ADLER GROUP

Q2

QUARTERLY FINANCIAL STATEMENTS 2024

Key Figures Q2

Profit and loss statement

In EUR thousand	For the six months ended 30 June 2024	For the six months ended 30 June 2023	For the three months ended 30 June 2024	For the three months ended 30 June 2023	For the year ended 31 Dec 2023
Income from rental activities	152,612	157,708	74,390	77,999	314,656
Adj. EBITDA from rental activities	59,847	60,187	28,539	27,429	109,558
Adj. EBITDA from rental activities margin	57.9%	55.9%	54.5%	50.5%	52.3%
Adj. EBITDA Total	42,032	3,604	23,363	(33,109)	20,629
FFO 1 (from rental activities)	(53,731)	8,198	(26,874)	(7,560)	(42,642)
FFO 2 (incl. disposal results and development activities)	(155,708)	(110,968)	(71,441)	(111,222)	(282,612)

Further KPIs

Residential(*)	30 June 2024	31 Dec 2023
Monthly in-place rent (EUR per m²)	7.65	7.60
Total vacancy rate	1.8%	1.1%
Number of units	25,005	25,043
Like-for-like rental growth (LTM)	4.6%	5.1%

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

Balance sheet

In EUR thousand except per share data	30 Jun 2024(*)	31 Dec 2023(*)
EPRA LTV	105.7%	97.6%
EPRA NRV	157,597	670,439
EPRA NRV per share (EUR)	1.04	4.42
EPRA NTA	18,215	528,527
EPRA NTA per share (EUR)	0.12	3.49

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

Content

About the Group

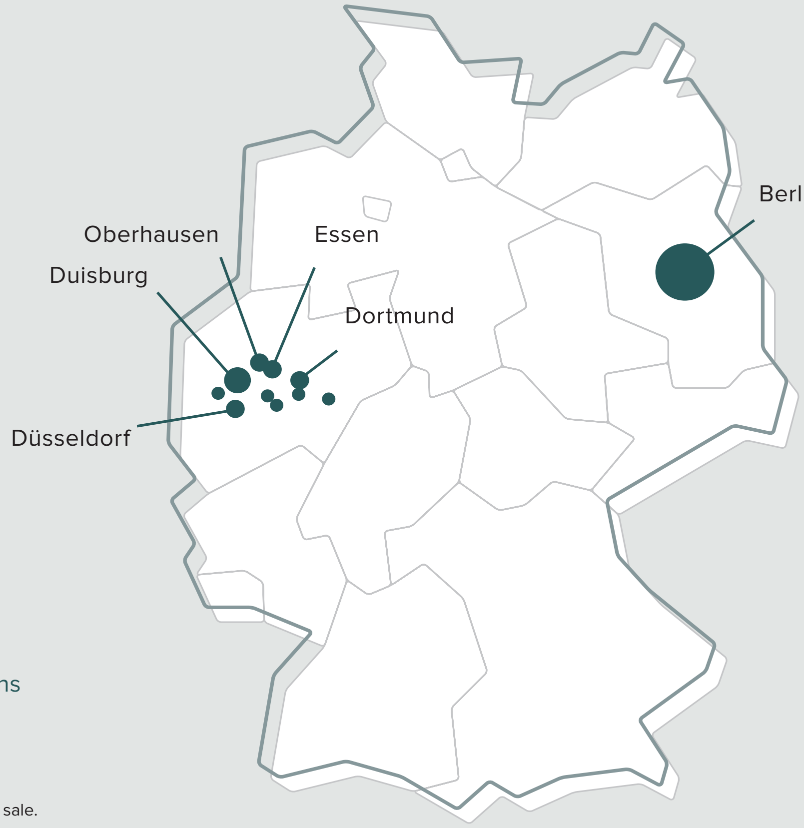
The Adler Group S.A. (the Company) is a Luxembourg-based real estate holding company with more than 500 subsidiaries (Adler Group) mainly operating in Germany. It specialises in the management and development of income-producing, multi-family residential real estate.

Adler Group owns and manages 25,005 residential rental units, largely concentrated in Berlin (around 71% of properties) and North-Rhine-Westphalia. Most of the properties fall into the market segment of affordable housing.

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

As at 30 June 2024, Adler Group had 532 employees based in Luxembourg and in several locations across Germany.

Rental portfolio as at 30 June 2024(*)



Residential rental portfolio locations

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

Adler Group Share

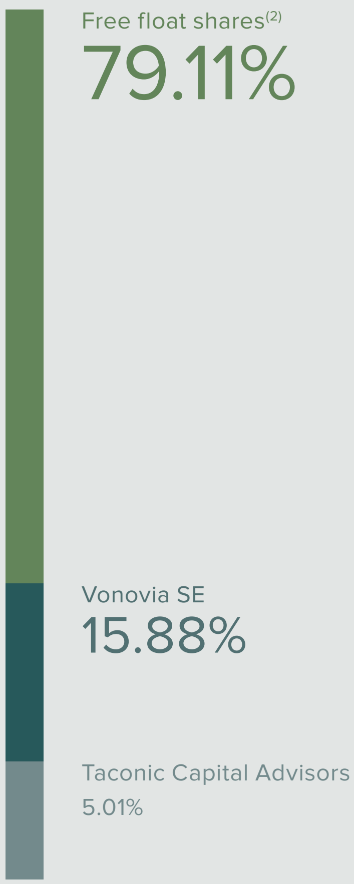
The share

Share information (as at 30 June 2024)

1st day of trading	23 July 2015
Subscription price	EUR 20.00
Price at the end of H1 2024	EUR 0.162
Highest share price LTM	EUR 0.729
Lowest share price LTM	EUR 0.110
Total number of listed shares outstanding	151.6 million
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ
Class	Dematerialised shares
Free float	79.11%
Stock exchange	Frankfurt Stock Exchange
Market segment	Prime Standard
EPRA indices	FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Developed Europe Index, FTSE EPRA / NAREIT Germany Index

Shareholder structure[1]

(as at 30 June 2024)



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

(2) Based on the German stock exchange's definition, free float refers to shares that are not owned by major shareholders holding more than 5% of the total shares.

Key stock market data

Adler Group shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended 30 June 2024, the shares traded between EUR 0.110 and EUR 0.729. Adler Group shares are included in the relevant real estate sector indices of the EPRA index family.

Shareholder structure

As at 30 June 2024, the total number of outstanding shares of Adler Group amounts to 151.6 million. At that time, the main shareholders with holdings of over 5% were: Vonovia SE (15.88%) and Taconic Capital Advisors (5.01%), according to the official notifications received from the shareholders. The remaining 79.11% free float shares were mainly held by institutional investors.

Dividend

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

Interim Management Report

2 Interim Management Report

Fundamentals of the Group

Business model

Adler Group S.A. is a residential real estate company which – through its more than 500 subsidiaries – holds and manages 25,005 rental units, primarily based in Berlin and North-Rhine-Westphalia. This rental portfolio is valued at EUR 4.1 billion. Besides the rental portfolio, Adler Group owns a portfolio of development projects in some of the larger cities in Germany valued at EUR 1.4 billion. According to the Company's strategy, these development projects shall be sold – some sales processes have already begun, others are to be initiated.

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

532 operational employees are based in Luxembourg and in several locations across Germany in order to bring Adler Group as close as possible to assets and tenants.

Objectives and strategy

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

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

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

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

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

Committed to adding value through refurbishment and modernisation.

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

Corporate Governance

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

Composition of the Board

As at 30 June 2024, the Board comprises the following members:

Mr Stefan Brendgen, Chairman
Independent Director

Mr Matthias Moser
Independent Director

Mr Thilo Schmid
Independent Director

Mr Thierry Beaudemoulin
Director

Mr Thomas Echelmeyer
Director

Changes in the Board of Directors

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

The Company further improved its Corporate Governance by streamlining its Board of Directors as the main governing body with the addition of one independent Board member. This proposed appointment followed the resignation of Prof. Stefan A. Kirsten in February 2024 and the tendered resignations of Dr. Heiner Arnoldi and Thomas Zinnöcker with effect as of the Annual General Meeting (AGM) on 25 June 2024. The AGM approved with an overwhelming majority the appointment of Matthias Moser as an independent member of the Board of Directors.

Together with Stefan Brendgen, Thierry Beaudemoulin (also CEO of the Company), Thilo Schmid and Thomas Echelmeyer (also CFO of the Company), the Company's Board of Directors now consists of five members, three of whom are independent; all five have extensive expertise in corporate governance, real estate, finance, restructuring and capital markets.

Committees established by the Board

The Board members meet regularly in the meetings of the Board and committees established by the Board. Currently, the Company has three committees:

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

The purpose, responsibilities and duties of each committee are described in the Annual Report for the financial year 2023. The former Investment and Financing Committee no longer exists. The chairmanships and memberships of each Board member are reflected in the table below.

Board of Directors	Nomination and Compensation Committee	Audit Committee	Ad hoc Committee
Stefan Brendgen (Chairman)	Chairman	Member	
Matthias Moser	Member	Member	
Thilo Schmid	Member	Chairman	
Thierry Beaudemoulin (non-independent)			Chairman
Thomas Echelmeyer (non-independent)			Member

Portfolio Overview

Business performance highlights

As at 30 June 2024, the residential rental portfolio has a strong focus on Berlin as well as some other larger cities primarily in North-Rhine-Westphalia such as Duisburg and Düsseldorf.

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

Portfolio overview(*)

Location	Fair value EURm H1 24	Fair value EUR/m² H1 24	Units	Lettable area m²	NRI(**) EURm H1 24	Rental yield (in-place rent)	Oper-ational vacancy H1 24	Vacancy Δ YoY	H1 24 Avg. Rent EUR/m²/ month	NRI Δ YoY LFL	Rever-sionary Potential
Berlin	3,485	2,844	17,723	1,225,459	120	3.4%	1.3%	0.1%	8.18	5.2%	23.2%
Other	607	1,311	7,282	462,890	34	5.6%	3.0%	1.2%	6.24	2.7%	18.4%
Total	**4,091**	**2,423**	**25,005**	**1,688,349**	**154**	**3.8%**	**1.8%**	**0.4%**	**7.65**	**4.6%**	**22.1%**

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

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

The vacancy rate shows the ratio of m² of vacant units in the portfolio to total m² of the portfolio. Vacancy rate is used as an indicator of the current letting performance.

The in-place rent per m² provides an insight into the average rental income from the rented properties. It serves as an indicator of the current letting performance.

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

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

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

Portfolio performance

Rental portfolio(*)

	30 June 2024	31 Dec 2023
Number of units	25,005	25,043
Average rent/m^2/month (EUR)	7.65	7.60
Vacancy	1.8%	1.1%

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

The average rent per m² amounted to EUR 7.65 as at 30 June 2024, a slight increase despite the disposal of the "Wasserstadt" portfolio in Berlin in 2023, comprising approximately 700 non-rent-regulated rental units. The vacancy rate increased slightly to 1.8% partly due to seasonal effects.

Like-for-like rental growth(*)

In %	LTM(**) 30 June 2024	1 Jan - 31 Dec 2023
Like-for-like rental growth	4.6%	5.1%

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

Like-for-like rental growth of the portfolio amounted to 4.6% over the last twelve months. Like-for-like rental growth of our Berlin portfolio amounted to 5.2% while like-for-like rental growth of the remaining portfolio stood at 2.7%.

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

Maintenance and CapEx

In EUR per m²	1 Jan - 30 June 2024	1 Jan - 31 Dec 2023
Maintenance	3.9	6.0
CapEx	8.3	16.1
Total	**12.2**	**22.1**

In EUR million	1 Jan - 30 June 2024	1 Jan - 31 Dec 2023
Maintenance	6.7	10.6
CapEx	14.2	28.6
Total	**20.9**	**39.1**

In the first six months of 2024, total investment in the core portfolio amounted to EUR 20.9 million resulting in maintenance and CapEx expenses per m² of EUR 12.2.

Vacancy split

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

Vacancy(*)

	30 June 2024	31 Dec 2023
Total vacancy (units)	435	291
Total vacancy (m²)	30,118	19,058
Total vacancy rate	1.8%	1.1%

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

Financial Overview

Financial performance indicators

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

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

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

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

EPRA NAV makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.

Calculation of EPRA NAV

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

1) Difference between inventories carried in the balance sheet at cost (IAS 2) and the fair value of inventories.
2) Fair value of financial instruments that are used for hedging purposes where the Company has the intention of keeping the hedge position until the end of the contractual duration.
3) For EPRA NAV and EPRA NRV: Deferred tax as per the IFRS balance sheet in respect of the difference between the fair value and the tax book value of investment property, development property held for investment, intangible assets, or other non-current investments. For EPRA NTA: Only deferred taxes relating to the proportion of the portfolio that is intended to be held in the long run and not sold are excluded.

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

Calculation of EPRA NRV

Total equity attributable to owners of the Company

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

= **EPRA NRV**

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

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

Calculation of EPRA NTA

Total equity attributable to owners of the Company

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

= **EPRA NTA**

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

Calculation of EPRA NDV

Total equity attributable to owners of the Company

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

= **EPRA NDV**

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

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

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

Adj. EBITDA Total can be derived by adding the net profit from project development activities to Adj. EBITDA from rental activities.

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

Calculation of Adj. EBITDA (from rental activities)

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

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

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

Calculation of Adj. EBITDA Total

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

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

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

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

11) Other net financial costs is equal to the total "Net finance costs" from the profit or loss statement less "Net cash interest" as calculated in footnote 10) above.

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

13) Net income from at-equity valued investments from the profit and loss statement.

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

Calculation of FFO 1 (from rental activities)

Adj. EBITDA from rental activities

(–) FFO 1 net interest expenses[14)]
(–) Current income taxes relating to rental activities[15)]
(–) Interest of minority shareholders[16)]

= **FFO 1 (from rental activities)**

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

15) Only current income taxes relating to rental activities.

16) Interest of minority shareholders in Adler's subsidiary Brack Capital Properties N.V. ("BCP") as Adler's share is only 62.78% as at 31 June 2024.

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

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

Adj. EBITDA Total

(–) FFO 2 net interest expenses[10)]
(–) Current income taxes[17)]
(–) Interest of minority shareholders[16)]

= **FFO 2**
(incl. disposal results and development activities)

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

EPRA LTV illustrates the relationship between net debt and total property value of a real estate company and thus evaluates the gearing of shareholder equity.

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

Calculation of EPRA LTV	Group as reported	Share of joint ventures[25]	Share of material associates[25]	Non-controlling interests[26]	**Total[27]**
Borrowings from financial institutions[18]					
(+) Commercial paper					
(+) Hybrids[19]					
(+) Bond loans[20]					
(+) Foreign currency derivatives					
(+) Net payables[21]					
(+) Owner-occupied property (debt)					
(+) Current accounts (equity characteristic)					
(–) Cash and cash equivalents					
= **Net Debt**					
Owner-occupied property					
(+) Investment properties at fair value					
(+) Properties held for sale[22]					
(+) Properties under development[23]					
(+) Intangibles					
(+) Net receivables[21]					
(+) Financial assets[24]					
= **Total property**					
= **EPRA LTV in %**					

18) Including current and non-current other loans and borrowings.

19) Including convertible bonds.

20) Containing current and non-current corporate bonds.

21) Net payables are equal to payables less receivables on the IFRS balance sheet if that number is positive. Net receivables are equal to receivables less payables on the IFRS balance sheet if that number is positive. Please refer to the following table on net payables to see what this item includes:

Calculation of Net payables

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

22) Incorporating inventories at fair value and non-current assets held for sale.

23) This position is included in investment properties at fair value.

24) Containing other financial assets.

25) Net debt and total property value of joint ventures and associated companies are disregarded due to immateriality reasons.

26) Non-controlling interests are only adjusted for minority shareholders in Adler's subsidiary Brack Capital Properties N.V. for reasons of materiality, thus any other minority shareholders are not considered due to their insignificancy.

27) Total column illustrates the combined values of the previous columns.

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

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

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

Profit situation

Compared to the prior year, **net rental income** slightly decreased in the first six months of the year due to the disposal of the "Wasserstadt" portfolio in August 2023, and the Hamm portfolio by BCP in December 2023. The decrease was partly compensated by rent increases realised with regard to the remaining assets.

Despite the decrease in net rental income, **Adj. EBITDA from rental activities** remained stable at EUR 60 million due to savings in overhead costs from rental activities.

FFO 1 and FFO 2 were both negatively impacted by the significant increase in net interest expenses due to the New Money Facility of EUR 937.5 million with a PIK interest of 12.5% as well as the 2.75% PIK interest step-up on the Adler Group S.A. bonds, all having become effective in April 2023 as part of the Restructuring Plan.

EBITDA

Adj. EBITDA from rental activities

	For the six months ended		For the three months ended		For the year ended
In EUR thousand	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**	**31 Dec 2023**
Net rental income	103,400	107,679	52,336	54,272	209,576
Income from facility services and recharged utilities costs	49,212	50,029	22,054	23,727	105,080
Income from rental activities	**152,612**	**157,708**	**74,390**	**77,999**	**314,656**
Cost from rental activities	(62,853)	(63,388)	(33,541)	(32,717)	(133,656)
Net operating income (NOI) from rental activities	**89,759**	**94,320**	**40,849**	**45,282**	**181,000**
NOI from rental activities margin (%)	**86.8%**	**87.6%**	**78.1%**	**83.4%**	**86.4%**
Overhead costs from rental activities	(29,914)	(34,133)	(12,311)	(17,853)	(71,443)
Adj. EBITDA from rental activities	**59,847**	**60,187**	**28,539**	**27,429**	**109,558**
Adj. EBITDA margin from rental activities (%)	**57.9%**	**55.9%**	**54.5%**	**50.5%**	**52.3%**

Adj. EBITDA Total

	For the six months ended		For the three months ended		For the year ended
In EUR thousand	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**	**31 Dec 2023**
Income from rental activities	152,612	157,708	74,390	77,999	314,656
Income from property development	(15,240)	10,437	(24,736)	(9,366)	27,832
Income from other services	1,526	4,876	398	2,902	9,514
Income from real estate inventory disposed of	27,000	19,300	27,000	1,800	91,575
Income from sale of trading properties	1,088	455	1,088	455	1,500
Revenue	**166,986**	**192,776**	**78,140**	**73,790**	**445,077**
Cost from rental activities	(62,853)	(63,388)	(33,541)	(32,717)	(133,656)
Other operational costs from development and privatisation sales	(26,411)	(75,714)	(7,490)	(50,428)	(192,841)
Net operating income (NOI)	**77,722**	**53,673**	**37,109**	**(9,355)**	**118,581**
Overhead costs from rental activities	(29,914)	(34,133)	(12,311)	(17,853)	(71,443)
Overhead costs from development and privatisation sales	(5,776)	(15,936)	(1,435)	(5,900)	(26,509)
Adj. EBITDA Total	**42,032**	**3,604**	**23,363**	**(33,109)**	**20,629**
FFO 2 net interest expenses	(183,471)	(103,648)	(90,071)	(71,186)	(277,056)
Other net financial costs	(2,752)	(179,336)	(5,150)	(168,572)	(219,802)
Depreciation and amortisation	(20,048)	(5,467)	(18,912)	(1,813)	(16,283)
Other income/(expenses)	(110,622)	(179,628)	(102,933)	(120,852)	(295,601)
Change in valuation	(230,400)	(741,571)	(232,481)	(735,759)	(1,172,738)
Net income from at-equity valued investments	(980)	(953)	(9)	(607)	(5,108)
EBT	**(506,241)**	**(1,206,999)**	**(426,193)**	**(1,131,898)**	**(1,965,959)**

FFO

FFO 1 (from rental activities)

In EUR thousand	For the six months ended 30 June 2024	30 June 2023	For the three months ended 30 June 2024	30 June 2023	For the year ended 31 Dec 2023
Adj. EBITDA from rental activities	59,847	60,187	28,539	27,429	109,558
FFO 1 net interest expenses	(104,446)	(43,556)	(51,462)	(31,074)	(135,446)
Current income taxes	(5,806)	(5,168)	(2,250)	(2,276)	(9,441)
Interest of minority shareholders	(3,326)	(3,266)	(1,700)	(1,640)	(7,313)
FFO 1 (from rental activities)	**(53,731)**	**8,198**	**(26,874)**	**(7,560)**	**(42,642)**
No. of shares(*)	151,626	130,209	151,626	142,908	141,035
FFO 1 per share	**(0.35)**	**0.06**	**(0.18)**	**(0.05)**	**(0.30)**

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

FFO 2 (incl. disposal results and development activities)

In EUR thousand	For the six months ended 30 June 2024	30 June 2023	For the three months ended 30 June 2024	30 June 2023	For the year ended 31 Dec 2023
Adj. EBITDA Total	42,032	3,604	23,363	(33,109)	20,629
FFO 2 net interest expenses	(183,471)	(103,648)	(90,071)	(71,186)	(277,056)
Current income taxes	(10,943)	(7,658)	(3,033)	(5,287)	(18,872)
Interest of minority shareholders	(3,326)	(3,266)	(1,700)	(1,640)	(7,313)
FFO 2	**(155,708)**	**(110,968)**	**(71,441)**	**(111,222)**	**(282,612)**
No. of shares(*)	151,626	130,209	151,626	142,908	141,035
FFO 2 per share	**(1.03)**	**(0.85)**	**(0.47)**	**(0.78)**	**(2.00)**

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

Financial and asset position

The decrease in **investment properties** was mainly due to the fair value adjustments of Adler Group’s yielding assets and development assets recognised under investment properties, following the external revaluation in H1 2024. **Other non-current assets** include other financial assets of EUR 111 million (mainly comprising loans against non-controlling shareholders of subsidiaries), contract assets of EUR 30 million, right-of-use assets of EUR 30 million, investments in financial instruments of EUR 17 million as well as restricted bank deposits of EUR 16 million. **Inventories** primarily include land from forward and upfront sales. **Other current assets** include other receivables (EUR 103 million), trade receivables (EUR 57 million), restricted bank deposits (EUR 35 million) and contract assets (EUR 9 million). **Non-current assets held for sale** mainly relate to BCP.

Interest-bearing debts include bonds, bank debt and the new financing facilities issued in FY 2023. This position does not contain debts held at BCP level, as these are shown separately as **liabilities held for sale**. **Other liabilities** include other long-term financial liabilities (EUR 242 million) incl. accrued interest of EUR 231 million, other current payables (EUR 223 million) with the majority referring to income tax payables, provisions (EUR 87 million) and trade payables (EUR 59 million).

The Group's **total equity** decreased mainly due to the negative net result of EUR 507 million for the reporting period to a negative amount of minus EUR 467 million. The Company expects to significantly strengthen the equity position following the implementation of the recapitalisation agreed with its bondholders.

As at 30 June 2024, the total interest-bearing nominal debts amounted to around EUR 6,480 million including debts owned by BCP. As at Q2 2024, the average interest rate on all outstanding debt is 6.4%, with a weighted average maturity of 2.3 years.

Financial position

In EUR thousand	30 June 2024	31 Dec 2023
Investment properties and advances related to investment properties	4,726,954	4,910,925
Other non-current assets	226,806	273,673
Non-current assets	**4,953,760**	**5,184,598**
Cash and cash deposits	334,096	377,419
Inventories	463,655	515,467
Other current assets	216,365	251,161
Current assets	**1,014,116**	**1,144,047**
Non-current assets held for sale	**1,380,059**	**1,388,142**
Total assets	**7,347,935**	**7,716,787**
Interest-bearing debts	6,106,296	6,050,626
Other liabilities	696,796	701,845
Deferred tax liabilities	335,220	346,989
Liabilities classified as available for sale	**676,907**	**574,923**
Total liabilities	**7,815,219**	**7,674,383**
Total equity attributable to owner of the Company	**(722,407)**	**(228,856)**
Non-controlling interests	255,123	271,260
Total equity	**(467,284)**	**42,404**
Total equity and liabilities	**7,347,935**	**7,716,787**

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

EPRA NAVs

30 June 2024(*)

In EUR thousand	NAV	NRV	NTA	NDV
Total equity attributable to owners of the Company	(722,407)	(722,407)	(722,407)	(722,407)
Revaluation of inventories	332	332	332	332
Deferred tax	437,809	437,809	437,809	-
Goodwill	-	-	-	-
Fair value of financial instruments	(863)	(863)	(863)	-
Fair value of fixed interest rate debt	-	-	-	1,619,629
Real estate transfer tax	-	442,727	303,345	-
EPRA NAV	**(285,130)**	**157,597**	**18,215**	**897,554**
No. of shares	151,626	151,626	151,626	151,626
EPRA NAV per share	**(1.88)**	**1.04**	**0.12**	**5.92**

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

31 Dec 2023(*)

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

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

EPRA loan-to-value

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

In EUR thousand	30 June 2024 Group loan-to-value	Non-controlling interests(**)	Total
Borrowings from financial institutions	2,330,110		2,330,110
Commercial paper			
Hybrids			
Bond loans	3,776,186		3,776,186
Foreign currency derivatives			
Net payables	1,063,758	(257,448)	806,310
Owner-occupied property (debt)			
Current accounts (equity characteristics)			
Cash and cash equivalents	(334,096)		(334,096)
Net financial liabilities	**6,835,958**	**(257,448)**	**6,578,510**
Owner-occupied property			
Investment properties at fair value	4,726,954		4,726,954
Properties held for sale(*)	1,844,046	(456,827)	1,387,219
Properties under development			
Intangibles			
Net receivables			
Financial assets	111,211		111,211
Total property value	**6,682,211**	**(456,827)**	**6,225,384**
EPRA loan-to-value	**102.3%**	**56.4%**	**105.7%**

(*) Considers inventories at fair value (EUR 463,987 thousand) as well as non-current assets held for sale.
(**) Considers the interest of minority shareholders in ADLER’s subsidiary Brack Capital Properties N.V. (“BCP”).

31 Dec 2023

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

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

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

Net payables

In EUR thousand	30 June 2024	31 Dec 2023
Investments in financial instruments	17,379	17,395
Restricted bank deposits	51,305	66,942
Contract assets	39,083	66,294
Trade receivables	57,451	79,273
Other receivables and financial assets	102,899	116,322
Advances paid on inventories	10,646	10,007
Deduct:		
Other financial liabilities	(243,259)	(165,882)
Pension provisions	(769)	(773)
Other payables	(222,894)	(266,876)
Contract liabilities	(11,441)	(14,473)
Trade payables	(59,358)	(65,167)
Provisions	(87,394)	(105,188)
Prepayments received	(40,499)	(50,071)
Non-current liabilities held for sale	(676,907)	(574,923)
Net payables	**(1,063,758)**	**(887,121)**

Material Events

In the reporting period

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

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

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

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

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

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

7. On 30 April 2024, Adler Group announced the sale of the development project FourLiving VauVau & Mensa located in Leipzig. Following the positive council resolution passed by a clear majority on 24 April 2024, the City of Leipzig notarised its acceptance of the offer and acquired the project located on Prager Strasse with a gross floor area of around 37,900 square metres and an area of around 1.5 hectares.

The transaction, which was signed on 26 April 2024, generated net proceeds of around EUR 26 million at a sales price of EUR 27 million. In the challenging market environment, Adler Group sold the project at a discount of around 5% on the gross asset value as at 31 December 2023. The transaction closed in May 2024.

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

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

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

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

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

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

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

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

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

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

Subsequent events

The Group evaluated transactions or other events in the financial statements that occurred between the reporting date 30 June 2024 and 28 August 2024 (the date of finalisation of the condensed interim financial statements), and classifies the following as subsequent events.

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

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

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

Forecast Report

Forecast for 2024

Adler Group expects to generate net rental income for 2024 in the range of EUR 200–210 million.

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

Against the backdrop of the initiated comprehensive recapitalisation expected to become effective in the course of September 2024, from today's perspective, the Senior Management does not see any financial or financing risks, Company-specific or governance risks that could jeopardise the mid-term continuation of Adler Group as a going concern in terms of its results of operations and/or net assets.

Opportunities and Risk Report

In addition to the opportunities and risks presented in Adler Group's Integrated Annual Report for financial year 2023, the first half of 2024 shows a slightly positive trend in the Company's overall risk assessment based on the adjustments initiated in the Restructuring Plan and expected to become effective in the third quarter. With regard to opportunities, reference is made to the Integrated Annual Report for 2023.

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

On 18 June 2024, Adler Group's bondholders cleared the way for Adler Group's comprehensive recapitalisation via a consent solicitation, following a binding agreement with a steering committee of bondholders supporting the recapitalisation of the Group as announced on 24 May 2024. The comprehensive recapitalisation is expected to be implemented through the conversion of certain of the existing Notes into subordinated perpetual notes which are to be classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities are expected to be extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group will be provided with up to EUR 100 million of additional liquidity through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

On 9 August 2024, the Extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the recently announced comprehensive recapitalisation thereby opening the way for Adler Group's future. Bondholders invested in the 2L Notes shall receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group. Adler Group expects to complete the comprehensive recapitalisation in the course of September 2024.

Risk management system

Compared to 31 December 2023, there have been no significant changes in the risk management process and risk identification and assessment. With regard to risk organisation and responsibilities, the central risk management department was assigned back to the Chief Legal Officer (CLO) as of June 2024 as part of the "Compliance & Risk Management" division.

Quantification scoring model

The risks with a high probability of occurrence and at the same time with a high potential amount of damage are shown in the area of the heat map marked in red as presented in the FY 2023 management report. As at 30 June 2024, those risks have increased from score 3 to 4.

Same as at 31 December 2023, the “liquidity risk” was recorded with a potential loss amount with respect to liquidity of EUR >30–100 million and with respect to asset value of EUR >625–1,250 million (class 5), respectively, with a probability of occurrence of >75%–90% (class 5). The probability of occurrence of “tax risks” and of “audit opinion and disclosure risks” was recorded with >75%–90% (class 5) and with a potential loss amount with respect to liquidity of EUR >30–100 million and with respect to asset value of EUR >187.5–625 million (class 4). The “project-specific transactions risks” were recorded with a potential loss amount with respect to liquidity of EUR >10–30 million and with respect to asset value of EUR >62.5–187.5 million (class 3), respectively, with a probability of occurrence of more than 90% (class 6). As located in the dark red area, liquidity risks are defined as threatening the existence of Adler Group.

In comparison to the assessment as at 31 December 2023, the “valuation risks” were downgraded.

Qualitative assessment

The following table summarises the changes in risk sub-categories as of 30 June 2024 compared to 31 December 2023 that have been assigned a risk score greater than 4.5 according to the qualitative assessment and are therefore considered highly relevant. Risk sub-categories that are considered material (i.e., weighting in the overall risk score exceeding 5%) are also listed below. For the remaining risk sub-categories, please refer to the Annual Report 2023. In the table below, the comparative values as of 31 December 2023 are shown in brackets:

Risk category	Risk sub-category	Risk score	Materiality
Financial and refinancing risks	Audit opinion and disclosure risks	5.4 (5.4)	
	Liquidity risks	5.4 (5.4)	material
	Valuation risks	4.8 (4.9)	material
Operating risks in project development	Project-specific transaction risks	5.3 (5.1)	
	Risks in the “Build & Deliver” project phase	4.8 (4.8)	material
Company-specific risks	Tax risks	5.3 (5.3)	
	Central purchasing	4.6 (4.6)	

Very relevant and material risks

Among the risks or risk sub-categories identified and classified by the 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% in the overall risk assessment) in the qualitative risk assessment as at 30 June 2024, the liquidity risks are, according to the quantitative risk assessment, classified as risks that threaten the existence of the Company.

Overall assessment of risks and opportunities by the Senior Management

The Senior Management of Adler Group has identified the above-mentioned risks threatening the Company's continued existence as of 30 June 2024 and has initiated appropriate measures to avert them. Against the backdrop of the initiated comprehensive recapitalisation expected to become effective in the course of September 2024, from today's perspective, the Senior Management does not see any financial or financing risks, Company-specific or governance risks that could jeopardise the mid-term continuation of Adler Group as a going concern in terms of its results of operations and/or net assets.

Nevertheless, despite proactive measures, the going concern assessment is inherently subject to certain risks and uncertainties. This is predicated on the successful negotiation with creditors to sustain the business, realise asset sales, and settle liabilities in the ordinary course of business for the foreseeable future, which is assessed to be at least, but not limited to, two years from the reporting date.

Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Interim Financial Statements of Adler Group S.A. presented in this Q2 2024 Quarterly Financial Statements, prepared in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the net assets, financial and earnings position of the Company, and that the Interim Management Report includes a fair review of the development of the business, and describes the main opportunities, risks and uncertainties associated with the Company for the remaining six months of the year.

Thierry Beaudemoulin
CEO

Thomas Echelmeyer
CFO

Condensed Consolidated Interim Financial Statements

3 Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

In EUR thousand	Note	30 June 2024	31 Dec 2023
Assets			
Non-current assets			
Investment properties	5A	4,726,954	4,910,925
Investments in financial instruments		17,379	17,395
Investments accounted under the equity method	5B	658	1,534
Property, plant and equipment		13,423	14,258
Other financial assets	5C	111,211	111,920
Derivatives		8,421	7,726
Restricted bank deposits		15,860	32,657
Right-of-use assets		29,949	32,293
Other intangible assets		115	239
Contract assets	5D	29,652	55,513
Deferred tax assets		138	138
Total non-current assets		**4,953,760**	**5,184,598**
Current assets			
Inventories	5E	463,655	515,467
Restricted bank deposits		35,445	34,285
Trade receivables	5F	57,451	79,273
Other receivables and financial assets	5G	102,899	116,322
Contract assets	5D	9,431	10,781
Derivatives		493	493
Cash and cash equivalents		334,096	377,419
Advances paid on inventories		10,646	10,007
Total current assets		**1,014,116**	**1,144,047**
Non-current assets held for sale	5H	1,380,059	1,388,142
Total assets		**7,347,935**	**7,716,787**

In EUR thousand	Note	30 June 2024	31 Dec 2023
Shareholders' equity			
Share capital		188	188
Share premium		1,873,598	1,873,598
Reserves		173,579	175,445
Retained earnings		(2,769,772)	(2,278,087)
Total equity attributable to owners of the Company		**(722,407)**	**(228,856)**
Non-controlling interests		**255,123**	**271,260**
Total equity		**(467,284)**	**42,404**
Liabilities			
Non-current liabilities			
Corporate bonds	5I	3,776,186	3,787,949
Other loans and borrowings	5J	770,434	1,971,049
Other financial liabilities		241,724	164,347
Derivatives		65	323
Pension provisions		769	773
Lease liabilities		26,250	28,648
Other payables		-	53
Deferred tax liabilities		335,220	346,989
Total non-current liabilities		**5,150,648**	**6,300,131**
Current liabilities			
Corporate bonds	5I	-	3,404
Other loans and borrowings	5J	1,559,676	288,224
Other financial liabilities		1,535	1,535
Trade payables		59,358	65,167
Other payables	5K	222,894	266,823
Provisions	5K	87,394	105,188
Lease liabilities		4,867	4,443
Prepayments received	5L	40,499	50,071
Contract liabilities	5D	11,441	14,473
Derivatives		-	-
Total current liabilities		**1,987,664**	**799,328**
Non-current liabilities held for sale	5H	676,907	574,923
Total shareholders' equity and liabilities		**7,347,935**	**7,716,787**

Thierry Beaudemoulin
CEO

Thomas Echelmeyer
CFO

Date of approval: 28 August 2024

Condensed Consolidated Interim Statement of Profit or Loss

		For the six months ended 30 June		For the three months ended 30 June	
In EUR thousand	**Note**	**2024**	**2023**	**2024**	**2023**
Revenue	6A	166,986	192,776	78,140	73,790
Cost of operations	6B	(155,678)	(215,093)	(107,948)	(137,843)
Gross profit		**11,308**	**(22,317)**	**(29,808)**	**(64,053)**
General and administrative expenses	6C	(75,496)	(71,487)	(42,778)	(32,355)
Other expenses	6D	(56,479)	(112,133)	(29,973)	(70,999)
Other income	6E	32,029	24,446	4,077	11,633
Changes in fair value of investment properties	5B	(230,400)	(741,571)	(232,481)	(735,759)
Results from operating activities		**(319,038)**	**(923,062)**	**(330,963)**	**(891,533)**
Finance income	6F	16,079	41,525	9,495	26,618
Finance costs	6F	(202,303)	(324,509)	(104,716)	(266,376)
Net finance income / (costs)		**(186,223)**	**(282,984)**	**(95,221)**	**(239,758)**
Net income (losses) from investments in associated companies		(980)	(953)	(9)	(607)
Profit before tax		**(506,241)**	**(1,206,999)**	**(426,193)**	**(1,131,898)**
Income tax expense		(1,185)	167,298	(67)	146,727
Profit for the period		**(507,426)**	**(1,039,701)**	**(426,260)**	**(985,171)**
Profit attributable to:					
Owners of the Company		(492,235)	(934,491)	(413,601)	(875,877)
Non-controlling interests		(15,191)	(105,210)	(12,659)	(109,294)
Profit for the period		**(507,426)**	**(1,039,701)**	**(426,260)**	**(985,171)**
Earnings per share in EUR (undiluted)		**(3.25)**	**(7.18)**	**(2.73)**	**0.50**
Earnings per share in EUR (diluted)		**(3.25)**	**(7.15)**	**(2.73)**	**0.50**

Condensed Consolidated Interim Statement of Comprehensive Income

		For the six months ended 30 June		For the three months ended 30 June	
In EUR thousand	**Note**	**2024**	**2023**	**2024**	**2023**
Profit for the year		**(507,426)**	**(1,039,701)**	**(426,260)**	**(985,179)**
Items that may be reclassified subsequently to profit or loss					
Effective portion of changes in fair value of cash flow hedges		-	(1,476)	-	(306)
Related tax		-	(127)	-	-
Currency translation reserve		(2,536)	(17,593)	5,088	(7,514)
Reserve from financial assets measured at fair value through other comprehensive income		(180)	(7,679)	(180)	(5,205)
Items that may not be reclassified subsequently to profit or loss					
Total other comprehensive income / (loss)		**(2,716)**	**(26,875)**	**4,908**	**(13,025)**
Total comprehensive income for the year		**(510,142)**	**(1,066,576)**	**(421,352)**	**(998,196)**
attributable to:					
Owners of the Company		(494,101)	(961,366)	(409,243)	(888,901)
Non-controlling interests		(16,041)	(105,210)	(12,108)	(109,295)
Total comprehensive income for the year		**(510,142)**	**(1,066,576)**	**(421,351)**	**(998,196)**

Condensed Consolidated Interim Statement of Cash Flows

		For the six months ended 30 June[1]		For the three months ended 30 June[1]	
In EUR thousand	**Note**	**2024**	**2023**	**2024**	**2023**
Cash flows from operating activities					
Profit for the period		(507,425)	(1,039,701)	(426,259)	(985,171)
Adjustments for:					
Depreciation		9,986	5,477	8,843	1,828
Change in fair value of investment properties	5A	230,400	741,571	232,482	735,759
Profit from selling portfolio	4	-	(439)	439	-
Non-cash other income and expense		(6,399)	1,255	346	(4,052)
Change in contract assets		27,211	8,843	31,528	4,139
Change in contract liabilities		(3,032)	6,412	1,727	7,474
Non-cash income from at-equity valued investment associates		980	951	9	606
Net finance costs / (income)	6F	186,223	282,984	95,221	239,758
Income tax expense		1,185	(167,298)	66	(146,727)
Share-based payments		-	457	-	232
Change in short-term restricted bank deposits related to tenants		(1,409)	(171)	(330)	(65)
Change in long-term restricted bank deposits from condominium sales		-	105	-	(525)
Change in trade receivables		7,752	17,316	(7,204)	253,962
Change in other receivables		18,745	(53,028)	22,377	17,088
Change in inventories		51,574	49,399	55,616	48,331
Change in advances received		(9,572)	(10,431)	(19)	2,497
Change in trade payables		(6,078)	(405)	(11,285)	(242,516)
Change in other payables		(31,640)	90,519	(11,915)	45,060
Income tax paid		(20,271)	(2,127)	(19,763)	3,976
Net cash from operating activities		**(51,770)**	**(68,311)**	**(28,122)**	**(18,346)**
Cash flows from investing activities					
Purchase of and CapEx on investment properties		(37,007)	(40,806)	(25,298)	(22,891)
Advances paid for purchase of investment properties		-	300	-	-
Proceeds from disposals of investment properties	5H	4,898	20,310	3,713	37,972

		For the six months ended 30 June[1]		For the three months ended 30 June[1]	
In EUR thousand	**Note**	**2024**	**2023**	**2024**	**2023**
Proceeds from selling portfolio	4	17,000	17,662	-	(14,663)
Purchase of and CapEx on property, plant and equipment		(83)	(131)	(39)	(543)
Interest received		4,372	1,879	2,678	628
Proceeds from sale of financial instruments		-	-	(5)	
Proceeds from sale of fixed assets		405	-	111	
Disposal of subsidiaries, net of cash disposed		13,494		-	-
Change in short-term restricted bank deposits, net		(986)	(238)	(17,709)	123
Net cash from (used in) investing activities		**2,093**	**(1,024)**	**(36,549)**	**626**
Cash flows from financing activities					
Acquisition of non-controlling interests	4	-	(29,727)	-	-
Repayment of bonds	5I	-	(796,592)	-	(796,592)
Long-term loans received		7,622	994,979	7,316	994,979
Repayment of long-term loans	5J	(6,065)	(129,254)	(3,123)	(112,082)
Proceeds from issuance of corporate bonds, net		91,055		-	-
Repayment of notes		(3,408)		-	
Repayment of short-term loans		(13,501)		(8,458)	
Interest paid		(36,046)	(88,907)	(16,811)	(37,003)
Payment of lease liabilities		(2,058)	(3,324)	(1,044)	(1,623)
Transaction costs		-	(32,947)	-	(32,209)
Prepaid costs of raising debt		-	(250)	-	(123)
Net cash from (used in) financing activities		**37,599**	**(86,022)**	**(22,120)**	**15,347**
Change in cash and cash equivalents during the year		**(12,079)**	**(155,357)**	**(86,791)**	**(2,373)**
Changes in the carrying amount of cash and cash equivalents that are presented among assets held for sale as part of a disposal group		**(31,244)**	**(618)**	**68,216**	**(1,126)**
Cash and cash equivalents at the beginning of the year		**377,419**	**386,985**	**352,672**	**234,509**
Cash and cash equivalents at the end of the year		**334,096**	**231,010**	**334,096**	**231,010**

1) Adjusted adjusted for prior period.

Condensed Consolidated Interim Statement of Changes in Equity

In EUR thousand	Share capital	Share premium	Hedging reserve	Currency translation reserve	Other capital reserves	Reserve financial assets measured at FVTOCI	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2024	**188**	**1,873,598**	**145**	**5,305**	**315,746**	**(145,751)**	**(2,278,087)**	**(228,856)**	**271,260**	**42,404**
Profit for the year	-	-	-	-	-	-	(492,235)	(492,235)	(15,191)	(507,426)
Other comprehensive income, net of tax	-	-	0	(1,686)	-	(180)	-	(1,866)	(850)	(2,716)
Total comprehensive income (loss) for the year	**-**	**-**	**0**	**(1,686)**	**-**	**(180)**	**(492,235)**	**(494,101)**	**(16,041)**	**(510,142)**
Transactions with owners, recognised directly in equity										
Transactions with non-controlling interest without a change in control (Note 5D)	-		-	-	-	-		-	(8)	(8)
Share-based payments	-	-	-	-	-	-	550	550	0	550
Other changes	-		-		-	-		-	(88)	(88)
Balance as at 30 June 2024	188	1,873,598	145	3,619	315,746	(145,931)	(2,769,772)	(722,407)	255,123	(467,284)

In EUR thousand	Share capital	Share premium	Hedging reserve	Currency translation reserve	Other capital reserves	Reserve financial assets measured at FVTOCI	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2023	**146**	**1,844,765**	**903**	**10,772**	**315,746**	**(133,568)**	**(621,651)**	**1,417,113**	**495,951**	**1,913,064**
Profit for the year	-	-	-	-	-	-	(934,491)	(934,491)	(105,210)	(1,039,701)
Other comprehensive income, net of tax	-	-	(1,603)	(17,593)	-	(7,679)	-	(26,875)	-	(26,875)
Total comprehensive (loss) for the year	**-**	**-**	**(1,603)**	**(17,593)**	**-**	**(7,679)**	**(934,491)**	**(961,366)**	**(105,210)**	**(1,066,576)**
Transactions with owners, recognised directly in equity										
Issuance of ordinary shares, net	42	-	-	-	-	-	-	42	-	42
Transactions with non-controlling interest without a change in control (Note 5)	-		-	-	-	-		-		-
Change in consolidation scope related to sale	-	-	-	-		-	(7,770)	(7,770)		(7,770)
Changes in put option	-	-	-	-	-	-	-	-	138	138
Share-based payments	-	-	-	-	-	-	457	457	-	457
Balance as at 30 June 2023	188	1,844,765	(700)	(6,821)	315,746	(141,247)	(1,563,455)	448,476	390,879	839,355

Note 1 – Adler Group S.A.

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

The Company is specialised in and focused on the purchase, management and development of income-producing multi-family residential real estate. The portfolio of Adler Group S.A. and its subsidiaries is situated in or on the outskirts of major urban areas with a significant portion in Berlin. Adler Group provides an integrated German residential platform that covers the entire real estate value chain, from acquisition of land, planning and development of projects to property management and letting of residential units in Germany.

Hence, the Adler Group's business model focuses on asset and portfolio management, property and facility management, aiming at improving operating results by increasing rents and decreasing vacancies in its existing portfolio.

The condensed consolidated interim financial statements of the Company as at 30 June 2024 and for the six-month period then ended comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of preparation

A. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as applicable in the European Union ("EU"). They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2023.

These condensed consolidated interim financial statements are presented in Euro ("EUR") and have been rounded to the nearest thousand except where otherwise indicated. Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 28 August 2024.

B. Use of judgements, estimates and fair value measurements

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. This also applies to fair value measurements and the determination of fair values. Actual results may differ from these estimates.

Unless specified otherwise in the following sections, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2023.

C. Uncertainties on the continuation as a going concern

Adler Group has taken considerable steps to ensure its ongoing viability through a restructuring plan agreed in April 2023. Following the implementation of the restructuring plan, Adler Group has taken various actions aimed at stabilising the business and managing debt maturities effectively. These measures have been instrumental in reinforcing the Group's capacity to continue as a going concern.

While the Group has achieved operational successes and realised asset disposals since April 2023, it faces persistent challenges due to market weakness in the German real estate sector. Inflationary pressures, elevated borrowing costs, and greater asset devaluations than expected have shaken investor confidence and curtailed transaction volumes. The initial restructuring plan, predicated on asset sales for debt repayment, has been reassessed in light of the strained ability to dispose of assets at favourable prices under these market conditions.

In response, Adler Group is proactively revising its restructuring framework, focusing on two key pillars: (i) a revised business plan to restructure the Group's most difficult assets and to participate in the expected market recovery, and (ii) a financial restructuring which improves the Group's cash position, stabilises the debt structure by postponement of maturities beyond 2026/27 and provides a sufficient equity position until maturity of Adler Group's prolonged debt in order to provide a solid foundation for the Group's going concern for at least, but not limited to, the next two years. This revised restructuring framework was the basis of Management's assessment of going concern which was conducted as part of the process of finalising these financial statements.

On 18 June 2024, Adler Group's bondholders cleared the way for Adler Group's comprehensive recapitalisation via a consent solicitation, following a binding agreement with a steering committee of bondholders supporting the recapitalisation of the Group as announced on 24 May 2024. The comprehensive recapitalisation is expected to be implemented through the conversion of certain of the existing debt instruments into subordinated perpetual notes which are to be classified as equity under IFRS, thereby strengthening Adler Group's book equity by approximately EUR 2.3 billion and stabilising its balance sheet. In connection therewith, certain of the Group's existing debt maturities are expected to be extended to December 2028, December 2029, and January 2030. Furthermore, Adler Group will be provided with up to EUR 100 million of additional liquidity through an increase in the existing 1L New Money Facility and also the ability to hold back disposal proceeds of up to EUR 250 million realised from April 2024, which would otherwise be applied in mandatory repayment of the existing 1L New Money Facility.

On 9 August 2024, the Extraordinary General Meeting (EGM) of Adler Group approved the proposed amendments to the articles of association of Adler Group, including authorising the Board of Directors to issue voting securities representing 75% of the voting rights. With this approval, the EGM voted in favour of the comprehensive recapitalisation of the Group. Bondholders invested in the 2L Notes shall receive 75% of the voting rights of Adler Group. Such voting rights will not participate in the dividends of Adler Group. Based on this progress, Management expects to complete the comprehensive recapitalisation in the course of September 2024.

In addition, Adler Group was able to successfully prolong several secured bank loans in the second quarter of 2024 until 2028.

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

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

Note 3 – Accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2023. These condensed consolidated interim financial statements should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

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

The following new or amended standards and interpretations became effective and have been applied as per 1 January 2024 without any material impact on the consolidated financial statements.

- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements* (issued on 25 May 2023)

- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent* (issued on 23 January 2020); *Classification of Liabilities as Current or Noncurrent – Deferral of Effective Date* (issued on 15 July 2020); and *Non-current Liabilities with Covenants* (issued on 31 October 2022)

- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022)

B. New standards and interpretations not yet applied

Application of the following standards, interpretations and amendments was not mandatory for the 2024 financial year and the Group did not elect to apply them in advance. After a preliminary assessment, the Group does not expect material impacts on the financial statements. The respective changes and their mandatory dates of implementation are outlined in the table below:

Standard/Interpretation	Title	Endorsement status in the EU	Effective date of initial application in the EU
IFRS 19	*IFRS 19 Subsidiaries without Public Accountability: Disclosures2 (issued on 9 May 2024)*	pending	pending
IFRS 18	*Presentation and Disclosure in Financial Statements (issued on 9 April 2024)*	pending	pending
Amendments to IFRS 9 and IFRS 7	*Classification and Measurement of Financial Instruments (issued on 30 May 2024)*	pending	pending
Amendments to IAS 21	*The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)*	pending	pending

Note 4 – Acquisitions and changes in consolidation scope

Effective on 3 May 2024, CONSUS Swiss Services AG sold its shares in the subsidiary Knecht Ludwigsburg Planungs- und Bauleitungsgesellschaft mbH, Ludwigsburg, for cash consideration of EUR 400 thousand.

The subsidiary has been deconsolidated. This resulted in a net loss of EUR 942 thousand which has been presented in other expenses.

Note 5 – Selected notes to the condensed consolidated interim statement of financial position

A. Investment properties

Investment properties – residential / commercial

In EUR thousand	30 June 2024	31 Dec 2023
Balance as at 1 January	**4,195,998**	**5,192,171**
Other capital expenditure	14,707	41,874
Transfer from investment properties to assets or disposal groups classified as held for sale	(7,268)	(27,104)
Transfer from investment properties to property, plant and equipment	-	6,060
Transfer from development projects to residential investment properties	(5,500)	23,300
Disposal of investment properties	(1,677)	(364,473)
Fair value adjustments	(134,065)	(795,770)
Changes of investment properties presented as part of a disposal group among non-current assets held for sale	32,521	119,940
Balance as at end of period	**4,094,716**	**4,195,998**

Investment properties – project developments

In EUR thousand	30 June 2024	31 Dec 2023
Balance as at 1 January	**714,927**	**1,152,123**
Other capital expenditure	3,245	22,171
Transfer from investment properties to assets or disposal groups classified as held for sale	-	(124,000)
Transfer from assets or disposal groups classified as held for sale to investment properties	-	20,000
Transfer from development projects to residential investment properties	5,500	(23,300)
Fair value adjustments	(96,336)	(376,968)
Changes of investment properties presented as part of a disposal group among long-term assets held for sale	4,900	44,900
Balance as at end of period	**632,236**	**714,927**

Capitalisation of interest expenses has been suspended since 1 January 2023.

According to the Group's fair value valuation policies, investment properties generally undergo a detailed valuation as at 30 June and 31 December of each year, unless the Group identifies material changes in the value of these properties at an earlier date.

The fair value of the residential investment properties as at 30 June 2024 was determined by the valuation expert CBRE, an independent industry specialist that has appropriate, recognised professional qualification and up-to-date experience regarding the location and category of the properties. The fair value of the investment properties under construction (project development) was determined by the valuation expert NAI Apollo, an independent industry specialist with appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties.

The fair value measurement for all the investment properties has been categorised as Level 3 fair value due to prevailing use of unobservable inputs to the adopted valuation method.

The Group values its portfolio of residential investment properties using the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of the properties are forecast over a period of 10 years and discounted to the date of valuation. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. The residual value method is applied for investment properties under construction (project development). This approach is common to calculate the value of real estate developments in planning stage or still under construction. The approach is a deductive method to derive the market value of an undeveloped project according to its construction/development progress and represents the amount a market participant would be willing to pay for the property (land). The approach is based on the assumption that the market value of an ongoing project can be derived from an indicative market value less the anticipated costs for the realisation of the project (e.g., construction, marketing, financing costs).

According to CBRE, the German real estate market was affected by heightened geopolitical tensions, low economic growth, and a "higher for longer" interest rate sentiment in the first half of 2024. These have increased the potential for constrained credit markets, negative capital value movements and continued volatility in some property markets which in turn is impacting on transactional activity.

Based on the above, a fair value decrease of EUR 134,065 thousand (for the six months ended June 2023: decrease by EUR 553,596 thousand) was recognised for the residential portfolio.

The fair values of the development portfolio decreased by EUR 96,336 thousand (for the six months ended June 2023, a decrease by EUR 188,007 thousand was recognised).

The following tables outline the key valuation parameters for residential properties as at 30 June 2024 and as at 31 December 2023.

	Location					
Balance as at 30 June 2024	**Berlin**	**Duisburg**	**Düssel-dorf**	**Dort-mund**	**Other**	**Total**
Value (EUR/m²)	2,954	1,212	2,846	1,589	1,328	2,734
Average residential in-place rent	8.30	5.89	9.26	6.77	6.28	8.03
CBRE market rent (EUR/m²)	9.73	6.65	10.84	7.72	7.58	9.40
Multiplier (current rent)	29.46	17.24	25.6	19.59	17.3	27.81
Multiplier (CBRE market rent)	23.64	15.00	22.1	16.75	13.9	22.45
Discount rate (%)	4.80	5.42	4.87	5.11	5.48	4.89
Capitalisation interest rate (%)	2.88	3.94	3.14	3.63	4.14	3.03
Market rental growth (%)	2.41	1.73	2.1	1.72	1.5	2.31
Vacancy rate (%)	0.52	2.02	1.0	1.55	2.0	0.72
Fair value (EUR thousand)	3,498,336	320,080	78,809	26,850	181,041	4,105,116

	Location					
Balance as at 31 Dec 2023	**Berlin**	**Duisburg**	**Düssel-dorf**	**Dort-mund**	**Other**	**Total**
Value (EUR/m²)	2,990	1,219	2,890	1,614	1,341	2,766
Average residential in-place rent	8.33	5.92	9.16	6.77	6.22	8.05
CBRE market rent (EUR/m²)	9.52	6.51	10.81	7.67	7.50	9.20
Multiplier (current rent)	30.08	17.22	26.4	19.87	17.6	28.37
Multiplier (CBRE market rent)	24.68	15.37	22.5	17.09	14.1	23.38
Discount rate (%)	4.73	5.42	4.82	5.06	5.41	4.82
Capitalisation interest rate (%)	2.80	3.94	3.09	3.58	4.09	2.96
Market rental growth (%)	2.41	1.73	2.1	1.72	1.5	2.31
Vacancy rate (%)	0.52	2.02	1.0	1.55	2.0	0.72
Fair value (EUR thousand)	3,581,432	321,607	80,040	27,260	185,659	4,195,998

The following table outlines the key valuation parameters for investment properties under construction (development) as at 30 June 2024 and as at 31 December 2023.

Valuation parameters for investment properties under construction	**30 June 2024**	**31.12.2023**
Market rent, weighted average (EUR)	14.97	14.75
Project development costs (EUR/m²)	4,045	3,885
Capitalisation interest rate, weighted average (in %)	4.10	4.00

It is noted that according to the methodology applied in the valuations for the residential properties, the estimated cash flows for the first ten years are capitalised based on the discount rate basis. Cash flows effective from the eleventh year onwards are capitalised based on the cap rate basis. When applying the residual method on development projects, the market value of the development projects was determined by NAI Apollo by deducting all expected costs (construction, marketing, financing, etc.) from the final value of the completed project.

Sensitivity analysis

The main value drivers influenced by the market are the market rents and their development, current rent increases, the vacancy rate and interest rates. The effect of possible fluctuations in these parameters is shown separately for each parameter and group in the following table. Interactions between the parameters are possible but cannot be quantified due to the complexity of the interrelationships:

Investment properties – residential

Valuation parameters	Change in parameters	Change in values In EUR thousand	Change in values %
Average new letting rent (EUR/m^2)	10%	258,973	6.32
Vacancy rate (%)	1%	(59,063)	(1.44)
Discount and capitalisation rate (%)	25bps	(322,937)	(7.89)

Assuming all other variables remain constant, a negative change in the parameters at the same percentage would have a similar impact on the value, albeit in the opposite direction.

Investment properties – project development (under construction)

Sensitivity	Market rent		Capitalisation rate		Construction costs	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value (EUR thousand)	(419,400)	419,800	278,600	(244,800)	457,000	(456,400)

The following table gives an overview of the sensitivity analysis for the prior year:

Sensitivity	Market rent		Capitalisation rate		Construction costs	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value (EUR thousand)	9,616	(9,716)	(5,648)	5,030	(6,722)	6,622

B. Investments accounted under the equity method

In EUR thousand	30 June 2024	31 Dec 2023
Balance as at 1 January	**1,533**	**25,530**
Share in profit and loss	(980)	(5,108)
Impairment / Reversal of impairment	-	-
Reversal of impairment	105	2,767
Additions to the scope of consolidated entities	-	386
Removals from the scope of consolidated entities	-	(22,041)
Balance as at end of period	**658**	**1,534**

At the reporting date, the main investments in associated companies are ACCENTRO Real Estate AG, Caesar JV Immobilienbesitz und Verwaltungs GmbH.

C. Other financial assets

Other financial assets include the following items:

In EUR thousand	30 June 2024	31 Dec 2023
Loans to holders of non-controlling interest in subsidiaries	109,887	109,084
Miscellaneous other financial assets	1,324	2,836
Other financial assets	**111,211**	**111,920**

The loans against non-controlling shareholders of subsidiaries relate to the non-controlling shareholders Taurecon. The loans mature on 31 December 2025 and are secured by share liens.

D. Contract assets and liabilities

Contract assets and liabilities mainly result from development contracts with customers. The following table provides information about contract assets and contract liabilities from contracts with customers:

In EUR thousand	30 June 2024	31 Dec 2023
Gross contract assets - non-current	29,652	112,178
Prepayments received on non-current contract balances	-	(56,665)
Net contract assets - non-current	**29,652**	**55,513**
Gross contract assets - current	11,951	14,455
Prepayments received on current contract balances	(2,520)	(3,674)
Net contract asset - current	**9,431**	**10,781**
Net contract liabilities - current	**(11,441)**	**(14,473)**

E. Inventories

Inventories also include the land from forward sales and can be broken down as follows:

In EUR thousand	30 June 2024	31 Dec 2023
Real Estate "Trading properties (including condominiums)"	424,516	474,987
Real Estate "Institutional"	17,865	18,336
Real Estate "Parking"	20,988	21,858
Real Estate "Other construction work"	286	286
Total balance	**463,655**	**515,467**

Since 31 December 2023, the Group has ceased to capitalise the interest in inventories. Based on the updated estimates of the expected sales prices, a write-off of EUR 73,491 thousand (prior period: EUR 49,228 thousand) was recognised in cost of operations. The expected sales prices were determined by the valuation expert NAI Apollo, an independent valuation expert with appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties.

F. Trade receivables

As at the reporting date, trade receivables mainly consist of rental receivables (EUR 27,834 thousand; 31 December 2023: EUR 18,662 thousand), receivables from the sale of real estate (EUR 7,917 thousand; 31 December 2023: EUR 15,381 thousand) and receivables from property development (EUR 21,700 thousand; 31 December 2023: EUR 25,290 thousand).

G. Other receivables and financial assets – current

In EUR thousand	30 June 2024	31 Dec 2023
Receivables from income tax	13,574	16,354
Receivables from other taxes	4,050	5,475
Advances to suppliers	10,946	17,167
Prepaid expenses	5,452	1,037
Miscellaneous other receivables (non-financial)	7,470	2,607
Total other receivables (non-financial)	**41,491**	**42,640**
Receivables from portfolio sales to third parties	6,031	6,867
Loans to holders of non-controlling interest in subsidiaries	35,217	32,683
Loans	11,396	19,917
Deposits	5,946	6,641
Miscellaneous other receivables (financial)	2,818	7,574
Other receivables (financial)	**61,408**	**73,682**
Total other receivables and financial assets	**102,899**	**116,322**

Receivables from portfolio sales to associates are receivables against Caesar JV Immobilienbesitz und Verwaltungs GmbH. The remainder has been impaired to nil.

H. Non-current assets and liabilities held for sale

As per 1 December 2021, the Group decided to sell its remaining shares in BCP. The Group is actively following its plan to sell the shares in BCP, thereby offering its shares at prices that reflect current market conditions. As a result, the Group continues to present BCP as a disposal group held for sale.

Major classes of assets and associated liabilities classified as held for sale comprise of the following:

In EUR thousand	30 June 2024	31 Dec 2023
Investment properties	1,069,166	1,099,710
Financial assets	59,555	40,572
Inventories	-	15,400
Other assets	26,899	42,353
Cash and cash equivalents	73,771	42,527
Non-current assets held for sale	16,500	-
Assets total	**1,245,891**	**1,240,562**
Deferred tax liabilities	69,641	80,334
Financial liabilities due to bank	351,560	342,215
Corporate bonds	192,293	93,245
Other liabilities	63,411	59,129
Liabilities held for sale	-	-
Liabilities total	**676,905**	**574,923**

The investment properties include income-generating residential real estate of EUR 927,696 thousand (31 December 2023: EUR 945,460 thousand), income-generating commercial real estate of EUR 13,270 thousand (31 December 2023: EUR 13,550 thousand) and development properties of EUR 128,200 thousand (31 December 2023: EUR 140,700 thousand). The fair value of these assets was determined by an independent external appraiser with appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties valued.

The remainder of non-current assets and liabilities held for sale relates to the sale of real estate properties and development projects, for which notarised purchase agreements are in place without transfer of control as at the reporting date.

I. Corporate bonds

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

In EUR thousand	30 June 2024	31 Dec 2023
Adler Group Bond 2023/2025	217,426	196,464
AGPS Bond 2017/2024	409,605	413,443
AGPS Bond 2020/2025	411,646	416,577
AGPS Bond 2020/2026	716,006	723,307
AGPS Bond 2021/2026	407,414	411,454
AGPS Bond 2021/2029	810,185	818,916
AGPS Bond 2021/2027	509,802	515,188
Adler Bond 2018/2026	294,102	292,599
Adler Bond 2017/2024	-	3,404
Total balance	**3,776,186**	**3,791,352**

Effective on 17 April 2023, Adler Group S.A. AGPS Bondco, respectively, amended their bond terms. As part of these agreements, the existing financial covenants were replaced by a new financial covenant and maturity date of AGPS Bond 2017/2024 was extended until 31 July 2025. The issuers undertake to maintain a loan-to-value ratio of 87.5% until 31 December 2025 and 85% thereafter. The first covenant review date will be 31 December 2024 (and is hence not applicable as per 30 June 2024). The restructuring of these bonds is part of the Group's current recapitalisation plan (Note 9).

ADLER Real Estate GmbH (formerly: ADLER Real Estate AG) undertakes to not incur any financial indebtedness after the issue date of the bonds, and will also ensure that its subsidiaries will not incur any financial indebtedness after the issue date of the bonds (except for refinancing existing financial indebtedness), if immediately after giving effect to the incurrence of such additional financial indebtedness (taking into account the application of the net proceeds of such incurrence), the following tests would not be met: (i) loan-to-value ratio (LTV) ≤ 60%; (ii) secured loan-to-value ratio ≤ 40%. Additionally, it is required from ADLER Real Estate GmbH to maintain the consolidated coverage ratio at or above 1.80 to 1.00 for any reporting date on or after 1 January 2021.

As at 30 June 2024, the Company was in compliance with all applicable financial covenants.

J. Other loans and borrowings

In June 2024, a Berlin-based property company of Adler Group entered into an agreement with a German bank, according to which the latter extended a secured loan of approximately EUR 76.839 thousand by more than four years until October 2028. Also in June 2024, a different Berlin-based property company of Adler Group entered into an agreement with another German bank, according to which the latter extended a secured loan of approximately EUR 48.250 thousand by more than four years until December 2028. Consequently, the respective bank loans have been presented as non-current.

The carrying amount of the New Money Facility 04/2023 including the accrued payment-in-kind (PIK) amounts to EUR 1,033,887 thousand (31 December 2023: EUR 941,930 thousand) and has been presented as current as it matures on 30 June 2025. The extension of the New Money Facility is part of the Group's comprehensive recapitalisation, which is subject to the fulfilment of certain conditions.

As at 30 June 2024, other loans and borrowings of Adler Group (excluding IFRS 5) carry an average effective interest rate (i.e., considering the swap interest hedging effect from variable to fixed interest) of 7.92% per annum including the New Money Facility (as at 31 December 2023: 7.59 percent). The average maturity of other loans and borrowings including the New Money Facility is 2.0 years (as at 31 December 2023: 2.1 years)

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

As at 30 June 2024, the Company was in compliance with all applicable financial covenants.

K. Provisions and other payables

In EUR thousand	30 June 2024	31 Dec 2023
Provisions for litigations	0	28,605
Contingent losses from development contracts	87,394	104,608
Provisions	**87,394**	**133,213**
Income tax payables	143,791	161,562
Accrued expenses	6,426	9,718
Deferred income	2,161	2,127
Value added tax	2,938	3,591
Miscellaneous other payables (non-financial)	35,178	24,934
Total other payables (non-financial)	**190,494**	**201,932**
Accrued interest	1,576	7,041
Tenants' deposits	21,396	21,323
Other payables due to associated companies	149	-
Liability to holders of non-controlling interest in subsidiaries	3,031	2,268
Purchase price liabilities	1,986	6,288
Miscellaneous other payables (financial)	4,262	-
Total other payables (financial)	**32,400**	**36,920**
Total other payables	**310,288**	**372,065**

L. Prepayments received

Prepayments received by the Group on contract assets and liabilities (development projects under the scope of IFRS 15) are included in the respective asset or liability balance. Prepayments received on inventories (development projects under the scope of IAS 2) and other assets are disclosed separately in the balance sheet.

Note 6 – Selected notes to the condensed consolidated interim statement of profit and loss

A. Revenue

	For the six months ended 30 June	
In EUR thousand	**2024**	**2023**
Net rental income	103,400	107,679
Income from charged costs of utilities	44,568	42,553
Income from facility services	4,644	7,476
Income from property development	(15,240)	10,437
Sale of trading properties (condominiums)	1,088	455
Income from real estate inventories disposed of	27,000	19,300
Revenue other	1,526	4,876
Total	**166,986**	**192,776**

The sale of Ostplatz Leipzig Work & Life (Ostforum) was reversed due to the withdrawal of the sales agreement with Ampega in Q2 2024. Based on the withdrawal, no enforceable rights exist any longer and revenue recognition according to IFRS 15 cannot be applied anymore. All IFRS 15 postings were reversed in Q2 2024. As a result, the amount of EUR 37.6 million was derecognised from contract assets, EUR 30 million was recognised as negative revenue and EUR 7.6 million as other expenses. The previously recognised provision for contingent losses for the project (EUR 10 million) has been reversed and booked to cost of operation. The reversal resulted in an increase in inventories based on the amount of contract assets (EUR 37.6 million), which resulted in a total value of inventories of EUR 49.3 million in Q2 2024. As NAI valued this project at EUR 31.5 million, an additional write-off of EUR 17.8 million was recorded.

Disaggregation of revenue

The following table presents the revenue streams and their allocation to the segments according to IFRS 15.114 in addition to rental income which represents a major source of income in the Group:

1 Jan - 30 June 2024	**Segments**					**Total**
2024	**Residential Property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	
Revenue from charged costs of utilities	20,931	-	27,660	-	(6,370)	42,221
Revenue from sale of trading properties (condominiums)	-	1,088	-	-	-	1,088
Revenue from property development contracts	-	-	-	(15,240)	-	(15,240)
Revenue from real estate inventories disposed of	-	-	-	27,000	-	27,000
Revenue other	-	-	-	1,526	-	1,526
Revenue from contracts with customers (IFRS 15)	**20,931**	**1,088**	**27,660**	**13,286**	**(6,370)**	**56,595**
thereof: products and services transferred at a point in time	-	1,088	-	(13,714)	(6,370)	(18,996)
thereof products and services transferred over time	20,931	-	27,660	27,000		75,591
Rental income (IFRS 16)	50,497	627	50,779	1,544	(47)	103,400
Revenue from ancillary costs (IFRS 16)(*)	4,267	-	2,724	-	-	6,991
Rental income (IFRS 16)	**54,764**	**627**	**53,503**	**1,544**	**(47)**	**110,391**
Revenues (IFRS 15/IFRS 16)	**75,695**	**1,715**	**81,163**	**14,830**	**(6,417)**	**166,986**

(*) Includes land tax and building insurance.

1 Jan - 30 June 2023	Segments					Total(*)
2023	Residential Property management	Privatisation	Adler RE	Consus	Consolidation	
Revenue from charged costs of utilities	15,011	-	27,751	-	(2,086)	40,676
Revenue from sale of trading properties (condominiums)	-	455	-	-	-	455
Revenue from property development contracts	-	-	-	10,437	-	10,437
Revenue from real estate inventories disposed of	-	-	-	19,300	-	19,300
Revenue other	-	-	-	4,876	-	4,876
Revenue from contracts with customers (IFRS 15)	**15,011**	**455**	**27,751**	**34,614**	**(2,086)**	**75,745**
thereof: products and services transferred at a point in time	-	455	-	29,737	-	30,192
thereof products and services transferred over time	15,011	-	27,751	4,877	(2,086)	45,553
Rental income (IFRS 16)	47,854	32	56,180	3,616	(4)	107,678
Revenue from ancillary costs (IFRS 16)(*)	4,025	-	5,328	-	-	9,353
Rental income (IFRS 16)	**51,879**	**32**	**61,508**	**3,616**	**(4)**	**117,031**
Revenues (IFRS 15/IFRS 16)	**66,890**	**487**	**89,259**	**38,230**	**(2,090)**	**192,776**

(*) Includes land tax and building insurance.

B. Cost of operations

	For the six months ended 30 June	
In EUR thousand	**2024**	**2023**
Salaries and other expenses	(12,285)	(9,720)
Costs of apportionable utilities	-	(45,506)
Costs of utilities recharged, net	(46,354)	(133,562)
Costs of property development	(60,774)	(12,617)
Cost of real estate inventories disposed of	(27,128)	(193)
Costs of sale of trading properties (condominiums)	(1,287)	(13,495)
Property operations and maintenance	(7,850)	-
Total	**(155,678)**	**(215,093)**

Costs of operations include write-downs on inventories amounting to EUR 73,491 thousand (prior period about EUR 49,200 thousand).

C. General and administrative expenses

	For the six months ended 30 June	
In EUR thousand	**2024**	**2023**
Salaries and related expenses	(15,712)	(13,137)
Share-based payments	(550)	(457)
Directors fee	(635)	(640)
Rent	82	(1,371)
Professional services	(16,467)	(23,436)
Traveling	(597)	(968)
Office, communication and IT expenses	(6,109)	(7,445)
Advertising and marketing	(1,067)	(1,201)
Impairment loss on trade receivables	(15,650)	(9,704)
Depreciation	(7,597)	(4,526)
Depreciation of right-of-use assets	(2,389)	-
Non-deductible VAT	(7,825)	-
Other	(981)	(8,602)
Total	**(75,496)**	**(71,487)**

D. Other expenses

Other expenses mainly relate to one-off legal and consulting fees relating to debt restructuring (EUR 35,163 thousand). For prior period this amount was EUR 55,270 thousand.

E. Other income

Other income mainly relates to the derecognition of liabilities, income from prior periods and minor effects from deconsolidation of subsidiaries.

F. Net finance costs

	For the six months ended 30 June	
In EUR thousand	**2024**	**2023**
Interest received	1,318	7,159
Change in fair value of derivative component of convertible bond	-	9
Change in fair value of other derivatives	-	10,728
Income from derecognition of financial instruments	1,314	9,227
Net foreign exchange gain	-	13,447
Other finance income	13,447	955
Total finance income	**16,079**	**41,525**
Interest on bonds	(82,100)	(63,742)
Change in fair value of other derivatives	-	(921)
Expense from derecognition of derivatives	-	(2)
Change in fair value of investments in financial assets and other financial assets	-	(5,655)
Impairment of financial instruments	(1,208)	(1,559)
Interest on other loans and borrowings	(109,569)	(46,927)
One-off refinance costs	(3,015)	(869)
Net foreign exchange loss	(2,609)	-
Loss on modification of corporate bonds	-	-
Other finance expenses	(3,802)	(204,834)
Total finance costs	**(202,303)**	**(324,509)**
Total net finance costs	**(186,224)**	**(282,984)**

Note 7 – Financial instruments

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

30 June 2024

In EUR thousand	Category	Carrying amount	Amortised cost	Fair value through PL	Fair value through OCI	Carrying amounts acc. to IFRS 16 / IAS 28	Fair Value	Fair value hierarchy level
Assets								
Investments in financial instruments								
Investments in equity instruments	aafvPL	17,121	-	17,121	-	-	17,121	Level 3
Other investments in financial instruments	aafvPL	258	-	258	-	-	258	Level 3
Investments accounted under the equity method	n/a	658	-	-	-	658	-	n/a
Other financial assets								
Loans to holders of non-controlling interest in subsidiaries	aac	109,887	109,887	-	-	-	109,887	1)
Miscellaneous other financial assets	aac	1,324	1,324	-	-	-	345	Level 1
Derivatives	aafvPL	8,914	-	8,914	-	-	8,914	Level 3
Restricted bank deposits (non-current)	aac	15,860	15,860	-	-	-	15,860	1)
Restricted bank deposits (current)	aac	35,445	35,445				35,445	1)
Trade receivables	aac	57,451	57,451	-	-	-	57,451	1)
Other receivables (financial)								
Receivables from portfolio sales								
Receivables from portfolio sales to third parties	aac	6,031	6,031	-	-	-	6,031	Level 3
Receivables against holders of non-controlling interest in subsidiaries	aac	35,217	35,217	-	-	-	35,217	1)
Miscellaneous other receivables (financial)	aac	20,160	20,160	-	-	-	20,160	Level 3
Cash and cash equivalents	aac	334,096	334,096	-	-	-	334,096	1)
Total financial assets		**642,422**	**615,471**	**26,293**	**-**	**658**	**640,785**	
Liabilities								
Corporate bonds	flac	3,776,186	3,776,186	-	-	-	1,825,280	Level 1
Other loans and borrowings	flac	2,330,110	2,330,110	-	-	-	2,120,525	Level 3
Other financial liabilities								
Other financial liabilities at fair value	lafv	-	-	-	-	-	-	Level 3
Other financial liabilities at cost	flac	243,259	243,259	-	-	-	243,259	1)
Derivatives	lafv	65		65	-	-	65	Level 3
Trade payables	flac	59,358	59,358	-	-	-	59,358	1)
Lease liabilities	n/a	31,117	-	-	-	31,117	-	n/a
Other payables (financial)								
Miscellaneous other payables (financial)	flac	32,399	32,399	-	-	-	32,399	Level 3
Total financial liabilities		**6,472,495**	**6,441,313**	**65**	**-**	**31,117**	**4,280,886**	

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

In EUR thousand	Category	Carrying amount	Amortised cost	Fair value through PL	Fair value through OCI	Carrying amounts acc. to IFRS 16 / IAS 28	Fair Value	31 Dec 2023 Fair value hierarchy level
Assets								
Investments in financial instruments								
Investments in equity instruments	aafvPL	17,121	-	17,121	-	-	17,121	Level 3
Other investments in financial instruments	aafvPL	275	-	275	-	-	275	Level 3
Investments accounted under the equity method	n/a	1,534	-	-	-	1,534	-	n/a
Other financial assets								
Loans to holders of non-controlling interest in subsidiaries	aac	102,744	102,744	-	-	-	102,744	1)
Miscellaneous other financial assets	aac	2,838	2,838	-	-	-	2,838	Level 1
Derivatives	aafvPL	8,219	-	8,219	-	-	8,219	Level 3
Restricted bank deposits (non-current)	aac	32,657	32,657	-	-	-	32,657	1)
Trade receivables	aac	79,273	79,273	-	-	-	79,273	1)
Other receivables (financial)								
Receivables from portfolio sales	aac	6,867	6,867	-	-	-	6,867	Level 3
Receivables against holders of non-controlling interest in subsidiaries	aac	32,683	32,683	-	-	-	32,683	Level 3
Miscellaneous other receivables (financial)	aac	60,688	60,379	-	-	-	60,379	Level 3
Cash and cash equivalents	aac	377,419	377,419	-	-	-	377,419	1)
Total financial assets		**789,874**	**762,725**	**25,615**	**-**	**1,534**	**788,339**	
Liabilities								
Corporate bonds	flac	3,791,353	3,791,353	-	-	-	1,841,507	Level 1
Other loans and borrowings	flac	2,533,647	2,533,647	-	-	-	2,279,345	Level 3
Other financial liabilities								
Other financial liabilities at cost	flac	205,829	205,829	-	-	-	-	1)
Derivatives	lafv	323		323	-	-	323	Level 3
Trade payables	flac	65,167	65,167	-	-	-	65,167	1)
Lease liabilities	n/a	33,091	-	-	-	33,091	-	n/a
Other payables (financial)								
Miscellaneous other payables (financial)	flac	41,598	41,598	-	-	-	41,598	Level 3
Total financial liabilities		**6,712,604**	**6,679,191**	**323**	**-**	**33,091**	**4,417,291**	

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

The fair value of liabilities is estimated by discounting future cash flows by the market interest rate of similar instruments at the date of measurement. In respect of the liability component of convertible bonds, the market rate of interest is determined by bid and ask quotes in the market.

Note 8 – Segments reporting

The basis of segmentation and the measurement basis for segment profit or loss are the same as presented in Note 35 regarding operating segments in the annual consolidated financial statements for the year ended 31 December 2023.

ADLER and Consus are presented as independent segments in accordance with current internal reporting to the chief operating decision maker.

Information about reportable segments

Information regarding the results of each reportable segment is included below.

1 Jan - 30 June						2024
In EUR thousand	**Residential property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	**Total consolidated**
External income from residential property management	75,695	627	81,163	1,544	(6,417)	152,612
External income from sale of trading properties (condominiums)	-	1,088	-	-	-	1,088
External income from selling of other real estate inventories	-	-	-	27,000	-	27,000
External income from property development	-	-	-	(15,240)	-	(15,240)
Other income	-	-	-	1,526	-	1,526
Consolidated revenue	**75,695**	**1,715**	**81,163**	**14,830**	**(6,417)**	**166,986**
Reportable segment gross profit	49,916	213	40,669	(75,040)	(4,449)	11,308
General and administrative expenses						(75,496)
Changes in fair value of investment properties						(230,400)
Other expenses						(56,479)
Other income						32,029
Finance income						16,079
Finance costs						(202,303)
Net income from at-equity valued investments						(980)
Consolidated profit before tax						**(506,243)**
Income tax expense						(1,185)
Consolidated profit after tax						**(507,428)**

1 Jan - 30 June						2023
In EUR thousand	**Residential property management**	**Privatisation**	**Adler RE**	**Consus**	**Consolidation**	**Total consolidated**
External income from residential property management	66,890	32	89,259	3,616	(2,090)	157,707
External income from sale of trading properties (condominiums)	-	455	-	-	-	455
External income from selling of other real estate inventories	-	-	-	19,300	-	19,300
External income from property development	-	-	-	10,437	-	10,437
Other income	-	-	-	4,876	-	4,876
Consolidated revenue	**66,890**	**487**	**89,259**	**38,229**	**(2,090)**	**192,776**
Reportable segment gross profit	54,836	299	47,655	(114,226)	(10,881)	(22,317)
General and administrative expenses						(71,487)
Changes in fair value of investment properties						(741,571)
Other expenses						(112,133)
Other income						24,446
Finance income						41,525
Finance costs						(324,509)
Net income from at-equity valued investments						(953)
Consolidated profit before tax						**(1,206,999)**
Income tax expense						167,298
Consolidated profit after tax						**(1,039,701)**

Note 9 – Material events in the reporting period and subsequent events

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent events

The Group evaluated transactions or other events in the financial statements that occurred between the reporting date 30 June 2024 and 28 August 2024 (the date of finalisation of the condensed interim financial statements), and classifies the following as subsequent events.

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

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

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

Financial Calendar 2024

Adler Group S.A.

30 September 2024 (extended deadline)	**Publication Annual Report 2022 and 2023, audited**
28 November 2024	**Publication Q3 2024 Results**

Online Financial Calendar

www.adler-group.com

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QUARTERLY FINANCIAL STATEMENTS 2024