ADLER GROUP

Q1

QUARTERLY FINANCIAL STATEMENTS 2023

Key Figures Q1

Profit and loss statement

In EUR thousand	For the three months ended 31 Mar 2023	31 Mar 2022	For the year ended 31 Dec 2022
Income from rental activities	79,709	107,751	369,354
EBITDA from rental activities	32,759	48,637	148,235
EBITDA from rental activities margin	61.3%	68.5%	60.6%
EBITDA Total	36,713	43,209	95,080
FFO 1 (from rental activities)	15,759	29,750	86,779
FFO 2 (incl. disposal results and development activities)	255	14,847	(15,806)

Further KPIs

Residential(*)	31 March 2023	31 Dec 2022
Monthly in-place rent (EUR per m²)	7.58	7.58
Total vacancy rate	1.5%	1.3%
Number of units	26,126	26,202
Like-for-like rental growth	2.0%	1.5%

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

Balance sheet

In EUR thousand except per share data	31 Mar 2023(*)	31 Dec 2022(*)
EPRA LTV	75.4%	74.5%
EPRA NRV	2,474,440	2,540,793
EPRA NRV per share (EUR)	21.06	21.62
EPRA NTA	2,374,851	2,440,111
EPRA NTA per share (EUR)	20.21	20.77

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

Content

Welcome to Adler Group

The Adler Group S.A. (the Company) is a Luxembourg-based real estate company operating in Germany specialising in the management and development of income-producing, multi-family residential real estate.

The Company, together with its group companies ("Adler Group"), owns and manages approximately 26,100 residential rental units, largely concentrated in Berlin (around 65% of properties) and North-Rhine Westphalia (around 30% of properties).

Besides the residential rental portfolio, Adler Group owns a portfolio of development projects located in the largest cities of Germany. These development projects are primarily sold through either forward sales or upfront sales thereby generating funds to ultimately optimise the capital structure of the Company.

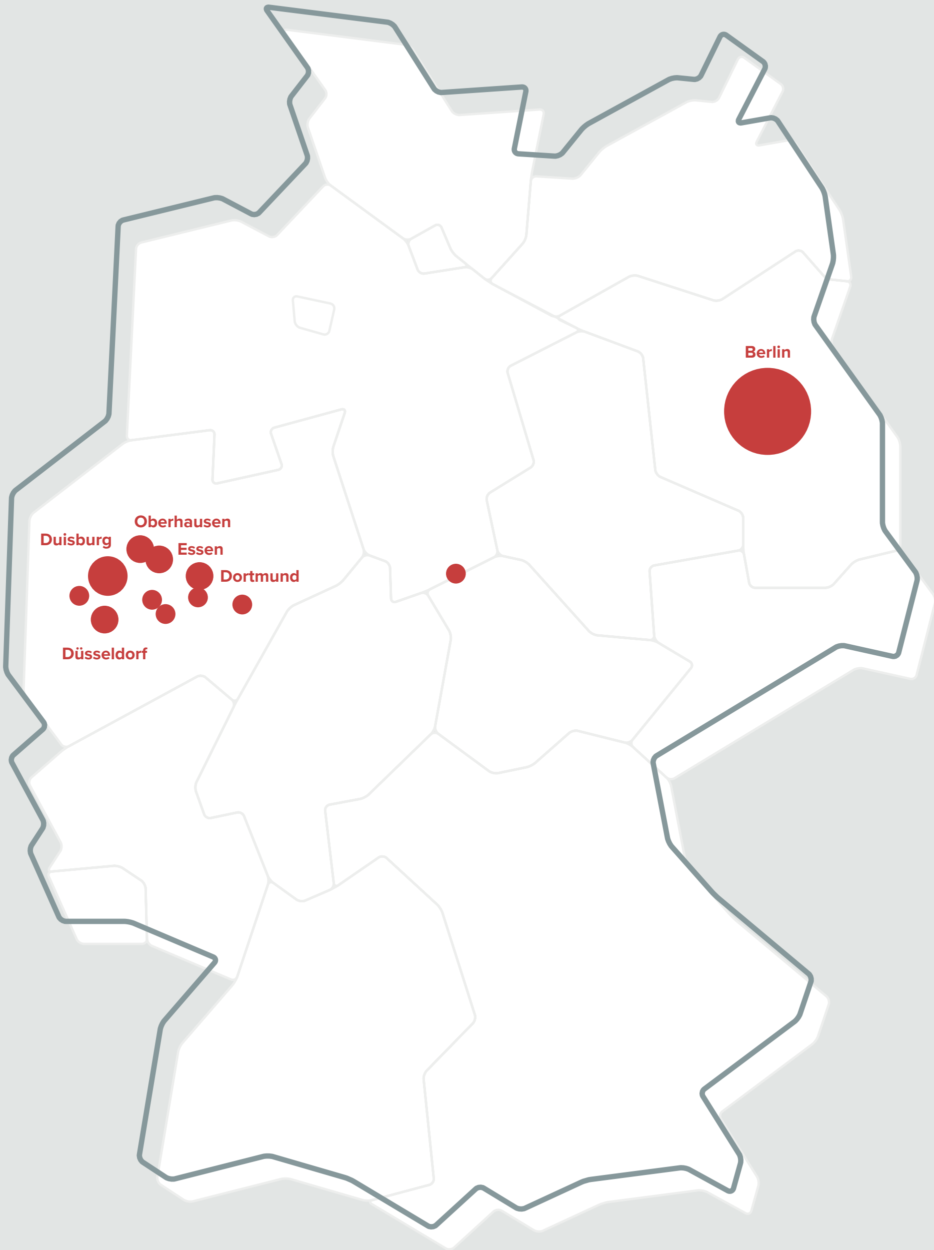
As of 31 March 2023, Adler Group had 711 employees based in several locations across Luxembourg and Germany.

RESIDENTIAL RENTAL PORTFOLIO

26,126

units

Rental portfolio as at 31 March 2023(*)



Residential rental portfolio locations

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

Adler Group Share

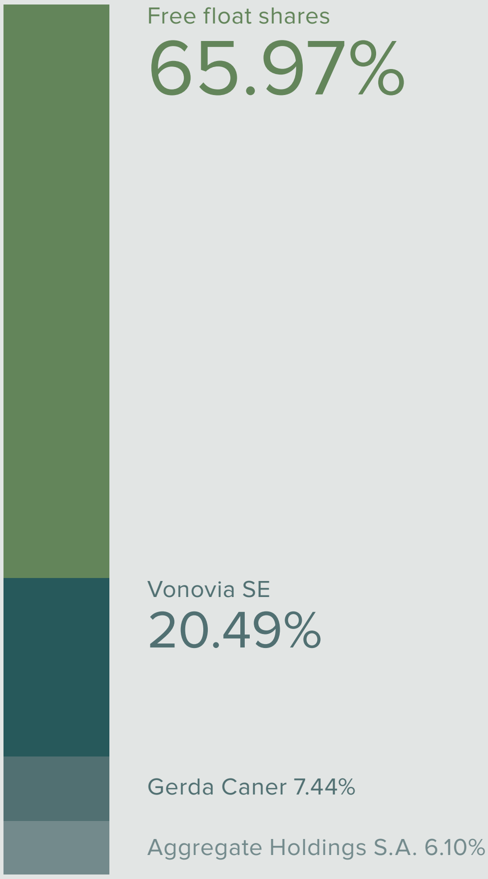
The share

Share information (as at 31 March 2023)

1st day of trading	23 July 2015
Subscription price	EUR 20.00
Price at the end of Q1 2023	EUR 0.895
Highest share price LTM	EUR 12.48
Lowest share price LTM	EUR 0.794
Total number of shares	117.5 million
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ
Class	Dematerialised shares
Free float	65.97%
Stock exchange	Frankfurt Stock Exchange
Market segment	Prime Standard
ERPA indices	FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Developed Europe Index, FTSE EPRA / NAREIT Germany Index

Shareholder structure

(as at 31 March 2023)



Key stock market data

Adler Group shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended 31 March 2023, the shares traded between EUR 0.794 and EUR 12.48. Adler Group shares are included in the relevant real estate sector indices of the EPRA index family.

Shareholder structure

As at 31 March 2023, the total number of outstanding shares of Adler Group amounts to 117.5 million. At that time, the main shareholders with holdings of over 5% were: Vonovia SE (20.49%) , Gerda Caner (7.44%) and Aggregate Holdings S.A. (6.10%)[1]. The remaining 65.97% free float shares were mainly held by institutional investors.

On 24 April 2023, Adler Group increased its share capital by EUR 42,303.68 from EUR 145,712.69 to EUR 188,016.37 by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Investors (as defined in the "Material Events" section of the Interim Management Report) as consideration for the provision of the new money.

Following this capital increase in April 2023, the main shareholders with holdings of over 5% were: Vonovia SE (15.88%), Gerda Caner (5.76%) and Taconic Capital Advisors (5.01%) with the remaining 73.35% representing free float shares.

Dividend

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

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

Interim Management Report

2 Interim Management Report

Fundamentals of the Group

Business model

Adler Group S.A. is a well-diversified residential real estate company which holds and manages approximately 26,100 apartments, primarily based in both Berlin and North-Rhine-Westphalia. This core rental portfolio is valued at EUR 5.2 billion. Besides the rental portfolio, Adler Group owns and runs a portfolio of development projects valued at EUR 2.1 billion. In alignment with our strategy and the agreement with our bondholders under the terms of the Restructuring Plan, these development projects in larger German cities are predominately subject to sales processes, either initiated or to be initiated.

Hence, our business model focuses on asset and portfolio management, property and facility management and identifying residential properties throughout Germany that present opportunities to create value by increasing rents and decreasing vacancies.

Our 711 operational employees are based in several locations across Luxembourg and Germany bringing us closer to our assets and tenants.

Objectives and strategy

We focus on actively managing our core portfolio to grow earnings and improve EBITDA margins.

We focus on increasing rents through active asset management and targeted investments to modernise, refurbish and re-position our properties, while constantly screening and anticipating developments in different sub-markets. Our strategy to realise upside potential consists of the following approaches: We pursue regular rent increases up to the market levels (i) within the regulatory and legal limits as well as (ii) through regular tenant fluctuation without CapEx investment. In addition, we continuously review rent potentials and pursue growth beyond

RESIDENTIAL RENTAL PORTFOLIO

26,126
units

OPERATIONAL EMPLOYEES

711
people

the rent tables through targeted CapEx investments to modernise, refurbish and/or re-position our properties allowing for higher rent levels. Lastly, we reduce portfolio vacancy through active marketing with an approach tailored to the respective micro-location. Our strategy allows and also leads us to choose high quality tenants, which continuously improves our tenant structure by maintaining our portfolio assets at the market standard suitable for current demand.

We seek to optimise our portfolio and recycle capital through selective investments and disposals.

By disposing of non-core assets, we aim to streamline our rental portfolio by increasing our focus on mid and large-size cities where we can manage a critical mass of assets and simultaneously improve our profitability and portfolio KPIs. By selling selected assets at or around book value, we aim to continuously demonstrate the resilience of the German residential real estate market. Active capital recycling enables us to reduce our leverage and ultimately to improve the capital structure of the Group.

We are committed to adding value through development and modernisation thereby driving organic growth.

Selected CapEx and modernisation measures in our core portfolio will elevate the quality of our rental portfolio and simultaneously improve the energy efficiency.

Corporate Governance

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

Composition of the Board

As at 31 March 2023, the Board comprised as follows:

Prof. Dr. A. Stefan Kirsten, Chairman
Independent Director

Mr Thierry Beaudemoulin
Director

Mr Thilo Schmid
Independent Director

Mr Thomas Zinnöcker
Independent Director

Portfolio Overview

Business performance highlights

As at 31 March 2023, our residential rental portfolio has a strong focus on Berlin as well as some other larger cities primarily in North Rhine-Westphalia such as Duisburg and Düsseldorf.

The figures presented in this section show the residential core portfolio and do not comprise any assets classified as held for sale (i.e, assets owned by BCP).

Portfolio overview(*)

Location	Fair value EUR m Q1 23	Fair value EUR/m² Q1 23	Units	Lettable area m²	NRI(**) EUR m Q1 23	Rental yield (in-place rent)	Vacancy Q1 23	Vacancy Δ YoY LFL	Q1 23 Avg. rent EUR/m²/ month	NRI Δ YoY LFL	Rever-sionary potential
Berlin	4,502	3,520	18,486	1,278,769	125.3	2.8%	1.3%	0.5%	8.20	2.1%	20.3%
Other	695	1,428	7,640	486,954	34.1	4.9%	2.2%	(0.3%)	5.96	1.8%	14.3%
Total	**5,197**	**2,943**	**26,126**	**1,765,723**	**159.4**	**3.1%**	**1.5%**	**0.3%**	**7.58**	**2.0%**	**19.0%**

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

In addition to our financial performance indicators, we also use the following non-financial operating performance indicators.

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

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

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

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

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

Portfolio performance

Residential portfolio(*)

	31 March 2023	31 Dec 2022
Number of units	26,126	26,202
Average rent/m^2/month (EUR)	7.58	7.58
Vacancy	1.5%	1.3%

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

The average rent per m² remained flat at EUR 7.58 in the first quarter, while the vacancy rate increased slightly to 1.5%.

Like-for-like rental growth(*)

In %	LTM(**) 31 March 2023	1 Jan - 31 Dec 2022
Like-for-like rental growth	2.0%	1.5%

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

Like-for-like rental growth of our Berlin portfolio amounted to 2.1% while like-for-like rental growth of the remaining portfolio stood at 1.8%.

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

AVERAGE RESIDENTIAL IN-PLACE RENT

EUR/M²/MONTH

7.58

LIKE-FOR-LIKE RENTAL GROWTH

2.0%

Maintenance and CapEx

In EUR per m²	1 Jan - 31 March 2023	1 Jan - 31 Dec 2022
Maintenance	1.8	4.7
CapEx	3.9	17.0
Total	**5.6**	**21.7**

Maintenance and CapEx

In EUR million	1 Jan - 31 March 2023	1 Jan - 31 Dec 2022
Maintenance	3.1	9.9
CapEx	6.9	35.9
Total	**10.0**	**45.8**

In Q1 2023, total investment in the core portfolio amounted to EUR 10.0 million resulting in maintenance and CapEx cost per m² of EUR 5.6.

Vacancy split

Our active asset management aims to minimise our vacancy rate while keeping the necessary flexibility for our portfolio optimisation.

Vacancy(*)

	31 March 2023	31 Dec 2022
Total vacancy (units)	413	321
Total vacancy (m²)	27,020	22,521
Total vacancy rate	1.5%	1.3%

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

VACANCY RATE

1.5%

Financial Overview

Financial performance indicators

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

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

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

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

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

Adler Group has an outstanding convertible bond, which might be converted into equity at maturity. To take this fact into account, we present all the NAV metrics on a diluted basis as well which includes the fair value of the convertible bond and the fully diluted number of shares at the corresponding reporting date.

Calculation of EPRA NAV

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

1) Difference between inventories carried in the balance sheet at cost (IAS 2) and the fair value of inventories.

2) Fair value of financial instruments that are used for hedging purposes where the Company has the intention of keeping the hedge position until the end of the contractual duration.

3) For EPRA NAV and EPRA NRV: Deferred tax as per the IFRS balance sheet in respect of the difference between the fair value and the tax book value of investment property, development property held for investment, intangible assets, or other non-current investments. For EPRA NTA: Only deferred taxes relating to the proportion of the portfolio that is intended to be held in the long-run and not sold are excluded.

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

Calculation of EPRA NRV

Total equity attributable to owners of the Company

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

= **EPRA NRV**

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

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

Calculation of EPRA NTA

Total equity attributable to owners of the Company

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

= **EPRA NTA**

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

Calculation of EPRA NDV

Total equity attributable to owners of the Company

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

= **EPRA NDV**

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

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

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

EBITDA Total can be derived by adding the net profit from project development activities, the fair value gain from build-to-hold development and the net profit from privatisations to EBITDA from rental activities.

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

Calculation of EBITDA (from rental activities)

Net rental income

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

= **EBITDA from rental activities**

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

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

Calculation of EBITDA Total

Income from rental activities

(+)	Income from property development
(+)	Income from real estate inventories disposed of
(+)	Income from other services
(+)	Income from selling of trading properties
=	**Revenue**
(–)	Cost from rental activities[6)]
(–)	Other operational costs from development and privatisation sales[8)]
=	**Net operating income (NOI)**
(–)	Overhead costs from rental activities[7)]
(–)	Overhead costs from development and privatisation sales[9)]
(+)	Profit from portfolio sales[10)]
(+)	Fair value gain from build-to-hold development[11)]
=	**EBITDA Total**
(–)	Net cash interest[12)]
(+/–)	Other net financial costs[13)]
(–)	Depreciation and amortisation
(+)	Change in fair value of investment properties
(+/–)	Other expenses/income[14)]
(–)	Net income from at-equity valued investment[15)]

= **EBT**

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

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

10) Profit from portfolio sales includes the disposals of IAS 40 properties. This position compares the proceeds generated from the disposal with the last recognised book value and also deducts the related costs of this sale.

11) Our internally developed build-to-hold portfolio allows the Company to generate fair value gain.

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

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

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

15) Net income from at-equity valued investment from the profit and loss statement.

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

Calculation of FFO 1 (from rental activities)

EBITDA from rental activities

(–) Net cash interest relating to rental activities[16)]
(–) Current income taxes relating to rental activities[17)]
(–) Interest of minority shareholders[18)]

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

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

17) Only current income taxes relating to rental activities.

18) Interest of minority shareholders in Adler's subsidiary Brack Capital Properties N.V. ("BCP") as Adler's share is only 62.78% as at 31 December 2022.

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

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

EBITDA Total

(–) Net cash interest[12)]
(–) Current income taxes[19)]
(–) Interest of minority shareholders[18)]

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

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

EPRA has introduced a new metric, the EPRA loan-to-value (LTV) ratio which has been included in the EPRA Best Practices Recommendations (BPR) Guidelines 2022, as part of the EPRA Performance Measures which become effective in 2022.

The Adler Group LTV has been replaced by EPRA LTV and will be reported from the publication of the 2022 annual report onwards. EPRA LTV illustrates the relationship between net debt and total property value of a real estate company and thus evaluates the gearing of shareholder equity.

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

Calculation of EPRA LTV		Group as reported	Share of joint ventures[27]	Share of material associates[27]	Non-controlling interests[28]	**Total[29]**
Borrowings from financial institutions[20]						
(+)	Commercial paper					
(+)	Hybrids[21]					
(+)	Bond loans[22]					
(+)	Foreign currency derivatives					
(+)	Net payables[23]					
(+)	Owner-occupied property (debt)					
(+)	Current accounts (equity characteristic)					
(–)	Cash and cash equivalents					
=	**Net Debt**					
Owner-occupied property						
(+)	Investment properties at fair value					
(+)	Properties held for sale[24]					
(+)	Properties under development[25]					
(+)	Intangibles					
(+)	Net receivables[23]					
(+)	Financial assets[26]					
=	**Total property**					
= EPRA LTV in %						

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

21) Including convertible bonds.

22) Containing current and non-current corporate bonds.

23) Net payables are equal to payables less receivables on the IFRS balance sheet if that number is positive. Net receivables are equal to receivables less payables on the IFRS balance sheet if that number is positive. The position includes:

Investments in financial instruments

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

24) Incorporating inventories at fair value and non-current assets held for sale.
25) This position is included in investment properties at fair value.
26) Containing other financial assets.
27) Net debt and total property value of joint ventures and associated companies are disregarded due to immateriality reasons.
28) Non-controlling interests are only adjusted for minority shareholders in Adler's subsidiary Brack Capital Properties N.V. for reasons of materiality, thus any other minority shareholders are not considered due to their insignificancy.
29) Total column illustrates the combined values of the previous columns.

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

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

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

Profit situation

EBITDA from rental activities decreased in Q1 2023 compared to 2022 mainly as a result of the Eastern Portfolio disposal to KKR/Velero and the Waypoint portfolio disposal, respectively. These assets had still contributed to the Q1 2022 result.

EBITDA Total decreased in Q1 2023 compared to Q1 2022 mainly due to lower net operating income (NOI), primarily due to the reduced number of assets.

For the first three months of 2023 the FFO 1 amounts to EUR 15.8 million and translates into a per share basis of EUR 0.13, whereas the FFO 2 accounts for EUR 0.3 million and EUR 0.00 per share.

As at 31 March 2023 the total interest-bearing nominal debt amounted to around EUR 6.6 billion. As at Q1 2023, our average interest rate on all outstanding debt is 2.3%, with a weighted average maturity of 3.1 years and an interest coverage ratio of 0.8[*].

(*) The interest coverage ratio ("ICR") is defined as the EBITDA Total relative to the net cash interest in the most recent four consecutive quarters.

EBITDA

EBITDA from rental activities

	For the three months ended		For the year ended
In EUR thousand	**31 Mar 2023**	**31 Mar 2022**	**31 Dec 2022**
Net rental income	53,407	71,050	244,506
Income from facility services and recharged utilities costs	26,302	36,701	124,848
Income from rental activities	**79,709**	**107,751**	**369,354**
Cost from rental activities	(30,671)	(43,674)	(159,166)
Net operating income (NOI) from rental activities	**49,038**	**64,077**	**210,188**
NOI from rental activities margin (%)	**91.8%**	**90.2%**	**86.0%**
Overhead costs from rental activities	(16,280)	(15,441)	(61,954)
EBITDA from rental activities	**32,759**	**48,637**	**148,235**
EBITDA margin from rental activities (%)	**61.3%**	**68.5%**	**60.6%**

NET RENTAL INCOME

EUR

53.4

million

EBITDA Total

	For the three months ended		For the year ended
In EUR thousand	**31 Mar 2023**	**31 Mar 2022**	**31 Dec 2022**
Income from rental activities	79,709	107,751	369,354
Income from property development	19,803	15,517	115,481
Income from other services	1,974	5,493	18,498
Income from real estate inventory disposed of	17,500	-	228,750
Income from sale of trading properties	-	365	2,389
Revenue	**118,986**	**129,126**	**734,472**
Cost from rental activities	(30,671)	(43,674)	(159,166)
Other operational costs from development and privatisation sales	(25,286)	(22,123)	(389,593)
Net operating income (NOI)	**63,029**	**63,329**	**185,713**
Overhead costs from rental activities	(16,280)	(15,441)	(61,954)
Overhead costs from development and privatisation sales	(10,036)	(4,679)	(28,679)
Profit from portfolio sales(*)	-	-	-
Fair value gain from build-to-hold development(**)	-	-	-
EBITDA Total	**36,713**	**43,209**	**95,080**
Net cash interest	(32,461)	(22,779)	(83,281)
Other net financial costs	(10,765)	(31,039)	(452,049)
Depreciation and amortisation	(3,654)	(5,986)	(20,288)
Other income/(expenses)	(58,776)	(61,229)	(584,990)
Change in valuation	(5,812)	69,318	(761,851)
Net income from at-equity valued investments	(346)	346	208
EBT	**(75,101)**	**(8,159)**	**(1,807,171)**

(*) Contains the profit stemming from the KKR/Velero transaction.
(**) Figures contain the build-to-hold developments at the time of the corresponding reporting date.

FFO

FFO 1 (from rental activities)

In EUR thousand	For the three months ended 31 Mar 2023	For the three months ended 31 Mar 2022	For the year ended 31 Dec 2022
EBITDA from rental activities	32,759	48,637	148,235
Net cash interest	(12,482)	(14,406)	(46,720)
Current income taxes	(2,892)	(2,040)	(5,004)
Interest of minority shareholders	(1,626)	(2,441)	(9,732)
FFO 1 (from rental activities)	**15,759**	**29,750**	**86,779**
No. of shares(*)	117,510	117,510	117,510
FFO 1 per share	**0.13**	**0.25**	**0.74**

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

FFO 2 (incl. disposal results and development activities)

In EUR thousand	For the three months ended 31 Mar 2023	For the three months ended 31 Mar 2022	For the year ended 31 Dec 2022
EBITDA Total	36,713	43,209	95,080
Net cash interest	(32,461)	(22,779)	(83,281)
Current income taxes	(2,371)	(3,143)	(17,873)
Interest of minority shareholders	(1,626)	(2,441)	(9,732)
FFO 2	**255**	**14,847**	**(15,806)**
No. of shares(*)	117,510	117,510	117,510
FFO 2 per share	**0.00**	**0.13**	**(0.13)**

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

FFO 1

EUR

15.8

million

Financial and asset position

The Group's total assets decreased from EUR 9.7 billion on 31 December 2022 to EUR 9.5 billion as at 31 March 2023 mainly due to a slight reduction of current assets. The Company will update the fair value of the investment properties based on a third-party valuation as per 30 June 2023.

Financial position

In EUR thousand	31 March 2023	31 Dec 2022
Investment properties and advances related to investment properties	6,321,354	6,344,294
Other non-current assets	326,705	324,913
Non-current assets	**6,648,059**	**6,669,207**
Cash and cash deposits	234,509	386,985
Inventories	677,504	678,572
Other current assets	339,115	325,758
Current assets	**1,251,128**	**1,391,315**
Non-current assets held for sale	**1,648,818**	**1,648,991**
Total assets	**9,548,005**	**9,709,513**
Interest-bearing debts	5,961,639	5,980,366
Other liabilities	555,133	611,821
Deferred tax liabilities	507,067	525,715
Liabilities classified as available for sale	**679,255**	**678,548**
Total liabilities	**7,703,094**	**7,796,450**
Total equity attributable to owner of the Company	**1,344,873**	**1,417,112**
Non-controlling interests	500,038	495,951
Total equity	**1,844,911**	**1,913,063**
Total equity and liabilities	**9,548,005**	**9,709,513**

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

EPRA NAVs

31 Mar 2023(*)

In EUR thousand	NAV	NRV	NTA	NDV
Total equity attributable to owners of the Company	1,344,873	1,344,873	1,344,873	1,344,873
Revaluation of inventories	(5,154)	(5,154)	(5,154)	(5,154)
Deferred tax	606,954	606,954	606,954	-
Goodwill	-	-	-	-
Fair value of financial instruments	2,224	2,224	2,224	-
Fair value of fixed interest rate debt	-	-	-	1,689,469
Real estate transfer tax	-	525,542	425,954	-
EPRA NAV	**1,948,897**	**2,474,440**	**2,374,851**	**3,029,188**
No. of shares	117,510	117,510	117,510	117,510
EPRA NAV per share	**16.58**	**21.06**	**20.21**	**25.78**
Convertibles	100,968	100,968	100,968	100,968
EPRA NAV fully diluted	**2,049,866**	**2,575,408**	**2,475,819**	**3,130,157**
No. of shares (diluted)	118,694	118,694	118,694	118,694
EPRA NAV per share fully diluted	**17.27**	**21.70**	**20.86**	**26.37**

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

31 Dec 2022(*)

In EUR thousand	NAV	NRV	NTA	NDV
Total equity attributable to owners of the Company	1,417,112	1,417,112	1,417,112	1,417,112
Revaluation of inventories	(2,260)	(2,260)	(2,260)	(2,260)
Deferred tax	597,505	597,505	597,505	-
Goodwill	-	-	-	-
Fair value of financial instruments	806	806	806	-
Fair value of fixed interest rate debt	-	-	-	1,698,375
Real estate transfer tax	-	527,630	426,948	-
EPRA NAV	**2,013,163**	**2,540,793**	**2,440,111**	**3,113,227**
No. of shares	117,510	117,510	117,510	117,510
EPRA NAV per share	**17.13**	**21.62**	**20.77**	**26.49**
Convertibles	100,503	100,503	100,503	100,503
EPRA NAV fully diluted	**2,113,666**	**2,641,296**	**2,540,614**	**3,213,730**
No. of shares (diluted)	118,694	118,694	118,694	118,694
EPRA NAV per share fully diluted	**17.81**	**22.25**	**21.40**	**27.08**

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

EPRA loan-to-value

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

	31 Mar 2023		
In EUR thousand	**Group loan-to-value**	**Non-controlling interests(***)**	**Total**
Borrowings from financial institutions	1,620,876		1,620,876
Commercial paper	-		
Hybrids	100,968		100,968
Bond loans	4,239,795		4,239,795
Foreign currency derivatives			
Net payables	791,589	(304,223)	487,366
Owner-occupied property (debt)			
Current accounts (equity characteristics)			
Cash and cash equivalents	(234,509)		(234,509)
Net financial liabilities	**6,518,719**	**(304,223)**	**6,214,496**
Owner-occupied property(*)	6,053		6,053
Investment properties at fair value	6,321,354		6,321,354
Properties held for sale(**)	2,321,168	(578,656)	1,742,512
Properties under development			
Intangibles			
Net receivables			
Financial assets	167,974		167,974
Total property value	**8,816,549**	**(578,656)**	**8,237,893**
EPRA loan-to-value	**73.9%**		**75.4%**

(*) The balance sheet position property, plant and equipment contains owner-occupied property in the amount of EUR 6,053 thousand.
(**) Considers inventories at fair value (EUR 672.350 thousand) as well as non-current assets held for sale.
(***) Considers the interest of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP").

31 Dec 2022

In EUR thousand	Group loan-to-value	Non-controlling interests(***)	Total
Borrowings from financial institutions	1,645,817	-	1,645,817
Commercial paper	-	-	-
Hybrids	100,503	-	100,503
Bond loans	4,234,046	-	4,234,046
Foreign currency derivatives	-	-	-
Net payables	867,711	(304,289)	563,422
Owner-occupied property (debt)	-	-	-
Current accounts (equity characteristics)	-	-	-
Cash and cash equivalents	(386,985)	-	(386,985)
Net financial liabilities	**6,461,092**	**(304,289)**	**6,156,803**
Owner-occupied property(*)	6,107	-	6,107
Investment properties at fair value	6,344,294	-	6,344,294
Properties held for sale(**)	2,325,303	(580,144)	1,745,159
Properties under development	-	-	-
Intangibles	-	-	-
Net receivables	-	-	-
Financial assets	168,961	-	168,961
Total property value	**8,844,665**	**(580,144)**	**8,264,521**
EPRA loan-to-value	**73.1%**		**74.5%**

(*) The balance sheet position property, plant and equipment contains owner-occupied property in the amount of EUR 6,107 thousand.
(**) Considers inventories at fair value (EUR 676,312 thousand) as well as non-current assets held for sale.
(***) Considers the interest of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP").

EPRA LTV

75.4%

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

Net payables

In EUR thousand	31 Mar 2023	31 Dec 2022
Investments in financial instruments	19,228	19,234
Advances related to investment properties	0	0
Restricted bank deposits	77,517	77,885
Contract assets	82,158	86,862
Trade receivables	83,532	95,672
Other receivables and financial assets	154,993	118,853
Advances paid on inventories	8,833	9,194
Deduct:		
Other financial liabilities	(15,969)	(16,029)
Pension provisions	(718)	(719)
Other payables	(312,590)	(341,504)
Contract liabilities	(12,862)	(13,924)
Trade payables	(74,067)	(78,242)
Provisions	(64,452)	(75,580)
Prepayments received	(57,937)	(70,865)
Non-current liabilities held for sale	(679,255)	(678,548)
Net payables	**(791,589)**	**(867,711)**

Material Events

In the reporting period

1. On 9 January 2023, the local court of Berlin-Charlottenburg appointed KPMG AG Wirtschaftsprüfungsgesellschaft as auditor of ADLER Real Estate AG (Adler RE). The judicial appointment required the acceptance of the audit mandate by the auditor, which KPMG AG Wirtschaftsprüfungsgesellschaft rejected on 11 January 2023. As of the date hereof, Adler Group does not have an auditor and is continuing its intensive efforts to engage an auditor. On 24 April 2023, Adler RE announced that Rödl & Partner has agreed to accept an appointment as auditor for the audit of the standalone and the consolidated financial statements of Adler RE for the financial year 2022.

2. On 11 January 2023, AGPS BondCo PLC (the "**New Issuer**") was substituted in place of Adler Group as issuer of its six series of senior unsecured notes ("**SUNs**") (the "**Issuer Substitution**"). In connection with the Issuer Substitution, Adler Group provided irrevocable and unconditional guarantees in relation to the obligations and liabilities under the SUNs, including (but not limited to) payment of the principal of, and interest on, the SUNs. On 24 February 2023, a holder of the SUNs, Plan.e.Anleihe GmbH, commenced proceedings in the Frankfurt Regional Court against Adler Group seeking a declaration that the Issuer Substitution was invalid and unenforceable. Adler Group opposes the relief sought on the grounds that the Issuer Substitution was effected in accordance with the terms and conditions governing each series of SUNs (the "**Terms and Conditions**"), and is and continues to be valid as a matter of German law and will vigorously defend against such declaration in any such proceedings. The proceedings are ongoing.

3. On 16 February 2023, the New Issuer completed the downlisting of its EUR 400,000,000 1.500% unsecured notes due 2024 ("**2024 Notes**"), which were admitted to trading on the regulated Market of Luxembourg Stock Exchange, on the Euro MTF. The purpose of the downlisting was to harmonise the 2024 Notes with the other five series of SUNs.

4. On 23 February 2023, BNP Paribas, as principal paying agent, received notices of termination under the Terms and Conditions from certain holders of SUNs (representing approximately 6% of the aggregate principal amount of the SUNs). Such notices were rejected by the New Issuer for procedural deficiencies. On 10 March 2023, the notices of termination were resubmitted. The New Issuer rejected one resubmitted notice for procedural deficiencies and rejected all resubmitted notices on the basis that no valid grounds for such termination exist and therefore considered the purported declarations to be invalid. On 24 March 2023, BNP Paribas again received resubmitted termination notices, which were similarly rejected by the New Issuer on the basis that no valid grounds for such termination exist and that the noteholders of the respective notes were not entitled to terminate the notes due to the presence of an ongoing restructuring plan proceeding.

5. On 28 February 2023, S&P downgraded the issuer rating of Adler RE from CCC- to CC with outlook negative. Adler Real Estate's EUR 300,000,000 3.000% senior unsecured notes due 27 April 2026 ("**Adler RE 2026 SUNs**") were also downgraded from CCC- to CC. The CCC- rating on EUR 500,000,000 1.875% senior unsecured notes due 27 April 2023 ("**Adler RE 2023 SUNs**") and on Adler Real Estate's 2.125% EUR 300,000,000 notes due 2024 ("**Adler Re 2024 SUNs**") was affirmed.

6. On 17 March 2023, the Group sent a request to Adler RE to squeeze-out the remaining minority shareholders of

Adler RE. Subsequently on the same date, the Group and Adler RE published an ad-hoc notification disclosing the EUR 8.76 per share cash compensation to be paid to the squeezed-out minority Adler RE shareholders.

7. On 21 March 2023, meetings of holders of the SUNs (the "**Plan Meetings**") were held to consider and vote on the Group's proposed restructuring plan (the "**Restructuring Plan**"), which aimed to facilitate a successful implementation of amendments to the SUNs and complete the wider financial restructuring of the Group (the "**Restructuring**"), and in doing so help resolve the financial difficulties faced by the Group. Subsequently on 21 March 2023, the Group announced the voting results of the Plan Meetings, noting a strong level of support for the Restructuring Plan and, more broadly, the Group's comprehensive Restructuring proposal.

8. On 31 March 2023, Adler RE signed a comfort letter ("**Comfort Letter**") in relation to the intra-group loan agreement dated 23 May 2022 on the granting of a loan in an amount of up to EUR 200,000,000 to its subsidiary, Brack Capital Properties N.V. ("**BCP**"). Pursuant to the Comfort Letter, Adler RE undertook to prolong the maturity of part of the loans granted under the intra-group loan agreement in an amount of EUR 70,000,000 ("**Prolonged Loans**") by six months until 30 June 2024 if certain conditions are met. These conditions require, among others, that the Prolonged Loans have been secured by collateral provided by BCP in favour of Adler RE. BCP will provide market standard collateral as consideration for the Prolonged Loans, and the interest rate for the Prolonged Loans will be increased with effect from the original maturity date to 3-month-Euribor plus a margin reflecting the then prevailing market conditions (provided that such margin shall be no lower than 200 basis points). The remaining EUR 130,000,000 part of the loans will maintain the original maturity date of 29 December 2023.

Subsequent events

The Group has evaluated transactions or other events for consideration as subsequent events since the reporting date 31 March 2023 in the annual financial statements through 24 May 2023, the date of finalisation of the condensed interim financial statements.

1. On 12 April 2023, the High Court of Justice of England and Wales (the "**High Court**") made an order sanctioning the Restructuring Plan (the "**Sanction Order**") with the final Judgement published on 21 April 2023 (the "**Judgement**"). At the hearing of the High Court's decision to sanction the Restructuring Plan on 12 April 2023, the ad hoc group of noteholders (the "**AHG**") opposing the Restructuring Plan stated that it would seek permission to appeal. The New Issuer opposed this application. On 25 April 2023 the High Court declined to grant AHG the permission to appeal. On 16 May 2023, the AHG filed an application with the Court of Appeal for permission to appeal and requested that the application for permission to appeal and the substantive hearing of the appeal be dealt with by the Court of Appeal on an expedited basis. The Group has made submissions to the Court of Appeal opposing the AHG's request for expedition and intends to oppose the AHG's application for permission to appeal (as well as its appeal, if permission is granted).

2. On 13 April 2023, the Group announced completion of the Restructuring Plan. Pursuant to the Restructuring Plan, on 17 April 2023, the SUNs were amended in accordance with the amended Terms and Conditions governing each series of SUNs, which included, among other changes:

2.1 2.75% coupons increase until 31 July 2025; after which time, the coupons revert to their respective prior levels;

2.2. extension of the maturity date of the 2024 Notes from 26 July 2024 until 31 July 2025;

2.3 amendments restricting the incurrence of certain indebtedness by the Group, subject to certain carve-outs such as allowing the Group to incur the New Money Funding (as defined below) and refinance certain existing indebtedness;

2.4 amendments to the reporting covenants that temporarily alleviate the reporting obligations placed on the Group; and

2.5 amendments to certain other restrictive covenants to support the new capital structure and liquidity position of the Group.

The key amendments are summarised in the table below:

	EUR 400,000,000 1.500% unsecured notes due 2024	EUR 400,000,000 3.250% unsecured notes due 2025	EUR 700,000,000 1.875% unsecured notes due 2026	EUR 400,000,000 2.750% unsecured notes due 2026	EUR 500,000,000 2.250% unsecured notes due 2027	EUR 800,000,000 2.250% unsecured notes due 2029
Maturity	31 July 2025	As initially scheduled (5 Aug 2025)	As initially scheduled (14 Jan 2026)	As initially scheduled (13 Nov 2026)	As initially scheduled (27 Apr 2027)	As initially scheduled (14 Jan 2029)
Interest from 13 April 2023 to 31 July 2025	4.250%	6.000%	4.625%	5.500%	5.000%	5.000%
Interest after 31 July 2025	past maturity date	3.250%	1.875%	2.750%	2.250%	2.250%
Reporting covenant amendments	The audited year-end financials for the years ending on 31 December 2022 and 31 December 2023 each to be delivered by 30 September 2024					
Financial maintenance covenant	A maintenance loan-to-value ratio (“Maintenance LTV Ratio”) covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date		A Maintenance LTV Ratio covenant that will require the Maintenance LTV Ratio to not exceed 87.5% on each maintenance reporting date on and prior to 31 December 2025, and 85% thereafter			
Limitations on incurrence of debt	The incurrence of debt other than the New Money Facilities (as defined below), certain refinancing indebtedness, and a general basket indebtedness of up to EUR 150,000,000 will not be permitted					

3. On 13 April 2023, Adler Group completed a reorganisation of the Group’s corporate structure. Following the completion of the reorganisation (i) Adler Group became the sole shareholder of the newly incorporated Luxembourg entity Adler Group Intermediate Holding S.à r.l. (“Adler Group Intermediate Holding”), which became the sole shareholder of three newly incorporated Luxembourg entities (collectively, the “Collateral LuxCos”) and (ii) all shares in Adler RE, Consus Real Estate AG (“Consus”) and certain other subsidiaries, which were previously directly or indirectly held by Adler Group (except for the New Issuer and for a certain number of the shares in such subsidiaries, which continue to be held by Adler Group), were transferred to the Collateral LuxCos.

4. On 17 April 2023, S&P downgraded the issuer ratings of both Adler Group and Adler RE from CC to SD (selective default). The rating of the unsecured debt for both Adler Group and Adler RE was lowered from CC to D (default). The ratings on Adler RE 2023 SUNs and Adler RE 2024 SUNs unsecured debt was affirmed at CCC-. S&P stated that it will reassess its ratings on Adler Group and Adler RE after the Restructuring is implemented in a few weeks and expects an upgrade to the CCC category.

5. In accordance with the Restructuring Plan, the Restructuring and related committed funding of up to EUR 937,474,000 (the “**New Money Funding**”), a special purpose vehicle established for the sole purpose of the Restructuring (“**LendingCo**”) issued EUR 937,474,000 12.500% notes due 30 June 2025 (the “**New Money Notes**”) and subsequently LendingCo lent the New Money Notes proceeds to the Group via loan facilities (the “**New Money Facilities**”) under a facilities agreement dated 22 April 2023 (the "**New Money Facilities Agreement**"):

5.1 EUR 322,474,000 term loan facility with Adler Group, with proceeds funded (i) the repayment of the existing upstream loan from Adler RE and (ii) the payment of fee incurred in relation to the New Money Funding.

5.2 EUR 235,000,000 term loan facility ("**Facility ARE**") with Adler Group, with proceeds funded a non-interest bearing shareholder loan to Adler RE to fund repayment of the Adler RE 2023 SUNs in full on its maturity date (27 April 2023). The non-interest bearing shareholder loan to Adler RE was entered into on 27 April 2023.

5.3 Up to EUR 80,000,000 term loan facility with Consus subsidiaries, with proceeds funded certain capital expenditures; and

5.4 EUR 300,000,000 term loan facility ("**Facility 2024**") with Adler Group, to fund a non-interest bearing shareholder loan to Adler RE to, in turn, fund the repurchase and/or repayment of the Adler RE 2024 SUNs.

6. Further to the public announcement issued by the Group on 23 February 2023 relating to results of Adler Real Estate consent solicitations, the terms and conditions of the Adler RE 2024 SUNs and the Adler RE 2026 SUNs were amended. The amendments allow Adler Real Estate to provide liens over its assets to secure the Adler RE 2024 SUNs, the Adler RE 2026 SUNs, Facility ARE, Facility 2024 and the payment-in-kind interest related to Facility ARE and Facility 2024.

7. Certain members of the Group provided guarantees and transaction security in favour of Global Loan Agency Services GmbH, as security agent, to secure the claims under the New Money Facilities. In addition, two intercreditor agreements were executed on 22 April 2023 to govern the enforcement of collateral and the waterfall for the distribution of enforcement proceeds amongst the different classes of Group creditors.

8. On 24 April 2023, Adler Group increased its share capital by EUR 42,303.68 from EUR 145,712.69 to EUR 188,016.37 by issuing 34,115,874 new shares from the authorised capital. The new shares were delivered to the New Money Investors as consideration for the provision of the new money.

9. On 27 April 2023, the Adler RE bond 2018/2023 with a nominal outstanding amount of EUR 500 million was repaid.

10. On 28 April 2023, the general meeting of Adler RE resolved on the squeeze out. The registration of the squeeze out is expected to occur on 29 May 2023 at the earliest.

11. On 9 May 2023, Adler RE announced a tender offer and consent solicitation in respect of its outstanding EUR 300,000,000 2.125% notes due 2024. The consent solicitation shall eliminate certain restrictive covenants and other provisions of the indenture of the bond in their entirety as well as almost all Events of Default (as defined in the indenture).

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

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

Forecast Report

Forecast for 2023

Following significant disposals made from the yielding asset portfolio, Adler Group expects to generate net rental income for 2023 in the range of EUR 207-219 million.

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

Responsibility Statement

I confirm, to the best of my knowledge, that the Condensed Interim Financial Statements of Adler Group S.A. presented in this Q1 2023 Quarterly Financial Statements, prepared in conformity with the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the net assets, financial and earnings position of the Company, and that the Interim Management Report includes a fair review of the development of the business, and describes the main opportunities, risks and uncertainties associated with the Company for the remaining nine months of the year.

Thierry Beaudemoulin

CEO

Condensed Consolidated Interim Financial Statements

3 Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Financial Position

In EUR thousand	31 March 2023	31 Dec 2022
Assets		
Non-current assets		
Investment properties	6,321,354	6,344,294
Investments in financial instruments	19,228	19,234
Investments accounted under the equity method	24,234	25,530
Property, plant and equipment	23,788	24,981
Other financial assets	167,974	168,961
Derivatives	8,115	8,053
Restricted bank deposits	39,991	40,621
Right-of-use assets	12,370	12,234
Other intangible assets	512	646
Contract assets	27,927	22,087
Deferred tax assets	2,566	2,566
Total non-current assets	**6,648,059**	**6,669,207**
Current assets		
Inventories	677,504	678,572
Restricted bank deposits	37,526	37,264
Trade receivables	83,532	95,672
Other receivables and financial assets	154,993	118,853
Contract assets	54,231	64,775
Cash and cash equivalents	234,509	386,985
Advances paid on inventories	8,833	9,194
Total current assets	**1,251,128**	**1,391,315**
Non-current assets held for sale	1,648,818	1,648,991
Total assets	**9,548,005**	**9,709,513**

In EUR thousand	31 March 2023	31 Dec 2022
Shareholders' equity		
Share capital	146	146
Share premium	1,844,765	1,844,765
Reserves	180,003	193,852
Retained earnings	(680,041)	(621,651)
Total equity attributable to owners of the Company	**1,344,873**	**1,417,112**
Non-controlling interests	**500,038**	**495,951**
Total equity	**1,844,911**	**1,913,063**
Liabilities		
Non-current liabilities		
Corporate bonds	3,443,264	3,735,550
Other loans and borrowings	1,311,047	1,337,655
Other financial liabilities	14,054	14,114
Derivatives	2,224	800
Pension provisions	718	719
Lease liabilities	9,230	10,341
Other payables	46	46
Deferred tax liabilities	507,067	525,715
Total non-current liabilities	**5,287,650**	**5,624,940**
Current liabilities		
Corporate bonds	796,531	498,496
Convertible bonds	100,968	100,503
Other loans and borrowings	309,829	308,162
Other financial liabilities	1,915	1,915
Trade payables	74,067	78,242
Other payables	312,544	341,458
Provisions	64,452	75,580
Lease liabilities	5,084	3,811
Prepayments received	57,937	70,865
Contract liabilities	12,862	13,924
Derivatives	-	6
Total current liabilities	**1,736,189**	**1,492,962**
Non-current liabilities held for sale	679,255	678,548
Total shareholders' equity and liabilities	**9,548,005**	**9,709,513**

Thierry Beaudemoulin Date of approval: 24 May 2023

CEO

Condensed Consolidated Interim Statement of Profit or Loss

	For the three months ended 31 March	
In EUR thousand	**2023**	**2022**
Revenue	118,986	129,126
Cost of operations	(77,250)	(84,258)
Gross profit	**41,736**	**44,868**
General and administrative expenses	(39,132)	(31,782)
Other expenses	(41,134)	(43,770)
Other income	12,813	6,679
Changes in fair value of investment properties	(5,812)	69,318
Results from operating activities	**(31,529)**	**45,313**
Finance income	14,907	21,393
Finance costs	(58,133)	(75,211)
Net finance income / (costs)	**(43,226)**	**(53,818)**
Net income (losses) from investments in associated companies	(346)	346
Profit before tax	**(75,101)**	**(8,159)**
Income tax expense	20,571	(1,964)
Profit for the period	**(54,530)**	**(10,123)**
Profit attributable to:		
Owners of the Company	(58,615)	(1,973)
Non-controlling interests	4,085	(8,150)
Profit for the period	**(54,530)**	**(10,123)**
Earnings per share in EUR (undiluted)	**(0.50)**	**(0.02)**
Earnings per share in EUR (diluted)	**(0.50)**	**(0.02)**

Condensed Consolidated Interim Statement of Comprehensive Income

	For the three months ended 31 March	
In EUR thousand	**2023**	**2022**
Profit for the period	**(54,530)**	**(10,123)**
Items that may be reclassified subsequently to profit or loss		
Hedging reserve classified to profit or loss, net of tax	-	-
Effective portion of changes in fair value of cash flow hedges	(1,170)	420
Related tax	(127)	98
Currency translation reserve	(10,079)	198
Reserve from financial assets measured at fair value through other comprehensive income	(2,473)	(5,536)
Items that may not be reclassified subsequently to profit or loss		
Reserve from financial assets measured at fair value through other comprehensive income	-	-
Total other comprehensive income / (loss)	**(13,849)**	**(4,820)**
Total comprehensive income for the period	**(68,379)**	**(14,943)**
attributable to:		
Owners of the Company	(72,464)	(6,793)
Non-controlling interests	4,085	(8,150)
Total comprehensive income for the period	**(68,379)**	**(14,943)**

Condensed Consolidated Interim Statement of Cash Flows

	For the three months ended 31 March	
In EUR thousand	**2023**	**2022**
Cash flows from operating activities		
Profit for the period	(54,530)	(10,123)
Adjustments for:		
Depreciation	3,649	5,889
Profit from disposal of portfolio	(439)	-
Change in fair value of investment properties	5,812	(69,318)
Non-cash other income and expense	5,307	34,298
Change in contract assets	4,704	2,253
Change in contract liabilities	(1,062)	(3,507)
Non-cash income from at-equity valued investment associates	345	(346)
Net finance costs / (income)	43,226	53,818
Income tax expense	(20,571)	1,964
Share-based payments	225	189
Change in short-term restricted bank deposits related to tenants	(106)	3,901
Change in long-term restricted bank deposits from condominium sales	630	818
Change in trade receivables	28,575	20,862
Change in other receivables	(70,116)	(56,026)
Change in inventories	1,068	(18,444)
Change in advances received	(12,928)	(14,500)
Change in trade payables	(23,110)	(15,299)
Change in other payables	45,458	10,762
Income tax paid	(6,103)	(18,396)
Net cash from operating activities	**(49,966)**	**(71,205)**
Cash flows from investing activities		
Purchase of and CapEx on investment properties	(17,915)	(37,192)
Advances paid for purchase of investment properties	300	15
Proceeds from disposals of investment properties	-	662,513
Proceeds from selling portfolio	14,663	-

	For the three months ended 31 March	
In EUR thousand	**2023**	**2022**
Purchase of and CapEx on property, plant and equipment	412	(665)
Interest received	1,251	3,591
Proceeds from sale of financial instruments	-	64,911
Proceeds from sale of fixed assets	-	175
Change in short-term restricted bank deposits, net	(361)	(17,119)
Net cash from (used in) investing activities	**(1,650)**	**676,229**
Cash flows from financing activities		
Prepayments for the acquisition of non-controlling interests	(29,727)	-
Long-term loans received	-	9,971
Repayment of long-term loans	(17,172)	(336,473)
Proceeds from issuance of corporate bonds, net	-	162,518
Upfront fees paid for credit facilities	-	(438)
Interest paid	(51,904)	(50,609)
Payment of lease liabilities	(1,701)	(1,857)
Transaction costs	(738)	(27,850)
Prepaid costs of raising debt	(126)	(1,245)
Net cash from (used in) financing activities	**(101,368)**	**(245,983)**
Change in cash and cash equivalents during the period	**(152,984)**	**359,041**
Changes in cash and cash equivalents in connection with disposal of non-current assets and groups held for sale	**508**	**-**
Cash and cash equivalents at the beginning of the period	**386,985**	**371,574**
Cash and cash equivalents at the end of the period	**234,509**	**730,615**

Condensed Consolidated Interim Statement of Changes in Equity

In EUR thousand	Share capital	Share premium	Hedging reserve	Currency translation reserve	Other capital reserves	Reserve financial assets measured at FVTOCI	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 Jan 2023	**146**	**1,844,765**	**903**	**10,772**	**315,746**	**(133,569)**	**(621,651)**	**1,417,112**	**495,951**	**1,913,063**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	(58,615)	(58,615)	4,085	(54,530)
Other comprehensive income, net of tax	-	-	(1,297)	(10,079)	-	(2,473)	-	(13,849)	-	(13,849)
Total comprehensive income (loss) for the period	**-**	**-**	**(1,297)**	**(10,079)**	**-**	**(2,473)**	**(58,615)**	**(72,464)**	**4,085**	**(68,379)**
Transactions with owners, recognised directly in equity										
Transactions with non-controlling interest without a change in control (Note 5D)	-	-	-	-	-	-	-	-	2	2
Change in consolidation scope related to sale	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	225	225	-	225
Balance as at 31 March 2023	**146**	**1,844,765**	**(394)**	**693**	**315,746**	**(136,042)**	**(680,041)**	**1,344,873**	**500,038**	**1,844,911**

In EUR thousand	Share capital	Share premium	Hedging reserve	Currency translation reserve	Other capital reserves	Reserve financial assets measured at FVTOCI	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 Jan 2022	**146**	**1,844,765**	**573**	**24,803**	**315,746**	**(123,334)**	**927,684**	**2,990,383**	**703,094**	**3,693,477**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	(1,973)	(1,973)	(8,150)	(10,123)
Other comprehensive income, net of tax	-	-	518	198	-	(5,536)	-	(4,820)	-	(4,820)
Total comprehensive income (loss) for the period	**-**	**-**	**518**	**198**	**-**	**(5,536)**	**(1,973)**	**(6,793)**	**(8,150)**	**(14,943)**
Transactions with owners, recognised directly in equity										
Transactions with non-controlling interest without a change in control (Note 5)	-	-	-	-	-	-	-	-	-	-
Change in consolidation scope related to sale	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	189	189	-	189
Balance as at 31 March 2022	**146**	**1,844,765**	**1,091**	**25,001**	**315,746**	**(128,870)**	**925,900**	**2,983,779**	**694,944**	**3,678,723**

Financial Calendar 2023

Adler Group S.A.

21 June 2023	**Annual and Extraordinary General Meeting**
29 August 2023	**Publication Q2 2023 Results**
28 November 2023	**Publication Q3 2023 Results**
30 September 2024 (extended deadline)	**Publication Annual Report 2022, audited**

Online Financial Calendar

www.adler-group.com

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