

# INTERIM REPORT H1

AS AT 30 JUNE 2023

## /// KEY FIGURES

| <b>In EUR millions</b>   |                                |                                |
|--|--------------------------------|--------------------------------|
| <b>Consolidated Statement of Income</b>                              | <b>6M 2023</b>                 | <b>6M 2022</b>                 |
| Net rental income  | 56.2                           | 71.0                           |
| Earnings from property lettings                                      | 54.1                           | 57.3                           |
| Earnings from the sale of properties                                 | -0.0                           | -12.2                          |
| EBIT   | -235.3                         | -93.1                          |
| Consolidated net profit from continuing operations                   | -211.6                         | -168.5                         |
| Consolidated net profit  | -211.6                         | -168.5                         |
| FFO I  | 20.4                           | 22.3                           |
| FFO I per share in EUR (fully diluted) <sup>1)</sup>                 | 0.19                           | 0.20                           |
| <b>Consolidated Balance Sheet</b>                                    | <b>30.06.2023<sup>2)</sup></b> | <b>31.12.2022<sup>2)</sup></b> |
| Investment Properties (including inventories)                        | 2,808.4                        | 3,162.5                        |
| EPRA NRV (adjusted and fully diluted)                                | 1,608.4                        | 1,776.2                        |
| EPRA NRV per share in EUR (adjusted and fully diluted) <sup>1)</sup> | 15.31                          | 16.23                          |
| EPRA Loan-to-value in %  | 48.7                           | 50.2                           |
| WACD   | 3.7                            | 2.2                            |
| <b>Cashflow</b>  | <b>6M 2023</b>                 | <b>6M 2022</b>                 |
| Net cash flow from operating activities                              | 16.9                           | 13.1                           |
| Net cash flow from investing activities                              | 4.2                            | 760.7                          |
| Net cash flow from financing activities                              | -7.7                           | -814.8                         |
| <b>Employees</b>   | <b>30.06.2023</b>              | <b>31.12.2022</b>              |
| Number of employees  | 270                            | 285                            |
| FTEs (Full-time equivalents)   | 254                            | 269                            |
| <b>Portfolio<sup>3)</sup></b>  | <b>6M 2023</b>                 | <b>6M 2022</b>                 |
| Portfolio (units)  | 11,161                         | 10,010                         |
| – of which residential   | 10,897                         | 9,833                          |
| – of which commercial  | 264                            | 177                            |
| Average rent (EUR /month/sqm)  | 7.28                           | 6.99                           |
| Vacancy rate (%)   | 1.6                            | 2.3                            |
| Fair value investment properties incl. Inventories                   | 1,743                          | 1,703                          |
| Net rental income  | 61.8                           | 50.1                           |

<sup>1)</sup> Based on the number of shares outstanding as at balance sheet date.

<sup>2)</sup> Pro forma calculation on assumption that subgroup Brack Capital Properties (BCP) was not treated as held for sale.

<sup>3)</sup> Not including those rental units which have been regrouped to the balance sheet position „Non-current assets held for sale“.

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## /// PORTFOLIO

### THE PROPERTY PORTFOLIO

At the midyear stage of 2023, ADLER Real Estate AG held a total of 11,161 rental units that are intended to be held permanently and are therefore recognised in the balance sheet as investment properties. They are mainly located in North Rhine-Westphalia and Berlin and comprise a total area of 723.840 square metres. The 9,600 units of the subsidiary Brack Capital Properties NV (BCP) are contained in the balance sheet item "Non-current assets held for sale" due to the ongoing efforts to sell the portfolio.

The operational performance data for the portfolio consisting of the investment properties was as follows in the first half of 2023: The contracted rent/square metre/month averaged EUR 7.28 at the end of the reporting period, and the vacancy rate (excluding units under renovation) reached 1.6 percent.

The fair value of the total portfolio, calculated according to IFRS, amounted to EUR 1,721.3 million at the end of the first half of 2023.

## /// THE ADLER SHARE

### Shares no longer playing major role on stock exchange

ADLER shares are no longer playing a major role on stock exchange price lists as Adler Group S.A. holds around 97.0 percent of ADLER's shares. Brokerage houses no longer issue reports on ADLER. Nevertheless, after an initial sharp drop, the share gained around 23 per cent in value in the course of the first half year of 2023 and thus performed much better than the Solactive DIMAX sector index, which comprises the major listed real estate companies in Germany and lost around 19 percent of its value in this period. The main reason for the positive share price performance compared to the industry was the decision of the Extraordinary General Meeting of ADLER Real Estate on 28 April 2023 to offer the remaining minority shareholders a cash settlement of EUR 8.76 per share as part of a squeeze-out.

Because the financing required for all Adler Group companies is handled centrally, ADLER has not been actively involved in the capital markets ever since its acquisition by Adler Group. Investor relations activities have been reduced correspondingly. However, ADLER continues to meet its obligations as a listed company, which include quarterly reporting.

/// INTERIM GROUP MANAGEMENT REPORT  
/// FUNDAMENTALS OF ADLER REAL ESTATE AG GROUP  
/// ECONOMIC REPORT  
/// REPORT ON RISKS AND OPPORTUNITIES  
/// REPORT ON EXPECTED DEVELOPMENTS  
/// REPORT ON EVENTS AFTER THE BALANCE SHEET DATE  
/// RESULTS FROM OPERATIONS, NET ASSETS  
AND FINANCIAL POSITION

## /// GROUP FUNDAMENTALS

### BUSINESS MODEL

ADLER Real Estate (hereinafter ADLER) is a German residential property companies with a focus on affordable housing. Its portfolio is primarily located in – or on the outskirts of – large and growing conurbations. All of the Group's properties and business operations are located in Germany.

The business model is the long-term letting of flats and the generation of sustainable cash flows. To secure long-term profitability, ADLER opportunistically adjusts its residential portfolio through acquisitions and disposals.

All main functions relating to property management are carried out through the staff of Adler Group, of which ADLER is part of since the middle of 2020. The daily management of the portfolio lies in the hands of group companies like ADLER Wohnen Service GmbH, ADLER Gebaeude Service GmbH and ADLER Energie Service GmbH. The portfolio of Brack Capital Properties N.V. (hereinafter BCP) is managed by RT Facility Management GmbH, a company belonging to BCP.

### Residential real estate portfolio

The portfolio of ADLER is largely composed of small to medium-sized residential units. The flats have an average size of slightly over 60 square metres and are particularly well suited to the needs of the company's target group, namely tenants with low to medium incomes.

### Acquisition strategy

Following its integration into the Adler Group, ADLER no longer pursues its former independent acquisition strategy but instead follows the overall strategy of the new Group. The portfolio is reviewed regularly as part of the portfolio optimization process.

### Financing strategy

Following its integration into the Adler Group, ADLER has ceased to pursue an independent financing strategy, but rather is subject to decisions taken by the new Group. The same is true for the accompanying risk management.

## MANAGEMENT SYSTEM

### Financial performance indicators

The main financial performance indicators used by ADLER are the net rental income and the funds from operations I (FFO I). EPRA net reinstatement value (EPRA NRV) and EPRA loan-to-value (EPRA-LTV) play a secondary role due – amongst others – to the integration into the Adler Group.

### Non-financial performance indicators

Numerous non-financial performance indicators are regularly monitored within the Group's property management activities, some of which are included in the non-financial reporting. These are not used for active management of the company. ADLER is part of Adler Group's non-financial reporting.

## **EMPLOYEES**

As the group holding company, ADLER Real Estate AG has Management Board members but no employees. Operational tasks relating to central administration and portfolio management are performed within the Group by employees of Adler Group who are employed by different group companies with whom corresponding service contracts exist.

## **RESEARCH AND DEVELOPMENT**

As a real estate group, ADLER does not perform any research and development functions in the traditional sense. However, insights from regular market analyses form an important basis for all operating activities.

# **/// ECONOMIC REPORT**

## **MACROECONOMIC AND SECTOR-SPECIFIC SETTINGS**

In the first half of 2023, the German economy stagnated. Compared to the corresponding period of the previous year, the gross domestic product, adjusted for price and calendar effects, decreased by 0.2 percent in the first and the second quarter each. The unemployment rate reached 5.5 percent in June 2023, about 0.3 percentage point higher than a year earlier. At the same time, the inflation rate stayed high reaching 6.8 percent – mainly due to higher prices for food, products and services. The real estate sector proved to be a stabilising factor, as rents only increased by 2.0 percent in the first six months of 2023 according to the cost of living index.

## **LEGAL FRAMEWORK**

All homeowners in Germany are addressed by the amendment to the Building Energy Act, which was presented by the federal government in April 2023 and has been the subject of intense debate both in the political arena and among the general public. In its original version, it stipulates that from 2024, new heating systems should be powered by renewable energies to at least 65 percent. From 2045 onwards, heating systems may no longer be operated with fossil fuels. The replacement of heating systems will be subsidized to avoid any social hardship. The bill is expected to be resolved on in the second half of the year.

# **/// REPORT ON RISKS AND OPPORTUNITIES**

In addition to the opportunities and risks presented in the Group management report for financial year 2022, changes have occurred in the first half of 2023 primarily as a result of the provisions of the restructuring plan and the associated changes in the strategic orientation of Adler Group as well as resulting risks with an effect on ADLER. With regard to the opportunities, reference is made to the integrated consolidated financial statements for 2022.

With the Adler Group's focus on a yield portfolio anchored in Berlin with limited development exposure and the classification of all projects that will not be completed in the short term (by 2025) and delivered as forward sale or condominium projects as upfront sale, all those projects were analyzed for their sales opportunities and achievable sales prices. The Company's sales strategy developed for the existing properties and project developments is currently being implemented. As a result, the number of employees has been reduced, changes have been made to the Group structure and long-term liabilities have been refinanced. In view of the advancing maturities of financial liabilities, in particular the repayment of the fresh money due in mid-2025, liquidity and valuation risks have increased. With the approval of the restructuring plan and the provision of the Fresh Money, the reputation of Adler Group and ADLER improved, also the decision to sell most of the projects makes Adler Group less dependent on availability of suppliers and subcontractors and vulnerable to further price increases of construction materials and energy. On the other hand, the investigations by the state prosecutor and the searches of company and private premises, as well as the accompanying negative press, have damaged the Company's reputation.

On June 29, 2023, the Court of Appeal in the United Kingdom allowed an appeal against the approval of the restructuring plan of AGPS BondCo PLC, a wholly owned subsidiary of Adler Group, by the High Court of Justice of England and Wales under Part 26A of the Companies Act 2006 on April 12, 2023. The appeal was requested by a group of bondholders known as the Ad Hoc Group ("AHG"). The appeal hearing has been scheduled for three to four days, between October 23 and 26, 2023. Thereafter, we expect the Court of Appeals to render its decision within a few months. While the planned appeal is pending, the Company believes that this does not constitute a legal impediment to the further implementation of the restructuring. However, in the absence of relevant court decisions, the Company cannot assess the outcome and impact of the appeal with certainty.

After the auditing firm Rödl & Partner agreed at the end of April to audit the annual and consolidated financial statements of ADLER Real Estate AG for the year 2022, Rödl & Partner was appointed auditor of Adler Real Estate AG by the Berlin Registration Court on May 26, 2023. In addition to the restructuring plan, the appointment of the auditor has, in the opinion of the Management Board, had a positive impact on the reputation.

On July 3, 2023, Adler Group S.A. signed a loan agreement to borrow up to EUR 75 million at market interest rates and a term until June 30, 2025 from its subsidiary, ADLER Real Estate Aktiengesellschaft ("Adler RE") with the consent of its Board of Directors. The interest rate of the loan is 13 percent p.a. Collateralization of the loan has been waived, as ADLER Real Estate could at any time offset the receivable against the Company's receivable from an offsetting loan in the current amount of approximately EUR 235 million. ADLER thus has further liquidity options beyond the sale of properties and projects for two years.

### **Risk management system**

Compared to 31 December 2022, there have been no material changes in the risk management process and risk identification and assessment within the Adler Group applicable to ADLER as a subsidiary. With regard to risk organization and responsibilities, central risk management as part of the "Compliance & Risk Management" area was assigned to the Chief Restructuring Officer (CRO) as a new function in the senior management of the Adler Group as of 1 July 2023.



## Quantification scoring model

As of the 1st half of 2023, further risks were assessed as threatening the existence of ADLR. The risks "Risks from the breach of financial covenants" and "Liquidity risks" were recorded with a potential loss amount with regard to liquidity of EUR 37.5 - < 75 million and with regard to equity of EUR 445 - < 890 million (class 5), respectively, with a probability of occurrence of 75 - < 90 percent (class 5). Furthermore, the risk of deterioration of the company's rating in the red zone was recorded with loss class 5 and a probability of occurrence of > 90 percent (class 6).

The "Reputational risk" could be downgraded to the yellow range.

## Risk-bearing capacity analysis

Based on the risk quantification model and the aggregated liquidity risk position, ADLER is dependent on the successful implementation of the restructuring plan and the provision of funds to enable the repayment of the ADLER 2023 SUN. In the current 2-year planning, the Company assumes sufficient cash inflow from the sale of properties and projects in the period under consideration to be able to cover the aggregated liquidity risk position as of June 30, 2023.

Based on the risk quantification model and the aggregated equity risk position, ADLER will be able to cover the aggregated risk position despite possible sales of projects and properties below the current balance sheet values with collection of corresponding valuation losses.

## Qualitative evaluation

The following table provides an overview of the changes in risk subcategories as of June 30, 2023, compared to December 31, 2022, that have been assigned a risk score of more than 4.5 according to the qualitative assessment and have therefore been classified as highly relevant. Risk subcategories that are considered material (i.e., weighting in the overall risk score exceeds 5 percent) are also listed below. For the remaining risk subcategories, please refer to the Annual Report 2022. In the following table, the comparative values as of December 31, 2022 are shown in parentheses.

| Risk category                                   | Risk subcategory                               | Risk score | Materiality |
|---|--|------------|-------------|
| <b>Financial and treasury risks</b>             | Liquidity risk                                 | 5.5 (5.1)  | substantial |
|   | Risks from the breach of financial covenants   | 5.3 (4.6)  | substantial |
|   | Deterioration of the external corporate rating | 5.3        |             |
|   | Accounting and valuation risks                 | 4.8 (4.6)  | substantial |
| <b>Operational risks in project development</b> | Project-specific transaction risks             | 5.5        |             |
| <b>Company-specific risks</b>                   | Central purchasing                             | 4.5 (4.8)  |             |

## Very relevant and material risks

As of June 30, 2023, certain risks or risk sub-categories that have been classified by the ADLER Group as highly relevant (i.e., with a risk score of more than 4.5 in the qualitative assessment) and material (i.e., with a weighting of more than 5 percent in the overall risk assessment), with the following risks considered to threaten the Company's existence: (1) liquidity risks and (2) risks from breaches of financial covenants.

## **Overall assessment of risks and opportunities by management**

ADLER's management has identified the above-mentioned risks threatening the Company's existence as of June 30, 2023 and has initiated appropriate measures to avert them. The strategic orientation with the planned sale of properties and projects as well as the further focus on the portfolio on the Berlin region should have created the conditions for sufficient liquidity and thus for a positive going concern forecast and the financing of all material maturities until mid-2025. The provision of fresh money by the bondholders as part of the restructuring plan has given the Adler Group and its subsidiaries the necessary flexibility to be able to implement the further measures in the interests of the Company.

## **/// REPORT ON EXPECTED DEVELOPMENTS**

Since the 2022 reporting, expectations for the current financial year have not changed. ADLER Real Estate expects net rental income for 2023 to fall into the range of EUR 108 to 115 million.

## **/// REPORT ON EVENTS AFTER THE BALANCE SHEET DATE**

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

No further events with the potential to significantly influence the earnings, assets and financial position of ADLER occurred between the end of the period under report and the editorial deadline for this report. The company's business performance up to the reporting date confirms the statements made in its report on expected developments.

## /// RESULTS FROM OPERATIONS, NET ASSETS AND FINANCIAL POSITION

### RESULTS FROM OPERATIONS

ADLER generates its income almost exclusively from the management of its existing properties. This is the main focus of its business model.

| In EUR millions   | 6M 2023       | 6M 2022       |
|---|---------------|---------------|
| Gross rental income   | 91.0          | 117.3         |
| – of which net rental income                                | 56.2          | 71.1          |
| Expenses from property lettings                             | -36.9         | -60.0         |
| <b>Earnings from property lettings</b>                      | <b>54.1</b>   | <b>57.3</b>   |
| Income from the sale of properties                          | 30.5          | 1,046.6       |
| Expenses from the sale of properties                        | -30.5         | -1,058.9      |
| <b>Earnings from the sale of properties</b>                 | <b>-0.0</b>   | <b>-12.2</b>  |
| Personnel expenses  | -10.5         | -13.4         |
| Other operating income                                      | 3.0           | 5.2           |
| Other operating expenses                                    | -30.5         | -42.2         |
| Income from fair value adjustments of investment properties | -250.1        | -34.4         |
| Depreciation and amortisation                               | -1.2          | -53.4         |
| <b>Earnings before interest and taxes (EBIT)</b>            | <b>-235.3</b> | <b>-93.1</b>  |
| Financial result  | 10.8          | -84.1         |
| Net income from at-equity valued investment associates      | -0.6          | 0.4           |
| <b>Earnings before taxes (EBT)</b>                          | <b>-225.0</b> | <b>-176.8</b> |
| Income taxes  | 13.4          | 8.3           |
| <b>Net consolidated result from continuing operation</b>    | <b>-211.6</b> | <b>-168.5</b> |
| Earnings after tax from discontinued operation              | 0.0           | 0.0           |
| <b>Net consolidated result</b>                              | <b>-211.6</b> | <b>-168.5</b> |

### Earnings from property lettings

In the first half of 2023, both gross rental income (EUR 91.0 million) and net rental income (EUR 56.2 million) declined significantly compared to the same period of the previous year, because around 14,000 units had been sold in the course of the previous year. A positive effect resulted from the acquisition of a portfolio of 1,400 units from ADLER Group at the half-year stage of 2022 and from an improved operational performance with average contracted rent/square metre/month increasing to EUR 7.28 and the vacancy rate stable at 1.6 percent at the end of H1 2023.

Along with the income, earnings from property lettings were also lower than in the comparable period of the previous year, reaching EUR 54.1 million.

### **Earnings from the sale of properties**

Income and expenses from the sale of properties were at the same level, so that neither a positive nor a negative result was achieved from the sale of properties. Properties sold were both from ADLER's portfolio and BCP's portfolio reported under assets held for sale.

### **Income from fair value adjustments of investment properties**

The result from the market valuation of the investment properties was negative at EUR 250.1 million due to the continuing difficult macroeconomic conditions, in particular due to the current and still expected interest rate increases and the gloomy outlook for the future as a result of the Russian war of aggression on Ukraine.

### **Expenses**

Personnel expenses were reported at EUR 10.5 million for the first six months of 2023. This is significantly less than in the previous year, because the number of employees declined in line with the portfolio sales. Other operating expenses decreased compared with the prior-year figure, which was mainly related to real estate transfer tax obligations of EUR 20.4 million which had incurred in the previous year in connection with LEG's acquisitions of shares in BCP.

### **Earnings**

Earnings before interest and taxes (EBIT) for H1 2023 came to EUR 235.3 million. The financial result reached a plus of EUR 10.8 million and was thus better than in the comparable prior-year period. This reflects, among other things, the interest on the loan to the Adler Group.

Earnings before taxes (EBT) came to EUR 225.0 million and, after taking account of the income tax credit, the net consolidated result reached minus EUR 211.6 million.

## Funds from Operations (FFO)

The funds from operations (FFO) are calculated according to the scheme of the following table.

| In EUR millions  | 6M 2023       | 6M 2022       |
|--|---------------|---------------|
| <b>Consolidated net profit</b>   | <b>-211.6</b> | <b>-168.5</b> |
| of which from continuing operations  | <b>-211.6</b> | <b>-168.5</b> |
| + Financial result   | -10.8         | 84.1          |
| + Income taxes   | -13.4         | -8.3          |
| + Depreciation and amortisation  | 1.2           | 53.4          |
| - Income from measurement of investment properties   | -250.1        | -34.4         |
| - Net income from at-equity-valued investment associates   | -0.6          | 0.4           |
| <b>EBITDA IFRS (continuing and discontinued operations)</b>  | <b>16.1</b>   | <b>-5.3</b>   |
| +/- Non-recurring and extraordinary items  | 19.7          | 47.1          |
| <b>Adjusted EBITA<sup>1)</sup></b>   | <b>35.8</b>   | <b>41.7</b>   |
| - Interest expense FFO   | 6.4           | 12.3          |
| - Current income taxes   | 5.7           | 3.7           |
| - Earnings before interest and taxes from the sale of properties, discontinued operations and minority interests | 3.2           | 3.5           |
| <b>FFO I</b>   | <b>20.4</b>   | <b>22.2</b>   |
| Number of shares (basic)   | 109,416,860   | 109,416,860   |
| FFO I per share (basic)  | 0.19          | 0.20          |
| Number of shares (diluted)   | 109,416,860   | 109,416,860   |
| FFO I per share (diluted)  | 0.19          | 0.20          |

<sup>1)</sup> Substantial investments are shown in the non-recurring and extraordinary items; the previous year was adjusted.

Non-recurring and extraordinary items are structured as follows:

| <b>Non-recurring and extraordinary items<br/>In EUR millions</b> | <b>6M 2023</b> | <b>6M 2022</b> |
|--|----------------|----------------|
| Non-cash income/expenses and one-off payments                    | 17.6           | 37.4           |
| Costs of acquisition/integration/sale                            | 1.8            | 2.0            |
| Preservation capex   | 0.0            | 7.3            |
| Optimisation of business model, structuring                      | 0.0            | 0.4            |
| <b>Total of non-recurring and extraordinary items</b>            | <b>19.4</b>    | <b>47.1</b>    |

The FFO interest charge is derived as follows:

| <b>Interest expense FFO I<br/>In EUR millions</b>                    | <b>6M 2023</b> | <b>6M 2022</b> |
|--|----------------|----------------|
| Interest income  | 47.3           | 62.9           |
| Interest expenses  | -36.5          | -81.6          |
| Impairments on trade and other receivables                           | 0.0            | -65.4          |
| <b>Total interest income (continued and discontinued operations)</b> | <b>10.8</b>    | <b>-84.1</b>   |
| <b>Adjustments</b>   |                |                |
| Prepayment compensation and provision costs                          | 0.0            | 12.6           |
| Effects of measurement of primary financial instruments              | 6.7            | 8.6            |
| Other adjustments  | -24.1          | 50.6           |
| <b>Interest expenses FFO I</b>                                       | <b>-6.4</b>    | <b>-12.3</b>   |

Calculated this way, FFO for the first three months of 2023 amounted to EUR 20.4 million or EUR 0.19 per share on a diluted as well as on an undiluted basis as no convertibles are outstanding.

## NET ASSETS

| In EUR millions  | 30.06.2023     | as percent-<br>age of<br>total assets | 30.06.2023<br>adjusted <sup>1)</sup> | as percent-<br>age of<br>total assets<br>angepasst <sup>1)</sup> | 31.12.2022     | as percent-<br>age of<br>total assets | 31.12.2022<br>adjusted <sup>1)</sup> | as percent-<br>age of<br>total assets<br>angepasst <sup>1)</sup> |
|--|----------------|---------------------------------------|--------------------------------------|--|----------------|---------------------------------------|--------------------------------------|--|
| <b>Non-current assets</b>                              | <b>1,811.7</b> | <b>49.5</b>                           | <b>2,860.4</b>                       | <b>78.1</b>  | <b>1,958.6</b> | <b>47.5</b>                           | <b>3,110.4</b>                       | <b>75.4</b>  |
| – of which investments<br>properties                   | 1,721.3        | 47.0                                  | 2,764.2                              | 75.5   | 1,864.4        | 45.2                                  | 3,010.5                              | 73.0   |
| <b>Current assets</b>                                  | <b>333.9</b>   | <b>9.1</b>                            | <b>622.2</b>                         | <b>17.0</b>  | <b>536.0</b>   | <b>13.0</b>                           | <b>823.4</b>                         | <b>20.0</b>  |
| – of which inventories                                 | 21.9           | 0.6                                   | 44.2                                 | 1.2  | 21.9           | 0.5                                   | 47.4                                 | 1.1  |
| – of which cash and<br>cash equivalents<br>investments | 132.3          | 3.6                                   | 343.4                                | 9.4  | 119.1          | 2.9                                   | 329.6                                | 8.0  |
| <b>Non-current assets<br/>held for sale</b>            | <b>1,515.6</b> | <b>41.4</b>                           | <b>178.7</b>                         | <b>4.9</b>   | <b>1,630.2</b> | <b>39.5</b>                           | <b>191.0</b>                         | <b>4.6</b>   |
| <b>Assets</b>  | <b>3,661.2</b> | <b>100.0</b>                          | <b>3,661.2</b>                       | <b>100.0</b>   | <b>4,124.8</b> | <b>100.0</b>                          | <b>4,124.8</b>                       | <b>100.0</b>   |
| <b>Equity</b>  | <b>1,552.4</b> | <b>42.4</b>                           | <b>1,552.4</b>                       | <b>42.4</b>  | <b>1,643.5</b> | <b>39.8</b>                           | <b>1,643.5</b>                       | <b>39.8</b>  |
| – of which capital stock                               | 109.4          | 3.0                                   | 109.4                                | 3.0  | 109.4          | 2.7                                   | 109.4                                | 2.7  |
| – of which capital<br>reserve                          | 870.8          | 23.8                                  | 870.8                                | 23.8   | 750.2          | 18.2                                  | 750.2                                | 18.2   |
| – of which net retained<br>profit                      | 318.5          | 8.7                                   | 318.5                                | 8.7  | 478.7          | 11.6                                  | 478.7                                | 11.6   |
| – of which<br>non-controlling<br>interests             | 253.7          | 6.9                                   | 253.7                                | 6.9  | 305.1          | 7.4                                   | 305.1                                | 7.4  |
| <b>Non-current liabilities</b>                         | <b>1,262.6</b> | <b>34.5</b>                           | <b>1,715.7</b>                       | <b>46.9</b>  | <b>1,050.2</b> | <b>25.5</b>                           | <b>1,468.1</b>                       | <b>35.6</b>  |
| – of which liabilities<br>from bonds                   | 296.6          | 8.1                                   | 391.4                                | 10.7   | 594.6          | 14.4                                  | 695.8                                | 16.9   |
| – of which financial<br>liabilities to banks           | 325.4          | 8.9                                   | 576.6                                | 15.7   | 337.4          | 8.2                                   | 549.8                                | 13.3   |
| <b>Current liabilities</b>                             | <b>161.1</b>   | <b>4.4</b>                            | <b>334.1</b>                         | <b>9.1</b>   | <b>735.6</b>   | <b>17.8</b>                           | <b>946.4</b>                         | <b>22.9</b>  |
| – of which liabilities<br>from bonds                   | 5.1            | 0.1                                   | 66.5                                 | 1.8  | 517.4          | 12.5                                  | 582.4                                | 14.1   |
| – of which financial<br>liabilities to banks           | 7.5            | 0.2                                   | 67.3                                 | 1.8  | 68.6           | 1.7                                   | 169.6                                | 4.1  |
| <b>Liabilities held for sale</b>                       | <b>685.2</b>   | <b>18.7</b>                           | <b>59.0</b>                          | <b>1.6</b>   | <b>695.6</b>   | <b>16.9</b>                           | <b>66.8</b>                          | <b>1.6</b>   |
| <b>Equity and liabilities</b>                          | <b>3,661.2</b> | <b>100.0</b>                          | <b>3,661.2</b>                       | <b>100.0</b>   | <b>4,124.8</b> | <b>100.0</b>                          | <b>4,124.8</b>                       | <b>100.0</b>   |

<sup>1)</sup> Pro forma consolidated balance sheet in which the BCP subgroup is not considered a disposal group according to IFRS 5.

The balance sheet position of non-current assets held for sale comprises all assets which are intended to be sold in foreseeable time. Assets of group company BCP are contained herein. At the same time, a pro-forma balance sheet shows how the individual balance sheet items will appear if BCP is not considered a disposal group according to IFRS.

As at the reporting date of 31 June 2023, ADLER had net assets totalling EUR 3,661.2 million, 11.2 percent less than at the end of the previous year (EUR 4,124.8 million).

## Assets

The value of investment properties was reported to be EUR 1,721.3 million (EUR 2,764.2 million in adjusted calculation) at end of June 2023 and thus declined compared to the beginning of the year. EUR 3,010.5 million). Negative fair value adjustments came out much higher than capex.

Current assets amounted to EUR 334.8 million (EUR 622.2 million adjusted) as at the balance sheet date. The decrease compared to the beginning of the year is mainly explained by the fact that the intercompany loan of EUR 265 million has since been offset against the repayment of the 2017/2024 and 2018/2023 bonds by Adler Group S.A..

Non-current assets held for sale amounted to EUR 1,515.6 million and mainly include the properties of BCP and other assets for which sale and purchase agreements have already been notarized.

## Shareholders' equity/liabilities

Due to the losses incurred, shareholders' equity declined to EUR 1,552.4 million at the end of June 2023 resulting in an equity ratio of 42.4 percent.

Non-current liabilities increased to EUR 1,262.6 million as at 30 June 2023. Non-current liabilities also include EUR 166.1 million to other creditors from a refinancing of two subsidiaries. Likewise, non-current financial liabilities to affiliated companies increased by EUR 372 million.

Current liabilities, on the other hand, decreased to EUR 161.1 million. This resulted from the repayment of bonds in the amount of EUR 512 million.

Liabilities held for sale were lower than in the previous year due to the disposals that have taken place in the meantime and reached EUR 685.2 million on 30 June 2023.



### EPRA Loan to Value (EPRA-LTV)

EPRA has introduced a new key figure in 2022, the EPRA loan-to-value ratio. It shows the relationship between the net debt and the total property value of a real estate company as shown in the following tables.

EPRA LTV was 48.7 percent at the end of June 2023 after 50.2 percent at the end of last year.

| In EUR millions                           | Group loan-to-value | Non-controlling interests <sup>2)</sup> | Total 2023   |
|---|---------------------|---|--------------|
| Borrowings from financial institutions    | 333                 |   | 333          |
| Commercial paper                          |                     |   |              |
| Hybrids                                   |                     |   |              |
| Bond loans                                | 302                 |   | 302          |
| Foreign currency derivatives              |                     |   |              |
| Net payables                              | 1,140               | -309                                    | 831          |
| Owner-occupied property (debt)            |                     |   |              |
| Current accounts (equity characteristics) |                     |   |              |
| Cash and cash equivalents                 | -132                |   | -132         |
| <b>Net financial liabilities</b>          | <b>1,642</b>        | <b>-309</b>                             | <b>1,333</b> |
| Owner-occupied property                   |                     |   |              |
| Investment properties at fair value       | 1,721               |   | 1,721        |
| Properties held for sale <sup>1)</sup>    | 1,537               | -543                                    | 995          |
| Properties under development              |                     |   |              |
| Intangibles                               |                     |   |              |
| Net receivables                           |                     |   |              |
| Financial assets                          | 20                  |   | 20           |
| <b>Total property value</b>               | <b>3,278</b>        | <b>-543</b>                             | <b>2,736</b> |
| <b>EPRA loan-to-value</b>                 | <b>50.1%</b>        | <b>56.9%</b>                            | <b>48.7%</b> |

<sup>1)</sup> Considers inventories at fair value amounted to EUR 22 million as well as non-current assets held for sale.

<sup>2)</sup> Considers the interest of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP").

| In EUR millions                           | Group loan-to-value | Non-controlling interests <sup>2)</sup> | Total 2022   |
|---|---------------------|---|--------------|
| Borrowings from financial institutions    | 406                 | 0                                       | 406          |
| Commercial paper                          | 0                   | 0                                       | 0            |
| Hybrids                                   | 0                   | 0                                       | 0            |
| Bond loans                                | 1,112               | 0                                       | 1,112        |
| Foreign currency derivatives              | 0                   | 0                                       | 0            |
| Net payables                              | 400                 | -313                                    | 87           |
| Owner-occupied property (debt)            | 0                   | 0                                       | 0            |
| Current accounts (equity characteristics) | 0                   | 0                                       | 0            |
| Cash and cash equivalents                 | -119                | 0                                       | -119         |
| <b>Net financial liabilities</b>          | <b>1,799</b>        | <b>-313</b>                             | <b>1,486</b> |
| Owner-occupied property                   | 0                   | 0                                       | 0            |
| Investment properties at fair value       | 1,864               | 0                                       | 1,864        |
| Properties held for sale <sup>1)</sup>    | 1,655               | -585                                    | 1,070        |
| Properties under development              | 0                   | 0                                       | 0            |
| Intangibles                               | 0                   | 0                                       | 0            |
| Net receivables                           | 0                   | 0                                       | 0            |
| Financial assets                          | 23                  | 0                                       | 23           |
| <b>Total property value</b>               | <b>3,542</b>        | <b>-585</b>                             | <b>2,957</b> |
| <b>EPRA loan-to-value</b>                 | <b>50.8%</b>        | <b>53.5%</b>                            | <b>50.2%</b> |

<sup>1)</sup> Considers inventories at fair value amounted to EUR 13 million as well as non-current assets held for sale.

<sup>2)</sup> Considers the interest of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP").

| In EUR millions                       | 30.06.2023   | 31.12.2022 |
|---------------------------------------|--------------|------------|
| Investments in associated companies   | -3           | -3         |
| Other non-current assets              | -52          | -49        |
| Trade receivables                     | -34          | -34        |
| Short term loans given IC             | -1           | -282       |
| Income tax claims                     | -7           | -7         |
| Other current assets                  | -137         | -72        |
| (excl. Derivatives)                   | 1            | 1          |
| Pension reserves                      | 1            | 1          |
| Other provisions                      | 0            | 0          |
| Other non-current liabilities         | 171          | 5          |
| (excl. Leasing)                       | -3           | -4         |
| (excl. Derivatives)                   | 0            | 0          |
| Income tax liabilities                | 96           | 95         |
| Trade payables                        | 42           | 34         |
| Other current liabilities             | 11           | 21         |
| (excl. Leasing)                       | -1           | -1         |
| Short and long term loans received IC | 372          |            |
| Liabilities held for sale             | 685          | 696        |
| <b>Net amount</b>                     | <b>1,140</b> | <b>400</b> |

The average cost of debt for all the ADLER Group's liabilities (WACD = weighted average cost of debt) stood at 3.7 percent as at 30 June 2023 (30 June 2022: 2.1 percent).

### Net Reinstatement Value (EPRA NRV)

The net reinstatement value (EPRA NRV), adjusted for goodwill and fully diluted, which is calculated in accordance with the guidelines issued by the European Public Real Estate Association (EPRA), reached EUR 1,608.4 million (in adjusted calculation) as at 30 June 2023. It thus decreased by 9.4 percent compared with the figure at the end of 2022 (EUR 1,776.2 million adjusted).

Based on the total number of existing shares in circulation at the balance sheet date, diluted and adjusted EPRA NRV per share amounted to EUR 15.31 (adjusted) as at 30 June 2023 (31 December 2022: EUR 16.23).

| In EUR millions  | 30.06.2023     | 30.06.2023<br>adjusted <sup>1)</sup> | 31.12.2022     | 31.12.2022<br>adjusted <sup>1)</sup> |
|--|----------------|--------------------------------------|----------------|--------------------------------------|
| <b>Equity</b>  | <b>1,552.3</b> | <b>1,552.3</b>                       | <b>2,144.0</b> | <b>1,643.5</b>                       |
| Non-controlling interests  | -253.7         | -253.7                               | -431.7         | -305.1                               |
| <b>Equity attributable to ADLER shareholders</b>                       | <b>1,298.6</b> | <b>1,298.6</b>                       | <b>1,712.3</b> | <b>1,338.4</b>                       |
| Deferred tax liabilities on investment properties                      | 211.0          | 211.0                                | 281.7          | 255.9                                |
| Diff. between fair values and carrying amounts of inventory properties | 0.0            | 0.0                                  | 0.0            | 2.7                                  |
| RETT on investment properties  | 98.6           | 165.4                                | 94.9           | 179.5                                |
| Fair value of derivative financial instruments                         | 0.1            | 0.1                                  | 1.3            | -0.5                                 |
| Deferred taxes for derivative financial instruments                    | 0.0            | 0.0                                  | -0.4           | 0.1                                  |
| <b>EPRA NRV (diluted)</b>  | <b>1,608.4</b> | <b>1,675.2</b>                       | <b>2,089.8</b> | <b>1,776.2</b>                       |
| Goodwill - synergies   | 0.0            | 0.0                                  | -46.7          | 0.0                                  |
| <b>Adjusted EPRA NRV (diluted)</b>                                     | <b>1,608.4</b> | <b>1,675.2</b>                       | <b>1,590.2</b> | <b>1,776.2</b>                       |
| Number of shares, diluted  | 109,416,860    | 109,416,860                          | 109,416,860    | 109,416,860                          |
| <b>EPRA NRV per share (diluted) in EUR</b>                             | <b>14.70</b>   | <b>15.31</b>                         | <b>14.53</b>   | <b>16.23</b>                         |
| <b>Adjusted EPRA NRV per share (diluted) in EUR</b>                    | <b>14.70</b>   | <b>15.31</b>                         | <b>14.53</b>   | <b>16.23</b>                         |

<sup>1)</sup> Based on a pro forma consolidated balance sheet in which the BCP subgroup is not considered a disposal group in accordance with IFRS 5.

## FINANCIAL POSITION

| <b>In EUR millions</b>   | <b>6M 2023</b> | <b>6M 2022</b> |
|--|----------------|----------------|
| Cash flow from operating activities  | 16.9           | 13.1           |
| Cash flow from investing activities  | 4.2            | 760.7          |
| Cash flow from financing activities  | -7.7           | -814.8         |
| Non-cash effective change in cash and cash equivalents from impairment losses                                | 0.3            | -0.3           |
| Changes in cash and cash equivalents in connection with non-current assets and disposal groups held for sale | -0.6           | -105.4         |
| Cash and cash equivalents at beginning of period   | 119.1          | 296.8          |
| Cash and cash equivalents at end of period   | 132.3          | 150.1          |

In the first half of 2023, operating activities resulted in a cash inflow amounting to EUR 16.9 million.

Investing activities resulted in a cash inflow of EUR 4.2 million in the reporting period.

The cash outflow from financing activities amounted to EUR 7.7 million in H1 2023.

As at 30 June 2023, the ADLER Group had cash and cash equivalents of EUR 132.3 million (31 December 2021: EUR 119.1 million).

The Group was at all times able to meet its payment obligations.

## OVERALL SUMMARY OF BUSINESS PERFORMANCE AND POSITION OF GROUP

The Group's business performance and situation are assessed positively: The demand for housing remains high. The losses of the past year are mainly due to non-cash revaluation effects or value adjustments. The balance sheet structure is solid and financing is secured for the long term after the restructuring plan of Adler Group was approved.

/// GROUP INTERIM FINANCIAL STATEMENT  
AS AT 30 JUNE 2023

## /// CONSOLIDATED BALANCE SHEET

(IFRS) as at 30 June 2023

| In EUR '000                             | 30.06.2023       | 31.12.2022       |
|---|------------------|------------------|
| <b>Assets</b>                           | <b>3,661,234</b> | <b>4,124,816</b> |
| <b>Non-current assets</b>               | <b>1,811,720</b> | <b>1,958,637</b> |
| Intangible assets                       | 65               | 101              |
| Property, plant and equipment           | 12,522           | 13,070           |
| Investment properties                   | 1,721,282        | 1,864,442        |
| Investments in associated companies     | 2,938            | 3,465            |
| Other financial investments             | 19,684           | 23,402           |
| Other non-current assets                | 52,233           | 49,128           |
| Deferred tax assets                     | 2,997            | 5,028            |
| <b>Current assets</b>                   | <b>333,872</b>   | <b>535,991</b>   |
| Inventories                             | 21,870           | 21,870           |
| Trade receivables                       | 34,431           | 34,349           |
| Receivables from affiliated companies   | 737              | 281,863          |
| Income tax receivables                  | 7,356            | 7,109            |
| Other current assets                    | 137,187          | 71,718           |
| Cash and cash equivalents               | 132,292          | 119,082          |
| <b>Non-current assets held for sale</b> | <b>1,515,642</b> | <b>1,630,188</b> |

| <b>In EUR '000</b>                                  | <b>30.06.2023</b> | <b>31.12.2022</b> |
|---|-------------------|-------------------|
| <b>Equity and liabilities</b>                       | <b>3,661,234</b>  | <b>4,124,816</b>  |
| <b>Shareholders' equity</b>                         | <b>1,552,358</b>  | <b>1,643,482</b>  |
| Capital stock                                       | 109,417           | 109,417           |
| Capital reserve                                     | 775,563           | 783,332           |
| Retained earnings                                   | -445              | -445              |
| Other reserves                                      | 95,632            | -32,640           |
| Net retained profit                                 | 318,466           | 478,734           |
| Equity attributable to owners of the parent company | 1,298,633         | 1,338,397         |
| Non-controlling interests                           | 253,725           | 305,085           |
| <b>Non-current liabilities</b>                      | <b>1,262,581</b>  | <b>1,050,152</b>  |
| Pension provisions                                  | 640               | 641               |
| Deferred tax liabilities                            | 96,268            | 112,050           |
| Other provisions                                    | 46                | 46                |
| Liabilities from bonds                              | 296,604           | 594,624           |
| Financial liabilities to banks                      | 325,359           | 337,355           |
| Financial liabilities to affiliated companies       | 372,320           | 0                 |
| Other non-current liabilities                       | 171,344           | 5,436             |
| <b>Current liabilities</b>                          | <b>161,081</b>    | <b>735,550</b>    |
| Income tax liabilities                              | 96,186            | 94,965            |
| Liabilities from bonds                              | 5,123             | 517,353           |
| Financial liabilities to banks                      | 7,534             | 68,598            |
| Trade payables                                      | 41,687            | 34,032            |
| Other current liabilities                           | 10,552            | 20,601            |
| <b>Liabilities held for sale</b>                    | <b>685,214</b>    | <b>695,632</b>    |

## /// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IFRS) for the period from 1 January to 30 June 2023

| In EUR '000  | 6M 2023         | 6M 2022         | Q2 2023         | Q2 2022         |
|--|-----------------|-----------------|-----------------|-----------------|
| Gross rental income  | 91,013          | 117,285         | 44,050          | 48,753          |
| Expenses from property lettings                                | -36,897         | -59,978         | -17,676         | -23,191         |
| <b>Earnings from property lettings</b>                         | <b>54,116</b>   | <b>57,307</b>   | <b>26,374</b>   | <b>25,562</b>   |
| Income from the sale of properties                             | 30,500          | 1,046,646       | 7,500           | 389,711         |
| Expenses from the sale of properties                           | -30,531         | -1,058,888      | -7,516          | -400,660        |
| <b>Earnings from the sale of properties</b>                    | <b>-31</b>      | <b>-12,242</b>  | <b>-16</b>      | <b>-10,949</b>  |
| Personnel expenses   | -10,457         | -13,387         | -4,564          | -5,560          |
| Other operating income   | 2,979           | 5,217           | 2,613           | 3,353           |
| Other operating expenses                                       | -30,529         | -42,211         | -16,903         | -8,920          |
| Income from fair value adjustments of investment properties    | -250,129        | -34,356         | -246,920        | -46,213         |
| Depreciation and amortisation                                  | -1,210          | -53,398         | 432             | -49,593         |
| <b>Earnings before interest and tax (EBIT)</b>                 | <b>-235,261</b> | <b>-93,070</b>  | <b>-238,984</b> | <b>-92,319</b>  |
| Financial income   | 47,326          | 62,932          | 27,510          | 54,570          |
| Financial costs  | -34,990         | -81,579         | -22,894         | -36,086         |
| Impairments on trade and other receivables                     | -1,554          | -65,417         | -974            | -64,772         |
| Net income from at-equity-valued investment associates         | -567            | 371             | -338            | 185             |
| <b>Earnings before tax (EBT)</b>                               | <b>-225,045</b> | <b>-176,763</b> | <b>-235,680</b> | <b>-138,422</b> |
| Income taxes   | 13,416          | 8,307           | 18,809          | 14,621          |
| <b>Consolidated net profit from continuing operations</b>      | <b>-211,629</b> | <b>-168,456</b> | <b>-216,870</b> | <b>-123,800</b> |
| Earnings after taxes of discontinued operations                | 0               | 0               | 0               | 0               |
| <b>Consolidated net profit</b>                                 | <b>-211,629</b> | <b>-168,456</b> | <b>-216,870</b> | <b>-123,800</b> |
| Actuarial gains/losses before taxes                            | 0               | 0               | 0               | 0               |
| Deferred taxes on actuarial gains/losses                       | 0               | 0               | 0               | 0               |
| <b>OCI gains/losses not reclassifiable into profit or loss</b> | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| Gains/losses from currency translation                         | -20,487         | -7,876          | -9,448          | -7,670          |
| Change in value of financial assets measured at fair value     | -872            | -4,107          | 0               | -2,108          |
| <b>OCI gains/losses reclassifiable into profit or loss</b>     | <b>-21,359</b>  | <b>-11,983</b>  | <b>-9,448</b>   | <b>-9,778</b>   |
| <b>OCI gains/losses from continuing operations</b>             | <b>-21,359</b>  | <b>-11,983</b>  | <b>-9,448</b>   | <b>-9,778</b>   |
| OCI gains/losses of discontinued operations                    | 0               | 0               | 0               | 0               |
| <b>Total comprehensive income from continuing operations</b>   | <b>-232,988</b> | <b>-180,439</b> | <b>-226,319</b> | <b>-133,578</b> |
| Total comprehensive income of discontinued operations          | 0               | 0               | 0               | 0               |
| <b>Total comprehensive income</b>                              | <b>-232,988</b> | <b>-180,439</b> | <b>-226,319</b> | <b>-133,578</b> |



| In EUR '000   | 6M 2023         | 6M 2022         | Q2 2023         | Q2 2022         |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>Carry-over total comprehensive income</b>                  | <b>-232,988</b> | <b>-180,439</b> | <b>-226,319</b> | <b>-133,578</b> |
| <b>Net profit from continuing operations:</b>                 |                 |                 |                 |                 |
| Owners of the parent company                                  | -160,268        | -135,027        | -162,666        | -96,240         |
| Non-controlling interests                                     | -51,361         | -33,429         | -54,204         | -27,560         |
| <b>Consolidated net profit attributable to:</b>               |                 |                 |                 |                 |
| Owners of the parent company                                  | -160,268        | -135,027        | -162,666        | -96,240         |
| Non-controlling interests                                     | -51,361         | -33,429         | -54,204         | -27,560         |
| <b>Total comprehensive income from continuing operations:</b> |                 |                 |                 |                 |
| Owners of the parent company                                  | -181,627        | -147,010        | -172,115        | -106,018        |
| Non-controlling interests                                     | -51,361         | -33,429         | -54,204         | -27,560         |
| <b>Total comprehensive income attributable to:</b>            |                 |                 |                 |                 |
| Owners of the parent company                                  | -181,627        | -147,010        | -172,115        | -106,018        |
| Non-controlling interests                                     | -51,361         | -33,429         | -54,204         | -27,560         |
| Earnings per share, basic in EUR (consolidated net profit)    | -1.46           | -1.23           | -0.88           | -0.88           |
| Earnings per share, diluted in EUR (consolidated net profit)  | -1.46           | -1.23           | -0.88           | -0.88           |

## /// CONSOLIDATED STATEMENT OF CASH FLOWS

(IFRS) for the period from 1 January to 30 June 2023

| In EUR '000   | 6M 2023       | 6M 2022        |
|---|---------------|----------------|
| Earnings before interest and taxes (EBIT) – continuing and discontinued operations  | -235,261      | -93,070        |
| + Depreciation and amortisation   | 1,210         | 53,398         |
| -/+ Net income from at-equity valued investment associates  | 0             | 185            |
| -/+ Net income from fair value adjustments of investment properties   | 250,129       | 34,356         |
| -/+ Non-cash income/expenses  | -2,663        | -12,114        |
| -/+ Changes in provisions and accrued liabilities   | -1            | -181           |
| -/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investment or financing activities | 5,791         | 185,555        |
| -/+ Decrease/increase in trade payables and other liabilities not attributable to investment or financing activities            | -316          | -142,806       |
| + Interest received   | 628           | 641            |
| +/- Tax payments  | -5,811        | -13,479        |
| <b>= Operating cash flow before dis-/reinvestment into the trading portfolio</b>  | <b>13,706</b> | <b>12,485</b>  |
| -/+ Increase/decrease in inventories (commercial properties)  | 3,200         | 659            |
| <b>= Net cash flow from operating activities</b>  | <b>16,906</b> | <b>13,144</b>  |
| - Acquisition of subsidiaries, net of cash acquired   | 0             | 0              |
| + Disposal of subsidiaries, net of cash disposed  | 0             | 0              |
| - Advance payments for investments in investment properties   | 0             | -241,200       |
| - Advance payments received for land held for sale from non-current assets  | 300           | 0              |
| + Purchase of investment properties   | -15,448       | -40,504        |
| - Disposal of investment properties   | 20,310        | 1,046,569      |
| + Purchase of property, plant and equipment and intangible assets   | -265          | -596           |
| - Disposal of property, plant and equipment and intangible assets   | 0             | 175            |
| + Payments into short-term deposits   | -658          | -7,858         |
| + Proceeds from short-term deposits   | 0             | 4,103          |
| - Proceeds from disinvestment of financial assets   | 0             | 0              |
| - Investments in financial assets   | 0             | 0              |
| + Tax payments  | 0             | 0              |
| = Payments from issuance of loans to associated companies   | 0             | 0              |
| <b>Net cash flows from investing activities</b>   | <b>4,239</b>  | <b>760,689</b> |
| +/- Non-cash changes in equity  | 0             | 0              |
| - Transactions with non-controlling interests   | 0             | -37,038        |

| In EUR '000  | 6M 2023        | 6M 2022         |
|--|----------------|-----------------|
| – Proceeds from issue of bonds   |                | 162,518         |
| – Repayment of bonds   | -796,592       | -400,000        |
| – Repayment of convertible bonds   | 0              |                 |
| + Interest payments  | -39,041        | -43,540         |
| – Proceeds from bank loans   | 125,715        | 11,372          |
| – Repayment of bank loans  | -85,466        | -507,213        |
| – Repayment of leasing liabilities   | -488           | -797            |
| + Payment of interest portion of leasing liabilities   | -71            | -86             |
| – Proceeds from borrowings of loans and advances from affiliated companies                                   | 511,433        |                 |
| = Repayment of borrowing of loans and advances to affiliated companies                                       | 0              |                 |
| + Proceeds from repayment of loans and borrowings from affiliated companies                                  | 276,856        | 0               |
| <b>Net cash flows from financing activities</b>  | <b>-7,654</b>  | <b>-814,784</b> |
| Reconciliation to Consolidated Balance Sheet   |                |                 |
| <b>Cash and cash equivalents at beginning of periods</b>   | <b>119,082</b> | <b>296,808</b>  |
| Non-cash changes in cash and cash equivalents from impairment losses   | 337            | -372            |
| Changes in cash and cash equivalents due to changes in the scope of consolidation                            |                |                 |
| Changes in cash and cash equivalents in connection with non-current assets and disposal groups held for sale | -618           | -105,387        |
| Net cash flow from operating activities  | 16,906         | 13,144          |
| Net cash flow from investing activities  | 4,239          | 760,689         |
| Net cash flow from financing activities  | -7,654         | -814,784        |
| <b>= Cash and cash equivalents at end of periods</b>   | <b>132,292</b> | <b>150,098</b>  |

## /// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IFRS) for the period from 1 January to 30 June 2023

| In EUR '000  | Capital stock  | Capital reserves |
|--|----------------|------------------|
| <b>As at 1 January 2022</b>                                | <b>109,417</b> | <b>783,332</b>   |
| Consolidated net profit                                    | 0              | 0                |
| Other comprehensive income (OCI) – reclassifiable          | 0              | 0                |
| Other comprehensive income (OCI) – non-reclassifiable      | 0              | 0                |
| <b>Sum of Other comprehensive income (OCI)</b>             | <b>0</b>       | <b>0</b>         |
| Increase/decrease in shareholding with no change in status | 0              | 0                |
| Change in scope of consolidation                           | 0              | 0                |
| Capital increase in kind                                   | 0              | 0                |
| <b>As at 30 June 2022</b>                                  | <b>109,417</b> | <b>783,332</b>   |
| <b>As at 1 January 2023</b>                                | <b>109,417</b> | <b>783,332</b>   |
| Consolidated net profit                                    | 0              | 0                |
| Other comprehensive income (OCI) – reclassifiable          | 0              | 0                |
| Other comprehensive income (OCI) – non-reclassifiable      | 0              | 0                |
| <b>Sum of Other comprehensive income (OCI)</b>             | <b>0</b>       | <b>0</b>         |
| Increase/decrease in shareholding with no change in status | 0              | 0                |
| Change in scope of consolidation                           | 0              | -7,769           |
| Capital increase in kind                                   | 0              | 0                |
| <b>As at 30 June 2023</b>                                  | <b>109,417</b> | <b>775,563</b>   |

| <b>Retained earnings</b> | <b>Other Reserves</b> | <b>Net retained profit</b> | <b>Equity attributable to the owners of the parent company</b> | <b>Non-controlling interests</b> | <b>Total equity</b> |
|--------------------------|-----------------------|----------------------------|--|----------------------------------|---------------------|
| <b>-875</b>              | <b>-9,860</b>         | <b>830,263</b>             | <b>1,712,277</b>   | <b>431,741</b>                   | <b>2,144,018</b>    |
| 0                        | 0                     | -135,027                   | -135,027   | -33,429                          | -168,456            |
| 0                        | -11,983               | 0                          | -11,983  | 0                                | -11,983             |
| 0                        | 0                     | 0                          | 0  | 0                                | 0                   |
| <b>0</b>                 | <b>-11,983</b>        | <b>0</b>                   | <b>-11,983</b>   | <b>0</b>                         | <b>-11,983</b>      |
| 0                        | -3,389                | 0                          | -3,389   | -33,649                          | -37,038             |
| 0                        | 0                     | 0                          | 0  | 0                                | 0                   |
| 0                        | 0                     | 0                          | 0  | 0                                | 0                   |
| <b>-875</b>              | <b>-25,232</b>        | <b>695,236</b>             | <b>1,561,878</b>   | <b>364,663</b>                   | <b>1,926,541</b>    |
| <b>-445</b>              | <b>-32,640</b>        | <b>478,734</b>             | <b>1,338,397</b>   | <b>305,085</b>                   | <b>1,643,482</b>    |
| 0                        | 0                     | -160,268                   | -160,268   | -51,360                          | -211,628            |
| 0                        | 128,273               | 0                          | 128,273  | 0                                | 128,273             |
| 0                        | 0                     | 0                          | 0  | 0                                | 0                   |
| <b>0</b>                 | <b>128,273</b>        | <b>0</b>                   | <b>128,273</b>   | <b>0</b>                         | <b>128,273</b>      |
| 0                        | 0                     | 0                          | 0  | 0                                | 0                   |
| 0                        | 0                     | 0                          | -7,769   | 0                                | -7,769              |
| 0                        | 0                     | 0                          | 0  | 0                                | 0                   |
| <b>-445</b>              | <b>95,632</b>         | <b>318,466</b>             | <b>1,298,633</b>   | <b>253,725</b>                   | <b>1,552,358</b>    |



/// SELECTED NOTES ON THE  
GROUP INTERIM FINANCIAL STATEMENTS  
AS AT 30 JUNE 2023

## /// SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS) AS AT 30 JUNE 2023

### GENERAL INFORMATION

ADLER Real Estate Aktiengesellschaft (hereinafter "ADLER") is the parent company of the Group and has its legal domicile at Karlsbad 11, Berlin, Germany. The Company is entered in the Commercial Register of Charlottenburg District Court under HRB 180360. The ultimate parent company of ADLER is Adler Group S.A. (hereinafter referred to as Adler Group) with its registered office in Luxembourg, 1B Heienhaff L-1736 Senningerberg. Its financial year is the calendar year.

ADLER is a publicly listed real estate company focusing on establishing and developing a substantial and profitable property portfolio. Its activities centre on the acquisition, development and management of residential properties throughout Germany. In addition to this, ADLER selectively expands its portfolio through new-build project developments.

ADLER'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.

### BASIS OF ACCOUNTING

#### Basis of preparation

The interim consolidated financial statements as at 30 June 2022 were prepared in accordance with International Financial Reporting Standards (IFRS), which are mandatory in the European Union. The consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and selected note disclosures, also take particular account of the requirements of IAS 34 'Interim Financial Reporting'.

In accordance with IAS 34.41, ADLER uses estimation techniques and assumptions to a greater extent in preparing the interim consolidated financial statements than in its annual reporting. ADLER has adjusted the valuation of investment properties to the changed market conditions. The valuation is carried out by independent external appraisers on the basis of data relating to the reporting date, most of which was provided by asset management.

In addition, ADLER has made estimates regarding the realizability of certain receivables. There were no other changes in estimates and assumptions during the current interim reporting period with a material effect on the Group's net assets, financial position and results of operations.

The interim consolidated financial statements use the functional currency of the Group: euros (EUR). Unless otherwise indicated, all figures presented in euros have been rounded up or down to the nearest thousand euros (EUR thousands). Statements of thousand-euro amounts may result in discrepancies due to rounding up or down. Figures in brackets refer to the previous year.

Further information about the accounting policies can be found in the consolidated financial statements as at 31 December 2022, which form the basis for these interim consolidated financial statements.



## Accounting standards applicable for the first time in the 2023 financial year

The Group applied the following new and revised IFRS standards and interpretations in the 2023 financial year:

| Standard/Interpretation              | Titel  | IASB Effective Date <sup>1)</sup> | Initial application date in the EU <sup>1)</sup> |
|--------------------------------------|--|-----------------------------------|--|
| Amend. IFRS 17, IAS 1, IAS 8, IAS 12 | Insurance Contracts, Presentation of Financial Statements, Accounting Policies, Changes in Accounting Estimates and Errors, Income Taxes | 1 January 2023                    | 1 January 2023                                   |
| IFRS 17 Insurance Contracts          | Insurance Contracts  | 1 January 2023                    | 1 January 2023                                   |

<sup>1)</sup> For financial years beginning on or after this date.

The first-time application of the new and revised standards and interpretations had no impact on the consolidated financial statements.

## BASIS OF CONSOLIDATION

Subsidiaries are included in the consolidated financial statements in accordance with the requirements of IFRS 10. Subsidiaries are all entities that are controlled by the Group. The Group controls an entity when it has direct or indirect decision-making powers over the respective group company in the form of voting or other rights, participates in the positive and negative variable returns from the group company and can influence these returns due to its decision-making powers. These criteria have to be cumulatively fulfilled.

Subsidiaries are included in the consolidated financial statements (full consolidation) from the date on which the Group gains control. They are deconsolidated from the date on which control ceases.

Companies over which the Group can exercise significant influence are recognised as associates using the equity method in accordance with IAS 28. Significant influence is presumed when a group company directly or indirectly holds no less than 20 percent but no more than 50 percent of the voting rights.

Further information about consolidation principles can be found in the comments in the 'Consolidation principles' section of the 2022 Annual Report.

## SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

Including the parent company, the scope of consolidation includes a total of 211 companies (31 December 2022: 213) that are fully consolidated and five companies that are recognised at equity (as at 31 December 2022: five).

In the second quarter of 2023, Westgrund Holding GmbH was merged into Münchener Baugesellschaft mbH, and Westgrund Immobilien II. Halle GmbH & Co. KG was merged with Westgrund I. Halle S.à.r.l. This did not affect the Group's net assets, financial position and results of operations.

## SELECTED NOTES ON THE CONSOLIDATED BALANCE SHEET

### Investment Properties

The carrying amount of investment properties amounted to EUR 1,721,282k as at the balance sheet date (31 December 2022: EUR 1864,442k).

Of the change in carrying amount, EUR 5,895k resulted from modernization measures requiring recognition and EUR 1,187k from reclassifications from advance payments made on investment properties. On the other hand, investment properties with a carrying amount of EUR 18,000 thousand were reclassified to assets held for sale and impairment losses of EUR 132,232k were recognized to the fair value.

The carrying amount of the investment properties does not include the real estate portfolio of the BCP subgroup, which is reported as a disposal group under assets and liabilities held for sale. Modernization measures amounting to EUR 9,552k were capitalized for the BCP portfolio. On the other hand, properties with a carrying amount of EUR 12,730k were sold and write-downs to fair value of EUR 117,886k were recognized.

### Prepayments on investment properties

On June 24, 2022, ADLER Real Estate acquired an existing portfolio with 1,400 rental units from the parent company Adler Group. The transaction served in particular the effective management of cash and assets. The transaction was structured as a share deal and comprised 14 property companies with portfolio properties in Berlin. The transfer of risks and rewards took place on July 01, 2022. As of June 30, 2022, advance payments of EUR 241.2 million had been made. There were no further material purchase price obligations from this acquisition as of June 30, 2022.

### Investments in associates and joint ventures

Five companies were included in the consolidated financial statements using the equity method as at the balance sheet date (previous year: five) companies. Two associates (previous year: two) have not been included at-equity due to materiality considerations.

| in EUR '000  | 2023         | 2022          |
|--|--------------|---------------|
| <b>Carrying amounts 01.01.</b>                     | <b>3,465</b> | <b>10,489</b> |
| Other disposals                                    | 0            | 0             |
| Share of gains and losses (at-equity result)       | 0            | 32            |
| Impairments  | -527         | -7,807        |
| Reclassifications                                  | 0            | 751           |
| <b>Carrying amounts 30.06. respectively 31.12.</b> | <b>2,938</b> | <b>3,465</b>  |

The main investments in associated companies are ACCENTRO Real Estate AG, Caesar JV Immobilienbesitz und Verwaltungs GmbH and AB Immobilien B.V. Caesar JV Immobilienbesitz und Verwaltungs GmbH was reclassified from the item non-current assets held for sale, because the potential purchasers did not exercise their purchase option granted until 30 June 2022.

### Other financial investments

Other financial assets at the balance sheet date also include debt instruments (bonds) of an associated company with a term until 9 November 2025, which are held as part of a business model whose objective is both to hold the financial assets in order to collect the contractual cash flows and to sell them if necessary. The debt instruments are therefore measured at fair value with changes in other comprehensive income. The interest rate is 6.88 percent p.a., and semi-annual interest payments are scheduled. As of 30 June 2023, the fair value based on the stock market price amounts to EUR 845k (31 December 2022: EUR 4,491k). The change in value results in the amount of EUR 3,646k from a devaluation to the closing rate, which was recognised in other comprehensive income. ADLER received interest income of EUR 411k (31 December 2022: EUR 829k) from these bonds in the reporting year.

ADLER also holds roughly 38 percent in a convertible bond issued by Adler Group with a term until 23 November 2023. The interest rate is 1.25 percent p.a., and interest payments are due semi-annually. The conversion right is an embedded derivative, so that the convertible bond is classified as a financial asset measured at fair value and reported under other financial assets. As of 30 June 2023, the fair value amounts to EUR 50,477k (31 December 2022: EUR 41,643k). The change in value of EUR 8,833k compared with previous year is reported under financial income. In the reporting year, ADLER generated interest income in the amount of EUR 628k (previous year: EUR 1,264k) from the convertible bond.

Furthermore, as part of the sale of residential and commercial units, the remaining shares (in each case 10.1 percent) in property companies in the amount of EUR 18,839k (previous year: EUR 18,911k) are recognised under other financial assets. They are measured at fair value through profit or loss.

### Other non-current assets

Other non-current assets mainly include loan receivables from minority shareholders in the amount of EUR 49,883k. ADLER received interest income in the amount of EUR 657k in the reporting year.

Miscellaneous other non-current assets include EUR 2,350k (December 31, 2022: EUR 0k) in two derivatives from the refinancing of subsidiaries WBR Wohnungsbau Rheinhausen GmbH and Melet Grundstücks GmbH.

### Receivables from affiliated companies

The loan in the amount of EUR 265,221k granted to Adler Group S.A. on December 29, 2021 has been repaid in the context of the repayment of the bond 2018/2023 by Adler Group S.A. together with interest by offsetting on June 30, 2023. The remainder relates to accrued interest on that loan and further trade receivables from affiliates of Adler Group S.A. that do not belong to the scope of consolidated entities of ADLER.

## Liabilities for bonds

Liabilities for bonds were structured as follows as at the balance sheet date:

| <b>In EUR '000</b>     | <b>30.06.2023</b> | <b>31.12.2022</b> |
|------------------------|-------------------|-------------------|
| Bond 2017/2024         | 3,428             | 304,312           |
| Bond 2018/2023         | 0                 | 505,510           |
| Bond 2018/2026         | 298,299           | 302,156           |
| <b>Total</b>           | <b>301,727</b>    | <b>1,111,978</b>  |
| – of which non-current | 296,604           | 594,624           |
| – of which current     | 5,123             | 517,353           |

The changes in the first half of 2023 are closely related to the debt restructuring of the Adler Group. In the process, Adler Group SA received a total of three loans that were used to refinance all of ADLER's bonds.

The bond 2018/2023 was repaid by ADLER in the amount of EUR 500 million at par plus accrued interest and fees as scheduled on April 26, 2023. The cash for the repayment originates from an interest-free shareholder loan from ADLER Group S.A. (see "Liabilities to affiliated companies") which was offset with a total amount of EUR 265,211 thousand against a loan to ADLER Group SA (see "Receivables from affiliated companies").

The bond 2017/2024 in the amount of EUR 300 million was repurchased in two tranches on May 26 and June 13, 2023 at a price of 94.0% plus accrued interest and fees up to a remaining amount of EUR 3.4 million. The funds required for this came from further loans of Adler Group SA (see "Financial liabilities to affiliated companies").

## Financial liabilities to banks

Non-current financial liabilities to banks amounted to EUR 325,359k (31 December 2022: EUR 337,355k). Current financial liabilities to banks amounted to EUR 7,534k as at the balance sheet date (31 December 2022: EUR 68,598k).

The liabilities from refinancing of WBR Wohnungsbau Rheinhausen GmbH and Melet Grundstücks GmbH in the amount of EUR 166,106k are reported as loans from other creditors under other non-current liabilities.

Liabilities to banks are mainly secured with land charges. Further security includes the assignment of gross rental income, the pledging of bank credit balances and shareholdings and letters of subordination.

### Other current assets

Other current assets include purchase price receivables from the acquirer of the majority shareholding in Accentro Real Estate AG (including unpaid interest and default interest) of EUR 0k as of June 30, 2023 (December 31, 2022: EUR 60,512k). The debtor has been in default since the end of the fourth quarter of 2022. The receivables have been written off in full in the previous year. In the reporting year to date, interest income of EUR 1,154k (2022: EUR 3,920k) was received. The debtor has made interest payments of EUR 0 thousand (2022: EUR 2,000k).

The purchase price receivables from Caesar JV Immobilienbesitz und Verwaltungs GmbH and AB Immobilien B.V. were reclassified to receivables and loans as of December 31, 2022. In financial year 2022, ADLER revised its assessment regarding the realizability of these receivables and impaired these receivables in full.

The restricted cash reported under other current assets decreased by EUR 455k to EUR 10,036k compared with December 31, 2022.

Other current assets include payments of EUR 55,466k in connection with the refinancing of WBR Wohnungsbau Rheinhausen GmbH. The payment was received by the Company's existing creditors on July 08, 2023.

### Cash and cash equivalents

As of the reporting date, cash and cash equivalents amounted to EUR 132,292k compared to EUR 119,082k at the end of the previous year, of which EUR 2,620k (December 31, 2022: EUR 6,049k) are restricted. ADLER can dispose of these funds, but they are earmarked for a specific use. In particular, these are credit accounts in which funds are accumulated that are then used for interest payments and repayments.

Due to their special purpose, bank balances of EUR 11,216k (December 31, 2022: EUR 11,651k) are reported under other current assets.

### Non-current assets held for sale

Under the purchase agreement dated December 01, 2021, the Adler Group sold around 7 percent of the shares held by ADLER to a subsidiary of LEG Immobilien SE. shares in the subsidiary Brack Capital Properties N.V. to a subsidiary of LEG Immobilien SE. At the same time, ADLER has committed to tender the remaining shares held by it into a public purchase offer by September 30, 2022, provided that a purchase price of approximately EUR 765,000k is not undercut (tender commitment). The transaction did not result in a loss of control over BCP. On August 03, 2022, LEG Immobilien SE announced that it would not make a public purchase offer for the shares of Brack Capital Properties N.V. and that it would not make use of the tender commitment entered into with ADLER. ADLER nevertheless adheres to the divestment plan and offers the shares held by it for sale. In view of the changed market conditions, bids from purchasers that are below the originally advised price are also taken into account. As a result, ADLER continues to report the assets and liabilities of BCP as a disposal group.

The assets and liabilities of the disposal group are composed as follows:

| In EUR '000               | 30.06.2023       | 31.12.2022       |
|---------------------------|------------------|------------------|
| Goodwill                  | 0                | 0                |
| Investment properties     | 1,042,904        | 1,146,022        |
| Financial Investments     | 5,287            | 13,344           |
| Inventories               | 22,300           | 50,720           |
| Other assets              | 51,048           | 55,869           |
| Cash and cash equivalents | 211,095          | 24,861           |
| <b>Total assets</b>       | <b>1,332,635</b> | <b>1,290,816</b> |

| In EUR '000                    | 30.06.2023     | 31.12.2022     |
|--------------------------------|----------------|----------------|
| Deferred tax liabilities       | 80,927         | 154,970        |
| Financial liabilities to banks | 310,922        | 602,267        |
| Liabilities from bonds         | 156,172        | 74,504         |
| Income tax liabilities         | 1,321          | 14,674         |
| Trade payables                 | 8,923          | 2,519          |
| Other liabilities              | 63,604         | 16,325         |
| <b>Total liabilities</b>       | <b>621,869</b> | <b>865,259</b> |

The investment properties of the disposal group consist of residential properties in the amount of EUR 832.250k (December 31, 2022: EUR 903,854k), commercial properties in the amount of EUR 20.230k (December 31, 2022: EUR 38,240k) and project developments in the amount of EUR 190.400k (December 31, 2022: EUR 208,170k). The fair values of the properties were determined by independent external appraisers who have recognized and relevant professional qualifications and extensive experience with the location and category of the properties valued.

In the first half of 2023, ADLER AG sold the Späthstrasse portfolio for EUR 10,200k, the subsidiary BCP sold a portfolio in Ludwigsfelde for EUR 12,800k and ADP Germany GmbH sold the portfolio North for EUR 7,500k.

### Shareholders' equity

The capital stock of ADLER AG amounted to EUR 109,067k as at 30 June 2023 (31 December 2022: EUR 109,067k) and is divided into 109,417,860 no-par ordinary shares (31 December 2022: 109,417,860) with one voting right per share.

Changes in the value of reclassifiable and non-reclassifiable other comprehensive income amounting to EUR 128,273k (previous year: EUR minus 11,983k) were recognized in other retained earnings after offsetting against the related taxes.

Further details can be found in the consolidated statement of changes in equity.

### Financial liabilities to affiliated companies

Adler Group SA has granted ADLER three interest-free shareholder loans maturing on June 30, 2025 from Fresh Money funds.

| in EUR '000  | 2023           | 2022     |
|--|----------------|----------|
| <b>Carrying amounts 01.01.</b>                         | <b>0</b>       | <b>0</b> |
| ADLER Group loans EUR 273 million non-interest bearing | 199,082        | 0        |
| ADLER Group loans EUR 15 million non-interest bearing  | 11,500         | 0        |
| ADLER Group loans EUR 235 million non-interest bearing | 161,738        | 0        |
| <b>Carrying amounts 30.06. respectively 31.12.</b>     | <b>372,320</b> | <b>0</b> |

ADLER has recognized these loans as liabilities at their fair value. The difference between the nominal value and the fair value was posted to reserves, as the granting of these loans was caused by the corporate relationship.

## SELECTED NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

### Income from property lettings

Gross rental income is structured as follows:

| In EUR '000                           | 6M 2023       | 6M 2022        |
|---------------------------------------|---------------|----------------|
| Net rental income                     | 56,180        | 71,079         |
| Income from recoverable expenses      | 31,303        | 38,360         |
| Other income from property management | 3,530         | 7,847          |
| <b>Total</b>                          | <b>91,013</b> | <b>117,285</b> |

The decrease in net rental income is due to portfolio transactions in the first quarter and fourth quarter of 2022.

### Expenses from property lettings

Expenses from property lettings are broken down as follows:

| In EUR '000   | 6M 2023       | 6M 2022       |
|---|---------------|---------------|
| Apportionable and non-apportionable operating costs | 32,238        | 48,292        |
| Maintenance   | 4,297         | 11,566        |
| Other property management expenses                  | 362           | 120           |
| <b>Total</b>  | <b>36,897</b> | <b>59,978</b> |

### Income from the sale of properties

Income from the sale of properties is structured as follows:

| In EUR '000                                       | 6M 2023       | 6M 2022          |
|---|---------------|------------------|
| Income from the disposal of investment properties | 30,500        | 1,046,646        |
| <b>Total</b>                                      | <b>30,500</b> | <b>1,046,646</b> |

The income from the sale of investment properties in the first half of 2022 resulted primarily from the settlement of the portfolio transaction with KKR & Co. In addition, the subsidiary BCP sold a property in Neckarsulm from the commercial portfolio.

In the first half of 2023, ADLER AG sold the Späthstrasse portfolio for EUR 10,200k, the subsidiary BCP sold a portfolio in Ludwigsfelde for EUR 12,800k and ADP Germany GmbH sold the portfolio North for EUR 7,500k.



## Expenses from the sale of properties

Expenses from the sale of properties are structured as follows:

| In EUR '000  | 6M 2023       | 6M 2022          |
|--|---------------|------------------|
| Carrying amount of disposed project development inventory properties | 0             | 10,868           |
| Carrying amount of disposed investment properties                    | 30,500        | 1,046,697        |
| Costs of disposal  | 31            | 1,322            |
| <b>Total</b>   | <b>30,531</b> | <b>1,058,888</b> |

The carrying amount of disposed investment properties are attributable to the transactions mentioned under income from the sale of properties.

## Other operating expenses

Other operating expenses break down as follows:

| In EUR '000  | 6M 2023       | 6M 2022       |
|--|---------------|---------------|
| Legal and consulting expenses                                  | 5,698         | 5,879         |
| Impairment and write-downs of rent receivables                 | 4,556         | 1,699         |
| General and administrative expenses                            | 153           | 377           |
| Purchased services   | 661           | 870           |
| Management and administrative allocations affiliated companies | 12,620        | 1,247         |
| Office and IT expenses   | 1,043         | 1,537         |
| Cost of premises   | 1,371         | 1,241         |
| Public relations   | 232           | 104           |
| Real Estate Transfer Tax                                       | 0             | 20,412        |
| Miscellaneous other operating expenses                         | 4,195         | 8,845         |
| <b>Total</b>   | <b>30,529</b> | <b>42,211</b> |

In the first quarter of 2022, LEG acquired shares in BCP from the free float. The share acquisition resulted in the thresholds for real estate transfer tax being exceeded. This resulted in expenses from real estate transfer tax in the amount of EUR 20,412k. ADLER had acquired approximately 70 percent of the shares in BCP in financial year 2018.

Expenses for management and administrative charges of affiliated companies from ADLER Group S.A. in the amount of EUR 11,137 thousand include charges passed on for refinancing by external lenders of WBR Wohnungsbau Rheinhausen GmbH and Melet Grundstücks GmbH.

## Financial income

Financial income is structured as follows:

| In EUR '000  | 6M 2023       | 6M 2022       |
|--|---------------|---------------|
| Interest income – financial assets measured at amortised cost  | 8,760         | 8,683         |
| Interest income – financial assets at fair value   | 628           | 639           |
| Interest income – financial assets at fair value through other comprehensive income  | 411           | 411           |
| Net change in fair value of derivatives  | 0             | 39,737        |
| Net change in fair value of financial instruments at fair value through profit or loss   | 8,833         | 2,947         |
| Derecognition of financial liabilities measured at amortised cost  | 0             | 0             |
| Reversal of impairments of financial assets measured at amortised cost (Loans to associated companies, loans, restricted funds, deposits at banks) | 0             | 2,470         |
| Reversal of impairments of financial assets at fair value with changes in other comprehensive income   | 0             | 75            |
| Net foreign currency gains   | 19,466        | 7,968         |
| Income from repurchase of bond 2017/2024   | 9,228         | 0             |
| Other financial income   | 0             | 1             |
| <b>Total</b>   | <b>47,326</b> | <b>62,932</b> |

Interest income from financial assets measured at amortised cost results in the amount of EUR 1,309k (previous year: EUR 401k) from receivables from and loans to associated companies.

The net change in the fair value of derivatives in the previous year included income from the measurement of the commitment to LEG at the reporting date..

## Financial expenses

Financial expenses are structured as follows:

| In EUR '000   | 6M 2023       | 6M 2022       |
|---|---------------|---------------|
| Interest expenses – financial liabilities measured at amortised cost                    |               |               |
| – Interest expenses – bank loans  | 3,219         | 21,585        |
| – Interest expenses – bonds   | 29,852        | 25,578        |
| – Interest expenses – convertible bonds   | 0             | 0             |
| – Interest expenses – financial liabilities to affiliated companies                     | 0             | 0             |
| – Interest expenses – leasing   | 71            | 86            |
| – Interest expenses – other   | 107           | 67            |
| Net change in fair value of derivatives   | 21            | 0             |
| Net change in fair value of financial instruments at fair value through profit or loss  | 0             | 24,157        |
| Impairment of financial assets at fair value with changes in other comprehensive income | 5             | 7             |
| Net foreign exchange losses/gain  | 1,716         | 10,100        |
| Accrued interest on provisions  | 0             | 0             |
| Other financial expenses  | 0             | 0             |
| <b>Total</b>  | <b>34,990</b> | <b>81,579</b> |

Interest expenses on bank loans and bonds include early repayment fees and transaction costs for the early repayment of financial liabilities to banks and bonds as well as other expenses in connection with refinancing of EUR 180k (previous year: EUR 12,556k) in total.

## Impairments on trade and other receivables

In the previous year, the valuation allowances on receivables included valuation allowances on receivables from the acquirer of the majority shareholding in Accentro Real Estate AG; these are explained under the balance sheet item Other current assets.

## Earnings per share

Earnings per share reflect the amount of earnings generated in a given period that are attributable to each share. This involves dividing consolidated net income by the weighted number of shares outstanding. This key figure is diluted by what are known as 'potential shares' (e.g. from convertible bonds).

Income per share is structured as follows:

|   | 6M 2023<br>Continuing<br>operations | 6M 2022<br>Continuing<br>operations |
|---|-------------------------------------|-------------------------------------|
| <b>Consolidated net earnings (in EUR '000)</b>                        | <b>-211,629</b>                     | <b>-168,456</b>                     |
| Consolidated net earnings without non-controlling interests           | -160,268                            | -135,027                            |
| Consolidated net earnings without non-controlling interests (diluted) | -160,268                            | -135,027                            |
| <b>Number of shares (in thousands)</b>                                |                                     |                                     |
| Weighted number of subscribed shares                                  | 109,416                             | 109,416                             |
| Weighted number of shares (diluted)                                   | 109,416                             | 109,416                             |
| <b>Earnings per share (in EUR)</b>                                    |                                     |                                     |
| Basic earnings per share  | -1.46                               | -1.23                               |
| Diluted earnings per share  | -1.46                               | -1.23                               |

## DISCLOSURES ON FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

The classification of financial instruments required was unchanged compared with 31 December 2022. There were no reclassifications within the categories of financial instruments or the fair value hierarchy levels in the period under report.

The allocation of assets and liabilities measured at fair value in accordance with the input factors of the respective measurement method was unchanged compared with 31 December 2022. Investment properties are still allocated to Level 3 in the fair value hierarchy.

## OTHER DISCLOSURES

### Related party disclosures

There have been no material changes in related parties compared with the disclosures made as of 31 December 2022.

### Financial risk management

The material risks monitored and managed by the Group's financial risk management include interest rate, default, liquidity, financing and currency risks. A detailed description of these risks can be found in the notes to the consolidated financial statements as of 31 December 2022.

## Significant events during the financial period and after the balance sheet date

On January 9, 2023 the Local Court (Amtsgericht) Berlin Charlottenburg appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for the audit of ADLER Real Estate Aktiengesellschaft's stand-alone and consolidated financial statements for the financial year 2022.

On January 11, 2023, KPMG AG Wirtschaftsprüfungsgesellschaft rejected the judicial appointment as auditor for the audit of the stand-alone and consolidated financial statements for the financial year 2022 of ADLER Real Estate AG.

On January 12, 2023, the Adler Group agreed with the majority of the bondholders to initiate a restructuring proceedings under English law. For this purpose, ADLER Group founded a wholly owned subsidiary (AGPS BondCo PLC, London) and appointed it as the new issuer and principal debtor of all liabilities arising from the bonds issued by ADLER Group. As stipulated in the bond terms and conditions for this case, ADLER Group irrevocably and unconditionally guarantees to the bondholders that all liabilities transferred to AGPS BondCo PLC will be fulfilled. AGPS BondCo PLC has subsequently initiated court proceedings for the approval of a restructuring plan, according to which amendments to the bond terms are to be made.

On March 17, 2023 Adler Group S.A. confirmed its formal request of 23 June 2022 regarding the transfer of the shares of the minority shareholders of ADLER Real Estate Aktiengesellschaft to Adler Group and specified the cash settlement at EUR 8.76 per ADLER Real Estate Aktiengesellschaft share. The resolution on the transfer is on the agenda of ADLER Real Estate Aktiengesellschaft's general meeting on April 28, 2023.

On April 12, 2023, the High Court of Justice of England and Wales approved the restructuring plan under Part 26A of the Companies Act 2006 of AGPS BondCo PLC. With the approval, essential requirements for the implementation of the amendment of the bond terms of AGPS BondCo PLC and the granting of the debt financing by part of the bondholders have been met.

On April 14, 2023, the term of the existing Dalehen of ADLER Real Estate AG to Adler Group S. A. in the amount of EUR 265.0 million was extended until 30 April 2023 by way of an amendment agreement.

On April 24, 2023, the auditing firm Rödl & Partner agreed to accept an appointment as auditor for both the financial statements and the consolidated financial statements of ADLER Real Estate for the 2022 financial year.

On April 27, 2023, Adler Real Estate AG repaid the corporate bond 2018/2023 in the amount of EUR 500.0 million on schedule after Adler Group repaid the loan of EUR 265.0 million early and granted an interest-free loan for the remaining amount.

On April 28, 2023, the Annual General Meeting of Adler Real Estate resolved to squeeze out the minority shareholders in ADLER Real Estate AG in return for cash compensation. However, the decision has not yet been implemented because actions for rescission and nullity are still pending at the competent regional court in Berlin.

On May 9, 2023, ADLER Real Estate announced a repurchase offer and a consent solicitation for EUR 300.0 million of notes due in fiscal year 2024. The repurchase offer for the notes amounts to EUR 940 per EUR 1,000 principal amount plus a EUR 10 acceptance fee and an additional fee of EUR 20 for holders tendering their notes at an early stage.

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

On 26 May 2023, more than 93 percent of the bonds totalling EUR 300 million maturing in financial year 2024 had been tendered for early repayment. An interest-free loan from the Adler Group in the corresponding amount was drawn down for the repayment.

On June 28, 2023, investigators from the Frankfurt Public Prosecutor's Office and the Federal Criminal Police Office seized business records at ADLER Real Estate premises. The court-ordered investigations took place against the background of business transactions in 2019 extending into 2020.

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

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

No further material events with the potential to significantly influence the earnings, asset and financial position of ADLER Real Estate AG occurred.

## /// AFFIRMATION BY THE LEGAL REPRESENTATIVES

“We hereby affirm to the best of our knowledge, pursuant to the applicable accounting principles for interim financial reporting, that these interim consolidated financial statements convey a true and fair view of the Group’s financial, earnings and liquidity position, that the course of business, including the results of operations and the position of the Group, is represented in the interim consolidated management report in such a manner as to convey a true and fair view and that all essential opportunities and risks foreseeable for the Group in the remainder of the financial year are described.”

Berlin, 29 August 2023



Thierry Beaudemoulin  
CEO/COO



Sven-Christian Frank  
CLO

## /// LEGAL REMARKS

This report contains future-oriented statements that reflect the current management’s views of ADLER Real Estate AG regarding future events. Every statement in this report that reflects intentions, assumptions, expectations or predictions, as well as the assumptions on which they are based, constitutes such a future-oriented statement. These statements are based on plans, estimates and forecasts currently available to the management of ADLER Real Estate AG. Therefore, they only apply to the day on which they are made. By their nature, future-oriented statements are subject to risks and uncertainty factors, and the actual developments can deviate considerably from the future-oriented statements or the events implicitly expressed in them. ADLER Real Estate AG is not obligated, nor does it intend, to update such statements in view of new information or future events.

## /// AT A GLANCE

|                             |   |
|-----------------------------|---|
| <b>Supervisory Board</b>    |   |
| <b>Martin Billhardt</b>     | Chairman of the Supervisory Board   |
| <b>Thilo Schmid</b>         | Vice Chairman of the Supervisory Board  |
| <b>Thomas Zinnöcker</b>     | Member of the Supervisory Board   |
| <b>Management Board</b>     |   |
| <b>Thierry Beaudemoulin</b> | Member of the Management Board (CEO and COO)  |
| <b>Sven-Christian Frank</b> | Member of the Management Board (CLO)  |
| <b>Company Facts</b>        |   |
| <b>Legal domicile</b>       | Berlin Charlottenburg, Berlin HRB 180360 B  |
| <b>Address</b>              | ADLER Real Estate Aktiengesellschaft<br>Am Karlsbad 11<br>10789 Berlin<br>Phone: +49 30 39 80 18 – 10<br>Email: info@adler-ag.com |
| <b>Website</b>              | www.adler-ag.com  |
| <b>Investor Relations</b>   | Gundolf Moritz<br>Email: investorrelations@adler-group.com  |
| <b>Public Relations</b>     | Dr Rolf-Dieter Grass<br>Email: r.grass@adler-group.com  |
| <b>Identification</b>       | WKN 500 800<br>ISIN DE0005008007<br>Ticker symbol ADL<br>Reuters ADLG.DE  |
| <b>Designated sponsors</b>  | Baader Bank AG  |
| <b>Stock exchanges</b>      | Xetra, Frankfurt am Main  |
| <b>Indices</b>              | CDAX, GPR General Index, DIMAX  |
| <b>Financial year</b>       | Calendar year   |





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ADLER REAL ESTATE AKTIENGESELLSCHAFT  
Berlin-Charlottenburg

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