

# 2024

**INTERIM MANAGEMENT  
STATEMENT  
AS OF MARCH 31**



**GATEWAY**  
REAL ESTATE

# AT A GLANCE

## KEY FINANCIAL INDICATORS

in € thousand	01/01– 03/31/2024	01/01– 03/31/2023
<b>Financial performance indicators</b>		
Revenue	39,200	1,940
Gross profit	28,932	41,613
EBIT adjusted	10,047	12,463
EBT	-4,757	-2,131
Consolidated profit/loss	-5,800	-3,733
Earnings per share in €	-0.03	-0.02
<b>Financial position and liquidity ratios</b>		
	<b>03/31/2024</b>	<b>12/31/2023</b>
Total assets	1,369,684	1,384,797
Equity	207,042	212,842
Equity ratio	15.1%	15.4%
Cash and cash equivalents	4,076	8,121
Net financial debt	947,189	953,632
<b>Portfolio indicators</b>		
	<b>03/31/2024</b>	<b>12/31/2023</b>
Average gross development volume (GDV) in € billion	5	5
Number of projects (as of end of March)	10	10

For technical reasons, rounding differences may occur in tables and references compared to the mathematically precise values.

## ABOUT US

GATEWAY REAL ESTATE AG, TOGETHER WITH ITS SUBSIDIARIES, IS ONE OF THE LEADING LISTED DEVELOPERS OF RESIDENTIAL REAL ESTATE AND URBAN QUARTERS IN GERMANY, USING RESOURCE-SAVING WOOD CONSTRUCTION METHODS. THE FOCUS OF OUR REAL ESTATE DEVELOPMENT ACTIVITIES IS ON SUSTAINABILITY AND RESPONSIBLE USE OF RESOURCES. OUR AIM IS TO MINIMIZE DETRIMENTAL EFFECTS ON THE ENVIRONMENT BY FOLLOWING A GREEN BUILDING APPROACH. THUS, WE MAKE A SIGNIFICANT CONTRIBUTION TO REDUCING THE CARBON DIOXIDE CONCENTRATION IN THE EARTH'S ATMOSPHERE.

WE DEVELOP SUSTAINABLE AND MODERN LIVING QUARTERS USING WOOD CONSTRUCTION METHODS ACROSS GERMANY, PRIMARILY IN THE TOP 8 CITIES AND SELECTED HIGH-GROWTH REGIONS.

WE ARE COMMITTED TO THE HIGHEST LEVEL OF PROFESSIONALISM AND SUSTAINABILITY IN PROJECT DEVELOPMENT AND TO DELIVERING TAILOR-MADE RISK-OPTIMIZED SOLUTIONS, AND CAN RELY ON AN EXPERIENCED MANAGEMENT TEAM. A CHALLENGING AND SUSTAINABLE PROJECT DEVELOPMENT THAT IS IN LINE WITH MARKET NEEDS REQUIRES AN INTENSE COLLABORATION OF SPECIALISTS THAT COMPLEMENT AND INSPIRE EACH OTHER. IN TERMS OF DEVELOPMENT, WE COVER THE ENTIRE VALUE CHAIN FROM THE ACQUISITION OF LAND AND PROJECTS THROUGH DEVELOPMENT AND CONSTRUCTION TO THE SALE OF THE PROPERTIES.

# INTERIM GROUP MANAGEMENT REPORT

## 1. FUNDAMENTAL INFORMATION ON THE GROUP AND STRATEGY

Gateway Real Estate AG (in the following also referred to as “GATEWAY”, “Company” or “Group”, in each case referring to the GATEWAY Group as a whole) is a listed developer of residential real estate in Germany with a market capitalization of around €147 million (as of March 31, 2024). Established in 2006, GATEWAY can look back on extensive expertise in the German real estate market and is currently (as of March 31, 2024) 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 the context of its extended corporate strategy, GATEWAY increasingly seeks to develop residential real estate for long-term holding and administration (build-to-hold) to generate sustainable rental revenues. Accordingly, the Standing Assets and Residential Properties Development segments will be expanded further in the medium term. Except for three commercial properties development projects in Berlin, which will be sold over time, GATEWAY 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.

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.

## 2. BUSINESS DEVELOPMENT

In the first three months of 2024, the existing project developments progressed as planned. Moreover, the Company closed the sale of the Hamburg Seevestraße project site at a purchase price of €35.0 million and redeemed the associated financing arrangements. An agreement was signed to purchase the Duisburg standing asset for a purchase price of €6.8 million, resulting in the investment property being ready for sale.

## 3. FINANCIAL POSITION

GATEWAY Group's total assets slightly decreased from €1,384.8 million as of December 31, 2023 by €15.1 million to a total of €1,369.7 million as of March 31, 2024.

In terms of assets, the decline is attributable to current assets, which declined overall by €9.4 million to €1,061.4 million. However, the reclassification of the Duisburg standing asset reported under investment properties in the amount of €6.8 million should be taken into account in the decline, as this reclassification has an offsetting effect. This property was made ready for sale by signing a purchase agreement in the first quarter of 2024 and was therefore reported under "Non-current assets held for sale." The value of investment properties held by the Group remained unchanged at €231.6 million as of the reporting date (December 31, 2023: €238.5 million).

Inventories decreased by a total of €11.2 million as a result of the sale of the Hamburg Seevestraße project site in the amount of €35.0 million performed in the first quarter of 2024 following the pre-emptive right being exercised by the City of Hamburg. This was offset by project development costs in the amount of €24.1 million that were recorded in changes in inventories of finished goods and work in progress. Cash and cash equivalents declined by €4.0 million to €4.1 million.

In terms of liabilities, the Group's non-current liabilities amounted to €158.3 million as of the reporting date (December 31, 2023: €156.5 million); the major portion of that amount is attributable to non-current financial liabilities of €120.1 million (December 31, 2023: €119.1 million).

Current liabilities totaled €1,004.3 million as of March 31, 2024 (December 31, 2023: €1,015.5 million). Of that amount, €161.2 million refer to trade payables (December 31, 2023: €161.1 million), which remained unchanged. In addition, current financial liabilities accounted for €796.8 million (December 31, 2023: €810.1 million). This decrease of €35.0 million is mainly due to the repayment of financing for the Hamburg Seevestraße project development. Accrued interest and additions to further financing for project developments had an increasing effect.

The GATEWAY Group's equity as of March 31, 2024 amounted to €207.0 million (December 31, 2023: €212.8 million). The decrease is the result of the consolidated total comprehensive loss of €-5.8 million. As a result of lower total assets, the Group's equity ratio amounted to 15.1% as of March 31, 2024, a slight decline over December 31, 2023 (15.4%).

## 4. CASH FLOWS

The cash inflows and outflows in the first three months of fiscal year 2024 overall led to a decrease in cash as of March 31, 2024, primarily caused by cash flows from financing activities. The reasons for the cash outflows are repayments due to the redemption of the financing for the Hamburg Seevestraße project in the amount of €35.0 million. The sale led to cash inflows from operating activities in the same amount. These were reduced, however, by the progressing construction activities and the related expansion of inventories.

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**CONDENSED CASH FLOW STATEMENT:**

in € thousand	01/01– 03/31/2024	01/01– 03/31/2023
Cash flows from operating activities	20,181	-38,423
Cash flows from investing activities	-524	-150
Cash flows from financing activities	-23,702	36,240
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-4,045</b>	<b>-2,333</b>
Cash and cash equivalents as of 01/01	8,121	8,951
Cash and cash equivalents as of the end of the period	4,076	6,618

## INTERIM GROUP MANAGEMENT REPORT

Cash flows

Financial performance

Report on risks and opportunities

The positive cash flows from operating activities amounted to €20.2 million in the first three months of 2024. The cash inflows increased significantly compared to the prior-year period by €58.6 million, which was attributable to the disposal of the Hamburg Seevestraße project site in the amount of €35.0 million as well as the relatively smaller increase in inventories by €11.2 million (Q1 2023: €48.1 million) as a result of construction activities in relation to project developments. At the same time, outstanding trade payables in the amount of €4.1 million were paid in the previous year. The negative cash flows from investing activities amounted to €-0.5 million, which is above the previous year's level following outflows for investments in investment properties.

The negative cash flows from financing activities in the amount of €-23.7 million are due to the repayment of loans in the amount of €41.1 million, mainly the redemption of the loan payable in connection with the financing of the Hamburg Seevestraße project in the amount of €25.4 million.

This was offset by proceeds from borrowings in the amount of €17.5 million. The loan funds were primarily used to finance construction activities for the Berlin project developments in the Commercial Property Development segment.

The net decrease resulting from the abovementioned cash flows in the first three months of the fiscal year 2024 totaled €-4.0 million, resulting in a decline of cash and cash equivalents to €4.1 million as of March 31, 2024. As of the previous reporting date (December 31, 2023), cash and cash equivalents had amounted to €8.1 million.

## 5. FINANCIAL PERFORMANCE

In the first quarter of the fiscal year 2024, the Group of Gateway Real Estate AG generated revenues in a total amount of €39.2 million (Q1 2023: €1.9 million). These revenues primarily from the sale of the Hamburg Seevestraße project site at a purchase price of €35.0 million. At the same time, lettings increased considerably by €2.3 million to €4.2 million.

Gross profit amounted to €28.9 million (Q1 2023: €41.6 million), which, in addition to the revenues mentioned above, comprises changes in inventories of finished goods and work in progress of €-11.0 million (Q1 2023: €37.3 million) – largely consisting of the disposal of the Hamburg Seevestraße project site in the amount of €-35.0 million and of capitalized construction costs and construction period interest – and other operating income in a total amount of €0.7 million (Q1 2023: €2.4 million).

Compared to the previous year's period, changes in inventories of finished goods and work in progress decreased by €48.3 million due to the aforementioned disposal of the Hamburg Seevestraße project site. Adjusted for this effect, changes in inventories would only have decreased by €13.3 million due to a decline in construction activities compared to the same period of the previous year.

In the reporting period, the costs for raw materials and consumables used decreased accordingly by €12.1 million over the prior-year period to €14.7 million and mainly consist of the construction costs of the inventory properties (€13.3 million) as well as management costs for the rented properties (€1.4 million). In the first three months of 2024, the employee benefits expense fell by €0.2 million to €0.9 million as a result of a lower headcount. Other operating expenses amounted to €3.3 million; this amount is mainly attributable to impairment losses recognized on other financial assets in the amount of €1.8 million. In the first three months of the fiscal year 2024, GATEWAY achieved an overall operating profit of €10.0 million (Q1 2023: €12.5 million).

Net finance costs in the first three months of the fiscal year 2024 amounted to €-14.8 million (Q1 2023: €-14.6 million) and include finance costs of €18.0 million (Q1 2023: €17.3 million). Finance costs are partially offset by finance income in the amount of €3.2 million (Q1 2023: €2.7 million).

Earnings before tax (EBT) amounted to €-4.8 million (Q1 2023: €-2.1 million). After deducting income taxes of €1.0 million (Q1 2023: €1.6 million), the consolidated net loss for the first three months of the fiscal year 2024 amounted to €-5.8 million (Q1 2023: consolidated net loss of €-3.7 million). This corresponds to basic earnings per share of €-0.03 (Q1 2023: €-0.02) and diluted earnings per share of €-0.03 (Q1 2023: €-0.02). The EBIT adjusted amounted to €10.0 million (Q1 2023: €12.5 million).

## 6. REPORT ON RISKS AND OPPORTUNITIES

The risks that Gateway Real Estate AG is exposed to within the framework of its business activities, as well as the opportunities arising for the Company were described in detail in the 2023 Annual Report on pages 42–49. In this context, the Group's risk management system was explained, property-specific and company-specific risks and their respective probability of occurrence were presented as well as their potential financial effects were classified based on a risk classification.

Overall, there are risks with regard to financing in liquidity to the continued existence of Gateway Real Estate AG and the Group due to the fact that financing transactions or proceeds from the sale of projects cannot be realized, or cannot be realized on time. However, the failure to extend financing arrangements for individual projects would have no effect on the continuation of the Company as a going concern if seen in isolation. Based on the status of negotiations held and the agreements reached so far, the Management Board currently expects a prolongation and a reorganization of the financing structure to be more likely than not. Accordingly, the consolidated financial statements were prepared on a going concern basis.

In this context, we expressly refer to the disclosures in the notes to the consolidated financial statements 2023 in section “2.1 General information of preparation of the consolidated financial statements” on page 68, “3.7 Liquidity risk” on page 89, “6.11 Financial liabilities” on page 105, “7.8 Significant events after the reporting date” on page 124 as well as the disclosures in the group management report “3.2.2 company-specific risks” on page 43 and “3.2.3 overall assessment of the risk situation” on page 48 in which the Management Board describes the risks to the company as a going concern in terms of financing and liquidity.

Financial difficulties of other companies may open up opportunities to acquire properties in particularly attractive locations or subject to particularly favorable terms. This would also offer the opportunity to acquire properties at prices that are lower than originally assumed. For further details, we refer to the report on opportunities in the 2023 Annual Report on page 49.

## 7. REPORT ON EXPECTED DEVELOPMENTS

### OUTLOOK FOR THE GATEWAY GROUP

By way of an ad hoc release dated September 17, 2024, GATEWAY issued a qualified forecast for the fiscal year 2024. 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 main drivers for business development are sales already performed and still planned in the Residential Properties Development segment.

As a result of the planned sales, the Management Board expects GDV to decline slightly also in 2024.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2024

## IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2024

### ASSETS

in € thousand	03/31/2024	12/31/2023
<b>Non-current assets</b>		
Intangible assets and goodwill	0	0
Property, plant and equipment	0	0
Investment properties	231,633	238,527
Investments accounted for using the equity method	0	0
Non-current trade receivables	0	0
Other non-current financial assets	65,143	64,057
Other non-current non-financial assets	1,398	1,431
Deferred tax assets	10,113	9,940
	<b>308,287</b>	<b>313,955</b>
<b>Current assets</b>		
Inventories	908,699	919,906
Trade receivables	1,172	989
Income tax receivables	229	229
Other financial assets	74,737	74,119
Other non-financial assets	65,684	67,478
Cash and cash equivalents	4,076	8,121
Non-current assets held for sale	6,800	0
	<b>1,061,397</b>	<b>1,070,842</b>
	<b>1,369,684</b>	<b>1,384,797</b>



**EQUITY AND LIABILITIES**

in € thousand	03/31/2024	12/31/2023
<b>Equity</b>		
Subscribed capital	186,764	186,764
Reserves	-389,131	-389,131
Retained earnings	402,836	407,308
Non-controlling interests	6,573	7,901
	<b>207,042</b>	<b>212,842</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	120,069	119,135
Deferred tax liabilities	38,068	36,937
Other non-current financial liabilities	158	433
	<b>158,295</b>	<b>156,505</b>
<b>Current liabilities</b>		
Other current provisions	3,892	3,881
Current financial liabilities	796,757	810,147
Income tax liabilities	6,441	6,557
Trade payables	161,177	161,113
Other financial liabilities	34,282	32,038
Other non-financial liabilities	1,798	1,714
	<b>1,004,347</b>	<b>1,015,450</b>
	<b>1,369,684</b>	<b>1,384,797</b>

## IFRS CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM JANUARY 1 TO MARCH 31, 2024

in € thousand	01/01– 03/31/2024	01/01– 03/31/2023
Revenue	39,200	1,940
Changes in inventories of finished goods and work in progress	-10,983	37,307
Other operating income	715	2,366
<b>Gross profit</b>	<b>28,932</b>	<b>41,613</b>
Raw materials and consumables used	-14,650	-26,587
Employee benefits expense	-935	-1,142
Fair value changes in investment properties and valuation of properties held as inventory and in non-current assets held for sale	0	-85
Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment	-24	-71
Other operating expenses	-3,276	-1,265
<b>Operating profit</b>	<b>10,047</b>	<b>12,463</b>
Finance income	3,226	2,684
Finance costs	-18,030	-17,278
<b>Net finance costs</b>	<b>-14,804</b>	<b>-14,594</b>
<b>Profit/loss before tax</b>	<b>-4,757</b>	<b>-2,131</b>
Income tax expense	-1,043	-1,602
<b>Profit/loss for the period</b>	<b>-5,800</b>	<b>-3,733</b>
Other comprehensive income/loss	0	0
<b>Total comprehensive income/loss for the period</b>	<b>-5,800</b>	<b>-3,733</b>
Attributable to equity holders of the parent company	-4,472	-3,674
Attributable to non-controlling interests	-1,328	-59
Earnings per share (basic)	-0.03	-0.02
Earnings per share (diluted)	-0.03	-0.02

# IFRS CONSOLIDATED STATEMENT OF CASH FLOWS

FROM JANUARY 1 TO MARCH 31, 2024

in € thousand	01/01- 03/31/2024	01/01- 03/31/2023
<b>Cash flows from operating activities</b>		
Total comprehensive income/loss for the period	-5,800	-3,733
Adjustments for:		
Amortization of intangible assets	0	16
Depreciation of property, plant and equipment	0	53
Changes in fair value of investment properties and valuation of properties held as inventory	0	85
Impairment on trade receivables	0	23
Proceeds from government grants	3,389	0
Other non-cash expenses/income	0	-2,111
Impairment losses	1,962	1
Tax expenses	1,042	1,602
Net finance costs	14,800	14,594
Changes in:		
Inventories	11,206	-48,141
Trade receivables and other receivables	-183	-758
Other financial assets	-247	-110
Non-financial assets	1,827	7,795
Trade payables and other payables	-668	-4,055
Non-financial liabilities	84	748
Other provisions as well as assets and provisions for employee benefits	11	0
Other financial liabilities	-1,064	155
Interest paid	-5,978	-4,195
Income taxes received	0	6
Income taxes paid	-200	-398
<b>Cash flows from operating activities</b>	<b>20,181</b>	<b>-38,423</b>
<b>Cash flows from investing activities</b>		
Payments for investments in investment properties	-524	-86
Purchase of intangible assets	0	-18
Purchase of property, plant and equipment	0	-16
Sale of consolidated companies less cash and cash equivalents transferred	0	-30
<b>Cash flows from investing activities</b>	<b>-524</b>	<b>-150</b>
<b>Cash flows from financing activities</b>		
Cash inflows from new (financial) loans	17,482	41,436
Payments for lease liabilities	-40	-41
Repayments of loans	-41,144	-5,155
<b>Cash flows from financing activities</b>	<b>-23,702</b>	<b>36,240</b>
<b>Net change in cash and cash equivalents</b>	<b>-4,045</b>	<b>-2,333</b>
Cash and cash equivalents as of 01/01	8,121	8,951
<b>Cash and cash equivalents as of the end of the period</b>	<b>4,076</b>	<b>6,618</b>

## IFRS CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1 TO MARCH 31, 2024

in € thousand	Equity attributable to equity holders of the parent company				Non-controlling interests	Total equity
	Subscribed capital	Reserves	Retained earnings	Total		
<b>Stand 01.01.2023</b>	186,764	-389,131	573,257	370,890	8,159	379,049
Gewinn/Verlust	0	0	-3,674	-3,674	-59	-3,733
Veränderung des Konsolidierungskreises/ Anteilsveräußerung	0	0	-9	-9	-83	-92
<b>Stand 31.03.2023</b>	186,764	-389,131	569,574	367,207	8,017	375,224
<b>Stand 01.01.2024</b>	186,764	-389,131	407,308	204,941	7,901	212,842
Gewinn/Verlust	0	0	-4,472	-4,472	-1,328	-5,800
<b>Stand 31.03.2024</b>	186,764	-389,131	402,836	200,469	6,573	207,042

# FINANCIAL CALENDAR

September 30, 2024	Publication of half-yearly financial report
October 30, 2024	Annual General Meeting
November 29, 2024	Publication of quarterly statement (publication date Q3)

## IMPRINT

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### **Project management**

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Frankfurt am Main, Germany

### **Design**

2dKontor – Aabenraa, Denmark

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