AH7
	3L Subordinated	EUR 2,341,900,000 perpetual	DE000A3L3AJ3
Adler Real Estate GmbH	Senior Secured	EUR 300,000,000 due 2026	XS1713464524

18. On 30 September 2024, Adler Group published its audited consolidated financial statements and annual accounts for the years ending 2022 and 2023. The audits were completed with unqualified audit opinions for both years. The audits were undertaken by AVEGA Révision for the Luxembourg-based Adler Group S.A. and by three other audit firms for the audit of the sub-areas relevant to the Group, a so-called "component audit": Rödl & Partner for Adler Real Estate AG (now Adler Real Estate GmbH), Morison Köln AG for Consus Real Estate AG, and Domus Steuerberatungs-AG und Wirtschaftsprüfungsesellschaft for the financial statements of the German Adler Group property companies.

The publication of the audited annual reports followed the announcement from 19 September 2024 regarding the completion of the comprehensive recapitalisation.

Following the successful audit process and the restructuring, CFO Thomas Echelmeyer opened the perspective for a long-term succession for the Group's CFO position and retired from the Board of Directors and Senior Management of Adler Group with immediate effect. He remained with the Company until the end of the year 2024 allowing a smooth transition period over to the new Group CFO Thorsten Arsan, who joined the Senior Management team as of 1 October 2024. Mr Arsan is a finance and real estate expert with more than 20 years' experience in the industry.

19. In October 2024, Adler Group settled all litigation in which it was involved in relation to the 2023 Restructuring.

20. In October 2024, Ader Group announced the completion of the squeeze-out of the minority shareholders of Consus Real Estate AG. The Extraordinary General Meeting of Consus Real Estate AG on 11 June 2024 had resolved to transfer the no-par value registered shares of the minority shareholders to Adler Group S.A. as the majority shareholder. In accordance with the transfer resolution, the minority shareholders of Consus Real Estate AG received a cash payment of EUR 0.01 per transferred no-par value registered share totalling to EUR 50,408 by Adler Group S.A. As a result the negative balance of direct minority interests in Consus Real Estate AG amounting to EUR 98,243 thousand has been derecognized and the resulting difference in the amount of EUR 98,294 thousand has been deducted from share premium.

21. On 11 October 2024, following the completion of the comprehensive recapitalisation, S&P upgraded the issuer credit rating of Adler Group to 'B-' from 'SD'. S&P assigned a 'B+' issue rating to the 1st lien 12.500% notes issued by Adler Financing S.à r.l. with a total volume of EUR 1,205 million due 31 December 2028, a 'CCC+' issue rating to both the 1.5 lien EUR 555.6 million 14.000% and EUR 116.7 million 4.250% due 31 December 2029 issued by Adler Financing S.à r.l. and a 'CCC' rating to 2nd lien notes EUR 700 million 6.250% due 14 January 2030 held by Titanium 2L BondCo S.à r.l. S&P also raised Adler Real Estate's EUR 300 million 3.000% senior secured notes due 27 April 2026 to 'CCC+'. S&P did not assign a rating to the EUR 2,300 million perpetual notes.

22. On 15 October 2024, 454,878,321 voting securities (parts bénéficiaires) were issued to certain investors of the former 2L notes issued originally by AGPS BondCo PLC (the "2L Noteholders") for participating in, and supporting, the implementation of the financial restructuring of Adler Group S.A. and its subsidiaries in order for Adler Group S.A. to continue its operations as a going concern. The voting securities represent an aggregate of 75% of the total voting rights in Adler Group S.A. The voting securities have no nominal value. Each Voting Security grants its holder the right to one vote at all general meetings of Adler Group S.A., except for any decision in relation to any declaration or payment of dividend. The ISIN of the voting securities is LU2900363131.

23. On 4 November 2024, Adler Group announced an agreement had been reached regarding the sale of its 62.78% stake in the share capital of Brack Capital Properties N.V. to LEG Immobilien SE for a total cash consideration of EUR 219.3 million.

The transaction will be concluded via a two stage-closing mechanism. The first tranche of 52.68% of the share capital closed on 3 January 2025 via a direct sale at EUR 45.00 per share. For the second tranche of the remaining 10.10% of the share capital, Adler Group signed an irrevocable undertaking to tender its shares in a Public Offer under Israeli Law, at a price of EUR 45.00 per share or more, which settled on 14 April 2025.

The sale has been accounted for as an onerous contract on the balance sheet date resulting in an provision in the amount of EUR 182,979 thousand.

24. On 27 November 2024, the Ordinary General Meeting (OGM) of Adler Group passed all proposed resolutions. Besides other resolutions, the OGM appointed AVEGA Révision to perform the audit of the 2024 standalone annual accounts and consolidated financial statements of Adler Group. Also, the OGM appointed CFO Thorsten Arsan and restructuring expert Paul Copley to the Board of Directors as planned.

Furthermore, Adler Group announced that Dr. Karl Reinitzhuber (57) will become the new Chief Executive Officer (CEO) of Adler Group on 1 December 2024. He will succeed Thierry Beaudemoulin (53), who stepped down at his own request at the end of November 2024 to pursue new opportunities. Furthermore, the Board of Directors appointed Jan Duken (55) as Chief Operating Officer (COO). This role was previously also held by Thierry Beaudemoulin.

These changes to the Senior Management Team follow the appointment of Thorsten Arsan as the new CFO on 1 October 2024. In addition to Reinitzhuber (CEO), Duken (COO) and Arsan (CFO), Sven-Christian Frank as Chief Legal Officer (CLO) completes the Adler Group's Senior Management.

Further, the Board appointed Dr. Reinitzhuber as by way of co-optation, filling the vacant position on the Board after Thierry Beaudemoulin has stepped down. The Board of Directors consists now of six members: Stefan Brendgen as Chairman, Thilo Schmid as Chairman of the Audit Committee, real estate expert Matthias Moser, restructuring expert Paul Copley, Thorsten Arsan as CFO and Karl Reinitzhuber as CEO. It is intended to propose CEO Karl Reinitzhuber for re-election to the Board of Directors at the next General Meeting.

25. On 20 December 2024, Adler Group announced that it had procured binding commitments in the amount of c. EUR 1.2 billion for the refinancing of the 1L Notes issued by ADLER Financing S.à r.l., an orphan special purpose vehicle not related to Adler Group (“Financing SPV”), and a corresponding amendment of the 1L Facility between, inter alia, Adler Group and the Financing SPV.

The amended 1L Facility will accrue payment-in-kind (PIK) interest at a rate of 8.25% per annum plus a 1% OID with no call protection. The reduction of the PIK interest down from 12.5% reflects primarily an improved risk profile of Adler Group. The amended 1L Facility was issued on 28 January 2025 and the former 1L Notes were redeemed on 29 January 2025. The maturity date as well as all other terms of the 1L Facility remain unchanged.

26. On 23 December 2024, Adler Group S.A. announced that it entered into an agreement to sell 89.9% of its shares in the subsidiaries of the North Rhine-Westphalia-based “Cosmopolitan portfolio”, to Orange Capital Partners (“OCP”) and One Investment Management (“OneIM”), a global alternative investment management firm, with a put option to sell the remaining 10.1% in due course.

Once closed, the transaction, which has a total valuation of EUR 422.5 million for 100% of the GAV and compensation for embedded deferred tax liabilities, could generate up to c. EUR 215 million in net cash proceeds after the repayment of asset-level secured financing and transaction costs.

The Cosmopolitan portfolio comprises 6,788 rental units with an occupancy rate of 97.4% and average rent of EUR 6.30 per sqm per month. The assets are mainly located throughout Duisburg, Düsseldorf, Essen, Oberhausen and Dortmund.

The transaction was concluded via a share deal in which a tranche of 89.9% of the share capital is transferred. Further to that, the parties also agreed to enter into a put option, allowing Adler to sell its remaining 10.1% stake to OCP and OneIM in due course. The sale has been accounted for as an onerous contract on the balance sheet date resulting in an provision in the amount of EUR 61,899 thousand.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 December 2024 in the annual financial statements through 28 April 2025, the date of finalisation of the financial statements.

1. On 20 January 2025, Adler Group announced that it had procured binding commitments in the amount of c. EUR 0.7 billion for the refinancing of the 1.5L Notes issued by ADLER Financing S.à r.l., an orphan special purpose vehicle not related to Adler Group ("Financing SPV"), and a corresponding amendment of the 1.5L Facility between, inter alia, Adler Group and the Financing SPV ("Refinancing").

The amended 1.5L Facility will accrue payment-in-kind (PIK) interest at a rate of 10.00% per annum plus a 0.75% OID with a non-call protection in year 1 and a 1% call premium in year 2 (thereafter to be called at par). The reduction of the PIK interest from 14.00% reflects primarily an improved risk profile of Adler Group.

The former 1.5 Notes were divided into two series: (i) a EUR 556 million series, which accrues 14.00% PIK interest annually, and (ii) a EUR 116 million series, which accrues 4.25% PIK interest annually until 30 July 2025, after which it will convert into the EUR 556 million series and accrue interest at 14.00% PIK annually. Both were refinanced in parallel. The maturity date of the 1.5L Facility of 31 December 2029 remains unchanged. The Refinancing was completed on 18 February 2025.

2. On 28 January 2025 and 18 February 2025, the 1L and 1.5L Facilities were effectively refinanced. The outstanding loan amounts were increased, and the fixed interest rates were reduced. After the refinancing, the outstanding amount of the 1L Facility amounts to EUR 1,178 million, with an interest rate of 8.25% (compared to EUR 1,158 million outstanding amount and 12.5% interest rate before refinancing). After refinancing, the outstanding 1.5L Facility amounts to EUR 717 million, with an interest rate of 10% (compared to EUR 707.3 million outstanding amount and 14% interest rate before refinancing).

The new terms after refinancing are substantially different from the previous terms in accordance with IFRS 9. As a result, this leads to a derecognition of the existing liabilities and the recognition of a new liability at fair value.

3. In January 2025, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 345 million by more than three years until October 2028. Also in January 2025, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48 million by more than three years until October 2028.

4. On 10 February 2025, S&P revised their outlook on Adler Group and Adler RE to stable from negative and affirmed the B- issuer credit ratings as well as all of the existing issue ratings.

5. On 4 March 2025, Adler Group announced that it had completed the sale of 89.9% of its shares in the subsidiaries of the North Rhine-Westphalia-based “Cosmopolitan portfolio”, to Orange Capital Partners and One Investment Management with effect from 28 February 2025. The transaction had been announced on 23 December 2024.

6. On 14 April 2025, the remaining 10.10% of the share capital held in BCP were effectively transferred to the buyer LEG Immobilien SE, following a tender of Adler Group's shares in a Public Offer under Israeli Law, at a price of EUR 45.00 per share.

7. On 26 April 2025, the sale of the Consus-owned development project CologneApart to Cosimo Investment Group was completed.

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 2024

In 2024, net rental income amounted to EUR 208 million which was within the guidance of EUR 200-210 million.

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

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

Forecast for 2025

Following certain disposals made from the yielding asset portfolio, such as the stake in Brack Capital Properties N.V. (BCP) with effect of 2 January 2025 and the North-Rhine-Westphalia portfolio with effect of 28 February 2025, Adler Group expects to generate net rental income for 2025 in the range of EUR 127-135 million.

Opportunities and Risk Report

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

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

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

Risk report

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

Risk management system

The Group’s risk management governs all organisational regulations and measures and uses a Risk Management System to monitor and identify business risks to address them with suitable countermeasures. The existing Risk Management System is guided by the five principles of the COSO risk management model and records and regularly assesses all identified risks. Using the Risk Management System, the Group decides on the measures to be taken to address the respective risks. This Risk Management System is an appropriate and effective early warning and control instrument aligned with the corporate strategy and the portfolio structure. The Board of Directors ensures compliance with the statutory provisions and internal guidelines and works towards their observance within the Company (compliance). The internal control system and the Risk Management System also include the major compliance risks. The Board of Directors reviews the Risk Management System on a regular basis, at least once a year, to ensure it is aligned with the current risk environment and any relevant changes to the Group’s business. Due to the recapitalisation and their impact on the consolidated financial statements of the Adler Group and its subsidiaries in 2024, risk catalogue and weightings, risk correlations as well as the EUR ranges for risk quantification have been reviewed and adjusted. Changes to the Risk Management System resulting from the review are reflected in the update of the risk management handbook, as occurred for year-end 2024.

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

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

Risk organisation and responsibilities

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

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

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

Risk management processes

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

Risk identification and assessment

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

Categories

The risks are divided into six categories with the following weighting at the first level:

1. Macroeconomic, industry-related and political conditions	10%
2. Sustainability risks	10%
3. Financial and financing risks (so far 30 %)	40%
4. Operating risks from management of property holdings (portfolio)	10%
5. Operating risks from development activities (so far 25 %)	15%
6. Company-specific risks (such as reputation, etc.)	15%

Due to the need to specify the sustainability risks in accordance with the Corporate Sustainability Reporting Directive (CSRD), a separate risk category was included again as at 31 December 2024, replacing the 'Strategic risks' risk category as risk category 2. The 'Strategic risks' risk category also included risks from the corporate strategy, the corporate and shareholder structure and digitalisation. The risks from the corporate strategy and from the corporate and shareholder structure are included in the newly included risks from recapitalisation (in risk category "Financial and financing risks"). The risks from digitalisation are now included in IT risks (Company-specific risks), as they have become less important as a strategic issue and the risks lies more in operational implementation.

As a result of the decision to sell most of the projects upfront without further construction activities (upfront sale), the significance of project development risks for the overall risk position has decreased.

The six risk categories contain 32 (YE 2023: 38) risks and risk sub-categories on second level with a total of 95 (YE 2023: 106) individual risks. The individual risks within each subcategory are weighted amounting to 100%, the same applies to the subcategories in the six categories.

Qualitative assessment

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

Expected loss

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
Significant (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

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

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

Furthermore, a risk or risk sub-category is defined as "material" if the weighting in the overall risk assessment exceeds 5%, which is calculated as the weight of the risk category multiplied by the weight of the risk or risk sub-category within the risk category. As in the 2023 report, this risk report only describes such risks that are considered material and at the same time have a risk score of more than 4.5.

Risk quantification

The quantification system was changed to the effect that material risks must be quantified directly if possible. Quantification using qualitative scores and EUR ranges is only used as an alternative for non-material and those risks where direct quantification is not possible. The indirect (top-down) quantification scoring model differentiates between the impact of a specific risk on the liquidity and on total assets. The EUR ranges were also adjusted to the new capital structure and planning of Adler Group as part of this process.

The risks are categorised in a risk matrix (i.e., heat map). The matrix differentiates between the expected loss from a certain risk (in EUR million) affecting either the liquidity or the total assets (or both) and the probability of its occurrence (in percent). Both criteria are divided into the same six risk classes (as in the qualitative assessment).

Measures already taken to reduce or avert a risk are taken into account for both the expected loss and the probability of occurrence. The top-down quantification is carried out at the level of the sub-categories depending on their weighted contribution to the risk score of the entire Group.

Based on the implementation of the recapitalisation and an updated plan on sales of real estate and developments projects, the expected amount of damage on liquidity and total assets has been reviewed as at year end 2024. The review resulted in a reduction of the EUR amounts regarding liquidity and total assets for the indirect risk quantification. There is no change in the classes for probability of occurrence.

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

Expected loss

Risk class	Liquidity (2024)(*) (in EUR million)	Liquidity (2023)(*) (in EUR million)	Total assets (2024)(*) (in EUR million)	Total assets (2023)(*) (in EUR million)
Threatening (6)	> 75	> 200	> 332.5	> 1,250
Severe (5)	> 37.5 - 75	> 100 - 200	> 166.25 - 332.5	> 625 - 1,250
Serious (4)	> 11.25 - 37.5	> 30 - 100	> 49.88 - 166.25	> 187.5 - 625
Significant (3)	>3.75 - 11.25	> 10 - 30	> 16.63 - 49.88	> 62.5 - 187.5
Medium (2)	> 1.5 - 3.75	> 4 - 10	> 6.65 - 16.63	> 25 - 62.5
Low (1)	> 0 - 1.5	> 0 - 4	> 0 - 6.65	> 0 - 25

(*) Expected amount of damage over two years.

Probability of occurrence

Risk class	(Percent 2024)	(Percent 2023)
Probable (6)	> 90	> 90
Likely (5)	> 75 - 90	> 75 - 90
Conceivable (4)	> 50 - 75	> 50 - 75
Seldom (3)	> 25 - 50	> 25 - 50
Remote (2)	> 10 - 25	> 10 - 25
Unlikely (1)	0 -10	0 -10

Monitoring and reporting

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

In 2024 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. From 2025 on, the regular risk report will be conducted on a half year basis. In addition, the Senior Management and the Board of Directors are immediately notified if new risks with potentially significant effects arise, or if existing risks become more relevant.

Internal control system

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

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

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

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

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

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

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

Risk environment

While the recapitalisation in September 2024 has put Adler Group on a financially more stable basis for the years to come, there are different signals coming from both the industry and the overall economic environment.

Economic, political and financial factors

In 2024, the German economy shrank the second year in a row with the GDP falling by 0.2%. And the outlook for 2025, as provided by different expert sources, does not seem to indicate any fast improvement either. The inflation rate, on the other side, has come down to 2.2% in 2024 which is less than half the rate of the previous year. On the back of this development, the European Central Bank has reduced central financing rates further in 2024 (and also in 2025) resulting in interest rates generally having come down significantly and are expected to decrease further over the next months. Lower interest rates are generally positive for the real estate industry as financing becomes cheaper and valuation of existing assets will be influenced positively.

A positive signal has been observed in the transaction market. After severe declines in the two previous years, the volume of transactions grew by 14% in 2024 with roughly one third of the transactions relating to the rental or living segment, the segment relevant to Adler Group. Whether this trend will continue in 2025 is unclear, but at least the market seems to have bottomed out.

Net rental income is the main source of Adler Group's operational income. As such, the potential for future increases in rents determines income expectations which again depends to a large degree on market developments. In 2024 rents in the German market moved more or less in line with the inflationary environment with an increase of 2.1%. As the number of new apartments being built has not only fallen short of the numbers of the previous year but even more so to the numbers needed to close the gap between supply and demand, the existing imbalance is expected to persist – which again supports the expectation that rents will continue to rise in the years to come.

Audits for 2022 and 2023 completed

Adler Group had been unable to publish audited financial statements for 2022 and 2023 in due time, following the fact that the mandated auditor at the time had refrained from the audit after issuing a disclaimer of opinion on the 2021 annual reports. After a successful extensive search for new financial auditors, Adler Group published on 30 September 2024 the audited reports for 2022 and 2023 with unqualified audit opinions and without restatements.

Restructuring and recapitalising the Group

In September 2024, Adler Group managed to finalise a comprehensive recapitalisation. This measure stabilised the capital structure of the Company by shifting the Company's bond maturities to 2028 and beyond, by significantly increasing the group's equity position and by providing additional liquidity. For details, please refer to the section "Material events" of Management report.

Progress on asset sales

On 4 November 2024, Adler Group reached an agreement for the sale of its 62.78% stake in the share capital of BCP to LEG Immobilien SE ("LEG") for a total cash consideration of EUR 219.3 million. In a first step, a 52.68% stake was transferred on 3 January 2025 and c. EUR 184 million cash proceeds were received.

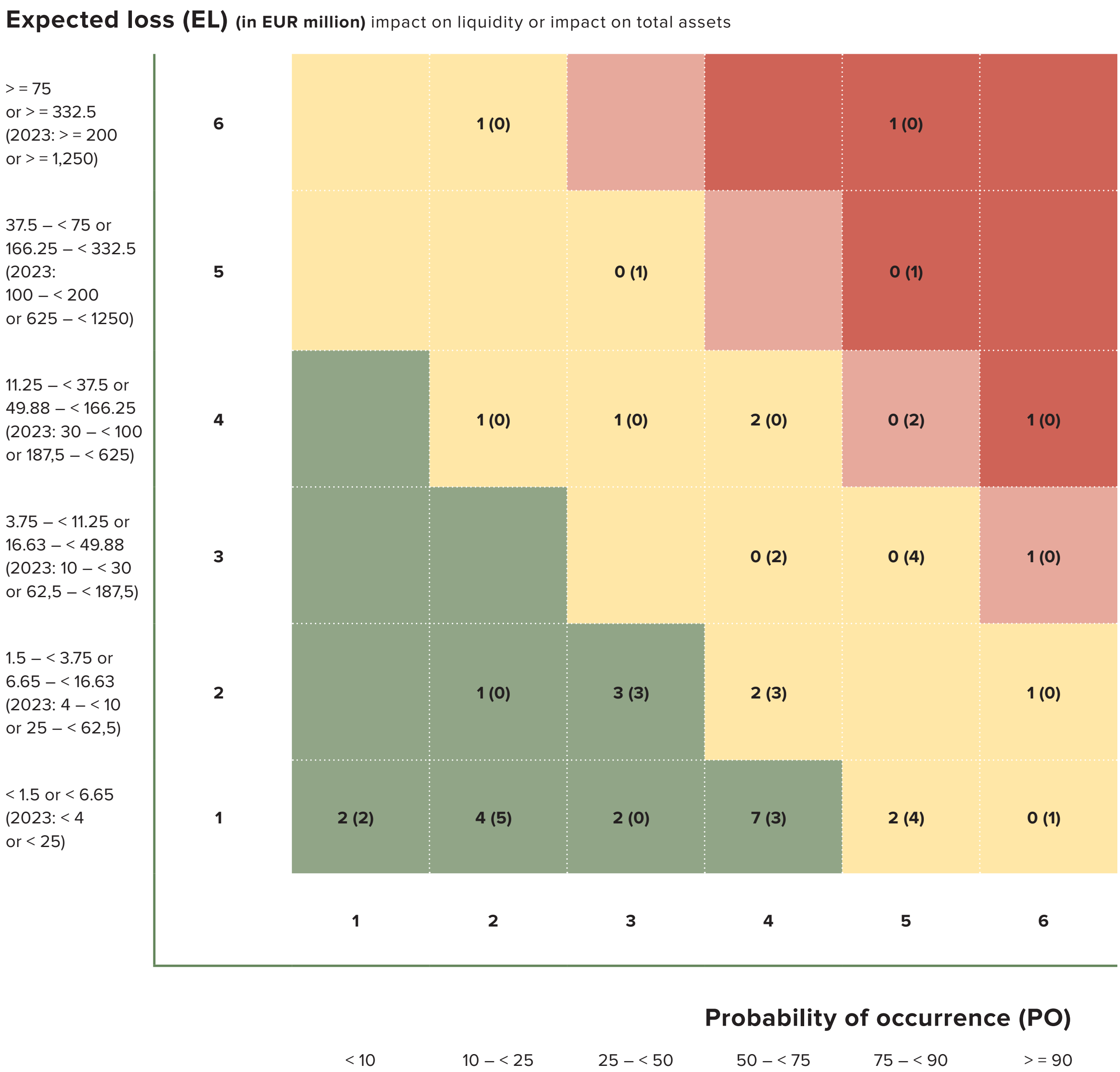
On 23 December 2024, Adler Group entered into an agreement to sell 89.9% of its shares in the subsidiaries of the North Rhine-Westphalia-based "Cosmopolitan portfolio" composed of 6,788 rental units to Orange Capital Partners and One Investment Management with selling the remaining 10.1% in March 2025. In a first step, an 89.9%-stake was transferred on 28 February 2025. The transaction has a total valuation of EUR 422.5 million for 100% of the GAV.

Risk assessment as at 31 December 2024

The risk assessment as at 31 December 2024 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 new combined quantification scoring model as at 31 December 2024 is illustrated in the following heat map, showing the number of risks in the individual expected loss and probability of occurrence clusters:



(x): Number of risks as at 31 December 2023, based on higher expected losses for liquidity and equity.

The three risks in the red area are:

- Risks from recapitalisation and other non-financial covenant breaches (assessed as threatening the existence of Adler Group) (EL 6/Po 5).
- Risks from upfront sales (EL 4/PO 6) (assessed as threatening the existence of Adler Group).
- Risks from forward sales (EL 3/PO 6).

Changes from 2023 to 2024

- With the implementation of the comprehensive recapitalisation in September 2024, the requirements for project upfront sales, capex and administration budgets are more challenging. The risks have been assessed first time as at 31 December 2024. In view of the challenges posed by a tense market environment with low transaction volumes, falling property values and numerous insolvencies of project developers resulting in an oversupply of projects for sale on the market, there is an increased risk that the planned sales will not take place at the appropriate times or at the planned price despite the market recovery expected for 2026.
- There is a risk that the capex budget set out in the updated recapitalisation cannot be met to complete the forward sales to fulfil contractual obligations or to maintain the projects intended for sale in a readily saleable status. The valuation risk, which had been allocated to the red area as at 31 December 2023, is shifted to the yellow area. All material decrease in values have been recognised either by sales prices of property holdings and projects or by necessary devaluations in 2024.
- After a successful extensive search for new auditors, Adler Group published on 30 September 2024 the audited reports for 2022 and 2023 with unqualified audit opinions and without restatements. Therefore, the Audit opinion and disclosure risks, which had been allocated to the red area as at 31 December 2023, could be downgraded to the yellow area.
- Based on the comprehensive recapitalisation maturity profile of financing debts has improved which secures – together with funds freely available from sales – liquidity mid-term. Therefore, liquidity risk, which had been allocated to the red area as at 31 December 2023, could be downgraded to the yellow area.

In total, 10 risk sub-categories are located in the yellow area, 19 in the green area of the heatmap.

Qualitative assessment

The table overleaf provides an overview as at 31 December 2024 of the risk sub-categories that were given a risk score of more than 4.5 according to the Group's qualitative assessment and were therefore classified as highly relevant. The relevance based in this level of risk score requires immediate internal reporting of the risk owner. Risk sub-categories that are considered material (i.e., weighting in the overall risk assessment exceeds 5%) are also noted below.

Risk category	Risk sub-category	Risk score	Materiality
Macroeconomic, industry-related and political conditions	n.a.		
Sustainability risks	Environmental risks	4.8 (-)	
Financial and financing risks	Risks from recapitalisation and other non-financial covenants	5.4 (-)	Material
	Liquidity risks	4.6 (5.4)	Material
Operating risks from management of property holdings	n.a.		
Operating risks from development activities	Risks from upfront sale projects	5.4 (-)	Material
	Risks from forward sale projects	5.3 (-)	
Company-specific risks	n.a.		

Highly relevant and material risks

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

Sustainability risks

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

In this new risk category, a total of 10 (2023: n.a.) risks were identified in three risk sub-categories. Of the following three risk sub-categories one was classified as highly relevant.

Environmental risks

In line with these changes - or maybe also leading them – the EU has worked out an elaborate taxonomy in view of different environmental goals obliging companies to a high degree of transparency on these matters. Taxonomy has been established with the clear goal to allow investors to shift their investments to more environmentally friendly corporates and thus speed up the transformation process of decarbonisation. Environmental aspects play a crucial role in all of the Group's business activities. The Group has set itself the objective to halve the CO_2 emissions of its property portfolio by the year 2030 (compared to the emissions in 2020). Measures to reach the goal, however, have been postponed as long as it is unclear which parts of the portfolio will be maintained longer term in the framework of the ongoing restructuring process. Failure to achieve this goal is fraught with certain risk, although neither legal, nor financial or reputational consequences are clear by now.

While these risks can hardly be estimated, it is clear that companies operating energy-inefficient buildings will have to bear increasing costs in terms of CO_2 levies. With its Green Deal, the European Union (EU) has formulated important sustainability goals—and the renovation and energy-efficient refurbishment of buildings contribute to their achievement. In keeping with the Green Deal, the German government has launched a climate protection programme that introduced a levy on CO_2 emissions. The CO_2 levy for heating residential buildings is borne by both the tenants and landlords. The ratio for how it is divided between landlords and tenants depends on the energy efficiency of the building: the lower the energy efficiency of the building, the higher the share borne by landlords. The absolute amount of the levy is already determined up until 2025. The further development is subject to political decision. As governments have subscribed to the climate goals, further increase in the levy is expected. In order to avoid the risk of increasing levies, landlords have to take measures to increase energy efficiency which may be costly and may only be partly transferable to tenants.

Financial and financing risks

In this risk category, a total of 23 (2023: 21) risks were identified in seven risk sub-categories. As described above, the financial and refinancing conditions give rise to risks that threaten the going concern of the Company. Of the following three risk sub-categories one was classified as highly relevant and two were classified as highly relevant and material:

Risks from recapitalisation and from other non-financial covenants

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

With the implementation of the recapitalisation in September 2024, the requirements for project sales, capex and administration budgets are more challenging.

In view of the challenges posed by a tense market environment with low transaction volumes, falling property values and numerous insolvencies of project developers resulting in an oversupply of projects for sale on the market, there is an increased risk that the planned sales will not take place at the appropriate times or at the planned price despite the market recovery expected for 2026. If construction costs remain high, there is a risk that the capex budget set out in the recapitalisation plan cannot be met to complete the forward sales to fulfil contractual obligations or to maintain the projects intended for sale in a readily saleable status.

Liquidity risks

In September 2024, Adler Group managed to finalise a comprehensive recapitalisation which was based on an adjusted business plan and sales timeline, i.e., to dispose of development assets at adjusted prices until 2026, and to largely dispose of the yielding portfolio in 2027/2028 when the market is expected to have recovered. The extended timeline to dispose of assets required an adjustment of the Group's capital structure and liquidity. In addition to the cash-in from asset sales, liquidity will be influenced by capital expenditures to finalise forward sales contract as well as by notified cost saving in administration.

In the context of the comprehensive recapitalisation completed in September 2024, two baskets on Consus subgroup level were implemented. Firstly, a EUR 265m-basket for intercompany loans to members of the Consus sub-group provided by Adler Group and/or any of its subsidiaries which is not a member of the Consus subgroup and secondly, a EUR 240m-overall basket for capex spent by members of the Consus sub-group after 1 April 2024. The first basket sets a limit for liquidity provided to the Consus subgroup. The second sets a limit to the capex which can be spent by the members of the Consus subgroup. In addition, Consus may incur up to EUR 100m additional secured debt (provided that such debt may not benefit from any guarantees or collateral provided by an entity which is not a member of the Consus subgroup). The proceeds of such additional debt may (also) be used to finance capex in addition to the EUR 240m basket.

Based on the updated capex planning for the coming years, management considers that it may become necessary to increase the baskets for capex spending and potentially also to intercompany loans towards the end of 2025 in order to finalise certain construction works for mainly three development projects. The Adler management is confident that, if this becomes relevant, the bondholders would agree to increase the aforementioned limits since the completion of the three development projects is value creating for Adler and, hence, its creditors.

The ability of the Group to sell properties generally depends on various factors, such as the liquidity of the real estate markets at the time of the potential sale.

Operating risks from development activities

In this risk category, a total of 11 (2023: 17) risks were identified in three risk sub-categories, one of which was classified as highly relevant and one was classified as highly relevant and material:

Risks from upfront sale projects

As all projects, which will not be completed short-term (before the end of 2025) and delivered as forward sale or condominium projects, are classified as upfront sales, appropriate sale prices have to be achieved to fulfil the requirements of the comprehensive recapitalisation and future compliance with financial covenants. This will probably be challenging in the actual economic and real estate environment. At the same time, sale prices below the book value may lead to impairment losses that can have a negative effect on the balance sheet structure, especially on equity.

With classification as highly relevant and material, this risk is immediately threatening the existence of the Group.

Risks from forward sale projects

Adler Group sold real estate developments to institutional and private clients by entering into forward sale agreements. Such forward sales can, in general, be delayed due to economic uncertainty, and the willingness of purchasers to invest may decline in a changing economic environment. If the Company is unable to fulfil its obligations under the forward sale agreements by completing the respective project development as planned, it may negatively influence the Company's ability to refinance the acquisition costs and development of a project, lead to delays in or fail to launch new real estate development projects. The ability of the Group to successfully complete those development projects which are not dedicated for upfront sales, depends on the availability of sufficient financing and building materials at reasonable terms. A variety of factors can lead to unforeseen cost overruns or significant delays in development projects, including lack of availability and increases in the cost of construction materials, adverse events at contractors and/or subcontractors, increases in the costs of professional service providers, a shortage of qualified personnel in the German construction sector and deficiencies in construction services provided by third parties, among other factors. Any such cost overrun, or delay could result in significant cost increases and, ultimately, negatively affect the profitability of the Group's business operations.

Opportunities report

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

Opportunities from the macroeconomic, industry-related and political conditions

After an enormous increase in 2022 due to the Ukraine war, energy prices and inflation declined again in 2023 and continue to do so on a lower level in 2024. Yet, both remain on a high level which strain the people's available budget. The rise in interest rates have also had a negative impact on demand in the real estate markets. However, in the Group's current portfolio, index-linked tenancy agreements help to increase the rental income as long as inflation rates remain high. Additionally, if prices for construction materials and real estate services do not rise as sharply as in recent years, it may have a positive effect on the Group's earnings position.

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.

Financial and refinancing opportunities

As the proposal on adjustment of the restructuring plan and sales timeline of development assets required an adjustment of the Group's capital structure and liquidity, Adler Group completed a comprehensive recapitalisation in September 2024. These changes provided the Group with improved operational flexibility and the ability to address its near-term maturities across its financing arrangements, affording it a period of limited financial pressure.

With the disposal progress in a challenging real estate market 2024, Adler Group successfully accumulated a sizeable cash position to continue with the Company's plan in the remaining period of the year 2025.

Opportunities from the operating business

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

Company-specific opportunities

The further upfront sale of development projects and the ongoing streamlining of the Group's tax structure offer opportunities to increase efficiency and reduce costs.

Overall management assessment of risks and opportunities

The Senior Management of Adler Group has identified the above-mentioned risks threatening the Company's continued existence as of 31 December 2024 and has initiated appropriate measures to avert them. Against the backdrop of the implemented comprehensive recapitalisation becoming effective in September 2024, from today's perspective, the Senior Management does not see any financial and financing risks or risks from the operating business that could jeopardise the mid-term continuation of Adler Group as a going concern in terms of its results of operations and/or net assets.

Nevertheless, despite proactive measures, the going concern assessment is inherently subject to certain risks and uncertainties. This is predicated on the successful negotiation with creditors to sustain the business, realise asset sales, and settle liabilities in the ordinary course of business for the foreseeable future, which is assessed to be at least, but not limited to, two years from the reporting date.

Concluding remark

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

Responsibility Statement

We confirm, to the best of our knowledge, that the Consolidated Financial Statements of Adler Group S.A. presented in this Annual Financial Report for 2024, 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.

28 April 2025

Dr. Karl Reinitzhuber
CEO

Thorsten Arsan
CFO