2023

ANNUAL FINANCIAL STATEMENTS

GATEWAY
REAL ESTATE

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GATEWAY REAL ESTATE AG 2023

CONTENT

MANAGEMENT REPORT OF GATEWAY REAL ESTATE AG

1. FUNDAMENTAL INFORMATION ON THE COMPANY

GATEWAY conducts its operating activities to a significant extent via its subsidiaries. Accordingly, the Company's position is mainly influenced by the economic situation of the Group, and the following statements included in the management report have a very strong Group perspective.

1.1 BUSINESS MODEL

Gateway Real Estate AG (in the following also referred to as "GATEWAY" or "Company") is a listed developer of residential real estate in Germany with a market capitalization of around €126 million (as of December 29, 2023). Established in 2006, GATEWAY and its subsidiaries can look back on extensive expertise in the German real estate market and are currently (as of December 31, 2023) developing real estate with a gross development volume (GDV) of more than €5 billion.

In this context, GATEWAY focuses on Germany's Top 8 cities – Berlin, Dresden, Duesseldorf, Frankfurt am Main, Cologne, Leipzig, Munich and Stuttgart – as well as on selected high-growth areas and covers all of the important steps in the value creation chain of a development project with its own in-house teams. In all of its project developments, GATEWAY pursues the strategy of generating attractive margins and, at the same time, minimizing the project development risk by means of a detailed process management. In fiscal year 2020, the Management Board and the Supervisory Board jointly decided to build residential real estate in future also for the Company's own portfolio (build-to-hold). Since then, in the context of this extended corporate strategy, GATEWAY has been increasingly seeking to develop residential real estate for long-term holding and administration to generate sustainable rental revenues. Accordingly, the Standing Assets and Residential Properties Development segments will be expanded further in the medium term. As set out in an ad hoc release dated February 3, 2021, GATEWAY sold all its shares in Development Partner AG and, except for three commercial properties development projects in Berlin, discontinued nearly all its activities in the Commercial Properties Development segment in order to focus its development activities increasingly on the Residential Properties Development segment and develop residential real estate and urban quarters. However, as the necessary shareholder approval could not be obtained, three development projects for commercial properties in Berlin have remained in GATEWAY's ownership and will be sold over time.

GATEWAY regularly carries out sensitivity analyses in connection with the calculation and supervision of projects and the related financing arrangements, in which the effects of potential increases in construction costs are examined and suitable countermeasures taken to offset them are reviewed. Upon purchase, all our projects are generally evaluated and analyzed on an individual basis. In order to facilitate a close cost control and management, a regular internal meeting is held each month for each project, with the Management Board also being involved in each case. In connection with all sales of real estate and development projects, the Management Board, in turn, has to liaise with the Real Estate Committee, which consists of two members of the Supervisory Board and must grant its approval for the transaction.

When acquiring new plots of land, GATEWAY focuses on space where there are no finally approved zoning or land use plans. This enables GATEWAY to leverage potential value thanks to its long-standing expertise in the process of obtaining planning permissions and to actively determine the planning process for developments early on. GATEWAY's focus as regards land purchases is always on real estate development rather than the speculative resale of undeveloped sites. Accordingly, GATEWAY also lives up to its corporate social responsibility by newly constructing much needed residential space in Germany.

In connection with the sale of its development projects, GATEWAY exclusively addresses institutional investors, operates on the basis of lean and recurring sales structures and primarily follows a forward sales model pursuant to which properties are sold to investors once the building permit is obtained. GATEWAY then completes the projects, but generates revenue already upon the conclusion of a forward sales contract based on the progress of the construction activities. This strategy, together with contractually agreed payment schedules, enables GATEWAY to generate long-term and stable cash flows from its development projects.

GATEWAY continues the existing standing asset business of commercial real estate in order to diversify risks.

EMPLOYEES
In the past fiscal year, the Company employed 28 salaried employees (previous year: 27.25) on average and 2 Management Board members (previous year: 2).

The commitment and the extensive technical and professional expertise of the employees and managers are major prerequisites for GATEWAY's success, which is why the Company has set itself the goal of retaining employees in the long term and creating an attractive working environment. In addition to competitive remuneration models in line with market conditions, these also include external and internal trainings and advanced training courses geared to the needs of the respective employees for individual support and development. By providing a modern, digital work infrastructure, GATEWAY wants to enable its employees to work from their home office (telecommuting) and thus also wants to promote a reasonable work-life balance. At the same time, GATEWAY offers its employees at its modern premises in Berlin a wide range of measures to improve employee health and satisfaction as well as to create a sense of team spirit. These include daily fresh fruit, free drinks such as coffee or ergonomic office seating to prevent spinal diseases. GATEWAY is characterized by flat hierarchies and a flexible model of working hours and flexitime.

1.2 MANAGEMENT SYSTEM

As a modern publicly traded company, GATEWAY is continuously developing its internal management system with the aim of supporting sustainable corporate growth through planning, reporting and controlling processes. In this respect, GATEWAY distinguishes three segments: Standing Assets, Commercial Properties Development and Residential Properties Development.

— **Standing Assets**: This segment covers a profitable and diverse portfolio of existing properties. The portfolio includes properties which in future are planned to be developed in part by the Company itself, as well as properties revitalized or constructed by the Company and further individual properties. This segment's revenues consist primarily of rental income from the investment properties.

— **Commercial Properties Development:** The development activities for commercial properties are combined in the Commercial Properties Development segment. The objective of this segment is to develop attractive and high-quality office buildings with modern architecture and flexible usage formats. In the past, these activities were concentrated on the Top 8 cities in Germany and on selected metropolitan areas such as Nuremberg. Upon the sale of Development Partner AG in February 2021, the Commercial Properties Development segment was discontinued and, as of December 2021, was reduced to three projects located in Berlin. Upon the planned sale of these properties classified as inventories, the corresponding activities in the Commercial Properties Development segment will be discontinued in line with the amended business strategy.

— **Residential Properties Development:** In the Residential Properties Development segment, the Company focuses on development activities in selected metropolitan regions in Germany, normally Germany's Top 8 cities as well as high-growth regions (cities with a population of at least 100,000 people such as Mannheim, Augsburg and Chemnitz). The focus here is on the new construction of medium-sized apartment buildings for sustainable modern affordable living and mixed-use properties and real estate. This segment also continues to include joint ventures with other project developers. In future, GATEWAY plans to develop the majority of its assets on its own, however, and also plans to transfer residential real estate developments into its own portfolio after completion.

The **internal management system** at GATEWAY essentially consists of the following components:
— Planning, process and risk management
— Project controlling including sensitivity analyses
— Structured management reporting
— Financial indicators and real estate industry control indicators

FINANCIAL PERFORMANCE INDICATORS

EBIT adjusted and consolidated profit before taxes (EBT) are the most important performance indicators at the level of the Group as a whole. GATEWAY evaluates and controls the Company's profitability on the basis of these indicators. EBIT adjusted is defined by the Group as the operating profit plus the result from investments accounted for using the equity method.

On Company level, the Management Board controls and evaluates on the basis of the performance indicator EBT (earnings before taxes).

For GATEWAY, the real estate performance indicator GDV (Gross Development Volume) represents an important performance indicator for all development projects (residential and commercial properties as well as properties developed for the Company's own portfolio). The GDV is the gross development value, i.e. the expected value that a development property would achieve if sold or let normally on the open market to a willing buyer.

1.3 CORPORATE GOVERNANCE STATEMENT

The corporate governance statement in accordance with Sections 289f and 315d HGB for the Company and the Group can be retrieved from the Company's website in the Investor Relations section under the following link:

https://www.gateway-re.de/en/investor-relations/corporate-governance/corporate-governance-statement

In the corporate governance statement, the Supervisory Board and the Management Board also report about the Company's corporate governance in accordance with Principle 22 of the German Corporate Governance Code.

2. REPORT ON ECONOMIC POSITION

2.1 GENERAL STATEMENT ON THE REPORT ON ECONOMIC POSITION

The global economy remains exposed to the challenges presented by inflation and low growth prospects. According to estimates by the International Monetary Fund (IMF), global GDP increased by 3.1% in 2023. According to these estimates, the economies of highly developed countries grew by an average of 1.6%, while those of emerging and developing countries achieved growth of 4.1% on average. India recorded the highest economic growth at 6.7%, followed by China at 5.2%. The U.S. economy grew by 2.5%, thus outperforming the other highly developed economies. One exception was Germany, whose economic output declined by 0.3% year-on-year.

The European economy lost some of its momentum in the year 2023. According to the European Commission, the economy was held back by a declining purchasing power of private households, a considerable monetary tightening, the partial withdrawal of fiscal support measures, and falling foreign demand. GDP growth in 2023, therefore, amounted to a mere 0.5% in both the EU and the eurozone. In the course of 2023, the seasonally adjusted unemployment rate fell from 6.1% to 5.9% in the European Union and from 6.7% to 6.4% in the eurozone, according to Eurostat. ECB and Eurostat reported an annual inflation rate in the eurozone of 2.9% in December 2023, compared to 9.2% a year earlier. In the European Union, prices rose by 3.4% year-on-year in December 2023, compared to 10.4% in December 2022.

GATEWAY believes that the economic, sociodemographic and industry-specific development in Germany in 2023, especially in the cities in which GATEWAY operates, generally is a positive factor for the Group's future business activities. However, high interest rates and increased material costs as well as stricter energy requirements and regulatory uncertainties are weighing on the German construction industry and have led to construction projects being stopped or canceled, and well-known project developers becoming insolvent. Nevertheless, in the wake of declining new residential construction, particularly also for single- and two-family homes, and increased migration, demand-side pressure on the market for residential real estate will increase in the short and medium term.

2.2 ECONOMIC FRAMEWORK

2.2.1 MARKET ENVIRONMENT/ MACROECONOMIC SITUATION

As in the previous year, the economic development in 2023 remained characterized by the war in Ukraine, which among other things resulted in shortages in individual markets, and by inflation. Unlike in 2022, the COVID-19 pandemic hardly had any noticeable impact. China announced the end of its strict zero-COVID policy at the beginning of December 2022 and gradually eased it in the weeks that followed.

As a result, despite the negative effects, the global economy initially got off to a strong start in 2023 but experienced a significant slowdown over the summer and lost further momentum by the end of the year, as the German Federal Ministry for Economic Affairs and Climate Action stated in an analysis published jointly with various economic research institutes at the end of November 2023. The main reasons for the slowdown in economic momentum were still weak industrial production and the sharp rise in interest rates in most regions of the world. Higher financing costs inhibited investments. In addition, there was a lack of impetus from China where high levels of debt weighed on the real estate sector.

In 2023, central banks continued to counter high inflation with a restrictive monetary policy. The US Federal Reserve raised its key interest rates in four steps over the course of the year from 4.5% to 5.5%, the highest level in 22 years. In 2023, the European Central Bank (ECB) raised its key interest rate six times from 2.5% to 4.5%, the highest level since the early 2000s. In the United Kingdom, the base rate reached 5.25% in 2023 and has remained unchanged since August. Only the Bank of Japan continued its expansive monetary policy, with the key interest rate standing at –0.10% at the end of 2023.

According to the German Federal Ministry for Economic Affairs and Climate Action, the turnaround in interest rates, which began in 2022 and continued into the third quarter of 2023, came with considerable challenges to the economy. The supply chain problems that arose during the pandemic were largely resolved in 2023. Despite this, the IMF estimates that global trade only grew by 0.9%, compared to 5.1% in 2022. According to the Ministry for Economic Affairs and Climate Action, this reflects the development of global demand, with increasing trade barriers also hampering global trade. Meanwhile, increased uncertainty about the future geo-economic situation has led to a reluctance to invest.

2.2.2 SOCIODEMOGRAPHIC DEVELOPMENT

According to an initial estimate issued by the German Federal Statistical Office (Destatis), at least 84.7 million people lived in Germany at the end of 2023, more than ever before. The population grew by 0.3 million people compared to the end of 2022. This means that the increase is back in line with the average for the years 2012 to 2021. On a net basis, 1.1 million people migrated to Germany in 2022, many of them fleeing war and most of them coming from Ukraine. Net immigration continued to be the sole cause of population growth in 2023.

As in the previous year, the number of births fell by around 7% to between 680,000 and 700,000 in 2023 (2022: 738,819), according to Destatis. The number of births was offset by at least 1.02 million deaths (2022: 1.07 million), a decrease of around 4%. This results in a birth deficit of at least 320,000, which corresponds to the previous year's level of 328,000.

The population trend in Germany varies from region to region. According to Destatis, the population in the western federal states increased by 10% to 68 million between 1990 and 2022, while it fell by 15% to 12.6 million in the eastern federal states over the same period.

One reason for this is the migration from the eastern to the western federal states that began after German reunification. Between 1991 and 2000, a net total of around 611,000 people moved from eastern Germany to western Germany. In the following decade, the balance was again around 553,000 people. Between 2011 and 2022, a total of around 52,000 more people moved from the East to the West than vice versa. However, since 2017, eastern Germany has recorded more immigration from western Germany than emigration to western Germany.

Younger people in particular have emigrated from the eastern federal states. Since reunification, a net total of more than 731,000 people under the age of 25 have moved to the West. The figure for people aged 25 to 65 was around 491,000. Among the people at the age of over 65, net migration was almost balanced at around 6,000 people.

Another reason for the stronger population growth in western Germany is the higher immigration from abroad in relation to the number of inhabitants. Between 1991 and 2022, positive net migration in the eastern federal states (excluding Berlin) amounted to around 1.2 million people. In contrast, net immigration to the western federal states was around seven times as high at just under 8.9 million people. In 2022, the difference between immigration and emigration in the western federal states amounted to 1,145,000 people. 2,163,000 people immigrated from abroad. In the eastern federal states, net migration amounted to 221,000 people in 2022. Here, 337,000 people had migrated from abroad.

According to the latest microcensus data, Germany had a total of 40.9 million private households in 2022. Of these, 32.5 million households were in western Germany and 8.4 million in eastern Germany. One-person households make up the largest group (16.7 million households), corresponding to a share of 40.8%, followed by two-person households with 13.8 million (33.7%). The number of households with three or more people was 10.4 million, equivalent to a share of 25.5%.

According to Destatis, around 11.9 million households had at least one child. Of these, 5.9 million households, i.e. half the number of households, were one-child families, while the number of households with two children was 4.4 million households (37% of the total number). There was a total of 1.5 million households with three or more children in 2022, or 13% of all families. Ten years earlier, the proportion of one-child families was 53%, two-child families 36%, and families with at least three children only 11%.

Urbanization continues to increase. According to Destatis, 77.7% of the total population lived in cities in 2022, while the figure was 77.2% ten years earlier.

2.2.3 ECONOMIC DEVELOPMENT IN GERMANY AND IN GATEWAY'S FOCUS CITIES

According to calculations by the Federal Statistical Office (Destatis), Germany's price-adjusted economic output declined by 0.3% to €4,121 billion in 2023. Adjusted for calendar effects, gross domestic product (GDP) fell by 0.1%. The main negative factors were relatively high prices at all levels of the economy, unfavorable financing conditions due to rising interest rates, and lower domestic and foreign demand. As price-adjusted imports fell more sharply than exports in 2023, GDP was supported by a net positive trade balance. This fell well short of the 0.2% growth forecast for 2023 published by the German Council of Economic Experts in spring.

According to Destatis, developments in the individual economic sectors varied greatly. The construction industry as a whole recorded a small price-adjusted increase of 0.2% in 2023. High material costs, a shortage of skilled workers and deteriorating financing conditions hampered construction activity, particularly in building construction. In contrast, production in civil engineering and the finishing trade increased.

At the same time, the demand side lacked momentum. According to Destatis, price-adjusted private consumption in 2023 fell by 0.8% compared to the previous year. Compared to the pre-COVID-19 year 2019, the gap widened to –1.5%. High consumer prices are likely to be a key reason for consumer restraint. In addition, the public sector cut back and reduced consumption for the first time in 20 years. The 1.7% cut in spending is the result of the phased-out measures to combat the coronavirus pandemic and its consequences.

Investments in equipment increased significantly at a price-adjusted 3.0% compared to 2022. According to Destatis, the increase in new commercial car registrations was the main contributing factor. The environmental bonus for electric cars in the company car sector, which applied until August 2023, is likely to have supported demand.

In 2023, according to Destatis, investments in construction projects fell by 2.1% on a price-adjusted basis. High construction prices and the noticeable rise in interest rates slowed residential construction in particular. Only the finishing trade sent out positive signals, which is presumably due to strong demand for energy-efficient renovations.

The global and domestic economic burdens caused insolvencies in Germany to rise over the course of 2023. In its Finance Insolvency Report, the consulting firm Falkensteg stated that a total of 27 major insolvencies, i.e. companies with a turnover of over €20 million, occurred in the first quarter of 2023. In the second quarter, the number rose to 39 major insolvencies, and in the third quarter to 45. The sectors primarily affected by these insolvencies were mechanical engineering companies and suppliers to the automotive industry as well as retailers and operators of healthcare facilities. With a total of twelve major insolvencies, the majority of the major insolvency proceedings initiated in the third quarter concerned the construction industry.

While the rate of inflation in Germany decreased in 2023, it remained well above the ECB's target corridor of 2%. According to Destatis, consumer prices rose by an annual average of 5.9% in 2023 compared to 2022. In 2022, inflation had been at 6.9%.

According to Destatis, German government debt decreased by €14 billion to €82.7 billion in 2023 compared to 2022. Although the German federal government still accounts for the major share (€72.4 billion), its financing requirements fell by €51.9 billion On the one hand, measures to combat the coronavirus pandemic were largely discontinued. On the other hand, some of the relief packages adopted by the federal government in the previous year to mitigate the energy crisis and stabilize the economy expired. In contrast, the net debt balances of the federal states and municipalities deteriorated, partly due to lower transfer payments from the federal government. At the same time, expenditure increased, particularly in the municipalities, partly because a large number of refugees were taken in. Overall, Germany's deficit ratio of 2.0% of GDP therefore remains below the European reference value of 3% from the German Stability and Growth Pact.

Destatis reported an average of 45.9 million people in employment in Germany in 2023. This was a year-on-year increase of 333,000 people, or 0.7%. Never before have so many people been employed in Germany. Immigration of foreign workers and the increasing labor force participation of the domestic population outweighed the effects of the aging population. The rise in employment in 2023 was almost exclusively in the services sector. The unemployment rate in Germany was 5.7% on average for the year 2023 as a whole, compared to 5.3% in the previous year.

In GATEWAY's focus cities (A cities plus Augsburg, Chemnitz, Dresden, Leipzig and Mannheim), unemployment rates according to the German Federal Employment Agency ranged from 4.5% in Munich to 9.1% in Berlin in December 2023. Stuttgart (5.1%) and Augsburg (5.5%) remained below the national average, followed by Frankfurt am Main (5.9%) and Dresden (6.1%). By contrast, Duesseldorf (7.0%), Leipzig (7.1%), Mannheim (7.2%) and Hamburg (7.4%) were well above the national average. In addition to the German capital, Chemnitz (8.4%) and Cologne (8.7%) were among the cities with the highest proportion of unemployed people in the working population at the end of 2023.

2.2.4 DEVELOPMENT OF REAL ESTATE MARKETS

The German real estate market continued to suffer from unfavorable conditions in 2023. The war in Ukraine and the resulting sanctions imposed on Russia continued to disrupt supply chains. This led to a shortage of energy sources and construction materials, which affected prices and made it more difficult to estimate costs for construction projects. This was compounded by a massive rise in interest rates, which meant that a significant number of construction projects and investments were no longer profitable. In addition, real estate investments yielded lower returns than other capital investments in an environment of rising interest rates, meaning that the transaction market also slowed down noticeably. Overall, the construction industry lost momentum in 2023.

According to JLL, the transaction volume on the German real estate market fell by 52% year-on-year to a total of €31.7 billion in 2023, the lowest level since 2011. Despite a slight easing on the transaction market in the fourth quarter, the value of purchases and sales remained 58% below the 10-year average. Only 39% of the transaction volume was attributable to the Top 7 locations of Berlin, Duesseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart.

According to JLL, the value of individual transactions amounted to €20 million, thus reaching just under half of the previous year's level (–49%). Portfolio deals only reached a volume of €12 billion in 2023, a decline of 56%. Large transactions were rare in the reporting year. Vonovia sold around 30% of the shares in the Südewo portfolio to Apollo in the spring and 30% of a portfolio with 31,000 apartments in northern Germany later in the year. Slate Asset Management acquired several supermarkets and local retail properties from x+bricks. Only 49 transactions had a value of more than €100 million each, compared to 121 deals in the previous year. There were ten large-volume transactions in both the residential and office categories.

The market for office investments almost completely collapsed in 2023, according to JLL. The volume of deals involving office properties was just €5.2 billion. This is the lowest figure since the cyclical low in 2009 following the financial crisis. This means that office properties only accounted for just under 17% of the total transaction volume. Retail properties accounted for 17%, and logistics and industrial properties for a historically high 23%. However, residential properties dominated with a share of 29%.

Overall, price pressure on office properties has remained high. Over the course of 2023, the prime yield for office buildings rose by an average of almost 100 basis points to 4.29% across the seven strongholds. Although prices for apartment buildings have also fallen, they have not fallen as much as office properties. On average across all seven real estate strongholds, the prime yield for residential buildings was 3.71%, 73 basis points higher than in the previous year.

Office market

According to JLL, the largest office market in the fourth quarter of 2023 was Berlin with 22.1 million sqm of office space, closely followed by Munich with 21.9 million sqm. Both cities recorded one of the largest space growth on a net basis (1.5% and 1.3%, respectively). In Hamburg, as in the previous year, the stock grew by 1.5% to 15.7 million sqm, followed by Frankfurt am Main (11.8 million sqm; +0.5%), Duesseldorf (9.4 million sqm; +0.3%), Stuttgart (9.2 million sqm; +0.7%) and Cologne (7.9 million sqm; +0.4%).

Despite a decline of around 30%, Berlin remained the largest German office market in 2023 with a take-up of 541,000 sqm, according to BNP Paribas Real Estate. Munich again ranked second with 467,000 sqm, thus falling short of the previous year's level by around 36%. Due to four rental agreements of more than 10,000 sqm each, Hamburg achieved an annual take-up of 450,000 sqm, only 12% below the long-term average. In Frankfurt am Main, take-up amounted to 394,000 sqm, which is a decline by one quarter compared to 2022. Duesseldorf recorded a moderate 8% decline in take-up to 250,000 sqm. In Stuttgart, office take-up fell by as much as 48% to 156,500 sqm.

Construction activity in the German office market declined noticeably due to the negative impact of high interest rates, staff and material shortages, and an uncertain economic outlook, resulting in work being stopped at numerous construction sites. According to JLL, the volume of completions in Berlin halved year-on-year to 361,000 sqm in 2023. At 70,100 sqm, Duesseldorf recorded almost a third less new office space than in 2022. A decline in new office space was also reported in 2023 for Munich (309,500 sqm; –18%), Stuttgart (82,600 sqm; –22%) and Cologne (84,300 sqm, –10%). At 226,900 sqm (–2%), Hamburg was largely able to maintain its construction volume at the previous year's level. Only in Frankfurt am Main did completions exceed the previous year's level by 19% at 155,500 sqm.

Although less office space was created, the vacancy rate increased in all top office markets. According to JLL, Duesseldorf and Frankfurt am Main had the highest proportion of unused office space in the fourth quarter of 2023 (9.7% and 8.8%, respectively). In Berlin and Munich, 5.4% and 5.2%, respectively, were available for immediate rental. Hamburg and Stuttgart reported vacancies of 4.8% and 4.0%, respectively. Cologne had the lowest proportion of vacant offices at 3.3%. In Leipzig, 4.7 % of space was also available for immediate occupancy.

Prime rents rose in all top office markets in 2023. JLL registered the highest prices per square meter in Munich (€50.00) and in Frankfurt (€46.50). Berlin follows with a prime rent of €44.00, ahead of Duesseldorf (€40.00). At €35.00, Stuttgart and Hamburg are on a par, ahead of Cologne (€32.50).

Residential real estate market

The significant rise in borrowing costs, risk premiums that are too low compared to other, equally safe asset classes, and the noticeable increase in uncertainty regarding further regulations significantly dampened the German residential investment market in 2023. Across Germany, an amount of €5.23 billion was invested in larger residential portfolios (30 residential units or more) in the reporting year. This was 60% below the previous year's figure. This is also 72% below the long-term average, and this was the lowest investment volume on record since 2010. No significant recovery was observed on the German residential investment market in the second half of the year. In addition to macroeconomic uncertainties and polycrisis-like effects, many market players assumed that prices would continue to fall. This has contributed to a strong reluctance to enter into purchase transactions on the part of investors as well as to the postponement or cancellation of projects.

In 2023, the German housing market was weighed down by two main factors: increased borrowing costs and insufficient risk premiums. Potential buyers of residential real estate had expected prices to fall in the wake of the key interest rate hikes and were therefore cautious in their purchasing decisions. According to information from BNP Paribas Real Estate, transactions involving larger portfolios of 30 residential units or more totaled €5.23 billion across Germany in the reporting year. This is a year-on-year decline of 60% and the lowest figure since 2010.

In 2023, BNP Paribas Real Estate overall recorded only seven residential portfolios with a value of over €100 million each. In total, they had a volume of €2.02 billion, corresponding to one sixth of the ten-year average. This means that large transactions only accounted for 39% of the total volume, compared to the long-term average of 57%. Smaller transactions of up to €25 million totaled €1.35 billion, thus accounting for just under 26% of the transaction volume.

According to BNP Paribas Real Estate, German investors were again the most important players in commercial residential real estate transactions in 2023 with a share of just under 68%. U.S. investors followed in second place with a share of 24%. Due to the high interest rates, a shift in buyer groups was observed in 2023. According to BNP Paribas Real Estate, investors with strong equity reserves in particular were able to take advantage of the emerging opportunities. Family offices were one of the most important buyer groups in the reporting year, accounting for 19.1% of the transaction volume, after asset managers (24.4%). In contrast, listed real estate companies focused on refinancing their existing portfolios and were not active on the buyer side.

In the final quarter of 2023, BNP Paribas Real Estate recorded a slight increase in net prime yields for new-build properties. Munich and Berlin remain the most expensive locations (3.60% each), ahead of Frankfurt am Main (3.65%), and Hamburg and Stuttgart (3.70% each), followed by Duesseldorf (3.80%) and Cologne (4.0%).

With a transaction volume of €1.81 billion, Berlin accounts for 35% of the total volume. Munich has the second-highest share of sales (14%) and, with a volume of €716 million, is the only top German location to achieve a result above the long-term average (€581 million).

According to BNP Paribas Real Estate, residential real estate in Germany's six largest cities changed hands for a total of €3.1 billion in 2023 – only half of the previous year's volume. The A cities thus accounted for 59% (2022: 47%) of the nationwide transaction volume. Of that amount, €1.8 billion or 35% was attributable to Berlin, maintaining its status as the most important transaction market. Munich accounted for a share of 14% with €716 million.

The rise in financing costs also had a negative impact on the residential property market. According to an analysis published by the German Institute for Economic Research (DIW), prices for building plots and single-family homes fell by more than 2% and prices for condominiums by 1% to 2% nationwide compared to 2022. At 5%, prices for residential properties and building land fell the most in the A cities. Prices for single-family homes in medium locations were 7% lower than in 2022. Smaller cities were less affected by price corrections. In the D locations, prices for single-family homes fell by less than one percent, while building land and condominiums actually became slightly more expensive.

In 2023, the number of building permits declined due to the higher borrowing costs for construction, as well as stricter building regulations. According to Destatis, around 214,100 apartments were approved between January and December 2023. This is a decrease by almost 30% compared to the same period of the previous year.

In contrast to prices, according to the DIW, rents in Germany continued to rise due to increased demand for housing coupled with insufficient supply. The highest rent increases in existing properties were recorded in the C cities at 5%. In contrast, the rent increase in the A cities was the lowest at around 3%.

In addition to the A cities with the largest populations, GATEWAY's focus cities also include Augsburg, Chemnitz, Dresden, Leipzig and Mannheim. According to Engel & Völkers Commercial, the transaction volume for multi-family homes in Augsburg, which has a population of around 300,000, fell from €192 million in 2022 to €165 million in 2023 – a decline of 14.1%. In the second half of 2023, the average asking rent was €12.26. In Chemnitz, with a population of around 249,000 people, the transaction volume of €120 million in the reporting year was 29.4% below the previous year's figure of €170 million. Rents, which have been rising steadily for years, continued their trend and stood at €5.73 in the second half of 2023. With a population of around 569,000 people, the state capital Dresden is the second-largest city in Saxony. According to Engel & Völkers Commercial, multi-family housing transactions totaled €400 million in 2023, down 45.1% from €728 million a year earlier. The average asking rent was €8.82 in the second half of the year. Leipzig is Saxony's largest city with a population of around 625,000. In the reporting year, multi-family homes with a volume of €350 million changed hands, compared to €505 million in 2022 (–30.7%). Apartments were offered for rent at an average of €9.91 in the second half of 2023. According to Mannheim's Municipal Statistics Office, around 326,000 people had their primary residence in Mannheim at the end of 2021. According to Engel & Völkers Commercial, the transaction volume for multi-family homes in Mannheim fell by 20.6% from €359 million in 2022 to €285 million in 2023. The average asking rent for existing apartments was €10.41 in 2023 and €12.69 for new buildings.

2.2.5 COMPETITIVE SITUATION AND MARKET POSITION OF THE GROUP

In fiscal year 2023, GATEWAY competed with local, medium-sized real estate companies, municipal and community-owned companies, and listed real estate groups due to the Company's business activities in the individual markets and asset classes. Due to the lack of available projects, companies in the latter group in particular are increasingly pursuing a develop-to-hold strategy, i.e. project development for their own portfolio. In addition, the consolidation of the market is progressing, such as the merger of the second-largest housing group Deutsche Wohnen with market leader Vonovia in 2021.

However, in the past, GATEWAY did not primarily compare itself with large listed portfolio holders, such as Deutsche Wohnen or LEG Immobilien SE, which are building up their own development segments alongside their standing assets business. Instead, GATEWAY considered primarily listed German-speaking companies with a development focus as its competitors in the narrow sense. The group of competitors above all includes the SDAX-listed Instone Real Estate Group SE. Despite the very challenging market environment, the Company was very successful in maintaining its competitive position and was able to achieve its goals for 2023. The share price declined 9.5% during the year, and the market capitalization fell to €343 million as of year-end 2023.

With a market capitalization of around €126 million as of December 29, 2023, GATEWAY ranks in the upper mid-range of listed developers. This is one of the reasons why, as before, it is rather the large listed residential property companies, with their own project development activities, that can be regarded as being GATEWAY's competitors in the future.

2.3 BUSINESS DEVELOPMENT

The past fiscal year 2023 continued to be characterized by challenging market conditions. The rise in financing costs due to the ECB's restrictive monetary policy and the inflation-driven increase in construction costs, along with stricter energy requirements and regulatory uncertainties, have led to construction projects in the German construction industry being stopped or canceled and to the insolvency of well-known project developers. The strong reluctance of investors to enter into purchase transactions led to a decline in the transaction volume on the German real estate market in the past fiscal year 2023. Gateway Real Estate AG was unable to escape these challenging market conditions.

In terms of financing, Gateway Real Estate AG was subject to challenges with regard to the extension of key financing arrangements as a result of the negative influences mentioned above. The Management Board is currently in close consultation with all financing partners to counteract these challenges. In this context, we refer to the matters described in section 3.2.2 under the heading "Financing risks."

As a result of this and the ongoing tight market environment, there were several negative developments affecting the Company's financial performance.

Accordingly, loss allowances on financial receivables totaling €105.0 million were recorded at Group level, which the Management Board decided to recognize to account for risks identified after it had become aware of new information on the financial situation of the debtors concerned. In addition, a partial write-down on real estate projects held as inventories in the amount of €29.7 million was recognized at Group level. The fair value changes in investment properties and valuation of properties held as inventory and in non-current assets held for sale amounted to €–52.5 million at Group level due to measurement effects confirmed by way of an appraisal and affected by the abovementioned adverse market factors.

Nevertheless, in the fiscal year 2023, the existing project developments were further advanced, as planned. Following the successful closing of a further project site for the SoHo Mannheim project development in the first quarter of 2023, building construction works also commenced during the remainder of the year.

In fiscal 2023, we concluded purchase agreements for new project developments.

In August 2023, the closing of a forward sale purchase agreement entered into with a fund for a building plot of the SoHo Mannheim project development was finalized. As Gateway Real Estate AG acquired shares in the fund, the pro rata share in the funds' separate assets (Sondervermögen) was consolidated. In line with the intention to hold the assets, the project development is allocated to the Standing Assets segment and recorded as an investment property in accordance with IAS 40.

On April 22, 2022, Norbert Ketterer submitted to Gateway Real Estate AG the formal request pursuant to Section 327a (1) sentence 1 of the German Stock Corporation Act (AktG) that the Annual General Meeting of Gateway Real Estate AG shall resolve to transfer the shares of the remaining shareholders (minority shareholders) to Norbert Ketterer against payment of an appropriate cash settlement (so-called squeeze-out under stock corporation law). There has been no letter specifying more details so far. Moreover, Norbert Ketterer notified us by way of a voting rights notification dated June 6, 2023, that he now holds only 66.24% of the voting rights and therefore does not hold the number of voting rights required for a squeeze-out.

2.4 FINANCIAL PERFORMANCE, FINANCIAL POSITION AND CASH FLOWS

2.4.1 FINANCIAL PERFORMANCE

The financial performance of Gateway Real Estate AG is presented in the following table in comparison with the previous year:

—

in € million	2023	2022	Change in result
Operating profit/loss			
Revenue	8.0	2.9	5.1
Changes in inventories of finished goods and work in progress	0.2	0.0	0.2
Other operating income	9.4	0.1	9.3
Raw materials and consumables used	–1.1	–1.4	0.3
Employee benefits expense	–5.2	–5.2	0.0
Amortization, depreciation and write-downs	–112.7	–0.2	–112.5
Other operating expenses	–44.9	–4.2	–40.7
	–146.3	**–8.0**	**–138.3**
Net finance costs			
Income from equity investments	13.3	0.0	13.3
Expenses/income from profit and loss transfer agreements	0.0	0.0	0.0
Write-downs of long-term financial assets	–0.1	0.0	–0.1
Finance income	22.2	20.3	1.9
Finance costs	–14.6	–12.7	–1.9
	20.8	**7.6**	**13.2**
Profit/loss of the Company			
Operating profit/loss	–146.3	–8.0	–138.3
Net finance costs	20.8	7.6	13.2
Profit/loss before tax	–125.5	–0.4	–125.1
Income tax expense	–0.2	–0.2	0.0
Net profit/loss for the year	**–125.7**	**–0.6**	**–125.1**

The Company's financial performance is generally characterized by the development activities in relation to the residential property projects of the Group. In the year under review, existing indicators gave rise to the recognition of significant loss allowances on receivables, which had a negative impact on the Company's financial performance.

In the 2023 fiscal year, revenue amounts to €8.0 million (previous year: €2.9 million) and mainly refers to intragroup cost allocations for Group companies in the amount of €2.1 million (previous year: €1.1 million) and to revenue from project management for Group companies and third parties due to business management agreements newly entered into in the amount of €4.8 million (previous year: €1.0 million). The standing asset in Eschborn held by the company also generated revenue from rents in the amount of €0.8 million (previous year: €0.7 million) in the year under review.

Changes in work in progress in connection with concluded business management agreements resulted in changes in inventories of finished goods and work in progress in the amount of €–14 thousand. The item also comprises the offsetting balance of operating costs that have been charged and those that have not yet been charged (€0.2 million).

Other operating income includes a recourse claim from a third-party guarantee utilized in the amount of €3.5 million. In addition, expenses from utilized guarantees amounting to €5.0 million were passed on to a Group company in the year under review. The item also comprises income from other cost allocations charged to Group companies in the amount of €0.4 million as well as income from the reversal of provisions in the amount of €0.4 million. The previous year's figure mainly included income from the reversal of provisions in the amount of €0.1 million.

Cost of materials declined slightly by €0.3 million to €–1.1 million.

Employee benefits expenses amounted to €–5.2 million and were largely on the previous year's level.

In addition to current depreciation of the standing asset in Eschborn amounting to €–0.2 million, amortization, depreciation and write-downs of €–112.7 million in the reporting year primarily include bad debt losses amounting to €7.8 million from intercompany receivables. Due to project disposals completed after the reporting date, it can no longer be assumed that these receivables from affiliated companies are recoverable. The item also includes loss allowances on purchase price and loan receivables in the amount of €104.7 million.

Other operating expenses rose very significantly in the reporting period by €40.7 million to €44.9 million. This increase is due to specific loss allowances on receivables from affiliated companies in the amount of €29.4 million. In addition, there were expenses from the utilization of guarantees granted in the amount of €8.5 million and losses from the disposal of financial assets in the amount of €1.5 million. The item also includes prior-period reductions of revenues in the amount of €1.2 million from sales revenue realized in the previous year in connection with business management agreements.

The operating loss, thus, amounted to €–146.3 million, after an operating loss of €–8.0 million in the prior year. The large decline compared to the prior year results mainly from the loss allowances mentioned above.

Net finance income amounts to €20.8 million in the reporting year (previous year: €7.6 million). This increase is primarily attributable to the dividends received from the subsidiary Gateway Achte GmbH in the amount of €13.3 million. Finance costs increased by €–1.9 million to €14.6 million, as a result of the higher interest rate level and due to to new borrowings. The item also includes interest on guarantees in the amount of €0.6 million (previous year: €1.4 million).

Earnings before income taxes amount to €–125.5 million, representing a decrease by €125.1 million compared to the previous year (€–0.4 million). In the year under review, income taxes amount to €–0.2 million (previous year: €–0.2 million).

2.4.2 FINANCIAL POSITION

The financial position of Gateway Real Estate AG is presented in the following table in comparison with the previous year:

—

in € million	2023	2022	Change
Assets			
Intangible assets	0.2	0.2	0.0
Tangible fixed assets	3.5	3.6	–0.1
Long-term financial assets	97.3	75.7	21.6
Other assets	67.9	0.0	67.9
Medium and long-term assets	**168.9**	**79.5**	**89.4**
Inventories	0.7	0.5	0.2
Trade receivables	0.0	1.4	–1.4
Intragroup receivables	222.8	290.6	–67.8
Cash and cash equivalents	1.1	2.4	–1.3
Other assets	68.5	163.3	–94.8
Prepaid expenses	0.6	0.8	–0.2
Current assets	**293.7**	**459.0**	**–165.3**
	462.6	**538.5**	**–75.9**
Capital			
Share capital	186.8	186.8	0.0
Reserves	38.0	38.0	0.0
Net retained profit	–92.2	33.6	–125.8
Equity	**132.6**	**258.4**	**–125.8**
Bonds	71.5	71.5	0.0
Liabilities to banks	2.1	2.3	–0.2
Other liabilities	8.6	30.1	–21.5
Medium and long-term debt	**82.2**	**103.9**	**–21.7**
Advance payments received	1.3	0.6	0.7
Liabilities to banks	42.1	42.4	–0.3
Trade payables	2.5	2.6	–0.1
Intragroup liabilities	34.6	24.8	9.8
Provisions	5.5	2.1	3.4
Other liabilities	161.8	103.7	58.1
Short-term debt	**247.8**	**176.2**	**71.6**
	462.6	**538.5**	**–75.9**

GATEWAY's total assets decreased by €75.9 million or 14.1% to €462.6 million as of December 31, 2023. There were several overlapping effects compared to the previous year.

In terms of assets, the decline primarily results from loss allowances in the amount of €104.7 million that were recognized on receivables reported under other assets. At the same time, a receivable totaling €68.0 million reported in the previous year under intragroup receivables was reported under other assets because the subsidiary SKE Immo Sulzbach GmbH, Luxembourg, is no longer included in the Company's consolidated financial statements. Overall, other assets declined by €26.9 million.

The aforementioned reclassification of €68.0 million and the recognition of loss allowances in the amount of €29.4 million and of bad debt losses in the amount of €7.8 million resulted in a corresponding decrease of intragroup receivables. This was offset by interest income recognized and further cash funds provided to subsidiaries due to construction activities, resulting in a decline of intragroup receivables by only €67.8 million to €222.8 million.

The non-cash purchase of a majority stake in a real estate fund led to an increase in long-term financial assets by €21.2 million, which had a corresponding effect on the long-term financial position. At the same time, this purchase also resulted in an increase of intragroup liabilities, as consideration for the shares was paid by contributing a project site of a subsidiary.

Cash and cash equivalents declined significantly due to the issue of new loans and the increase of existing lines of credit by €1.3 million to €1.1 million. Further information is included in the paragraph on the financial position in section 2.4.3.

Equity decreased substantially by the amount of the net loss for the year (€–125.7 million) to €132.6 million. Accordingly, GATEWAY's equity ratio fell from 48.0% in the previous year to 28.7%.

Medium and long-term debt decreased by a total of €21.7 million to €82.2 million due to the reclassification of other liabilities to current liabilities.

Current liabilities increased accordingly by €71.6 million to €247.8 million, which – apart from the reclassification described above – is attributable to the increase in loan liabilities of €29.6 million reported under other liabilities. The €21.2 million increase in intragroup liabilities due to the purchase of the fund shareholding was reduced by offsetting from dividend receivables in the amount of €13.3 million, meaning that these increased by a total of €9.8 million to €34.6 million.

The increase in provisions of €3.4 million mainly results from provisions for litigation risks in connection with ongoing legal disputes and guarantees.

2.4.3 CASH FLOW

The cash flows of Gateway Real Estate AG are presented in the following table in comparison with the previous year:

—

in € million	2023	2022	Change
Net loss for the year	–125.7	–0.6	–125.1
Amortization, depreciation, write-downs and impairment of current and fixed assets and write-downs of long-term financial assets	142.3	0.3	142.0
Increase/(decrease) in provisions	3.6	0.6	3.0
Gains/(losses) on the disposal of tangible fixed assets and long-term financial assets	1.5	0.0	1.5
Decrease in intragroup receivables	–60.6	–37.4	–23.2
Increase (decrease) in other assets	–10.1	–22.4	12.3
Increase in intragroup liabilities	9.8	15.0	–5.2
Decrease (increase) in other liabilities	5.8	–10.2	16.0
Income taxes paid/ refunded	1.4	1.8	–0.4
Income from equity investments and profits transferred	0.0	0.0	0.0
Finance income/finance costs	11.6	7.1	4.5
Other non-cash income	0.0	0.0	0.0
Cash flows from operating activities	**–20.4**	**–45.8**	**25.4**
Proceeds from the disposal of long-term financial assets	0.0	6.4	–6.4
Payments for investments in fixed assets	–0.1	-0.2	0.1
Interest received	0.0	1.2	–1.2
Cash flows from investing activities	**–0.1**	**7.4**	**–7.5**
Proceeds from the issuance of bonds and from borrowings	72.0	44.8	27.2
Payments for the redemption of bonds/borrowings	–43.1	–6.7	–36.4
Interest paid	–9.7	–5.7	–4.0
Cash flows from financing activities	**19.2**	**32.4**	**–13.2**
Net change in cash and cash equivalents from accrual	0.0	0.0	0.0
Net change in cash and cash equivalents	**–1.3**	**–6.0**	**4.6**
Cash and cash equivalents at beginning of period	**2.4**	**8.4**	**–6.0**
Cash and cash equivalents at end of period	**1.1**	**2.4**	**–1.3**

The cash flow statement shows a decrease in cash and cash equivalents by €1.3 million to €1.1 million.

While cash flows from operating activities remain negative at an amount of €–20.4 million (previous year: €–45.8 million), there was an increase by €25.4 million. In the previous year, there were higher liquidity requirements of subsidiaries.

In terms of cash flows from investing activities, there was a small cash outflow of €–0.1 million due to investments in fixed assets. In the previous year, in contrast, there had been cash inflows from the proceeds in connection with the sale of a standing asset in Leipzig at the level of Gateway Fünfte GmbH and the associated repayment of borrowings (including interest) from this subsidiary in the amount of €6.0 million and €1.2 million.

Material cash inflows from financing activities primarily refer to new borrowings (€72.0 million). In addition, there were cash outflows from the repayment of borrowings in a total amount of €43.1 million. Interest paid amounted to €9.7 million.

The objective for the Company is to achieve a financing structure that reflects business risk. For this purpose, the Company entered into one bond, promissory note loans and bank loans in the year under review.

Compared to the previous year, commitments and contingencies exist in the form of sureties and guarantees in a total amount of €89.0 million. Guarantees in a total amount of €8.5 million were called in the year under review, of which an amount of €3.5 million was secured by recourse claims However, utilization of the remaining guarantees and sureties is considered unlikely on the basis of the economic condition of the beneficiaries. See note on commitments and contingencies.

In order to ensure the Company's solvency, the movements in liquidity and liquidity management are monitored on an ongoing and forward-looking basis as part of overall corporate management. In the 2023 fiscal year, originally planned sales transactions of subsidiaries that did not materialize eventually and a lack of cash inflows from loan receivables led to a strained liquidity situation. Therefore, the Company and its subsidiaries approached creditors in an effort to defer the maturity dates of select payments and were able to negotiate installment agreements, enabling the Company to meet its payment obligations.

Negotiations are currently being held with financing partners as regards the repayment and extension of material financing agreements of the Company and its subsidiaries. In this context, we refer to the going concern risks described in section 3.2.2 under the heading "Financing risks."

3. REPORT ON RISKS AND OPPORTUNITIES

3.1 RISK MANAGEMENT SYSTEM

In connection with its business activities, Gateway Real Estate AG is exposed to a number of general and specific risks that could jeopardize the implementation of its strategy and the achievement of corporate goals. In general, there is no distinction made in terms of opportunities and risks between the Group and the Company as a single entity.

These risks arise from potential changes in the social, political, legal, economic, and technical framework. However, within the context of its management of risks and opportunities, GATEWAY recognizes that changes may also present the possibility to identify new business opportunities and to generate additional economic success.

In order to identify, monitor and evaluate risks early, Gateway Real Estate AG has established an internal risk management system that accounts for the Group structure and the business model and complies with the applicable legal requirements set out in the German Stock Corporation Act (Aktiengesetz; AktG) and the Law on Control and Transparency in Business (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich; KonTraG). The risk management system also complies with the recommendations of the German Corporate Governance Code, with the exception of the matters mentioned in the declaration of compliance:

https://www.gateway-re.de/en/investor-relations/corporate-governance/declarations-of-compliance/

Risk management in relation to the Company is understood to be a systematic, value-oriented or performance-oriented approach to the analysis and handling of risks and opportunities. Gateway Real Estate AG's company-wide risk management is based on the COSO framework (Enterprise Risk Management – Integrating with Strategy and Performance). The reference model is divided into the following five components:

- Governance and culture,
- Strategy and objectives,
- Implementation,
- Review and audit,
- Information, communication and reporting.

The risk management system provides for a continuous assessment and analysis of all risks and opportunities relevant for GATEWAY to be able to respond to any potentially harmful risks in a timely and appropriate manner and make the best possible use of any opportunities arising.

GATEWAY distinguishes the following categories in the context of risk classification:

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Assessment of probability of occurrence	Classification of probability of occurrence	Probability of occurrence (as a percentage, within one planning year)
1	unlikely	0–30 %
2	possible	31–50 %
3	likely	51–70 %
4	almost certain	71–90 %
5	certain	91–100 %

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Evaluation of impact	Classification of impact	Share in adjusted EBIT	Impact in € thousand, rounded (based on adj. EBIT of €150 million)
1	not significant	0.0–0.1 %	0–150
2	low	0.1–0.5 %	150–750
3	medium	0.5–1 %	750–1,500
4	high	1–3 %	1,500–4,500
5	very high	3 % –	4,500–

For more detailed information, please refer to the section "Internal control system and risk management system relating to the Group accounting process".

3.2 RISK REPORT AND INDIVIDUAL RISKS

The risks that Gateway Real Estate AG is exposed to in its business activities can be allocated on the one hand to the area of general economic and cyclical developments and on the other hand to industry-specific trends within the real estate sector. Such risks cannot be influenced by the Company itself, but are rather attributable to political and economic developments on a global and national scale. The development of inflation and interest rates, and of income and purchasing power of the population as well as changes in the legal and tax framework and in the balance between supply and demand on the real estate markets that are relevant for GATEWAY may have an impact on GATEWAY's business performance. Likewise, unexpected events can also have an impact on GATEWAY's business performance.

In the following, we present individual risks that may have an impact on the financial position and performance of the GATEWAY Group, with a distinction being made between property-specific and company-specific risks. The assessments of the probabilities of occurrence as well as the financial impact are made on the basis of the classifications in the matrix presented ("risk classification"). GATEWAY's assessment of the financial risk and the underlying potential loss amounts is, unless otherwise noted, always based on a potential net loss amount, where countermeasures defined by GATEWAY and their effects are already taken into account in the calculation.

3.2.1 PROPERTY-SPECIFIC RISKS

Identification of risks upon acquisition

As a developer of residential properties operating across Germany in the Top 8 locations and selected high-growth regions, the acquisition of new plots of land and development projects as well as the partial sale of completed projects are integral parts of GATEWAY's business activities. In the future, the Company will also build residential real estate for its own portfolio (build-to-hold). The Company generates the major portion of its total operating revenue from the sale of development projects. If planned sales transactions do not materialize, the Company might incur unplanned follow-up costs on the one hand and there might be a loss of budgeted income on the other hand. If planned purchases of land plots or development projects do not materialize, the Company's earnings potential could also be reduced.

Risks might arise in connection with purchase contracts if contractual obligations are not complied with or if bad debts arise, which in turn may result in costs for the rescission of the relevant contracts as well as interest charges due to the later inflow of liquidity. Moreover, risks may arise in connection with the purchase of land plots and development projects if hidden defects related to the acquired properties are not identified prior to purchase, resulting in additional expenses, or when the purchase does not materialize and the Company has to bear the costs already arisen during the acquisition process.

Against the background of the continued challenging market conditions for real estate project development, it is possible that planned transactions may be delayed or may not be completed in the manner intended. As a result, projected income may not be generated or may only be realized later than expected. In order to avoid or minimize transaction risks, GATEWAY has determined internal rules for the conduct of due diligence reviews in the course of property acquisitions as well as detailed purchase criteria and is managed by an experienced management team that maintains close contact with other market participants such as appraisers and brokers. In terms of transaction risks, the Management Board generally assumes a possible probability of occurrence at the moment, while the development due to the war in Ukraine and its effects cannot yet be finally assessed to its full extent. If the corresponding risks were to manifest themselves, this would result in a low financial impact for the Group.

Default risks
The risk of loss of rental income is the risk that the actual rental income is lower than the contractually agreed rents. GATEWAY seeks to minimize the risk of loss of rental income through a prudent selection of contracting parties. In addition, the usual hedging instruments are used, such as rent deposits or guarantees. Potential bad debts are addressed through a structured receivables management process. With regard to the risk of loss of rental income, the Management Board assumes a possible probability of occurrence and, if it does occur, expects a low financial impact.

Adherence to planning assumptions
The letting risk is the risk that space cannot be rented out initially or subsequently or not at an appropriate price. Rental prices are subject to economic volatility and market cycles that, on the one hand, have an impact on the demand for rentable space and on the other hand on the market rent levels. This may result in a lower letting rate and thus to a reduction of rental revenues. GATEWAY's Management Board considers the probability of occurrence with regard to the letting risk for the Group's current rental portfolio to be possible and the potential amount of damage as low.

Each standing asset is assessed once per year by an external valuer. However, there is the risk that the fair value thus determined is higher than a potential sales price and that a sale eventually leads to a loss. There is also the risk that no investors can be found for the assets intended for sale. In order to avoid any deviations from planning assumptions, the business plan is regularly reviewed and adjusted accordingly if major changes occur. Currently, the probability of occurrence is considered possible, and the potential amount of damage, after countermeasures are taken into account, is considered low.

Environmental risk and risk from contaminated sites
Within the context of the acquisition of properties, the Group is exposed to the risks that, based on applicable regulations, expenses may arise to prevent any threats to public safety and order when contaminated sites were not or not sufficiently known upon the acquisition of properties or when unforeseen adverse effects on the environment or potential threats to public safety and order arise in connection with project developments. If environmental risks or risks from contaminated sites should materialize, this could have material effects on GATEWAY's financial position and performance. The intensive tests for contamination and other hazards carried out by external experts at GATEWAY's development projects and acquired properties currently indicate an unlikely occurrence of any environmental or contaminated site risks, which the Management Board considers to be subject to a low financial risk.

Development
A number of specific risks arise in connection with the project developments realized by GATEWAY. Firstly, these risks refer to the situation that the Group depends on external suppliers, service providers, and other contracting parties in the realization of its projects. As a result of a strong demand for construction services, the corresponding capacities may become scarce with the consequence that planning and construction services cannot be provided as scheduled. Secondly, the required approval procedures may be subject to delays or requirements or the required approval may be denied altogether, which in turn may delay or challenge the realization of a project and may cause additional costs or even the loss of planned income from the project. In addition, the start or completion of construction activities in the context of the realization of a project might be postponed and the construction costs might increase to an extent that cannot be compensated via the selling price. Project development risks may have a large impact on the financial position and performance of the GATEWAY Group. Against this backdrop, GATEWAY regularly carries out sensitivity analyses in connection with the calculation and supervision of projects, in which the effects of potential increases in construction costs are examined and suitable countermeasures taken to offset them. Upon purchase, all development projects are evaluated and analyzed on an individual basis. The Management Board is closely involved in the supervision of costs and scheduling of each individual development project over the entire project period. On the basis of this close supervision, the Management Board currently only sees a possible project development risk in GATEWAY's current project portfolio, which, if it does occur, could have a low financial impact after countermeasures are taken.

3.2.2 COMPANY-SPECIFIC RISKS

Financing risk
In order to finance the acquisition of new plots of land and the realization of project developments, GATEWAY uses debt funding in a way that is usual in the industry and in a significant volume. The availability of borrowings and the terms at which such borrowings can be taken out depends to a large degree on the development of the capital market environment, in particular on the development of interest rate levels, but also on the situation in the banking sector and its regulatory requirements. In addition, risks might arise in connection with debt financing when arrangements agreed upon in financing contracts cannot be complied with.

The persistently difficult market conditions for the project development sector – primarily due to a general rise in interest rate levels, higher construction costs and the associated decline in transaction volumes – have generally led to a cautious lending policy on the part of financing partners and thus to higher financing costs for borrowers. This could lead to a delay in the purchase of land or the completion of projects for which the relevant borrowed funds are to be used.

Financing risks may have a very large impact on GATEWAY Group's financial position and performance and, in an extreme scenario, could have a very high financial impact. GATEWAY addresses these risks by continuing to diversify its instruments and sources of financing. The Management Board currently considers the probability of financing risks to occur to be virtually certain.

Financing risks can also arise from the need to enter into refinancing arrangements if a company is no longer in a position to raise the funds required to meet its financial obligations.

Going concern risk:

The annual financial statements of Gateway Real Estate AG include current liabilities in the amount of €242.3 million. These are offset with receivables from affiliated companies in the amount of €222.8 million. Moreover, the Company has provided collateral in the form of guarantee declarations in the amount of €29.3 million to project companies for individual project financing arrangements of various affiliated companies. The carrying amount of the shares in affiliated companies amounts to €75.5 million. The Company needs to have sufficient liquidity in order to repay liabilities and finance the its ongoing business operations, as well as for central liquidity management for affiliated companies. This liquidity is largely dependent on the realization of project sales at subsidiaries to generate sufficient liquidity for the planned financing of the Company's business activities and these of its affiliated companies and to avoid an unplanned outflow of cash funds as part of the extension of loans at affiliated companies. If, contrary to the expectation, a material portion of the financing arrangements at subsidiaries not extended up to the date of preparation is not extended and the sale of overall material projects of affiliated companies cannot be realized as planned, i.e. at the planned selling price and date, the continued existence of the subsidiaries involved in these projects and of Gateway Real Estate AG as part of the central liquidity management of affiliated companies and hence all other companies included in the group of consolidated entities would be at risk. This matter represents a going concern risk for the Company.

According to the Management Board, the situation of the individual projects and the subsidiaries involved in the respective projects is as follows:

Borussia Köln project development:
After the reporting date, both junior and senior financing agreements for the Cologne project development with a carrying amount of €253,335 thousand were extended initially until June 28, 2024 by way of an agreement dated May 17, 2024 and May 28, 2024. The Company is currently in negotiations and talks regarding a longer-term solution, which should be achieved already in 2024 if possible.

Collateral was provided for the senior financing in the form of pledges of shares and real estate assets secured by land charges with a carrying amount of €406,234 thousand and a letter of comfort of Gateway Real Estate AG towards the lender as regards payment of a maximum amount of €8,000 thousand.

The agreement reached with the senior lender on August 21, 2023, provided for a deferral of the interest due and payable as at June 28, 2023 until September 15, 2023. Interest was paid on September 14, 2023. Furthermore, the agreement provided for a deferral of the obligation to contribute equity capital of €5.0 million until November 30, 2023 and of a further €10.0 million until February 29, 2024. On May 17, 2024 and on May 28, 2024, both financing arrangements were extended initially until June 28, 2024. At the same time, several requirements were agreed which, if they are complied with, allow for an extension for a longer period of one year. In this context, GATEWAY has met its obligations to date and is currently in negotiations for a short to medium-term extension or solution. The milestones required to be reached for an extension beyond June 28, 2024 are being negotiated at the moment. If an extension is not achieved, there is the possibility that the collateral provided for this project is realized, and the continued existence of the subsidiaries involved in the project would be at risk. From the perspective of Gateway Real Estate AG, this would result in a risk of a write-down of the carrying amount of the investment and of receivables from affiliated companies. The legal representative believes that this would not jeopardize the continued existence of Gateway Real Estate AG when considered in isolation due to the potential realization of the collateral provided.

SoHo Mannheim project development:
The bond for the acquisition financing in relation to the SoHo Mannheim project has a carrying amount of €50,256 thousand and was extended on the basis of a repayment agreement. Moreover, a waiver of accrued interest in the amount of €28,288 thousand was part of the agreement. In addition, no additional interest accrues on the financing in the period from the reporting date until the end of the term. The agreement, which was documented in writing on April 29, 2024, also provided for a precise payment plan. The non-compliance with these payment terms would constitute an event of default and would reinstate the previous agreement and also reverse the waiver of interest.

Collateral in the form of a guarantee in the amount of €15,000 thousand had already been provided by the Group's ultimate parent company in the past for the extended bond with a carrying amount of now €50,256 thousand. Moreover, the bond is collateralized for the benefit of the lenders by way of land charges on the properties underlying the financing with a total carrying amount of €61,802 thousand as of December 31, 2023. We also refer to the section on events after the reporting date.

Based on a supplement dated September 13, 2024, a new payment plan was agreed, pursuant to which €1,000 thousand was paid in September 2024 and it was agreed to make the remaining repayments in three tranches. A further €2,000 thousand in each case is linked to previously defined sales. The remaining value was extended until July 2025.

Dresden Blüherpark project development:
The acquisition financing for the project development and also for the existing commercial property in Dresden Blüherpark has a nominal loan amount of €87,000 thousand, plus interest of €6,688 thousand payable upon final maturity and a term until October 31, 2024. Real estate assets secured by land charges with a carrying amount of €184,925 thousand and pledges of shares are used as collateral. In light of ongoing discussions with various investors, the Management Board assumes that the loan amounts will be repaid in an orderly manner.

By way of a declaration dated April 28, 2021, the Group's ultimate parent company – Gateway Real Estate AG – issued an irrevocable and unconditional guarantee to the creditor of the acquisition financing for unpaid interest and a cost overrun in the amount of €3,500 thousand. If an extension beyond October 31, 2024 is not achieved, the collateral provided for this project would be realized and the continued existence of the subsidiaries involved in the project would be at risk. From the perspective of Gateway Real Estate AG, this would result in a risk of a write-down of the carrying amount of the investment and of receivables from affiliated companies. The legal representative believes that this would not jeopardize the continued existence of Gateway Real Estate AG when considered in isolation due to the potential realization of the collateral provided.

Standing asset in Augsburg:
The investment property in Augsburg is financed by the Group's ultimate parent company until May 31, 2024 through a loan with a nominal amount of currently €41,896 thousand. Real estate assets secured by land charges with a carrying amount of €99,100 thousand are used as collateral. On May 16, 2024, a special repayment of €2,276 thousand was made, reducing the loan amount to a total of €39,620 thousand. Negotiations are currently held with a new financing partner to take over the existing financing and to lend funds for further project development costs. In the agreement dated June 17, 2024, the current lender agreed to extend the existing financing subject to further payments in the course of the 2024 fiscal year. To that extent, a closing fee of €594 thousand was paid on August 26, 2024 and interest in the amount of €427 thousand was paid on August 29, 2024, which resulted in the repayment date being postponed for the time being to December 31, 2024.

Based on the discussions, it is currently assumed that the existing financing will be extended until the potential new financing partner redeems the loan. If the Group's development is as planned in the 2024 forecast period, it is more likely than not that the special repayments can be made. If an extension beyond December 31, 2024 is not achieved, the collateral provided for this project would be realized and the continued existence of the subsidiaries involved in the project would be at risk. From the perspective of Gateway Real Estate AG, this would result in a risk of a write-down of the carrying amount of the investment and of receivables from affiliated companies. The legal representative believes that this would not jeopardize the continued existence of Gateway Real Estate AG when considered in isolation due to the potential realization of the collateral provided.

Berlin Heinersdorf project development:
The senior financing of the Berlin Heinersdorf project development has a nominal loan value of €30,000 thousand and a term until September 30, 2024. Real estate assets secured by land charges with a carrying amount of €36,600 thousand are used as collateral.

In light of ongoing discussions with various investors, the Management Board assumes that the loan will be either extended or restructured. If an extension or a standstill agreement beyond September 30, 2024 is not achieved, the collateral provided for this project would be realized and the continued existence of the subsidiaries involved in the project would be at risk. From the perspective of Gateway Real Estate AG, this would result in a risk of a write-down of the carrying amount of the investment and of receivables from affiliated companies. The legal representative believes that this would not jeopardize the continued existence of Gateway Real Estate AG when considered in isolation due to the potential realization of the collateral provided.

Summary:
Overall, the continuation of the Company's business operations depends on whether it is able to realize project sales to generate sufficient liquidity for the planned financing activities of the Group and of Gateway Real Estate AG and whether any unplanned outflow of cash funds as part of the extension of loans can be prevented. If, contrary to the expectation, a material portion of the financing arrangements not extended up to the date of preparation is not extended and the sale of overall material projects cannot be realized as planned, i.e. at the planned selling price and date, the continued existence of the subsidiaries involved in these projects and of the parent company as part of the Group's central liquidity management and hence all other companies included in the group of consolidated entities would be at risk.

Liquidity risk
If the Company cannot meet its payment obligations when due owing to a lack of liquidity, this could have a very high negative impact on the business activities and the economic situation of the Company.

In this context, we also refer to the risks mentioned in the section on financing risks, which may arise from the extension of financing arrangements that are still required and from the late repayment of financing due to non-receipt or late receipt of payments.

Moreover, the Group and its ultimate parent company are exposed to a tight liquidity situation due to the overall economic conditions. Monitoring liquidity development and liquidity management is therefore a major focus of the overall corporate management. Accordingly, the Management Board has drawn up a detailed finance plan until the end of 2025 and listed all significant incoming and outgoing payments for the Group. Liquidity bottlenecks might occur if there are deviations due to the failure to realize planned project sales or if the sales are not made on time or in the amount planned. On June 18, 2024, the majority shareholder made a loan commitment to the parent company Gateway Real Estate AG in the amount of €9.0 million to cover any potential liquidity gaps arising in case of a deviation from the plan. If any additional negative deviations from the plan arise in the forecast period or the extensions of the financing arrangements explained in the "Financing risks" section are not implemented to a significant extent, there will be a risk to the Group as a going concern, and the continuation of the business operations of the Group and the ultimate parent company will be dependent on further external liquidity support.

Despite a continuous monitoring and controlling of the liquidity situation, the Management Board currently considers the occurrence of liquidity risks to be possible to likely, even taking into account mitigating measures (early communication with banks, creditors and companies, and the sale of existing assets) and classifies the financial impact as very high.

Tax compliance
Tax risks may result from tax-relevant matters that are not taken into consideration or from the filing of incorrect tax documents, but they may also be the result of changes in tax legislation. This can lead to higher tax burdens for the Company and hence additional outflows of liquidity. In addition, changes in the tax framework for the Company or its potential customers may exacerbate the Company's operating activities or make them less viable in economic terms. In order to manage the corresponding risks, management regularly analyzes the current tax situation and possible scenarios for the short to medium-term development in coordination with the Group's tax advisors. The Management Board currently assesses the probability of tax risks to occur as possible; if they did occur, such risks could have a low financial impact on the Group.

Risks from publication requirements and the ban on insider trading
Due to the fact that GATEWAY is listed on the stock exchange, the Company is subject to increased disclosure requirements and the rules on the prohibition of insider trading. The violation of publication requirements and bans on insider trading may result in major sanctions imposed by regulatory authorities. In order to counteract the risk arising from breaches of publication requirements and ban on insider trading, deadline calendars and insider lists are maintained and non-disclosure agreements are concluded. Should risks actually materialize, specialized law firms are engaged to avoid any threatened fines. The Management Board currently assesses the probability of such risks to occur as possible; if they did occur, such risks could have, after countermeasures are taken into account, a low financial impact on the Group.

Regulatory risks
GATEWAY's business activities are influenced by changes in the legal framework and applicable laws and regulations. This concerns, in particular, building law and building planning law, but also legal regulations for other more or less closely related areas such as fire protection or environmental protection. Changes in the legal framework in these areas may result in higher expenses or lower income for the GATEWAY Group. In order to counteract the risk exposure arising from regulatory risks, the relevant specialist corporate departments are informed at an early stage about upcoming changes in legislation and receive ongoing training. In this context, GATEWAY also uses client circulars and news services from law firms. In this case, the Management Board expects a low impact on the financial situation of the Group, but the probability of occurrence is currently assessed as possible.

Some of the projects developed by GATEWAY also comprise the redevelopment of listed buildings. The high restructuring costs associated with a listed building (as compared to the costs for an unlisted building) are offset by tax benefits. In this context, the Management Board currently sees possible risks, however with only a low impact on the financial situation of the Group.

Human resources risk
The economic success of GATEWAY largely depends on the availability of a sufficient number of appropriately qualified specialists and executives. To that extent, there is the risk that corporate goals cannot be achieved when employees are off sick for a longer time or leave the Company or that young professionals cannot be acquired to a sufficient extent so that existing vacancies cannot be filled.

In order to counteract the loss of employees, regular feedback meetings are held. This enables us to identify possible reasons for the loss of employees at an early stage and to take any appropriate countermeasures. Furthermore, professional human resources consultants are appointed to find new talent for vacancies or new positions.

Against this background, the Management Board assumes a possible probability of occurrence, but a low financial impact of potential human resources risks for the Group.

One member of the Management Board (CFO) left the Company at the end of the fiscal year, with the position remaining vacant as of yet. This means that if the position is not filled in the medium term, there is a possible risk that the corresponding tasks will not be completed at all or completed on time. However, assuming a possible probability of occurrence, the Management Board expects a low financial impact.

Other litigation

There is the general risk that GATEWAY becomes involved in legal disputes within the scope of its business activities. In this context, the Company may incur additional expenses for legal advice, court costs, fines, or settlements.

As of the end of the reporting year, GATEWAY was a party to several legal disputes pending before the courts. The underlying disputes arise from GATEWAY's business activities and relate to disputes in connection with the execution of a land purchase agreement, and with guarantee and financing matters. The outcome of the legal disputes cannot be predicted reasonably and is deemed to have a medium impact on the Group's financial position and performance.

In order to counteract the risk of currently pending and any future legal disputes, specialized law firms have been and will be engaged for the respective cases. The probability of occurrence of risks from other litigation is currently assessed as virtually certain; the potential financial impact is assessed as medium overall.

Reputational risk

GATEWAY is faced with expectations and requirements of various stakeholder groups within the context of its business activities. In this context, the Group may be presented in a negative way in the media or the public which may do harm to its reputation and may have a negative influence on its business activities. In order to minimize this risk, employees are trained and guidelines are issued to prevent intolerable behavior. The probability of occurrence of reputational risk is currently assessed as possible; the potential financial impact is assessed as insignificant overall.

IT risk

As part of its business activities and the corporate management of GATEWAY, the use of IT systems and the processing of data play a central role. There is the risk that data may be corrupted or are lost due to application errors or external interventions and that IT systems cannot be used as intended. The potential damage of the risk before measures are taken is considered very high, but the occurrence of this risk is considered unlikely.

By means of an annual IT audit, comparisons of planned and actual outcome are carried out and specific measures are derived, so that after measures have been taken it is expected that the amount of damage would be not significant.

3.2.3 OVERALL ASSESSMENT OF THE RISK SITUATION

The Management Board of GATEWAY currently sees risks in the areas of financing and liquidity that may be a threat to the Company's continued existence or its business activities and considers the risk situation to be significant. The annual financial statements of Gateway Real Estate AG include current liabilities in the amount of €242.3 million. These are offset with receivables from affiliated companies in the amount of €222.8 million. Moreover, the Company has provided collateral in the form of guarantee declarations in the amount of €29.3 million to project companies for individual project financing arrangements of various affiliated companies. The carrying amount of the shares in affiliated companies amounts to €75.5 million. The Company needs to have sufficient liquidity in order to repay liabilities and finance the its ongoing business operations, as well as for central liquidity management for affiliated companies. This liquidity is largely dependent on the realization of project sales at subsidiaries to generate sufficient liquidity for the planned financing of the Company's business activities and these of its affiliated companies and to avoid an unplanned outflow of cash funds as part of the extension of loans at affiliated companies. If, contrary to the expectation, a material portion of the financing arrangements at subsidiaries not extended up to the date of preparation is not extended and the sale of overall material projects of affiliated companies cannot be realized as planned, i.e. at the planned selling price and date, the continued existence of the subsidiaries involved in these projects and of Gateway Real Estate AG as part of the central liquidity management of affiliated companies and hence all other companies included in the group of consolidated entities would be at risk. The fundamental assessment of the developments in GATEWAY's focus cities regarding population trend and excess demand has not changed, however, the extent and the effects of the challenging market situation on business development cannot be conclusively assessed.

The persistently high inflation and the path of interest rate hikes initiated by the central banks have also led to market turmoil, particularly among project developers, which has also resulted in the insolvency of project developers.

Furthermore, measures introduced by central banks in an effort to fight inflation are increasing the pressure on purchase transactions financed via loans. The increase in policy rates leads to higher finance costs and makes it more difficult to take out new loans or extend existing loan agreements. These measures have a particularly strong impact in the real estate sector as properties are normally purchased with a high proportion of borrowings.

In the current market environment, Gateway Real Estate AG is also observing a continued sharp decline in the transaction market, which on the one hand is attributable to tight lending and on the other hand is due to the fact that investors expect higher yields. The rise in key policy rates resulted in higher risk-free interest rates, which in turn raised the yield expectations of potential property buyers.

3.2.4 REPORT ON OPPORTUNITIES

GATEWAY is one of the developers of residential properties in Germany with activities spread throughout the country and will in future focus its business activities across Germany on the Top 8 locations and high-growth regions.

The regional presence in various locations within Germany presents the opportunity to react to changes in demand at specific locations with more flexibility than would be possible if there was a stronger regional concentration. The strong dynamic of sociodemographic and economic growth in Germany's Top 8 cities offers the opportunity for a further increase in demand for the property types developed by Gateway in these cities. The residential markets in GATEWAY's focus cities (A cities plus Augsburg, Dresden, Leipzig, Mannheim and Chemnitz) showed a positive development in 2023 in terms of quoted rents and vacancy rates. In terms of employment growth, the A cities are also developing well above the national average (more details in the chapter "Economic framework").

When acquiring new properties and marketing its project developments, the Group benefits from the opportunities arising from good market access, which is based on the extensive network, market knowledge and many years of experience of its management and specialist and executive staff. This also applies to the market-driven design and implementation of the individual projects and their tailoring to the supply and demand situation in the respective local markets.

The effects of the war in Ukraine on the economy – including crises and recessions – also offer new opportunities for the GATEWAY Group in the procurement market in terms of property and land acquisition.

Financial difficulties of other companies may open up opportunities to acquire properties in particularly attractive locations or subject to particularly favorable terms. In addition, the macroeconomic development, which is dominated by the pandemic and the war in Ukraine, may result in a subdued increase of the purchase prices in certain local real estate markets or segments of real estate markets, or may lead to flat or even falling price levels. This would also offer the opportunity to acquire properties at prices that are lower than originally assumed.

For properties that have already been acquired or are planned to be acquired, the social and political pressure to realize subsidized housing construction projects presents the opportunity for a higher utilization of the plots of land in terms of the building structure to be developed (floor space, constructed area, gross floor area).

4. REPORT ON EXPECTED DEVELOPMENTS

4.1 TARGET ACHIEVEMENT 2023

In the 2022 management report and by way of an ad hoc release dated April 24, 2023, GATEWAY issued a qualified forecast for the fiscal year 2023 on Group level. Accordingly, the Management Board expected EBIT adjusted of €5–15 million and consolidated earnings before taxes (EBT) of between €–10 million and €0 million for the fiscal year 2023 as a whole due to the challenging market conditions and a considerably lower sales velocity, in particular as a result of the changed interest rate environment. As a result of the projected sales, the Management Board expected GDV to decline slightly. Both estimates were reduced by approximately €42 million each, as announced in an ad hoc release on November 23, 2023. The reason for this was a revaluation of a development project recognized as an investment property due to a valuation report commissioned in connection with an upcoming refinancing.

With an EBIT adjusted of €–142.9 million and consolidated earnings before taxes (EBT) of €–181.5 million, GATEWAY did not meet its specified guidance. This was primarily due to loss allowances recognized on financial receivables totaling €105.0 million, which the Management Board decided to recognize to account for risks identified after it had become aware of new information on the financial situation of the debtors concerned. In addition, a partial write-down on real estate projects held as inventories in the amount of €29.7 million was recognized.

The Company also did not achieve GDV growth in the low single-digit billion range due to the discontinued purchase of a project development in Leipzig and the lack of acquisitions in 2023. GDV amounts to €5 billion as of December 31, 2023

On Company level, the Management Board expected earnings before taxes (EBT) to be in the high two-digit million range. Earnings before taxes (EBT) primarily depends on the execution of distributions from material subsidiaries and on the outcome of sales activities.

For the fiscal year 2023, the Company recorded negative earnings before taxes (EBT) in the amount of €–125.5 million and thus did not fulfill the forecast.

This significant deviation from the forecast is due to large specific loss allowances on loan receivables reported under other assets in the amount of €104.7 million and on receivables from affiliated companies in the amount of €29.4 million. The distributions from material subsidiaries expected in the previous year could be realized only partially in the amount of €13.3 million in the year under review.

4.2 ECONOMIC ENVIRONMENT 2024

4.2.1 MARKET ENVIRONMENT/ MACROECONOMIC SITUATION

In its most recent World Economic Outlook, the International Monetary Fund (IMF) expects the global economy to grow by 3.2% in 2024 and by 3.3% in 2025. Although the global economic outlook has brightened somewhat, it remains low by historical standards. While inflation is approaching target levels again at the beginning of 2024, the rise in services prices is hampering progress in the fight against inflation; accordingly, a normalization of monetary policy is becoming more difficult. The upside risks to inflation have therefore increased again in the first half of 2024, which opens up the prospect of interest rates remaining elevated for longer against the backdrop of escalating trade tensions and increasing political uncertainty. A more restrictive fiscal policy aimed at reducing debt is likely to be accompanied by higher taxes and lower government spending should also weigh on growth.

This is aggravated by short-term adverse factors such as the fact that borrowing costs remain elevated, but also by longer-term effects from Russia's invasion of Ukraine, weak productivity growth and increasing geo-economic fragmentation. According to IMF estimates, global headline inflation is expected to fall to an average of 5.9% in 2024 and 4.5% in 2025.

In its spring forecast for 2024, the European Commission anticipates GDP to grow by 1.0% in the EU and by 0.8% in the eurozone. For 2025, growth is expected to amount to 1.6% for the EU and 1.5% for the eurozone. The Harmonized Index of Consumer Prices, which is used to measure the inflation rate, is expected to reach 2.7% in the EU in 2024 and 2.2% in 2025 and is also likely to fall from 2.5% in 2024 to 2.1% in 2025 in the eurozone. This would cause inflation to get closer to the European Central Bank's medium-term target of 2% and would pave the way for further monetary easing. The ECB took the first step in this direction by cutting interest rates for the first time, after gradually raising interest rates from 0% since July 2022. On June 12, 2024, the interest rate for the main refinancing operations was reduced by 0.25 percentage points to 4.25%.

According to the European Commission, the labor market will cool down somewhat but will remain robust overall. Employment growth in the EU is likely to fall from 1.0% in 2023 to 0.4% in both 2024 and 2025. The unemployment rate in the EU is forecast to remain at the previous year's level of 6.0% in 2024 and to fall slightly to 5.9% in 2025.

The economic outlook continues to be affected by geopolitical tensions. The escalation of military conflicts in Ukraine and the Middle East threatens the reliability of the supply of raw materials, meaning that supply shocks and a resurgence in inflation are possible. Frozen conflicts such as in the South China Sea or the Taiwan Strait are also a source of imminent uncertainty, and the escalation of such conflicts would cause considerable disruption to the global economy. Further risks could arise from economic developments in the EU's most important trading partners.

Another risk to the economic outlook is the more frequent occurrence of extreme weather events. Storms, fires, droughts, heatwaves and floods have dramatic consequences for both people and the environment. In addition, the economic impact in the affected regions is considerable, but may also have an effect on other regions.

On November 15, 2023, the German Federal Constitutional Court (file number: 2 BvF 1/22) declared the Second Supplementary Budget Act of 2021 null and void. This meant that a total of €60 billion was missing from the federal budget for several years, an amount which was originally approved for the fight against the coronavirus pandemic but which was not called up eventually. Reallocating this special fund for other purposes, specifically transferring it to the "Climate and Transformation Fund", is not permitted under the ruling. For the 2024 federal budget, this corresponds to a deficit of around €30 billion in total.

In order to close the fiscal gap, a number of savings are necessary, some of which have a direct impact on the economy. For example, the tax breaks for agricultural diesel fuel will be gradually abolished. Kerosene for domestic flights in Germany as well as plastic will be taxed, and taxes on electricity and fuel will be increased. The individual ministries also have to make savings. The statutory pension insurance scheme will have to make do with lower federal subsidies and the Federal Employment Agency will have to repay subsidies to the federal government to mitigate the coronavirus crisis.

The Climate and Transformation Fund will no longer be used to subsidize products that are already established on the market. For this reason, for example, the environmental bonus for electric cars will be discontinued, and the federal government will stop granting the subsidy to reduce grid fees for the electricity grid. At the beginning of 2024, the CO_2 price for refueling and heating was set at €45 per tonne of CO_2; the original plan was to raise the price to only €40 per tonne of CO_2. The air traffic duty for domestic German flights is planned to be increased, and the federal states will also receive less federal funding for rail transport.

These and other measures will partly mean a reduction in public consumption and partly have a dampening effect on private demand. Economic development will be adversely affected in both cases. The austerity measures are also increasing uncertainty among companies and private households with regard to possible subsidies for investments. Accordingly, the German Institute for Economic Research (DIW Berlin) has revised downwards its economic forecast for 2024 and 2025 by 0.3 and 0.2 percentage points to 0.6% and 1.0%, respectively. The labor market may provide some stimulus, as higher wage settlements and falling inflation will cause real wages to rise sharply, according to estimates of KfW Research. This will bolster private consumption, and external demand is also likely to pick up.

According to the German Federal Statistical Office, the inflation rate in Germany was 1.9% in August 2024. Although the CO_2 price was increased and the price brakes on energy products expired in January, energy prices in August 2024 were 5.1% lower than in the same month last year. Excluding food and energy prices, core inflation is expected to have amounted to 2.8%. The ifo Institute expects inflation of 2.2% for 2024 as a whole and 1.7% for 2025, with a core inflation rate of 2.7% in 2024 and 2.2% in 2025.

The ifo Institute forecasts that German GDP is set to grow by 0.4% in 2024 and by 1.5% the year after on a price-adjusted basis. This forecast is based on declining demand in almost all economic sectors and shrinking order backlogs. Residential construction in particular is experiencing a veritable wave of cancellations. The Federal Constitutional Court's ruling on the federal budget results in a more restrictive financial policy, which is placing more of a burden on companies and households, and less of a relief. Government spending and investment are also expected to fall. At 5.9%, the unemployment rate in 2024 should be 0.2 percentage points higher than in 2023, and is then expected to decline again to 5.6% in 2025.

4.2.2 SOCIODEMOGRAPHIC DEVELOPMENT

In its current 15th coordinated population projection for Germany, the Federal Statistical Office (Destatis) assumes that the population will grow to 85 million by 2031 and then decline to 83 million by 2070, assuming a moderate development in birth rates and life expectancy and moderate net immigration of 290,000 people per year on average. If net immigration amounts to only 180,000 people per year, 75 million people would still be living in Germany in 2070. By contrast, if net migration remains at the high level of 400,000 people per year on average, Germany would have about 90 million inhabitants in 2070.

According to the calculations of Destatis, at least 20 million people in Germany will be older than 67 by the mid-2030s. Currently, 16.4 million people have reached retirement age. In the mid-2030s, 5.8 and 6.7 million people are expected to be older than 80 years. However, the number of very old people, which will have remained relatively stable until then, is set to increase massively from the mid-2030s. By contrast, the number of people of working age between 20 and 66 living in Germany is falling. Currently, this group comprises 51.4 million people; under the assumption of low net immigration, their number would fall by 4.8 million by the mid-2030s. Even in case of high net immigration, this number of people in this group would decrease by 1.6 million in the mid-2030s.

According to Destatis, population development will vary from region to region. In the city-states, the population is expected to grow, also with an increasing number of people of 67 years of age or older. Population is expected to remain flat for the western federal states, while the number of people older than 67 will increase at the same time. In the eastern German states, the shrinking potential labor force will be the greatest challenge.

That said, the number of households in Germany has been growing noticeably faster than the population. While the population increased by just under 4% between 1991 and 2018, the number of private households rose by 6.1 million, or 17%, to 41.4 million. According to Destatis, this trend will continue, but at a slower pace. According to the projections, there will be 42.6 million households in Germany in 2040. The trend of smaller households is continuing, but is weakening.

According to Destatis, the reasons for this increase include the decline in marriages and births, increasing partnerships with separate dwellings, the continued aging of the population combined with improving physical conditions of older people who are able to live in their own household for a longer time, and increasing requirements with respect to occupational mobility, which are driving the trend of smaller households. Between 1991 and 2018, the share of one- and two-person households in the total number of private households increased from 64% to 76%. According to the trend variant of the 2020 projection for the number of households, the number of single-person households is expected to increase from 17.3 million to 19.3 million between 2018 and 2040, and the number of households with two persons is expected to increase from 14.0 million to 14.1 million. In contrast, the number of households with three or more members will fall from 10.1 million to 9.2 million.

4.2.3 DEVELOPMENT OF REAL ESTATE MARKETS

The European construction industry is struggling with the effects of the interest rate hikes and the war in Ukraine. The European network Euroconstruct reports a 1.4% decline in construction output for 2023; the shortfall is estimated to grow to 2.7% in 2024. Positive growth of 1.3% and 1.8%, respectively, is not expected until 2025 and 2026. However, due to the urgent need for action in relation to transport networks and energy generation and distribution, civil engineering should continue to expand until 2026. By contrast, non-residential construction could remain sluggish at least until 2024, but could return to growth in the following years. Residential construction is also likely to decline in 2024 and should only grow moderately in 2025 and 2026.

According to a survey by Euroconstruct, the real estate markets in most European countries are more or less being held back by the sharp rise in interest rates and construction prices, persistently high inflation, the loss of purchasing power among private households, weaker economic growth, the tense situation of public budgets and falling real estate prices. The yield comparison for real estate investments is also inhibiting growth at the current interest rate level. The situation is exacerbated by the growing uncertainty about the future of hybrid forms of work and their impact on commercial real estate.

Across all of Europe, Euroconstruct 2023 registered a tightening of bank lending standards that affected all types of loans. As a result, demand for financing from companies and households fell significantly, which influenced above all the residential construction sector. Looking at the years 2023 and 2024, residential construction is expected to cool down the most in Sweden, Italy, Finland and Hungary. However, countries with larger housing markets – such as the United Kingdom, Germany and France – are also expected to see a significant drop in construction output. Euroconstruct estimates that by 2025 the number of completions in Europe is likely to fall to its lowest level since 2016.

The decline in the residential construction sector will also have a negative impact on renovation projects. New construction of non-residential buildings is also expected to decline in 2024, while renovation work in non-residential construction is forecast to increase in 2024 as well. Renovations are expected to exceed new construction from 2024.

The outlook for the German real estate investment market is cautiously optimistic. CBRE expects market momentum to pick up again noticeably from the second half of 2024. So far, however, the market continues to be held back by the sometimes significantly divergent price expectations of potential buyers and sellers. The trend towards smaller-scale investments is likely to continue in 2024, and large portfolio transactions, particularly for office properties, should be rare. CBRE expects a transaction volume of around €35 billion for 2024 as a whole, of which around €8 billion will be attributable to residential properties (of 50 units or more).

Following the quite rapid rise in real estate yields in 2023, CBRE expects the trend to slow significantly in 2024. While yields could still rise moderately in the first half of 2024, they are expected to stabilize in the second half of the year.

According to CBRE, the price expectations of market participants for core and core-plus properties are currently still the furthest apart. Investment activities in the value-add and opportunistic segments are therefore likely to increase in 2024, where the realignment of prices is already further advanced and potentials for value appreciation can be leveraged. CBRE also expects the market to pick up in this segment because portfolio holders will have to dispose of distressed properties.

According to CBRE's findings, commercial real estate financing with a volume of around €288 billion will need to be extended or refinanced in Germany between 2024 and 2027. However, real estate loans worth around €77 billion cannot be refinanced, based on current capital values and loan interest rates as well as restrictions on loan-to-value ratios and interest coverage ratios.

CBRE expects institutional portfolio holders to provide further impetus for the revival of the transaction market. In an effort to meet the self-imposed ESG criteria in their investments, properties not meeting the targets might also be eliminated from real estate portfolios.

Office market

In the German office real estate market, companies are holding back on new leases against the backdrop of a weak economic environment and increasing cost pressure, according to CBRE. In addition, many companies are unsure how much staff and office space they will need in the future and how intensively office space will actually be used in times of home office and remote working. As a result, the proportion of office tenants who currently prefer to extend their existing space rather than relocate remains high, according to CBRE's findings.

Due to the strong increase in available space at the end of the real estate cycle and the decline in demand over the past 12 to 18 months, CBRE expects the vacancy rate to remain high. This is increasingly opening up new rental options, and temporary and flexible lettings for occupiers. However, as less new office space is currently being planned and realized, CBRE expects a renewed supply shortage from 2025/2026 onwards.

According to CBRE, the trend towards higher-quality properties in central locations will continue in terms of demand for space. Therefore, a stronger polarization of rental price development is expected. High-quality properties are therefore likely to see significant rent growth, while rents will stagnate in properties that tend to be older, less energy-efficient and more difficult to reach by public transport.

Residential real estate market
According to CBRE, the transaction volume in the German residential market, which fell by almost 60% in 2023, showed that the price expectations of buyers and sellers varied significantly in some cases. It can be assumed that this recalibration of the market will continue in 2024. However, CBRE expects hardly any further downward price adjustments for properties included in the core and core-plus categories. The situation is different for properties in less good locations with a maintenance backlog, where prices are expected to continue to fall, in some cases significantly.

It became apparent already by the end of 2023 that investors were increasingly looking to sell properties with significant investment requirements. CBRE notes that long-term portfolio holders in particular are reluctant to spend on the necessary ESG-compliant refurbishment of properties. While it is currently mainly local investors with strong equity capital, such as family offices, who are looking for favorable opportunities, the group of potential buyers could expand again in the future to include investors with higher debt capital as soon as better financing conditions are available.

CBRE does not anticipate a significant increase in new construction in the residential sector in the medium term. In addition to increased construction costs, a lack of administrative staff and numerous bureaucratic requirements represent major obstacles to new residential construction. Potential investors and developers also complain that German federal and state tax laws do not encourage new construction, and in some cases even slow it down.

According to a study by CBRE, the costs for building a new apartment in Germany amount to €5,150 per square meter, of which around €1,500 is attributable to taxes and duties. However, local authorities are also making the construction of new housing unprofitable, due to inflexible building land models with high infrastructure requirements and high quotas for social housing.

In order to achieve the target of 400,000 newly built apartments per year, as provided for in the German government's coalition agreement, an investment-friendly environment is required. In addition to reducing red tape, government incentives could stimulate new construction. The introduction of a declining balance depreciation option for investments was one of the proposed solutions. Pursuant to the German Growth Opportunities Act adopted in March, a declining balance depreciation will be introduced for newly constructed residential buildings with retroactive effect from October 1, 2023. The declining balance depreciation amounts to five percent from the start of construction within a period of six years and supplements the increase in straight-line depreciation from two to three percent.

CBRE forecasts that the volume of completions will only fall slightly in 2024. However, a dramatic slump in new construction is expected in the following years. According to Destatis, building permits issued in 2023 amounted to 260,100 apartments, a decrease of 94,100 or 26.6% year over year. In the first half of 2024, approvals for the construction of 106,700 apartments were granted, 28,500 units or 21.1% below the same period of the previous year. In the case of multi-family buildings, the number of approvals was 57,300, representing a decrease of 15,100 units or 20.8%. This decline will be reflected in the completion figures not until two to three years later. According to CBRE, it is likely that a mere 130,000 to 150,000 apartments will then be completed per year.

Against the backdrop of already tight housing markets, this means that housing will become more expensive. Compared to 2023, median asking rents for new-build apartments in the top 20 cities have already risen by 6.3% to now €14.80, according to CBRE. On the one hand, the supply of apartments is falling, while on the other hand, the already high demand will continue to increase. This is in part due to net immigration, but also attributable to the fact that it is becoming more difficult for potential owner-occupiers to acquire residential property. This is because the increased financing costs will not be fully or partially offset by reductions in purchase prices as supply becomes scarcer. As a result, the number of households forced to rent rather than buy a home will increase.

4.3 OUTLOOK FOR GATEWAY

The forecast for GATEWAY is based on internal corporate planning which takes into account the current business development, and potential opportunities and risks. In addition, the forecast also includes the material macroeconomic conditions and the economic factors relevant to property companies. The Management Board assumes the Company to continue as a going concern, however, it refers to the statements on going concern risks. The following statements have a very strong Group perspective.

For the current year 2024, the Company expects an EBIT adjusted of €20–30 million and earnings before taxes (EBT) of €2.5–7.5 million based on the results already achieved and the positive progress of recent negotiations. The drivers for business development are primarily the sales in the Residential Properties Development segment that have already occurred and are planned at the moment.

Based on the planned sales, the Management Board expects GDV to decline further in 2024.

On Company level, the Management Board expects earnings before taxes (EBT) to be in the low single-digit million range. Earnings before taxes (EBT) primarily depend on business management agreements entered into with affiliated companies.

5. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM RELATING TO THE GROUP ACCOUNTING PROCESS

The Group's risk management is managed by a central Finance Department on the basis of guidelines approved by the management. This Finance Department identifies, assesses and manages financial risks in close cooperation with the Group's operating units or departments, respectively.

The risk management system provides for a continuous assessment and analysis of all risks relevant for GATEWAY to be able to respond to any potentially harmful risks in a timely and appropriate manner – this also includes the observation and evaluation of defined opportunities. As part of the Group risk management system, GATEWAY has set up an internal control system (ICS) with regard to proper and legally compliant accounting, in which the accounting process is accompanied by defined control measures. The member of GATEWAY's Management Board with responsibility for the ICS is responsible for the deployment and ongoing evaluation and development of the ICS. The Management Board thus bears overall responsibility for the design and implementation of the ICS, but at the same time has defined persons responsible for the process and control of its implementation in the Group, and clear roles have been assigned to all GATEWAY employees involved in the accounting process.

The accounting-related ICS was established with the aim of ensuring proper and legally compliant financial reporting in accordance with the financial reporting and compliance regulations applicable to the GATEWAY Group. In organizational terms, this is carried out for all Group divisions and companies included in the consolidated financial statements by the Group parent company, Gateway Real Estate AG. Individual accounts from the consolidated companies are reviewed by various employees of the Group parent company and included in Group financial reporting. The principle of separation of functions and the dual control principle are taken into account in all steps in this process.

After the financial statements have been prepared, the annual and consolidated financial statements together with the respective management report are submitted to the Supervisory Board. The Supervisory Board is also continuously involved in the further development of the accounting-related ICS and the risk management system.

6. RISK REPORTING RELATING TO THE USE OF FINANCIAL INSTRUMENTS

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Company's risk management is managed by a central Finance Department on the basis of guidelines approved by the management. This Finance Department identifies, assesses and manages financial risks in close cooperation with the operating units or departments, respectively. The management issues written guidelines for overall risk management and for certain areas such as interest rate risks, default risks and liquidity management.

Financial risk management involves the management and limitation of financial risks arising from operating activities. It involves continuous, rolling liquidity controlling that is particularly focused on the avoidance of significant receivables defaults and assuring the financing needs of ongoing operations.

To limit the receivables default risk, ownership of sold properties is generally transferred to the buyer only after payment of the purchase price. Interest rate risks, liquidity risks and financing risks are considered to be high in light of the current challenging market situation. Appropriate measures were taken by the Management Board. Please also refer to the statements on going concern risks in the section on accounting policies and on events after the reporting date in the notes, as well as in the report on risks and opportunities in the management report in the section on financing risks (3.2.2) and on the overall assessment of the risk situation (3.2.3).

CAPITAL MANAGEMENT

The Company regularly reviews its capital structure in connection with ensuring its debt servicing capability, operating liquidity as well as the compliance of regulatory requirements within the context of the preparation of annual and interim financial statements. Adjustments to the capital structure may be implemented through capital increases or changes to the financing. In this context, the Company seeks to achieve a capital structure that reflects business risk. In doing so, the Group seeks to ensure the adequacy of the adjustments against the background of the specific business risk. Likewise, short- and medium-term capital requirements of Gateway Real Estate AG and its affiliated companies are also managed through liquidity planning, at least monthly and on a rolling basis.

INTEREST RATE RISK

Risks arising from interest rate changes fundamentally exist for GATEWAY in connection with taking out loans to finance the purchase of properties as well as in relation to project financings. Interest hedges to reduce the risk of interest rate changes have not yet been concluded to date.

DEFAULT RISK MANAGEMENT

Default risk is the risk of a loss for the Group if a contracting party does not fulfill its contractual obligations. The Company only enters into business relationships with creditworthy contracting parties and obtains collateral when appropriate to mitigate the risks of a loss from the non-fulfillment of obligations. The Company uses available financial information and its own commercial records to assess its customers. The Company's risk exposure is continuously monitored. Particular default risks that normally arise in significant receivables from sales of real estate and equity investments and in brokerage commissions owed by institutional investors are treated separately.

Trade receivables are owed by a large number of customers in different German federal states. They are usually individuals or business people who have rented or purchased the Company's real estate.

After an appropriate determination is made, trade receivables are derecognized when they are no longer recoverable. This is the case, for example, where the debtor fails to commit to a repayment plan with the Company.

OTHER FINANCIAL ASSETS

Other financial assets primarily consist of the disposals of shares in the previous year and the associated receivables under vendor notes. In this context, material payments were already received in the fiscal year under review.

The persistently high inflation and the path of interest rate hikes initiated by the central banks have also led to market turmoil, particularly among project developers, which has also resulted in the insolvency of project developers. The Management Board has objective indicators of impairment of individual and material other financial assets. In order to take account of possible default risks of receivables in an appropriate way, the Management Board therefore recognized specific loss allowances for other financial receivables to cover such risks.

Other financial assets arisen in preceding years were written down in the previous fiscal year as a result of expected permanent impairment.

Changes in the credit risk of loan receivables from third parties outside the Group are generally monitored and managed individually.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents are deposited in banks and financial institutions. The Company assumes that its cash and cash equivalents have a low risk of default due to the external ratings of the banks and financial institutions. Impairment losses in the category of cash and cash equivalents are insignificant for the Company.

LIQUIDITY RISK

The responsibility for liquidity risk management lies with the Management Board, which has developed an appropriate concept for meeting short-term, medium-term and long-term financing and liquidity requirements. GATEWAY relies on the granting of bank loans, bonds, or loans from affiliated companies to finance acquisitions of companies and properties as well as its ongoing operations.

The Company and its subsidiaries manage liquidity risks by maintaining appropriate reserves and credit facilities with banks and by continuously monitoring projected and actual cash flows and harmonizing the maturity profiles of financial assets and liabilities. Please also refer to the statements on going concern risks in the section on accounting policies and on events after the reporting date in the notes, as well as in the report on risks and opportunities in the management report in the section on financing risks (3.2.2) and on the overall assessment of the risk situation (3.2.3).

FINANCING RISK

GATEWAY relies on the granting of bank loans, bonds, or loans from affiliated companies to finance acquisitions of companies and properties as well as its ongoing operations.

Particularly within the scope of real estate financing, it is also necessary to renew or refinance expiring loans, some of which are granted only on a short-term basis and must be regularly renewed. In all cases, there is a risk that a renewal is not possible or not at the same or at different terms. The probability of refinancing risks and market risks to occur is deemed possible to likely. Please also refer to the statements on going concern risks in the section on accounting policies and on events after the reporting date in the notes, as well as in the report on risks and opportunities in the management report in the section on financing risks (3.2.2) and on the overall assessment of the risk situation (3.2.3).

7. DISCLOSURES AND EXPLANATIONS RELEVANT TO TAKEOVERS

The following disclosures pursuant to Sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch; HGB) reflect the situation as it existed on the reporting date. The following explanation of these disclosures also complies with the requirements of an explanatory report pursuant to Section 176 (1) sent. 1 of the German Stock Corporation Act (Aktiengesetz; AktG).

COMPOSITION OF SUBSCRIBED CAPITAL

The subscribed capital (share capital) of Gateway Real Estate AG amounted to €186,764,040.00 as of December 31, 2023. It is divided into 186,764,040 no-par value bearer shares. The share capital has been fully paid up. The same rights and obligations are attached to all shares of the Company. Each share confers one vote and the same share in the profit. The rights and obligations arising from the shares are based on the applicable statutory provisions. As of December 31, 2023, the Company held no treasury shares.

DIRECT AND INDIRECT SHAREHOLDINGS IN THE CAPITAL EXCEEDING 10% OF THE VOTING RIGHTS

According to the most recent voting rights notifications, Norbert Ketterer, Switzerland, holds 66.24%, Sandra Ketterer, Switzerland, 15.00% and Yannick Patrick Heller, Switzerland, 13.61% of the voting rights of the Company.

It should be noted that the last reported number of voting rights may have changed in the meantime within the respective thresholds without any obligation to notify the Company.

SHARES GRANTING SPECIAL RIGHTS THAT CONFER CONTROLLING POWERS

There are no shares granting special rights that confer controlling powers.

NATURE OF CONTROL OF VOTING RIGHTS WHERE EMPLOYEES HOLD AN INTEREST IN THE CAPITAL AND DO NOT DIRECTLY EXERCISE THEIR CONTROL RIGHTS

There are no employee shareholdings in the Company's capital where the employees do not directly exercise their control rights themselves.

STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of members of the Management Board are governed by Sections 84 and 85 AktG and Section 7 of the Articles of Association. Pursuant to Section 7 (1) of the Articles of Association, the Management Board consists of at least one member. The Articles of Association do not contain any special provisions for the appointment and dismissal of individual or all members of the Management Board. The appointment and dismissal are the responsibility of the Supervisory Board. The latter appoints members of the Management Board for a maximum term of five years. Reappointments or a prolongation of the term of office are permissible, in each case, for a maximum of five years, subject to the provision in Section 84 (1) sent. 3 AktG.

Amendments to the Articles of Association are made in accordance with Sections 119 (1) no. 6, 179, 133 AktG and Sections 12 (2) and 16 (4) of the Articles of Association. The Articles of Association do not stipulate any further requirements for amendments to the Articles of Association. Unless stipulated otherwise by mandatory law, the resolutions of the General Meeting are adopted by simple majority of the votes cast and, if in addition to a majority of votes a majority of capital is required by statutory law, by a simple majority of the share capital represented for the adoption of the resolution. The Supervisory Board is authorized to make amendments to the Articles of Association which only concern their wording.

POWERS OF THE MANAGEMENT BOARD TO ISSUE SHARES

The powers of the Company's Management Board to issue shares are all based on corresponding authorization resolutions of the General Meeting, the material content of which is described below:

Authorized capital

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company until August 29, 2028, once or several times, by up to a maximum total amount of €67,914,196.00 through the issue of up to 67,914,196 new no-par value bearer shares of the Company against contributions in cash and/or in kind (Authorized Capital 2023/I). The new shares must generally be offered to the shareholders for subscription; they may also be subscribed by one or more credit institution(s) or one or more equivalent institutions with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription right in the following cases:

(aa) to the extent this is necessary to compensate for fractional amounts;

(bb) if the capital increase is made against cash contributions and the total pro-rata amount of the share capital represented by the new shares for which subscription rights are excluded does not exceed 10% of the share capital existing at the time this authorization becomes effective or is exercised and the issue price is not significantly lower, within the meaning of Sections 203 (1) and (2), 186 (3) sent. 4 AktG, than the stock market price of the shares of the same class and features already listed at the time the issue price is finally determined. This limit of 10% of the share capital is to be reduced by such portion of the share capital attributable to shares which during the term of this authorization are issued or disposed of subject to an exclusion of subscription rights in application, directly, accordingly or mutatis mutandis, of Section 186 (3) sent. 4 AktG. The limit of 10% of the share capital is also to be reduced by the pro-rata amount of the share capital attributable to shares issued to satisfy bonds with conversion or option rights or to fulfill conversion or option obligations arising from convertible and/or bonds with warrants issued during the term of this authorization subject to an exclusion of the shareholders' subscription rights in accordance with Sections 221 (4) sent. 2, 186 (3) sent. 4 AktG;

(cc) in the case of capital increases against contributions in kind, to grant shares for the purpose of acquiring real estate, real estate portfolios, companies, parts of companies or equity interests in companies, as well as to acquire other assets, including receivables.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the content of the respective rights conferred by the shares, the other conditions of the share issue and the further details of the implementation of capital increases from the Authorized Capital 2023/I.

Conditional capital

The share capital is conditionally increased by up to €93,382,020.00 by the issue of up to 93,382,020 new no-par value bearer shares with a proportionate amount of the share capital of €1.00 each (Conditional Capital 2019/i). The conditional capital increase serves to grant no-par value bearer shares to the holders or creditors of convertible bonds, bonds with warrants and/or participating bonds and/or profit participation rights (or combinations of these instruments) issued by the Company or its direct or indirect German or foreign majority holdings on the basis of the authorization resolved by the General Meeting on August 21, 2019 under Item 8 of the agenda and granting conversion or option rights for the subscription of no-par value bearer shares of the Company or stipulating a conversion obligation. The new no-par value bearer shares from Contingent Capital 2019/i may only be issued at a conversion or option price which complies with the requirements of the authorization resolved by the General Meeting on August 21, 2019 under Item 8 of the agenda. The conditional capital increase is to be implemented only to the extent that option or conversion rights are exercised, that bond holders or creditors obliged to conversion fulfill their conversion obligation and that offers of shares are made due to replacement rights of the Company, and only to the extent treasury shares or new shares from the use of an authorized capital are not used to satisfy such claims. The new no-par value bearer shares are entitled to profit participation starting from the beginning of the fiscal year in which they come into existence by virtue of the exercising of option or conversion rights or the fulfillment of conversion obligations or the exercising of sell-out rights. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

AUTHORIZATION TO ACQUIRE TREASURY SHARES

The Management Board is currently not authorized to acquire the Company's treasury shares on its behalf.

CHANGE-OF-CONTROL CLAUSES AND COMPENSATION AGREEMENTS IN CASE OF A TAKEOVER BID

Effective January 1, 2021, and until its expiry on December 31, 2023, Tobias Meibom's agreement of employment as a Management Board member includes a change-of-control provision in case that one person (or more persons acting in concert) for the first time holds more than 50% of the shares of the Company, with (i) mere attributions due to acting in concert on the part of Mr. Norbert Ketterer and/or his relatives within the meaning of Section 15 of the German Tax Code (Abgabenordnung; AO) and/or companies related to them toward each other and/or with third parties as well as (ii) transfers between Mr. Norbert Ketterer and/or relatives within the meaning of Section 15 AO and/or companies related to them toward each other not being taken into consideration ("change of control"). In case of a change of control, Mr. Meibom may terminate the agreement of employment giving three months' notice to the end of the month and may resign from his office as Management Board member as of the corresponding date. In case Mr. Meibom exercises his termination option, he is entitled, subject to the limitation set out in the following sentence, to a severance payment in the amount of the remuneration entitlements for the original remaining term of the agreement of employment. The severance payment may not exceed the value of twice the annual remuneration. The severance is due within 14 days after the termination of the employment relationship and has to be paid on an account to be specified by Mr. Meibom.

GATEWAY's material financing agreements include the customary provisions applicable in the case of change of control regarding the borrower and/or the property to be financed.

GATEWAY has business relationships with various municipalities in Germany via land purchase agreements and urban development contracts. As part of these agreements, the respective municipalities have regularly agreed to penalties and rights of withdrawal in the event that a change of control occurs at GATEWAY without the affected municipality approving such change.

Other than this, there are no material agreements with third parties or Group companies as of the reporting date that take effect, change or end in the event of a takeover bid.

8. CLOSING STATEMENT REGARDING THE DEPENDENT COMPANY REPORT PURSUANT TO SECTION 312 AKTG

We herewith declare in accordance with Section 312 (3) AktG that our Company has received an appropriate compensation as regards the legal transactions set out in the report about relationships with affiliated companies, based on the circumstances of which we were aware at the point in time at which such legal transactions were entered into. There were no measures taken or refrained from upon the initiation or in the interest of Norbert Ketterer and enterprises affiliated with him.

Frankfurt am Main, September 23, 2024

Gateway Real Estate AG
The Management Board

Stefan Witjes

REMUNERATION REPORT

In accordance with Section 162 AktG, the Management Board and the Supervisory Board of the listed company together prepare a clear and understandable report about the remuneration granted and owed to each current or former member of the Management Board and the Supervisory Board of the Company and of companies of the same group in the last fiscal year.

Pursuant to Section 87a AktG, the Supervisory Board of the listed company also adopts a clear and understandable system for the remuneration of the Management Board members. Based on the previous remuneration system for the members of the Management Board, the Supervisory Board resolved a remuneration system pursuant to Section 87a AktG on July 7, 2021, and submitted its proposal for approval by the Annual General Meeting on August 25, 2021. The Annual General Meeting approved the remuneration system for the members of the Management Board with an approval rate of 98.85 percent. The Annual General Meeting 2021 also confirmed the remuneration for the Supervisory Board members and the underlying remuneration system with an approval rate of 99.99 percent.

The current remuneration system for Management Board members applies to all service contracts with members of the Company's Management Board that are newly entered into, amended or renewed as from August 25, 2021. The currently applicable contracts for Management Board members therefore do not fall under the scope of the newly approved system, although being largely in line with it.

The criteria for the adequacy of Management Board remuneration comprise the responsibilities of the individual Management Board member, his or her individual performance, the Company's financial situation, success and future prospects, as well as the usual levels of remuneration taking into account its peer companies.

In terms of the suitable comparator group to assess the usual levels of the specific overall remuneration compared with other companies, the Supervisory Board relies on those companies that are listed in the same stock exchange segment (Prime Standard) as the Company and have a comparable EBT.

FIXED REMUNERATION

Fixed annual remuneration

The fixed annual remuneration is a cash remuneration related to the fiscal year which is primarily based on the areas of responsibility of the respective Management Board member. The individually specified fixed remuneration is paid in twelve equal installments.

Other remuneration

a) Members of the Management Board receive a monthly allowance in the amount of half of the contributions paid to a reasonable health and nursing care insurance. The allowance is limited to half of the general contribution rate applicable for the statutory health and nursing care insurance.
b) Instead of benefits, the members of the Management Board receive monthly payments that are equal to the maximum amount due to be paid to the statutory pension insurance by an employer in line with the respective statutory income threshold for contribution assessment (employer's contribution).
c) Management Board members receive a monthly flat-rate allowance as compensation for business trips with their own car.

RECOGNITION AWARD

The Supervisory Board may, based on its due discretion, may resolve an additional voluntary bonus (recognition award) for special achievements of the Management Board for the benefit of the Company and subject to a corresponding special economic success of the Company. An enforceable legal right to such recognition award only arises if the Supervisory Board has made a corresponding resolution in substance and amount.

When determining the recognition award, the Supervisory Board takes into account the extraordinary performance of the individual Management Board member, especially with regard to the Company's long-term sustainable success, the interests of shareholders and employees alike, the environmental and social responsibility as well as the compliance culture of the Company.

The remuneration system does not provide for the possibility to reclaim any variable remuneration components.

Determination of target total remuneration of the Management Board member

The annual target total remuneration for Management Board members solely consists of the respective fixed remuneration. The relative share of fixed remuneration in target total remuneration therefore is 100 percent.

A potential recognition award is not taken into account in the determination of the target total remuneration as the Management Board members are not entitled to the recognition award; it is only granted to honor extraordinary performance.

Determination of maximum remuneration

The maximum remuneration for the members of the Management Board is determined as follows:
Chairman of the Management Board:
€1,000,000.00 (in words: one million euro)

Other members of the Management Board:
€1,000,000.00 (in words: one million euro)

The maximum remuneration comprises any fixed remuneration components (including ancillary benefits) and any recognition award.

Reduction

A reduction of the Management Board's emoluments unilaterally by the Supervisory Board in accordance with the legal requirements set out in Section 87 (2) AktG in conjunction with Section 87 (1) AktG is permitted.

Remuneration-based legal transactions

Terms and termination of service contracts

Each of the service contracts of the Management Board members are entered into for the term of the appointment. Taking into account the requirements under German stock corporation law as defined in Section 84 AktG, the term of the appointment and the contract term must not exceed five years. In accordance with the requirements under stock corporation law, the service contracts of the Management Board members do not provide for an option for ordinary termination; the mutual right to terminate the service contract without notice for good cause remains unaffected.

Benefits in case of an early termination of the service contract

In case of a termination of the service contract during the year, the fixed remuneration is generally granted only on a pro rata basis. A severance payment may be agreed in the service contracts in case the contract is terminated early due to the revocation of the appointment or by way of a termination agreement. However, the amount of such a severance payment is limited to twice the fixed annual remuneration, but not more than the remuneration that would have been payable for the remaining term of this contract (severance payment cap). Any severance payments are charged against any compensation payments (Karenzentschädigung) granted in connection with non-compete clauses.

Commitments for benefits paid for early termination of the service contract by the member of the Management Board following a change of control have not been agreed upon.

Post-contractual non-compete clause

The service contracts of the Management Board members may include post-contractual non-compete clauses to the extent permitted by law. For the period of a post-contractual non-compete clause, a compensation payment (Karenzentschädigung) may be granted in the amount of 50 percent per annum of the contractual benefits last received by the Management Board member. Payment shall be made in monthly installments. The details have to be set out in the service contracts of the Management Board members.

Presentation of the procedure to determine, implement and review the remuneration system

The remuneration system is determined by the Supervisory Board in accordance with Section 87a (1) AktG. For this purpose, the Supervisory Board jointly designs the structure of the remuneration system and discusses its individual aspects to ultimately pass a corresponding resolution. In this context, the Supervisory Board may rely on external remuneration experts, ensuring their independence. The Supervisory Board may also consult external legal advisers.

The General Meeting resolves upon the remuneration system whenever there is a significant change in the remuneration system, but at least every four years. If the General Meeting does not approve the remuneration system, a revised remuneration system shall be submitted for resolution not later than at the following Ordinary General Meeting.

The remuneration system, as resolved by the Supervisory Board, is implemented by the Supervisory Board as a whole when the individual service contracts for the Management Board members are concluded. In addition, the Supervisory Board reviews the remuneration system on an ongoing basis, taking into account the following criteria: the future business strategy, the economic situation, the success of the Company, as well as the responsibilities of the individual members of the Management Board and their personal performance in the past. The situation in the relevant industry is also taken into account. If any adjustments are deemed necessary, the Supervisory Board will resolve upon any changes to the remuneration system. In the event of changes, the Supervisory Board submits the amended remuneration system to the next Ordinary General Meeting for approval.

No conflicts of interest have yet occurred among the individual Supervisory Board members in the context of decisions on the remuneration system for the Management Board. Should such a conflict of interest arise during the determination, implementation and review of the remuneration system, the Supervisory Board will address such conflicts in the same way as other conflicts of interest in relation to a Supervisory Board member, so that the Supervisory Board member in question will not participate in passing the resolution or, in the case of a more serious conflict of interest, will not take part in the deliberations. If a permanent conflict of interest arises or cannot be solved, the Supervisory Board member concerned shall resign from office. In this context, early disclosure of conflicts of interest ensures that the decisions of the Supervisory Board are not influenced by inappropriate considerations.

Temporary deviations from the remuneration system
Pursuant to Section 87a (2) sentence 2 AktG, the Supervisory Board may temporarily deviate from the remuneration system if this is necessary in the interest of the long-term well-being of the company. This includes, for example, the alignment of the remuneration system in the event of a significant change in corporate strategy in order to provide adequate incentives or in the event of broad-based changes in the economic situation (for example, due to pandemics or severe economic crises) that render the original performance criteria and/or key figures of the remuneration system obsolete, provided that the specific impact could have been foreseen. It is explicitly stated that generally unfavorable market developments do not constitute an exception that would allow for a deviation from the remuneration system to be implemented.

As far as the procedure is concerned, such a deviation requires an explicit resolution of the Supervisory Board in which the duration of the deviation as well as the deviation as such, as well as the reason for it (i.e. why the long-term well-being of the Company requires the deviation) are described in an appropriate form. The components of the remuneration system that may be subject to deviations in exceptional cases include the procedure, the regulations on the remuneration structure and amount as well as the individual remuneration components and in particular the performance criteria. As a matter of fact, the Supervisory Board may deviate both from the respective relative share of the individual remuneration components as well as their respective prerequisites, and it may also temporarily set the basic remuneration differently in individual cases if this is in the interest of the long-term well-being of the Company, provided, however, that the maximum remuneration set by the Annual General Meeting is not exceeded.

DISCLOSURE OF THE ACTUAL REMUNERATION GRANTED AND OWED TO THE MANAGEMENT BOARD

The following overview shows the remuneration granted to the current members of the Management Board in the year under review (2023). The overview comprises all amounts actually paid to the individual Management Board members in the reporting year (2023). The remuneration granted corresponds to the remuneration actually owed.

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Remuneration granted		**Stefan Witjes, COO First appointment: 2021**				**Tobias Meibom, CFO First appointment: 2011**		
in € thousand	2022	2023	2023 (min)	2023 (max)	2022	2023	2023 (min)	2023 (max)
Fixed remuneration	690	690	690	690	690	690	690	690
Fringe benefits	0	0	0	0	28	26	26	26
Total	690	690	690	690	718	716	716	716
Pension benefits	0	0	0	0	8	8	8	8
Total remuneration	690	690	690	690	726	724	724	724

SUPERVISORY BOARD REMUNERATION

The remuneration for the members of the Supervisory Board had already been resolved upon at the Company's Ordinary General Meeting on August 21, 2019, and was confirmed by the Annual General Meeting on August 25, 2021. Accordingly, each member of the Supervisory Board receives a fixed remuneration of €20,000.00 for each fiscal year. The Chairman of the Supervisory Board receives a fixed remuneration of €40,000.00 for each fiscal year and the Deputy Chairman receives a fixed remuneration of €30,000.00. This complies with the German Corporate Governance Code which recommends that the status as Chairman or Deputy Chairman of the Supervisory Board as well as Chair or memberships in the committees shall be taken into consideration in the determination of the remuneration for the Supervisory Board.

This is complemented by the reimbursement of expenses reasonably incurred in the exercise of their office, e.g. travel expenses actually incurred, as well as value added tax on the reimbursement of expenses. In addition, the members of the Supervisory Board shall be included in a D&O liability insurance policy at the Company's expense, to the extent that such an insurance policy exists.

Since the remuneration system does not include variable remuneration components, the disclosures pursuant to Section 87a (1) sentence 2 No. 4, 6, 7 AktG are not required. The remuneration of the Supervisory Board members is approved by the Annual General Meeting so that no contractual remuneration-based legal transactions within the meaning of Section 87a (1) sentence 2 No. 8 AktG are entered into.

The remuneration is payable on the day after the Annual General Meeting at which the members of the Supervisory Board are discharged. There are no other deferral periods for the payout of remuneration components.

The remuneration granted (i.e. owed) to the Supervisory Board members in 2023 can be broken down as follows:

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Member of the Supervisory Board	Time period	Remuneration in 2023 in € thousand	Remuneration in 2022 in € thousand
Norbert Ketterer (Chairman of the Supervisory Board)	01/01/2023–12/31/2023	40	40
Thomas Kunze (Deputy Chairman of the Supervisory Board)	01/01/2023–12/31/2023	30	30
Ferdinand von Rom	01/01/2023–12/31/2023	20	20
Jan Hendrik Hedding	01/01/2023–12/31/2023	20	20
Leonhard Fischer	01/01/2023–12/31/2023	20	20

COMPARATIVE PRESENTATION OF CHANGES IN REMUNERATION AND FINANCIAL PERFORMANCE

The following comparative presentation shows the annual percentage change of remuneration granted and owed to members of the Management Board and the Supervisory Board, of the financial performance of Gateway Real Estate AG (earnings before tax, consolidated financial statements) and of the remuneration of the employees on the basis of full-time equivalents. The latter is based on average wages and salaries of the staff directly employed by Gateway Real Estate AG. The presentation shows the respective changes for the past five fiscal years over the respective previous fiscal year (except for the development of remuneration for employees which, in line with legal requirements (Section 26j (2) sentence 2 of the German Introductory Act for the Stock Corporation Act), is presented for the first time for fiscal year 2021 compared to 2020). As regards the remuneration granted and owed to board members, the terms set out in Section 162 para. 1 sentence 1 AktG apply so that the remuneration is taken into account that was received or became due in the relevant fiscal year.

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	Change in 2023 compared to 2022 (in %)	Change in 2022 compared to 2021 (in %)	Change in 2021 compared to 2020 (in %)	Change in 2020 compared to 2019 (in %)	Change in 2019 compared to 2018 (in %)
Member of the Management Board					
Tobias Meibom	–0.28	0	41	0	0
Stefan Witjes[1]	0	9	100	–	–
Members of the Supervisory Board					
Norbert Ketterer	0	0	0	0	100
Thomas Kunze	0	0	0	0	100
Ferdinand von Rom	0	0	0	0	100
Jan Hendrik Hedding[2]	0	0	0	300	100
Leonhard Fischer[3]	0	0	4,000	100	–
Financial performance					
EBT as reported in the consolidated financial statements	–435	–148	– 40	–11	216
Employees					
Average wage/salary	10.77	–41.79	69.51	–	–

[1] Appointed during the year 2021
[2] Appointed during the year 2019
[3] Appointed during the year 2020

ANNUAL FINANCIAL STATEMENTS FOR THE 2023 FISCAL YEAR

BALANCE SHEET OF GATEWAY REAL ESTATE AG

AS OF DECEMBER 31, 2023

ASSETS

in €	12/31/2023	12/31/2022
A. Fixed assets		
I. Intangible assets		
1. Purchased concessions, industrial rights and similar rights and assets, as well as licenses in such rights and assets	223,395.33	139,727.00
2. Advance payments made	0.00	83,260.00
II. Tangible fixed assets		
1. Land and buildings, including buildings on third-party land	3,341,238.26	3,452,324.26
2. Plant and machinery	4,747.00	0.00
3. Other equipment, operating and office equipment	140,744.00	177,950.00
4. Prepayments and assets under construction	0.00	6,386.55
III. Long-term financial assets		
1. Shares in affiliated companies	97,119,256.38	75,473,778.02
2. Loans to affiliated companies	120,000.00	150,000.00
3. Equity investments	10,538.00	10,538.00
	100,959,918.97	**79,493,963.83**
B. Current assets		
I. Inventories		
Work in progress	674,512.80	467,475.55
II. Receivables and other assets		
1. Receivables from affiliated companies	222,826,531.99	290,621,701.79
2. Trade receivables	1,420.17	1,377,427.14
3. Other assets	136,395,676.84	163,322,541.29
III. Cash on hand and bank balances	**1,060,919.64**	**2,433,818.94**
	360,959,061.44	**455,321,670.22**
C. Prepaid expenses	**614,111.54**	**795,075.54**
	462,533,091.95	**538,512,004.08**

EQUITY AND LIABILITIES

in €	12/31/2023	12/31/2022
A. Equity		
I. Subscribed capital	**186,764,040.00**	**186,764,040.00**
II. Reserves	**37,020,315.30**	**37,020,315.30**
III. Revenue reserves	**1,008,232.11**	**1,008,232.11**
IV. Net retained profit	**–92,191,054.77**	**33,552,168.75**
	132,601,532.64	**258,344,756.16**
B. Provisions		
1. Tax provisions	348,726.90	266,460.30
2. Other provisions	5,182,814.57	1,869,153.94
	5,531,541.47	**2,135,614.24**
C. Liabilities		
1. Bonds	71,450,000.00	71,450,000.00
2. Liabilities to banks	44,210,725.76	44,657,259.63
3. Payments received on account of orders	1,331,011.31	552,963.49
4. Trade payables	2,515,973.33	2,616,420.33
5. Liabilities to affiliated companies	34,560,889.43	24,773,208.63
6. Other liabilities	170,316,988.70	133,967,872.10
thereof from taxes €123,859.19 (previous year: €116,065.98)		
	324,385,588.53	**278,017,724.18**
D. Deferred income	**14,429.31**	**13,909.50**
	462,533,091.95	**538.512.004,08**

INCOME STATEMENT OF GATEWAY REAL ESTATE AG

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023

in €	2023	2022
1. Revenue	7,966,407.42	2,871,862.83
2. Increase in finished goods and work in progress	207,037.25	–12,241.91
3. Other operating income	9,437,247.16	120,879.40
4. Raw materials and consumables used		
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	–477,056.50	–429,760.71
b) Cost of purchased services	–596,978.70	–961,544.72
5. Employee benefits expense		
a) Wages and salaries	–4,705,121.96	–4,751,810.70
b) Social security contributions, pensions and other employee benefits	–511,504.36	–415,298.04
thereof for pensions €1,958.40 (previous year: €1,958.40)		
6. Amortization, depreciation and write-downs		
a) Amortization and depreciation	–235,218.47	–243,989.39
b) Write-downs of current assets to the extent that they exceed the write-downs that are usual for the corporation	–112,539,216.08	0.00
7. Other operating expenses	–44,871,458.84	–4,166,911.84
8. Income from equity investments	13,250,000.00	0.00
9. Income from other securities and long-term loans	46.02	36.82
10. Other interest and similar income	22,159,728.98	20,333,264.66
thereof from affiliated companies €9,999,299.86 (previous year: €12,202,187.58)		
11. Write-downs of long-term financial assets	–74,999.00	–40,566.78
12. Interest and similar expenses	–14,563,996.30	–12,754,448.49
thereof to affiliated companies €1,036,027.64 (previous year: €481,536.56)		
13. Income taxes	–185,778.64	–158,091.90
14. Earnings after tax	**–125,740,862.02**	**–608,620.77**
15. Other taxes	–282.00	907.60
16. Net loss for the year	**–125,741,144.02**	**–607,713.17**
17. Retained profits brought forward from the previous year	33,550,089.25	34,159,881.92
18. Net retained profit	**–92,191,054.77**	**33,552,168.75**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF GATEWAY REAL STATE AG

FOR THE FISCAL YEAR FROM JANUARY 1, 2023 TO DECEMBER 31, 2023

ACCOUNTING PRINCIPLES

Gateway Real Estate AG (hereinafter also referred to as "GATEWAY" or "Company") has its registered office in Frankfurt am Main, Germany, and is registered with the Frankfurt am Main local court under the number HRB 93304. The address of the principal place of business has been Hardenbergstraße 28a, 10623 Berlin, Germany, since 2021.

The Company is a publicly-traded company and is therefore considered a large corporation (große Kapitalgesellschaft) within the meaning of Section 267 (3) sentence 2 of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with Section 264d HGB. On April 10, 2019, the Company's shares were admitted to trading on the Frankfurt Stock Exchange. The first trading day was April 12, 2019. The Company's shares have the German securities identification number (Wertpapierkennnummer; WKN) A0JJTG and the International Securities Identification Number (ISIN) DE000A0JJTG7. They are listed on the regulated market in the Prime Standard of the Frankfurt Stock Exchange, on XETRA as well as on the over-the-counter markets of the stock exchanges in Düsseldorf, Munich, Berlin, Hamburg and Stuttgart.

The annual financial statements of GATEWAY as of December 31, 2023, were prepared on the basis of the accounting policies set out in the German Commercial Code and the German Stock Corporation Act (Aktiengesetz; AktG).

The balance sheet and the income statement are structured in accordance with Sections 266 and 275 (2) HGB (total cost format).

The consolidated financial statements for the largest and the smallest group of consolidated companies in which the Company is included is prepared by the Company and disclosed in the German federal gazette (Bundesanzeiger).

ACCOUNTING POLICIES

The following accounting policies remained applicable for the preparation of the financial statements. Measurement was based on the going concern assumption.

The annual financial statements of Gateway Real Estate AG include current liabilities in the amount of €242.3 million. These are offset with receivables from affiliated companies in the amount of €222.8 million. Moreover, the Company has provided collateral in the form of guarantee declarations in the amount of €29.3 million to project companies for individual project financing arrangements of various affiliated companies. The carrying amount of the shares in affiliated companies amounts to €75.5 million. The Company needs to have sufficient liquidity in order to repay liabilities and finance the its ongoing business operations, as well as for central liquidity management for affiliated companies. This liquidity is largely dependent on the realization of project sales at subsidiaries to generate sufficient liquidity for the planned financing of the Company's business activities and these of its affiliated companies and to avoid an unplanned outflow of cash funds as part of the extension of loans at affiliated companies. If, contrary to the expectation, a material portion of the financing arrangements at subsidiaries not extended up to the date of preparation is not extended and the sale of overall material projects of affiliated companies cannot be realized as planned, i.e. at the planned selling price and date, the continued existence of the subsidiaries involved in these projects and of Gateway Real Estate AG as part of the central liquidity management of affiliated companies and hence all other companies included in the group of consolidated entities would be at risk. Please also refer to the statements in the section on events after the reporting date and the report on risks and opportunities (Chapter 3.2.2 Company-specific risks, Chapter 3.2.3 Overall assessment of the risk situation) in the management report of the Company.

Intangible and tangible fixed assets are carried at cost less amortization or depreciation, where applicable. Amortization and depreciation are based on the expected useful life which ranges between three and 33 years and are recorded on a straight-line basis.

Movable fixed assets with a cost of up to €800 are fully written off in the year of acquisition.

Movable fixed assets with a cost of below €250 are fully expensed as incurred in the year of acquisition.

Equity investments included in long-term financial assets are measured at cost, or, if necessary, at the lower fair value as of the reporting date.

Loans included in long-term financial assets are measured at their nominal value, or, if necessary, at the lower fair value as of the reporting date.

Inventories were recognized at cost or the lower fair value.

Receivables and other assets are recognized at the lower of nominal value or fair value.

The Company does not make use of the recognition option for deferred taxes in accordance with Section 274 (1) sentence 2 HGB.

Cash in hand and at bank is recognized at nominal values.

Prepaid expenses refer to expenditure made before the balance sheet date that represents an expense attributable to a period after the balance sheet date. The item is reversed on a straight-line basis over time.

Subscribed capital is carried at its nominal amount or the notional interest in the share capital.

Provisions take into account all uncertain liabilities. They are reported at the settlement amount (i.e. including future cost and price increases) deemed to be required based on prudent business judgment.

Liabilities are stated at their settlement amounts. If the values applicable as of the reporting date exceed the settlement amounts, the liabilities are measured at the higher amount as of the reporting date.

Deferred income refers to proceeds that represent income for a specific time after the reporting date. The item is reversed on a straight-line basis over time.

NOTES TO THE BALANCE SHEET

FIXED ASSETS

The changes in fixed assets are shown in form of an appendix to the notes (schedule of changes in fixed assets).

An overview of the shares in affiliated companies (long-term financial assets) is presented in an appendix to the notes (list of shareholdings).

By way of a share purchase agreement dated August 31, 2023, a majority of shares in the amount of €21,150 thousand were acquired in a fund that holds project properties of subsidiaries.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets generally have remaining terms of up to one year, except for other assets in the amount of €67,973 thousand. Receivables from affiliated companies in the amount of €0 thousand (previous year: €0 thousand) have a term of more than one year. The other receivables from affiliated companies consist of short-term loans and current settlement transactions without contractually fixed terms; they can be terminated at any time at short notice. The repayment of these receivables is made depending on the liquidity situation of the respective affiliated company.

Receivables from affiliated companies include trade receivables in the amount of €13,672 thousand (previous year: €6,484 thousand).

SUBSCRIBED CAPITAL

The share capital amounted to €186,764 thousand as of December 31, 2023, unchanged from the previous year. It is divided into 186,764,040 no-par-value bearer shares at a notional value of €1 per share.

At the Annual General Meeting on August 30, 2023, the Management Board was authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital until August 29, 2028, by up to €67,914,196 against cash contributions and/or contributions in kind; the subscription rights of the existing shareholders may be disapplied (Authorized Capital 2023/I).

At the ordinary Annual General Meeting on August 21, 2019, the Management Board was also authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital until August 20, 2024, by up to €25,467,824 against cash contributions and/or contributions in kind; the subscription rights of the existing shareholders may be disapplied (Authorized Capital 2019/I).

Accordingly, the Management Board has available authorized capital in the amount of the permitted maximum volume of 50% of the Company's share capital (€93,382,020).

RESERVES

Reserves amount to €37,020 thousand, unchanged from the previous year, and result from the share premium arising from the capital increases in previous years (€352,411 thousand) as well as from the capital increase on April 10, 2019 (€50,936 thousand). By way of a Management Board resolution dated March 12, 2021, the unappropriated reserve in the amount of €366,327 thousand was reversed in accordance with Section 270 (1) HGB in the fiscal year 2020. The amount withdrawn was transferred to the distributable profit.

NET RETAINED PROFITS/ACCUMULATED LOSS

The reconciliation as required in accordance with Section 158 (1) AktG to net retained profits is as follows:

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in €	12/31/2023	12/31/2022
Net loss for the year	–125,741,144.02	–607,713.17
Retained profits/accumulated losses brought forward from the previous year	33,550,089.25	34,159,881.92
Net retained profit	–92,191,054.77	33,552,168.75

PROVISIONS

Other provisions mainly include amounts provided for litigation risks and guarantees in the amount of €3,640 thousand (previous year: €0 thousand), legal, advisory and audit fees in the amount of €480 thousand (previous year: €635 thousand), for vacation and bonuses in the amount of €729 thousand (previous year: €910 thousand), for outstanding invoices and contributions to the German statutory accident insurance and the compensation levy for severely disabled persons in the amount of €27 thousand (previous year: €77 thousand), for Supervisory Board remuneration in the amount of €304 thousand (previous year: €244 thousand) as well as for storage costs in the amount of €3 thousand (previous year: €3 thousand).

LIABILITIES

The terms of the liabilities are shown in the following schedule of liabilities:

—

TYPE OF LIABILITY

	as of December 31, 2023			
	Total amount	thereof with a remaining term of		
€ thousand		< 1 year	> 1 year	> 5 years
Bonds	71,450.0 (71,450.0)	0,450.0 (0.0)	71,450.0 (71,450.0)	0.0 (0.0)
Liabilities to banks	44,210.7 (44,657.3)	42,141.1 (42,400.0)	2,069.6 (0.0)	0.0 (2,257.3)
Payments received on account of orders	1,331.0 (553.0)	1,331.0 (426.9)	0.0 (126,1)	0.0 (0.0)
Trade payables	2,516.0 (2,616.4)	2,516.0 (2,616.4)	0.0 (0.0)	0.0 (0.0)
Liabilities to affiliated companies	34,560.9 (24,773.2)	34,560.9 (24,773.2)	0.0 (0.0)	0,0 (0,0)
– thereof trade payables	0.0 (0.0)			
Other liabilities	170,317.0 (133,967.9)	161,706.4 (103,860.3)	8,610.6 (30,107.6)	0,0 (0,0)
– thereof from taxes	123.9 (116.1)			
Total	**324,385.6 (278,017.8)**	**242,255.4 (174,076.8)**	**82,130.2 (101,683.7)**	**0,0 (2,257.3)**

Prior-year figures in brackets

The liabilities to banks in the amount of €44,211 thousand (previous year: €44,657 thousand) result from loan liabilities and are secured by the Company as follows:

— a due and fully enforceable first mortgage on the land of the subsidiaries Augskor 1 GmbH, Augskor 2 GmbH and Augskor 3 GmbH, Luxembourg, in a total amount of €42,000 thousand, as well as of the property of Gateway Real Estate AG, which was assumed as part of the accrual of Gateway Zweite GmbH & Co. KG in the amount of €3,250 thousand; collateral also exists for trade payables as part of customary retention of title.

The utilization of the abovementioned collateral provided is possible in our view, based on the increased risks as described in the risk report section of the management report. However, we generally expect that the company will meet its obligations from the loan agreement.

NOTES TO THE INCOME STATEMENT

REVENUE

Revenue refers to domestic intragroup income of €7,204 thousand (previous year: €988 thousand), and rental revenue amounting to €762 thousand (previous year: €792 thousand).

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Changes in inventories of finished goods and work in progress result from changes in work in progress due to services performed under business management agreements but not yet invoiced in the amount of €–14 thousand (previous year: €41 thousand) and from the balance of invoiced and not yet invoiced operating costs of €–221 thousand (previous year: €–54 thousand).

OTHER OPERATING INCOME

In the fiscal year under review, other operating income amounts to €9,437 thousand (previous year: €121 thousand). These include a recourse claim arising under a guarantee utilized by a third party in the amount of €3,500 thousand (previous year: €0 thousand). In addition, expenses from utilized guarantees amounting to €5,000 thousand were passed on to a Group company in the year under review. The item also comprise income from other cost allocations charged to Group companies in the amount of €396 thousand (previous year: €0 thousand) as well as income from the reversal of provisions in the amount of €432 thousand (previous year: €95 thousand).

WRITE-DOWNS OF CURRENT ASSETS TO THE EXTENT THAT THEY SHOULD EXCEED THE WRITE-DOWNS THAT ARE USUAL FOR THE CORPORATION TARGET VALUES

The write-downs of current assets, to the extent that these exceed the usual write-downs recorded in the corporation, amount to €112,539 thousand in the year under review (previous year: €0 thousand). Due to expected lack of recoverability, loss allowances on other receivables from affiliated companies were recorded in the amount of €7,808 thousand. Moreover, the item includes loss allowances on purchase price and loan receivables in the amount of €104,731 thousand.

OTHER OPERATING EXPENSES

Other operating expenses of €44,871 thousand (previous year: €4,167 thousand) include expenses for specific valuation allowances for intercompany receivables in the amount of €29,371 thousand (previous year: €0 thousand). Other operating expenses also include a guarantee assumed as part of a contractual arrangement with the related company SNBH from an external third party in the amount of €3,500 thousand (previous year: €0 thousand) and €5,000 thousand (previous year: €0 thousand) from the utilization of a guarantee assumed for a related company. Furthermore, the item includes advisory, closing and audit fees in the amount of €2,059 thousand (previous year: €2,302 thousand) as well as prior-period reductions of revenues of €1,222 thousand (previous year: €0 thousand) from sales revenue realized in the previous year in connection with business management agreements.

INCOME FROM EQUITY INVESTMENTS

Income from equity investments amounts to €13,250 thousand in the year under review (previous year: €0 thousand).

OTHER INTEREST AND SIMILAR INCOME

Interest and similar income of €22,160 thousand (previous year: €20,333 thousand) primarily include income in the amount of €9,999 thousand (previous year: €12,202 thousand) from loans to affiliated companies.

WRITE-DOWNS OF LONG-TERM FINANCIAL ASSETS

The investment in Gateway Siebzehnte GmbH with a carrying amount of €75 thousand was written down in the fiscal year due to permanent impairment. In the previous year, incidental acquisition costs of a project development in Leipzig were written down and recognized through profit or loss in the amount of €41 thousand due to the declaration of withdrawal from the acquisition of the shares in the target company.

OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

The other financial obligations that are significant for assessing the financial position mainly refer to rental payments for business premises and car leases. The gross obligations from these agreements as of the reporting date amount to €167 thousand (previous year: €291 thousand).

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of compliance with the German Corporate Governance Code, as prescribed by Section 161 AktG was issued and was made publicly accessible on Gateway Real Estate AG's website.

https://www.gateway-re.de/en/investor-relations/corporate-governance/declarations-of-compliance/

PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Management Board proposes to carry forward the accumulated loss of €92,191,054.77 to new account.

COMMITMENTS AND CONTINGENCIES

From rental guarantees

In the context of the rental agreement for office space in the object The Squaire, Am Flughafen, 60549 Frankfurt am Main, Gateway Real Estate AG, as tenant, committed to the landlord to provide a rental security deposit in the form of a bank guarantee in the amount of €57 thousand. For this purpose, the guaranteeing bank granted to Gateway Real Estate AG a guarantee credit in the corresponding amount.

All of the following commitments and contingencies refer to affiliated companies.

From guarantees
For the purposes of financing a property, Duisburg EKZ 20 Objekt GmbH, Eschborn, took out a bank loan in a total amount of €5,000 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €1,000 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Due to the sale of the property of Duisburg EKZ 20 Objekt GmbH in March 2024 at a purchase price of €6,800 thousand and the subsequent full repayment of the bank loan in May 2024, the bank guarantee is no longer expected to be utilized.

For the purposes of financing a property, Gateway SoHo Sullivan GmbH & Co. KG, Frankfurt am Main, issued bonds in a total amount of €53,881 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €15,000 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Gateway Real Estate AG assumes that Gateway SoHo Sullivan GmbH & Co. KG is able to meet its obligations from the bond agreement.

For the purposes of financing a property, Gateway Achtzehnte GmbH, Eschborn, took out a bank loan in the amount of €4,000 thousand. Gateway Real Estate AG is liable in this context based on a bank guarantee in the amount of €800 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bankbürgschaft). Gateway Real Estate AG assumes that Gateway Achtzehnte GmbH is able to meet its obligations from the loan agreement.

The indirect subsidiary Borussia Köln Erschließungs UG, Eschborn, is contractually obliged to make a payment to a supplier in a total amount of €6,210 thousand due to the completion of soil remediation work for the Köln Deutz Quartiere project development. This payment obligation was deferred as agreed, subject to interest of 4.8% p.a. Gateway Real Estate AG is liable in this context based on a guarantee in the amount of €8,700 thousand for which the Company is liable as principal debtor (selbstschuldnerische Bürgschaft). Gateway Real Estate AG assumes that Borussia Köln Erschließungs UG is able to meet its obligations under its agreement with regard to final payment.

Under a construction contract subject to a condition precedent dated July 14, 2022, the subsidiaries So SoHo Sullivan GmbH & Co. KG, S6 Park Lane GmbH & Co. KG, S7 Curve Quartier GmbH and S8 Chelsea Quartier GmbH & Co. KG jointly awarded to a construction company a contract for civil engineering services in relation to a construction project in Mannheim. In this context, Gateway Real Estate AG issued a letter of comfort to put the respective subsidiaries in a position to meet the compensation obligations arising from the construction contract. Gateway Real Estate AG assumes that the respective subsidiaries are able to meet its obligations from the construction contract.

Borussia Dresden Quartiere am Blüherpark 10 UG is the owner of the office block in Lingnerallee 3, 01069 Dresden. Under an agreement dated February 7/8, 2022 to terminate a lease, a tenant of this property agreed upon the early return of the space the tenant had leased. In return, Borussia Dresden Quartiere am Blüherpark 10 UG undertook to pay a termination fee of €3.95 million. In this context, Gateway Real Estate AG issued a letter of comfort to Borussia Dresden Quartiere am Blüherpark 10 UG to ensure that it is in a position to duly pay the termination amount. The outstanding liability from the termination agreement amounts to €1,643 thousand as of December 31, 2023. Gateway Real Estate AG assumes that Borussia Dresden Quartiere am Blüherpark 10 UG is able to meet its obligation under the lease termination agreement.

Pursuant to the loan agreement, together with the first supplement dated August 25, 2022 and the second supplement dated September 29/October 10, 2022, Berliner Sparkasse granted Revaler Strasse 32 PE GmbH, a subsidiary of Gateway Real Estate AG, a loan totaling €91.4 million. The loan is used to finance the land acquisition and the new construction of the project Revaler Straße 32, 10245 Berlin. In this context, Gateway Real Estate AG has guaranteed Berliner Sparkasse that the net construction and ancillary construction costs of €57.8 million calculated in the cost schedule of the loan agreement will not be exceeded or, in the event of an overrun, that it will pay these costs up to a maximum of €5.2 million. Gateway Real Estate AG assumes that the cost schedule agreed in the loan agreement will be adhered to.

Gateway Real Estate AG and PRS Family Trust GmbH had purchased a portfolio of three commercial properties in the past as part of a joint venture. The purchase of one of these properties was financed via Raiffeisenbank Höchberg eG. The borrower of Raiffeisenbank Höchberg eG is solely PRS Family Trust GmbH. However, Gateway Real Estate issued a guarantee in the amount of €8.5 million to Raiffeisenbank Höchberg eG. At the same time, PRS Family Trust GmbH issued a letter of comfort dated December 28, 2023, in which it agreed to indemnify GATEWAY against any utilization of up to an amount of €8.5 million. Gateway Real Estate AG assumes that PRS Family Trust GmbH is able to meet its obligations from the loan agreement entered into with Raiffeisenbank Höchberg eG.

The Company has issued a letter of comfort as part of a land purchase agreement that was concluded by a fully consolidated project company in previous years. The objective of this agreement was to secure certain rights of the buyer, including in the event of a (justified) withdrawal. Delays in the construction process and the necessary supply chains caused by the coronavirus pandemic, and the buyer's own behavior in fact delayed the completion of the property. In the process, the buyer, who had already formally become the registered owner of the property in the course of the execution of the land purchase agreement, declared its withdrawal from the purchase agreement despite the fact that the property was almost complete, and therefore expected that the purchase agreement be rescinded.

Guarantee facility agreements (e.g. debt servicing guarantee/letters of comfort, warranties etc.)
Augskor 1 GmbH, Augskor 2 GmbH and Augskor 3 GmbH (collectively "Augskor Companies"), Luxembourg, acquired land in Augsburg. Prior to the land purchases, Gateway Real Estate AG issued letters of comfort to the Augskor Companies pursuant to which Gateway Real Estate AG commits to put the Augskor Companies in a position that they are able to meet the obligations resulting from the land purchases.

Duisburg EKZ 20 Objekt GmbH, Eschborn, holds a shopping center in Duisburg in its portfolio. Prior to the share purchase of the company, Gateway Real Estate AG issued a letter of comfort pursuant to which Gateway Real Estate AG undertakes to put Duisburg EKZ 20 Objekt GmbH in a position that the company is able to meet the obligations resulting from maintaining the property.

Gateway Real Estate AG has also issued a letter of comfort to Gateway Betriebsvorrichtungen Dienstleistungen Marketing GmbH pursuant to which Gateway Real Estate AG undertakes to put Gateway Betriebsvorrichtungen Dienstleistungen Marketing GmbH in a position that the company is able to meet the obligations resulting from business operations.

MUC Airport Living GmbH, Munich, operates a hotel in Munich. As part of the refinancing of the property by Sparkasse Freising, Gateway Real Estate AG issued a letter of comfort of up to €12.0 million to the bank pursuant to which Gateway Real Estate AG undertakes to put MUC Airport GmbH in a position that the company is able to meet the obligations from the loan agreement until it is fully repaid.

For the residential construction project "Dresden Quartiere am Blüherpark", Gateway Real Estate AG has issued a guarantee to Landesbank Hessen-Thüringen Girozentrale for a maximum of €3.5 million, pursuant to which Gateway Real Estate AG undertakes to put the Borussia companies Dresden Quartiere am Blüherpark 1-12 in a position that they will be able to meet their obligations under the loan agreement in full and cover increases in the total cost investment.

For the residential construction project "Köln Deutz Quartiere", Gateway Real Estate AG has issued a guarantee to Deutsche Pfandbriefbank AG for a maximum of €8.0 million, pursuant to which Gateway Real Estate AG undertakes to put the Borussia companies Köln Deutz Quartiere 1-21 in a position that they will be able to meet their obligations under the loan agreement in full. In this context, we refer to financing risks that could jeopardize the Company's continued existence.

The Company has issued a letter of comfort as part of a land purchase agreement that was concluded by a fully consolidated project company in previous years. The objective of this agreement was to secure certain rights of the buyer, including in the event of a (justified) withdrawal. Delays in the construction process and the necessary supply chains caused by the coronavirus pandemic, and the buyer's own behavior in fact delayed the completion of the property. In the process, the buyer, who had already formally become the registered owner of the property in the course of the execution of the land purchase agreement, declared its withdrawal from the purchase agreement despite the fact that the property was almost complete, and therefore expected that the purchase agreement be rescinded. In the event of the letter of comfort being utilized, the merits of which are contested already in substance, the amount of damages would result from the difference between the real value of the property and the purchase price installments already paid by the buyer.

SUPERVISORY BOARD
The Company's Supervisory Board consisted of the following members in the fiscal year 2023:

Norbert Ketterer (Chairman of the Supervisory Board), businessman, Rueschlikon/Switzerland
Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Board of Directors of ACRON AG, Zurich/Switzerland
- Supervisory Board of CWI Immobilien AG, Leipzig
- Board of Directors of SKE Immobilien Holding AG, Zug/Switzerland
- Board of Directors of HK Real Estate AG, Wollerau/Switzerland
- Board of Directors of Areal Hitzkirch Zug AG, Zug/Switzerland
- Board of Directors of Areal Steinhausen Zug AG, Zug/Switzerland
- Board of Directors of Areal Sursee Zug AG, Zug/Switzerland
- Board of Directors of Ketom AG, Zug/Switzerland
- Board of Directors of SN Beteiligungen Holding AG, Zug/Switzerland
- Board of Directors of SAYANO Family Office AG, Zug/Switzerland
- Board of Directors of Helvetic Private Investments AG, Zug/Switzerland
- Board of Directors of SKE Immobilien Schweiz I AG, Zug/Switzerland
- Board of Directors of DNK Invest AG, Zug/Switzerland
- Supervisory Board of Peires AG, Leipzig
- Board of Directors of NOKERA AG, Rueschlikon/Switzerland
- Board of Directors of NOKERA Management AG, Rueschlikon/Switzerland

Thomas Kunze (Deputy Chairman of the Supervisory Board), graduate in business administration, Leipzig
Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Supervisory Board of Peires AG, Leipzig
- Supervisory Board of CWI Immobilien AG, Leipzig

Ferdinand von Rom (Member of the Supervisory Board), lawyer, Frankfurt am Main (until January 31, 2024)
Ferdinand von Rom has no further supervisory board memberships or memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB.

Jan Hendrik Hedding (Member of the Supervisory Board), businessman, Zurich/Switzerland (until February 15, 2024)
Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Supervisory Board of Peires AG, Leipzig
- Board of Directors of Acron AG, Zurich/Switzerland
- Board of Directors of Hereco Holdings AG, Zug/Switzerland
- Board of Directors of Real Estate Financing AG, Zug/Switzerland
- Board of Directors of Areal Will Zug AG, Zug/Switzerland
- Board of Directors of Areal Herzogenbuchsee Zug AG, Zug/Switzerland
- Board of Directors of unicorn two AG, Zug/Switzerland
- Board of Directors of Helvetic Private Investments AG, Zug/Switzerland
- Board of Directors of Ketom AG, Zug/Switzerland
- Board of Directors of Real Estate Fund Invest AG, Zug/Switzerland
- Board of Directors of SKE Immobilien Holding AG, Zug/Switzerland
- Board of Directors of ESGero AG, Zug/Switzerland
- Board of Directors of NOKERA Contracting AG, Zug/Switzerland
- Board of Directors of NOKERA Patents AG, Zug/Switzerland
- Board of Directors of NOKERA Procurement AG, Zug/Switzerland
- Board of Directors of NOKERA Grundbesitz Ellwangen AG, Zug/Switzerland
- Board of Directors of NOKERA Management AG, Rueschlikon/Switzerland
- Board of Directors of NOKERA Services AG, Zug/Switzerland

Leonhard Fischer (Member of the Supervisory Board), businessman, Zurich/Switzerland
Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

- Chairman of the Investment Committee of DFG Deutsche Fondsgesellschaft SE Invest, Berlin
- Board of Directors of Weltwoche Verlags AG, Zollikon/Switzerland

The Supervisory Board members received a remuneration of €130 thousand (previous year: €130 thousand) for the past fiscal year.

MEMBER OF THE MANAGEMENT BOARD
The Management Board consisted of the following members in the past fiscal year 2023:

Tobias Meibom, Chief Financial Officer (CFO), Hamburg
Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

none

The contract with Tobias Meibom expired on December 31, 2023, and was not extended upon his request.

Stefan Witjes, Chief Operating Officer (COO), Berlin
Supervisory board memberships and memberships on comparable German and foreign supervisory bodies in accordance with Section 285 no. 10 HGB:

none

The members of the Management Board received the following remuneration in the past fiscal year (in € thousand):

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REMUNERATION GRANTED

	Stefan Witjes, COO First appointment: 2021				Tobias Meibom, CFO First appointment: 2011			
in € thousand	2022	2023	2023 (min)	2023 (max)	2022	2023	2023 (min)	2023 (max)
Fixed remuneration	690	690	690	690	690	690	690	690
Fringe benefits	0	0	0	0	28	26	26	26
Total	**690**	**690**	**690**	**690**	**718**	**716**	**716**	**716**
Pension benefits	0	0	0	0	8	8	8	8
Total remuneration	**690**	**690**	**690**	**690**	**726**	**724**	**724**	**724**

EMPLOYEES

In the past fiscal year, the Company employed 28 salaried employees (previous year: 27) on average, in addition to the members of the Management Board.

CONSOLIDATED FINANCIAL STATEMENTS

Gateway Real Estate AG, as the parent company, prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This is, at the same time, the smallest and the largest group of consolidated companies in which the Company is included. The consolidated financial statements also include disclosures regarding the fees for the auditor.

NOTIFICATION OF VOTING RIGHTS DISCLOSURES PURSUANT TO SECTION 160 (1) NO. 8 AKTG

In accordance with Section 160 (1) no. 8 of the German Stock Corporation Act (Aktiengesetz; AktG), disclosures have to be made in relation to shareholdings notified to the Company in compliance with Section 21 (1) or (1a) of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG) (as amended on January 2, 2018) or in compliance with Section 33 (1) or (2) WpHG (as amended on January 3, 2018), respectively. The following information was taken from the most recent notification issued by a person/entity subject to notification requirements. The last change in the total number of voting rights (186,764,040) has been effective since April 11, 2019.

a. On June 26, 2023, Yannick Patrick Heller, Switzerland, notified us of the following, in accordance with Section 43 WpHG in connection with exceeding the 10% threshold on May 31, 2023:

— The objective of the investment is to generate gains from trading.

— The reporting party currently does not intend to acquire further voting rights by way of purchase or otherwise within the next 12 months, but does not rule out a purchase of further voting rights.

— The reporting party currently does not seek to gain influence as regards the appointment of members of administrative, management or supervisory bodies of the issuer, except for the exercise of voting rights at general meetings.

— The reporting party currently does not seek to significantly change the Company's capital structure, in particular as regards the ratio of equity capital to borrowings or the dividend policy.

— The reporting party notified us that the obligation to disclose the source of funds does not apply in the present case.

b. On June 26, 2023, Sandra Ketterer, Switzerland, notified us of the following, in accordance with Section 43 WpHG in connection with exceeding the 10% threshold on May 31, 2023:

— The objective of the investment is to generate gains from trading.

— The reporting party currently does not intend to acquire further voting rights by way of purchase or otherwise within the next 12 months, but does not rule out a purchase of further voting rights.

— The reporting party currently does not seek to gain influence as regards the appointment of members of administrative, management or supervisory bodies of the issuer, except for the exercise of voting rights at general meetings.

— The reporting party currently does not seek to significantly change the Company's capital structure, in particular as regards the ratio of equity capital to borrowings or the dividend policy.

— The reporting party notified us that the obligation to disclose the source of funds does not apply in the present case.

c. Norbert Ketterer notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG fell below the 75% threshold on May 31, 2023 and amounted to 66.24% (123,711,550 voting rights) as of that date.

d. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on May 31, 2023 and amounted to 13.61% (25,410,690 voting rights) as of that date.

e. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on May 31, 2023 and amounted to 14.9995% (28,013,698 voting rights) as of that date.

f. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on May 15, 2023 and amounted to 3.13% (5,841,806 voting rights) as of that date.

g. Versorgungswerk der Zahnärztekammer Nordrhein notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG fell below the 3% threshold on May 15, 2023 and amounted to 0.00% (0 voting rights) as of that date.

h. Versorgungswerk der Zahnärztekammer Nordrhein notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on December 21, 2022 and amounted to 3.04% (5,670,000 voting rights) as of that date.

i. Norbert Ketterer notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 75% threshold on April 19, 2022 and amounted to 84.27% (157,395,248 voting rights) as of that date.

j. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG fell below the 10% threshold on April 19, 2022 and amounted to 0.00% (0 voting rights) as of that date.

k. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG fell below the 10% threshold on April 20, 2022 and amounted to 0.00% (0 voting rights) as of that date.

l. Versorgungswerk der Zahnärztekammer Nordrhein notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG fell below the 3% threshold on April 19, 2022 and amounted to 0.00% (0 voting rights) as of that date.

m. Versorgungswerk der Zahnärztekammer Nordrhein notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on February 18, 2022 and amounted to 3.04% (5,670,000 voting rights) as of that date.

n. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on February 7, 2022 and amounted to 10.31% (19,263,884 voting rights) as of that date.

o. Athos KG notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG fell below the 3% threshold on November 17, 2021 and amounted to 0% (0 voting rights) as of that date.

q. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 5% threshold on December 1, 2020 and amounted to 6.04% (11,288,000 voting rights) as of that date.

r. Yannick Patrick Heller notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on November 27, 2020 and amounted to 3.37% (6,288,000 voting rights) as of that date.

s. Norbert Ketterer notified us, by way of a voluntary Group notification in relation to falling below a certain threshold only on subsidiary level, that his share of voting rights in Gateway Real Estate AG on May 7, 2020 amounted to 66.24% (123,712,159 voting rights), with 66.19% or 123,616,650 of the voting rights being directly held and 0.05% or 95,500 of the voting rights representing voting rights attributed to him.

t. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on December 16, 2019 and amounted to 12.28% (22,936,698 voting rights) as of that date. In connection with this notification, Sandra Ketterer notified us pursuant to Section 43 (1) WpHG of the following: The objective of the investment is to generate gains from trading. I currently do not intend to acquire further voting rights in the Company by way of purchase or otherwise within the next 12 months, but do not rule out a purchase of further voting rights in the Company. I currently do not seek to gain influence as regards the appointment of members of administrative, management or supervisory bodies of the Company, except for the exercise of voting rights at general meetings. I currently do not seek to significantly change the Company's capital structure, in particular as regards the ratio of equity capital to borrowings or the dividend policy. The funds used to purchase the voting rights in the Company are own funds.

u. Norbert Ketterer notified us that his share of voting rights in Gateway Real Estate AG amounted to a total of 65.75% (122,805,275 voting rights) as of April 12, 2019.

v. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG fell below the 10% threshold on April 11, 2019 and amounted to 9.68% (18,086,698 voting rights) as of that date.

w. HANSAINVEST Hanseatische Investment-GmbH notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG fell below the 3% threshold on April 11, 2019 and amounted to 2.77% (5,170,000 voting rights) as of that date.

x. Santo Holding (Deutschland) GmbH notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on April 10, 2019 and amounted to 3.41% (5,789,685 voting rights) as of that date.

y. Sandra Ketterer notified us pursuant to Section 33 WpHG that her share of voting rights in Gateway Real Estate AG exceeded the 10% threshold on April 10, 2019 and amounted to 10.65% (18,086,698 voting rights) as of that date.

z. Norbert Ketterer notified us pursuant to Section 33 WpHG that his share of voting rights in Gateway Real Estate AG amounted to a total of 62.36% (105,879,536 voting rights) as of April 10, 2019.

aa. HANSAINVEST Hanseatische Investment-GmbH notified us pursuant to Section 33 WpHG that its share of voting rights in Gateway Real Estate AG exceeded the 3% threshold on April 10, 2019 and amounted to 3.045% (5,170,000 voting rights) as of that date.

bb. In October 2018, SN Beteiligungen Holding AG notified us pursuant to Section 20 (1) and (3) AktG that it directly holds more than one fourth of the shares in Gateway Real Estate AG. In addition, the company notified us pursuant to Section 20 (4) AktG that it directly owns a majority in Gateway Real Estate AG.

cc. In October 2018, Norbert Ketterer notified us pursuant to Section 20 (1) AktG that he indirectly owns more than one fourth of the shares in Gateway Real Estate AG since the interest held by SN Beteiligungen Holding AG in Gateway Real Estate AG can be attributed to him in accordance with Section 16 (4) AktG. In addition, he notified us pursuant to Section 20 (4) AktG that it indirectly owns a majority of the shares in Gateway Real Estate AG since the interest held by SN Beteiligungen Holding AG in Gateway Real Estate AG can be attributed to him in accordance with Section 16 (4) AktG.

dd. In October 2018, Sandra Ketterer notified us in accordance with Section 20 (5) AktG that she no longer holds more than one fourth of the shares in Gateway Real Estate AG. In addition, she notified us pursuant to Section 20 (5) AktG that she no longer owns a majority in Gateway Real Estate AG.

ee. In June 2016, HPI Helvetic Private Investments AG notified us pursuant to Section 20 (5) AktG that it does not own a majority shareholding and no longer holds more than one fourth of the shares in Gateway Real Estate AG.

ff. In June 2016, Norbert Ketterer notified us pursuant to Section 20 (5) AktG that, based on the attribution of shares in accordance with Section 16 (4) AktG, he no longer holds a majority shareholding and no longer holds more than one fourth of the shares (Section 20 (1) in conjunction with Section 16 (2) sentence 1 AktG) in Gateway Real Estate AG.

gg. In September 2011, HPI Helvetic Private Investments AG, Wollerau, Switzerland, notified us pursuant to Section 20 (4) AktG that it owns a majority shareholding in Gateway Real Estate AG.

REPORT ON EVENTS AFTER THE REPORTING DATE

Going concern risk

The annual financial statements of Gateway Real Estate AG include current liabilities in the amount of €242.3 million. These are offset with receivables from affiliated companies in the amount of €222.8 million. Moreover, the Company has provided collateral in the form of guarantee declarations in the amount of €29.3 million to project companies for individual project financing arrangements of various affiliated companies. The carrying amount of the shares in affiliated companies amounts to €75.5 million. The Company needs to have sufficient liquidity in order to repay liabilities and finance the its ongoing business operations, as well as for central liquidity management for affiliated companies. This liquidity is largely dependent on the realization of project sales at subsidiaries to generate sufficient liquidity for the planned financing of the Company's business activities and these of its affiliated companies and to avoid an unplanned outflow of cash funds as part of the extension of loans at affiliated companies. If, contrary to the expectation, a material portion of the financing arrangements at subsidiaries not extended up to the date of preparation is not extended and the sale of overall material projects of affiliated companies cannot be realized as planned, i.e. at the planned selling price and date, the continued existence of the subsidiaries involved in these projects and of Gateway Real Estate AG as part of the central liquidity management of affiliated companies and hence all other companies included in the group of consolidated entities would be at risk. Please also refer to the statements in the section on accounting policies in the notes and the report on risks and opportunities (Chapter 3.2.2 Company-specific risks, Chapter 3.2.3 Overall assessment of the risk situation) in the management report of the Company.

Financing of standing asset in Augsburg

The investment property in Augsburg is financed by the Group's ultimate parent company until May 31, 2024 through a loan with a nominal amount of currently €41,896 thousand. Real estate assets secured by land charges with a carrying amount of €99,100 thousand are used as collateral. On May 16, 2024, a special repayment of €2,276 thousand was made, reducing the loan amount to a total of €39,620 thousand. Negotiations are currently held with a new financing partner to take over the existing financing and to lend funds for further project development costs. In the agreement dated June 17, 2024, the current lender agreed to extend the existing financing subject to further payments in the course of the 2024 fiscal year. To that extent, a closing fee of €594 thousand was paid on August 26, 2024 and interest in the amount of €427 thousand was paid on August 29, 2024, which resulted in the repayment date being postponed for the time being to December 31, 2024.

Based on the discussions, it is currently assumed that the existing financing will be extended until the potential new financing partner redeems the loan. If the development is as planned in the 2024 forecast period, it is more likely than not that the special repayments can be made. If an extension beyond December 31, 2024 is not achieved, the collateral provided for this project would be realized and the continued existence of the subsidiaries involved in the project would be at risk. From the perspective of Gateway Real Estate AG, this would result in a risk of a write-down of the carrying amount of the investment and of receivables from affiliated companies. The legal representative believes that this would not jeopardize the continued existence of Gateway Real Estate AG when considered in isolation due to the potential realization of the collateral provided.

Extension of promissory note loan of Gateway Real Estate AG

By way of agreement dated July 31, 2024, the promissory note loan in the amount of €30.0 million was extended until August 2, 2025 (previously until August 2, 2024), following interest add-on in the amount of €2.4 million. The interest rate will amount to 6.0% between August 2, 2024 and February 2, 2025. The interest rate will increase to 10.0% up until the repayment date (August 2, 2025).

Change of creditor in relation to SNBH liabilities

The following liabilities to SNBH as of December 31, 2023 were transferred to the related company Helvetic Capital AG, Zug, Switzerland as of June 30, 2024 and were extended until December 31, 2025:

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Other related companies	Borrower	Amount in € thousand	Interest rate in %	Outstanding amount as of December 31, 2023 in € thousand	Outstanding amount as of December 31, 2022 in € thousand	End of contract term
SN Beteiligungen Holding AG, Switzerland						
02/18/2021	Gateway Real Estate AG, Frankfurt am Main	56,000	4.25	52,908	50,919	12/31/2025
12/28/2022	Gateway Real Estate AG, Frankfurt am Main	5,140	4.25	5,296	1,100	12/31/2025
02/10/2023	Gateway Real Estate AG, Frankfurt am Main	7,658	4.25	7,947	0	12/31/2025
02/27/2023	Gateway Real Estate AG, Frankfurt am Main	1,000	4.25	1,036	0	12/31/2025
03/02/2023	Gateway Real Estate AG, Frankfurt am Main	1,000	4.25	1,036	0	12/31/2025
03/07/2023	Gateway Real Estate AG, Frankfurt am Main	9,975	4.25	10,211	0	12/31/2025
03/17/2023	Gateway Real Estate AG, Frankfurt am Main	2,000	4.25	2,067	0	12/31/2025
04/05/2023	Gateway Real Estate AG, Frankfurt am Main	3,875	4.25	3,996	0	12/31/2025
Total		**86,648**		**84,497**	**52,019**	

Sale of two building plots of the SoHo Mannheim project development and entering into additional project financings

By way of purchase agreements dated May 22, 2024, two building plots (Baufeld 1 and Baufeld 10) of the SoHo Mannheim project development were disposed by the involved project companies at a purchase price of €134.3 million in total. The purchase agreement for Baufeld 1 comes into force subject to the approval of one contracting party. The approval will take the form of a notarial amendment; the details of such amendment are being finalized by the parties and the notarization of which is expected shortly.

Possession, benefits and obligations as regards Baufeld 10 are expected to be transferred in the second half of 2025 after the requirements for payment becoming due are met and after the final acceptance of the buyer upon payment of the final purchase price installment. Purchase price payments in the amount of €37.1 million have been paid so far since the reporting date.

Short-term loans totaling €30.0 million were taken out after the reporting date by the involved project companies to finance ongoing construction costs, of which an amount of €15.0 million has already been repaid upon the receipt of the purchase price payments. The remaining €15.0 million will become due not later than December 31, 2024. This amount will be repaid from the proceeds generated from further construction progress.

Changes in the Management Board and the Supervisory Board

Tobias Meibom's term of office expired as of the end of the fiscal year. Since that date, Stefan Witjes has been solely responsible for the Company's Management Board.

Ferdinand von Rom resigned from the Supervisory Board with effect from January 31, 2024, and Jan Hendrik Hedding resigned from the Supervisory Board with effect from February 15, 2024. We are in the process of finding successors.

Frankfurt am Main, September 23, 2024

Gateway Real Estate AG
The Management Board

Stefan Witjes

STATEMENT OF CHANGES IN FIXED ASSETS

OF GATEWAY REAL ESTATE AG

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2023

	Cost				
in €	01/01/2023	Additions	Disposals	Transfers	12/31/2023
I. Intangible assets					
Purchased concessions, industrial rights and similar rights and assets, as well as licenses in such rights and assets	331,462.60	0.00	0.00	148,413.33	479,875.93
Prepayments	83,260.00	65,153.33	0.00	–148,413.33	0.00
Intangible assets	**414,722.60**	**65,153.33**	**0.00**	**0.00**	**479,875.93**
II. Tangible fixed assets					
Land, land rights and buildings, including buildings on third-party land	3,563,411.26	0.00	0.00	0.00	3,563,411.26
Plant and machinery	0.00	5,121.03	0.00	0.00	5,121.03
Other equipment, operating and office equipment	592,831.12	16,996.89	1,964.00	6,386.55	614,250.56
Prepayments and assets under construction	6,386.55	0.00	0.00	–6,386.55	0.00
Tangible fixed assets	**4,162,628.93**	**22,117.92**	**1,964.00**	**0.00**	**4,182,782.85**
III. Long-term financial assets					
1. Shares in affiliated companies	77,386,795.37	23,258,175.71	1,578,265.13	0.00	99,066,705.95
2. Loans to affiliated companies	150,000.00	0.00	30,000.00	0.00	120,000.00
3. Equity investments	10,538.00	0.00	0.00	0.00	10,538.00
Long-term financial assets	**77,547,333.37**	**23,258,175.71**	**1,608,265.13**	**0.00**	**99,197,243.95**
	82,124,684.90	**23,345,446.96**	**1,610,229.13**	**0.00**	**103,859,902.73**

Amortization, depreciation and write-downs				Carrying amount	
01/01/2023	Additions	Disposals	Accumulated amortization, depreciation and write-downs	12/31/2023	01/01/2023
191,735.60	67,219.33	0.00	258,954.93	220,921.00	139,727.00
0.00	0.00	0.00	0.00	0.00	83,260.00
191,735.60	**67,219.33**	**0.00**	**258,954.93**	**220,921.00**	**222,987.00**
111,087.00	111,086.00	0.00	222,173.00	3,341,238.26	3,452,324.26
0.00	374.03	0.00	374.03	4,747.00	0.00
414,881.12	59,013.44	388.00	473,506.56	140,744.00	177,950.00
0.00	0.00	0.00	0.00	0.00	6,386.55
525,968.12	**170,473.47**	**388.00**	**696,053.59**	**3,486,729.26**	**3,636,660.81**
1,913,017.35	74,999.00	40,566.78	1,947,449.57	97,119,256.38	75,473,778.02
0.00	0.00	0.00	0.00	120,000.00	150,000.00
0.00	0.00	0.00	0.00	10,538.00	10,538.00
1,913,017.35	**74,999.00**	**40,566.78**	**1,947,449.57**	**97,249,794.38**	**75,643,316.02**
2,630,721.07	**312,691.80**	**40,954.78**	**2,902,458.09**	**100,957,444.64**	**79,493,963.83**

LIST OF SHAREHOLDINGS
OF GATEWAY REAL ESTATE AG

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No.	Company	Registered office	Ownership interest in %	Equity as of 12/31/2023 in € thousand	Net profit/loss for the year 2023 in € thousand
1.	Gateway Vierte GmbH	Frankfurt am Main	94.90	5,023	–3
2.	Gateway Siebte GmbH	Frankfurt am Main	100	–6	–19
3.	Gateway Achte GmbH	Frankfurt am Main	100	188	163
4.	Gateway Neunte GmbH	Frankfurt am Main	100	–11,855	1,198
5.	Gateway Elfte GmbH	Frankfurt am Main	94	336	–7
6.	Gateway Siebzehnte GmbH	Eschborn	100	–2,889	–1,413
7.	Gateway Achtzehnte GmbH	Eschborn	100	–400	–373
8.	Gateway Betriebsvorrichtungen – Dienstleistungen – Marketing	Frankfurt am Main	100	–164	–28
9.	Gateway Residential GmbH	Frankfurt am Main	100	–2,338	–960
10.	MUC Airport Living GmbH	München	90	–2,509	–1,730
11.	Duisburg EKZ 20 Objekt GmbH	Berlin	89.9	–2,182	–586
12.	Borussia Development GmbH	Duesseldorf	100	133,733	–37
13.	Gateway Neunzehnte GmbH	Berlin	100	–952	–966
14.	Gateway Zwanzigste GmbH	Berlin	100	–11	–25
15.	Gateway Einundzwanzigste GmbH	Eschborn	100	–16	–17
16.	Gateway Zweiundzwanzigste GmbH	Eschborn	100	–17	–18
Indirect interest held in No. 3:					
	GTY Betriebsvorrichtung GmbH	Eschborn	100	4	–19
Indirect interest held in No. 4:					
	Revaler Straße 32 PE GmbH	Berlin	51	–12,016	–9,225
	Storkower Straße 140 PE GmbH	Berlin	51	–1,193	–11
	Storkower 142–146 PE GmbH	Berlin	51	–791	1,669
	Augskor 1 GmbH (S.à r.l.)	Luxembourg	100	–1,938	–479
	Augskor 2 GmbH (S.à r.l.)	Luxembourg	100	–2,078	–710
	Augskor 3 GmbH (S.à r.l.)	Luxembourg	100	–3,109	–973
	SKE Immo Sulzbach GmbH (S.à r.l.)	Luxembourg	100	–581	–252
Indirect interest held in No. 6:					
	Gateway Hamburg Seevestraße GmbH	Berlin	100	1,662	72
Indirect interest held in No. 9:					
	Beteiligungsgesellschaft Berlin-Heinersdorf 18 GmbH	Berlin	90	–319	–13
	Gateway SoHo Sullivan GmbH & Co. KG	Frankfurt am Main	100	–17,208	12,619
	Gateway SoHo Sullivan Verwaltungs GmbH	Frankfurt am Main	100	7	–12
	Gateway SoHo Sullivan Baufeld 10 GmbH & Co. KG	Frankfurt am Main	100		
	S1 Rialto Quartier GmbH	Frankfurt am Main	100	–9,840	–394
	S2 Cliffhanger GmbH	Frankfurt am Main	100	–69	–28
	S3 Forum Sullivan GmbH	Frankfurt am Main	100	–65	–30
	S4 De Gregori Quartier GmbH	Frankfurt am Main	100	–65	–29
	S5 Dalla Quartier GmbH	Frankfurt am Main	100	–67	–30
	S7 Curve Quartier GmbH	Frankfurt am Main	100	–104	–61
	S0 SoHo Sullivan GmbH & Co. KG	Frankfurt am Main	100	–100	–68
	S6 Park Lane GmbH & Co. KG	Frankfurt am Main	100	–98	–60
	S8 Chelsea Quartier GmbH & Co. KG	Frankfurt am Main	100	172	207
	S11 Piazza GmbH & Co. KG	Frankfurt am Main	100	–68	–31
	S12 Sound & Vision GmbH & Co. KG	Frankfurt am Main	100	–66	–32

Indirect interest held in No. 12:	Registered office	Ownership interest in %	Equity as of 12/31/2023 in € thousand	Net profit/loss for the year 2023 in € thousand
Borussia Köln Erschließungs UG	Duesseldorf	89.9	49	300
Borussia Köln DQ 1 UG	Duesseldorf	89.9	–139	–43
Borussia Köln DQ 2 UG	Duesseldorf	89.9	–106	–39
Borussia Köln DQ 3 UG	Duesseldorf	89.9	–105	–37
Borussia Köln DQ 4 UG	Duesseldorf	89.9	–103	–37
Borussia Köln DQ 5 UG	Duesseldorf	89.9	–200	–50
Borussia Köln DQ 6 UG	Duesseldorf	89.9	–194	–51
Borussia Köln DQ 7 UG	Duesseldorf	89.9	–148	–45
Borussia Köln DQ 8 UG	Duesseldorf	89.9	–139	–43
Borussia Köln DQ 9 UG	Duesseldorf	89.9	–149	–43
Borussia Köln DQ 10 UG	Duesseldorf	89.9	–113	–38
Borussia Köln DQ 11 UG	Duesseldorf	89.9	–179	–49
Borussia Köln DQ 12 UG	Duesseldorf	89.9	–177	–47
Borussia Köln DQ 13 UG	Duesseldorf	89.9	–134	–41
Borussia Köln DQ 14 UG	Duesseldorf	89.9	–134	–41
Borussia Köln DQ 15 UG	Duesseldorf	89.9	–134	–41
Borussia Köln DQ 16 UG	Duesseldorf	89.9	–123	–40
Borussia Köln DQ 17 UG	Duesseldorf	89.9	–114	–38
Borussia Köln DQ 18 UG	Duesseldorf	89.9	–94	–36
Borussia Köln DQ 19 UG	Duesseldorf	89.9	–60	–34
Borussia Köln DQ 20 UG	Duesseldorf	89.9	–105	–40
Borussia Köln DQ 21 UG	Duesseldorf	89.9	–105	–40
Borussia Köln DQ Einkaufs GbR	Duesseldorf	100	0	0
Borussia Dresden Investment UG	Duesseldorf	89.9	–15	13
Borussia Dresden Quartiere am Blüherpark 1 GmbH & Co. KG	Eschborn	100	–197	–97
Borussia Dresden Quartiere am Blüherpark 2 GmbH & Co. KG	Eschborn	100	–181	–91
Borussia Dresden Quartiere am Blüherpark 3 GmbH & Co. KG	Eschborn	100	–166	–84
Borussia Dresden Quartiere am Blüherpark 4 GmbH & Co. KG	Eschborn	100	–160	–81
Borussia Dresden Quartiere am Blüherpark 5 GmbH & Co. KG	Eschborn	100	–149	–60
Borussia Dresden Quartiere am Blüherpark 6 GmbH & Co. KG	Eschborn	100	–130	–54
Borussia Dresden Quartiere am Blüherpark 7 GmbH & Co. KG	Eschborn	100	–195	–100
Borussia Dresden Quartiere am Blüherpark 8 GmbH & Co. KG	Eschborn	100	–1,324	–572
Blüherpark BA 1 Verwaltungs GmbH	Duesseldorf	100	–17	–15
Borussia Dresden Quartiere am Blüherpark 9 UG	Duesseldorf	100	–374	–145
Borussia Dresden Quartiere am Blüherpark 10 UG	Duesseldorf	100	783	443
Borussia Dresden Quartiere am Blüherpark 11 UG	Duesseldorf	100	–200	–135
Borussia Dresden Quartiere am Blüherpark 12 UG	Duesseldorf	100	–124	–38
Borussia Dresden Einkaufs GbR	Eschborn	100	0	0

RESPONSIBILITY STATEMENT

To the best of my knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Frankfurt am Main, September 23, 2024

Gateway Real Estate AG
The Management Board

Stefan Witjes

INDEPENDENT AUDITOR'S REPORT

To Gateway Real Estate AG, Frankfurt am Main

Report on the audit of the annual financial statements and of the management report

AUDIT OPINIONS

We have audited the annual financial statements of Gateway Real Estate AG, Frankfurt am Main, which comprise the balance sheet as of December 31, 2023, the income statement, for the fiscal year from January 1, 2023 to December 31, 2023, and the notes to the annual financial statements, including the presentation of the accounting policies. In addition, we have audited the management report of Gateway Real Estate AG, Frankfurt am Main, for the fiscal year from January 1, 2023 to December 31, 2023. In accordance with German legal requirements, we have not audited the content of the components of the management report listed in the section "Other information" of our independent auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

— the accompanying annual statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities, and financial position of the Company as of December 31, 2023 and of its financial performance for the fiscal year from January 1, 2023 to December 31, 2023 in compliance with German generally accepted accounting principles (Grundsätze ordnungsmäßiger Buchführung), and

— the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the contents of the components of the management report listed in the section "Other information."

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and the management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We refer to the disclosures in the section on accounting policies and the report on events after the reporting date in the notes as well as the disclosures in sections "3.2.2 Company-specific risks" and "3.2.3 Overall assessment of the risk situation" in the management report, where the legal representative describes that, as of the date of preparation, there are risks concerning financing and liquidity that jeopardize the continued existence of the Company.

The annual financial statements of Gateway Real Estate AG include current liabilities in the amount of €242.3 million. These are offset with receivables from affiliated companies in the amount of €222.8 million. Moreover, the Company has provided collateral in the form of guarantee declarations in the amount of €29.3 million to project companies for individual project financing arrangements of various affiliated companies. The carrying amount of the shares in affiliated companies amounts to €75.5 million. The Company needs to have sufficient liquidity in order to repay liabilities and finance the its ongoing business operations, as well as for central liquidity management for affiliated companies. This liquidity is largely dependent on the realization of project sales at subsidiaries to generate sufficient liquidity for the planned financing of the Company's business activities and these of its affiliated companies and to avoid an unplanned outflow of cash funds as part of the extension of loans at affiliated companies. If, contrary to the expectation, a material portion of the financing arrangements at subsidiaries not extended up to the date of preparation is not extended and the sale of overall material projects of affiliated companies cannot be realized as planned, i.e. at the planned selling price and date, the continued existence of the subsidiaries involved in these projects and of Gateway Real Estate AG as part of the central liquidity management of affiliated companies and hence all other companies included in the group of consolidated entities would be at risk.

As explained in the sections "Accounting policies" and "Report on events after the reporting date" in the notes to the annual financial statements and in the sections "3.2.2 Company-specific risks" and "3.2.3 Overall assessment of the risk situation" in the management report, these events and circumstances, indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and which constitutes a going concern risk within the meaning of Section 322 (2) sentence 3 HGB.

In accordance with Article 10 (2) (c) (ii) of the EU Audit Regulation, our audit response to this risk can be summarized as follows:

As part of our audit, we considered whether the legal representative's assessment of the application of the going concern principle in preparing the annual financial statements and the management report is appropriate, whether a material uncertainty exists in relation to this assessment and whether the disclosures required to explain the material uncertainty in the notes to the annual financial statements and the management report are appropriate.

We have examined the current Group-wide financial planning for the coming twelve-month period from the date of preparation of the annual financial statements and, in particular, the measures planned and initiated on which this planning is based. To this end, we analyzed the planning process and verified the mathematical accuracy of the planning and its appropriateness for assessing the development of liquidity. We have verified which events considered in the planning are already secured by existing agreements and which are not. We inspected the existing contractual agreements on a sample basis. For transactions not based on contractual arrangements, we evaluated the assessment of the legal representative as to the probability of occurrence and performed a plausibility check. In addition, we have verified that the disclosures in the notes to the annual financial statements as of December 31, 2023 and in the management report for the financial year from January 1 to December 31, 2023 on the material uncertainties relating to the going concern assumption are appropriate.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1, 2023 to December 31, 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters. In addition to the matter described in section "Material uncertainty related to going concern," we have identified the matter set out below as key audit matters that have to be mentioned in our auditor's report.

In our view, the matter presented below was the most significant as part of our audit:

Valuation of shares in affiliated companies

— Reasons for designation as key audit matter

The Company's annual financial statements as of December 31, 2023, show shares in affiliated companies in the amount of €97.1 million (previous year: €75.5 million), representing 22.8% of total assets. The assessment of the recoverability of shares in affiliated companies is complex and is based on a number of factors involving the exercise of judgment and, in some cases, significant uncertainties. The legal representative of the Company performs a valuation on the basis of a discounted cash flow approach to determine a possible need for impairment, depending on the development and situation of the company in question. The valuation incorporates assumptions that are associated with estimates and discretionary judgment. The main assumptions underlying the determination of a possible impairment requirement for shares in affiliated companies relate to the expected future income from real estate sales, the conditions under which new real estate projects can be acquired and developed, including the expected margin of these projects, and the discount rates used. In view of the significance for the assets, liabilities, and financial performance of Gateway Real Estate AG, we determined this matter to be a particularly important audit matter.

— Our audit approach

Our audit procedures include, as a first step, obtaining an understanding of the process steps and internal controls implemented for testing the recoverability of long-term financial assets. We also examined whether the assumptions used in the corporate planning that form the basis of the impairment test are appropriate. For this purpose, we compared the expected future cash flows for the major affiliated companies with the planning approved by the Supervisory Board and analyzed the economic development to date. Furthermore, we verified the Company's planning reliability by means of a retrospective comparison of the project plans from previous years with the actual values that have actually occurred. We have assessed the assumptions and parameters used in determining the discount rate, in particular the market risk premium and beta factor. We have reconstructed the calculation method of the impairment test and examined its appropriateness. Furthermore, we have performed sensitivity analyses in order to assess a possible impairment risk in the event of a deemed possible change in significant assumptions.

— Reference to related disclosures in the notes

For information on the accounting policies applied, please refer to the notes, which contains disclosures on long-term financial assets in the section "Accounting policies" and the list of shareholdings.

OTHER INFORMATION

The legal representative is responsible for the other information. The other information comprises:

1. components of the management report the content of which was not audited
— the separate corporate governance statement in accordance with Section 289f HGB, to which reference is made in section 1.3 in the Group management report

2. additional other information
— the remuneration report
— the confirmation pursuant to Section 264 (2) Sentence 3 HGB regarding the annual financial statements and the confirmation pursuant to Section 289 (1) Sentence 5 HGB regarding the management report

The legal representative and the Supervisory Board are responsible for the statement pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, to which reference is made in the management report as part of the corporate governance statement as well as for the remuneration report. In all other respects, the legal representative is responsible for the other information.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

— is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
— otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that a material misstatement of this other information exists, we are required to report such a fact. We have nothing to report in this context.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVE AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The legal representative is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German generally accepted accounting principles, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company. In addition, the legal representative is responsible for such internal controls as they, in accordance with German generally accepted accounting principles have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the legal representative is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern and for preparing the accounts on a going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representative is responsible for the preparation of the management report which, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representative is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and in all material respects is consistent with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

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

- obtain an understanding of the internal control system relevant to the audit of the annual financial statements, and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- evaluate the appropriateness of accounting policies used by the legal representative and the reasonableness of estimates made by the legal representative as well as related disclosures.

- conclude on the appropriateness of the legal representative's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- evaluate the presentation and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German generally accepted accounting principles.

- evaluate the consistency of the management report with the annual financial statements, its compliance with German law, and the view of the Company's position it provides.

— perform audit procedures on the prospective information presented by the legal representative in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representative as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the electronic reproductions of the annual financial statements and the management report prepared for the purpose of disclosure in accordance with Section 317 (3a) HGB

DISCLAIMER OF OPINION

We were engaged to perform an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and of the management report (hereinafter also referred to as "ESEF documents"), prepared for publication purposes, complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format").

We do not express an opinion on the ESEF documents. Due to the significance of the matter described in the section "Basis for disclaimer of opinion", we have not been able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on the ESEF documents.

Basis for disclaimer of opinion
As the legal representative has not provided us with any ESEF documents for audit up to the date of the auditor's report, we do not express an opinion on the ESEF documents.

Responsibilities of the legal representative and the Supervisory Board for the ESEF documents
The legal representative of the Company is responsible for the preparation of the ESEF documents including the electronic reproductions of the annual financial statements and the management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB.

In addition, the legal representative of the Company is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the audit of the ESEF documents
We are responsible for conducting an audit of the ESEF documents in accordance with Section 317 (3a) HGB and IDW Assurance Standard: Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (06.2022). Due to the matter described in the section "Basis for disclaimer of opinion", we have not been able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on the ESEF documents.

Further information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the Annual General Meeting on August 30, 2023. We were engaged by the Supervisory Board on December 13, 2024. We have been the auditor of the annual financial statements of Gateway Real Estate AG, Frankfurt am Main, without interruption since the 2019 fiscal year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public Auditor responsible for the engagement
The German Public Auditor responsible for the engagement is Karsten Luce.

Nuremberg, September 23, 2024

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft

Landgraf	Luce
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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