Adler Group S.A.
Annual Accounts

As at and for the year ended
31 December 2020

Registered office:
1B Heienhaff
L-1736 Senningerberg
RCS Luxembourg: B197554

To the Shareholders of
Adler Group S.A. | 1B Heienhaff | L-1736 Senningerberg | Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Adler Group S.A. (the "Company"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of financial assets

a) Why the matter was considered to be one of the most significant in our audit of the annual accounts of the current period

We refer to the accounting policy in Note 2.2.3 and Note 4, Financial assets in the annual accounts. Financial assets represent 94.5% of the Company's total assets and are subject to recoverability assessment at each reporting date. The conclusion on whether there is durable diminution in the respect of financial assets is a significant judgement.

For purpose of identifying a durable diminution of financial assets, the Company's management considers the net assets of each affiliated undertaking as at the balance sheet date, values from properties held by these affiliated undertakings and any listed share price for investments held as fixed assets, if applicable.

The respective properties held by the affiliated undertakings are valued at their fair values based on independent external valuers (hereafter, "the Valuer").

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. In determining the property's valuation, the Valuer takes into account property specific characteristics and information, including the rental income. The Valuer applies assumptions for estimated market rent, capitalisation interest rate and discount rate, which are influenced by prevailing market conditions and comparable market transactions, to arrive at the final valuation.

The significance of the estimates and judgements involved, together with the fact that only a small percentage difference in individual property valuation, when aggregated, could result in a material misstatement on the profit and loss account and the balance sheet, requires specific audit focus in this area.

b) How the matter was addressed in our audit

We compared the carrying amount of financial assets for each of the underlying affiliated undertaking with its net assets as per management accounts, considering also the fair value of properties of these underlying affiliated undertakings or to relevant listed share price for Investments held as fixed assets, if applicable.

Our procedures over the valuation of investment properties included, but were not limited to:

- Evaluating the qualifications and competence of the Valuer and reading the terms of engagement of the Valuer with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;

- Involving our own valuation specialists to evaluate the valuation methodologies used and to test the integrity of inputs of the projected cash flows used in the valuation to support leases and other documents on a sample basis; and

- Involving our own valuation specialists to challenge the capitalisation and discount rates used in the valuation by comparing them with historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the Valuer.

If the carrying amount of the individual affiliated undertaking exceeds the comparative value, further analytical procedures are performed considering management's expectation about the future development of the respective affiliated undertaking.

Furthermore, if the carrying amount of the Investments held at fixed assets exceeds the comparative value, further analytical procedures are performed considering management's expectation about the future development of the respective Investment.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").
In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 accounts.
Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.
As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related 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 our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards or actions taken to eliminate threats or safeguards applied.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 29 September 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is six years, five years of which was since the Company became a public interest entity.
The combined management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.
The accompanying Corporate Governance Statement is presented on pages 46 to 56 The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.
We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.
We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.
We have checked the compliance of the annual accounts of the Company as at 31 December 2020 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.
For the Company it relates to:

- Annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of Adler Group S.A. as at 31 December 2020, identified as adler-group-2020-12-31.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
Luxembourg, 31 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
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RCSL Nr. :	B197554	Matricule :	20152210249

BALANCE SHEET

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(in* 03 EUR *)*

ADLER Group S.A.
Heienhaff, 1B
L-1736 SENNINGERBERG

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107	2.2.2, 3	107	35,635,346	108	19,991,122
C. Fixed assets	1109		109	4,397,587,397	110	2,017,194,001
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

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		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135		135	4,397,587,397	136	2,017,194,001
1. Shares in affiliated undertakings	1137	2.2.3, 4.1	137	4,225,210,109	138	1,831,035,575
2. Loans to affiliated undertakings	1139	2.2.3, 4.2	139	115,894,274	140	-
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145	2.2.3, 4.3	145	12,940,772	146	186,158,426
6. Other loans	1147	2.2.3, 4.4	147	43,542,242	148	-
D. Current assets	1151		151	211,879,924	152	247,216,201
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	114,422,344	164	2,866,380
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	2.2.4, 5.1	171	96,614,456	172	2,008,429
a) becoming due and payable within one year	1173		173	96,614,456	174	2,008,429
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183	2.2.4, 5.2	183	17,807,888	184	857,951
a) becoming due and payable within one year	1185		185	17,807,888	186	857,951
b) becoming due and payable after more than one year	1187		187		188	

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		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	97,457,580	198	244,349,821
E. Prepayments	1199	2.2.6, 6	199	10,256,908	200	984,404
TOTAL (ASSETS)			201	4,655,359,575	202	2,285,385,728

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CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	2,731,592,248	302	1,269,613,176
I. Subscribed capital	1303	7.1	303	145,713	304	54,801
II. Share premium account	1305	7.2	305	2,296,961,077	306	844,345,307
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	442,968	310	442,960
1. Legal reserve	1311	7.3, 7.4	311	5,480	312	5,472
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429	7.4	429	437,488	430	437,488
a) other available reserves	1431		431	437,488	432	437,488
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319	7.4	319	424,770,100	320	32,895,472
VI. Profit or loss for the financial year	1321	7.4	321	9,272,390	322	391,874,636
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331	1,904,295	332	11,891,223
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335	2.2.7, 8.1	335	4,815	336	121,665
3. Other provisions	1337	2.2.7, 8.2	337	1,899,480	338	11,769,558
C. Creditors	1435	2.2.8, 9	435	1,921,863,032	436	1,003,881,329
1. Debenture loans	1437	9.1	437	1,374,669,955	438	567,821,054
a) Convertible loans	1439		439	165,354,885	440	165,223,792
i) becoming due and payable within one year	1441		441	354,885	442	223,792
ii) becoming due and payable after more than one year	1443		443	165,000,000	444	165,000,000
b) Non convertible loans	1445		445	1,209,315,070	446	402,597,262
i) becoming due and payable within one year	1447		447	9,315,070	448	2,597,262
ii) becoming due and payable after more than one year	1449		449	1,200,000,000	450	400,000,000
2. Amounts owed to credit institutions	1355	9.2	355	426,240,710	356	12,722
a) becoming due and payable within one year	1357		357	5,453,731	358	12,722
b) becoming due and payable after more than one year	1359		359	420,786,979	360	-

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		Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	4,678,484	368	15,095,389
a) becoming due and payable within one year	1369		369	4,678,484	370	15,095,389
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	9.3	379	108,896,160	380	413,874,906
a) becoming due and payable within one year	1381		381	108,896,160	382	274,966,175
b) becoming due and payable after more than one year	1383		383	-	384	138,908,731
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451		451	7,377,723	452	7,077,258
a) Tax authorities	1393	9.4	393	5,685,121	394	869,293
b) Social security authorities	1395	9.4	395	427	396	646
c) Other creditors	1397	9.5	397	1,692,175	398	6,207,319
i) becoming due and payable within one year	1399		399	1,692,175	400	6,207,319
ii) becoming due and payable after more than one year	1401		401		402	
D. Deferred income	1403		403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	4,655,359,575	406	2,285,385,728

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PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(in* 03 EUR *)*

ADLER Group S.A.
Heienhaff, 1B
L-1736 SENNINGERBERG

		Reference(s)		Current year		Previous year
1. Net turnover	1701	2.2.9	701	7,307,193	702	3,639,401
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713		714	
5. Raw materials and consumables and other external expenses	1671		671	-20,043,651	672	-18,137,087
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	10	603	-20,043,651	604	-18,137,087
6. Staff costs	1605		605	-994,683	606	-4,286,991
a) Wages and salaries	1607		607	-992,637	608	-4,284,982
b) Social security costs	1609		609	-2,046	610	-2,009
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655	-2,046	656	-2,009
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657	-30,754,791	658	-4,177,269
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	2.2.12, 3	659	-30,754,791	660	-4,177,269
b) in respect of current assets	1661		661		662	
8. Other operating expenses	1621		621	-3,714,396	622	-1,393,720
9. Income from participating interests	1715		715	4,591,269	716	492,754,828
a) derived from affiliated undertakings	1717	2.2.11	717	4,591,269	718	492,754,828
b) other income from participating interests	1719		719		720	

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		Reference(s)		Current year		Previous year
10. Income from other investments and loans forming part of the fixed assets	1721		721	11,617,225	722	422,431
a) derived from affiliated undertakings	1723	2.2.10, 4.2	723	10,439,795	724	422,431
b) other income not included under a)	1725		725	1,177,430	726	-
11. Other interest receivable and similar income	1727		727	535,779	728	70
a) derived from affiliated undertakings	1729		729	533,851	730	-
b) other interest and similar income	1731	2.2.10	731	1,928	732	70
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	2.2.3, 4.1, 4.3	665	68,160,930	666	-68,160,930
14. Interest payable and similar expenses	1627		627	-27,537,925	628	-8,461,315
a) concerning affiliated undertakings	1629	2.2.10	629	-145,776	630	-1,610
b) other interest and similar expenses	1631	2.2.10	631	-27,392,149	632	-8,459,705
15. Tax on profit or loss	1635		635		636	-86,267
16. Profit or loss after taxation	1667		667	9,166,950	668	392,113,151
17. Other taxes not shown under items 1 to 16	1637		637	105,440	638	-238,515
18. Profit or loss for the financial year	1669	7.4	669	9,272,390	670	391,874,636

Note 1 – General information

Adler Group S.A. (hereafter the "Company") previously known as ADO Properties S.A. was incorporated in Cyprus as Swallowbird Trading & Investments Limited on 13 November 2007 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office was situated in Larnaca, Cyprus. On 8 June 2015, the Company deleted its registration in Cyprus and moved its registered office and central administration to Luxembourg.

The Company adopted the form of a private limited liability company (société à responsabilité limitée) under Luxembourg law. The Company was then converted to a public limited liability company (société anonyme) for an unlimited duration under the Luxembourg law by decision of the General Meeting of Shareholders dated 16 June 2015 and changed its name to ADO Properties S.A. The Company changed its name from ADO Properties S.A. to ADLER Group S.A. by decision of the General Meeting of Shareholders dated 29 September 2020.

The Company is registered under the RCS number B197554 in Luxembourg.

On 23 July 2015, the Company completed an initial public offering ("IPO") and its shares are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The registered office of the Company is established in 1B Heienhaff L-1736 Senningerberg. The Company's financial year starts 1 January and ends 31 December of each year.

The object of the Company is the acquisition and holding of interests in Luxembourg and/or in foreign undertakings, as well as the administration, development and management of such holdings. The Company may provide financial assistance to the undertakings forming part of the group of the Company such as the providing of loans and granting of guarantees or securities in any kind or form.

The Company may also utilise its funds to invest in real estate and, provided such investment is ancillary to or related to the acquisition, holding, administration, development and management of the undertaking forming part of the group of the Company, the Company may invest in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and may privately issue bonds, notes or similar debt instruments.

The annual accounts of the Company are prepared under the provision of the law applicable for commercial companies in Luxembourg.

The Company also prepares consolidated financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union. The copies of the consolidated financial statements are available at the registered office of the Company or at https://adler-group.com.

Note 2 - Summary of significant accounting and valuation policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that these annual accounts present the financial position and results fairly.

The books and records are maintained in EUR and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below. The accounting policies applied to prepare these annual accounts are in conformity with the going concern principle.

The coronavirus pandemic and its impact on the Company

Following the outbreak of the coronavirus (Covid-19) in China in December 2019, which spread to many other countries in early 2020, there has been a decline in economic activity in many regions of the world including Germany. The spread of the virus, among other things, disrupted supply chains and led to declines in the volume of global transport. Travel and employment restrictions were imposed by many governments worldwide, and the value of financial assets and commodities also declined in markets in around the world. After the reporting date and prior to the publication date of the report, there was an increase in the spread of the virus in Germany and the German government began imposing renewed restrictions in order to stop the spread of the virus.

The Company's risks and exposures relating to the coronavirus pandemic

The Company has continued to operate normally since the beginning of the crisis, but is subject to the restrictions and guidelines of the German government.

It should be noted that the Covid-19 pandemic and the related economic crisis may create exposure for the Company both in view of the impact of the crisis on daily business activity in Germany and the ability of businesses to continue their operations and pay rental fees for commercial assets; to a lesser extent this also applies to residential assets if the income of private tenants is affected negatively, thus impairing their ability to meet their obligations and pay rental and/or the Company's ability to find tenants for vacant spaces.

In addition, the Company has exposure also in the real estate development sector since the impact of the crisis on the global economy and on Germany in particular, may have an effect on the demand for apartments and may cause a decrease in the value of the apartments for sale and/or decrease in the sales rate of apartments (although as of the reporting date, the Company is not aware of indications of changes in selling prices of apartments and/or change in construction costs). As of this date, although vaccinations campaigns have commenced in many countries around the world, including Germany, which may contain and even stop the spread of the virus, the end of the pandemic in Germany and throughout the world cannot be predicted and accordingly its full impact on the Company's operations cannot be expected or estimated at this stage.

The Company estimates that if the spread of the coronavirus and its effects will worsen over time, this could have significant adverse effects on the global economy and, as a result, on the markets in which the Company operates and on its areas of activity and operating results. Nevertheless, the Company estimates that the recent measures taken to reduce the Company's leverage rate, focusing its activity on the residential sector and in view of the Company's geographical and sectoral distribution, ranking, location and occupancy levels, the exposure level of the Company's business to the coronavirus crisis and/or significant instability is decreasing and it has the means allowing it to cope properly with the economic crisis.

2.2 Significant accounting and valuation policies

The main accounting and valuation rules applied by the Company are the following:

2.2.1. Currency translation

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are valued individually at the lower, respectively the higher, of their value at the historical exchange rate or their value determined at the exchange rates prevailing at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. Realised exchange gains and realised exchange losses are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above, the net unrealised losses are recorded in the profit and loss account, and the net unrealised exchange gains are not recognised.

2.2.2. Formation expenses

Formation expenses include expenses incurred for the IPO, capital increase, bond issuance, and costs incurred on revolving credit facilities. Formation expenses are written off based on a straight-line method over a period of five years or until the maturity date of the respective loan.

2.2.3. Financial assets

Shares in affiliated undertakings/participating interests/loans to these undertakings/investments held as fixed assets/other loans are valued at purchase price/nominal value (loans and claims), including their incidental expenses.

If, in the opinion of the Board of Directors, the value is permanently compromised, the values of the financial assets are adjusted and recognised at the lower value as at the balance sheet date. These value adjustments are not continued if the reasons behind the value adjustments have ceased to apply.

2.2.4. Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.5. Derivative financial instruments

The Company may enter into derivative financial instruments such as options, swaps and futures. These derivative financial instruments are initially recorded at cost.

At each balance sheet date, unrealised losses are recognised in the profit and loss account whereas gains are accounted for when realised.

In the case of hedging of an asset or a liability that is not recognised at fair value, unrealised gains or losses are deferred until the recognition of the realised gains or losses on the hedged item.

2.2.6. Prepayments

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

2.2.7. Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the balance sheet date, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and, which at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Provisions for taxation". The advance payments are shown in the assets of the balance sheet under "Other debtors".

2.2.8. Creditors

Creditors are recorded at repayable amount.

2.2.9. Net turnover

The net turnover comprises the amounts of management fees, sales of services, recharge of fees and income on loan guarantee charged to affiliated companies.

2.2.10. Interest income and expenses

Interest income and expenses are recognised on an accrual basis.

2.2.11. Income from participating interests

Dividend income and gain on disposal of shares in affiliated undertakings are recognised when the Company receives the cash related to shares in affiliated undertakings.

2.2.12. Value adjustments

Value adjustments are deducted directly from the related asset.

Note 3 - Formation expenses

Formation expenses comprise incorporation expenses, expenses incurred for the capital increase, costs incurred for the IPO and costs incurred for bond issuance (covering mainly underwriting, appraisal, legal and audit expenses).

The movements during 2020 are as follows:

In EUR	**2020**
Gross book value – opening balance	32,821,116
Additions for the year(*)	46,399,015
(Disposals for the year)	-
Gross book value – closing balance	**79,220,131**
(Accumulated value adjustments – opening balance)	(12,829,994)

(Amortisation during the year)	(30,754,791)
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**(43,584,785)**
Net book value – closing balance	**35,635,346**
Net book value – opening balance	**19,991,122**

(*) During the financial year 2020, the addition of the formation expenses is composed of the following elements:

Nature and date of the formation expense	**Amount In EUR**
Expenses on capital increase in April 2020	5,513,682
Expenses on capital increase in July 2020 - 1st	561,431
Expenses on capital increase in July 2020 - 2nd	15,691,744
Expenses on capital increase in December 2020	772,251
Bonds issuance costs in August 2020	5,021,085
Bonds issuance costs in November 2020	5,751,788
Revolving credit facility costs in March 2018	217,075
Revolving credit facility costs in September 2020	288,472
Bridge facility costs in December 2019	12,581,487

The movements during 2019 are as follows:

In EUR	**2019**
Gross book value – opening balance	18,310,668
Additions for the year	14,510,448
(Disposals for the year)	-
Gross book value – closing balance	**32,821,116**
(Accumulated value adjustments – opening balance)	(8,652,725)
(Amortisation during the year)	(4,177,269)
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**(12,829,994)**
Net book value – closing balance	**19,991,122**
Net book value – opening balance	**9,657,943**

Note 4 - Financial assets

4.1 Shares in affiliated undertakings

The movements during 2020 are as follows:

In EUR	**2020**
Gross book value – opening balance	1,831,035,575
Additions for the year (Note 16B, 16C)	2,105,177,270
(Disposals for the year)	(5,501,961)
Transfers during the year (Note 16C)(*)	294,499,225
Gross book value – closing balance	**4,225,210,109**
(Accumulated value adjustments – opening balance)	-
(Allocations for the year)(*)	-
Reversals for the year(*)	68,160,930
Transfers during the year(*)	(68,160,930)
(Accumulated value adjustments – closing balance)	**-**
Net book value – closing balance	**4,225,210,109**
Net book value – opening balance	**1,831,035,575**

(*) As at 31 December 2020 and 31 December 2019, the Board of Directors deemed that no permanent impairment in value have occurred in the value of the shares in affiliated undertakings. The impairment that was transferred from investments held as fixed assets was reversed as the value of the investment increased according to the share price as at 31 December 2020 and there was no need for an impairment.

The movements during 2019 are as follows:

In EUR	**2019**
Gross book value – opening balance	1,515,812,279
Additions for the year	1,777,346,320
(Disposals for the year)	(1,462,123,024)
Gross book value – closing balance	**1,831,035,575**
(Accumulated value adjustments – opening balance)	-
(Allocations for the year)(*)	-
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**-**
Net book value – closing balance	**1,831,035,575**
Net book value – opening balance	**1,515,812,279**

(*) As at 31 December 2020 and 31 December 2019, the Board of Directors deemed that no permanent impairment in value have occurred in the value of the shares in affiliated undertakings.

As at the year-end, the Company held the following shares in affiliated undertakings:

Company's name	Registered country	Ownership 2020 %	Ownership 2019 %
Adest Grundstücks GmbH	Germany	93.90	94.00
Adoa Grundstücks GmbH	Germany	93.90	94.00
Adom Grundstücks GmbH	Germany	93.90	94.00
Adon Grundstücks GmbH	Germany	93.90	94.00
Ahava Grundstücks GmbH	Germany	93.90	94.00
Anafa 1 Grundstücks GmbH	Germany	93.90	94.00
Anafa 2 Grundstücks GmbH	Germany	93.90	94.00
GAMAZI Grundstücks GmbH	Germany	93.90	94.00
Anafa Grundstücks GmbH	Germany	93.90	94.00
Badolina Grundstücks GmbH	Germany	93.90	94.00
Berale Grundstücks GmbH	Germany	93.90	94.00
Bamba Grundstücks GmbH	Germany	93.90	94.00
Zman Grundstücks GmbH	Germany	93.90	94.00
Adler Immobilien Management GmbH	Germany	100.00	100.00
CCM City Construction Management GmbH	Germany	100.00	100.00
Drontheimer Str. 4 Grundst. GmbH	Germany	93.90	94.00
Eldalote Grundstücks GmbH	Germany	93.90	94.00
NUNI Grundstücks GmbH	Germany	93.90	94.00
KREMBO Grundstücks GmbH	Germany	93.90	94.00
TUSSIK Grundstücks GmbH	Germany	93.90	94.00
Geut Grundstücks GmbH	Germany	93.90	94.00
Gozal Grundstücks GmbH	Germany	93.90	94.00
Gamad Grundstücks GmbH	Germany	93.90	94.00
Geshem Grundstücks GmbH	Germany	93.90	94.00
Lavlav 1 Grundstücks GmbH	Germany	93.90	94.00
Lavlav 2 Grundstücks GmbH	Germany	93.90	94.00
Lavlav 3 Grundstücks GmbH	Germany	93.90	94.00
Lavlav Grundstücks GmbH	Germany	93.90	94.00
Mastik Grundstücks GmbH	Germany	93.90	94.00
Maya Grundstücks GmbH	Germany	93.90	94.00
Mezi Grundstücks GmbH	Germany	93.90	94.00

Muse Grundstücks GmbH	Germany	93.90	94.00
Papun Grundstücks GmbH	Germany	93.90	94.00
Nehederet Grundstücks GmbH	Germany	93.90	94.00
Neshama Grundstücks GmbH	Germany	93.90	94.00
Osher Grundstücks GmbH	Germany	94.00	94.00
Pola Grundstücks GmbH	Germany	93.90	94.00
Adler Properties GmbH	Germany	100.00	100.00
Reshet Grundstücks GmbH	Germany	93.90	94.00
Sababa 18. Grundstücks GmbH	Germany	93.90	94.00
Sababa 19. Grundstücks GmbH	Germany	93.90	94.00
Sababa 20. Grundstücks GmbH	Germany	93.90	94.00
Sababa 21. Grundstücks GmbH	Germany	93.90	94.00
Sababa 22. Grundstücks GmbH	Germany	93.90	94.00
Sababa 23. Grundstücks GmbH	Germany	93.90	94.00
Sababa 24. Grundstücks GmbH	Germany	93.90	94.00
Sababa 25. Grundstücks GmbH	Germany	93.90	94.00
Sababa 26. Grundstücks GmbH	Germany	93.90	94.00
Sababa 27. Grundstücks GmbH	Germany	93.90	94.00
Sababa 28. Grundstücks GmbH	Germany	93.90	94.00
Sababa 29. Grundstücks GmbH	Germany	93.90	94.00
Sababa 30. Grundstücks GmbH	Germany	93.90	94.00
Sababa 31. Grundstücks GmbH	Germany	93.90	94.00
Sababa 32. Grundstücks GmbH	Germany	93.90	94.00
Stav Grundstücks GmbH	Germany	93.90	94.00
Tamuril Grundstücks GmbH	Germany	93.90	94.00
Tara Grundstücks GmbH	Germany	93.90	94.00
Tehila 1 Grundstücks GmbH	Germany	93.90	94.00
Tehila 2 Grundstücks GmbH	Germany	93.90	94.00
Tehila Grundstücks GmbH	Germany	93.90	94.00
Trusk Grundstücks GmbH	Germany	93.90	94.00
Wernerwerkdamm 25 Berlin Grundstücks GmbH	Germany	93.90	94.00
Yarok Grundstücks GmbH	Germany	93.90	94.00
Yahel Grundstücks GmbH	Germany	93.90	94.00

Yussifun Grundstücks GmbH	Germany	93.90	94.00
Bombila Grundstücks GmbH	Germany	93.90	94.00
ADO SBI Holdings S.A. & Co. KG	Germany	94.00	94.00
Yabeshet Grundstücks GmbH	Germany	99.90	100.00
Melet Grundstücks GmbH	Germany	99.90	100.00
Seret Grundstücks GmbH	Germany	99.90	100.00
Sheket Grundstücks GmbH	Germany	99.90	100.00
Central Facility Management GmbH	Germany	100.00	100.00
Arafel Grundstücks GmbH	Germany	99.90	100.00
Zamir Grundstücks GmbH	Germany	99.90	100.00
Yadit Grundstücks GmbH	Germany	99.90	100.00
Sharav Grundstücks GmbH	Germany	99.90	100.00
Sipur Grundstücks GmbH	Germany	99.90	100.00
Matok Grundstücks GmbH	Germany	100.00	100.00
Barbur Grundstücks GmbH	Germany	94.80	94.90
Jessica Properties B.V.	Netherlands	94.41	94.50
Alexandra Properties B.V.	Netherlands	94.34	94.44
Marbien B.V.	Netherlands	94.80	94.90
Meghan Properties B.V.	Netherlands	94.34	94.44
Parpar Grundstücks GmbH	Germany	100.00	100.00
ADO Finance B.V.	Netherlands	100.00	100.00
Songbird 1 ApS	Denmark	60.00	60.00
Songbird 2 ApS	Denmark	60.00	60.00
Joysun 1 B.V.	Netherlands	60.00	60.00
Joysun 2 B.V.	Netherlands	60.00	60.00
Hanpaka Holding GmbH	Germany	100.00	100.00
Dvash 1 Holding GmbH	Germany	100.00	100.00
Dvash 2 Holding GmbH	Germany	100.00	100.00
Rimon Holding GmbH	Germany	100.00	100.00
Bosem Grundstücks GmbH	Germany	100.00	100.00
Horef Holding GmbH	Germany	100.00	100.00
ADO 9110 Holding GmbH	Germany	100.00	100.00
Silan Grundstücks GmbH	Germany	99.90	100.00

ADO Sonnensiedlung S.à r.l.	Luxembourg	89.90	94.90
Adler Treasury GmbH	Germany	100.00	100.00
ADO 9360 Holding GmbH	Germany	100.00	100.00
ADO 9500 Grundstücks GmbH	Germany	89.90	94.90
ADO 9540 Holding GmbH	Germany	100.00	100.00
ADO 9580 Holding GmbH	Germany	100.00	100.00
ADO Living GmbH	Germany	100.00	100.00
ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00
ADLER Real Estate AG	Germany	93.89	-
Consus Real Estate AG	Germany	90.92	-

During the year 2020 the Company acquired significant shares in ADLER Real Estate AG (note 16B) and Consus Real Estate AG (note 16C) and sold some of its shares in the German affiliated companies to a minority shareholder. These affiliated undertakings form part of the Company's consolidated financial statements prepared under IFRS as adopted by the European Union.

4.2 Loans to affiliated undertakings

The movements during 2020 are as follows:

In EUR	**2020**
Gross book value – opening balance	-
Additions for the year	1,113,062,468
(Repayments during the year)	(997,168,194)
(Adjustments during the year)	-
Accrued interest	
Gross book value – closing balance	**115,894,274**
(Accumulated value adjustments – opening balance)	-
(Allocations for the year)(*)	-
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**-**
Net book value – closing balance	**115,894,274**
Net book value – opening balance	**-**

(*) As at 31 December 2020, the Board of Directors deemed that no permanent impairment in value has occurred in the value of the loans to affiliated undertakings.

During the year, the Company entered into some loan agreements with ADLER Real Estate AG and Consus Swiss Finance AG. As at 31 December 2020, the balance of the loans amounted to EUR 18,712,806 with ADLER Real Estate AG and EUR 97,181,468 with Consus Swiss Finance AG.

The movements during 2019 are as follows:

In EUR	2019
Gross book value – opening balance	22,105,430
Additions for the year	-
(Repayments during the year)	(22,527,861)
(Adjustments during the year)	-
Accrued interest	422,431
Gross book value – closing balance	**-**
(Accumulated value adjustments – opening balance)	-
(Allocations for the year)	-
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**-**
Net book value – closing balance	**-**
Net book value – opening balance	**22,105,430**

During the year 2019, the Company received a total repayment of EUR 22,527,861 and booked a total accrued interest of EUR 422,431 related to the loan agreement with Adler Treasury GmbH (formerly ADO Treasury GmbH).

4.3 Investments held as fixed assets

The movements during 2020 are as follows:

In EUR	2020
Gross book value – opening balance	254,319,356
Additions for the year	53,120,641
(Disposals for the year)	-
Transfers during the year (Note 16C)(**)	(294,499,225)
Gross book value – closing balance	**12,940,772**
(Accumulated value adjustments – opening balance)	(68,160,930)
(Additions for the year)(*)	-
Reversals for the year	-
Transfers during the year (Note 16C)(**)	68,160,930
(Accumulated value adjustments – closing balance)	**-**
Net book value – closing balance	**12,940,772**
Net book value – opening balance	**186,158,426**

(*) As at 31 December 2020, the Board of Directors deemed that no permanent impairment in value has occurred in the value of the investments held as fixed assets.
(**) Transfer of Consus from investments held as fixed assets to shares in affiliated undertakings.

The movements during 2019 are as follows:

In EUR	**2019**
Gross book value – opening balance	-
Additions for the year	254,319,356
(Disposals for the year)	-
Gross book value – closing balance	**254,319,356**
(Accumulated value adjustments – opening balance)	-
(Additions for the year)(*)	(68,160,930)
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**(68,160,930)**
Net book value – closing balance	**186,158,426**
Net book value – opening balance	**-**

(*) As at 31 December 2019, the Board of Directors deemed that an impairment has occurred in the value of the investments held as fixed assets based on the decreasing share prices. The value of the investment has been adjusted according to the share price as of 31 December 2019.

As at the year-end, the Company held the following investments as fixed assets:

Company's name	**Registered country**	**Ownership 2020 %**	**Ownership 2019 %**
Consus Real Estate AG	Germany	-	18.62
WESTGRUND AG	Germany	1.37	-

4.4 Other loans

The movements during 2020 are as follows:

In EUR	**2020**
Gross book value – opening balance	-
Additions for the year	43,542,242
(Disposals for the year)	-
Gross book value – closing balance	**43,542,242**
(Accumulated value adjustments – opening balance)	-
(Additions for the year)(*)	-
Reversals for the year	-
(Accumulated value adjustments – closing balance)	**-**
Net book value – closing balance	**43,542,242**
Net book value – opening balance	**-**

(*) As at 31 December 2020, the Board of Directors deemed that no permanent impairment in value has occurred in the value of the other loans.

On 6 February 2020, the Company entered into a loan agreement with Taurecon Invest IX GmbH. According to the agreement, the Company granted an amount of EUR 43,542,242 at an annual interest rate of 3.00%.

Note 5 - Debtors

5.1 Amounts owed by affiliated undertakings

In EUR	**2020**	**2019**
Becoming due and payable within one year		
Management fees due from affiliated companies	3,236,506	1,234,642
Other related parties	93,377,950	773,787
Total	**96,614,456**	**2,008,429**

Other related parties are principally composed of a total amount of EUR 50,000,000 given to Consus Projekt Development GmbH and an amount of EUR 40,000,844 owed by Adler Treasury GmbH.

5.2 Other debtors

In EUR	**2020**	**2019**
Becoming due and payable within one year		
VAT receivable	5,539,439	732,381
Advance tax payments	99,494	125,570
Other receivables	12,168,955	-
Total	**17,807,888**	**857,951**

Other receivables are principally composed of a total amount of EUR 10,991,525 owed by affiliated undertakings's minority shareholders.

Note 6 - Prepayments

Prepayments are mainly composed of an amount of EUR 10,159,495 (2019: EUR 911,740) concerning the net value of the discount on the corporate bonds (please refer to the Note 9.1).

Note 7 - Capital

7.1 Subscribed capital

Subscribed capital amounts to EUR 145,713 and is divided into 117,510,233 dematerialised shares without a nominal value, all of said shares being fully paid-up.

The authorised unissued capital of the Company is set at EUR 1,000,000 without nominal value.

The movements during the year are as follows:

In EUR	**2020**	**2019**
Subscribed capital – opening balance	54,801	54,722
Increase by incorporation of reserves	-	79
Subscriptions for the year	90,912	-
Subscribed capital – closing balance	**145,713**	**54,801**

The movements for the year correspond to the following transactions:

(1) 9 April 2020: Increase of EUR 34,287 (issuance of 27,651,006 new dematerialised shares without nominal value) with a share premium of EUR 601,098,583, by a contribution in kind of 66,404,915 shares in ADLER Real Estate AG;
(2) 13 May 2020: Increase of EUR 217 (issuance of 174,833 new dematerialised shares without nominal value) with a share premium of EUR 4,811,470, by a contribution in kind of 419,868 shares in ADLER Real Estate AG;

(3) 2 July 2020: Increase of EUR 2,413 (issuance of 1,946,093 new dematerialised shares without nominal value) with a share premium of EUR 46,119,991, by a contribution in kind of 8,142,649 shares in Consus Real Estate AG;

(4) 21 July 2020: Increase of EUR 38,216 (issuance of 30,819,391 new dematerialised shares without nominal value) with a share premium of EUR 457,299,808, by a contribution in cash;

(5) 14 December 2020: Increase of EUR 10,440 (issuance of 8,419,087 new dematerialised shares without nominal value) with a share premium of EUR 207,798,690, by a contribution in kind of 30,952,535 shares in Consus Real Estate AG;
(6) 15 December 2020: Increase of EUR 5,338 (issuance of 4,305,216 new dematerialised shares without nominal value) with a share premium of EUR 135,487,227, by a contribution in kind of 15,828,000 shares in Consus Real Estate AG;

7.2 Share premium

The movements during the year are as follows:

In EUR	**2020**	**2019**
Share premium – opening balance	844,345,307	844,345,307
Movements during the year(*)	1,452,615,770	-
Share premium – closing balance	**2,296,961,077**	**844,345,307**

(*) The movements for the year 2020 are indicated in the note 7.1.

7.3 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve after deduction of any losses brought forward, until this reserve equals 10% of the subscribed share capital. This reserve is non-distributable during the life of the Company. The appropriation to legal reserve is effected after approval at the General Meeting of shareholders.

7.4 Movements during the year on the reserves and profit and loss items

The movements during the year are as follows:

In EUR	**Legal reserve**	**Other reserves**	**Profit or loss brought forward**	**Profit or loss for the financial year**
At the beginning of the year	**5,472**	**437,488**	**32,895,472**	**391,874,636**
Movements during the year				
Allocation of prior year's result	-	-	391,874,636	(391,874,636)
Allocation to legal reserve	8	-	(8)	-
Allocation to the share capital	-		-	-
Dividend distribution	-	-	-	-
Result of the year	-	-	-	9,272,390
At the end of the year	**5,480**	**437,488**	**424,770,100**	**9,272,390**

Note 8 - Provisions

8.1 Provisions for taxation

Provisions for taxation correspond to the tax liability estimated by the Company for the financial years for which no final assessment notices have yet been received. The advance payments are shown in the assets of the balance sheet under “Other debtors”.

8.2 Other provisions

Other provisions are presented as follows:

	For the year ended 31 December	
In EUR	**2020**	**2019**
Provision for KPMG audit services	1,072,175	347,591
Provision for transaction costs	5,541	11,357,573
Provision for costs relating to the capital increase	34,249	34,249
Provision for costs relating to the bond issuance	787,514	30,145
Total	**1,899,480**	**11,769,558**

Note 9 - Creditors

Amounts due and payable for the amounts shown under creditors are as follows:

In EUR		**Within one year**	**After one year and within five years**	**After more than five years**	**2020 Total**	**2019 Total**
9.1	Debenture loans – principal	-	965,000,000	400,000,000	1,365,000,000	565,000,000
	Debenture loans – accrued interest	9,669,955	-	-	9,669,955	2,821,054
9.2	Amounts owed to credit institutions	5,453,731	420,786,979	-	426,240,710	12,722
	Trade creditors	4,678,484	-	-	4,678,484	15,095,389
9.3	Amounts owed to affiliated undertakings	108,896,160	-	-	108,896,160	413,874,906
9.4	Tax and social security debts	5,685,548	-	-	5,685,548	869,939
9.5	Other creditors	1,692,175	-	-	1,692,175	6,207,319
Total		**136,076,053**	**1,385,786,979**	**400,000,000**	**1,921,863,032**	**1,003,881,328**

9.1 Debenture loans

On 20 July 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 1.5% per annum and mature on 26 July 2024. The gross proceeds resulting from the transaction amounted to EUR 398.6 million with an issue price of 99.651%. The discount is shown in the assets of the balance sheet under “Prepayments” (please refer to the Note 6) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to fund future acquisitions.

On 16 November 2018, the Company placed senior, unsecured convertible bonds in a total nominal amount of EUR 165 million, convertible into new and/or existing ordinary registered shares of the Company. The coupon has been set at 1.25% p.a., payable semi-annually in arrears. Due to the downgrade of the Company the interest increased to 2.00% p.a. starting from 23 November 2020. The bonds will mature on 23 November 2023. The Company used the net proceeds to repay existing short-term debt, extend the Company’s debt maturity profile as well as to strengthen the Company’s liquidity position.

On 5 August 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 3.25% per annum and mature on 5 August 2025. The gross proceeds resulting from the transaction amounted to EUR 395.484 million with an issue price of 98.871%. The discount is shown in the assets of the balance sheet under "Prepayments" (please refer to the Note 6) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to refinance existing liabilities.

On 13 November 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 2.75% per annum and mature on 13 November 2026. The gross proceeds resulting from the transaction amounted to EUR 394.584 million with an issue price of 98.646%. The discount is shown in the assets of the balance sheet under "Prepayments" (please refer to the Note 6) and will be written off based on a straight-line method over the lifetime of the bond. The net proceeds of the bond have mainly been used to refinance existing liabilities.

The Company undertakes not to incur any financial indebtedness after the issue date of the bonds, and will also procure that its subsidiaries will not incur any financial indebtedness after the issue date of the bonds (except for refinancing existing financial indebtedness), if immediately after giving effect to the incurrence of such additional financial indebtedness (taking into account the application of the net proceeds of such incurrence), the following tests would not be met: (i) Loan-to-Value Ratio (LTV) ≤ 60%; (ii) Secured Loan-to-Value Ratio ≤ 45%; (iii) Unencumbered Asset Ratio ≥ 125%; and (iv) Interest Coverage Ratio (ICR) ≥ 1.8.

As at 31 December 2020, the Company is fully compliant with all covenant requirements.

9.2 Amounts owed to credit institutions

On 9 March 2018, the Company signed a EUR 200 million revolving credit facility agreement with a two-year term and two extension options, each for one year. The relating upfront fees were recognised under formation expenses in the balance sheet and will be amortised over four years. During the year 2020, the Company drew down an amount of EUR 175 million from the revolving credit facility and a total amount of EUR 125 million has been repaid. As at 31 December 2020, the balance amounted to EUR 50 million.

On 15 December 2019, the Company signed a EUR 885.470 million bridge facility agreement with a one year and 3 months term and four extension options, each for six months. The relating upfront fees were recognised under formation expenses in the balance sheet and will be amortised over 13 months. During the year 2020, the Company drew down an amount of EUR 885.470 million from the bridge facility and a total amount of EUR 514.683 million has been repaid. As at 31 December 2020, the balance amounted to EUR 370.787 million.

On 30 September 2020 the company signed two EUR 50 million revolving credit facility agreements with a two-year term and two extension options, each for one year. The relating upfront fees were recognised under formation expenses in the balance sheet and will be amortised over four years. As at 31 December 2020 no amount has been withdrawn.

On 15 December 2020, the Company signed a EUR 5 million "Schuldschein" agreement ending on 31 January 2021. As at 31 December 2020, the balance amounted to EUR 5 million.

9.3 Amounts owed to affiliated undertakings

	For the year ended 31 December			
	2020 In EUR	**2019 In EUR**	**Interest rate**	**Due date**
ADO FC Management Unlimited Company	-	138,908,731	0%	23/07/2025- 15/12/2026
Other related parties	108,896,160	274,966,175	0%	Current balance
Total	**108,896,160**	**413,874,906**		

Other related parties are principally composed of a total amount of EUR 106,694,917 owed to ADO Lux Finance S.à r.l..
The loan received from ADO FC Management Unlimited Company was repaid during 2020.

9.4 Tax and social security debts

	For the year ended 31 December	
In EUR	**2020**	**2019**
Becoming due and payable within one year		
Social security debts	427	646
VAT payable	5,690,127	864,088
Tax on salaries	(18,619)	2,065
Tax on director fees	13,613	3,140
Total	**5,685,548**	**869,939**

9.5 Other creditors

	For the year ended 31 December	
In EUR	**2020**	**2019**
Becoming due and payable within one year		
Amount payable to staff	1,036,105	2,979,609
Amount payable to ADO Group Ltd.	-	63,241
Other creditors	656,070	3,164,469
Total	**1,692,175**	**6,207,319**

Note 10 - Other external expenses

Other external expenses are presented as follows:

	For the year ended 31 December	
In EUR	**2020**	**2019**
Consulting services - external	19,992,569	4,476,082
Accounting and audit fees	2,242,564	1,554,506
Legal fees	1,651,486	1,495,354
Capital market fees	578,416	345,166
Travel and entertainment costs - staff	71,638	375,690
Consulting services - ADO Group Ltd.	6,188	77,879
Management fees - Adler Properties GmbH	1,198,001	453,295
Transactions costs	(7,200,000)	9,200,000
Fees related to domination agreement	351,945	-
Data processing	112,728	69,526
Real estate rental building and services	19,243	18,865
Other fees	1,018,875	70,725
Total	**20,043,651**	**18,137,087**

Note 11 - Auditor's remuneration

Fees billed to the Company and its subsidiaries by KPMG Luxembourg, Société coopérative, and other member firms of the KPMG network during the year are as follows (excluding VAT):

	For the year ended 31 December	
In EUR	**2020**	**2019**
Audit fees	1,697,114	1,170,980
Thereof: KPMG Luxembourg, Société coopérative	890,944	112,980
Tax consultancy services	224,869	166,275
Thereof: KPMG Luxembourg, Société coopérative	16,275	16,275
Other non-audit related services(*)	2,648,687	100,000
Thereof: KPMG Luxembourg, Société coopérative	857,087	-

(*) Including services in relation to share and bond issuance.

Note 12 - Staff

As at 31 December 2020, the Company has two full-time employees (2019: four) and one part-time (at 3/10) employee (since October 2017) with an annual average of two employees (2019: four).

Note 13 - Emoluments granted to the members of the management and supervisory bodies

The emoluments granted to the members of the supervisory bodies in that capacity for the financial year are broken down as follows:

	For the year ended 31 December	
In EUR	**2020**	**2019**
Directors fee granted to the members of the Board of Directors	956,545	785,290
One-time termination payment	-	1,261,475
Total	**956,545**	**2,046,765**

The emoluments granted to the members of the senior management (Co-CEOs, CLO in 2020, CEO, CFO and COO in 2019) are broken down as follows:

	For the year ended 31 December	
In EUR	**2020**	**2019**
Fixed salary	616,444	401,656
Short-term cash incentive	627,158	329,289
Long-term incentive	-	572,743
One-time termination payment	-	2,800,388
Other benefits	66,494	-
Consulting fees	14,000	-
Total	**1,324,096**	**4,104,076**

Note 14 - Related party transactions

Other than those disclosed elsewhere in the annual accounts, the Company did not enter into any other material related party transactions with its related parties during the year.

Note 15 - Off balance sheet commitments

Based on the agreements signed by the Company in respect of the revolving credit facilities (please refer to Note 3) and the issuance of the corporate bonds and the convertible bond (please refer to Note 9.1) the Company is bound by a negative pledge clause.

The Company issued "Letters of Comfort" to some of the German subsidiaries in order to avoid illiquidity or over indebtedness of these companies.

Note 16 - Material events in the Reporting Period and Subsequent events

A. On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic.

As at 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the coronavirus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of a default of payment by the tenant in the period between 1 April to 30 June 2020 if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government did not extend these regulations from 1 July 2020 onwards.

Adler Group is continuously assessing the impact of the Covid-19. The Company does not expect the crisis to have any material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.

B. On 15 December 2019, the Company resolved to make a voluntary public takeover offer in the form of an exchange offer ("Offer") to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group has offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of Adler Group). The Offer closed on 25 March 2020 with an acceptance rate of 91.93%. As at 9 April 2020, the newly issued shares of Adler Group are listed on the Frankfurt Stock Exchange. On 9 April 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of Adler Group by the Board of Directors became effective.

The closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by ADLER and/or its respective subsidiaries. On 9 April 2020, Adler Group refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilised under Adler Groups' EUR 3,463 million bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited originally dated 15 December 2019, as amended from time to time. The vast majority of the creditors of other financings subject to change-of-control rights waived their respective change-of-control rights. Adler Group has, therefore, not yet utilised further loans under its bridge facility agreement. As at 31 December 2020, the maximum nominal amount of the bridge facility agreement has been reduced to EUR 885 million.

On 28 April 2020, the Board of Directors resolved to initiate a domination agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (Aktiengesetz - AktG) between the Company (as controlling entity) and ADLER (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, to the approval of the general meeting of ADLER.

On 13 May 2020, by resolution of an authorised delegate of the Board, the Company increased its share capital within the scope of its authorised capital, and issued a total of 174,833 new ordinary dematerialised shares without nominal value against contribution in kind of ADLER shares in the same ratio (0.4164). This was done to accommodate an ADLER shareholder, who due to a technical error at the level of his custodian bank, was unable to participate in the Exchange Offer.

As at 31 December 2020 Adler Group holds 93.89% of the outstanding ADLER shares.

C. On 15 December 2019, the Company also entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public tender offer over the remaining Consus' shares should the Company exercise the call option. As at 31 December 2019, the Company acquired 18.62% of Consus shares. The remaining 3.56% Consus shares were acquired in January 2020. Therefore the investment was classified as a financial asset as at 31 December 2019.

On 17 June 2020 Consus increased its share capital by EUR 24,750,000 to EUR 161,331,507 by issuing a total of 24,750,000 bearer shares with a proportionate amount of the share capital of EUR 1.00 per share.

On 29 June 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 450 million), which was announced by the Company on 2 July 2020 and subject to approval by the authorities.

In order to reduce the size of the rights issue to EUR 450 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the 2019 financial year to the General Meeting of Adler Group.

Having been exercised on 2 July 2020, the call option has been successfully settled and Adler Group gained control of Consus. In connection with the settlement of the call option, Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate held approximately 22.5% in Adler Group and Adler Group held approximately 61.93% in Consus.

On 21 July 2020, Adler Group successfully completed its EUR 450 million rights issue that was launched on 2 July 2020. The vast majority of the subscription rights (approximately 98%) has been exercised. The remaining shares of less than

0.8 million were offered in a rump placement. Following the capital increase, the Company has 104,785,930 shares outstanding. Gross proceeds from rights issue amount to EUR 457 million.

Following the settlement of the call option, Adler Group initially intended to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). In December 2020, the Group increased its majority stake in Consus from 61.93% to 90.92% by entering into share purchase agreements with multiple Consus shareholders by way of a capital increase against contribution in kind. The Group acquired further 46,780,535 Consus shares in exchange for new 12,724,303 Adler Group shares. The new Adler Group shares were being issued at an exchange ratio of 0.272 new Adler Group shares for each Consus share. Against this background, the Group is no longer pursuing the planned public tender offer in the form of an exchange offer to all Consus shareholders. The Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between Adler Group, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group. With acquiring control over Consus the investment has been reclassified to shares in affiliated undertakings.

D. On 25 March 2020 the Company decided to make a voluntary public takeover offer (the "Takeover Offer") to all shareholders of WESTGRUND Aktiengesellschaft (the "Target") for the acquisition of all bearer shares in the Target, each share representing a proportionate amount of EUR 1.00 of the share capital of the Target (the "WESTGRUND Shares") against payment of a cash consideration, the amount of which at least corresponds to the value of the business calculated on the basis of a valuation of the Target in accordance with Section 31 para. 1, 2 and 7 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz (WpÜG)) and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung (WpÜG-AngebVO)) per WESTGRUND Share.

Moreover, on 17 April 2020, Adler Group decided to launch the Takeover Offer also as a compensation offer which is necessary to delist WESTGRUND Shares from trading on the regulated market of the Düsseldorf Stock Exchange (Börse Düsseldorf) (Section 39 para. 2 and 3 of the German Stock Exchange Act (Börsengesetz, "BörsG"), (the "Delisting Tender Offer" and, together with the Takeover Offer, the "Takeover Offer and Delisting Tender Offer").

On 6 May 2020, Adler Group published the offer document (the "Offer Document") for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on basis of a valuation of the Target as at the reference date 16 April 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 WpÜG and Section 5 (WpÜG-AngebVO).

Upon expiry of the additional acceptance period on 22 June 2020, the Takeover Offer and Delisting Tender Offer has been accepted for a total of 1,084,631 WESTGRUND Shares, corresponding to approximately 1.37% of the share capital and the outstanding voting rights of WESTGRUND. The investment is classified as financial asset.

E. In reference to Note 10 in the annual financial statements, the Company reduced certain fees arising from the sale of shares of certain subsidiaries in an amount of EUR 7.2 million.

F. On 29 July 2020, Adler Group successfully placed a EUR 400 million fixed rate senior unsecured bond with a 5-year maturity and a 3.25% fixed coupon. The bond was placed with institutional investors across Europe and the order book was successfully oversubscribed. The proceeds of the issue were used to repay existing short-dated indebtedness and hence further extended Adler Groups' average debt maturity. The bond is rated BB+ with Standard & Poor's (S&P) Global Bond Ratings.

G. On 29 September 2020 the annual General Meeting of the shareholders approved the re-appointment of Dr. Peter Maser, Thierry Beaudemoulin, Maximilian Rienecker, Arzu Akkemik, Dr. Michael Bütter as directors of the Company until the annual General Meeting to take place in the year 2023. The Appointment of Thomas Zinnöcker, Claus Jørgensen and Thilo Schmid as directors of the Company was approved. Recommendation of the Board of Directors on cancelation of any dividends for the 2019 financial year as also approved.

H. On 29 September 2020 an extraordinary general meeting of shareholders decided to change the Company's denomination from ADO Properties S.A. to Adler Group S.A.

I. On 9 November 2020 Adler Group successfully placed EUR 400 million fixed rate senior unsecured bond with a 6-year maturity and a 2.75% fixed coupon. The bond was placed with institutional investors across Europe with the order book more than four times oversubscribed. The proceeds of the issue of the bond will be primarily used to repay existing short-term indebtedness and hence further extends Adler Group's average debt maturity. The Notes are rated BB+ with S&P.

J. On 8 January 2021, the Company successfully placed EUR 1.5 billion fixed rate senior unsecured notes comprising of two tranches, a EUR 700 million 5-year maturity with a 1.875 percent fixed coupon and a EUR 800 million 8-year maturity with a 2.25 percent fixed coupon. The proceeds of the issue of the Notes will be used to repay existing indebtedness, to further smoothen and extend the Group's debt maturity profile and a next step to achieve the targeted financial synergies. Together with existing liquidity and cash received from the recently closed transactions, all the upcoming debt maturities in 2021 are covered. The Notes are rated BB+ with S&P.

K. On 15 March 2021 the Company signed a EUR 300 million syndicated revolving credit facility with JP Morgan, Deutsche Bank and Barclays as lenders for a 3-year term with two extension options, each for one year. At the same time the 3 bilateral RCFs with the same lenders were terminated. At the time of the approval of these annual accounts no amounts were borrowed under the RCF.

Adler Group S.A.
Consolidated Financial Statements

As at and for the year ended
31 December 2020

Audited

To the Shareholders of
Adler Group S.A. | 1B Heienhaff | L-1736 Senningerberg | Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Adler Group S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.
These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for investment properties

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements of the current period

Refer to Note 24 to the consolidated financial statements for related disclosures. Revenue for the Group consists primarily of rental income. We identified revenue recognition as a key audit matter as revenue is an important measure used to evaluate the performance of the Group and there is a risk that revenue is overstated.

b) How the matter was addressed in our audit

- Our procedures over revenue recognition included, but were not limited to:

- Evaluating the design and implementation of key internal controls over the recording of revenue for the investment properties;

- Comparing rental revenue with underlying tenancy information, including monthly rents and rental periods as set out in the signed rental agreements, on a sample basis, and assessing whether fixed rental revenue had been recorded in the appropriate accounting period; and

- Performing substantive analytical procedures on the rental income by building an expectation for the rental income and comparing it to the actual rental income disclosed in the consolidated financial statements.

-

Valuation of investment properties

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements of the current period

Refer to Note 6 to the consolidated financial statements for related disclosures. We identified the valuation of investment properties as a key audit matter as they represent approximately 68.1 % of total assets of the Group, and significant judgement is required in determining their fair value.
The investment properties are stated at their fair values based on reports by independent external valuers (hereafter "the Valuer").
The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. In determining the property's valuation, the Valuer takes into account property specific characteristics and information including the rental income. The Valuer applies assumptions for estimated market rent, capitalisation interest rate and discount rate, which are influenced by prevailing market conditions and comparable market transactions, to arrive at the final valuation.
The significance of the estimates and judgements involved, together with the fact that only a small percentage difference in individual property valuation, when aggregated, could result in a material misstatement on the consolidated statement of profit or loss and the consolidated statement of financial position, requires specific audit focus in this area.

b) How the matter was addressed in our audit

- Our procedures over the valuation of investment properties included, but were not limited to:

- Evaluating the qualifications and competence of the external Valuer and reading the terms of engagement of the Valuer with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

- Involving our own valuation specialists to evaluate the valuation methodologies used and to test the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents on a sample basis;

- Involving our own valuation specialists to challenge the capitalisation and discount rates used in the valuation by comparing them with historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the Valuer; and

- Assessing the adequacy of the descriptions in the consolidated financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Impairment of inventory

a) *Why the matter was considered to be one of most significance in our audit of the consolidated financial statements of the current period*

Refer to Note 13 to the consolidated financial statements for related disclosures. We identified the inventory as a key audit matter as they represent approximately 12.4 % of total assets of the Group, and significant subjective judgement is required in determining their net realisable value.

The real estate inventory are stated at their par value based on the costs which have been incurred by the Group in order to develop them.

The estimation process involves significant judgement in determining whether there is any indicator that the remaining units classified under real estate inventory will be sold below their cost. In determining the estimated total sales price of the remaining unsold units, it is necessary to consider the prices for similar project which have been sold as well as the trend of the real estate market for development project in their areas.

The significance of the estimates and judgements involved, together with the fact that only a small variation of the trend or the non-estimated costs, when aggregated, could result in an impairment and a material misstatement on the consolidated statement of profit or loss and the consolidated statement of financial position, requires specific audit focus in this area.

b) *How the matter was addressed in our audit*

Our procedures over the impairment of inventory

included, but were not limited to:

- Evaluating the qualifications and competence of the external Valuer and reading the terms of engagement of the Valuer with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

- Involving our own valuation specialists to evaluate the valuation methodologies and assumptions used for measurement such as the net present values after completion, the outstanding project development costs including financing costs and development profit.

- carried out on-site inspections for selected project developments to verify the respective status of project development.

- Assessing the adequacy of the descriptions in the consolidated financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the combined management report and the Corporate Governance Report but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").
In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 consolidated financial statements.
Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.
As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern. (8)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 29 September 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is six years, five years of which was since the Company became a public interest entity.
The combined management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.
The accompanying Corporate Governance Report is presented on pages 46 to 59.

The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.
We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.
We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.
We have checked the compliance of the consolidated financial statements of the Group as at 31 March 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation
- .

In our opinion, the consolidated financial statements of Adler Group S.A. as at 31 December 2020, identified as adler-group-2020-12-31.zip,

have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
Luxembourg, 31 March 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
Bobbi Jean Breboneria
Partner

Consolidated Statement of Financial Position

		As at 31 December	
In EUR thousand	**Note**	**2020**	**2019**
Assets			
Non current assets			
Investment properties	6	10,108,888	3,624,453
Investments in financial instruments	7	23,219	186,158
Investments accounted under the equity method	8	84,816	-
Advances related to investment properties		1,954	6,300
Property, plant and equipment	9	36,663	10,927
Other financial assets	10	416,207	98,871
Restricted bank deposits	11	34,587	3,873
Deferred expenses		342	745
Right-of-use assets	30	17,858	814
Goodwill	5	1,204,934	-
Other intangible assets		4,538	-
Contract assets	12	8,044	-
Deferred tax assets	23	7,878	-
Total non-current assets		**11,949,928**	**3,932,141**
Current assets			
Inventories	13	1,254,460	25,860
Restricted bank deposits	11	62,633	26,494
Trade receivables	14	424,998	15,570
Other receivables	15	477,248	8,842
Contract assets	12	154,432	-
Cash and cash equivalents		371,574	387,558
Advances paid on inventories		3,005	-
Total current assets		**2,748,350**	**464,324**
Non-current assets held for sale	16	139,361	-
Total assets		**14,837,639**	**4,396,465**

		As at 31 December	
In EUR thousand	**Note**	**2020**	**2019**
Shareholders' equity			
Share capital		146	55
Share premium		1,892,145	500,608
Treasury shares		-	-
Reserves		197,551	250,684
Retained earnings		2,055,689	1,895,445
Total equity attributable to owners of the Company		**4,145,531**	**2,646,792**
Non-controlling interests		**772,011**	**51,653**
Total equity	**17**	**4,917,542**	**2,698,445**
Liabilities			
Non-current liabilities			
Corporate bonds	18	3,216,058	397,433
Convertible bonds	18	212,485	156,334
Other loans and borrowings	19	2,658,653	740,212
Other financial liabilities		38,878	46,416
Derivatives	20	20,848	6,091
Pension provisions		1,817	-
Lease liabilities	30	25,714	473
Other payables		11,905	-
Contract liabilities	12	-	-
Deferred tax liabilities	23	933,226	239,347
Total non-current liabilities		**7,119,584**	**1,586,306**
Current liabilities			
Corporate bonds	18	512,904	-
Convertible bonds	18	99,487	-
Other loans and borrowings	19	1,265,842	37,605
Other financial liabilities		1,915	1,535
Trade payables		118,610	22,079
Other payables	21	440,842	49,613
Lease liabilities	30	8,019	823
Prepayments received	22	299,361	-

Contract liabilities	12	25,870	-
Derivatives	20	392	59
Total current liabilities		**2,773,242**	**111,714**
Non-current liabilities held for sale	16	27,271	-
Total shareholders' equity and liabilities		**14,837,639**	**4,396,465**

Date of approval: 30 March 2021
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

		For the year ended 31 December	
In EUR thousand	**Note**	**2020**	**2019**
Revenue	24	758,737	156,520
Cost of operations	25	(553,918)	(44,011)
Gross profit		**204,819**	**112,509**
General and administrative expenses	26	(107,420)	(25,050)
Other expenses	27	(76,198)	(13,188)
Other income	28	109,399	78,132
Changes in fair value of investment properties		413,675	461,517
Results from operating activities		**544,275**	**613,920**
Finance income	29	186,500	102,475
Finance costs	29	(376,566)	(32,375)
Net finance income / (costs)		**(190,066)**	**70,100**
Net income (losses) from investments in associated companies	8	(5,666)	-
Profit before tax		**348,543**	**684,020**
Income tax expense	23	(119,079)	(77,096)
Profit for the year		**229,464**	**606,924**
Profit attributable to:			
Owners of the company		159,697	601,874
Non-controlling interests		69,766	5,050
Profit for the year		**229,463**	**606,924**
Earnings per share in EUR (undiluted)		**2.00**	**13.63**
Earnings per share in EUR (diluted)		**1.99**	**12.74**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

		For the year ended 31 December	
In EUR thousand	**Note**	**2020**	**2019**
Profit for the year		**229,463**	**606,924**
Items that may be reclassified subsequently to profit or loss			
Hedging reserve classified to profit or loss, net of tax		412	-
Effective portion of changes in fair value of cash flow hedges		(24)	10
Related tax		90	(2)
Currency translation reserve		(3,560)	-
Reserve from financial assets measured at fair value through other comprehensive income		(3,950)	-
Items that may not be reclassified subsequently to profit or loss			
Reserve from financial assets measured at fair value through other comprehensive income		(42,803)	(67,510)
Total other comprehensive income / (loss)		**(49,835)**	**(67,502)**
Total comprehensive income for the year		**179,628**	**539,422**
attributable to:			
Owners of the company		109,862	534,372
Non-controlling interests		69,766	5,050
Total comprehensive income for the year		**179,628**	**539,422**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

		For the year ended 31 December	
In EUR thousand	**Note**	**2020**	**2019**
Cash flows from operating activities			
Profit for the year		229,463	606,924
Adjustments for:			
Depreciation		11,303	1,488
Profit from disposal of portfolio		17,678	(78,132)
Change in fair value of investment properties	6	(413,674)	(461,517)
Non-cash other income and expense		(31,155)	-
Change in contract assets		69,899	-
Change in contract liabilities		819	-
Non-cash income from at-equity valued investment associates		5,666	-
Net finance costs / (income)	29	218,099	(70,100)
Income tax expense	23	119,079	77,096
Share-based payments		547	1,530
Change in short-term restricted bank deposits related to tenants		(41,910)	(2,142)
Change in long-term restricted bank deposits from condominium sales		(986)	(4,102)
Change in trade receivables		(84,480)	(2,959)
Change in other receivables		(75,009)	(2,931)
Change in inventories		266,508	9,168
Change in advances received		(31,412)	-
Change in advances on development projects		26,320	-
Change in trade payables		(18,205)	5,632
Change in other payables		(124,478)	15,896
Income tax paid		(23,768)	(7,087)
Net cash from operating activities		**120,304**	**88,764**
Cash flows from investing activities			
Purchase of and CAPEX on investment properties	6	(284,559)	(44,068)
Advances paid for purchase of investment properties		6,300	-

Grant of long-term loans		(47,519)	-
Proceeds from disposals of investment properties		246,566	570,335
Investments in financial instruments		(40,159)	(254,342)
Purchase of and CAPEX on property, plant and equipment		(7,880)	(3,121)
Interest received		2,013	39
Proceeds from sale of financial instruments		12,821	-
Proceeds from sale of fixed assets		10	-
Acquisition of subsidiaries, net of acquired cash		(64,686)	-
Change in short-term restricted bank deposits, net		(1,275)	218
Net cash from (used in) investing activities		**(178,368)**	**269,061**
Cash flows from financing activities			
Acquisition of non-controlling interests		(20,220)	-
Issuance of ordinary shares		457,338	-
Repayment of bonds		(101,485)	-
Long-term loans received	19	1,747,951	79,427
Repayment of long-term loans	19	(2,395,528)	(15,876)
Proceeds from issuance of corporate bonds, net	18	781,268	-
Short-term loans received	19	175,569	-
Upfront fees paid for credit facilities		(217)	(702)
Repayment of short-term loans	19	(534,183)	-
Interest paid		(187,287)	(26,427)
Payment of lease liabilities	30	(7,031)	(789)
Compensation fee payments in respect of other financial liabilities		-	(768)
Transaction costs		(26,084)	-
Prepaid costs of raising debt		(26,390)	-
Dividend distributed		-	(33,098)
Net cash from (used in) financing activities		**(136,299)**	**1,767**
Change in cash and cash equivalents during the year		**(194,363)**	**359,592**
Net cash and cash equivalents acquired as a result of business combination		**178,379**	**-**
Cash and cash equivalents at the beginning of the year		**387,558**	**27,966**
Cash and cash equivalents at the end of the year		**371,574**	**387,558**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	As at December 31,										
In EUR thousand	**Share capital**	**Share premium**	**Treasury shares**	**Hedging reserve**	**Currency translation reserve**	**Capital reserve from transaction with controlling shareholder**	**Reserve from financial assets measured at fair value through other comprehensive income**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2020	**55**	**500,608**	**-**	**(850)**	**-**	**319,044**	**(67,510)**	**1,895,445**	**2,646,792**	**51,653**	**2,698,445**
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	159,697	159,697	69,766	229,463
Other comprehensive income, net of tax	-	-	-	478	(3,560)	-	(46,753)	-	(49,835)	-	(49,835)
Total comprehensive (loss) for the year	**-**	**-**	**-**	**478**	**(3,560)**	**-**	**(46,753)**	**159,697**	**109,862**	**69,766**	**179,628**
Transactions with owners, recognised directly in equity											
Change relating to business combination ADLER (note 5A)	34	600,396	(319,423)	-	-	-	-	-	281,007	409,898	690,905
Change relating to business combination Consus (note 5B)	3	74,322	319,423	-	-	-	-	-	393,748	351,146	744,894
Issuance of ordinary shares, net	54	787,720	-	-	-	-	-	-	787,774	-	787,774
Transactions with non-controlling interest without a change in control (Note 5D)	-	(70,902)	-	-	-	-	-	-	(70,902)	(150,444)	(221,346)
Change in consolidation scope related to sale	-	-	-	-	-	-	-	-	-	(8,724)	(8,724)
Changes in put option	-	-	-	-	-	(3,298)	-	-	(3,298)	48,715	45,417
Share-based payment	-	-	-	-	-	-	-	547	547	-	547
Balance as at 31 December 2020	**146**	**1,892,144**	**-**	**(372)**	**(3,560)**	**315,746**	**(114,263)**	**2,055,689**	**4,145,530**	**772,010**	**4,917,540**

The accompanying notes are an integral part of these consolidated financial statements.

	As at December 31,								
In EUR thousand	**Share capital**	**Share premium**	**Hedging reserve**	**Capital reserve from transaction with controlling shareholder**	**Reserve financial asset measured at fair value through other comprehensive income**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2019	**55**	**499,209**	**(859)**	**325,736**	**-**	**1,326,538**	**2,150,679**	**46,603**	**2,197,282**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	601,874	601,874	5,050	606,924
Other comprehensive income, net of tax	-	-	9	-	(67,510)	-	(67,501)	-	(67,501)
Total comprehensive (loss) for the year	**-**	**-**	**9**	**-**	**(67,510)**	**601,874**	**534,373**	**5,050**	**539,423**
Transactions with owners, recognised directly in equity									
Issuance of ordinary shares, net	-	1,399	-	-	-	(1,399)	-	-	-
Changes in put option	-	-	-	(6,692)	-	-	(6,692)	-	(6,692)
Dividend distributed	-	-	-	-	-	(33,098)	(33,098)	-	(33,098)
Share-based payment	-	-	-	-	-	1,530	1,530	-	1,530
Balance as at 31 December 2019	**55**	**500,608**	**(850)**	**319,044**	**(67,510)**	**1,895,445**	**2,646,792**	**51,653**	**2,698,445**

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Adler Group S.A.

Adler Group S.A. (the "Company" or "Adler Group"), previously known as "ADO Properties S.A.", is a public limited liability company *(société anonyme)* incorporated under Luxembourg law. The address of the Company's registered office is Aerogolf Center, 1B Heienhaff, L-1736 Senningerberg, Luxembourg.
By decision of the General Meeting of shareholders dated 29 September 2020, the Company changed its name "ADO Properties S.A". to "Adler Group S.A." (B-197554).
On 9 April 2020 the Company completed a business combination and took control of ADLER Real Estate AG (Note 5A).
On 2 July 2020 the Company completed a business combination and control of Consus Real Estate AG (Note 5B)
After the business combinations with ADLER Real Estate AG and Consus Real Estate AG, the Company platform covers the entire real estate value chain, from acquisition of land, planning and development of projects to property management and letting of residential units throughout Germany.
The consolidated financial statements of the Company as at 31 December 2020 and for the year then ended comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of Preparation

A. Statement of compliance

The consolidated financial statements as at and for the year ended 31 December 2020, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").
The consolidated financial statements were authorised for issue by the Board of Directors on 30 March 2021.

B. Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Group's functional currency. All financial information presented in euro ("EUR") has been rounded to the nearest thousand, unless otherwise indicated. Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

C. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except, in particular, investment properties, other financial asset, other financial liabilities and derivatives, which are measured at fair value.

D. Operating cycle

The Group has following operating cycles:

- Holding and operating residential and commercial units: the operating cycle is one year.
- Sale of units as a separate condominium: the operating cycle is up to three years.
- Sales from development projects: the operating cycle is up to three years.

As a result, current assets and current liabilities also include items the realisation of which is intended and anticipated to take place within the operating cycle of these operations of up to three years.

E. The coronavirus pandemic and its impact on the Group

Following the outbreak of the coronavirus (Covid-19) in China in December 2019, which spread to many other countries in early 2020, there has been a decline in economic activity in many regions of the world including Germany. The spread of the virus, among other things, disrupted supply chains and led to declines in the volume of global transport. Travel and employment restrictions were imposed by many governments worldwide, and the value of financial assets and commodities also declined in markets in around the world. In addition, in accordance with the directives of the government of Germany, some business activities were banned or restricted, presence of manpower in workplaces was significantly restricted, education institutions were shut down and restrictions were imposed on people leaving their homes. It is hereby indicated that during the second quarter, the German government began removing some of the restrictions, following relative success in controlling the virus. After the reporting date and prior to the publication date of the report, there was an increase in the spread of the virus in Germany and the German government began imposing renewed restrictions in order to stop the spread of the virus.

The Group's risks and exposures
relating to the coronavirus pandemic

The Group has continued to operate normally since the beginning of the crisis, but is subject to the restrictions and guidelines of the German government.

It should be noted that the Covid-19 pandemic and the related economic crisis may create exposure for the Group both in view of the impact of the crisis on daily business activity in Germany and the ability of businesses to continue their operations and pay rental fees for commercial assets; to a lesser extent this also applies to residential assets if the income of private tenants is affected negatively, thus impairing their ability to meet their obligations to the Group and pay rental and/or the Group's ability to find tenants for vacant spaces.

In addition, the Group has exposure also in the real estate development sector since the impact of the crisis on the global economy and on Germany in particular, may have an effect on the demand for apartments and may cause a decrease in the value of the apartments for sale and/or decrease in the sales rate of apartments (although as of the reporting date, the Group is not aware of indications of changes in selling prices of apartments and/or change in construction costs). As of this date, although vaccinations campaigns have commenced in many countries around the world, including Germany, which may contain and even stop the spread of the virus, the end of the pandemic in Germany and throughout the world cannot be predicted and accordingly its full impact on the Group's operations cannot be expected or estimated at this stage.

Specific effects of the coronavirus
on the Group's operating results

The spread of the coronavirus and the decline in economic activity as described above affected the Group's operations and results as detailed below:

- As at 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the coronavirus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of a default of payment by the tenant in the period between 1 April to 30 June 2020 if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government did not extend these regulations from 1 July 2020 onwards.

- Adler Group is continuously assessing the impact of the Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at 31 December 2020 as disclosed in these consolidated financial statements reflects the economic conditions in existence at that date. The Company does not expect the crisis to have any material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources to fund its operating continuity.

- The commercial properties of ADLER, which the Group significantly reduced since the acquisition date and continues to do so, were affected by the measures to contain the coronavirus. In addition, during the reporting period, there was an increase in discount rates used to measure the fair value of some of the Group's investment properties in the commercial real estate sector compared to the acquisition date. As a result, there was a decrease in the fair value of commerical real estate assets of approximately EUR 11.1 million since acquisition date. The crisis did not have a negative effect on the Company's residential assets (see note 6).

- As of the reporting date, trade receivables due from tenants of approximately EUR 38.4 million (prior year: EUR 15.6 million) were not materially affected due to deferral of payments and/or cancellation as a result of the Covid-19 crisis.

The Group estimates that if the spread of the coronavirus and its effects will worsen over time, this could have significant adverse effects on the global economy and, as a result, on the markets in which the Company operates and on its areas of activity and operating results. Nevertheless, the Company estimates that the recent measures taken to reduce the Company's leverage rate, focusing its activity on the residential sector and in view of the Company's geographical and sectoral distribution, ranking, location and occupancy levels, the exposure level of the Company's business to the coronavirus crisis and/or significant instability is decreasing and it has the means allowing it to cope properly with the economic crisis.

Further details on the investment properties are outlined in the note 6.

F. Use of estimates, judgments and fair value measurement

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments and use of estimates

Information about judgments, assumptions and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- **Note 23 – Uncertain tax positions (judgments)**

The extent of the certainty that the Group’s tax positions will be accepted (uncertain tax positions) and the risk of it incurring any additional tax and interest expenses. This is based on an analysis of a number of matters including interpretations of tax laws and the Group’s past experience. New information may become available that causes the Group to change its judgment, resulting in recognition of additional income tax expense in the period that such a change in judgment occurs.

- **Note 23 – Regarding the utilisation of losses carried forward (estimations)**

Deferred tax assets are recognised in respect of tax losses carried forward when there is a high probability that in the future there will be taxable profits against which losses carried forward can be utilised. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its estimation regarding the utilisation of existing tax assets; any such changes to deferred tax assets will impact tax income/expense in the period that such a change in estimate occurs.

- **Note 6 – Regarding fair value measurement of investment properties (estimations)**

The fair value of investment properties as at 31 December 2020 was mainly assessed by CBRE, an industry specialist that has appropriate and recognised professional qualifications and up-to-date experience regarding the location and category of the properties. The fair value of the investment properties under construction (project development) was determined by the valuation expert NAI Apollo, an independent industry specialist that has appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties. The valuation includes assumptions regarding rent, vacancies, maintenance costs and discount rate. These assumptions are subject to uncertainties that may lead to either positive or negative value adjustments in the future, impacting the profit or loss from changes in fair value of investment properties in the period that such a change in estimations occurs.

- **Note 18/19/20 – Regarding measurement of derivatives at fair value (estimation)**

Stand-alone derivatives, which mainly consist of interest hedging instruments, are calculated by the financing bank and checked by management. The risk that derivatives will not be appropriately valued exists, since the Group needs to make judgments about the estimation of the credit risk used by the lending bank and about whether the bank used the appropriate market observation for the other variables. New information may become available that causes the Group to change its estimation, impacting the profit or loss from changes in fair value of derivatives in the period that such a change in estimations occurs.

In some cases, bonds and loans issued by the Group contain embedded derivatives, which are measured at fair value through profit or loss separately from their host contract. These embedded derivatives include the conversion option in convertible bonds or termination options that allow the Group to repay the respective bonds before the actual due date. These options are assessed using an option pricing model (binomial model). The main input factors in the option price model used are expected volatility and risk-free interest rate, which mainly represent unobservable inputs.

- **Note 3 – Regarding acquisitions of companies holding real estate assets (judgment)**

When buying a company holding real estate assets (“Property Company”), the Group exercises judgment to determine whether it is a business or a group of assets and liabilities, for the purpose of determining the accounting treatment of the transaction. In determining whether a Property Company is a business, the Group examines, inter alia, the nature of existing processes in the Property Company, including the extent and nature of management, security, cleaning and maintenance services provided to tenants.

- **Note 24 – Revenue recognition**

Both income from real estate inventories disposed of as well as income from property development underlie significant estimates and management judgements.
Income from property development results from forward sales and strongly relies on the project calculation in order to measure project progress as well as projected revenues. The project calculation is subject to management estimates and assumptions. The Group uses the cost-to-cost method to determine the project development at each balance sheet date. Therefore, the incurred costs are compared with the total project costs concerning the actual business plan. The margin of each project is calculated also on a project-by-project basis taking the agreed forward selling price for each real estate inventory into consideration. The forward selling price is generally subject to future uncertainties, such as guaranteed letting rates or price adjustment mechanisms, and is taken into account with the most probable outcome. Since the price adjustment mechanisms mainly take into account letting targets, the achievement of which appears largely certain in the current market environment, future reductions in sales revenues are highly unlikely.
Similarly, income from real estate inventory disposed of underlies management estimates and assumptions. Revenue is measured at the transaction price agreed under the contract and might involve management estimates, e. g. amount and timing of contingent consideration and variable components. Management assesses the respective probabilities of the possible scenarios at each balance sheet date.

- **Note 24 – Regarding principle versus agent considerations (judgment)**

The Group provides ancillary services to tenants, mainly utilities, which it re-charges to the tenants. The Group uses judgment when it examines whether it acts as a principal or as an agent in providing the services to tenants. The Group examines the indicators in IFRS 15, mainly whether it is the primarily responsible for fulfilling the promise to perform the specific services and whether it has discretion in determining the price for the services. With the acquisition of ADLER and Consus, the Group also considers the respective business models acquired and the nature of their promised ancillary services to determine whether or not the Group renders the respective service as an agent or as principal. In case, the Group acts as a principle in relation to promised utilities, the Group recognises revenue in the gross amount of consideration. If the Group acts as an agent in relation to promised utilities, the Group recognises revenue in the net amount which is the difference between the amount charged to the tenant and relating cost of utilities.

- **Note 8 – Control analysis**

The Group exercises judgment in examining control over investees. For the purpose of this assessment, the Group examines the structure and characteristics of the investee companies, the relevant activities and shareholder agreements in these companies, as well as potential voting rights. In accordance with this examination, the Group exercises discretion as to whether it has the current ability to direct relevant activities in the investees, whether its rights in these companies are substantial and provide power over the investee and whether it has the ability to use its power to affect the returns from its investment. Determining the existence of control may affect the consolidation of the assets, liabilities and results of operations of the investee companies.

- **Note 8 –Significant influence analysis**

The Group exercises judgment in examining significant influence over investees. For the purpose of this assessment, the Group examines its voting rights in the investee, whether it has board representation, the relative size and dispersion of the holdings of other shareholders and the existence of potential voting rights that are currently exercisable or convertible. In accordance with this examination, the Group exercises discretion as to whether it has power to participate in the financial and operating policy decisions of the investee. Determining the existence of significant influence may lead to equity accounting regarding the investee's assets, liabilities and results of operations.

Determination of fair values

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 6, investment properties; and

- Note 31, financial instruments

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The application of the following new or amended standards and interpretations which became mandatory for the first time in 2020, did not have a material effect on the Group's consolidated financial statements.

- Amendments to IFRS 3 *Business Combinations*

The Amendment clarifies when a transaction to acquire an operation is the acquisition of a "business" and when it is the acquisition of a group of assets that according to the standard is not considered the acquisition of a "business". For the purpose of this examination, the Amendment added an optional concentration test which determines that if substantially all of the fair value of the acquired assets is attributable to a group of similar identifiable assets or to a single identifiable asset, this will not be the acquisition of a business. In addition, the minimum requirements for definition as a business have been clarified, and examples illustrating the aforesaid examination were added.

- Amendments to IFRS 16 - IFRS 16 COVID-19-*Related Rent Concessions*

Due to the rent concessions granted as a result of the coronavirus pandemic, IFRS 16 was amended to provide companies with an exemption from assessing whether a coronavirus-related rent concession is a lease modification under IFRS 16. Lessees can opt to account for coronavirus-related rent concessions as if they were not lease modifications.

- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform – Phase 1

The Amendments include several mandatory reliefs relevant for examining whether a hedging relationship affected by the uncertainty arising from the IBOR interest rate reform (a reform that in the future will lead to the replacement of interest rates such as the Libor and Euribor) qualifies for hedge accounting.

- Amendments to IAS 1 and IAS 8: Definition of Material

The Amendment redefines the term "materiality" so that it can be used consistently in the Conceptual Framework and in the other various standards. According to the Amendment, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions made by the primary users on the basis of the financial statements.

- Conceptual Framework

In the course of the amendments to Conceptual Framework, references to framework were included in the IFRS Standards (among others IFRS 2, IFRS 3, IAS 1, IAS 34, IAS 37 and IAS 38).

H. New Standards and Interpretations not yet applied

Application of the following standards, interpretations and amendments was not mandatory for the 2020 fiscal year and the Group did not elect to apply them in advance. After a preliminary assessment the Group does not expect material impacts on the financial statements. The respective changes and their mandatory dates of implementation are outlined in the table below:

Note 3 – Basis of consolidation

Consolidation methods

The consolidated financial statements comprise the Company and the subsidiaries it controls. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. In addition to the Company, 588 subsidiaries (2019: 199) have been included in these consolidated financial statements.

When buying a company holding real estate assets ("Property Company"), the Group exercises judgment to determine whether it is the purchase of a business or a group of assets and liabilities, for the purpose of determining the accounting treatment of the transaction. In determining whether a Property Company is a business, the Group examines, inter alia, the nature of existing processes in the Property Company, including the extent and nature of management, security, cleaning and maintenance services provided to tenants. In transactions in which the acquired company is a business, the transaction is accounted for as a business combination according to IFRS 3.

However, in transactions in which the acquired Property Company is not a business, the acquisition cost, including transaction costs, is allocated in proportion to the identified assets and liabilities acquired, based on their relative fair values at the acquisition date. In this case, neither goodwill nor deferred taxes on the temporary difference existing at the date of acquisition are recognised.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the Company. Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests.

A put option granted by the Group to non-controlling interests that is settled in cash or another financial instrument is recognised as a liability at the present value of the exercise price. In subsequent periods, changes in the value of the liability and dividends distributed to non-controlling interests in respect of put options are recognised in equity. The Group's share of a subsidiary's profits includes the share of the non-controlling interests to which the Group granted a put option, also when the non-controlling interests have access to the returns arising from the interests in the investee company.

Note 4 – Significant accounting policies

A. Investment properties

Investment property is property held to earn rental income or for capital appreciation or both and is not owner-occupied or held for sale in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs. In subsequent periods, investment property is measured at fair value, and changes in fair value are recognised in the statement of profit and loss.

Gains and losses on the disposal of investment property are determined by comparing the net proceeds from the disposal with the asset's carrying amount (the fair value of the investment property as at the disposal date). The gains and losses on the disposal of investment properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group has no further substantial acts to complete under the contract.

In certain circumstances the Group decides to change the use of existing buildings that are rented out and classified as investment property into trading properties; the Group then begins the process of converting such buildings. When the conversion is completed, the necessary approvals are received and the marketing of the apartments begins, the aforesaid buildings are reclassified from investment properties to trading properties. The cost of trading properties is determined according to the fair value at the time of the change in use.

The Group presents advances in respect of investment properties as non-current assets and does not include them as part of the investment properties. In subsequent periods, when the transactions are completed, the advances are reclassified to investment properties.

B. Investments accounted under the equity method

Investments over which the Group exerts significant influence – generally as a result of shareholdings between 20 percent and 50 percent – are basically measured using the at-equity method. For investments requiring measurement using the equity method, the acquisition cost is increased or decreased each year by the changes in equity attributable to the Group. Upon the initial inclusion of investments measured using the equity method, any differential

amounts resulting from first-time consolidation are treated in the same way as goodwill relating to fully-consolidated companies.
Gains and losses from transactions between Group companies and associates are eliminated based on the Group's share in the associates. Gains and losses from transactions between associates are not eliminated.

C. Lease accounting (IFRS 16)

Leases in which the Group is the lessee

The Group applies IFRS 16, *Leases*, as from 1 January 2019. In particular, Group has lease agreements with respect to the following items:

1. Leashold contracts for land (leaseholds);
2. Leases for office space, garages and storage space (property);
3. Leases for cars and commercial vehicles (vehicles)
4. Leases for hardware and heating equipment (hardware and contracting)

Information regarding material lease agreements

- Leasehold contracts mainly arise from acquisition of ADLER and have terms of up to 200 years. The lessee has no renewal or purchase options. Some of the leasehold payments are index-linked. The right-of-use assets arising from leasehold contracts meet the definition of the investment properties and are accounted for using IAS 40.

- The Group leases office space, garages and storage space. These leases typically do not have a fixed term and can be terminated by the contracting parties observing a defined notice period. In assessing the term of such leases, the Group assumed that the respective leases will remain in effect for five years, unless there were specific indications of shorter use. Some leases provide for additional lease payments based on changes in local price indexes.

- The Group enters into lease agreements for cars and commercial vehicles which typically have a term of three to four years. Typically there are no renewal or purchase options, or such options are not exercised. These leases were also previously classified as operating leases in accordance with IAS 17.

- The Group leases hardware and heating equipment (contracting). The terms for leases for hardware are typically between four and five years. Typically there are no renewal or purchase options, or such options are not exercised. In the context of contracting agreements, the leases for heating equipment will gradually expire by 2031 at the latest and will not be renewed.

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:
(1) The right to obtain substantially all the economic benefits from use of the identified asset; and
(2) The right to direct the identified asset's use.
The Group has chosen to apply the following expedients:

- Applying the practical expedient regarding the recognition and measurement of leases where the underlying asset has a low value. These leases continue to be recognised in profit or loss over the term using the straight-line method;

- Applying the practical expedient regarding the recognition and measurement of short term leases that end within 12 months from the date of commencement.

The leases with low value underlying assets typically relate to office equipment, emergency call devices in lifts, smoke alarms, heating and water meters.
The Group reports right-of-use assets that do not meet the definition of investment property in its statement of financial position separately. Accordingly, the current and non-current portion of lease liabilities are presented separately in the statement of financial position. Right-of-use assets to investment property (leaseholds) measured at fair value in accordance with IAS 40 are likewise measured at fair value and reported under investment properties.

Leases in which the Group is the lessor
The Group leases investment properties and leasholds to tenants. The Group classifies these leases as operating leases as the lessee does not receive substantially all of the risks and rewards incidential to ownership. For the residential properties, leases are generally subject to the three-month statutory term of notice.
The Group recognises operating lease payments as revenue on a straight-line basis over the lease term. The Group charges the tenants for land tax and building insurance incurred. Land tax and building insurance do not transfer goods and services to tenants and fall within the scope of IFRS 16 (see Note 24).

D. Inventories including acquired land and buildings

Inventory is measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories includes expenses incurred in acquiring the inventories (i.e. land and buildings) and related purchase costs. The cost of inventories also includes a reasonable share of the indirect overheads based on normal production capacity as well as attributable borrowing costs.

E. Restricted bank deposits

Restricted bank deposits consist of deposits in banks that the Group has pledged to secure banking facilities, deposits received from tenants, and restricted proceeds from condominium sales. The Group cannot use these deposits freely for operations. The basis of measurement of the restricted bank deposits is amortised cost.

F. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits in banks and short-term investments with an original term of up to three months. The basis of measurement of the cash and cash equivalents is amortised cost.

G. Financial instruments

(1) Non-derivative financial assets
The Group initially recognises trade receivables and debt instruments issued on the date that they are created. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Except for items measured at fair value through profit or loss, a financial asset is initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial asset. A trade receivable without a significant financing component is initially measured at the transaction price. Receivables originating from contract assets are initially measured at the carrying amount of the contract assets on the date classification was changed from contract asset to receivables.
Derecognition of financial assets
Financial assets are derecognised when the contractual rights of the Group to the cash flows from the asset expire, or the Group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. When the Group retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset.
Classification of financial assets into categories and the accounting treatment of each category
Financial assets are classified at initial recognition to one of the following measurement categories: amortised cost, fair value through profit or loss or fair value through other comprehensive income.
Financial assets are not reclassified in subsequent periods unless, and only if, the Group changes its business model for the management of financial debt assets, in which case the affected financial debt assets are reclassified at the beginning of the period following the change in the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model, the objective of which is to hold assets so as to collect contractual cash flows; and

- The contractual terms of the financial asset give rise to cash flows representing solely payments of principal and interest on the principal amount outstanding on specified dates.

All financial assets not classified as measured at amortised cost as described above, as well as financial assets designated at fair value through profit or loss, are measured at fair value through profit or loss.
The Group has balances of trade and other receivables and deposits that are held within a business model, the objective of which is to collect contractual cash flows. The contractual cash flows of these financial assets represent solely payments of principal and interest, which reflects consideration for the time value of money and the credit risk. Accordingly, these financial assets are measured at amortised cost.
Assessment whether cash flows are solely payments of principal and interest
For the purpose of assessing whether the cash flows are solely payments of principal and interest, “principal” is

defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the timing or amount of the cash flows;
- Terms that may change the stated interest rate, including variable interest; and
- Terms that limit the Group's claim to cash flows from specified assets (for example a non-recourse financial asset).

Subsequent measurement and gains and losses
Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognised in profit or loss (other than certain derivatives designated as hedging instruments).
Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at fair value through other comprehensive income
These assets are subsequently measured at fair value. Net gains and losses, including any interest income or dividend income, are recognised in other comprehensive income.

(2) Non-derivative financial liabilities
Non-derivative financial liabilities include bonds, loans and borrowings from banks and others, trade and other payables.
The Group initially recognises financial liabilities on the trade date when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.
Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.
An exchange of debt instruments having substantially different terms between an existing borrower and lender is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. In such cases, the entire difference between the amortised cost of the original financial liability and the fair value of the new financial liability is recognised in profit or loss as financing income or expense.
The terms are substantially different if the discounted present value of the cash flows according to the new terms (including any commissions paid, less any commissions received and discounted using the original effective interest rate) is different by at least ten percent from the discounted present value of the remaining cash flows of the original financial liability. In addition to the aforesaid quantitative criterion, the Group also examines qualitative factors, inter alia, whether there have also been changes in various economic parameters inherent in the exchanged debt instruments.
(3) Share capital – ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.
Incremental costs directly attributable to an expected issuance of an instrument that will be classified as an equity instrument are recognised as an asset in deferred expenses in the statement of financial position. The costs are deducted from the equity upon the initial recognition of the equity instruments, or recognised in profit or loss as finance expense if the issuance is no longer expected to take place.
(4) Derivative financial instruments,
including hedge accounting
The Group enters into contracts for derivative financial instruments such as interest rate swaps (SWAP) to hedge risks associated with variable interest rate bank loans. The Group holds the derivatives as an economic hedge without designating them for a hedge relationship. The stand-alone derivatives are measured at fair value through profit and loss.
Recycling of cash flow hedge reserve to profit and loss
For the hedge relationships established in the past under IAS 39, the amount recognised in the other comprehensive income is transferred to profit or loss in the same period as the hedged cash flows affect profit or loss under the

same line item as the hedged item in the statement of profit or loss.

(5) Hybrid financial instruments (convertible bond)

Liabilities that are convertible into shares at the option of the holder, including a cash settlement option in favour of the Group, are a hybrid instrument (combined) that is fully presented as a financial liability. The instrument is split into two components for measurement purposes: a liability component without a conversion feature that is measured at amortised cost according to the effective interest method, and a conversion option that is an embedded derivative and is measured at fair value at each reporting date.

Separable embedded derivatives that do not serve hedging purposes

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset. Embedded derivatives are separated from the host contract and accounted for separately if: (a) the economic characteristics and risks of the host contract and the embedded derivative are not closely related, (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and (c) the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of separable embedded derivatives are recognised in profit or loss, as financing income or expense.

H. Impairment

(1) Non-derivative financial assets

Financial assets

The Group recognises a provision for expected credit losses in respect of financial assets at amortised cost.

The Group has elected to measure the provision for expected credit losses in respect of trade receivables at an amount equal to the full lifetime credit losses of the instrument.

The Group uses a credit loss matrix when calculating expected credit losses for trade receivables and contract assets. The matrix is based on historical default rates and takes into account future expectations.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available with no undue cost or effort. Such information includes quantitative and qualitative information, and an analysis based on the Group's past experience and informed credit assessment, and it includes forward looking information.

Group assumes that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are past due for more than 30 days unless there is reasonable and supportable information available to demonstrate that the credit risk has not increased significantly since initial recognition.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full; or

- The contractual payments of the financial asset are past due for more than 180 days.

Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of the financial asset. The maximum period considered when assessing expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the nominal value of the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default or payments being past due.

Presentation of provision for expected credit losses in the statement of financial position

Provisions for expected credit losses of financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group does not have reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is usually the case when the Group determines that the debtor does not have assets or sources of income that may generate sufficient cash flows for paying the amounts being written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-off constitutes a derecognition event.

(2) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties, trading properties and deferred tax assets) to determine whether there is any indication of impairment. The next step involves estimating the recoverable amount of the group of cash-generating units (CGU). This corresponds to either the fair value less costs of sale or the value in use, whichever is higher. Determining the value in use includes adjustments and estimates regarding the forecast and discounting of the future cash flows. Although the management believes that the assumptions used to determine the recoverable amount are appropriate, any unforeseeable changes in these assumptions could result in impairment losses, with a detrimental impact on the net assets, financial position and results of operations. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to the respective CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

I. Provisions

Provisions are recognised in other payables when the Group has a present, legal or constructive obligation as a result of a past event that can be estimated reliably and it is probable that it will require an outflow of resources embodying economic benefits to settle the obligation.

The Group recognises indemnification as an asset if, and only if, it is virtually certain that the indemnification will be received if the Group will settle the obligation. The amount recognised for the indemnification does not exceed the amount of the provision. Provisions are measured on the basis of discounted expected future cash flows.

J. Employee benefits

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market performance vesting conditions, the grant-date fair value of the share-based payment awards is measured to reflect such conditions, and therefore the Group recognises an expense in respect of the awards whether or not the conditions have been met.

Share-based payment arrangements in which equity instruments are granted by the parent company to the employees of the Group are recognised in the reserve from transactions with the controlling shareholder. Share-based payment arrangements in which the Company's equity instruments are granted are recognised in the retained earnings.

K. Revenue recognition

Revenue from contracts with customers

In addition to rental income which represents a major source of income within scope of IFRS 16, the Group also generates revenue from a number of contracts with customers which fall in the scope of IFRS 15 *Revenue from Contracts with Customers.* The Group recognises revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

The Group's key sources of revenue under IFRS 15 include:

- Revenue from charged costs of utilities and facility services,
- Revenue from sale of trading properties (condominiums),
- Revenue from property development,
- Revenue from real estate inventories disposed of

Revenue from charged costs of utilities and facility services

The Group provides ancillary services to tenants, mainly utilities such as heating, cold water, draining, street cleaning, gardening, which it recharges the tenants. Each promised service is accounted for as a single performance obligation. The performance obligation is satisfied over time in accordance with IFRS 15.3, because the tenant simultaneously receives and consumes the benefits while they are rendered by Group and the Group's performance does not create an asset with alternative use whereby the Group has an enforceable right to payment for performance completed to date. Revenue from the rendering of these services is recognised by reference to the stage of completion at the end of the reporting period. Under this method, revenues are recognised in the accounting periods in which the services are rendered. The tenants perform advance payments in relation to ancillary services which are due monthly and are payable immediately. The liabilities from advance payments of ancillary services are reported net with contract assets from the services completed to date. Depending on the balance, the net amount is presented either as accrued receivables under trade receivables or as contract liabilities under trade payables.

Revenue from sale of trading properties (condominiums)

The Group enters into contracts with customers to sell trading properties. The promised goods and services identified in the contract mainly include condominiums. The promised transfer of ownership of the trading properties is accounted for as a single performance obligation which is satisfied at the point in time when the control is transferred to the customer, which is generally expected to be when legal title is transferred. The customer contract specifies a fixed or a determinable amount as consideration and an immediate payment term whereby the transfer of control and payment occur simultaneously. Revenue from the sale of trading properties is measured at the fair value of the consideration.

Revenue from property development

The Group enters into forward sale contracts, i.e. the sale of properties before their completion with institutional or individual customers. The Group differentiates between two different types of development projects for which revenue is recognised over time: forward sales of development projects to institutional investors and the forward sale of apartments primarily to individuals.

Forward sales of development projects to institutional investors are separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work is accounted for over time on a percentage of completion basis, revenue for the sale of the land is recognised at the point in time when the customer obtains control over the land, typically at the end of the forward sale. For the accounting of forward sales of apartments to individuals only one performance obligation is assumed. The agreed total revenue from the contract is allocated to the performance obligations for land and development in accordance with the relative stand-alone selling prices. The relative stand-alone selling prices are estimated by using the standard land values for the land performance obligation, taking into account the gross floor area plus capitalised interest up to the date of conclusion of the forward sales contract, and for the development performance obligation the remaining costs of the project plan thereafter plus the margin or a minimum margin planned. Revenue for the land performance obligation is recognised at the point in time when the title passes and revenue for the performance obligation development project is recognised over time.

For the accounting of forward sales of apartments to individuals only one performance obligation is assumed, namely the development of the respective apartment. Similarly, the development work is accounted for over time on a percentage of completion basis.

Upon conclusion of a forward sales contract, the Group begins to recognise revenue from property development over a certain period of time, provided that planning permission had already been granted at the time the contract was concluded. If planning permission is granted after the contract has been signed, the period-related revenue recognition does not commence until the building permit ("*Baugenehmigung*") is granted, as the forward sales customer usually has the right to withdraw from the contract before the building permit is granted.

Revenue recognised over time is calculated using the "Percentage of Completion" method, which determines the stage of completion of the development project on the basis of the costs incurred in relation to the expected total costs. Revenue over the period is determined according to the stage of completion of the development project, which is calculated on the basis of the costs incurred in relation to the expected total costs. In the Group's opinion, this method is the most reliable way of estimating the stage of completion of a project because potential cost overruns are immediately identified and taken into account. If the contract revenue cannot be reliably estimated, it is recognised without a margin in the amount of the contract costs incurred. If contract losses are expected, appropriate provisions are recognised in the statement of profit or loss, so that the contract loss is fully recognised before the completion of the contract.

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities) in the Statement of Financial Position. In the Group's development activities, amounts are billed as work progresses in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of sub-works ("*baurechtliche Gewerke*"). The completion of these sub-works is usually confirmed by external experts or the customers itself. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognised, resulting in contract liabilities. These assets and liabilities are reported in the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Based on the expected date of advance payment by the customer, which is presented net after offset with relating gross contract amount on contract basis, the Group considers contract assets which are realised within a period of one year from the reporting date as current, whereas contract assets which are realised after more than one year are

classified as non-current.
The outstanding performance obligations from the customer contracts relate to the completion of the construction of the buildings and usually do not include any obligations of the Group concerning returns or similar obligations and only includes the statutory warranties.

Revenue from real estate inventories disposed of
Occasionally, the Group enters into contracts with customers to sell development projects in current state (up-front sales). Revenue from the sale is recognised when the control has been transferred to the customer; this is usually the case when transferring ownership rights, benefits and obligations arising from properties. It is required that there are contractual arrangements with enforceable rights and obligations and that it is likely that the consideration specified will be received. The contracts in question include the transfer of one or multiple development projects in current state as performance obligation with a fixed or determinable consideration and a specific point-in-time where the transfer of control takes place. This is generally when the legal title to the property is transferred. The consideration is usually deposited on notary accounts and paid to the Group when the control has been transferred.
The Group has elected to make use of the following practical expedients:

- The Group applies the practical expedient regarding the consideration of material financing components, according to which the consideration does not have be adjusted for the effects of financing if it is expected at the time of conclusion of the contract that the period between the receipt of the consideration and the time of realisation of the sale will not exceed one year, IFRS 15.63;

- The Group applies the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less, IFRS 15.94;

- As a practical expedient, the Group does not disclose the information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less, IFRS 15.121;

- The Group applies the practical expedient in IFRS 15.121 and does not disclose information about the remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.

L. Finance income and costs

Finance income comprises interest income on funds invested including changes in the fair value of financial assets or liabilities at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.
Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets or liabilities at fair value through profit or loss, impairment losses recognised on financial assets, losses from refinance and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.
In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Interest paid and dividends paid are presented as part of cash flows from financing activities.

M. Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.
Current tax is the expected tax payable (or receivable) on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Current taxes also include taxes in respect of prior years and any tax arising from dividends.
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liability is not recognised for the following taxable temporary differences:

- The initial recognition of goodwill;

- The initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- Differences relating to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing dividends in respect of the investment.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
A deferred tax asset is recognised for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is recognised in other comprehensive income or equity, respectively.

N. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise options granted to employees.

Relevant New Standards, Interpretations and Amendments to Existing Standards and Interpretations		**Endorsement status in the EU**	**Effective date for Group**
Annual Improvements 2018-2020	Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16	pending	01/01/2022(*)
Amendments to Standards			
IAS 1	"Presentation of Financial Statements"	pending	01/01/2023(*)
IFRS 3, IAS 16 and IAS 37	"Business Combinations", "Property, Plant and Equipment" and "Provisions, Contingent Liabilities and Contingent Assets"	pending	01/01/2022(*)
IFRS 4	"Insurance contracts"	endorsed on 15/12/ 2020	01/01/2021
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39	"Insurance Contracts", "Financial Instruments: Disclosures", "Financial instruments", "Leases" and "Financial Instruments: Recognition and Measurement"	endorsed on 13/01/2021	01/01/2021
New Standards			
IFRS 17	"Insurance contracts"	pending	01/01/2023(*)

(*) Estimated.

Note 5 - Acquisitions and other changes in the consolidation scope

A. Acquistion of ADLER Real Estate Aktiengesellschaft

On 15 December 2019, the Company resolved to enter into a business combination agreement and make a voluntary public takeover offer in the form of an exchange offer to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its Articles of Association (via a Board of Directors' resolution of Adler Group). The exchange offer closed on 25 March 2020 with an acceptance rate of 91.93%. As at 9 April 2020, the newly issued shares of Adler Group are listed at the Frankfurt Stock Exchange and the transaction was settled.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of ADLER is 9 April 2020, at which time the last significant condition for closing of the transaction was met. Initial consolidation of ADLER and its 231 subsidiaries was carried out as at 9 April 2020.

ADLER is a well-established residential property holder. Around 92% of the investment properties belong to the residential portfolio. ADLER has been listed on the SDAX index of the Frankfurt Stock Exchange since June 2015. As at 1 April 2020, ADLER held approximately 58,000 rental units totalling 3.5 million m². The regional focus of the Group's properties is primarily Lower Saxony, North Rhine-Westphalia and Saxony. ADLER's portfolio comprises small and medium-sized residential units. Prior to the voluntary public takeover, ADLER held 33.25% of the voting rights in Adler Group. With the closing, ADLER's stake in Adler Group decreased to 20.45%, representing treasury shares from Group's perspective. As at 31 December 2020, ADLER's stake in Adler Group amounts to 0.00% because the treasury shares have been transferred on 2 July 2020 in order to settle the call option agreement with Aggregate Holdings S.A. for the acquisition of 69,619,173 shares held in Consus Real Estate AG (Note 5B).

For the determination of the purchase consideration, the fair values of any given equity investments (new shares in ADLER) have to be determined. ADLER contributes 91.93% of its shares to Adler Group. Considering the number of ADLER shares outstanding, as well as the implied exchange ratio of 0.4164 shares in Adler Group for one share of ADLER, ADLER's shareholders received newly issued shares amounting to 27,651,006 from Adler Group in exchange for this contribution. Adler Group's closing share price (quoted) as at acquisition date (9 April 2020) amounts to EUR 21.74, so the equity purchase price for 91.93% of ADLER shares amounts to EUR 601.1 million.

Incidental acquisition costs of EUR 14.6 million were incurred, which were recorded under other expenses. The costs for the newly issued shares of EUR 5.5 million have been deducted from the equity increase. Taking into account the acquired cash and cash equivalents the acquisition resulted in a net cash inflow of EUR 75.1 million.

Identifiable assets acquired and liabilities assumed

The purchase price allocation was finalised on the balance sheet date and no adjustments were made to the initial reported figures.

The allocation of the total purchase price to the acquired assets and liabilities at the time of initial consolidation is based on an external valuation report commissioned for this purpose to determine the fair values of these assets and liabilities. The acquired assets and liabilities have the following fair values at the time of initial consolidation.

In EUR thousand	
Investment properties	4,929,746
Investment in financial instruments	350,516
Investment in associated companies	75,722
Advances related to investment properties	78,765
Property, plant and equipment	13,533
Other financial assets	344,775
Right-of-use assets	6,323
Deferred tax assets	3,452
Trading properties	85,916

Restricted bank deposits	29,865
Trade receivables	44,371
Other receivables	123,946
Cash and cash equivalents	75,095
Non-current assets held for sale	55,228
Acquired assets	**6,217,253**
Corporate bonds	2,041,760
Convertible bonds	116,462
Other loans and borrowings	2,240,927
Other financial liabilities	2,965
Derivatives	6,255
Leasing liabilities	22,839
Pension provisions	4,049
Deferred tax liabilities	535,462
Trade payables	43,531
Other payables	117,162
Non-current liabilities held for sale	12
Assumed liabilities	**5,131,422**
Fair value of acquired net assets	**1,085,831**
Non-controlling interests	409,898
Equity purchase price (consideration)	601,133
Gain from bargain purchase	**74,800**

The portfolio of ADLER has only shown minor differences since 31 December 2019, resulting mainly from the sale of assets. Investment property valuations were performed by an independent appraiser as at 31 December 2019. In addition, analysis and calculations were performed as at 9 April 2020. Market values and rents have been compared to market information available, which has not shown effects from the Covid-19 pandemic in Q1 2020. There are no material impacts of the rent freeze because ADLER has only a few investment properties in Berlin which are affected by the regulation. There were no signs that the trend observed in 2019 of increasing purchase prices and a moderate increase in rental prices in the German residential market would change significantly. A decline in prices was expected for the commercial real estate due to the weakened financial situation of tenants. The income of ADLER’s properties is almost entirely derived from residential units, corresponding to a similar distribution in lettable area. ADLER management considers that the effect from the Covid-19 crisis only has an immaterial impact on the monthly rental income because of the low share of commercial assets. Nevertheless, ADLER adjusted the fair values of its commercial assets for EUR 10.3 million in Q1 2020 because of the measures to contain Covid-19. Changes in fair value of the residential portfolio were considered by adding capital expenditures during Q1 2020 as well as by considering changes in the underlying portfolio. Thus, it was assumed that investment properties are reflected with their proper fair value in the balance sheet of ADLER as at the date of the first-time consolidation.

As of the date of first-time consolidation, the shares of Adler Group held by ADLER that are included in investments in

financial instruments with a fair value of EUR 319.4 million according to the quoted share price in the table above, were reclassified to treasury shares. The convertible bonds of Adler Group which are held by ADLER, included in other financial assets with a fair value of EUR 58.2 million according to the quoted market price in the table above, are consolidated with the liabilities of Adler Group from the convertible bond. With acquisition of ADLER on 9 April 2020, Adler Group effectively repurchased 38.24% of its outstanding convertible bond which is extinguished from the Group's perspective. Because of this the Group recognised a financial gain of EUR 2.9 million as finance income.
The carrying amounts of the acquired trade receivables already consider any necessary valuation adjustments and correspond to their fair values. The gross value of trade accounts receivable due totaled EUR 74.6 million, of which EUR 30.2 million are expected to be uncollectible.
The fair values of assumed corporate bonds and convertible bonds were determined with their quoted market prices. The fair values of all financial liabilities including loans and borrowings were measured by applying the discounted cash flow (DCF) method where future cash flows are discounted on a valuation date.
For all other assets and liabilities, it was verified that the fair values correspond to their carrying amounts.
The book value of ADLER's indirect non-controlling interests (NCI) as at 9 April 2020 is EUR 350.5 million. Adler Group's choice in accounting policy is to measure non-controlling interests at the NCI's proportionate share of net assets of the acquiree. The fair value of Adler Group's net assets acquired amounts to EUR 735.3 million. Multiplying this with 8.07% results in a NCI share of EUR 59.3 million. In determining the non-controlling interests, direct and indirect non-controlling interests were added together.
The purchase price allocation resulted in a negative difference of EUR 74.8 million, which was recognised in other income after due consideration of all information available at the time of acquisition. This gain from bargain purchase is attributable to the fair value of the acquired net assets less non-controlling interests being higher than the consideration paid. This is due in particular to the decline of the stock market price of Adler Group since the date the exchange ratio was determined.
ADLER has contributed EUR 323.2 million to revenues and EUR 344.5million to results from operating activities since the consolidation. Had the acquisition taken place on 1 January 2020, the acquisition would have contributed EUR 427.2 million to revenues and EUR 353.3 million to results from operating activities.

B. Acquisition of Consus Real Estate Aktiengesellschaft

On 15 December 2019, the Group announced that it had entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. In addition, the Group also entered into a call option agreement with Aggregate Holdings S.A. ("Aggregate") for the acquisition of 69,619,173 shares in Consus held by Aggregate (the "Call Option"). The option was exercisable from 15 December 2019, until 16 June 2021.
On 9 April 2020, the Group started to consolidate ADLER, which holds 3.02% of Consus shares.
On 29 June 2020 the Board of Directors of the Group resolved to exercise the Call Option to acquire control of Consus. The Call Option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in the Company, in each case to Aggregate. The settlement of the call option was subject to successful launch of the rights issue.
On 2 July 2020, following the exercise of the call option, the Group announced a fully underwritten rights issue of EUR 450 million (see note 10). Having been exercised on 2 July 2020, the call option has been successfully settled and the Group gained control of Consus. In connection with the settlement of the Call Option, the Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate held approximately 22.5% in Adler Group. At the acquisition date, Adler Group held approximately 65.1% in Consus.
The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of Consus is 2 July 2020, at which time the last significant condition for closing of the transaction was met. Initial consolidation of Consus and its 188 subsidiaries was carried out as at 2 July 2020.
Consus is a leading real estate developer in Germany's top 9 cities. The Consus Group, including its subsidiaries, is operating on the market of residential and commercial properties for more than 20 years. Development of rental housing and forward sales are the core elements of Consus' business model. Real estate projects are generally forward sold to institutional buyers prior to construction, such as pension funds or insurance companies. Consus operates an integrated project development platform, which creates significant competitive advantages. This platform enables Consus to cover the entire value chain.
Since the end of July 2018, Consus is listed on the Frankfurt Stock Exchange and the open market of the Munich Stock Exchange.
For the determination of the purchase consideration, the fair values of the stake in Consus already held by Adler Group and the acquisition of shares by the exercise of the Call Option must be considered. As of 2 July 2020, Adler Group holds a direct stake of 18.77% and indirect stake of 3.02% in Consus (total 21.79%). According to IFRS 3, the previously held interest has to be remeasured at fair value at the valuation date (2 July 2020). The fair value of the 21.79% stake is derived by multiplying the number of Adler Group's shares in Consus (21.79% of the 161,331,507

outstanding shares of Consus) by the share price (closing price) as of 2 July 2020 (EUR 5.72 per share). This results in a purchase price consideration of EUR 201.1 million.
The Call Option agreement includes 69,619,173 Consus shares or 43.15% in Consus, which were transferred to Adler Group as of 2 July 2020. The agreed exchange ratio of 0.2390 issued Adler Group shares for one Consus share leads to 16,638,982 issued Adler Group shares. Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares). The purchase consideration of the Call Option is derived by multiplying the number of issued Adler Group shares (16,638,982) by the share price of 2 July 2020 (EUR 23.70 per share). This results in an additional purchase price consideration of EUR 394.3 million. In total the equity purchase price amounts to EUR 595.4 million.
Furthermore, pre-existing relationship was to be taken into account. Loans of EUR 50.9m and advanced payments of EUR 50.0 million made by Adler Group to Consus regarding the "Holsten-Quartier" were included additionally. In total the pre-existing relationships amount to EUR 100.9 million.
Incidental acquisition costs of EUR 10.6 million were incurred, which were recorded under other expenses. The costs for the newly issued shares of EUR 0.6 million have been deducted from the equity increase. Taking into account the acquired cash and cash equivalents including transaction costs the acquisition resulted in a net cash inflow of EUR 92.1 million.

Identifiable assets acquired and liabilities assumed

The preliminary allocation of the total purchase price to the acquired assets and liabilities at the time of initial consolidation is based on a preliminary external valuation report commissioned for this purpose to determine the fair values of these assets and liabilities. In particular the company is still gathering valuation inputs for the measurement of the fair value of the development projects. Therefore, the acquired assets and liabilities have the following provisionally determined fair values at the time of initial consolidation. Fair values will be adjusted if necessary, once the allocation of the total purchase price is completed:

In EUR thousand	
Investment properties	1,123,409
Inventories	1,426,867
Contract assets	255,291
Trade receivables	399,046
Investment in associated companies	20,725
Other intangible assets	38,994
Property, plant and equipment	10,175
Financial receivables and other financial assets	283,026
Right-of-use assets	10,184
Other assets	195
Cash and cash equivalents	103,284
Non-current assets held for sale	-
Acquired assets	**3,671,196**
Corporate bonds	556,407
Convertible bonds	165,905
Other loans and borrowings	2,041,375
Other financial liabilities	271,107
Provisions	103,402

Deferred tax liabilities	109,492
Trade payables	127,849
Other payables	97,333
Prepayments received	330,773
Contract liabilities	25,002
Assumed liabilities	**3,828,645**
Fair value of acquired net assets	**(157,449)**
Pre-existing relationship	100,890
Non-controlling interests	351,146
Equity purchase price (consideration)	595,449
Goodwill	**1,204,934**

The real estate assets of Consus comprise the accounting categories 'Inventories' (IAS 2), 'Investment property' (IAS 40) and 'Contract assets' (IFRS 15). Valuations for the investment properties and most inventories were performed by the independent appraiser NAI Apollo as of 30 June 2020 on a preliminary basis. No significant events occurred until the Valuation date of 2 July 2020. In addition, analysis and calculations were performed as at 2 July 2020. Values have been compared to market information available and to project information (including sales status). Effects of the Covid-19 pandemic to the business of Consus as well as the fair values are considered insignificant. Given the fact that the developments are mostly sold in the medium to long-term future, short-term effect on prices within each asset type may not affect the disposal prices of the developments. Thus, planned cash flows from asset disposals may be delayed in the short term, but not significantly affected in the medium and long term. The majority of developments are to be finished and disposed of in the medium and long-term future.

Within the transaction context, certain project developments (EUR 1,052.8 million) are planned to remain within the company in the long run and not be sold to third parties. From Group's accounting perspective, these project developments have been classified as investment properties.

Some inventory assets (EUR 359.1 million) are part of transfer agreement, so no valuation was performed by NAI Apollo. Based on the estimate of the final purchase price in the contract, the book value was to be considered an adequate estimation of fair value.

The land value for assets that have been forward sold (EUR 268.4 million) is included in inventories. The land will be transferred only after the project is completed. Sales and advances related to the building are considered in contract assets and liabilities. The fair value of the land component was estimated on the basis of the NAI appraisal reports, and in comparison with standard land values.

The differences of the book values to the acquisition cost or the expected revenue on land as at the date of the forward sale are immaterial. Therefore, the book values adequately reflect the fair values in the case of forward sales.

The book value of contract assets (EUR 255.3 million) is related to forward sales and condo sales. It reflects the expected sales price of the entire building or the condos for sale that has materialised due to the construction progress as at valuation date, minus advances paid. The fair value has been measured based on the expected sales price as well as development costs and - in the case of condo sales - actual revenue. Sales prices and total costs are based on management expectations.

In October 2019 Consus signed a purchase agreement regarding the acquisition of a development project. However, closing of the transaction was in August 2020. As of 2 July 2020 the preliminary fair value of the development project amounts to EUR 172.8 million. With respect to the purchase price of EUR 138.5 million an advantageous contract of EUR 34.3 million was considered in the preliminary PPA. After closing of the transaction the intangible asset has been transferred to investment properties at the reporting date.

The provisional carrying amounts of the acquired trade receivables, mainly relating to real estate inventories disposed of and forward sales, already consider any necessary valuation adjustments and correspond to their fair values. The gross value of trade accounts receivable due totaled EUR 399.4 million, of which EUR 0.4 million are expected to be uncollectible.

The fair values of assumed traded corporate bonds and traded convertible bonds were determined with their quoted market prices. The fair values of other financial liabilities including untraded loans and borrowings were measured by

applying the discounted cash flow (DCF) method where future cash flows are discounted on the valuation date.
The convertible bond contains an embedded derivative (conversion right) that was bifurcated and accounted for separately from the debt host contract at fair value. The conversion right is measured using an option price model. The fair value of the entire instrument (quoted price x volume) includes both the liability component without any conversion feature as well as the fair value of the conversion right (a financial liability). Therefore, the fair value of the liability component without any conversion feature corresponds to the difference of the fair value of the entire instrument and the fair value of the conversion right.
Several prepayment options were identified in the corporate bond and loan agreements which empower the entity to repay the complete outstanding amount (plus possibly an exit fee) at any time during the term. These embedded derivatives have been bifurcated and accounted for separately as financial assets. The embedded prepayment options are measured by using an option price model. The fair value of the entire instrument (quoted price x volume) includes both the liability component without any prepayment feature and the fair value of the prepayment option (a financial asset). Therefore, the fair value of the liability component without any prepayment feature corresponds to the sum of the fair value of the entire instrument and the fair value of the prepayment option.
The fair value of the conversion right (derivatives) was estimated to be at EUR 8.7 million and the fair value of the prepayment options (other financial assets) was estimated to be at EUR 80.8 million.
A provision for onerous contracts (€ 64.4m) was considered that is related to projects with potential adverse margin expectations. The position is based on managements' expectations on sales and revenues for individual projects.
For all other assets and liabilities, it was verified that the fair values correspond to their carrying amounts.
The book value of Consus' indirect non-controlling interests (NCI) as at 2 July 2020 is EUR 23.1 million. Adler Group's choice in accounting policy is to measure direct non-controlling interests at fair value which have been determined with a fair value of EUR 321.4 million at the acquisition date. In determining the non-controlling interests, indirect non-controlling interests were added together.
The preliminary purchase price allocation resulted in a positive difference of EUR 1,205 million, which was recognised as a provisional Goodwill. The Goodwill cannot be deducted for tax purposes and is attributable to expected operating and financial synergies. The first-time allocation of the Goodwill to cash generating units has not been completed due to the ongoing integration of Consus into the Group.
Consus has contributed EUR 313.0 million to revenues and EUR -20.8 million to the results from operating activities since the consolidation. Had the acquisition taken place on 1 January 2020, the acquisition would have contributed EUR 924.2 million to revenues and EUR 26.9 million to results from operating activities.
In the fourth quarter 2020 the Group adjusted the provisional amounts to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Although this adjustment had no impact on the annual reported figures, the adjustment led to a different quarterly allocation of revenue and costs of operations. Since the full impact has been shown in Q4 2020, revenue of EUR -29.5 million and costs of operations of EUR -20.5 million and consumption of provisions for contingent losses of EUR 6.9 million are subsequently included in Q4 2020 which otherwise would have been shown in Q3 2020. Net impact on Q4 2020 was EUR -2.1 million.
While presenting the initial provisional PPA as of 30 September 2020, the Group's choice was to measure Consus' indirect non-controlling interests (NCI) at NCI's proportionate share of net assets of the acquiree. After a thorough assessment and taking into account all available information on the balance sheet date, the Group concluded that measuring Consus' indirect non-controlling interests (NCI) at fair value, which is an alternative measurement basis allowed by IFRS 3, would provide more relevant and current information to the users of the financial statements. Therefore, the provisional amounts are changed to reflect the acquisition-date fair value of the Consus indirect NCI (*full goodwill*).

C. Deconsolidation of subsidiaries

In the third quarter 2020 ADLER, a 94% subsidiary of Adler Group, entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial properties. On the reporting date, the transaction was completed due to transfer of control to the buyer. The properties were primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The units generated net rental income of EUR 18.6m p.a. and had a 12% vacancy rate with an average rent of 5.46 EUR/m²/month. The sale included a part asset and part share deal. Due to sale in the course of asset deals, investment properties in the amount of EUR 126,885 which were reclassified as held for sale as at 30 September 2020, have been derecognised on the balance sheet date. The sale of the investment properties did not have material impact on the profit or loss. Further, in the course of share deals, five consolidated companies (WBG GmbH, Helmstedt, MBG Lüdenscheid GmbH, Hamburg, MBG Dorsten GmbH & Co. KG, Hamburg, Wiederaufbau-Gesellschaft mit beschränkter Haftung, Ludwigshafen am Rhein, Westgrund Westfalen GmbH & Co. KG, Berlin) were additionally disposed of due to loss of control effective to 31 December 2020. The assets and liabilities of the five companies, which were sold on the reporting date following the reclassification as non-current assets held for sale (IFRS 5) in the third quarter, comprise of the following:

In EUR thousand	31 December 2020
Property, plant and equipment	3
Investment Properties	195,159
Inventories	3
Trade receivables	751
Income tax receivables	88
Other current assets	251
Cash and cash equivalents	1,334
Assets total	**197,589**
Pension liabilities	3,079
Deferred tax liabilities	24,245
Financial liabilities due to bank	54
Other non-current liabilities	937
Income tax liabilities	734
Trade payables	20,918
Other current liabilities	4,626
Liabilities total	**54,594**

On the basis of a preliminary purchase price, an income in the amount of EUR 6,991 thousand has been recognised from deconsolidation of the subsidiaries is included in other income. In the consolidated statement of cash flows, cash flows decreased by EUR 467 thousand due to deconsolidation.

ADLER retained 10.1 percent of each subsidiary sold. The retained shares are classified as equity instruments measured at fair value through profit or loss and presented in investments in financial instruments whereas the profit or loss is presented in the finance income. Deferred tax liabilities have been recognised to account for initial and subsequent taxable temporary differences.
In the third quarter 2020 ADLER sold shares held in Treuhaus Hausbetreuungs-GmbH, Ludwigshafen, without significant impact on the consolidated financial statements.
In December 2020 Consus, a subsidiary of the Adler Group, sold non-core assets to instutional investors for a consideration of EUR 218.7 million. The transaction was structured as a share deal including 21 subsidiaries which mainly included real estate inventories. In the course of the transaction, the Group recognised a net result of EUR 34.5 million. The income from real estate inventories disposed of amounted to EUR 218.7 million (see Note 24). The relating cost of real estate inventories disposed of was EUR 253.2 million (see Note 25).

D. Changes in the consolidation scope without loss of control

As at 31 December 2020, the Group sold shares in a number of subsidiaries without losing control (see note 17).
In December 2020, the Group increased its majority stake in Consus from approximately 65 percent to approximately 94 percent by entering into share purchase agreements with Consus shareholders. (see note 17). For the shares in the subsidiaries on the balance sheet date, we refer to the list of the company shareholdings.
In 2020, Jade Immobilien Management GmbH, Wilhelmshaven, a wholly subsidiary of ADLER, has been merged into Adler Wohnen Service GmbH without impact on the consolidated financial statements.

Note 6 – Investment properties

investment properties - residental / commercial

In EUR thousand	31 December 2020	31 December 2019
Balance as at 1 January	**3,624,453**	**4,044,023**
Additions arising from business combination (Note 5)	4,643,232	-
Capital expenditure	130,766	44,013
Transfer from investment properties to property, plant and equipment	(3,337)	(5,100)
Transfer from investment properties to assets of disposal groups classified as held for sale	(437,434)	-
Transfer to investment property residential/ commercial from property developments	67,242	-
Disposal of subsidiaries (see note 5)	-	(920,000)
Fair value adjustments	371,385	461,517
Balance as at 31 December	**8,396,307**	**3,624,453**

Investment properties - project developments

In EUR thousand	31 December 2020	31 December 2019
Balance as at 1 January	**-**	**-**
Additions arising from business combination (Note 5)	1,409,924	-
Additions by way of acquiring assets	20,406	-
Transfer to investment properties from intangible assets	34,300	-
Investments in project development properties under construction (acquisition and building costs)	211,,426	-
Transfer to investment properties from inventories	62,764	-
Transfer from investment properties project developments to residential/ commercial	(67,242)	-
Transfer from investment properties to assets of disposal groups classified as held for sale	(1,286)	-
Fair value adjustments	42,289	-
Balance as at 31 December	**1,712,581**	**-**

According to the Group's fair value valuation policies for investment properties, the investment properties generally undergo a detailed valuation as at 30 June and 31 December of each year unless the Group identified material changes in the value of this properties at an earlier date.
The fair value of the investment properties outside of Berlin as at 31 December 2020 was mainly determined by valuation expert CBRE, an independent industry specialist that has appropriate, recognised professional qualification and up-to-date experience regarding the location and category of the properties. The fair value of the investment properties under construction (project development) was determined by the valuation expert NAI Apollo, an

independent industry specialist with appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties.
The fair value measurement for all the investment properties has been categorised as Level 3 fair value due to prevailing use of unobservable inputs to the adopted valuation method.
The Group values its residential investment properties using the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of the property are forecasted over a period of 10 years and discounted to the date of valuation. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. For investment properties under construction (project development), which will be held in the long term to generate gross rental income and capital appreciation after completion, the residual value method is applied. This approach is common to calculate the value of real estate developments in planning stage or still under construction. The approach is a deductive method to derive the market value of an undeveloped project according to its construction / development progress and represents the amount a market participant would be willing to pay for the property (land). The approach is based on the assumption that the market value of an ongoing project can be derived from an indicative market value less the anticipated costs for the realisation of the project (e.g. construction or marketing costs).
Both valuation experts have considered the impacts of rent freeze for properties located in Berlin and Covid-19 for the fair values. CBRE confirmed that there was no change in the fair values of the Company's properties in Berlin. The rental income in Berlin decreases because of the rent freeze.
Since the beginning of 2019, there has been a public discussion about a rent freeze proposition for rental apartments in Berlin. On 30 January 2020, the Berlin Parliament ("Berliner Abgeordnetenhaus") enacted the law for rent control in the housing sector ("MietenWoG Bln"). The law came into force on 23 February 2020 through publication in the Berlin bulletin for legislation ("Berliner Gesetzes- und Verordnungsblatt"). Berlin is the first federal state to pass such a law. As at 31 December 2020, the validity of the rent freeze is totally unclear. As published on 6 May 2020, 284 federal parliament members from several political parties have filed complaints with the Federal Constitutional Court in Karlsruhe ("Bundesverfassungsgericht") requesting that the compatibility of this rent freeze act with constitutional law be reviewed.
The outbreak of the coronavirus ("Covid-19"), declared by World Health Organisation as a "Global Pandemic" on 11 March 2020 has impacted financial markets and market activities in many sectors. According to CBRE and NAI Apollo, despite Covid-19, the mismatch between supply and demand in the bigger cities in Germany is still evident. The valuation experts even expect that a stronger immigration from EU countries with significant negative economic impacts due to the novel coronavirus will lead to additional demand for residential space in midterm. As a result, the defensive and stable residential asset class could be even more sought after than before this crisis. CBRE and NAI Apollo record interest from investors for German residential property with strong equity capital background. In terms of the market sentiment, the valuers still observe some strong interest in the residential sector, even though the number of transactions has decreased.
Based on the above, for certain major German cities, the overall fair values at portfolio level as at 31 December 2020 are increasing.
The fair value adjustment in 2020 for the residential portfolio of Adler Group without ADLER and Consus was positive at EUR 124.1 million (prior year: EUR 462 million) despite the impact of the rent freeze in Berlin and Covid-19. CBRE has incorporated changes in the cash flow of the DCF model due to the regulations of the rent freeze.
A positive fair value adjustment of EUR 260.9 million was recognised for the residential portfolio and the development projects of ADLER in 2020. The remaining commercial properties of the ADLER portfolio, which are planned to be sold, have been affected by the measures to contain the coronavirus, so they were already given a negative fair value adjustment of EUR 11.1 million in 2020 (since first-time consolidation) which was necessary due to the coronavirus pandemic.
Consus recognised a fair value increase of EUR 39.8 million for project developments in 2020.

Valuation technique and significant unobservable inputs
With acquisition of ADLER and Consus, the investment properties are widely diversified across different regions beyond Berlin. In addition, with acquisition of Consus, development forms a significant portion of the investment properties. Therefore, the Group changed the clusters of the investment properties by selecting regions beyond Berlin as well as separating development and commercial real estates relating to BCP.
The following table gives an overview of the main valuation parameters and valuations results for each Group:

A. Investment properties - residential

	Location							
	Berlin	**Leipzig**	**Wilhelmshaven**	**Duisburg**	**Wolfsburg**	**Göttingen**	**Dortmund**	**Hanover**
Balance as at 31 December 2020								
Value per m² (EUR)	3,229.73	1,791.54	1,006.00	1,140.40	1,781.60	1,715.56	1,404.59	2,049.85
Average residential in-place rent	7.30	6.07	5.53	5.67	6.47	6.12	6.20	7.33
CBRE market rent (EUR/m2)	6.54	7.11	5.84	6.05	8.41	8.09	6.98	8.65
Avg. new letting rent (EUR/m2)	9.03	7.20	5.94	6.03	7.63	7.26	7.40	8.42
Multiplier (current rent)	37.32	25.24	15.88	16.99	23.63	23.34	19.29	23.24
Multiplier (CBRE market rent)	37.43	20.93	14.11	15.56	17.61	17.50	16.63	18.98
Multiplier (new letting rent)	35.76	24.35	15.08	16.56	22.66	22.53	18.77	22.51
Discount rate (%)	4.14%	4.70%	5.36%	5.27%	4.53%	4.22%	5.26%	5.00%
Capitalisation interest rate (%)	2.20%	3.20%	4.11%	4.04%	3.03%	2.72%	3.81%	3.50%

	Kiel	**Düsseldorf**	**Halle (Saale)**	**Essen**	**Cottbus**	**Other**	**Total**
Balance as at 31 December 2020							
Value per m² (EUR)	1,861.67	3,225.89	891.59	1,403.43	812.50	1,118.36	**1,869.29**
Average residential in-place rent	7.14	8.35	5.22	5.93	5.13	5.71	**6.30**
CBRE market rent (EUR/m2)	8.39	10.20	5.42	7.01	5.39	6.22	**6.49**
Avg. new letting rent (EUR/m2)	8.53	10.08	5.23	7.15	5.56	6.12	**6.87**
Multiplier (current rent)	21.86	32.41	16.61	19.82	14.24	17.70	**25.76**
Multiplier (CBRE market rent)	18.26	26.35	13.55	16.39	12.52	15.06	**23.20**
Multiplier (new letting rent)	21.56	31.67	14.04	19.16	13.16	16.27	**24.38**
Discount rate (%)	5.13%	3.87%	4.84%	5.36%	5.32%	5.05%	**4.53%**
Capitalisation interest rate (%)	3.63%	2.38%	4.09%	3.87%	4.57%	3.97%	**2.91%**

B. Investment properties - commercial

Valuation parameters for investment properties - commercial	31 December 2020
Discount rate (%)	6.93
Capitalisation interest rate (%)	6.07
Vacancy rates (%)	7.20
Market value per m² (EUR/ m²)	1,030.33

C. Investment properties -project development – under construction

Valuation parameters for investment properties under construction	31 December 2020
Market rent, weighted average (EUR)	17.98
Project development costs (EUR per m² p.a.)	3,344.99
Capitalisation interest rate, weighted average (in %)	3.01

It is noted that according to the methodology applied in the valuations, the estimated cash flow for the first 10 years are capitalised based on the Discount Rate basis. Cash flows effective from the eleventh year onwards are capitalised based on the Cap Rate basis.

The following table gives an overview of the main valuation parameters and valuations for the prior year:

Portfolio Valuation	31 December 2019					
	Central	**S-Bahn Ring**	**S-Bahn Ring (1960-1990)**	**City Ring**	**City Ring (1960-1990)**	**Total**
Value per m² (EUR)	3,332	2,839	2,750	2,725	2,380	**2,959**
Average residential in-place rent (EUR/m²)	7.71	7.42	7.25	8.50	6.67	**7.50**
CBRE market rent (EUR/m²)	9.64	9.16	8.52	8.86	7.76	**9.03**
Avg. new letting rent (EUR/m²)	11.97	10.34	10.25	9.84	9.51	**10.91**
Multiplier (current rent)	34.07	32.80	31.06	29.89	29.45	**32.35**
Multiplier (CBRE market rent)	27.79	25.99	26.09	25.03	25.05	**26.58**
Multiplier (new letting rent)	22.38	23.02	21.68	22.54	20.45	**21.99**
Discount rate (%)	4.53%	4.63%	4.63%	4.80%	4.76%	**4.61%**
Capitalisation interest rate (%)	2.57%	2.71%	2.76%	2.85%	2.88%	**2.69%**

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

Valuation parameters	**Change in parameters**	**in EUR thousand**	**Change in values %**
Average new letting rent (EUR/m²)	10%	395,417	4.7%
Vacancy rate (%)	1%	(121,447)	(1.5%)
Discount and capitalisation rate (%)	25bps	(737,302)	(8.8%)

Investment properties - commercial

Sensitivity	**Discount and cap rate**		**Void Month**		**Market rent**	
Change in parameters	0,25%	(0,25%)	3	(3)	5,0%	(5,0%)
Change of fair value in EUR thousand	-3,080	3,510	-710	810	3,320	-3,120

Investment properties - project development (under construction)

Sensitivity	**Market rent**		**Capitalisation rate (Liegenschaftszinssatz)**		**Construction costs**	
Change in parameters	(10%)	10%	(0.25%)	0.25%	(10%)	10%
Change of fair value in EUR thousand	(345,807	345,707	354,990	(297,773)	291,509	(291,709)

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

	31 December 2019		
Valuation parameters	**Change in parameters**	**in EUR thousand**	**Change in Values %**
Average new letting rent (EUR/m²)	10%	258,997	7.1
Vacancy rate (%)	1%	(45,471)	(1.2)
Discount and capitalisation rate (%)	25bps	(321,501)	(8.8)

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

D. Amounts that were recognised in the consolidated statement of profit or loss

In EUR thousand	2020	2019
Rental income from investment property	293,387	134,141
Direct operating expenses arising from investment property that generated rental income during the period	(71,229)	(26,746)
Total	**222,158**	**107,395**

Note 7 – Investments in financial instruments

On 15 December 2019, the Company entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire an additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public takeover offer over the remaining Consus shares should the Company exercise the Call Option. As at 31 December 2019 the company acquired 18.62% of Consus shares. The remaining 3.56% was acquired in January 2020. On 9 April 2020 Adler Group started to consolidate ADLER, which holds 3.02% of Consus shares, therefore together with ADLER, Adler Group held 25.20% of the outstanding shares of Consus. On 29 June 2020 the Board of Directors of the Company resolved to exercise the Call Option to acquire control of Consus. The Call Option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the Call Option was subject to a successful launch of rights issue, which was announced by the Company on 2 July 2020 and subject to approval by the authorities and the underwriters. Therefore, on 2 July 2020 Adler Group gained control over Consus (see note 5.B).

Before gaining control, the Group assessed its investment in Consus and determined that it also does not have significant influence due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. Therefore, the investment was classified as a financial asset and measured at fair value (fair value amounting to EUR 186,158 thousand as at 31 December 2019). Adler Group elected to present the changes in fair value of the 22.18% investment in Consus in other comprehensive income ("OCI") and through profit and loss for the 3.02% held by ADLER. With acquisition of the Consus on 2 July 2020 the investment held in Consus was derecognised. The derecognition did not result in a gain or loss due to measurement at fair value.

As of 31 December 2020 the remaining shares (in each case 10.1%) of ADLER in property companies, as part of the sale of residential and commercial units, are recognised with an amount of EUR 21,733 thousand. They are measured at fair value through profit or loss. Because of the consolidation of Consus, shares in non-consolidated companies are recognised in an amount of EUR 1,486 thousand. These shares are measured through fair value through OCI.

Note 8 – Investments accounted under the equity method

Because of the first-time consolidation of ADLER and Consus, eight companies with a total fair value of EUR 96.4 million were initially included in the consolidated financial statements of the Company using the equity method.

In EUR thousand	2020	2019
Balance as at 1 January	**-**	**-**
Additions arising from business combination (Note 5)	96,448	-
Share in profit and losses (at equity result)	(5,666)	-
Investments	-	-
Disposals	(2,011)	-
Transfer to non-current assets held for sale (IFRS 5)	(3,955)	-
Balance as at 31 December	**84,816**	-

The main investments in associated companies are ACCENTRO Real Estate AG, AB Immobilien B.V., Caesar JV Immobilienbesitz, Verwaltungs GmbH and Glasmacherviertel GmbH & Co. KG and MAP Liegenschaften GmbH.
The remaining interest in ACCENTRO (4.78 percent after taking into account dilution) is included in the consolidated financial statements as an associated company due to the possibility of continuing significant influence via a related member in the supervisory board in the ACCENTRO.
ACCENTRO is a listed public limited company and is primarily engaged in trading (buying and selling) in residential real estate and individual apartments, as well as in the brokerage business in connection with apartment privatisation.
The at-equity investment in ACCENTRO developed as follows:

In EUR thousand	**2020**	**2019**
Balance as at 1 January	**-**	**-**
Additions arising from business combination	11,557	-
Share in profit and loss (at equity result)	-	-
Share in other comprehensive income (OCI)	-	-
Received dividends/payouts	-	-
Balance as at 31 December	**11,557**	**-**

The tables below contain the combined financial information of ACCENTRO based on the last published IFRS consolidated financial statements:

Assets (in EUR thousand)	**30 Sep 2020**	**2019**
Non-current assets	119,449	-
of which goodwill	17,776	-
Current assets	604,882	-
of which inventories	460,158	-
of which cash and cash equivalents	36,450	-

Equity and liabilities (in EUR thousand)	**30 Sep 2020**	**2019**
Equity	210,128	-
Non-current liabilities	343,227	-
of which financial liabilities to banks	93,451	-
of which liabilities from bonds	244,726	-
Current liabilities	170,975	-
of which financial liabilities to banks	124,929	-
of which liabilities from bonds	1,180	-

Profit or loss (in EUR thousand)	1 Jan - 31 Sep 2020	2019
Earnings from sale of inventories	55,695	-
Earnings from property lettings	8,235	-
Earnings from services	1,360	-
EBIT (Earnings before interest and tax)	5,596	-
EBT (Earnings before tax)	(8,015)	-
Consolidated net profit		-

Cash flows (in EUR thousand)	2020	2019
Cash flow from operating activities	(47,102)	-
Cash flow from investing activities	(60,516)	-
Cash flow from financing activities	118,041	-
Change in cash and cash equivalents	10,422	-

ADLER holds an interest (25%) in AB Immobilien B.V., which is a property company that pursues the objective of selling its assets at a profit. The interest (25 percent) developed as follows:

In EUR thousand	2020	2019
Balance as at 1 January	**-**	**-**
Additions arising from business combination	5,369	-
Share in profit and loss (at equity result)	(5,369)	-
Balance as at 31 December	**0**	**-**

The tables below contain the combined financial information of AB Immobilien B.V.:

Assets (in EUR thousand)	2020	2019
Non-current assets	6	-
Current assets	92,931	-

Equity and liabilities (in EUR thousand)	2020	2019
Equity	(3,329)	-
Non-current liabilities	53,669	-
Current liabilities	42,597	-

Profit or loss (in EUR thousand)	2020	2019
Earnings from property lettings	(1,488)	-
Earnings from the sale of properties	(4,071)	-
EBIT (Earnings before interest and tax)	(6,516)	-
Net profit	(8,906)	-

Caesar JV Immobilienbesitz und Verwaltungs GmbH is a property company whose objective is to generate income from letting and, where applicable, also selling its properties. The interest (25 percent) developed as follows:

In EUR thousand	2020	2019
Balance as at 1 January	**-**	**-**
Additions arising from business combination	3,723	-
Share in profit and loss (at equity result)	232	-
Reclassification as assets held for sale (IFRS 5)	(3,955)	-
Balance as at 31 December	**0**	**-**

The Group signed an agreement to sell all its interest (25%) in the associated company Caesar JV Immobilienbesitz und Verwaltungs GmbH to an investor by the end of the year. Therefore, the investment of EUR 4.0 million in this company was reclassified to assets held for sale.
The tables below contain the combined financial information of Caesar JV Immobilienbesitz und Verwaltungs GmbH:

Assets (in EUR thousand)	2020	2019
Non-current assets	72,348	-
Current assets	19,182	-

Equity and liabilities (in EUR thousand)	2020	2019
Equity	3,348	-
Non-current liabilities	79,046	-
Current liabilities	9,136	-

Profit or loss (in EUR thousand)	2020	2019
Earnings from property lettings	5,079	-
Earnings from the sale of properties	-	-
EBIT (Earnings before interest and tax)	3,238	-
Net profit	522	-

With acquisition of ADLER, the Group holds 25 percent of the shares in the company Glasmacherviertel GmbH & Co. KG which is a property development company. The carrying amount of the investee developed as follows:

In EUR thousand	2020	2019
Balance as at 1 January	**-**	**-**
Additions arising from business combination	52,019	-
Share in profit and loss (at equity result)	(277)	-
Balance as at 31 December	**51,742**	**-**

The tables below contain the combined financial information of Glasmacherviertel GmbH & Co. KG:

Assets (in EUR thousand)	2020	2019
Non-current assets	390,963	-
Current assets	43,945	-

Equity and liabilities (in EUR thousand)	2020	2019
Equity	185,642	-
Non-current liabilities	245,370	-
Current liabilities	3,896	-

Profit or loss (in EUR thousand)	2020	2019
Earnings from property lettings	1	-
Earnings from the sale of properties	-	-
EBIT (Earnings before interest and tax)	1	-
Net profit	(1,108)	-

Consus holds an interest (75%) in the joint venture MAP Liegenschaften GmbH. Due to the structure of the shareholders' agreement, MAP Liegenschaften GmbH is not controlled by Consus in accordance with IFRS 10, but is accounted for using the equity method in accordance with IFRS 11. At the end of December 2020, the interest in MAP Liegenschaften GmbH has a book value of EUR 21.2 million and developed as follows:

In EUR thousand	**2020**	**2019**
Balance as at 1 January	**-**	**-**
Additions arising from business combination	20,725	-
Share in profit and loss (at equity result)	506	-
Balance as at 31 December	**21,231**	**-**

The tables below contain the combined financial information of MAP Liegenschaften GmbH:

Assets (in EUR thousand)	**2020**	**2019**
Non-current assets	-	-
Current assets	74,310	-

Equity and liabilities (in EUR thousand)	**2020**	**2019**
Equity	46,390	--
Non-current liabilities	-	-
Current liabilities	46,390	-

Profit or loss and Cash flows (in EUR thousand)	**2020**	**2019**
EBIT (Earnings before interest and tax)	314	
Net profit	(561)	-
Cash flow from operating activities	(8,338)	-
Cash flow from financing activities	8,552	-
Change in cash and cash equivalents	164	-

Further, the Group holds investments in five (previous year: 0) other associates and joint ventures that are not of material significance. The carrying amounts and the share of profit and other comprehensive income of these associates are presented in aggregated form in the table below:

In EUR thousand	**2020**	**2019**
Carrying amount of shares in non-significant investees consolidated at equity	284	-

Group's share in the result of non-significant at-equity investees	-	-
Share in profit or los of the investee	(758)	-
Share in other comprehensive income of the investee	-	-
Total result	**(758)**	**-**

The shares in Tuchmacherviertel GmbH & Co. KG were sold in the third quarter of 2020 at a value of EUR 2.0 million. The prorated share of profit and loss of the investees has been recognised in full in 2020 using the equity method. There are no accumulated unrecognised losses.

Note 9 – Property, plant and equipment

Property, plant and equipment developed as follows:

Profit or loss (in EUR thousand)	**2020**	**2019**
Carrying amount as of 1 January	**10,927**	**3,495**
Additions - business combinations (+)	23,493	-
Transfer from investment property	55	5,100
Additions (+)	6,124	3,121
Depreciation current period (-)	(3,873)	(789)
Disposals	(63)	-
Balance at 31 December 2020	**36,663**	**10,927**

Note 10 – Other financial assets

In EUR thousand	**2020**	**2019**
Receivables due from third parties	180,301	-
Receivables due from associated companies and other related parties	104,133	-
Prepayment options	112,109	-
Other financial assets due from related parties	12,524	-
Call option on equity instruments (Consus)	-	92,009
Call option on NCI	7,140	6,681
Balance at 31 December 2020	**416,207**	**98,871**

The Group has receivables from third parties in an amount of EUR 180.3 million and to associated companies in an amount of EUR 103.3 million. In addition to these receivables, other financial assets also include options for early repurchase of bonds and loans in an amount of EUR 112.1 million at Consus, bonds in an mount of EUR 12.5 million that are held as part of a business model whose aim is both to hold financial assets for the collection of contractual

cash flows and to sell financial assets if necessary.
The receivables from third parties are mainly based on the following circumstances:
On 6 February 2020 Adler Group granted an interest-bearing loan of EUR 43.5 million to Taurecon Invest IX GmbH ("Taurecon"). The loan has a term until 15 February 2023 and was used by Taurecon to purchase from ADO Group Ltd. (a wholly owned subsidiary of ADLER) its minority shareholdings in various entities in which Adler Group (directly or directly) owns the majority of shares. The interest on the loan shall accrue at an interest rate of 3.00% p.a. The loan amount may increase or decrease, as the case may be, if and to the extent the final purchase price to be paid by Taurecon for the purchase or the shares may be adjusted going forward. This loan is classified as a financial asset and measured at fair value through profit and loss because it does not meet the "solely payment of principal and interest" criteria. The valuation model is based on a univariate Monte-Carlo simulation. As a result of the acquisition of the non-controlling interests by Taurecon and the expiration of the related put option held by ADO Group Ltd., the Company recognised an increase in equity (non-controlling interests) in an amount of EUR 45.4 million and derecognised the liability towards ADO Group Ltd. in the first quarter of 2020. As at 31 December 2020, the fair value of the loan amounts to
EUR 36.6 million.
The remaining purchase price receivables of ADLER from the sale of the 75% stake in Glasmacherviertel GmbH & Co. KG against the buyer were deferred, subject to customary interest and collateral. For payment of the purchase price receivables, it was agreed that each instalment payment would be due when certain project development milestones, which are determined but not yet fixed regarding the timing, are met. Accounting for default risks, a receivable of EUR 133.2 million from the buyer was recognised as at the balance sheet date. Provided that the set milestone is met on time, a partial payment of EUR 70.0 million would be due.
The receivables from associated companies and other related parties are mainly based on the following circumstances:
On 27 December 2018 ADLER closed a binding agreement with Bension Elliot Capital Management LLP which involves the sale of around 2,300 rental units to the jointly controlled AB Immobilien B.V., Amsterdam/Netherlands, in which ADLER holds 25 percentage. Until the sale of the properties to third parties, ADLER remains responsible for asset, property and facility management. In addition, ADLER is participating in the potential additional proceeds from final disposal of real estate properties by joint venture. The properties had a value in an amount of
EUR 117,700 thousand. The transfer of control over the rental units was already effective in Q1 2020 (before Group acquired ADLER). The agreement over the sale of ca. 2,300 rental units to AB Immobilien B.V. does not include significant financing component since the remaining consideration after partial payment is variable. The amount and timing of the consideration depends on the resale of the properties to the third parties, which ADLER does not have a significant influence on. However, the latest settlement date is scheduled on 31 December 2028. As at 31 December 2020 ADLER shows receivables due from AB Immobilien B.V. in the amount of EUR 32.5 million.
In the course of acquisition of ADLER, the Group acquired an interest-bearing loan due from the investee Glasmacherviertel GmbH & Co, KG, Düsseldorf. On the balance sheet date, the loan including accrued interests amount to EUR 66.9 million. Interest income in the reporting period amounts to EUR 2.9 thousand.
At the balance sheet date other financial assets also include receivables due from other related parties with an amount of EUR 0.9 million.
Options for early repurchase of bonds and loans relate to the following:
Consus placed the bond 2019/2024 in two tranches with a total nominal amount of EUR 450,000 thousand, from which a derivative (option for early repurchase of the bond) was split off and measured at fair value through profit or loss. The fair value of the derivative was EUR 96.7 million as of 31 December 2020.
In some cases, the other loans and borrowings raised by Consus contain embedded derivatives which must be measured at fair value through profit or loss separately from their host contract. These embedded derivatives are termination options that allow Consus to repay the respective liabilities before the actual due date. Termination options are assessed using an option pricing model (binomial model). The main input factors in the option price model used are volatility and the refinancing interest rate on the valuation date. As at 31 December 2020, the fair value of the derivatives was EUR 15.4 million (thereof
EUR 2.0 million current financial assets).
After the first-time consolidation of ADLER, other financial assets include bonds of an associated company that are held as part of a business model whose aim is both to hold financial assets for the collection of contractual cash flows and to sell financial assets if necessary. These debt instruments are therefore measured at fair value with changes in other comprehensive income. In 2020 ADLER sold bonds with a book value EUR 4.7 million. As at 31 December 2020, the fair value amounted to
EUR 12.5 million based on the market price. Interest income in the reporting period amounts to EUR 0.8 thousand.
Other financial assets includes the Group's option for purchasing the non-controlling interests in a transaction completed at the end of 2013 (fair value amounting to
EUR 7.1 million as at 31 December 2020; EUR 6.9 million as at 31 December 2019).
In the year 2019 other finacincial assest related mainly to the call option agreement with a major shareholder of Consus Real Estate AG ("Consus") to acquire an additional 50.97% in Consus (fair value amounting to EUR 92.0

million as at 31 December 2019). The option was exercised on the 29 June 2020 and settled on 2 July 2020 (see Note 5B). The subsequent fair value measurement changes until exercise of the call option have been expensed with EUR 92 million and presented in finance expenses.

Note 11 – Restricted bank deposits

As at 31 December 2020 and 31 December 2019, the restricted bank deposits are denominated in euro and they carry no interest.
The non-current balance as at 31 December 2020 includes EUR 32,209 thousand of pledged bank deposits received from tenants (31 December 2019: EUR 21,123 thousand), EUR 41,602 thousand pledged to secure banking facilities (31 December 2019: EUR 5,371) and
EUR 23,044 thousand of restricted proceeds from condominium sales (31 December 2019 EUR 3,873 thousand).

Note 12 - Contract assets from development

Contract assets and liabilities mainly result from development contracts with customers. The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities) in the Statement of Financial Position. In the Group's development activities, amounts are billed as work in progress in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognised, resulting in contract liabilities. These assets and liabilities are reported in the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the reporting period were not materially impacted by other factors besides as laid out below.

In EUR thousand	**31 December 2020**	**31 December 2019**
Gross contract assets – non-current	8,044	-
Prepayments received on non-current contract balances	-	-
Net contract assets – non-current	**8,044**	**-**
Gross contract assets – current	428,315	-
Prepayments received on current contract balances	(273,883)	-
Net contract asset - current	**154,432**	**-**
Gross contract liabilities – current	230,903	-
Prepayments received on current contract liabilities	(256,773)	-
Net contract liabilities - current	**(25,870)**	**-**
Net contract assets (liabilities)	**136,607**	**-**

No impairments for credit risks in accordance with IFRS 9 were made in respect of contract assets since first consolidation of Consus. This is due to the circumstances that the credit default risk of the contractual partners is relatively low. Furthermore, the value at-risk can be regarded as relatively low due to collaterals.
Following is the movement of contract assets relating to development on a net basis:
Following is the movement of contract liabilities relating to development on a net basis:

Note 13 – Inventories

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

Interest expenses capitalised in the inventories amount to EUR 44,332 thousand (prior year: EUR 0 thousand). For the inventories no material depreciations or reversal of prior depreciation occurred. The carrying amount of the inventories provided as collateral for loan agreements is EUR 1,200,374 thousand (prior year EUR 16,633 thousand). The sale of the inventories relating to development will likely occur after more than twelve months.

Note 14 – Trade receivables

As at the reporting date trade receivables mainly consist of rental receivables (EUR 38,407 thousand; as at 31 December 2019: EUR 15,570 thousand), receivables from the sale of real estate inventories (EUR 325,055 thousand; as at 31 December 2019: EUR 0 thousand) and receivables from property development (EUR 59,782 thousand; as at 31 December 2019: EUR 0 thousand). The balances represent gross amounts less any allowances for expected credit losses (see Note 31A).

Note 15 – Other receivables

Other current receivables consist of the following:

	2020	**2019**
Contract asset balance as at 1 January	**-**	**-**
+ Business combinations (IFRS 3)	262,756	-
+ Additions due to performance obligations satisfied in the reporting period	44,100	-
- Reclassification to receivables / payments received	(39,542)	-
+/- Impairment charge or reversal	-	-
+/- Other changes (i.e. timing, transaction price, change in the measure of progress)	(3,687)	-
+/- Change in scope of consolidation incl. reclassification as held for sale (IFRS 5)	(101,150)	-
Balance as at 31 December	**162,477**	**-**

	2020	**2019**
Contract liabilities balance as at 1 January	**-**	**-**
+ Business combinations (IFRS 3)	26,367	-
+ Received prepayments (incl. billed invoices) relating to performance obligations not satisfied yet	39,750	-
- Derecognition when performance obligations satisfied	(40,247)	-
+/- Other changes (i.e. timing, transaction price, change in the measure of progress)	-	-
+/- Change in scope of consolidation incl. reclassification as held for sale (IFRS 5)	-	-
Balance as at 31 December	**25,870**	**-**

In EUR thousand	**31 December 2020**	**31 December 2019**

Real Estate “Trading properties (condominiums)”	21,791	25,860
Real Estate “Institutional”	771,188	-
Real Estate “Parking”	23,523	-
Real Estate “Apartment for sale”	421,395	-
Real Estate “Other construction work”	7,705	-
Other inventories: excl. development	7,858	-
Total balance	1,254,460	25,860

In EUR thousand	**2020**	**2019**
Advances to suppliers	354	372
Prepaid expenses	3,650	4,567
VAT	1,597	948
Receivables from share purchase agreements (SPAs)	59,127	-
Receivables from sale of non-controlling interests	130,981	-
Notary escrow receivables from the sale of properties	75,178	-
Receivables due from associated companies	44,636	
Current loans due from third parties	53,386	-
Current Securities	28,140	
Insurance	1,685	-
Income tax receivables	14,743	-
Assets recognised from costs to obtain or fulfill a contract	7,774	-
Prepayment options	2,036	-
Current loans to other related parties or companies	22,419	
Other current assets	7,674	2,955
Balance as at 31 December	**477,249**	**8,842**

Other current receivables consist of financial receivables with a book value of EUR 439,731 thousand (as at 31 December 2019: EUR 2,791 thousand) and other assets with a book value of EUR 37,518 thousand (as at 31 December 2019: EUR 6,051 thousand).

Oher current receivables mainly include the following items:

As at the reporting date, other current receivables include residual receivables of EUR 59.1 million against the buyer of the shares in ACCENTRO which ADLER had sold at the end of 2017. The payment period ending on 31 December 2020 was extended to 30 September 2021. If the extended payment period expires without success, the existing collateral could be realised, to cover the outstanding purchase price claim. Due to collateral which ADLER could utilise in the event of creditor’s non-performance, there is no material default risk.

The receivables from the sale of non-controlling interests relate to the sale of non-controlling interests in a number of subsidiaries without losing control.

The balances on the notary escrow account result from the sale of 5,064 residential and commercial units to an international real estate investor and will be transferred to ADLER after the balance sheet date when all payment

conditions have been fulfilled.
As at the reporting date, other current receivables include short-term purchase price receivables from the sale of investment properties of EUR 44.6 million against the associated company Caesar JV Immobilienbesitz und Verwaltungs GmbH. ADLER holds 25 percent at Caesar JV Immobilienbesitz und Verwaltungs GmbH, Berlin. The remaining receivables from the sale against associated company - using market rates and collateral securities - were due at latest on 1 December 2022. At the end of the second quarter 2020 ADLER and the Co-Investor closed a binding agreement with another investor, which stipulates the sale of all shares held in Caesar JV Immobilienbesitz und Verwaltungs GmbH. Accordingly the shares were reclassified as non-current assets held for sale (EUR 3,955 thousand). In the same agreement, it was also agreed that the remaining receivables including interests due from Caesar JV Immobilienbesitz und Verwaltungs GmbH are paid. On 31 December 2020 ADLER shows all receivables including accrued interest due from Caesar JV Immobilienbesitz und Verwaltungs GmbH in the amount of EUR 44.6 million in current other receivables. ADLER recognised interest income of EUR 1.0 million in the reporting period.
Receivables due from other releated parties include a non- interest bearing short term loan with an amount of EUR 21.0 million from Consus to Aggregate Holdings S.A, the main shareholder of Adler Group.
Incremental costs of obtaining forward sales contracts were recognised by Consus and presented in other receivables with a remaining carrying value of EUR 7.8 million on the balance sheet date. The asset is amortised on a straight-line basis over the lifetime of the specific contract to which it relates. The corresponding expenses accounted for as other expenses during the period amounted to EUR 0.6 million.

Note 16 – Non-current assets and liabilities held for sale

At the end of the second quarter of 2020, the shares in the associated company Caesar JV Immobilienbesitz und Verwaltungs GmbH with a value of EUR 4.0 million were reclassified to non-current assets held for sale due to the binding sale and purchase agreement.
The remaining non-current assets held for sale mainly include real estate properties, for which notarised purchase agreements in place without transfer of control on the balance sheet date. Non-current liabilities held for sale mainly include the liabilties associated with non-current assets held for sale, such as in the event of share deals.
In detail, the following significant developments took place with regard to the other non-current assets and non-current liabilities held for sale:
In the second quarter of 2020, control over further commercial units of ADLER held for sale with a value of EUR 40.1 million was transferred. In addition, in the third quarter of 2020, the power of disposal over properties held for sale with a value of EUR 3.6 million was transferred.
In the third quarter 2020 ADLER, a 94% subsidiary of Adler Group, entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial. As at the reporting date, the transaction was completed due to transfer of control to the buyer. (see Note 5C). The sale of the investment properties did not have material impact on the profit or loss.
In the fourth quarter ADLER, entered into a binding purchase agreement with an investor to dispose of 1,605 residential and commercial properties via a share and asset deal. Due to the asset deal, investment properties of EUR 25.3 million were reclassified as non-current assets held for sale. Due to the share deal, assets of EUR 52.9 million (thereof EUR 50.5 million investment properties) and liabilities of EUR 27.5 million (thereof EUR 20.3 million bank loans, EUR 5.2 million deferred tax liabilities) were reclassified according to IFRS 5.

Note 17 – Equity

1. Share capital and share premium

Ordinary shares (in thousands of shares)	**2020**	**2019**
In issue as at 1 January	**44,195**	**44,131**
Increase relating to business combination ADLER (Note 5A)	27,826	-
Increase relating to business combination Consus (Note 5B)	14,670	-
Increase from issuance of ordinary shares, net (“rights issue”)	30,819	-
Share issuance under the LTI plan[1)]	-	64
In issue as at 31 December	**117,510**	**44,195**

1) On 5 July 2019, based on their Long Term Incentive plan, the Company issued 63,850 shares without nominal value free of charge to the previous Senior Management.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at the General Meetings of the Company. All shares rank equally with regard to the Company's residual assets.
Share premium development is as follows:

Share premium (in EUR thousand)	**2020**	**2019**
In issue as at 1 January	**500,608**	**499,209**
Increase relating to business combination ADLER (Note 5A)	600,396	-
Increase relating to business combination Consus (Note 5B)	74,322	-
Increase from issuance of ordinary shares, net ("rights issue")	787,720	-
Transactions with non-controlling interests without a change in control	(70,902)	-
Share issuance under the LTI plan[1)]	-	1,399
In issue as at 31 December	**1,892,145**	**500,608**

1) On 5 July 2019, based on their Long Term Incentive plan, the Company issued 63,850 shares without nominal value free of charge to the previous Senior Management.

For further details, we refer to note 5 and to the consolidated statement of changes in equity.

2. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of the related deferred tax.

3. Capital reserve from transactions with controlling shareholder

The capital reserve from transactions with controlling shareholder comprises the differences between the fair value and the consideration received/paid in relation to transactions with the controlling shareholder. The change in the capital reserve from transactions with controlling shareholder is driven by the change in put option of ADO Group.

4. Capital reserve from financial assets measured at fair value through other comprehensive income

The capital reserve from financial assets measured at fair value through other comprehensive income comprises of equity instruments for which the Group chose to present the fair value changes in the other comprehensive income. The fair value change relates to the difference between the fair value on the balance sheet date and the fair value at the acquisition date, net of tax. In addition, it includes the fair value changes from debt instruments for which the Group is required to present the fair value changes in other comprehensive income.

5. Non-controlling interests

The balance sheet line item comprises the share of equity and annual earnings of consolidated subsidiaries. The consolidated net income attributable to shareholders in the parent company corresponds to the difference between the consolidated net income before non-controlling interests and the non-controlling interests reported in the income statement.
Non-controlling interests is broken down as follows:

in EUR thousand	**2020**	**2019**
Subsidiary ADLER subgroup	534,848	-
Subsidiary Consus subgroup	78,880	-
Other	158,283	51,653
Carrying amounts as at 31 December	**772,011**	**51,653**

The development in non-controlling interests is presented separately in the statement of changes in equity.
The increase of non-controlling interests was mainly impacted by business combinations in 2020 (see note 5).
As a result of the acquisition of the non-controlling interests by Taurecon and the expiration of the related put option held by ADO Group Ltd., the Company recognised an increase in non-controlling-interests in an amount of EUR 45.4 million and derecognised the liability towards ADO Group Ltd. in the first quarter of 2020.
The Group increased its non-controlling interests in a number of subsidiaries from approximately 5 percent to 10 percent which led to an increase in non-controlling interests by EUR 130,981 thousand without affecting shareholders' equity due to transaction price at carrying amounts. The consideration has been reclassified to non-controlling interest.
In December 2020, the Group increased its majority stake in Consus by an additional 29 percent from approximately 61.9 percent to 93.9 percent. Accordingly, the Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiary according to IFRS 10.B96. Accordingly, a loss of EUR 71,001 thousand is directly recognised in equity (share premium) which represents the difference between the amount by which the non-controlling interests were adjusted, and the fair value of the consideration given.
The key financials of those subsidiaries with non-controlling interests which are of material relevance to the Group are presented in the following tables. The amounts are presented prior to consolidation.

Combined consolidated balance sheets IFRS	**Subsidiary** ADLER subgroup		**Subsidiary** Consus subgroup	
Headquarters	**Berlin**	**Berlin**	**Berlin**	**Berlin**
Minority interest %	**6.11 %**	**-**	**6.06%**	**-**
in EUR thousand	**2020**	**2019**	**2020 (**2**)**	**2019**
Current assets[1)]	713,388	-	3,471,744	-
Current liabilities[1)]	(1,160,080)	-	(2,481,990)	-
Net current assets	**(446,192)**	**-**	**989,754**	**-**
Investment properties	4,951,790)	-	99,681	-
Other non-current assets	626,634	-	1,178,958	-
Non-current liabilities	(3,551,462)	-	(1,233,375)	-
Net non-current assets	**2,026,962**	**-**	**45,264**	**-**
Equity	**1,580,770**	**-**	**1,035,018**	**-**
Contribution made for completion of agreed capital increase	**478,164**		**--**	
Equity including contribution made	**2,058,934**	**-**	**--**	**-**

1) Includes non-current assets and liabilities held for sale.

Combined statement of comprehensive income IFRS	**Subsidiary** ADLER subgroup		**Subsidiary** Consus subgroup	
in EUR thousand	**2020**	**2019**	**9M-2020**	**2019**
Revenue	354,680		705,553	
Annual result	**195,107**	**-**	**(37,224)**	**-**
Other comprehensive income	(839)		80	
Net result	**194,268**	**-**	**(37,144)**	**-**
Profit or loss attributable to non-controlling interests	49,282	-	0	-

Combined cash flow statement IFRS	**Subsidiary** ADLER subgroup		**Subsidiary** Consus subgroup	
in EUR thousand	**2020**	**2019**	**9M-2020**	**2019**
Cash flow from operating activities	144,050		(108,792)	
Cash flow from investing activities	(126,106)		(48,562)	
cash flow from financing activities	(204,526)		136,507	
Change in cash and cash equivalents	(186,582)	-	(20,847)	-

Note 18 – Corporate bonds and convertible bonds

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

In EUR thousand	**31 December 2020**	**31 December 2019**
Adler Group Bond 2017/2024	397,977	397,433
Adler Group Convertible Bond 2018/2023	97,623	156,334
Adler Group Bond 2020/2025	391,164	-
Adler Group Bond 2020/2026	389,051	-
ADLER Convertible Bond 2016/2021	99,062	-
ADLER Bond 2017/2021	506,444	-
ADLER Bond 2017/2024	289,111	-
ADLER Bond 2018/2023	489,571	-
ADLER Bond 2018/2026	284,307	-
ADLER Bond 2019/2022	395,887	-
BCP Bond 2011/2020 (A)	-	-

BCP Bond 2013/2024 (B)	36,814	-
BCP Bond 2014/2026 (C)	25,381	-
Consus Bond 2019/2024	523,255	-
Consus Convertible Bond 2019/2022	115,287	-
Total balance	4,040,934	**553,767**

On 20 July 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2017/2024). The bonds carry an interest rate of 1.5% per annum and mature on 26 July 2024. The gross proceeds resulting from the transaction amounted to EUR 398.6 million with an issue price of 99.651%. The net proceeds of the bond were mainly used to fund acquisitions.

On 16 November 2018, the Company placed senior, unsecured bonds in a total nominal amount of EUR 165 million with institutional investors, which are convertible into new and/or existing ordinary registered shares of the Company (Adler Group Convertible Bond 2018/2023). The coupon has been set at 1.25% per annum, payable semi-annually in arrears. Due to the downgrade of the Company the interest increased to 2.00% p.a. starting from 23 November 2020. The bonds will mature on 23 November 2023. With the acquisition of ADLER on 9 April 2020, Adler Group effectively repurchased 38.24% of its outstanding convertible bond which is extinguished from the Group's perspective (Note 5A).

On 5 August 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2020/2025). The bonds carry an interest rate of 3.25% per annum and mature on 5 August 2025. The gross proceeds resulting from the transaction amounted to EUR 395.5 million with an issue price of 98.871%. The net proceeds of the bond were mainly used to refinance existing liabilities.

On 13 November 2020, the Company placed unsecured, fixed-rate corporate bonds (Adler Group Bond 2020/2026)with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 2.75% per annum and mature on 13 November 2026. The gross proceeds resulting from the transaction amounted to EUR 394.6 million with an issue price of 98.646%. The net proceeds of the bond have mainly been used to refinance existing liabilities.

Because of the first-time consolidation of ADLER, bonds and convertible bonds with a total fair value of EUR 2,158.2 million were included in the consolidated financial statements of Adler Group (Note 5A).

The ADLER Convertible Bond 2016/2021 with a total number of 10,000,000 bonds and a nominal value of EUR 13.79 per bond was issued in June 2016. The convertible bond totals EUR 137.9 million, has an interest rate of 2.5% and matures in July 2021. ADLER grants each bondholder the right, within the exercise period, to convert each bond into no-par bearer shares in ADLER each representing a nominal value of EUR 1.00 of the share capital as at the issue date. The conversion price at issuance was EUR 13.79. The conversion price was adjusted to EUR 12.5364 as at 7 June 2017 and then to EUR 12.5039 as at 31 August 2018 as a result of the issuing of bonus shares. A total of 3,206,819 bonds were converted up to 31 December 2020.

In December 2017, ADLER issued a corporate bond of EUR 800 million in two tranches. The first tranche (ADLER Bond 2017/2021) with a coupon of 1.50%, a volume of EUR 500 million and a term until December 2021 and was issued at 99.52% of par value. The second tranche (ADLER Bond 2017/2024) with a coupon of 2.13% and a volume of EUR 300 million expires in February 2024 and was issued at 99.28% of par value. On average, the interest on the bonds overall is 1.73%.

In April 2018, ADLER successfully placed corporate bonds of EUR 800 million in two tranches again with institutional investors in Europe. The first tranche (ADLER 2018/2023) has a volume of EUR 500 million, a coupon of 1.88% and a term until April 2023; the second tranche (ADLER 2018/2026) has a volume of EUR 300 million, a coupon of 3.0% and a term until April 2026. On average, the interest on the bonds overall is 2.30%. The net proceeds were largely used to refinance the bridge loan which ADLER had raised in connection with the acquisition of Brack Capital Properties N.V. ("BCP").

In April 2019, ADLER successfully placed a corporate bond of EUR 400 million with a coupon of 1.5% with institutional investors in Europe (ADLER 2019/2022). The bond has a three-year term and matures in April 2022.

As part of the acquisition of BCP, ADLER has assumed liabilities for bonds in three tranches with an original volume of NIS 700 million. Tranche A (BCP Bond 2011/2020 originally NIS 400 million) has a term up to July 2020 and has 4.80% interest rate. The liabilities from the BCP Tranche A bond were repaid early on 20 April 2020. Tranche B (BCP Bond 2013/2024 originally NIS 175 million) has a term up to December 2024 and has a 3.29% interest rate. Tranche C (BCP Bond 2014/2026) originally NIS 125 million) has a term up to 2026 and has a 3.30% interest rate. Annual principal payments are made until the end of the respective term. The interest rate and the repayment of the three

tranches is also linked to the development of the Israeli Consumer Price Index.
Because of the first-time consolidation of Consus, bonds and convertible bonds with a total fair value of EUR 722.3 million were included in the consolidated financial statements of Adler Group (Note 5B).
On 16 May 2019, Consus placed a senior secured note to the value of EUR 400 million and a term until 15 May 2024 to institutional investors (Consus Bond 2019/2024). Annual interest is 9.625% per annum semi-annually in arrears. The Company may at any time on or after 15 May 2021 buy back part or all of the bond at the prices set out in the terms of issue. Partial or full repurchase is possible before 15 May 2021 at a price of 100% plus an agreed surcharge. In addition, the company can repurchase up to 40% of the outstanding amount with the income from certain equity transactions at a fixed price if at least 60% of the nominal amount of the bond remains outstanding. The bond terms contain a "change of control" clause, under which the bondholders can, under certain conditions, request the repurchase of their bond amounts for a price of 101%. The bond is governed by New York State law (144A/Reg S). On 25 October 2019, a further EUR 50,000 thousand was issued. The conditions of the EUR 400,000 thousand bond also apply. A derivative (option for early repurchase of the bond) was split off from the bond with a total nominal amount of EUR 450 million which is shown separately in the balance sheet in non-current other financial assets and measured at the fair value on the balance sheet date.
A convertible bond with a total nominal value of
EUR 200 million was issued by Consus on 29 November 2017 (Consus Convertible Bond 2017/2022). The convertible bond has a maturity as of 29 November 2022, and was issued at a price of 100% of the principal amount in a denomination of EUR 100,000 each. The convertible bonds bear interest at a rate of 4.0% per annum, payable semi-annually in arrears. In accordance with the convertible bond conditions, bondholders have the right to offer to the Company to participate in a capital increase by way of contribution in kind (Sacheinlage) by offering bonds held by it as contribution in kind. It is in the discretion of the Company whether it accepts such offer. If the Company accepts such offer, the new shares would be derived from the Company's conditional capital. The exercise of the included termination right leads to a 100% repayment plus accrued interest. The conversion right and the redemption rights represent an embedded derivative, which is measured at fair value and presented in derivatives liabilities. As of 31 December 2020 EUR 119.6 million remained outstanding under the Consus Convertible Bonds 2017/ 2022.
The acquisition of control over Consus by Adler Group resulted in the occurrence of a change of control in accordance with the terms of the EUR 450 million 9.625% senior secured bond (Consus bond 2019/2024) and the EUR 200 million 4.00% convertible bond (Consus convertible bond 2017/2022) and triggered repayments of notional amounts of in total EUR 75.8 million, which were made on 6 August and 14 August 2020 respectively.
Following the Company's announcement on 15 December 2019 for a voluntary public takeover offer for all shares in ADLER Real Estate AG, and the acquisition of a 22.18% strategic minority stake in Consus, S&P and Moody's had placed the Company's long-term corporate credit rating of BBB- / Baa3 under review.
On 23 April 2020, following the successful closing of the voluntary public takeover offer for ADLER, the Company received notice from S&P that its rating has been adjusted from BBB- to BB with stable outlook. S&P's fundamental analysis of the business risk profile remains unchanged and was moved to the better end of its satisfactory category. S&P's anchor score is BBB- based on Adler Group's financial position and financing policy, the quality of Adler Group's portfolio and the strong fundamentals of the German residential market. The Company has received further confirmation of its adequate liquidity position. Adler Group's corporate rating has been adjusted down by two notches due to perceived execution risk related to the combination with ADLER and corresponding synergies, including the announced rights issue, and comparable rating analysis. Following Adler Group's intention to acquire full control of Consus Real Estate AG, on 29 June 2020, S&P affirmed their 'BB' long-term issuer credit rating with stable outlook.
On 4 May 2020, Moody's adjusted its Company's rating to Ba1 from Baa3. The outlook was changed to negative from rating under review due to a perceived execution risk. On 30 June 2020, following Adler Group's announcement to exercise its option to acquire full control of Consus, Moody's downgraded ADO to Ba2 with stable outlook due to increased exposure to development activities.
Adler Group undertakes to not incur any financial indebtedness after the issue date of the bonds, and will also procure that its subsidiaries will not incur any financial indebtedness after the issue date of the bonds (except for refinancing existing financial indebtedness), if immediately after giving effect to the incurrence of such additional financial indebtedness (taking into account the application of the net proceeds of such incurrence), the following tests would not be met: (i) Loan-to-Value Ratio (LTV) ≤ 60%; (ii) Secured Loan-to-Value Ratio ≤ 45%; (iii) Unencumbered Asset Ratio ≥ 125%; and (iv) Interest Coverage Ratio (ICR) ≥ 1.8.
For the ADLER Bonds it is required to maintain the consolidated coverage ratio at or above 1.70 to 1.00 on 31 December 2020 and at or above 1.80 to 1.00 for any reporting date falling on or after 1 January 2021.
Consus will not, and will not cause or permit any of its Restricted Subsidiaries to incur, any indebtedness unless (i) on the date of such incurrence the net total loan-to-value ratio would have been no greater than 0.65 to 1.00; and (ii) the fixed charge coverage ratio would have been at least 2.00 to 1.00 determined on a pro forma basis, as if the additional indebtedness had been incurred.
As at 31 December 2020, the Company is fully compliant with all covenant requirements.

Note 19 – Other loans and borrowings

Because of the first-time consolidation of ADLER, other loans and borrowings from banks with a total fair value of EUR 2,240.9 million were initially included in the consolidated financial statements of Adler Group (Note 5A).
Because of the first-time consolidation of Consus, other loans and borrowings from banks with a total fair value of EUR 2,041.4 million were initially included in the consolidated financial statements of Adler Group (Note 5B).
As at 31 December 2020, other loans and borrowings of Adler Group including ADLER and Consus carry an average effective interest rate (i.e. considering the swap interest hedging effect from variable to fixed interest) of 3.1% per annum (as at 31 December 2019: 1.6%). The average maturity of other loans and borrowings is 3.5 years (as at 31 December 2019: 4 years.
Most of these loan agreements have imposed requirements in the form of financial covenants. Loans secured by properties which constitute the bulk of a loan agreement usually include financial covenants at the level of the subsidiaries. Covenant levels vary by property. Most secured loans contain minimum/maximum debt service coverage ratios (DSCR), interest coverage ratios (ICR), loan-to-value (LTV) ratios and/or loan-to-mortgage-lending-value (LTMLV) ratios. Individual credit agreements require a minimum amount of maintenance work or rental income. Should the maintenance measures agreed in the loan agreement not be carried out, the Company must maintain a cash reserve of the same amount on restricted accounts. Failure to comply with such covenants entitles the lenders to impose various sanctions, which may also include terminating the respective facility. As at 31 December 2020, under the existing loan agreements, the Group is compliant with its obligations (including loan covenants) to the financing banks.
On 9 March 2018, the Group signed a EUR 200 million revolving credit facility with a 2-year term and two extension options, each for one year. The interest rate is variable (0.95% as of 31 December 2020). The relating upfront fees were recognised under deferred expenses in the consolidated statement of financial position and will be amortised over four years. On 30 January 2019, the Group exercised one extension option for one year in an amount of EUR 175 million. In February 2020 the Group exercised the second option for one year in an amount of EUR 50 million. As at 31 December 2020, the Group drew down an amount of EUR 50 million in total.
On 15 December, 2019, the Company signed a EUR 3,463 million bridge facility agreement with a variable interest rate and a 1-year term and four extension options, each for six months. The interest rate is variable (2.75% as of 31 December 2020). The maximum amount of the bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited has subsequently been reduced and, as at 31 December 2020, is EUR 885 million. On 9 April 2020, Adler Group refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilised bridge facility agreement. In August and November 2020 the facility was partly repaid in an amount of EUR 265 million and EUR 249 million and at 31 December 2020 the Group has an outstanding volume of EUR 371 million in total under the bridge facility agreement.
On 30 September 2020, the Group signed EUR 100 million revolving credit facilities (two of EUR 50 million) both with a 2-year term and two extension options, each for one year. The relating upfront fees were recognised under deferred expenses in the consolidated statement of financial position and will be amortised over four years. At the time of approval of these consolidated financial statements, no amount were borrowed by the Group under these revolving credit facilities.
The Group refinanced bank loans with a total volume of EUR 728 million in the financial year 2020.
After its first consolidation, loans of Consus in a nominal value of EUR 682 million have been prepaid.
Almost all loans with the exception of the revolving credit facility and the bridge facility are secured with the assets (investment properties and inventory properties, financial assets, trade and other receivables, cash and cash equivalents).

Note 20 – Derivatives

The fair value of the interest rate swaps, including both current and non-current liabilities (EUR 5,315 thousand), is measured by discounting the future cash flows over the period of the contract and using market interest rates appropriate for similar instruments. The credit risk used by the bank is not a material component of the valuation made by the bank, and the other variables are market-observable.
The fair value of the derivative component of Adler Group's Convertible Bonds 2018/2023 (6,610 thousand) is determined by an external valuer, calculated by reference to the market terms of similar convertible securities.
The embedded derivative component of Consus' Convertible Bond 2017/2022 had a fair value of EUR 9,315 thousand at the end of December 2020 and was valued using an option price model. Key input factors in the valuation are the share price and the volatility of the share price.

	31 December 2020		31 December 2019	
In EUR thousand	**Non-current**	**Current**	**Non-current**	**Current**
Loans from banks	2,609,455	1,215,842	692,078	37,605
Other creditors	49,198	50,000	48,134	-
Total	**2,658,653**	**1,265,842**	**740,212**	**37,605**

Note 21 – Other payables

Other current payables consist of the following:
As at 31 December 2020, other current payables consist of financial liabilities with a book value of EUR 178,424 thousand (as at 31 December 2019: EUR 4,467 thousand) and non-financial liabilities with a book value of EUR 262,417 thousand (as at 31 December 2019: EUR 45,146 thousand).
contigent losses are related to project developments of Consus with potential adverse margin expectations. The position is based on managements' expectations on sales and revenues for individual projects.
The loans due to associated companies are short term interest bearing loans.

Note 22 – Prepayments received

Prepayments received by the Group on contract assets/liabilites (development projects under the scope of IFRS 15) are included in the balances of the respective asset or liability balance. On the balance sheet date, an amount of EUR 531 million were received from customers and have been included in respective contract asset and liability on a contract-by-contract basis. We refer to Note 12.
Prepayment received on inventory (development projects under the scope of IAS 2) and other assets are disclosed separately as prepayments received. As per balance sheet date, the Group received prepayments of EUR 299 million on respective development projects.

In EUR thousand	**2020**	**2019**
Accrued expenses	70,662	14,075
Accrued interest payable	84,630	2,924
Tenants' deposits	31,195	21,133
Payables to ADO Group	-	63
Deferred income	6,145	2,154
Income tax payables	77,039	3,108
VAT	14,160	738
Contingent losses development contracts	69,696	-
Transaction costs related to sale of commercial properties	6,150	-
Purchase price liabilities	27,219	-
Other payables due to associated companies	17,467	-
Other payables due to other related parties	183	-
Other financial liabilities	10,425	-
Other non-financial liabilities	**25,872**	**5,418**
Total	**440,842**	**49,613**

Note 23 – Taxes

A. The main tax laws imposed on the Group companies in their countries of residence

(1) Germany

- The standard rate of corporation tax for both residents and non-residents is 15%. A "solidarity surcharge" is also levied resulting in an effective rate of 15.825% which applies to companies which hold German property regardless of their residence. Trade tax at the relevant rate (trade tax rate depends on the municipality of the company) is also levied on the income of the companies, except for non-residents with no permanent establishment in Germany or if the companies' business purpose is restricted to the holding and letting of real estate property (property holding companies). Dividends received from another company are 95% tax exempt when the investment in the other company is at least 10% at the beginning of the calendar year or the investment was increased by 10% during the year.

- No tax is withheld on rental payments to non-resident companies holding German property.

- Capital gains on the sale of German property are subject to corporation tax at the standard rate for both residents and non-residents. Trade tax is also applicable at the relevant rate, except for non-residents with no permanent establishment in Germany or for property holding companies as long as the sale of the asset is classified as part of that business (detailed and strict regulations apply). Capital gains realised by a company on the sale of shares in a property holding company are 95% tax exempt.

- German real estate owned at the start of the calendar year is subject to annual property tax at 3.5% to 6.5% (depending on the location of the property, 6.0% for Berlin) on the specially assessed value of the property (dependent on the rental value and age of the property). The tax payable is a deductible expense for profit tax purposes such as trade tax and corporation tax.

- The transfer of German real estate or a share transaction that unifies at least 95% (expected to reduce to 90%) of the shares of a company holding a real estate property is subject to a real estate transfer tax (RETT), which is payable by the buyer on the purchase price (on transfer of the property) or a specially assessed value as above (on transfer of shares). The tax rate varies between 3.5% and 6.5%, depending on the municipality where the property is located. In Berlin the tax rate is 6%.

- Limitation on the tax deductibility of interest expenses, and simultaneous repeal of the existing thin-capitalisation rules. The "interest barrier rule" allows the deduction of net interest expenses exceeding EUR 3 million p.a. only to the extent that total net interest expenses do not exceed 30% of the EBITDA, unless the total net interest does not exceed EUR 3 million p.a. or other exemption criteria are met. The net interest expenses that are not deductible can be carried forward.

- Accumulated tax losses can be carried forward without time restriction and can be deducted from future profits and capital gains unless they exceed EUR 1 million. Losses carried forward that exceed EUR 1 million can only be deducted to the amount of 60% of the profits/capital gains that exceed EUR 1 million (minimum taxation). Those parts that cannot be deducted on the basis of the minimum taxation can be carried forward again and are subject to minimum taxation in the following years.

- The corporation tax rate used to calculate deferred tax assets and deferred tax liabilities as at 31 December 2020 and as at 31 December 2019 is 15.825% for the property holding companies which only hold real estate assets and 30.18% for the management companies that operate the real estate in Berlin, as these management companies are subject to corporate income tax of 15.825% and trade tax at the relevant rate.

- In 2018, a Group tax audit for the financial years 2013 until 2016 was commenced by the tax authorities. Currently, 32 companies are included in the sample, representing the entire Group. The authorities reserve the right to extend the sample. So far, no tax audit findings have been made.

(2) Luxembourg

- The Company is liable for Luxembourg corporation taxes. The aggregate maximum applicable rate, including corporate income tax, municipal business tax and a contribution to the employment fund, is 24.94% for the fiscal year ending 2020 for a company established in Luxembourg City.

- The Company is fully subject to the annual net wealth tax charge which amounts to 0.5% of the net asset value of the Company. Certain assets might be excluded from the net asset value for the purposes of the net wealth tax computation, provided that the provisions of paragraph 60 of the valuation law of 16 October 1934, as amended (BewG), are met.

- A 15% withholding tax will be due in Luxembourg on dividends paid by the Company to its shareholders unless the domestic withholding tax exemption regime or a withholding tax reduction or exemption under a double tax treaty concluded by Luxembourg applies. Normal interest payments (i.e. not profit-linked interest) and liquidation proceeds are generally not subject to withholding tax, unless the EU Savings Directive applies. Should any withholding taxes be payable on amounts paid by the Company, the Company assumes responsibility for the withholding of Luxembourg taxes at the source.

(3) Ireland

- An Irish tax resident company is subject to corporation tax on its worldwide income (subject to any relevant exemptions) at either 12.5% or 25% depending on the activities undertaken by the company. Any capital gains recognised by an Irish company (subject to any relevant exemptions) will also be subject to corporation tax. However, such gains are re-grossed for corporation tax purposes to ensure they are taxed at the capital gains tax rate of 33%.

- Dividends received by an Irish resident company from another Irish resident company are exempt from corporation tax. Dividends received from a foreign company in the hands of an Irish resident company are subject to corporation tax; however, a credit should be available for underlying corporate and withholding tax generally for foreign tax paid.

- In general, with respect to non-resident companies, interest and patent royalties which are derived from Ireland are subject to withholding tax in Ireland at the rate of 20%. However, there are a number of domestic exemptions from this withholding tax. In addition, there may be exemptions or reliefs available under a treaty or under the EU directives.

(4) Malta

- A Malta tax resident company is subject to corporation tax on its worldwide income (subject to any relevant exemptions) at 35%. Any capital gains recognised by a Maltese company (subject to any relevant exemptions) will also be subject to corporation tax.

- The corporation income tax rate of a Maltese company may be reduced to 3.5%, based on the Notional Interest Deduction (NID) provision, and subject to conditions, or based on the refund mechanism subject to the conditions under the domestic law in Malta.

- Malta does not impose any withholding tax on an outbound payment of dividends. Consequently, dividends distribution by a Maltese resident company to its shareholder should not be subject to withholding tax in Malta.

- Interest payments generated in Malta by non-residents should not be subject to withholding tax in Malta based on the domestic tax law.

B. Income taxes

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Current year	(29,451)	(3,722)
Adjustments for prior years	(8,630)	(3,817)
Deferred tax expense	(80,998)	(69,557)
Total	**(119,079)**	**(77,096)**

C. Reconciliation of statutory to effective tax rate

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Statutory income tax rate	24.94%	24.94%
Profit before taxes	348,542	684,020
Tax using the Company's domestic tax rate	159,871	170,595
Non-deductible expense	15,312	720
Utilisation of tax losses from prior years for which deferred taxes were not created	17,950	(8,053)
Effect of tax rates in foreign jurisdictions	(6,001)	(42,142)
Deferred tax assets not recognised for tax losses and other timing differences	3,934	3,919
Inter-company transaction effect	(10,060)	(10,742)
Tax exempt income from sale of assets held for sale	224	(19,486)
Income subject to special tax rate	21,941	(22,219)
Adjustments for prior years	1,856	3,817
Other differences, net	(85,953)	687
Income tax expense	**119,079**	**77,096**

D. Recognised deferred tax assets and liabilities

Deferred taxes recognised are attributable to the following:

Assets	**2020**	**2019**
Tax loss carryforwards incl. interests carried forward (DTA)	**146,679**	**20,178**
Derivatives	92	184
Other non-current liabilities	8,135	-
Other current liabilities	13,787	-
Financial liabilities	38,987	-
Other provision	5,230	-
Financial receivables	56,399	-
Bonds and convertible bonds	1,169	-
Other DTA	15,814	538-
Derivatives	**(28,842)**	**-**
Bonds and convertible bonds	**(15,695)**	**(1,082)**

Investment properties	**(1,011,675)**	**(257,249)**
Trading properties	**(37,405)**	**(1,188)**
Financial assets	**(38,293)**	**-**
Financial liabilities	**(25,237)**	**-**
Right-of-Use assets	**(1,472)**	**(728)**
Contractual assets	**(21,832)**	**-**
Other current receivables	**(24,133)**	**-**
Other DTL	**(7,056)**	**-**
Total deferred tax assets	**286,291**	**-**
Total deferred tax liabilities	**(1,211,640)**	**-**
Offsetting (-)	**278,413**	**-**
Reported deferred tax assets (net)	**7,878**	**-**
Reported deferred tax liabilities (net)	**(933,226)**	**(239,347)**

The change in deferred taxes is as follows:

In EUR thousand	**2020**	**2019**
Deferred tax liabilities as of 1 January	**(239.346)**	**(248.382)**
Deferred tax expense in income statement	(80,920)	(69.557)
Deferred tax due to first-time consolidation and deconsolidation	(614,099)	-
Transfer to disposal group held for sale (IFRS 5)	5,201	78.056
Deferred taxes recognised in other comprehensive income due to equity instruments measured at FVtOCI	-	-
Deferred taxes recognised directly in equity due to costs of issuance equity	3,564	-
Currency translation	-	-
Other	251	537
Reported deferred tax liabilities (deferred tax assets offset) as at 31 December	**(925,349)-**	**(239.346)**

Losses for tax purposes carried forward to future years, based on the Group's estimation:
Tax losses carried forward amounted to EUR 1,664,961 thousand at 31 December 2020 (2019: EUR 103,460 thousand). Tax losses can be carried forward indefinitely.
Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of losses carried forward amounting to EUR 719,288 thousand as at 31 December 2020 (2019: EUR 29,385 thousand) that can be carried forward against future taxable income due to its expectation for their utilisation.
The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 24 – Revenue

In EUR thousand	2020	2019
Net rental income	293,387	134,141
Income from charged costs of utilities	65,461	-
Income from facility services	25,058	7,431
Income from property development	134,634	-
Sale of trading properties (condominiums)	6,637	14,948
Income from real estate inventories disposed of	218,667	-
Revenue other	14,893	-
Total	**758,737**	**156,520**

Net rental income amounting to EUR 179,528 thousand, income from charged costs of utilities amounting to EUR 65,146 thousand, income from property development amounting to EUR 60,212 thousand and income from facility services with an amount of EUR 18,565 thousand are attributable to the business of ADLER.
Net rental income amounting to EUR 4,722 thousand, income from charged costs of utilities amounting to EUR 315 thousand, income from property development amounting to EUR 74,422 thousand, income from real estate inventories disposed of amounting to EUR 218,667 and other revenue with an amount of EUR 14,893 thousand are attributable to the business of Consus.
Adler Group records revenue from charged costs of utilities according to the agent method and therefore, offsets expenses and corresponding revenue from charges to the tenant. ADLER records revenue from charged costs of utilities and cost of apportionable utilities separately according to the principal method due to a different business model.
Revenue from real estate inventories disposed of includes the sale of properties, buildings and projects that are not recognised using the over-time recognition under IFRS 15.
During the year no new forward sales contracts were signed. Income from property development resulted from the building progress on existing forward sale.
A transaction price of EUR 27,146 thousand was allocated to the remaining performance obligations that had not yet been satisfied (in full) at the end of the current reporting period. These amounts are expected to be recognised, affecting net income, with an amount of EUR 26,349 thousand attributable to 2021, an amount of EUR 797 thousand attributable to the years 2022 and thereafter.

Disaggregation of revenue

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

				Segments	**Total**
1 Jan - 31 Dec 2020	Residential Property management	Privatisation	ADLER	Consus	
Revenue from charged costs of utilities and facility services	6,493	-	71,556	-	78,049
Revenue from sale of trading properties (condominiums)	-	6,637	-	-	6,637
Revenue from property development contracts	-	-	60,212	74,422	134,634
Revenue from real estate inventories disposed of	-	-	-	218,667	218,667
Revenue other				14,893	14,893

Revenue from contracts with customers (IFRS 15)	**6,493**	**6,637**	**131,768**	**307,983**	**452,881**
thereof: products and services transferred at a point in time	-	6,637	-	218,667	225,304
thereof products and services transferred over time	6,493	-	131,768	89,315	227,576
Rental income (IFRS 16)	108,797	340	179,528	4,722	293,387
Revenue from ancillary costs (IFRS 16)(*)	-	-	12,155	314	12,469
Rental income (IFRS 16)	**108,797**	**340**	**191,683**	**5,036**	**305.856**
Revenues (IFRS 15/IFRS 16)	**115,290**	**6,977**	**323,451**	**313,019**	**758,737**

(*) Includes land tax and building insurance.

	Segments		**Total**
1 Jan - 31 Dec 2019	Residential Property Management	Privatisation	
Revenue from charged costs of utilities and facility services	7,431	-	7,431
Revenue from sale of trading properties (condominiums)		14,948	14,948
Revenue from property development contracts	-	-	-
Revenue from real estate inventories disposed of	-	-	-
Revenue other	-	-	-
Revenue from contracts with customers (IFRS 15)	**7,431**	**14,948**	**22,379**
thereof products and services transferred at a point in time	-	14,948	14,948
thereof products and services transferred over time	7,431	-	7,431
Rental income (IFRS 16)	133,569	572	134,141
Revenue from ancillary costs (IFRS 16)(*)	-	-	-
Rental income (IFRS 16)	**133,569**	**572**	**134,141**
Revenues (IFRS 15/IFRS 16)	**141,000**	**15,520**	**156,520**

(*) Includes land tax and building insurance.

Contract balances

Following table summarises the contract balances from revenue with customers under IFRS 15:

Contract balances	**31 December 2020**	**31 December 2019**
Contract assets arising from re-charge of utilities (presented in “trade receivables”)	12,579	7,137
Receivables from sale of real estate properties1 (presented in “trade receivables”)	325,055	-

Receivables from other sales including forward sales (presented in "trade receivables")	61,536	
Contract assets from developments (presented net in "contract assets")	162,476	-
Prepayments received from developments (presented net in "contract liabilities")	25,870	-
Contract liabilities arising from re-charge of utilities (presented net in "trade payables")	2,278	3,692

Note 25 – Cost of operations

In EUR thousand	**2020**	**2019**
Salaries and other expenses	36,434	11,443
Costs of apportionable utilities	81,750	-
Costs of utilities recharged, net	1,267	1,630
Costs of property development	104,713	-
Cost of real estate inventories disposed of	266,775	-
Costs of sale of trading properties (condominiums)	4,709	11,058
Property operations and maintenance	42,297	19,880
Other costs of operations	15,973	-
Total	**553,918**	**44,011**

Salaries and other expenses amounting to EUR 27,773 thousand, costs of apportionable utilities with an amount of EUR 76,815 thousand, costs relating to property development amounting to EUR 46,823 thousand and costs for property operations and maintenance with an amount of EUR 30,013 thousand are attributable to the business of ADLER.
Cost of apportionable utilities with an amount of EUR 4,935 thousand, costs of property development amounting to EUR 56,767 thousand, cost of real estate inventroes disposed of amounting to EUR 266,775 thousand and other costs of operation with an amount of EUR 15,973 thousand are attributable to the business of Consus.

Note 26 – General and administrative expenses

In EUR thousand	**2020**	**2019**
Salaries and related expenses (A)	23,875	7,727
Share-based payments	547	1,724
Directors fee (A)	957	1,165
Rent	2,972	15
Professional services	25,198	8,973
Traveling	1,728	383
Office, communication and IT expenses	19,100	1,635

Advertising and marketing	1,880	535
Impairment loss on trade receivables	12,332	1,037
Depreciation	9,498	1,354
Services from parent company (see Note 32)	6	87
Other	9,328	415
Total	**107,421**	**25,050**

As at 31 December 2020, the Group has 1,787 full-time employees (2019: 366). On an annual average 1,909 people (2019: 416) were employed.

Note 27 – Other expenses

Other expenses are mainly due to the business combinations of Adler Group and ADLER and Adler Group and Consus as well as the related legal and consulting fees. The remaining other expenses relate mainly to expenses for selling investment properties held for sale and expenses from prior periods.

Note 28 – Other income

The preliminary purchase price allocation of ADLER resulted in gain from bargain purchase of EUR 74.8 million, which was recognised in other income. The remaining other income relates mainly to the reduction of existing liabilities, income from prior periods and effects from deconsolidation of subsidiaries.

Note 29 – Net finance costs

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Interest received	12,979	39
Change in fair value of derivative component of convertible bond	-	10,180
Change in fair value of other derivatives	72,697	-
Change in fair value of other financial assets - profit	3,264	92,256
Net foreign exchange gain	5,745	-
Other finance income	91,815	-
Total finance income	**186,500**	**102,475**
Interest on bonds	(92,208)	(10,670)
Change in fair value of derivative component of convertible bond	(23,087)	-
Change in fair value of other derivatives	(20,700)	-
Change in fair value of investments in financial assets and other financial assets	(91,732)	-
Change in fair value of loans granted	(8,126)	-
Impairment of financial instruments	(14,349)	-

Interest on other loans and borrowings	(82,142)	(19,046)
One-off refinance costs	(8,188)	-
Other finance expenses	(36,034)	(2,659)
Total finance costs	**(376,566)**	**(32,375)**
Total net finance costs	**(190,066)**	**70,100**

An amount of EUR 63,305 thousand interest on other loans and borrowings was capitalised to investment properties and inventories under construction.

Note 30 – Leases

A. Leases in which the Group is the lessee

Lease obligations not resulting from leaseholds are discounted using the incremental borrowing rate. Discount rates of between 1.92 percent and 5.04 percent (prior year: 2.2 percent) were applied in the reporting year.
The following table shows the right-of-use assets that do not meet the definition of investment property.

In EUR thousand	**Property**	**Vehicles**	**Hardware/Contracting**	**Total**
Balance as at 1 January 2020	644	170	-	814
Additions from acquisitions (e.g. IFRS 3) (+)	10,909	4,673	921	16,503
Additions to right-of-use assets (+)	5,113	1,948	-	7,061
Depreciation charge for the year (-)	(3,549)	(1,901)	(201)	(5,651)
Impairment (-)	(839)	(9)	(21)	(869)
Balance as at 31 December 2020	**12,278**	**4,881**	**699**	**17,858**

In EUR thousand	**Property**	**Vehicles**	**Hardware/Contracting**	**Total**
Balance as at 1 January 2019	-	-	-	-
Additions to right-of-use assets (+)	1,142	411	-	1,553
Depreciation charge for the year (-)	(497)	(242)	-	(739)
Balance as at 31 December 2019	**645**	**169**	**-**	**814**

The following table shows the amounts recognised in the consolidated statement of profit or loss in connection with leases (including leaseholds):

In EUR thousand	2020	2019
Interest expenses for lease liabilities	754	531
Expenses for short-term leases	632	-
Expenses for low-value leases	2,099	-
Total	**3,485**	**531**

The lease payments over the lease term (including lease holds) break down as follows by maturity:

In EUR thousand	Lease payments in 2020	Lease payments in 2019
Up to 1 year	10,945	825
1 to 5 years	14,858	413
More than 5 years	79,656	-

Leases that the Group has entered into as a lessee but have not yet commenced result in possible future payment outflows totalling EUR 24.8 million (include the amount from new office lease agreement over the term).

B. Leases in which the Group is the lessor

ADLER leases its investment property. A lessor classifies these leases as operating leases as the lessee does not receive substantially all of the risks and rewards incidential to ownership.
The claims to lease payments from long-term operating leases generally result from the letting of commercial properties. For the residential properties, leases are generally subject to the three-month statutory term of notice. There are no further claims to lease payments. The lease payments shown in the following tables include the net rental income only.
At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are as follows:

	31 December	
In EUR thousand	**2020**	**2019**
Less than one year	66,817	35,517
Between one and three years	17,208	28,349
More than three years	14,641	27,347

Note 31 – Financial instruments

The Group has exposure to the following risks arising from its use of financial instruments:
Credit risk
Market risk
Liquidity risk

A. Credit risk

Credit risk is the risk that business partners – primarily the tenants of the properties held by the Group – will not be able to meet their contractual payment obligations and will result in a loss.
Credit risk for the trade receivables due from the tenants is managed and reduced through credit checks prior and throughout the lease term as well as through risk mitigating contractual terms such es security deposits, monthly due payments in advance. Due to the Group's heterogenous tenant base, both in terms of geographical location as well as in terms of the size of individual tenant contracts in place, the concentration of default risk is limited. Trade receivables from sales of real estate properties are against institutional investors with low default risk.
Deposits with banks and financial institutions are made exclusively at well-known financial institutions with very high credit ratings. The ratings are monitored and assessed by the Group on a regular basis. In the event of substantial deterioration in the credit rating, the Group takes efforts to ensure that its exposures are no longer entered into with the respective counterparty.
The credit risk on other financial assets is managed before and throughout the contract term and monitored closely at Group level. There are trading rules to ensure that transactions are only made with business partners if they have shown adequate payment behaviour in the past. In the borrower selection process, care is taken to ensure that they have at least a satisfactory credit rating. For the significant amounts involved, credit risk is reduced by requiring the borrower to provide securities, bank guarantees or other similar credit enhancements.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum default risk to which the Group is exposed at the end of the reporting period. The following table presents for each class of financial instruments the carrying amounts and hence the maximum default risk on the balance sheet date.

	For the year ended 31 December		
in EUR thousand	**Category in accordance with IFRS 9**	**2020**	**2019**
Receivables due from associated companies	aac	103,270	-
Receivables due from third parties	aac	144,571	-
Other financial assets	aafvPL	36,594	-
Investment in debt instruments (e.g. bond)	aafvoci	12,524	-
Restricted bank deposits	aac	97,220	30,367
Trade receivables	aac	424,998	15,570
Other financial receivables at cost	aac	417,312	8,842
Other financial receivables at fair value	aafvPL	30,176	-
Cash and cash equivalents	aac	371,574	387,558
Total		**1,638,297**	**442,337**

Trade receivables and contract assets

The Group uses a provision matrix that is based on, inter alia, an aging of trade receivables, to measure the expected credit losses from individual tenants, which comprise a very large number of small balances. Default risk results from the risk of tenants failing to meet their contractually-agreed payment obligations.
The table below shows the gross amount, the provisions for expected credit losses for each aging bucket separately as well as the credit-impaired assets identified:

	For the year ended 31 December 2020		
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Credit-impaired financial asset**
Not past due	6,695	(131)	6,888
0-30 days past due	5,870	(92)	5,777
31-180 days past due	7,064	(1,621)	5,443
180 days to one year past due	22,988	(15,525)	7,463
More than one year past due	30,420	(17,220)	13,200
Total	**73,037**	**(34,589)**	**38,771**

	For the year ended 31 December 2019		
In EUR thousand	**Gross carrying amount**	**Provision for impairment**	**Credit-impaired financial asset**
Not past due	9,476	-	9,476
0-30 days past due	119	(44)	75
31-180 days past due	3,477	(397)	3,080
180 days to one year past due	1,725	(818)	907
More than one year past due	4,929	(2,897)	2,032
Total	**19,726**	**(4,156)**	**15,570**

No impairments for credit risks were made in respect of trade receivables from properties disposed of, contract assets and receivables from forward sales. This is due to the circumstances that the credit default risk of the contractual partners (mostly instiutional investors) is relatively low.
Impairment losses on trade receivables changed as follows:

In EUR thousand	**2020**	**2019**
Balance as at 1 January	**(4,156)**	**(7,797)**
Business combinations (IFRS 3)	(30,186)	-
Additions	(11,949)	(1,575)
Reversals(*)	10,140	3,827
Write off of irrecoverable debts	1,624	1,389
Reclassification as held for sale (IFRS 5)	64	-
+/- Change in scope of consolidation	(126)	-
Balance as at 31 December	**(34,589)**	**(4,156)**

(*) Prior year EUR 1,969 thousand relates to provisions reversals released due to the sale of a portfolio.

Other financial assets
For financial receivables other than trade receivables, contract assets, the Group applies the general model to account for expected credit losses. The risks of a default for a 12-month period and over the entire term are based on historical information provided by various rating agencies for each credit rating or classification and aggregated using the rating map or rating matrix.
Following impairment losses have been recognised for each class of financial instruments in the reporting period:

	For the year ended 31 December		
in EUR thousand **Impairment loss of current period for:**	**Category in accordance with IFRS 9**	**2020**	**2019**
Receivables due from associated companies	aac	4,374	-
Receivables due from third parties	aac	1,046	-
Other financial assets	aac	38	-
Investment in debt instruments (e.g. bond)	aafvoci	(17)	-
Restricted bank deposits	aac	-	-
Other financial receivables	aac	-	-
Cash and cash equivalents	aac	-	-
Total		**5,441**	**-**

The following table shows the gross carrying amount, accumulated impairment losses and net carrying amount for the other financial assets measured at amortised cost and allocates them to the respective risk categories depending on the change of the credit risk since initial recognition.

In EUR thousand **31 December 2020**	**Expected 12-month credit loss**	**Lifetime expected credit loss - not credit- impaired**	**Lifetime expected credit loss - credit-impaired**
Gross carrying amount	1,105,408	37,352	4,067
Accumulated impairment losses	(3,955)	(4,857)	(4,067)
Net carrying amount	**1,101,453**	**32,494**	**-**

B. Market risk

The Group is exposed to the risk of changes in market interest rates as a result of floating rate debt as well as new and follow-on loans. Loans obtained at variable rates expose the Group to cash flow interest rate risk, which could have adverse effects on the Group's profit or loss or financial position. With respect to fixed rate loans, a change in market interest rates does not have impact on Group’s profit or loss or financial position as they are mainly measured at amortised cost. However, a change in market interest rates may cause variations in fair value of the respective loans.
As of 31 December 2020 nominal amount of interest bearing liabilities which are exposed to interest rate risk amount to EUR 5,278 million (prior year: EUR 1,442 million). Thereof, an amount of EUR 692 million (prior year: EUR 76 million) relate to variable rate loans.
On the basis of the valuation as at 31 December 2020, the Group performed a sensitivity analysis to determine the change in profit and loss given a parallel shift in the interest rate structure:

	Change in interest basis points	Effect on the profit before tax (in EUR thousand)
31 December 2020 Variable rate instruments	**+50**	**(93)**
31 December 2019 Variable rate instruments	**+50**	**(12)**

Assuming all other variables remain constant, a negative change in the interest rate at the same amount would have a similar impact on the profit and loss, but in the opposite direction.
In addition, in the course of the acquisition of ADLER, the Group took over bonds which were issued in New Israeli Shekels (NIS) and linked to the Consumer Price Index (CPI) for Israel. The Group is exposed to foreign exchange risk for the currency pair EUR/NIS as well as to a fluctuation in the CPI. The changes in these factors can lead to an increase in interest payments and principal repayments of the bonds. Had the exchange rate (EUR/NIS) as at 31 December 2020 been 5 percent higher/lower, the carrying amount of the bonds would have changed by EUR 3,612 thousand or
EUR -3,612 thousand. If the CPI had increased/decreased by 3 percent, the carrying amount of the bonds would have changed by EUR -2,464 thousand or EUR 392 thousand.

C. Liquidity risk

In order to limit the liquidity risk, the Group continuously monitors all financing options available on the capital and banking markets and uses these options in a targeted manner. Moreover, the Group subjects its existing financings to an early review prior to the respective final maturity date in order to ensure refinancing.
Under the conditions of existing loan agreements, the Group is obliged to fulfill certain financial covenants. If financial covenants are violated and all commonly practiced solutions will be unsuccessful, the lenders could call in the loan. The fulfilling of these financial covenants is continually monitored as part of risk management.
The following table shows the forecast for undiscounted cash flows of non-derivative financial liabilities and derivative financial instruments:

	For the year ended 31 December 2020					
In EUR thousand	**Carrying amount**	**Contractual cash flows**	**2020**	**2021**	**2022**	**Due after 3 years**
Corporate bonds	3,728,962	4,175,557	623,755	515,932	609,609	2,426,262
Convertible bonds	311,972	401,215	107,706	126,447	167,063	-
Other loans and borrowings	3,924,495	4,249,174	1,735,956	329,592	429,989	1,753,636
Other financial liabilities	14,128	14,128	12,536	437	1,155	-
Trade payables	118,610	118,610	118,610	-	-	-
Tenants' security deposits	31,195	31,195	31,195	-	-	-
Other payables	147,230	147,230	147,230	-	-	-
Derivatives (stand-alone)	5,315	5,315	392	2,728	-	2,195
Total	**8,281,907**	**9,142,424**	**2,777,380**	**975,136**	**1,207,816**	**4,182,093**

	For the year ended 31 December 2019					
In EUR thousand	**Carrying amount**	**Contractual cash flows**	**2020**	**2021**	**2022**	**Due after 3 years**
Corporate bonds	397,433	430,000	6,000	6,000	6,000	412,000
Convertible bonds	156,334	175,314	2,063	2,063	2,063	169,125
Other loans and borrowings	777,817	829,247	57,526	131,401	68,335	571,985
Other financial liabilities	47,951	47,951	1,535	561	437	45,418
Trade payables	22,079	22,079	22,079	-	-	-
Tenants' security deposits	21,133	21,133	21,133	-	-	-
Other payables	18,958	18,958	18,958	-	-	-
Derivatives (stand-alone)	2,766	2,295	163	375	194	1,563
Total	**1,444,471**	**1,546,977**	**129,457**	**140,400**	**77,029**	**1,200,091**

The undiscounted cash flows expected from lease liabilities is outlined in the Note 30 – Leases.

D. Fair value

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

	Carrying amounts according to IFRS 9							
In EUR thousand	**Category IFRS 9**	**Carrying amount balance sheet 31.12.2020**	**Amortised cost**	**Fair value through PL**	**Fair value through other comprehensive income**	**Carrying amounts according to IFRS 16/IAS 28**	**Fair value 31 December 2020**	**Fair value hierarchy level**
Assets								
Investments in financial instruments								
Investments in equity instruments - FVPL	aafvPL	23,219		23,219			23,219	Level 3
Investments in equity instruments - FVtOCI	aafvOCI							
Investments accounted under the equity method	n/a	84,816				84,816	-	n/a
Other financial assets								
Receivables due from associated companies	aac	103,270	103,270				103,270	1)
Receivables due from third parties	aac	144,571	144,571				144,571	1)
Other financial assets	aafvPL	36,594		36,594			36,594	1)
Investments in debt instruments	aafvOCI	12,524			12,524		12,524	Level 1
Derivatives (embedded)	aafvPL	119,249		119,249			119,249	Level 3

Restricted bank deposits	aac	97,220	97,220				97,220	1)
Trade receivables	aac	424,998	424,998				424,998	1)
Other receivables								
Other financial receivables at cost	aac	417,312	417,312				417,312	1)
Other financial receivables at fair value	aafvPL	30,176		30,176			30,176	
Cash and cash equivalents	aac	371,574	371,574				371,574	1)
Total financial assets		**1,865,523**	**1,558,945**	**209,238**	**12,524**	**84,816**	**1,780,707**	
Liabilities								
Corporate bonds	flac	3,728,962	3,728,962				3,904,243	Level 1
Convertible bonds	flac	311,972	311,972				318,734	Level 2
Other loans and borrowings	flac	3,924,495	3,924,495				4,071,243	Level 3
Other financial liabilities								
Other financial liabilities at fair value	lafv	2,533		2,533			2,533	Level 3
Other financial liabilities at cost	flac	38,260	38,360				38,260	1)
Derivatives	lafv	21,240		21,240			21,240	Level 3
Trade payables	flac	118,610	118,610				118,610	1)
Lease liabilities	n/a	33,733				33,733	-	n/a
Other payables								
Other financial payables	flac	178,424	178,424				178,424	1)
Total financial liabilities		**8,358,229**	**8,300,723**	**23,773**	**-**	**33,733**	**8,653,287**	

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

	Carrying amounts according to IFRS 9							
In EUR thousand	**Category IFRS 9**	**Carrying amount balance sheet 31.12.2019**	**Amortised cost**	**Fair value through PL**	**Fair value through other comprehensive income**	**Carrying amounts according to IFRS 16/IAS 28**	**Fair value 31 December 2019**	**Fair value hierarchy level**
Assets								
Investments in financial instruments								
Investments in equity instruments -FVPL	aafvPL							

Investments in equity instruments -FVtOCI	aafvOCI	186,158			186.158		186,158	Level 1
Investments accounted under the equity method	n/a							
Other financial assets								
Receivables due from associated companies	aac							
Receivables due from third parties	aac							
Other financial assets	aac							
Investments in debt instruments	aafvPL							
Derivatives	aafvPL	98.871		98.871			98.871	Level 3
Restricted bank deposits	aac	30.367	30.367				30.367	1)
Trade receivables	aac	15.570					15.570	1)
Other receivables								
Other financial receivables	aac	8.842					8.842	1)
Cash and cash equivalents	aac	387.558					387.558	1)
Total financial assets		**727.366**	**30.367**	**285.029**	**-**	**-**	**727.366**	
Liabilities								
Corporate bonds	flac	397.433	397.433				397.140	Level 1
Convertible bonds	flac	156.334	156.334				172.348	Level 2
Other loans and borrowings	flac	777.817	777.817				792.487	Level 3
Other financial liabilities	flac							
Other financial liabilities at fair value	lafv	46.416		46.416				Level 3
Other financial liabilities at cost	flac	1.535	1.535					1)
Derivatives	lafv	6.150		6.150			6.150	Level 3
Trade payables	flac	22.079	22.079				22.079	1)
Lease liabilities	n/a	1.296				1.296	1.296	n/a
Other payables								
Other financial payables	flac	-						1)
Total financial liabilities		**1.409.060**	**1.355.198**	**52.566**	**-**	**1.296**	**1.391.500**	

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

	IFRS 9 Categories
aac	Financial assets measured at amortised costs
aafvPL	Financial assets at fair value through profit and loss
aafvOCI	Financial Assets at fair value through other comprehensive income
flac	Financial Liabilities measured at amortised costs
lafv	Financial liabilities at fair value through profit or loss
lafvOCI	Financial liabilities at fair value through other comprehensive income

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

E. Capital management

The Company's management aims to maximise a long-term increase in value for the investors, taking into account financial risks by maintaining a degree of financial flexibility in order to be able to pursue the Group's growth and portfolio optimisation.

The key figure for capital management is Loan-to-Value Ratio, which is the ratio of net financial liabilities compared to the value of the investment and trading properties. The Company aims to achieve a long-term Loan-to-Value Ratio of maximum 40%. (refer to MDA section)

F. Movement in liabilities deriving from financing activities

In EUR thousand	Corporate bonds	Convertible bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 January 2020	**397,433**	**156,334**	**777.817**	**49,951**	**1,379,535**
Changes from financing cash flows					
Receipt of loans and borrowings	781,268	-	1,923,520	-	2,704,788
Repayment of loans and borrowings	(47,385)	(54,100)	(2,929,711)	(96,576)	(3,127,772)
Total net financing cash flows	733,883	(54,100)	(1,006,191)	(96,576)	(422,984)
Changes arising from obtaining control of subsidiaries	-	(60,849)	(63,252)	-	(124,101)
Change in the consolidation scope without loss of control	2,598,167	282,367	4,282,900	77,529	7,420,963
Subsequent measurement PPA	(5,026)	38	(56,220)	(18,400)	(79,608)
Other changes	4,505	(11,818)	(10,558)	3,624	(14,247)
Balance as at 31 December 2020	3,728,962	311,972	3,924,496	14,128	7,979,558

In EUR thousand	Corporate bonds	Convertible bonds	Other loans and borrowings	Other financial liabilities	Total
Balance as at 1 January 2019	**396,899**	**154,252**	**1,057,973**	**42,027**	**1,651,151**
Changes from financing cash flows					
Receipt of loans and borrowings	-	-	79,427	-	79,427
Repayment of loans and borrowings	-	-	(15,876)	-	(15,876)
Compensation fee payments	-	-	-	(768)	(768)
Total net financing cash flows	-	-	63,551	(768)	62,783
Changes arising from selling group of assets and liabilities classified as held for sale	-	-	(345,777)	-	(345,777)
Changes in fair value	-	-	-	6,692	6,692
Other changes	534	2,082	2,071	-	4,687
Balance as at 31 December 2019	**397,433**	**156,334**	**777,817**	**47,951**	**1,379,535**

G. Net result from financial instruments by the measurement classifications in IFRS 9

The net result from financial instruments broken down into individual measurement categories is presented in the table below. Interest income and interest expenses from financial instruments represent a component of the net result. The gains and losses are due to impairments and reversals from the fair value measurement.

				Net result 2020
In EUR thousand	**Category IFRS 9**	**Interest**	**Profit/loss**	**Total**
Investments in equity instruments measured at fair value through other comprehensive income	aafvOCI	-	40,953	40,953
Financial assets measured at amortised cost	aac	11,317	(20,936)	(9,619)
Financial assets measured at fair value through profit or loss	aafv	823	(23,897)	(23,074)
Financial assets measured at fair value through other comprehensive income	aafvOCI	839	5,800	6,639
Financial liabilities measured at amortised cost	flac	(209,373)	82,701	(126,672)
Financial liabilities measured at fair value through profit or loss	lafv		(43,787)	(43,787)
Total		**(196,394)**	**40,834**	**(155,560)**

				Net result 2019
In EUR thousand	**Category IFRS 9**	**Interest**	**Profit/loss**	**Total**
Investments in equity instruments measured at fair value through other comprehensive income	aafvOCI		(67,510)	(67,510)
Financial assets measured at amortised cost	aac	39	(1,037)	(998)
Financial assets measured at fair value through profit or loss	aafv		102,436	102,436
Financial assets measured at fair value through other comprehensive iincome	aafvOCI			0
Financial liabilities measured at amortised cost	flac	(31,844)		(31,844)
Financial liabilities measured at fair value through profit or loss	lafv			0
Total		**(31,805)**	**33,889**	**2,084**

H. Derivative financial instruments

Interest rate hedging instruments

Interest rate hedging instruments such as swaps are used at the Group to hedge interest rate risks for floating-rate loan agreements in particular. The fair values and nominal values of the interest hedge contracts broken down by maturity are presented below:

In EUR thousand		**2020**		**2019**
	Fair value	**Nominal**	**Fair value**	**Nominal**
Up to 1 year	(9,707)	11,684	(59)	10,193
Due between 1 and 5 years	(4,745)	161,368	(2,501)	40,709
Due between 5 and 10 years	(178)	8,975	(205)	5,400
Due in more than 10 years	-	-	-	-
As at 31 December	**(14,630)**	**182,027**	**(2,765)**	**56,302**

Note 32 – Related parties

A. Related companies

During the 2020 financial year, Aggregate Holdings, Harel Insurance Company Ltd, non-consolidated companies and associated companies are considered as related companies. In the previous year, ADO Group, Harel Insurance Company Ltd. and ADLER Real Estate AG were considered as related parties. Due to the business combination with ADLER Real Estate AG, which is the parent company of ADO Group, both companies have been fully consolidated in 2020.

Transactions with related companies

The following amounts with related parties are included in the consolidated statement of financial position:

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Current assets		
Other receivables due from Aggregate	21,010	-
Other receivables due from associated companies and joint ventures	44,636	-
Other receivables due from otherrelated parties	1,409	-
Non-current assets		
Other financial assets due from Aggregate	12,519	-
Receivables due from associated companies and joint ventures	103,270	-
Other financial assets due from other related parties	864	-
Current liabilities		
Trade payables due to Aggregate	10	-
ADO Group (presented under other payables)	-	63
Other payables due to associated companies and joint ventures	17,467-	-
Other payables due to other related parties	183	-
Other financial liabilities	-	1,535
Interest payable	-	82
Non-current liabilities		
Other financial liabilities	-	46,416
Convertible bond	-	59,782
Derivative	-	1,294
Other loans and borrowings	24,698	23,634

The following amounts with related parties are included in the consolidated statement of profit or loss:

In EUR thousand	**2020**	**2019**
Consolidated statement of profit or loss		
Services and management fee charges from ADO Group	6	87
Interest income from Aggregate	785	-
Interest income from loans granted to investees, joint ventures	3,901	-
Interest expense payable to ADO Group	400	1,584
Interest expense payable to Harel Insurance Company Ltd	1,064	1,035
Interest expense from loans received from investees, joint ventures	74	-
Other income from investees, joint ventures	23	-
Other expense payable to Aggregate	193	-

B. Transactions with key management personnel

Within the Group, the individuals in key positions pursuant to IAS 24 include the Board of Directors of Adler Group S.A.

Compensation and benefits to key management personnel that are employed by the Group:

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Short-term employee benefits	1,993	849
Share-based payments	547	108
Other compensation	-	2,132
Total	**2,540**	**3,089**

The Board of Directors and members of their immediate families do not personally have any business relationship with the Group other than in their capacity as members of the Board of Directors.

C. Emoluments granted to the members of the management and supervisory bodies

The emoluments granted to the members of the supervisory bodies in that capacity for the financial year are broken down as follows:

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Directors fee granted to the members of the Board of Directors	957	1,165
One-time termination payment	-	1,515
Total	**957**	**2,680**

The emoluments granted to the members of the Senior Management (Co-CEOs, CLO in 2020, CEO, CFO and COO) are broken down as follows:

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Fixed salary	1,303	936
Short-term cash incentive	690	329
Long-term incentive to be paid in shares or cash	547	1,724
Office rent	-	3
Consulting fees	14	-
Other benefits	78	-
One-time termination payment	-	3,241
Total	**2,632**	**6,233**

Note 33 – Auditors’ fees

Fees billed to the Company and its subsidiaries by KPMG Luxembourg, Société coopérative, Luxembourg, and other member firms of the KPMG network during the year are as follows (excluding VAT):

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Audit fees	**1,697**	**1,171**
Thereof: KPMG Luxembourg, Société coopérative	891	113
Tax consultancy services	**225**	**166**
Thereof: KPMG Luxembourg, Société coopérative	16	16
Other non-audit related services(*)	**3,724**	**100**
Thereof: KPMG Luxembourg, Société coopérative	857	-

(*) Including services in relation to share and bond issuance

Note 34 – Segments reporting

The Company reports by business segments on the basis of the information provided to the Group’s chief operating decision maker (CODM).

The following summary describes the operations in each of the Group’s operating segments:

- Residential property management – the Group’s core business activity is
- renting and managing residential properties, which includes the modernisation and maintenance of the properties, the management of tenancy agreements and marketing of residential units. The focus of property management is on the optimisa
- tion of rental income;

- Privati
- sation – this segment includes all aspects of preparing and executing the sale of units. In addition, this segment is also subject to modernisation, maintenance and management, and generates rental income from non-vacant units.

ADLER and Consus are preliminary presented as an independent segment in accordance with current internal reporting to the chief operating decision maker. It is intended to revisit the segment reporting once the businesses of its acquirees are fully integrated with that of Adler Group.

The CODM does not review assets and liabilities separately by segment.

Performance is measured based on segment gross profit before revaluation of investment properties. Segment results reported to the CODM include items directly attributable to a segment on a reasonable basis.

Income is recognised over a period of time with the exception of income from disposal of trading properties and other real estate inventories, which are realised at a certain point of time.

Information about reportable segments

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

	For the year ended 31 December 2020				
In EUR thousand	**Residential property management**	**Privatisation**	**ADLER**	**Consus**	**Total consolidated**
External income from residential property management	115,290	340	263,240	5,037	383,907
External income from sale of trading properties (condominiums)	-	6,637	-	-	6,637
External income from selling of other real estate inventories	-	-		218,667	218,667
External income from property development	-	-	60,212	74,422	134,634
Other income	-	-	-	14,893	14,893
Consolidated revenue	**115.290**	**6.977**	**323,452**	**313,019**	**758,738**
Reportable segment gross profit	93,073	2,273	140,905	(31,431)	204,819
General and administrative expenses					(107,420)
Changes in fair value of investment properties					413,675
Other expenses					(76,198)
Other income					109,399
Finance income					186,500
Finance costs					(376,566)
Net income from at-equity valued investments					(5,666)
Consolidated profit before tax					**348,542**
Income tax expense					(119,079)
Consolidated profit after tax					**229,463**

	For the year ended 31 December 2019		
In EUR thousand	**Residential property management**	**Privatisation**	**Total consolidated**
External income from residential property management	141,000	572	141,572
External income from selling condominiums	-	14,948	14,948
Consolidated revenue	**141,000**	**15,520**	**156,520**
Reportable segment gross profit	108,061	4,448	112,509
General and administrative expenses			(25,050)
Changes in fair value of investment properties			461,517
Other income			78,132
Other expenses			(13,188)
Finance income			102,475
Finance costs			(32,375)

Consolidated profit before tax			**684,020**
Income tax expense			(77,096)
Consolidated profit after tax			**606,924**

Note 35 – Earnings per Share

Basic and diluted earnings per share

The calculation of basic earnings per share as at 31 December 2020 was based on the profit attributable to the Company's ordinary shareholders divided by a weighted average number of ordinary shares outstanding, calculated as follows:

(1) Earnings attributable to the owners of the Company (basic)

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Profit attributable to the owners of the Company	159,697	601,874

(2) Weighted average number of ordinary shares

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Balance as at January 1	44,195	44,131
Effect of issuance of regular shares	35,576	31
Weighted average number of shares	79,771	**44,162**

	For the year ended 31 December	
In EUR thousand	**2020**	**2019**
Basic earnings per share	2.00	13.63
Diluted earnings per share	1.99	**12.74**

Note 36 – Material events in the reporting period and subsequent events

A. On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic.

As at 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the corona

virus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of a default of payment by the tenant in the period between 1 April to 30 June 2020 if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government did not extend these regulations from 1 July 2020 onwards.

Adler Group is continuously assessing the impact of the Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at 31 December 2020 as disclosed in these consolidated financial statements reflects the economic conditions in existence at that date. The Company does not expect the crisis to have any material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.

B. On 15 December 2019, the Company resolved to make a voluntary public takeover offer in the form of an exchange offer ("Offer") to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group has offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of Adler Group). The Offer closed on 25 March 2020 with an acceptance rate of 91.93%. As of 9 April 2020, the newly issued shares of Adler Group are listed on the Frankfurt Stock Exchange. On 9 April 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of Adler Group by the Board of Directors became effective.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of ADLER is 9 April 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, the initial consolidation of ADLER and its 231 subsidiaries was carried out as of 1 April 2020. For further details see Note 5A.

The closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by ADLER and/or its respective subsidiaries. On 9 April 2020, Adler Group refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilised under Adler Groups' EUR 3,463 million bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited originally dated 15 December 2019, as amended from time to time. The vast majority of the creditors of other financings subject to change-of-control rights waived their respective change-of-control rights. Adler Group has, therefore, not yet utilised further loans under its bridge facility agreement. As at 31 December 2020, the maximum nominal amount of the bridge facility agreement has been reduced to EUR 885 million.

On 28 April 2020, the Board of Directors resolved to initiate a domination agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (Aktiengesetz - AktG) between the Company (as controlling entity) and ADLER (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, to the approval of the general meeting of ADLER.

On 13 May 2020, by resolution of an authorised delegate of the Board, the Company increased its share capital within the scope of its authorised capital, and issued a total of 174,833 new ordinary dematerialised shares without nominal value against contribution in kind of ADLER shares in the same ratio (0.4164). This was done to accommodate an ADLER shareholder, who due to a technical error at the level of his custodian bank, was unable to participate in the Exchange Offer.

As of 31 December 2020 Adler Group holds 93.89% of the outstanding ADLER shares.

C. On 15 December 2019, the Company also entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public tender offer over the remaining Consus' shares should the Company exercise the call option. As at 31 December 2019, the Company acquired 18.62% of Consus shares. The remaining 3.56% Consus shares were acquired in January 2020.

On 9 April 2020, Adler Group started to consolidate ADLER, which holds 3.02% of Consus shares, therefore together with ADLER, Adler Group holds 25.20% of the outstanding shares of Consus.

On 17 June 2020 Consus increased its share capital by EUR 24,750,000 to EUR 161,331,507 by issuing a total of 24,750,000 bearer shares with a proportionate amount of the share capital of EUR 1.00 per share.

On 29 June 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 450 million), which was announced by the Company on 2 July 2020 and subject to approval by the authorities. Therefore, as at 30 June 2020 the Company concluded that it does not have control over Consus. Adler Group has assessed its investment in Consus and determined that it also does not have significant influence as at 30 June 2020, due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option was not substantive as at the end of June 2020, because the settlement requires approvals, which are not a mere formality. Therefore, the investment was classified as a financial asset and measured at fair value.

In order to reduce the size of the rights issue to EUR 450 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the 2019 financial year to the General Meeting of Adler Group.

Having been exercised on 2 July 2020, the call option has been successfully settled and Adler Group gained control of Consus. In connection with the settlement of the call option, Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate held approximately 22.5% in Adler Group and Adler Group held approximately 64.95% in Consus.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of Consus is 2 July 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, initial consolidation of Consus and its 188 subsidiaries was carried out as of 1 July 2020. For further details see Note 5B.

On 21 July 2020, Adler Group successfully completed its EUR 450 million rights issue that was launched on 2 July 2020. The vast majority of the subscription rights (approximately 98%) has been exercised. The remaining shares of less than 0.8 million were offered in a rump placement. Following the capital increase, the Company has 104,785,930 shares outstanding. Gross proceeds from rights issue amount to EUR 457 million.

Following the settlement of the call option, Adler Group initially intended to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). In December 2020, the Group increased its majority stake in Consus from 64.95% to 93.94% by entering into share purchase agreements with multiple Consus shareholders by way of a capital increase against contribution in kind. The Group acquired further 46,780,535 Consus shares in exchange for new 12,724,303 Adler Group shares. The new Adler Group shares were being issued at an exchange ratio of 0.272 new Adler Group shares for each Consus share. Against this background, the Group is no longer pursuing the planned public tender offer in the form of an exchange offer to all Consus shareholders. The Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between Adler Group, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group.

D. On 25 March 2020 the Company decided to make a voluntary public takeover offer (the "Takeover Offer") to all shareholders of WESTGRUND Aktiengesellschaft (the "Target") for the acquisition of all bearer shares in the Target, each share representing a proportionate amount of EUR 1.00 of the share capital of the Target (the "WESTGRUND Shares") against payment of a cash consideration, the amount of which at least corresponds to the value of the business calculated on the basis of a valuation of the Target in accordance with Section 31 para. 1, 2 and 7 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz (WpÜG)) and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung (WpÜG-AngebVO)) per WESTGRUND Share.

Moreover, on 17 April 2020, Adler Group decided to launch the Takeover Offer also as a compensation offer which is necessary to delist WESTGRUND Shares from trading on the regulated market of the Düsseldorf Stock Exchange (Börse Düsseldorf) (Section 39 para. 2 and 3 of the German Stock Exchange Act (Börsengesetz, "BörsG"), (the "Delisting Tender Offer" and, together with the Takeover Offer, the "Takeover Offer and Delisting Tender Offer").

On 6 May 2020, Adler Group published the offer document (the "Offer Document") for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on basis of a valuation of the Target as at the reference date 16 April 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 WpÜG and Section 5 (WpÜG-AngebVO).

As result of the business combination with ADLER, Adler Group indirectly held 77,093,817 WESTGRUND Shares prior to the acceptance period of the Takeover Offer and Delisting Tender Offer. This corresponds to approximately 96.88% of the share capital and voting rights of WESTGRUND as at the date of publication of the Offer Document. The Company thus reached the shareholding required for a takeover squeeze-out.

Upon expiry of the additional acceptance period on 22 June 2020, the Takeover Offer and Delisting Tender Offer has been accepted for a total of 1,084,631 WESTGRUND Shares, corresponding to approximately 1.37% of the share capital and the outstanding voting rights of WESTGRUND.

As of 31 December 2020 Adler Group holds in total 98.25% of the outstanding WESTGRUND shares.

E. In reference to Note 28 in the annual financial statements, the Company reduced certain fees arising from the sale of shares of certain subsidiaries in an amount of EUR 7.2 million.

F. On 29 July 2020, Adler Group successfully placed a EUR 400 million fixed rate senior unsecured bond with a 5-year maturity and a 3.25% fixed coupon. The bond was placed with institutional investors across Europe and the order book was successfully oversubscribed. The proceeds of the issue were used to repay existing short-dated indebtedness and hence further extended Adler Groups' average debt maturity. The bond is rated BB+ with Standard & Poor's (S&P) Global Bond Ratings.

G. On 18 September 2020 ADLER, a 94% subsidiary of Adler Group, entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial units at a premium to book value as of H1 2020. The properties are primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The units generate net rental income of EUR 18.6 million p.a. and have a 12% vacancy rate with an average rent of 5.46 EUR/m²/month. The sale included a part asset and a part share deal. Due to sale in the course of asset deals, investment properties in the amount of EUR 126,885 which were reclassified as held for sale before, have been derecognised on the balance sheet date (see Note 5C). Further, in the course of share deals, five consolidated companies (WBG GmbH, Helmstedt, MBG Lüdenscheid GmbH, Hamburg, MBG Dorsten GmbH & Co. KG, Hamburg, Wiederaufbau-Gesellschaft mit beschränkter Haftung, Ludwigshafen am Rhein, Westgrund Westfalen GmbH & Co. KG, Berlin) were additionally disposed off; the change of control was effective as of 31 December 2020.

H. On 29 September 2020 the annual General Meeting of the shareholders approved the re-appointment of Dr. Peter

Maser, Thierry Beaudemoulin, Maximilian Rienecker, Arzu Akkemik, Dr. Michael Bütter as directors of the Company until the annual General Meeting to take place in the year 2023. The Appointment of Thomas Zinnöcker, Claus Jørgensen and Thilo Schmid as directors of the Company was approved. Recommendation of the Board of Directors on cancelation of any dividends for the 2019 financial year as also approved.
I. On 29 September 2020 an extraordinary general meeting of shareholders decided to change the Company's denomination from ADO Properties S.A. to Adler Group S.A.
J. On 13 October 2020, the Company entered into a lease agreement for new offices in Berlin (6,800 m²) with Aggregate Holdings S.A., a shareholder of Adler Group, with a duration of 10 years at a rent of approximately 30.45 EUR/m²/month and includes two extension options for 5 years each. A leading real estate consulting company has provided Adler Group with an analysis that the proposed rental price is in line with the market.
K. On 9 November 2020 Adler Group successfully placed EUR 400 million fixed rate senior unsecured bond with a 6-year maturity and a 2.75% fixed coupon. The bond was placed with institutional investors across Europe with the order book more than four times oversubscribed. The proceeds of the issue of the bond will be primarily used to repay existing short-term indebtedness and hence further extends Adler Group's average debt maturity. The Notes are rated BB+ with S&P.
L. On 21 December 2020 – ADLER, a 94% subsidiary of Adler Group, entered into a binding sale and purchase agreement with OMEGA AG, Munich and a real estate family office, to dispose of 1,605 residential and commercial units with a gross asset value (GAV) of EUR 75.7 million at a slight premium to book value as of Q3 2020. This transaction further demonstrates the resilience of the German residential real estate market at a time of heightened macroeconomic uncertainty. The properties are primarily located in Borna, Osterholz-Scharmbeck and Schwanewede. The units generate net rental income of EUR 4.8 million p.a. and have a 17.45% vacancy rate which peaks at up to 27% with an average rent of 5.21 EUR per m² month.
M. On 7 January 2021 Consus, a 94 percent subsidiary of the Group, has successfully completed the disposal of 24 non-strategic projects. Together with proceeds received from the successful closing of the disposal of approximately 5,000 residential units as announced in September 2020, the Group generated total proceeds in the amount of EUR 850 million. These proceeds will be used to repay existing debt to further smoothen the maturity profile and to reduce the average cost of debt.
N. On 8 January 2021, the Group successfully placed EUR 1.5 billion fixed rate senior unsecured notes comprising of two tranches, a EUR 700 million 5-year maturity with a 1.875 percent fixed coupon and a EUR 800 million 8-year maturity with a 2.25 percent fixed coupon. The proceeds of the issue of the Notes will be used to repay existing indebtedness, to further smoothen and extend the Group's debt maturity profile and a next step to achieve the targeted financial synergies. Together with existing liquidity and cash received from the recently closed transactions, all the upcoming debt maturities in 2021 are covered. The Notes are rated BB+ with S&P. Subsequent to the placement, the Group bought back approximately EUR 329 million of ADLER Real Estate AG's EUR 500 million bond due in December 2021.
O. On 15 March 2021 the Company signed a EUR 300 million syndicated revolving credit facility with JP Morgan, Deutsche Bank and Barclays as lenders for a 3-year term with two extension options, each for one year. At the same time the 3 bilateral RCFs with the same lenders were terminated. At the time of the approval of these consolidated financial statements no amounts were borrowed under the RCF.

List of the company shareholdings

			Shareholding and control at 31 December in %	
	Company	**Country**	**2020**	**2019**
1	Adest Grundstücks GmbH	Germany	99.54	99.64
2	Adoa Grundstücks GmbH	Germany	99.54	99.64
3	Adom Grundstücks GmbH	Germany	99.54	99.64
4	Adon Grundstücks GmbH	Germany	99.54	99.64
5	Ahava Grundstücks GmbH	Germany	99.54	99.64
6	Anafa 1 Grundstücks GmbH	Germany	99.54	99.64

7	Anafa 2 Grundstücks GmbH	Germany	99.54	99.64
8	GAMAZI Grundstücks GmbH	Germany	99.54	99.64
9	Anafa Grundstücks GmbH	Germany	99.54	99.64
10	Badolina Grundstücks GmbH	Germany	99.54	99.64
11	Berale Grundstücks GmbH	Germany	99.54	99.64
12	Bamba Grundstücks GmbH	Germany	99.54	99.64
13	Zman Grundstücks GmbH	Germany	99.54	99.64
14	Adler Immobilien Management GmbH(*)	Germany	100.00	100.00
15	CCM City Construction Management GmbH	Germany	100.00	100.00
16	Drontheimer Str. 4 GmbH	Germany	99.54	99.64
17	Eldalote Grundstücks GmbH	Germany	99.54	99.64
18	NUNI Grundstücks GmbH	Germany	99.54	99.64
19	KREMBO Grundstücks GmbH	Germany	99.54	99.64
20	TUSSIK Grundstücks GmbH	Germany	99.54	99.64
21	Geut Grundstücks GmbH	Germany	99.54	99.64
22	Gozal Grundstücks GmbH	Germany	99.54	99.64
23	Gamad Grundstücks GmbH	Germany	99.54	99.64
24	Geshem Grundstücks GmbH	Germany	99.54	99.64
25	Lavlav 1 Grundstücks GmbH	Germany	99.54	99.64
26	Lavlav 2 Grundstücks GmbH	Germany	99.54	99.64
27	Lavlav 3 Grundstücks GmbH	Germany	99.54	99.64
28	Lavlav Grundstücks GmbH	Germany	99.54	99.64
29	Mastik Grundstücks GmbH	Germany	99.54	99.64
30	Maya Grundstücks GmbH	Germany	99.54	99.64
31	Mezi Grundstücks GmbH	Germany	99.54	99.64
32	Muse Grundstücks GmbH	Germany	99.54	99.64
33	Papun Grundstücks GmbH	Germany	99.54	99.64
34	Nehederet Grundstücks GmbH	Germany	99.54	99.64
35	Neshama Grundstücks GmbH	Germany	99.54	99.64
36	Osher Grundstücks GmbH	Germany	99.64	99.64
37	Pola Grundstücks GmbH	Germany	99.54	99.64
38	Adler Properties GmbH(*)	Germany	100.00	100.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
39	Reshet Grundstücks GmbH	Germany	99.54	99.64
40	Sababa 18 Grundstücks GmbH	Germany	99.54	99.64
41	Sababa 19 Grundstücks GmbH	Germany	99.54	99.64
42	Sababa 20 Grundstücks GmbH	Germany	99.54	99.64
43	Sababa 21 Grundstücks GmbH	Germany	99.54	99.64
44	Sababa 22 Grundstücks GmbH	Germany	99.54	99.64
45	Sababa 23 Grundstücks GmbH	Germany	99.54	99.64
46	Sababa 24 Grundstücks GmbH	Germany	99.54	99.64
47	Sababa 25 Grundstücks GmbH	Germany	99.54	99.64
48	Sababa 26 Grundstücks GmbH	Germany	99.54	99.64
49	Sababa 27 Grundstücks GmbH	Germany	99.54	99.64
50	Sababa 28 Grundstücks GmbH	Germany	99.54	99.64
51	Sababa 29 Grundstücks GmbH	Germany	99.54	99.64
52	Sababa 30 Grundstücks GmbH	Germany	99.54	99.64
53	Sababa 31 Grundstücks GmbH	Germany	99.54	99.64
54	Sababa 32 Grundstücks GmbH	Germany	99.54	99.64
55	Stav Grundstücks GmbH	Germany	99.54	99.64
56	Tamuril Grundstücks GmbH	Germany	99.54	99.64
57	Tara Grundstücks GmbH	Germany	99.54	99.64
58	Tehila 1 Grundstücks GmbH	Germany	99.54	99.64
59	Tehila 2 Grundstücks GmbH	Germany	99.54	99.64
60	Tehila Grundstücks GmbH	Germany	99.54	99.64
61	Trusk Grundstücks GmbH	Germany	99.54	99.64
62	Wernerwerkdamm 25 Berlin Grundstücks GmbH	Germany	99.54	99.64
63	Yarok Grundstücks GmbH	Germany	99.54	99.64
64	Yahel Grundstücks GmbH	Germany	99.54	99.64
65	Yussifun Grundstücks GmbH	Germany	99.54	99.64
66	Bombila Grundstücks GmbH	Germany	99.54	99.64
67	ADO SBI Holdings S.A. & Co. KG	Germany	94.00	94.00
68	Central Facility Management GmbH	Germany	100.00	100.00
69	Sheket Grundstücks GmbH	Germany	99.90	100.00

70	Seret Grundstücks GmbH	Germany	99.90	100.00
71	Melet Grundstücks GmbH	Germany	99.90	100.00
72	Yabeshet Grundstücks GmbH	Germany	99.90	100.00
73	ADO Finance B.V.	Netherlands	100.00	100.00
74	Yadit Grundstücks GmbH	Germany	99.90	100.00
75	Zamir Grundstücks GmbH	Germany	99.90	100.00
76	Arafel Grundstücks GmbH	Germany	99.90	100.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
77	Sharav Grundstücks GmbH	Germany	99.90	100.00
78	Sipur Grundstücks GmbH	Germany	99.90	100.00
79	Matok Grundstücks GmbH	Germany	100.00	100.00
80	Barbur Grundstücks GmbH	Germany	94.80	94.90
81	Parpar Grundstücks GmbH	Germany	100.00	100.00
82	Jessica Properties B.V.	Netherlands	94.41	94.50
83	Alexandra Properties B.V.	Netherlands	94.34	94.44
84	Marbien Properties B.V.	Netherlands	94.80	94.90
85	Meghan Properties B.V.	Netherlands	94.34	94.44
86	Matok Lövenberger Straße Grundstücks GmbH	Germany	99.90	100.00
87	Songbird 1 ApS	Denmark	60.00	60.00
88	Songbird 2 ApS	Denmark	60.00	60.00
89	Joysun 1 B.V.	Netherlands	60.00	60.00
90	Joysun 2 B.V.	Netherlands	60.00	60.00
91	Yona Investment GmbH &Co KG	Germany	60.00	60.00
92	Yanshuf Investment GmbH &Co KG	Germany	60.00	60.00
93	Ziporim Investment GmbH	Germany	60.00	60.00
94	Joysun Nestorstraße Grundstücks GmbH	Germany	59.90	60.00
95	Joysun Florapromenade Grundstücks GmbH	Germany	59.90	60.00
96	Joysun Cotheniusstraße Grundstücks GmbH	Germany	59.90	60.00
97	Joysun Tauroggener Straße Grundstücks GmbH	Germany	59.90	60.00
98	Joysun Kiehlufer Grundstücks GmbH	Germany	59.90	60.00
99	Joysun Rubenstraße Grundstücks GmbH	Germany	59.90	60.00

100	Yona Stettiner Straße Grundstücks GmbH	Germany	59.90	60.00
101	Yona Schulstraße Grundstücks GmbH	Germany	59.90	60.00
102	Yona Otawistraße Grundstücks GmbH	Germany	59.90	60.00
103	Yona Stromstraße Grundstücks GmbH	Germany	59.90	60.00
104	Yona Gutenbergstraße Grundstücks GmbH	Germany	59.90	60.00
105	Yona Kameruner Straße Grundstücks GmbH	Germany	59.90	60.00
106	Yona Schichauweg Grundstücks GmbH	Germany	59.90	60.00
107	Yona Alt-Tempelhof Grundstücks GmbH	Germany	59.90	60.00
108	Yona Gruberzeile Grundstücks GmbH	Germany	59.90	60.00
109	Yona Schloßstraße Grundstücks GmbH	Germany	59.90	60.00
110	Yona Lindauer Allee Grundstücks GmbH	Germany	59.90	60.00
111	Yona Nogatstraße Grundstücks GmbH	Germany	59.90	60.00
112	Yona Bötzowstraße 55 Grundstücks GmbH	Germany	59.90	60.00
113	Yona Herbststraße Grundstücks GmbH	Germany	59.90	60.00
114	Yona Danziger Straße Grundstücks GmbH	Germany	59.90	60.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
115	Yona Schönstraße Grundstücks GmbH	Germany	59.90	60.00
116	Yanshuf Kaiserstraße Grundstücks GmbH	Germany	59.90	60.00
117	Yanshuf Binzstraße Grundstücks GmbH	Germany	59.90	60.00
118	Yanshuf Antonienstraße Grundstücks GmbH Germany	Germany	59.90	60.00
119	Yanshuf Seestraße Grundstücks GmbH	Germany	59.90	60.00
120	Yanshuf Hermannstraße Grundstücks GmbH	Germany	59.90	60.00
121	Yanshuf Schmidt-Ott-Straße Grundstücks GmbH	Germany	59.90	60.00
122	Hanpaka Holding GmbH	Germany	100.00	100.00
123	Hanpaka Immobilien GmbH	Germany	89.90	94.90
124	Dvash 1 Holding GmbH	Germany	100.00	100.00
125	Dvash 2 Holding GmbH	Germany	100.00	100.00
126	Dvash 3 B.V.	Netherlands	100.00	100.00
127	Rimon Holding GmbH	Germany	100.00	100.00
128	Bosem Grundstücks GmbH	Germany	100.00	100.00
129	Rimon Grundstücks GmbH	Germany	89.90	94.90

130	Dvash 21 Grundstücks GmbH	Germany	89.90	94.90
131	Dvash 22 Grundstücks GmbH	Germany	89.90	94.90
132	Dvash 23 Grundstücks GmbH	Germany	89.90	94.90
133	Dvash 24 Grundstücks GmbH	Germany	89.90	94.90
134	Dvash 11 Grundstücks GmbH	Germany	89.90	94.90
135	Dvash 12 Grundstücks GmbH	Germany	89.90	94.90
136	Dvash 13 Grundstücks GmbH	Germany	89.90	94.90
137	Dvash 14 Grundstücks GmbH	Germany	89.90	94.90
138	ADO FC Management Unlimited Company	Ireland	100.00	100.00
139	5. Ostdeutschland Invest GmbH	Germany	89.90	94.90
140	8. Ostdeutschland Invest GmbH	Germany	89.90	94.90
141	Horef Holding GmbH	Germany	100.00	100.00
142	ADO 9110 Holding GmbH	Germany	100.00	100.00
143	Silan Grundstücks GmbH	Germany	99.90	100.00
144	ADO Sonnensiedlung S.à r.l.	Luxembourg	89.90	94.90
145	Horef Grundstücks GmbH	Germany	89.90	94.93
146	Sprengelstraße 39 GmbH	Germany	89.90	94.00
147	Scharnweberstraße 112 Verwaltungsgesellschaft mbH	Germany	89.90	94.90
148	Kantstraße 62 Grundstücks GmbH	Germany	100.00	100.00
149	Adler Treasury GmbH	Germany	100.00	100.00
150	ADO 9160 Grundstücks GmbH	Germany	89.90	94.90
151	ADO 9200 Grundstücks GmbH	Germany	89.90	94.90
152	ADO 9210 Grundstücks GmbH	Germany	89.90	94.90

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
153	ADO 9220 Grundstücks GmbH	Germany	89.90	94.90
154	ADO 9230 Grundstücks GmbH	Germany	89.90	94.90
155	ADO 9240 Grundstücks GmbH	Germany	89.90	94.90
156	ADO 9250 Grundstücks GmbH	Germany	89.90	94.00
157	ADO 9260 Grundstücks GmbH	Germany	89.90	94.90
158	ADO 9270 Grundstücks GmbH	Germany	89.90	94.80
159	ADO 9280 Grundstücks GmbH	Germany	89.90	94.90

160	ADO 9290 Grundstücks GmbH	Germany	89.90	94.90
161	ADO 9300 Grundstücks GmbH	Germany	89.90	94.90
162	ADO 9310 Grundstücks GmbH	Germany	89.90	94.90
163	ADO 9320 Grundstücks GmbH	Germany	89.90	94.90
164	ADO 9330 Grundstücks GmbH	Germany	89.90	94.90
165	ADO 9340 Grundstücks GmbH	Germany	89.90	94.90
166	ADO 9350 Grundstücks GmbH	Germany	89.90	94.90
167	ADO 9360 Holding GmbH	Germany	100.00	100.00
168	ADO 9370 Grundstücks GmbH	Germany	89.90	94.90
169	ADO 9380 Grundstücks GmbH	Germany	89.90	94.90
170	ADO 9390 Grundstücks GmbH	Germany	89.90	94.90
171	ADO 9400 Grundstücks GmbH	Germany	89.90	94.90
172	ADO 9410 Grundstücks GmbH	Germany	89.90	94.90
173	ADO 9420 Grundstücks GmbH	Germany	89.90	94.90
174	ADO 9430 Grundstücks GmbH	Germany	89.90	94.90
175	ADO 9440 Grundstücks GmbH	Germany	89.90	94.90
176	ADO 9450 Grundstücks GmbH	Germany	89.90	94.90
177	ADO 9460 Grundstücks GmbH	Germany	89.90	94.90
178	ADO 9470 Grundstücks GmbH	Germany	89.90	94.90
179	ADO 9480 Grundstücks GmbH	Germany	89.90	94.90
180	ADO 9490 Grundstücks GmbH	Germany	89.90	94.90
181	ADO 9500 Grundstücks GmbH	Germany	89.90	94.90
182	ADO 9510 Grundstücks GmbH	Germany	89.90	94.90
183	ADO 9520 Grundstücks GmbH	Germany	89.90	94.90
184	ADO 9530 Grundstücks GmbH	Germany	89.90	94.90
185	ADO 9540 Holding GmbH	Germany	100.00	100.00
186	ADO Lux Finance S.à.r.l.	Luxembourg	100.00	100.00
187	ADO 9550 Grundstücks GmbH	Germany	89.90	94.90
188	ADO 9560 Grundstücks GmbH	Germany	89.90	94.90
189	ADO 9570 Grundstücks GmbH	Germany	89.90	94.90
190	ADO 9580 Holding GmbH	Germany	100.00	100.00

			Shareholding and control at 31 December, in %

	Company	Country	2020	2019
191	ADO 9590 Angerburgerallee B.V.	Netherlands	89.90	94.00
192	ADO 9600 Grundstücks GmbH	Germany	89.90	94.90
193	ADO 9610 Grundstücks GmbH	Germany	89.90	94.90
194	ADO 9620 Grundstücks GmbH	Germany	89.90	94.90
195	ADO 9630 Grundstücks GmbH	Germany	89.90	94.90
196	Adler Living GmbH	Germany	100.00	100.00
197	ADO 9640 Grundstücks GmbH	Germany	89.90	94.90
198	ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00
199	ADO Malta Limited	Malta	100.00	100.00
200	ADLER Real Estate AG	Germany	93.89	0.00
201	Consus Real Estate AG	Germany	93.94	18.62
202	Westgrund AG	Germany	98.25	0.00
203	ADLER Real Estate Service GmbH	Germany	100.00	0.00
204	Verwaltungsgesellschaft ADLER Real Estate mbH	Germany	100.00	0.00
205	Achte ADLER Real Estate GmbH & Co. KG	Germany	100.00	0.00
206	MÜBAU Real Estate GmbH	Germany	100.00	0.00
207	ADLER Lux S.à.r.l.	Luxembourg	100.00	0.00
208	Münchener Baugesellschaft mbH	Germany	100.00	0.00
209	ADLER Wohnen Service GmbH	Germany	100.00	0.00
210	MBG Beteiligungsgesellschaft mbH & Co. KG	Germany	94.90	0.00
211	MBG Dallgow GmbH & Co. KG	Germany	100.00	0.00
212	MBG Großbeeren GmbH & Co. KG	Germany	100.00	0.00
213	MBG Trachau GmbH & Co. KG	Germany	99.90	0.00
214	MBG Wohnbau Verwaltungsgesellschaft mbH	Germany	100.00	0.00
215	MBG Erste Vermögensverwaltungs GmbH	Germany	100.00	0.00
216	Magnus zweite Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
217	Energy AcquiCo I GmbH	Germany	100.00	0.00
218	Magnus Dritte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
219	Magnus Fünfte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
220	WER 1. Wohnungsgesellschaft Erfurt Rieth mbH	Germany	89.90	0.00
221	WER 2. Wohnungsgesellschaft Erfurt Rieth mbH	Germany	89.90	0.00
222	ESTAVIS 6. Wohnen GmbH	Germany	94.80	0.00
223	ESTAVIS 7. Wohnen GmbH	Germany	94.80	0.00

224	ESTAVIS 8. Wohnen GmbH	Germany	94.80	0.00
225	ESTAVIS 9. Wohnen GmbH	Germany	94.80	0.00
226	RELDA 36. Wohnen GmbH	Germany	94.80	0.00
227	RELDA 38. Wohnen GmbH	Germany	94.80	0.00
228	RELDA 39. Wohnen GmbH	Germany	94.80	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
229	RELDA 45. Wohnen GmbH	Germany	94.80	0.00
230	RELDA Bernau Wohnen Verwaltungs GmbH	Germany	89.90	0.00
231	MBG Sachsen GmbH	Germany	89.90	0.00
232	Magnus-Relda Holding Vier GmbH	Germany	97.99	0.00
233	Cato Immobilienbesitz und -verwaltungs GmbH	Germany	89.90	0.00
234	Magnus Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
235	WBR Wohnungsbau Rheinhausen GmbH	Germany	87.35	0.00
236	S.I.G. RE GmbH	Germany	100.00	0.00
237	Resident Baltic GmbH	Germany	89.90	0.00
238	Resident Sachsen P&K GmbH	Germany	89.90	0.00
239	Resident West GmbH	Germany	89.90	0.00
240	MBG Schwelm GmbH	Germany	89.90	0.00
241	Alana Properties GmbH	Germany	89.90	0.00
242	Aramis Properties GmbH	Germany	89.90	0.00
243	REO-Real Estate Opportunities GmbH	Germany	89.90	0.00
244	ROSLYN Properties GmbH	Germany	89.90	0.00
245	Rostock Verwaltungs GmbH	Germany	89.90	0.00
246	SEPAT PROPERTIES GmbH	Germany	89.90	0.00
247	Wallace Properties GmbH	Germany	89.90	0.00
248	Zweite REO-Real Estate Opportunities GmbH	Germany	89.90	0.00
249	ADLER ImmoProjekt Erste GmbH	Germany	89.90	0.00
250	ADLER Energie Service GmbH	Germany	100.00	0.00
251	Magnus Achte Immobilienbesitz und Verwaltungs GmbH	Germany	94.90	0.00
252	Magnus Neunte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	0.00
253	ADLER Immo Invest GmbH	Germany	100.00	0.00

254	Wohnungsbaugesellschaft JADE mbH	Germany	89.90	0.00
255	ADLER Gebäude Service GmbH	Germany	100.00	0.00
256	Westgrund Immobilien GmbH	Germany	89.90	0.00
257	Westgrund Immobilien II. GmbH	Germany	89.90	0.00
258	Westconcept GmbH	Germany	100.00	0.00
259	IMMOLETO Gesellschaft mit beschränkter Haftung	Germany	100.00	0.00
260	ICR Idee Concept und Realisation von Immobilienvorhaben GmbH	Germany	89.90	0.00
261	HKA Grundstücksverwaltungsgesellschaft mbH & Co. Kommanditgesellschaft	Germany	99.90	0.00
262	HKA Verwaltungsgesellschaft mbH	Germany	100.00	0.00
263	Westgrund Immobilien Beteiligung GmbH	Germany	100.00	0.00
264	Westgrund Immobilien Beteiligung II. GmbH	Germany	100.00	0.00
265	Westgrund Immobilien Beteiligung III. GmbH	Germany	89.90	0.00
266	WESTGRUND Immobilien IV. GmbH	Germany	89.90	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
267	WESTGRUND Immobilien V. GmbH	Germany	93.90	0.00
268	WESTGRUND Immobilien VI. GmbH	Germany	89.90	0.00
269	WAB Hausverwaltungsgesellschaft mbH	Germany	100.00	0.00
270	Westgrund Wolfsburg GmbH	Germany	89.90	0.00
271	Westgrund Niedersachsen Süd GmbH	Germany	89.90	0.00
272	Westgrund Niedersachsen Nord GmbH	Germany	89.90	0.00
273	Westgrund Brandenburg GmbH	Germany	89.90	0.00
274	Westgrund VII. GmbH	Germany	89.90	0.00
275	Westgrund I. Halle GmbH	Germany	89.90	0.00
276	Westgrund Halle Immobilienverwaltung GmbH	Germany	100.00	0.00
277	Westgrund Immobilien II. Halle GmbH & Co. KG	Germany	99.90	0.00
278	Westgrund VIII. GmbH	Germany	89.90	0.00
279	RESSAP - Real Estate Service Solution Applications -GmbH	Germany	100.00	0.00
280	Xammit GmbH	Germany	100.00	0.00
281	Magnus Zehnte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
282	Magnus Elfte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
283	Zweite CM Real Estate GmbH	Germany	89.90	0.00

284	Dritte CM Real Estate GmbH	Germany	89.90	0.00
285	Vierte CM Real Estate GmbH	Germany	89.90	0.00
286	TGA Immobilien Erwerb 3 GmbH	Germany	89.90	0.00
287	ADP Germany GmbH	Germany	89.90	0.00
288	AFP II Germany GmbH	Germany	89.90	0.00
289	AFP III Germany GmbH	Germany	89.90	0.00
290	RIV Harbour West MI 1 GmbH	Germany	89.90	0.00
291	RIV Harbour East WA 1 GmbH	Germany	89.90	0.00
292	RIV Total MI 2 GmbH	Germany	89.90	0.00
293	RIV Central WA 2 GmbH	Germany	89.90	0.00
294	RIV Square West MI 3 GmbH	Germany	89.90	0.00
295	RIV Square East WA 3 GmbH	Germany	89.90	0.00
296	RIV Channel MI 4 GmbH	Germany	89.90	0.00
297	RIV Kornspreicher GmbH	Germany	89.90	0.00
298	Magnus Zwölfte Immobilienbesitz und Verwaltungs GmbH	Germany	100.00	0.00
299	Magnus Dreizehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	0.00
300	TGA Immobilien Erwerb 10 GmbH	Germany	89.90	0.00
301	Brack Capital Properties N.V. (BCP)	Netherlands	69.80	0.00
302	Magnus Fünfzehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	0.00
303	Magnus Sechszehnte Immobilienbesitz und Verwaltungs GmbH	Germany	89.90	0.00
304	Brack German Properties B.V.	Netherlands	100.00	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
305	Brack European Ingatlankezelö KFT	Hungary	100.00	0.00
306	Brack Capital (Düsseldorf-Rossstrasse) B.V.	Netherlands	99.90	0.00
307	Brack Capital (Düsseldorf-Schanzenstraße) B.V.	Netherlands	100.00	0.00
308	Brack Capital (Bad Kreuznach) B.V.	Netherlands	99.90	0.00
309	Brack Capital (Gelsenkirchen) B.V.	Netherlands	100.00	0.00
310	Brack Capital (Neubrandenburg) B.V.	Netherlands	99.90	0.00
311	Brack Capital (Ludwigsfelde) B.V.	Netherlands	99.90	0.00
312	Brack Capital (Remscheid) B.V.	Netherlands	99.90	0.00
313	Brack Capital Theta B.V.	Netherlands	100.00	0.00

314	Graniak Leipzig Real Estate GmbH & Co KG	Germany	99.90	0.00
315	BCRE Leipzig Residenz am Zoo GmbH	Germany	94.90	0.00
316	Brack Capital Epsilon B.V.	Netherlands	100.00	0.00
317	Brack Capital Delta B.V.	Netherlands	100.00	0.00
318	Brack Capital Alfa B.V.	Netherlands	100.00	0.00
319	Brack Capital (Hamburg) B.V.	Netherlands	100.00	0.00
320	BCP Leipzig B.V.	Netherlands	100.00	0.00
321	BCRE Leipzig Wohnen Nord B.V.	Netherlands	99.90	0.00
322	BCRE Leipzig Wohnen Ost B.V.	Netherlands	99.90	0.00
323	BCRE Leipzig Wohnen West B.V.	Netherlands	99.90	0.00
324	Brack Capital Germany (Netherlands) XVIII B.V.	Netherlands	100.00	0.00
325	Brack Capital Germany (Netherlands) XXII B. V.	Netherlands	100.00	0.00
326	BCRE Essen Wohnen B.V.	Netherlands	99.90	0.00
327	BCRE Duisburg Wohnen B.V.	Netherlands	99.90	0.00
328	BCRE Dortmund Wohnen B.V.	Netherlands	99.90	0.00
329	Brack Capital Germany (Netherlands) XVII B.V.	Netherlands	100.00	0.00
330	Brack Capital Germany (Netherlands) Hedging B.V.	Netherlands	100.00	0.00
331	Brack Capital Germany (Netherlands) XLV B.V.	Netherlands	100.00	0.00
332	S.I.B. Capital Future Markets Ltd.	Israel	100.00	0.00
333	Brack Capital Labda B.V.	Netherlands	100.00	0.00
334	LBHQ Investments B.V.	Netherlands	100.00	0.00
335	RealProb (Rodelheim) C.V.	Netherlands	100.00	0.00
336	RealProb Investment Germany (Netherlands) III B.V.	Netherlands	100.00	0.00
337	Brack Capital Germany (Netherlands) XLVII B.V.	Netherlands	99.90	0.00
338	Brack Capital Germany (Netherlands) L B.V.	Netherlands	100.00	0.00
339	Brack Capital Germany (Netherlands) LI B.V.	Netherlands	99.90	0.00
340	Brack Capital Germany (Netherlands) LIII B.V.	Netherlands	99.90	0.00
341	Brack Capital Germany (Netherlands) LIV B.V.	Netherlands	100.00	0.00
342	Brack Capital Germany (Netherlands) XLVIII B.V.	Netherlands	100.00	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
343	Brack Capital Beta B.V.	Netherlands	84.98	0.00

344	Grafental Mitte B.V.	Netherlands	99.90	0.00
345	Brack Capital Germany (Netherlands) XXVI B.V.	Netherlands	99.90	0.00
346	Grafental GmbH & Co. KG	Germany	100.00	0.00
347	Brack Capital Germany (Netherlands) XLIX B.V.	Netherlands	99.90	0.00
348	Brack Capital Germany (Netherlands) XLVI B.V.	Netherlands	100.00	0.00
349	Brack Capital (Witten) GmbH & Co. Immobilien KG	Germany	100.00	0.00
350	Brack Capital Witten GmbH (GP)	Germany	100.00	0.00
351	Brack Capital Germany (Netherlands) XII B.V.	Netherlands	100.00	0.00
352	Brack Capital Germany (Netherlands) XIX B.V.	Netherlands	99.90	0.00
353	Brack Capital Germany (Netherlands) XXI B.V.	Netherlands	99.90	0.00
354	Brack Capital Germany (Netherlands) XLI B.V.	Netherlands	99.90	0.00
355	Brack Capital Germany (Netherlands) XXIII B.V.	Netherlands	100.00	0.00
356	Brack Capital Germany (Netherlands) XLII B.V.	Netherlands	99.90	0.00
357	Brack Capital Germany (Netherlands) XLIII B.V.	Netherlands	100.00	0.00
358	Brack Capital Germany (Netherlands) XLIV B.V.	Netherlands	99.90	0.00
359	Brack Capital Germany (Netherlands) XXX B.V.	Netherlands	99.90	0.00
360	Brack Capital (Darmstadt Goebelstrasse) GmbH	Germany	100.00	0.00
361	Brack Capital Germany (Netherlands) XXXI B.V.	Netherlands	99.90	0.00
362	Brack Capital Germany (Netherlands) XXXV B.V.	Netherlands	99.90	0.00
363	Brack Capital Germany (Netherlands) XXXVI B.V.	Netherlands	99.90	0.00
364	Brack Capital Germany (Netherlands) XXXVII B.V.	Netherlands	99.90	0.00
365	Brack Capital Germany (Netherlands) XXXVIII B.V.	Netherlands	99.90	0.00
366	Brack Capital Germany (Netherlands) XXXIX B.V.	Netherlands	99.90	0.00
367	Brack Capital Germany (Netherlands) XXV B.V.	Netherlands	100.00	0.00
368	Brack Capital Wuppertal (Netherlands) B.V.	Netherlands	100.00	0.00
369	Brack Capital (Wuppertal) GmbH	Germany	100.00	0.00
370	Invest Partner GmbH	Germany	93.90	0.00
371	Brack Capital Gelsenkirchen GmbH & Co. Immobilien KG	Germany	99.23	0.00
372	Brack Capital (Oberhausen) GmbH	Germany	100.00	0.00
373	Grafental Verwaltungs GmbH (phG)	Germany	100.00	0.00
374	Brack Capital Kaufland Sarl	Luxembourg	100.00	0.00
375	TPL Augsburg Sàrl	Luxembourg	92.00	0.00
376	TPL Bad Aibling Sàrl	Luxembourg	91.90	0.00

377	TPL Biberach Sàrl	Luxembourg	91.90	0.00
378	TPL Borken Sàrl	Luxembourg	92.00	0.00
379	TPL Geislingen Sàrl	Luxembourg	91.90	0.00
380	TPL Erlangen Sàrl	Luxembourg	91.90	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
381	TPL Neckersulm Sàrl	Luxembourg	91.90	0.00
382	TPL Vilshofen Sàrl	Luxembourg	92.00	0.00
383	TPL Ludwigsburg Sàrl	Luxembourg	91.90	0.00
384	Brack Capital Eta B.V.	Netherlands	100.00	0.00
385	Brack Capital Germany (Netherlands) XL B.V.	Netherlands	100.00	0.00
386	Parkblick GmbH & Co. KG	Germany	99.90	0.00
387	Grafental am Wald GmbH (PhG)	Germany	100.00	0.00
388	Brack Capital Germany (Netherlands) LII B.V. "Holdco BV"	Netherlands	100.00	0.00
389	Brack Capital Patros GmbH "Holdco GmbH"	Germany	100.00	0.00
390	Brack Capital Magdeburg I GmbH	Germany	94.80	0.00
391	Brack Capital Magdeburg II GmbH	Germany	94.80	0.00
392	Brack Capital Magdeburg III GmbH	Germany	94.80	0.00
393	Brack Capital Magdeburg IV GmbH	Germany	94.80	0.00
394	Brack Capital Magdeburg V GmbH	Germany	94.80	0.00
395	Brack Capital Magdeburg VI GmbH	Germany	94.80	0.00
396	Brack Capital Halle I GmbH	Germany	94.80	0.00
397	Brack Capital Halle II GmbH	Germany	94.80	0.00
398	Brack Capital Halle III GmbH	Germany	94.80	0.00
399	Brack Capital Halle IV GmbH	Germany	94.80	0.00
400	Brack Capital Halle V GmbH	Germany	94.90	0.00
401	Brack Capital Leipzig I GmbH	Germany	94.80	0.00
402	Brack Capital Leipzig II GmbH	Germany	94.80	0.00
403	Brack Capital Leipzig III GmbH	Germany	94.80	0.00
404	Brack Capital Leipzig IV GmbH	Germany	94.80	0.00
405	Brack Capital Leipzig V GmbH	Germany	94.80	0.00
406	Brack Capital Leipzig VI GmbH	Germany	94.80	0.00

407	Brack Capital Germany (Netherlands) LV B.V.	Netherlands	100.00	0.00
408	RT Facility Management GmbH & Co. KG	Germany	100.00	0.00
409	RT Facility Management (Germany) GmbH (GP)	Germany	100.00	0.00
410	BCRE Kassel I B.V.	Netherlands	100.00	0.00
411	Brack Objekt Kassel Hafenstrasse GmbH	Germany	94.90	0.00
412	Brack Capital (Kassel) GmbH & Co. Immobilien KG	Germany	100.00	0.00
413	RealProb Investment (Duisburg) B.V.	Netherlands	100.00	0.00
414	Magnus Siebzehnte Immobilienbesitz- und Verwaltungs GmbH	Germany	99.90	0.00
415	Wasserstadt Co-Living GmbH	Germany	100.00	0.00
416	Magnus Neunzehnte Immobilienbesitz- und Verwaltungs GmbH	Germany	100.00	0.00
417	Magnus Zwanzigste Immobilienbesitz- und Verwaltungs GmbH	Germany	100.00	0.00
418	Spree Zweite Beteiligungs Ost GmbH	Germany	89.90	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
419	Spree Röbellweg 2-10 Verwaltungs GmbH	Germany	89.90	0.00
420	ADO GROUP LTD.	Israel	100.00	0.00
421	BCP Invest Rostock B.V.	Netherlands	100.00	0.00
422	BCP Invest Celle B.V.	Netherlands	100.00	0.00
423	BCP Invest Castrop B.V.	Netherlands	100.00	0.00
424	Eurohaus Frankfurt AG	Germany	89.99	0.00
425	Glasmacherviertel Verwaltungs GmbH (phG)	Germany	100.00	0.00
426	Brack Capital (Duisburg 2) GmbH & Co. Immobilien KG	Germany	99.33	0.00
427	Consus Holding GmbH	Germany	100.00	0.00
428	CCP Objektholding GmbH	Germany	100.00	0.00
429	Consus CCP 13 GmbH	Germany	100.00	0.00
430	Consus CCP 6 GmbH	Germany	100.00	0.00
431	DIPLAN GmbH	Germany	74.90	0.00
432	CONSUS Swiss Finance AG	Switzerland	93.40	0.00
433	CONSUS Swiss Services AG	Switzerland	93.40	0.00
434	CSW GmbH & Co. KG	Germany	93.40	0.00
435	CSW Verwaltungs GmbH	Germany	93.40	0.00
436	Consus Projektmanagement Verwaltungs GmbH	Germany	93.40	0.00

437	Knecht Ludwigsburg GmbH	Germany	93.40	0.00
438	SSN Facility Services GmbH	Germany	93.40	0.00
439	CSW Beteiligungs GmbH	Germany	93.40	0.00
440	SSN Gebäudetechnik GmbH	Germany	79.39	0.00
441	Consus Projektmanagement GmbH & Co. KG	Germany	93.40	0.00
442	CONSUS Swiss Projektholding AG	Switzerland	93.40	0.00
443	SSN Alboingärten Berlin GmbH	Germany	93.40	0.00
444	Franklinstrasse 26a Verwaltungs GmbH	Germany	87.80	0.00
445	Consus Wilhelmstraße Berlin GmbH	Germany	93.40	0.00
446	Wilhelmstrasse 56-59 Immobilienentwicklungs GmbH	Germany	93.40	0.00
447	Consus Franklinstraße Berlin GmbH	Germany	93.40	0.00
448	Consus Projekt Holding Deutschland GmbH	Germany	93.40	0.00
449	CONSUS (Schweiz) AG	Switzerland	93.40	0.00
450	Consus Deutschland GmbH	Germany	87.61	0.00
451	Consus Development Verwaltungs GmbH	Germany	87.61	0.00
452	Consus Development GmbH & Co. KG	Germany	87.61	0.00
453	Parken & Immobilien Invest GmbH Hamburg	Germany	87.61	0.00
454	Parken & Immobilien Betriebs GmbH Hamburg	Germany	87.61	0.00
455	Consus Investment Bundesallee Berlin GmbH	Germany	87.61	0.00
456	SSN Real GmbH	Germany	93.40	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
457	Consus Projekt Development GmbH	Germany	86.53	0.00
458	Wilhelmstrasse I GmbH	Germany	85.90	0.00
459	SG IBM-Campus 4 UG	Germany	86.53	0.00
460	SG IBM-Campus 5 UG	Germany	86.53	0.00
461	SG IBM-Campus 6 UG	Germany	86.53	0.00
462	SG IBM-Campus 7 UG	Germany	86.53	0.00
463	SG IBM-Campus 8 UG	Germany	86.53	0.00
464	SG IBM-Campus 9 UG	Germany	86.53	0.00
465	SG IBM-Campus 10 UG	Germany	86.53	0.00
466	SG IBM-Campus 11 UG	Germany	86.53	0.00

467	SG IBM-Campus 12 UG	Germany	86.53	0.00
468	SG IBM-Campus 13 UG	Germany	86.53	0.00
469	SG IBM-Campus 14 UG	Germany	86.53	0.00
470	SG IBM-Campus 15 UG	Germany	86.53	0.00
471	SG IBM-Campus 16 UG	Germany	86.53	0.00
472	SG IBM-Campus 17 UG	Germany	86.53	0.00
473	Consus Einkaufs-GbR Garden Campus Vaihingen	Germany	86.53	0.00
474	Consus Stuttgart Wohnen an der Villa Berg UG haftungsbeschränkt	Germany	86.53	0.00
475	Consus Stuttgart Park an der Villa Berg UG haftungsbeschränkt	Germany	81.34	0.00
476	Consus Stuttgart Villa Berg Parkhaus UG haftungsbeschränkt	Germany	81.34	0.00
477	Consus Stuttgart Villa Berg historisch UG haftungsbeschränkt	Germany	81.34	0.00
478	Consus Frankfurt Mainzer Landstraße Investitions UG haftungsbeschränkt	Germany	86.53	0.00
479	SG Frankfurt Mainzer Landstrasse GmbH	Germany	81.34	0.00
480	Consus München Schwabing Investionsgesellschaft UG haftungsbeschränkt	Germany	86.53	0.00
481	Consus München Schwabing Verwaltungs GmbH	Germany	86.53	0.00
482	Consus Mannheim Glücksteinquartier Investitions UG haftungsbeschränkt	Germany	86.53	0.00
483	Consus Mannheim Glücksteinquartier Verwaltungs GmbH	Germany	86.53	0.00
484	Consus Mannheim Glücksteinquartier GmbH & Co. KG	Germany	81.34	0.00
485	SG Hamburg Holsten Quartiere 1 UG	Germany	86.53	0.00
486	SG Hamburg Holsten Quartiere 2 UG	Germany	86.53	0.00
487	SG Hamburg Holsten Quartiere 3 UG	Germany	86.53	0.00
488	SG Hamburg Holsten Quartiere 4 UG	Germany	86.53	0.00
489	SG Hamburg Holsten Quartiere 5 UG	Germany	86.53	0.00
490	SG Hamburg Holsten Quartiere 6 UG	Germany	86.53	0.00
491	SG Hamburg Holsten Quartiere 7 UG	Germany	86.53	0.00
492	SG Hamburg Holsten Quartiere 8 UG	Germany	86.53	0.00
493	SG Hamburg Holsten Quartiere 9 UG	Germany	86.53	0.00
494	SG Hamburg Holsten Quartiere 10 UG	Germany	86.53	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
495	SG Hamburg Holsten Quartiere 11 UG	Germany	86.53	0.00
496	SG Hamburg Holsten Quartiere 12 UG	Germany	86.53	0.00

497	SG Hamburg Holsten Quartiere 13 UG		Germany	86.53	0.00
498	SG Hamburg Holsten Quartiere 14 UG		Germany	86.53	0.00
499	SG Hamburg Holsten Quartiere 15 UG		Germany	86.53	0.00
500	SG Hamburg Holsten Quartiere 16 UG		Germany	86.53	0.00
501	SG Hamburg Holsten Quartiere 17 UG		Germany	86.53	0.00
502	SG Hamburg Holsten Quartiere 18 UG		Germany	86.53	0.00
503	SG Hamburg Holsten Quartiere 19 UG		Germany	86.53	0.00
504	SG Hamburg Holsten Quartiere 20 UG		Germany	86.53	0.00
505	Consus Einkaufs-GbR Holsten-Quartiere Hamburg		Germany	86.53	0.00
506	SG Neues Korallusviertel 1 UG		Germany	86.53	0.00
507	SG Neues Korallusviertel 2 UG		Germany	86.53	0.00
508	SG Neues Korallusviertel 3 UG		Germany	86.53	0.00
509	SG Neues Korallusviertel 4 UG		Germany	86.53	0.00
510	SG Neues Korallusviertel 5 UG		Germany	86.53	0.00
511	SG Neues Korallusviertel 6 UG		Germany	86.53	0.00
512	SG Neues Korallusviertel 7 UG		Germany	86.53	0.00
513	SG Neues Korallusviertel 8 UG		Germany	86.53	0.00
514	Consus Einkaufs-GbR Korallusviertel Hamburg		Germany	86.53	0.00
515	SG IBM-Campus 1 UG		Germany	86.53	0.00
516	SG IBM-Campus 2 UG		Germany	86.53	0.00
517	SG IBM-Campus 3 UG		Germany	86.53	0.00
518	Consus Stuttgart Vaihingen IBM Campus Holding GmbH		Germany	86.53	0.00
519	Consus RE GmbH		Germany	100.00	0.00
520	Artists Living Berlin - ST GmbH & Co. KG		Germany	94.00	0.00
521	Steglitzer Kreisel Sockel GbR		Germany	94.00	0.00
522	Steglitzer Kreisel Turm GbR		Germany	94.00	0.00
523	Steglitzer Kreisel Parkhaus GbR		Germany	94.00	0.00
524	Artists Commercial Berlin - ST GmbH & Co. KG		Germany	94.00	0.00
525	Artists Parking Berlin - ST GmbH & Co. KG		Germany	94.00	0.00
526	Artists Living Leipzig GmbH & Co. KG		Germany	100.00	0.00
527	Ostplatz Leipzig Work & Life GmbH & Co. KG		Germany	94.00	0.00
528	Ostplatz Leipzig Mensa GmbH		Germany	88.26	0.00
529	Artists Living Dresden PP GmbH & Co. KG		Germany	100.00	0.00

530	Artists Living Frankfurt SSc GmbH & Co. KG	Germany	100.00	0.00
531	Artists Living Frankfurt Dev GmbH & Co. KG	Germany	94.00	0.00
532	UpperNord Tower GmbH & Co. KG	Germany	94.00	0.00

			Shareholding and control at 31 December, in %	
	Company	**Country**	**2020**	**2019**
533	UpperNord Hotel GmbH & Co. KG	Germany	100.00	0.00
534	UpperNord Quarter GmbH	Germany	94.00	0.00
535	Artists Living Köln StG GmbH & Co. KG	Germany	100.00	0.00
536	Holz ART CG-Innovationen GmbH	Germany	100.00	0.00
537	BCC BauCompetenzCenter GmbH	Germany	100.00	0.00
538	Consus ST(R)AHLKRAFT GmbH	Germany	100.00	0.00
539	CG Estate & Hostel GmbH & Co. KG	Germany	100.00	0.00
540	Böblinger CityQuartier GmbH	Germany	94.90	0.00
541	Innenstadt Residenz Dresden GmbH & Co. KG	Germany	94.00	0.00
542	Residenz Dresden an der Elbe GmbH & Co. KG	Germany	100.00	0.00
543	Frankfurt Ostend Immobilienentwicklungs GmbH	Germany	94.00	0.00
544	LEA Grundstücksverwaltung GmbH	Germany	94.00	0.00
545	Cologneo I GmbH & Co. KG	Germany	100.00	0.00
546	Cologneo III GmbH	Germany	100.00	0.00
547	Consus Deutsche Wohnen GmbH	Germany	93.90	0.00
548	Consus Bauprojekte GmbH	Germany	100.00	0.00
549	Günther Fischer Gesellschaft für Projektentwicklung mbH	Germany	80.00	0.00
550	Consus Immobilien GmbH	Germany	100.00	0.00
551	RVG Real Estate Vertriebs GmbH	Germany	51.00	0.00
552	City-Hausverwaltung GmbH	Germany	100.00	0.00
553	CG Gruppe IT-Service GmbH	Germany	51.00	0.00
554	APARTes Gestalten GmbH	Germany	100.00	0.00
555	CREATIVes Bauen GmbH	Germany	100.00	0.00
556	Consus Denkmalimmobilien GmbH	Germany	93.90	0.00
557	Consus Graphisches Viertel GmbH & Co. KG	Germany	94.00	0.00
558	Living Central Beteiligungs-GmbH	Germany	94.00	0.00
559	Living Central 1 GmbH	Germany	94.00	0.00

	Company	Country	Shareholding and control at 31 December, in % 2020	2019
560	Living Central 2 GmbH	Germany	94.00	0.00
561	Living Central 3 GmbH	Germany	94.00	0.00
562	Living Central 4 GmbH	Germany	94.00	0.00
563	Living Central 5 GmbH	Germany	94.00	0.00
564	Living Central 6 GmbH	Germany	94.00	0.00
565	Living Central 7 GmbH	Germany	94.00	0.00
566	Living Central 8 GmbH	Germany	94.00	0.00
567	Living Central 9 GmbH	Germany	94.00	0.00
568	Living Central 11 GmbH	Germany	94.00	0.00
569	Consus Erste Delitzscher Straße GmbH & Co. KG	Germany	100.00	0.00
570	Consus Zweite Delitzscher Straße GmbH & Co. KG	Germany	100.00	0.00
571	Benrather Gärten Wohnentwicklung GmbH & Co. KG	Germany	94.90	0.00
572	Consus Sechste Delitzscher Straße GmbH & Co. KG	Germany	100.00	0.00
573	SLT 107 Schwabenland Tower GmbH	Germany	94.90	0.00
574	Benrather Gärten Gewerbeentwicklung GmbH & Co. KG	Germany	94.90	0.00
575	Benrather Gärten Projektentwicklung GmbH	Germany	94.90	0.00
576	Consus Siebte SHELF GmbH & Co. KG	Germany	94.90	0.00
577	Consus Achte SHELF GmbH & Co. KG	Germany	100.00	0.00
578	Consus Neunte SHELF GmbH & Co. KG	Germany	100.00	0.00
579	Consus Zehnte SHELF GmbH & Co. KG	Germany	100.00	0.00
580	Consus Elfte SHELF GmbH & Co. KG	Germany	100.00	0.00
581	Consus Zwölfte SHELF GmbH & Co. KG	Germany	100.00	0.00
582	Consus Dreizehnte SHELF GmbH & Co. KG	Germany	100.00	0.00
583	Consus Construction GmbH	Germany	90.00	0.00
584	Consus TEC Service GmbH	Germany	100.00	0.00
585	Neuländer Quaree II Verwaltungs GmbH	Germany	100.00	0.00
586	Consus Works GmbH	Germany	100.00	0.00
587	RAFFA Verwaltungs GmbH	Germany	100.00	0.00
588	Artists Living Verwaltungs GmbH	Germany	100.00	0.00

(*) Footnote to Adler Properties GmbH and ADO Immobilien Management GmbH.
The corporation Adler Properties GmbH (formerly: ADO Properties GmbH), Berlin, which is included in the consolidated financial statements, makes use of the reliefs with regard to the preparation, audit and disclosure of annual financial statements and management report in accordance with the provisions applicable to corporations pursuant to Section 264 (3) German Commercial Code (HGB).
The corporation Adler Immobilien Management GmbH (formerly: ADO Immobilien Management GmbH), Berlin, which is included in the consolidated financial statements, makes use of the reliefs with regard to the preparation, audit and disclosure of annual financial statements and management report in accordance with the provisions applicable to corporations pursuant to Section 264 (3) German Commercial Code (HGB).

Adler Group S.A.
Combined Management Report

As at and for the year ended
31 December 2020

Registered office:
1B Heienhaff
L-1736 Senningerberg
RCS Luxembourg: B197554

Corporate Governance Report

General

The corporate governance practices of Adler Group S.A. (formerly ADO Properties S.A.) ("**Adler Group**" or the "**Company**") are governed by Luxembourg Law (particularly the Luxembourg law of 10 August 1915 on commercial companies as amended (the "**Luxembourg Companies Law**")) and the Company's articles of incorporation ("**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 and regulations.

The governing bodies of the Adler Group are the board of directors (the "**Board**", and each member of the Board individually, a "**Director**") and the general meeting of the shareholders (the "**General Meeting**"). The powers of these governing bodies are defined in the Luxembourg Companies Law and the Company Articles. Adler Group's Board together with the senior management (which is currently composed of two chief executive officers (each a "**Co-CEO**") who have also been appointed as daily managers of the Company (the "**Daily Managers**"), as well as the chief legal officer (the "**CLO**") (the "**Senior Managemen**t") manage the Company in accordance with the provisions of Luxembourg law. The Board's duties, responsibilities and business procedures are laid down in specific rules of procedure, the latest version of which has been approved by the Board on 9 February 2021.

Board

The Board is composed of eight Directors. As a general rule, the Directors are elected by the General Meeting. However, in the event of a vacancy in the office of a Director, the remaining members of the Board may fill such vacancy and appoint a successor to act until the next General Meeting which shall resolve on the permanent appointment in compliance with the applicable legal provisions. Six out of eight Directors are independent directors. The two remaining Directors are also appointed as Daily Managers and as the Co-CEOs of the Company.

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

Changes at Board level

During the year of 2020, several changes have taken place at Board level.

On 28 April 2020, Mr Florian Sitta resigned as a Director and, on the same date, was replaced by Mr Maximilian Rienecker who was appointed by co-optation by the remaining Directors.

At the annual General Meeting held on 29 September 2020, the General Meeting confirmed the appointment of all Directors who were appointed by co-optation since the last General Meeting, namely the appointment of the co-opted members Dr Peter Maser, Ms Arzu Akkemik, Mr Thierry Beaudemoulin, Mr Florian Sitta and Dr Ben Irle on 10 December 2019 and of Mr Maximilian Rienecker on 28 April 2020.

Furthermore, at the annual General Meeting held on
29 September 2020:

- Dr Peter Maser was re-appointed as Chairman and as a Director from the date of that meeting until the annual General Meeting to take place in 2023;

- Dr Michael Bütter was re-appointed as a Director from the date of that meeting until the annual General Meeting to take place in 2023;

- Ms Arzu Akkemik was re-appointed as a Director from the date of that meeting until the annual General Meeting to take place in 2023;

- Mr Thierry Beaudemoulin was re-appointed as a Director from the date of that meeting until the annual General Meeting to take place in 2023; and

- Mr Maximilian Rienecker was re-appointed as a Director from the date of that meeting until the annual General Meeting to take place in 2023.

Dr Ben Irle's and Mr Jörn Stobbe's terms ended on the date of the 29 September 2020 annual General Meeting. However, the General Meeting decided to appoint three new Directors to the Board, namely Mr Claus Jørgensen, Mr Thilo Schmid and Mr Thomas Zinnöcker whose terms shall run from the date of the 29 September 2020 annual General Meeting until the annual General Meeting to take place in the year 2023.

Composition of the Board

Consequently, as at 31 December 2020, the Board comprised as follows:

Dr Peter Maser, Chairman
Independent Director

Mr Maximilian Rienecker
Director

Mr Thierry Beaudemoulin
Director

Ms Arzu Akkemik
Independent Director

Dr Michael Bütter
Independent Director

Mr Claus Jørgensen
Independent Director

Mr Thilo Schmid
Independent Director

Mr Thomas Zinnöcker
Independent Director

Note: the composition of the Board remains unchanged as at the time of publication of this report.

Committees established by the Board

The Board's work takes place through plenary sessions and committees, which exercise their activities under the responsibility of the Board. Currently, the Company has established four committees:

- *The Audit Committee,*

- *the Nomination and Compensation Committee,*

- *the Investment and Financing Committee, and*

- *the Ad hoc Committee.*

The rules of procedure for the Committees are governed by the Company's rules of procedure for the Audit Committee, the Nomination and Compensation Committee, the Investment and Financing Committee and the Ad-Hoc Committee, the last version of which was adopted by the Board on 9 February 2021 (the "**Committees' Rules of Procedure**"). In accordance with the Committees' Rules of Procedure to which all currently established Committees are subject, the Committees convene whenever required by the Company's affairs.
Audit Committee – The purpose of the Audit Committee is

(i) to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements and the adequacy of internal control systems over financial reporting,
(ii) to monitor the effectiveness of the Company's internal quality control and risk management systems and
(iii) to make recommendations for the appointment, compensation, retention and oversight of, and consider the independence of, the external auditors.

The Audit Committee is further responsible for evaluating whether any transaction between the Company and a related party is a material transaction which would require approval of the Board and publication (except transactions entered into between the Company and its subsidiaries provided

(i) that they are wholly owned or
(ii) if not wholly-owned, that no other related party of the Company has any interest in that subsidiary).

The Audit Committee also performs other duties imposed by applicable laws and regulations of the regulated market or markets on which the Company's shares are listed, as well as any other duties entrusted to it. The Audit Committee reports periodically to the Board on its activities. For the avoidance of doubt, the Audit Committee has an internal function only. No decision-making powers or powers of representation were delegated to the Audit Committee. The chairman of the Audit Committee must be independent from the Company. The Committees' Rules of Procedure do not provide for a fixed membership term.

Audit Committee as at 31 December 2020:

Dr Michael Bütter
Chairman

Dr Peter Maser
Mr Thilo Schmid

Note: the composition of the Audit Committee remains unchanged as at the time of publication of this report.

Nomination and Compensation Committee – The purpose of the Nomination and Compensation Committee is to review the remuneration policy, make proposals as to the remuneration of the Senior Management, and advise on any benefit or incentive schemes. It further assists the Board with respect to matters relating to the nomination of candidates for the Board and the Committees. The Nomination and Compensation Committee decides on the qualifications of potential candidates and recommends candidates to the Board for election as Directors by the General Meeting, as required. The Nomination and Compensation Committee shall furthermore assist with the preparation of any remuneration report of the Company, to the extent such a report is legally required. For the avoidance of doubt, the Nomination and Compensation Committee has an internal function only. No decision-making powers or powers of representation have been delegated to the Nomination and Compensation Committee. The Committees' Rules of Procedure do not provide for a fixed membership term.

Nomination and Compensation Committee as at 31 December 2020:

Dr Peter Maser
Chairman

Ms Arzu Akkemik
Mr Thomas Zinnöcker

Note: the composition of the Nomination and Compensation Committee remains unchanged as at the time of publication of this report.

Investment and Financing Committee - The purpose of the Investment and Financing Committee shall be to consider potential investments by the Company, including analysing and reviewing the details of investments and the purchase or sale of land, or rights equivalent to title rights in real estate and the general guidelines and policies for implementing the financial strategy, including the management of foreign exchange, interest rate, liquidity and other financial risks and the management of credit risk. The Investment and Financing Committee shall also consider any encumbrance over any assets and shall assist with the arranging and the raising of external financing by any member of the Group and with the granting of securities, guarantees and indemnities. The Board has delegated certain limited powers to the Investment and Financing Committee.

Investment and Financing Committee as at 31 December 2020:

Mr Thomas Zinnöcker

Chairman

Mr Claus Jørgensen
Dr Peter Maser

Note: the composition of the Investment and Financing Committee remains unchanged as at the time of publication of this report.

Ad Hoc Committee – The purpose of the Ad Hoc Committee is to resolve on the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation. The Ad Hoc Committee shall, sometimes at short notice, review, identify and resolve if information is to be considered inside information and if it should be subject to disclosure or whether the prerequisites for a delay in the disclosure of such inside information are applicable. It is a key requirement of the Ad Hoc Committee that its members be available at short notice. Decision-making powers and power of representation in respect of the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation have been delegated by the Board to the Ad Hoc Committee. The Committees' Rules of Procedure do not provide for a fixed membership term.

Ad Hoc Committee as at 31 December 2020:

Mr Thierry Beaudemoulin

Chairman

Mr Maximilian Rienecker
Mr Florian Sitta

Note: the composition of the Ad Hoc Committee remains unchanged as at the time of publication of this report.

Senior Management and Daily Managers

The Senior Management of the Company is integral to the management of the Company and its subsidiaries. Currently the Senior Management of the Company comprises two Directors, Mr Maximilian Rienecker and Mr Thierry Beaudemoulin, who are both appointed as Co-CEOs, as well as Mr Sven-Christian Frank who is appointed as CLO.
In accordance with article 8 of the Company Articles and in addition to being part of the Senior Management, Mr Rienecker and Mr Beaudemoulin have been appointed by the Board as daily managers of Adler Group *(délégué(s) à la gestion journalière)* and are thus responsible for the day-to-day management of the Company (the "**Daily Managers**"). Mr Frank has not been appointed a Daily Manager but has been granted certain specific delegations by the Board with respect to daily management and the possibility to act as a proxyholder for the Company.

Changes in the Senior and Daily Management

Following Mr Thierry Beaudemoulin's appointment as chief executive officer and Daily Manager on 10 December 2019, in 2020, the Company added a second Co-CEO to the Senior Management team, namely Mr Maximilian Rienecker, who was appointed Co-CEO and Daily Manager with effect as of on 9 April 2020.
Furthermore, Mr Sven-Christian Frank was appointed CLO with effect as of 1 September 2020.

Composition of the Senior Management

Consequently, as at 31 December 2020, the Senior Management comprised as follows:

Mr Maximilian Rienecker

Co-CEO and Daily Manager

Mr Thierry Beaudemoulin

Co-CEO and Daily Manager

Mr Sven-Christian Frank

CLO

Note: the composition of the Senior Management remains unchanged as at the time of publication of this report.

General Meeting

The General Meetings are held at the Company's registered office in Luxembourg or any other place in Luxembourg as may be specified in the respective convening notice of the meeting. In specific, very unusual circumstances (such as the on-going Covid-19 pandemic) and if so permitted by applicable Luxembourg law, General Meetings may be held without a physical meeting.

The Company shall ensure equal treatment for all shareholders who are in the same position with regard to participation in, and the exercise of voting rights, in the General Meeting. Any duly constituted General Meeting shall represent all the shareholders of the Company. It shall have the widest powers to order, implement or ratify all acts connected with the Company's operations that are not conferred on the Board.

General Meetings (other than the annual General Meeting of the shareholders) may be called as often as the interests of the Company require. The Board is obliged to call a General Meeting of the shareholders when a group of shareholders representing at least one-tenth of the issued and outstanding shares requests the convening of a General Meeting of the shareholders in writing, indicating the agenda of the proposed meeting.

In accordance with the Luxembourg Law of 24 May 2011 (the "**Luxembourg Shareholder Rights Law**"), the convening notice to a General Meeting is to be published at least thirty days before the day of the meeting in the official gazette of Luxembourg *(Recueil Electronique des Sociétés et Associations)*, and a Luxembourg newspaper as well as in media which may reasonably be relied upon for the effective dissemination of information to the public throughout the European Economic Area, and which is accessible rapidly and on a non-discriminatory basis. If a General Meeting of the shareholders is adjourned for lack of quorum, provided that the convening requirements of the Luxembourg Shareholder Rights Law have been complied with and no new item has been added to the agenda, the 30-day period is reduced to a 17-day period. A convening notice must inter alia contain the precise date and location of the General Meeting and the proposed agenda. It must also set out the conditions for attendance and representation at the meeting.

The convening notice and the documents required to be submitted to the shareholders in connection with a General Meeting shall be posted on the Company's website from the date of the first publication of the General Meeting convening notice, as set out above.

In accordance with the Luxembourg Shareholder Rights Law, shareholders holding, individually or collectively, at least 5% of the issued share capital of the Company (a) have the right to put items on the agenda of the General Meeting of the shareholders and (b) have the right to table draft resolutions for items included or to be included on the agenda of the General Meeting of the shareholders. Those rights shall be exercised through requests in writing by the relevant shareholders submitted to the Company by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the General Meeting of the shareholders and shall include the electronic or mailing address at which the Company can acknowledge receipt of the request. Any such request from shareholders must be received by the Company no later than on the 22nd day prior to the date of the General Meeting of the shareholders.

Under normal circumstances, each shareholder is entitled to attend the General Meeting, in person or by proxy, and to exercise voting rights in accordance with the Company's Articles. The rules for attendance at a General Meeting may be adjusted, if needed, under specific, very unusual circumstances (such as the on-going Covid-19 pandemic) and if so permitted by applicable Luxembourg law. Each share (excluding any shares held by the Company) shall entitle the holder to one vote at all General Meetings subject to the provisions of applicable law.

Conflicts of interest and related parties transactions

Any Director having a direct or indirect financial interest conflicting with that of the Company *(intérêt de nature patrimoniale opposé à celui de la société)* in a transaction which has to be considered by the Board, must advise the Board thereof and cause a record of his statement to be included in the minutes of the meeting of the Board. The Director may not take part in the deliberations related to, and shall not vote on, such transaction.

At the next subsequent General Meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Company.

Where, because of conflicts of interest, the quorum or majority requirements for a vote on an agenda item are not met, the Board may decide to refer the decision on the agenda item in question to the General Meeting for decision.

These provisions shall not apply where the decisions of the Board concern ordinary business entered into under normal conditions.

These provisions shall apply by analogy to any Daily Managers. Where there is only a sole Daily Manager and that Daily Manager is faced with a conflict of interest as described in this Article, the relevant decision shall be referred to the Board.

Any material transaction between the Company and a related party shall be subject to the prior approval of the Board and the Company shall publicly announce material transactions with related parties on its website latest at the time of conclusion of the transaction. For the purposes of the preceding sentence:-

"material transaction" shall mean any transaction between the Company and a related party whose publication or disclosure would be likely to have a significant impact on the economic decisions of shareholders of the Company and which could create a risk for the Company and its shareholders who are not related parties, including minority shareholders. The nature of the transaction and the position of the related party shall be taken into consideration;
"related party" has the same meaning as in the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Issuance & buy-backs of shares

The Company has issued shares, registered with a single settlement organisation in Luxembourg, LuxCSD, and has an authorised capital which is set at one million euros (EUR 1,000,000). The General Meeting of shareholders or the Board may from time to time issue shares in accordance with Chapter II, Section 1 of the Luxembourg Law of 6 April 2013 on dematerialised securities. Pursuant to the Company Articles, authorisation is also given to the Board (or delegates duly appointed by the Board) to issue shares from time to time within the limits of the authorised capital at such times and on such terms and conditions, including the issue price, as the Board or its delegates may in its or their discretion resolve. The Board is furthermore authorised to suppress, limit or waive any pre-emptive subscription rights of shareholders to the extent it deems advisable for any issues of shares within the authorised capital.
The Company does not currently hold any of its own shares, nor does a third party hold any of the Company's shares on behalf of the Company. Without prejudice to the Market Abuse Law and the principle of equal treatment of shareholders, the Company and its subsidiaries, as referred to in Article 430-23 (1) of the Luxembourg Companies Law, may, directly or through a person acting in its own name but on the Company's behalf, acquire its own shares subject to an authorisation given by the General Meeting in accordance with the provisions of Article 430-15 (the "**Buy-Back Authorisation**").
A Buy-Back Authorisation has been granted by the General Meeting in 2020. Pursuant to this Buy-Back Authorisation, the General Meeting has granted all powers to the Board, with option to delegate, to buy-back, either directly or through a subsidiary of the Company, shares of the Company for a period of five (5) years following the date of the (29 September 2020) General Meeting. The aggregate amount of the shares of the Company which may be acquired pursuant to the Buy-Back Authorisation may not exceed 10% of the aggregate amount of the issued share capital of the Company at the date of exercise of the authorisation.

Compliance

Compliance with legal provisions and standards as well as the treatment of business partners and competitive principles are of utmost importance to the Adler Group.
The compliance team under the CLO Mr Sven-Christian Frank's leadership is ensuring compliance with standards of conduct and norms prescribed by Luxembourg and German law. The compliance team serves as main contact for questions and reports of suspected code of conduct and compliance violations.
The code of conduct, as expression of the corporate culture and the basic values, prescribes and defines conduct in accordance with the law and applies to all employees of the Company and all employees of companies belonging to the Adler Group. Employees are trained in compliance on a regular basis in different fields.
The employees are not permitted to accept gifts in exchange for promising a possible business transaction. The guidelines furthermore prohibit unlawfully influencing business partners through favours, gifts or the granting of other advantages.
Compliance risks are monitored by an extensive compliance risk management system which identifies and monitors major compliance risks. The system is continuously being developed and adapted to changing conditions. All business divisions and processes within the Company are subject to regular review with regard to compliance risks.

Risk management and control over financial reporting in the Company

The Company considers integrated risk management ("**IRM**") to be a key part of effective management and internal control. The Company strives for effective IRM and financial navigation to safeguard the assets of the Company and to proactively support the Company's strategic and compliance initiatives.
The goal of IRM is to help the Company to operate more effectively in a dynamic environment by providing a framework for a systematic approach to risk management and exploring opportunities with an acceptable level of risk. The Board regularly discusses the operational and financial results including the related risks.
Risk management covers market, strategic, financial, operational, company-specific as well as compliance aspects. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation

with overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity. The Company's policy on managing financial risks seeks to ensure effective liquidity and cash flow management and to protect Company equity capital against financial risks.
As part of its continuing evolution, the Company strives to make continuous improvements to its risk management and internal control system. The internal accounting control system is designed to ensure all business transactions are correctly and promptly accounted for and that reliable data on the Company's financial situation is available. It ensures compliance with legal stipulations, accounting standards and accounting rules.
A Group-wide calendar of deadlines helps ensure the complete and timely processing of financial statements. By separating financial functions and through ongoing review, we ensure that potential errors are identified on a timely basis and accounting standards are complied with. Our internal control system is an integral component of IRM. The purpose of our internal control system for accounting and reporting is to ensure its compliance with legal regulations, the principles of proper accounting, the rules on the International Financial Reporting Standards as adopted by the EU and with Company standards. In addition, we perform assessments to help identify and minimise any risk with a direct influence on our financial reporting. We monitor changes in accounting standards and enlist the advice of external experts to reduce the risk of accounting misstatements in complex issues. The Company and individual entity financial statements are subject to external audits which act as an independent check and monitoring mechanism of the accounting system and its output.

Audit

The Company's current statutory auditor *(réviseur d'entreprises agréé)*, appointed until the annual General Meeting to take place in 2021, is KPMG Luxembourg, Société cooperative ("**KPMG Luxembourg**"), with registered office at 39, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, and registered with the CSSF as an approved audit firm *(cabinet de révision agréé)* and with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés, Luxembourg) under number B149133 and is a member of the Luxembourg Institute of Company Auditors *(Institut des Réviseurs d'Entreprises, Luxembourg)*. In addition, KPMG Luxembourg also audits the Company's consolidated financial statements prepared in accordance with IFRS EU.
On 4 March 2021, the Company has launched a formal audit tender procedure in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, for the selection of a statutory auditor (the "**Tender Process**"). Upon completion of the Tender Process, the General Meeting will be asked to approve the statutory auditor candidate selected and proposed to it by the Board.

Diversity policy

The vast majority of the Group's employees are employed at the level of subsidiaries of the Company. Overall, and throughout the Group, there is significant diversity among employees, management and at board level.
The understanding that all people should be treated equally and that their individuality should be respected to the greatest possible extent is fundamental to the Company and the entire Group. We support our employees/Directors and Senior Management equally regardless of their gender, age, sexual orientation and identity, race, nationality, ethnic origin, religion or world views. Within our Group and when interacting with our customers, we benefit from a wealth of perspectives, backgrounds, ways of thinking and approaches every day that are the result of the social, cultural and linguistic backgrounds of our people. Our ability to operate a successful business and create value for our stakeholders is a direct result of the skills and competence of our widely diverse workforce/management.
We have successfully achieved a high level of diversity at every level of the Group and within all companies belonging to the Group without the need for a formal written policy. However, the question as to whether a formal diversity policy would be required in the future, is monitored closely.

Disclosures pursuant to Article 11 of the Luxembourg Law on Takeovers of 19 May 2006

a) With reference to article 11(1) (a) of the abovementioned law: the Company has issued a single category of shares. Each share entitles the holder to one vote. For further information regarding the structure of capital, reference is made to Note 17 of the Annual Accounts.

b) The Company Articles do not contain any restrictions on the transfer of shares of the Company except that the Board may impose transfer restrictions for shares that are registered, listed, quoted, dealt in or on have been placed in certain jurisdiction in compliance with the requirements applicable therein.

c) According to the notifications of major holdings received with respect to the 2020 fiscal year, the following shareholders held more than 5% of total voting rights attached to Company shares, as at 31 December 2020:

- Aggregate Holdings Invest S.A., a Luxembourg public limited liability company *(société anonyme)* having its registered office at 10, rue Antoine Jans, L-1820 Luxembourg; and

- Fairwater Multi-Strategy Investment ICAV, having its registered office at 1 Windmill Lane, Windmill Quarter, Dublin D02 F206, Ireland.

Note: As at the time of publication of this report, to the best of the Company's knowledge, the shareholders holding more than 5% of the total voting rights attached to Company shares have not changed.

d) No securities have been issued with special control rights.

e) The control rights of shares issued in connection with employee share schemes (if any) are exercised directly by the respective employees.

f) The Company Articles do not contain any restrictions on voting rights.

g) There are no agreements with shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/ 109 / EC (Transparency Directive).

h) Rules governing the appointment and replacement of Directors:

- Provided the Company has more than one shareholder, the Board shall be composed of at least three Directors. The Board shall be appointed by the General Meeting which determines the number, the duration of the mandate and the remuneration of the Directors.

- The Directors are appointed for a term which, pursuant to the Luxembourg Companies Law, may not exceed six years. They can be removed at any time without justification by the General Meeting by a simple majority vote, irrespective of the number of shares represented at such General Meeting.

- In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next meeting of the General Meeting at which such appointment shall be confirmed by the General Meeting or at which the General Meeting may appoint another Director.

- According to the Company Articles, the Board shall elect from among its ranks a chairman of the Board and may also elect from among its ranks one or more deputy chairmen.

Rules governing the amendment of the Company Articles:

- At any extraordinary General Meeting for the purpose of amending the Company Articles or voting on resolutions, the adoption of which is subject to the quorum and majority requirements for the amendment of the Company Articles, the quorum shall be at least one half of all the shares issued and outstanding. If the said quorum is not present, a second meeting may be convened at which there shall be no quorum requirement. In order for the proposed resolutions to be adopted at a meeting, and unless otherwise provided by law, a two thirds (2/3) majority of the votes of the shareholders present or represented is required at any such General Meeting without counting the abstentions.

i) Powers of the Board:

- The management of the Company is incumbent on the Board; for this, it has the most extensive powers. Its competence extends to all legal acts which are not, expressly by law or the Company Articles, reserved to the General Meeting. The Board may, in particular, purchase real estate directly or through intervening companies, issue bonds and other debt obligations, provide mortgages or other security, reduce or forgive debts and conclude settlements on behalf of the Company.

- The Company shall be bound against third parties in all circumstances by the joint signature of any two Directors. The Company shall also be bound against third parties by (i) the sole or joint signature(s) of any person or persons to whom such signatory power shall have been delegated by the Board or, (iii) with respect to matters of daily management, by the sole signature of a Daily Manager.

- The Board (or delegates duly appointed by the Board) may from time to time issue shares with the limits of the authorised capital which is currently set at one million euros (EUR 1,000,000), at such times and on such terms and conditions, including the issue price, as the Board (or its delegates) resolves and the Board is further authorised to arrange for a requisite change in the Company Articles to reflect such capital increase. The Board is authorised to suppress, limit or waive any pre-emptive subscription rights to the extent that it deems advisable for any issue of shares within the authorised capital. The Board is authorised to attribute existing shares or issue new shares, to the following persons free of charge:

- employees or a certain category of employees of the Company;
- employees of companies in which the Company holds directly or indirectly at least 10 percent of capital or

voting rights;
•	corporate officers of the Company or of any of the companies mentioned above or certain categories of such corporate officers.

The Board is authorised to determine the conditions and modalities of any attribution or issue of shares free of charge (including any required minimum holding period).

- The Company may proceed to the purchase of its own shares within the limits laid down by law.

- Interim dividends may be declared by the Board subject to observing the conditions laid down in the Luxembourg Companies Law.

j) There are no significant agreements to which the Company is party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

k) As of the date of this report, the Company is a party to service agreements with its current Co-CEOs and the CLO pursuant to which the Co-CEOs and the CLO are entitled to compensation in case of termination without material breach and in case of a change of control which materially affects the services or position of the Co-CEOs and/or the CLO.

Summary Remuneration Report

Remuneration of the Board of Directors

Compensation of the members of the board of directors (the "**Board**" and each member a "**Director**") is determined by the general meeting of the shareholders (the "**General Meeting**") of ADLER Group S.A. (the "**Company**").
On 29 September 2020 the General Meeting approved the following gross remuneration of the Directors applicable as from the start of the financial year 2020 ("FY2020"):

- an annual fixed remuneration in a gross amount of EUR 150,000 for the role as the chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 100,000 for the role as the deputy chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 75,000 for the role as a Director of the Company (excluding the chairman and deputy chairman of the Board);
- an additional annual fixed remuneration in a gross amount of EUR 25,000 for any Director who also acts as the chairman of any committee of the Company;
- an additional fee in a gross amount of EUR 1,500 per attendance of a Director at any meeting of the Board or any meeting of a committee of the Company, of which the Director is a member

If a Director is not appointed for the entire duration of a given financial year, the annual fixed remuneration shall be paid pro rata *temporis* for the relevant period of appointment during the respective year.
All Directors are covered by the Company's directors' & officers' liability insurance and are entitled to reimbursement of any reasonable costs incurred within the scope of their duties as Directors, upon presentation of proof of payment of such costs.

Remuneration of the Senior Management

The remuneration of members of the senior management (together the "**Senior Management**" and each a "**Senior Manager**") and daily managers *(délégué(s) à la gestion journalière)* ("**Daily Managers**") of the Company is determined by the Board.
The Senior Management of the Company is composed of:

- Mr Thierry Beaudemoulin (director and co-chief executive officer (a "**Co-CEO**"), position held from 10 December 2019;
- Mr Maximilian Rienecker (director and Co-CEO), position of Co-CEO held from 9 April 2020;
- Mr Sven-Christian Frank (chief legal officer ("CLO")), position held from 1 September 2020.

Both Co-CEOs, Mr Thierry Beaudemoulin and Mr Maximilian Rienecker, are also appointed as Daily Managers. There are no other daily managers appointed.

The Senior Management remuneration system provides for a fixed annual salary, a short-term incentive ("**STI-Bonus**") and a long-term incentive ("**LTI-Bonus**"). Members of Senior Management may also receive certain fringe benefits and are covered by the Company's directors' & officers' liability insurance. In addition, the Senior Management is entitled to reimbursement of any reasonable costs incurred within the scope of their duties as senior executives, upon presentation of proof of payment of such costs.
Pursuant to the respective service agreements with the Company, the members of Senior Management are entitled to receive the following gross fixed annual remuneration *(pro rata temporis as applicable)*:

- Mr Thierry Beaudemoulin - EUR 500,000 for his activities until 8 April 2020; EUR 600,000 for his activities from 9 April 2020;

- Mr Maximilian Rienecker - EUR 600,000 (part of which is paid pursuant to a service agreement with ADLER Properties GmbH);

- Mr Sven-Christian Frank - EUR 420,000 (part of which is paid pursuant to a service agreement with ADLER Properties GmbH; Mr. Frank also has a service agreement with another group company, ADLER Real Estate AG but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Real Estate AG).

The STI-Bonus is an annual payment dependent on the achievement of certain targets, which are agreed between the relevant member of Senior Management and the Company at the time of (or shortly after) the approval of the budget for the relevant financial year. For the financial year 2020, the STI-Bonus targets are linked to certain quantitative variables set by the Board, such as, for example, (i) net rental income, (ii) funds from operations (FFO1) and (iii) residential vacancy rate and certain qualitative variables, which may result in the attribution of a discretionary bonus. The weightings of each variable in the total STI-Bonus calculations vary between Senior Managers. While the Co-CEOs' STI-Bonus weightings for the financial year 2020 are composed of 90% quantitative variables and 10% qualitative variables, the CLO's STI-Bonus weightings are composed of 70% quantitative variables and 30% qualitative variables.
The payment of the STI-Bonus is made from a minimum target achievement of 50 % of the targets up to a maximum target achievement of 100 % of the targets. A linear calculation takes place between these values.

Pursuant to the respective service agreements with the Company, the maximum STI-Bonus payable to members of Senior Management *(pro rata temporis as applicable)* is as follows:

- Mr Thierry Beaudemoulin - EUR 250,000 per annum for the activities until 8 April 2020; EUR 350,000 per annum for the activities from 9 April 2020;

- Mr Maximilian Rienecker - EUR 350,000 per annum;

- Mr Sven-Christian Frank – EUR 150,000 per annum.

The STI-Bonus for the FY 2020 (and, in respect of Mr. Beaudemoulin, in respect of the period from 10 December 2019 to 31 December 2019) is payable at the latest with the next payroll run following the General Meeting in the year 2021 approving the financial statements for the FY 2020. Therefore, because the right to receive the STI-Bonus for FY 2020 (and, in respect of Mr. Beaudemoulin, in respect of the period from 10 December 2019 to 31 December 2019) did not vest in FY2020, the amounts of STI-Bonus will only be reported in the next financial year.
The members of Senior Management are eligible to earn an LTI-Bonus, to be settled in shares of the Company (if the Company can issue said shares) or in cash (if the Company cannot issue shares) on termination of the respective service agreement. The LTI-Bonus is dependent on the achievement of certain targets, which are agreed between the member of Senior Management and the Company at the time of (or shortly after) the approval of the budget for the relevant financial year. For the Co-CEOs, in regards of the financial year 2020, the LTI-Bonus targets are linked to certain quantitative variables set by the Board, such as, for example, (i) the development of the EPRA NAV and (ii) the development of the Company's share price in relation to the EPRA Germany Index. For the CLO, with respect to the financial year 2020, both quantitative variables (such as the aforementioned examples) and qualitative variables, such as, for example, developments in the area of human resources are taken into account. The CLO's LTI-Bonus weightings are composed of 70% quantitative variables and 30% qualitative variables.
The payment of the LTI-Bonus is made from a minimum target achievement of 50 % up to a maximum target achievement of 100 %.
Pursuant to the respective service agreements with the Company, the maximum LTI-Bonus payable to members of Senior Management *(pro rata temporis as applicable)* is as follows:

- Mr Thierry Beaudemoulin - EUR 250,000 per annum for the period until 8 April 2020; EUR 350,000 per annum for the period from 9 April 2020;
- Mr Maximilian Rienecker - EUR 350,000 per annum;
- Mr Sven-Christian Frank - EUR 155,000 per annum.

The amount of the LTI-Bonus in respect of the FY 2020 (and, in respect of Mr. Beaudemoulin, in respect of the period from 10 December 2019 to 31 December 2019) cannot be determined before the close of FY 2020 and is only payable on or about the time of termination of the appointment of the relevant member of Senior Management. Therefore, the amount of the LTI-Bonus will not be reported herein.
Each of the service agreements between the Company and the respective members of Senior Management have a fixed term ending on 9 December 2023. They may generally be terminated by either party, subject to a notice period of 90 days. In case of a termination of service agreements by the Company for any reason other than for reasons for which the member of Senior Management is responsible, the member of Senior Management is entitled to a severance payment. The severance payment shall be in an amount equal to two annual salaries (annual fixed salary, STI-Bonus and LTI-Bonus) and shall not exceed the remuneration which would be due for the remaining term of the service agreement if it was not terminated prematurely.
The members of the Senior Management are bound by non-compete restrictions in their service agreements for a period of three months following termination of their service agreement.

Total Remuneration paid to the Senior Management

In FY 2020, the following total remuneration was paid to the Senior Management:

The summary remuneration report covers the remuneration of Senior Management who held office during the FY 2020. For the avoidance of doubt, this summary remuneration report does not include information on any remuneration paid to former members senior management of the Company who did not hold in FY 2020 but, due to the early termination of their service agreements with the Company in 2019, were paid a a portion of their settlement amount in respect of such terminations during FY 2020 (due to the notice of termination period pursuant to their respective service agreements expiring during FY 2020).
Furthermore, this remuneration report is only in summary form. A complete remuneration report will be presented to the 2021 annual general meeting of shareholders of the Company as required by the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies (as amended).

in EUR	**Thierry Beaudemoulin** ***Co-CEO***	**Maximilian Rienecker** ***Co-CEO***	**Sven-Christian Frank** ***CLO***
Fixed remuneration	572,778	436,667(*)	139,800**)
Fringe benefits	21,928	30,566	18,247(**)
Total	594,706	467,233	158,047
STI-Bonus	as mentioned above the amount will be determined and will be payable only after the close of FY2020 and will be reported in the next financial year		
LTI-Bonus	as mentioned above the amount will be determined only after the close of FY2020 and will be payable only on or about the time of termination of the relevant Service Agreement and therefore is not reported on herein.		
Total	594,706	467,233	158,047

(*) paid/due by the Company/ Adler Properties GmbH. For the avoidance of doubt, this amount does not include the remuneration paid/due by other group entities to Mr Rienecker before his appointment as Co-CEO on 9 April 2020
(**) paid/due by the Company/Adler Properties GmbH. Mr. Frank also has a service agreement with another group company, ADLER Real Estate AG but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Real Estate AG. For the avoidance of doubt, this amount does not include the remuneration paid/due by other group entities to Mr Frank before his appointment as CLO on 1 September 2020.

Opportunities and Risk Report

Risk report

Adler Group S.A. (formerly ADO Properties S.A.) ("Adler Group" or "the Company") continually monitors and controls risk positions in the Group in order to avoid developments which might threaten the existence of the Group and, at the same time, to exploit any opportunities that occur. The risk management system has been designed on the basis of the corporate strategy and the portfolio structure as an appropriate and effective early warning and control instrument. The established risk management system enables the Board of Directors and the Senior Management Team to identify and assess material risks at all times within the Group and in the environment. The Board of Directors and the Senior Management Team of the Adler Group currently see no risks that threaten the Company's existence.

Risk management system

By establishing the Adler Group including ADLER Real Estate AG and its affiliates as well as Consus Real Estate AG and its affiliates during 2020, a harmonised and uniform risk management system was developed as follows:

Risk management at the Adler Group is understood to mean all organisational regulations and measures needed to identify business risks at an early stage and to address them in good time with suitable countermeasures and to implement the risk strategy at the Adler Group. Undetected risks, which are thus uncontrolled or not addressed, may pose a considerable potential risk but are reduced by systematic risk management.

Together with independent consultants, the Adler Group further developed and optimised the Group-wide risk management system by assessing relevance and adequacy of risk classes and single risks and adjusting weightings accordingly. The parameters have been approved by the Senior Management and the Board of Directors of the Adler Group.

The key elements of risk management include a well-considered risk strategy, responsible risk organisation, regular risk identification and assessment, and meaningful reporting as the basis for taking effective action. The latter includes regularly held as well as fixed date meetings, controlling reports, internal approval processes for major decisions and verification mechanisms such as the four eyes principle. Risk management effectiveness is likewise continuously reviewed, e.g. by the internal audit department, and potential for improvement is identified.

The further perfected risk management system is documented in the Group-wide risk management manual. As a guideline, the risk management manual assumes a steering function for the Board of Directors and, in addition to its information function, documents the obligation to implement risk management on an ongoing basis; it is thus an integral part of Group-wide corporate governance. Together with the risk catalogue and the established risk organisation, the manual forms the basis for the current risk assessment as of 31 December 2020.

The risk management manual includes descriptions of risk organisation and responsibilities, the risk management process including identification and assessment of risks, monitoring of the risk management system and risk reporting as indicated in the following.

Risk organisation and responsibilities

The Senior Management bears overall responsibility for risk management and decides on the structural and procedural organisation of risk management, and on its resources. The Senior Management defines the Adler Group's risk strategy and principles as well as risk management procedures. Guidelines for operational risk management are defined within the scope of the risk strategy and include such guidelines as the specification of maximum loss limits, above which risk management measures must be taken, or tolerance limits up to which a risk can be accepted.

The Audit Committee - as a group of specialists for this subject within the Board of Directors - regularly monitors risks and reviews the effectiveness of current risk management and internal control procedures.

The risk owners assume responsibility for identifying, assessing, documenting, managing and communicating all material risks in their area of responsibility.

Risk management processes

Central Risk Management, as part of the Compliance and Risk Management department, coordinates the risk management process, checks plausibility and consolidates the results of risk identification and assessment by the risk owners and prepares regular reports to the Senior Management and the Board of Directors of the Adler Group. There will also be internal ad-hoc reporting on material risks and on risks that may threaten the company.

The Senior Management will therefore be able to systematically identify and assess material risks in or to the company at an early stage, and take appropriate action. Potential risks to corporate value or development will be detected early. An early warning system will be established as yet another component of risk identification within the risk management system. Its purpose is to identify risks through early warning indicators to enable risk averting measures to be taken in advance. Sector and company-specific early warning indicators are taken into account as well as the knowledge of our risk-conscious employees.

Risk identification assessment

The risks are categorised in risk categories and assessed by a scoring model with six categories of loss exposure and six levels of probability of occurrence. Risk assessment is thus carried out by targeted measurement and by an assessment of the risks identified. On the basis of the scoring model, the effects on the Adler Group's assets, expenses and income, liquidity and image can be measured directly. They are also used to assess the relevance of the measured risks in order to identify significant risks, focusing on compliance with risk limits or thresholds.

Risks are assigned to the following six categories:

- Macroeconomic and industry-related conditions
- Strategic risks
- Financial and financing risks
- Operating risks of property management
- Operating risks in project development
- Company-specific risks

Potential loss is as a matter of principle rated along the following classification table:

Class	Score	Description
Low	1	No notable impact
Medium	2	Slight impact on one or more business processes
Material	3	Noticeable impact on one or more business processes
Serious	4	Clearly noticeable impact on one or more business processes
Severe	5	Significant impact on one or more business processes
Threatening the company / portfolio / project	6	Impact on the whole company or full project / sub-project that endangers its continued existence

The following rating is generally used to classify the expected probability of occurrence:

Class	Score	Description
Unlikely	1	Up to now, risk has never occurred but cannot be ruled out
Remote	2	Occurrence within 5 years is to be expected or repeated occurrence has taken place in the past 7 years
Seldom	3	Occurrence within 3 years is to be expected or repeated occurrence has taken place in the past 5 years

Conceivable	4	Occurrence within 2 years is to be expected or repeated occurrence has taken place in the past 3 years
Likely	5	Occurrence within one year is to be expected or repeated occurrence has taken place in the past 2 years
Probable	6	Occurrence within the next 3 months is to be expected or repeated occurrence has taken place in the last year

Expected loss

Accepted risk		**Ad-hoc reportable risk**		**Initiation of emergency measure**		
Threatening the Company / portfolio / project	**3.5**	**4**	**4.5**	**5**	**5.5**	**6**
Severe	**3**	**3.5**	**4**	**4.5**	**5**	**5.5**
Serious	**2.5**	**3**	**3.5**	**4**	**4.5**	**5**
Material	**2**	**2.5**	**3**	**3.5**	**4**	**4.5**
Medium	**1.5**	**2**	**2.5**	**3**	**3.5**	**4**
Low	**1**	**1.5**	**2**	**2.5**	**3**	**3.5**
	Unlikely	**Remote**	**Seldom**	**Conceivable**	**Likely**	**Probable**

Probability of occurence

Monitoring the risk management system
The risk management system is frequently monitored, adapted and advanced to reflect changes in the company and its environment. Risk monitoring is used to check whether the measures taken as part of risk management resulted in the desired effect and whether the risk positions under consideration are in line with the specified target values following the implementation of risk management measures.

Risk reporting
Material risks are documented to the Senior Management and the Board of Directors on a quarterly basis, as part of the regular and detailed information they receive about the course of business and the risk management system's status and further development. The most important objective of risk reporting is to ensure that decision-makers are provided with complete, correct and timely information on risk-relevant developments in terms of significance. On this basis, risks can be detected in good time and countermeasures can be initiated early. New risks with a significant impact on the company or strongly negative changes are subject to ad-hoc reporting to the Senior Management as well as to the Board of Directors.

Internal control
The internal control system (ICS) is a sub-sector of the risk management system. Control measures may avoid or reduce risks. The Senior Management is responsible for setting up, monitoring, checking the effectiveness of, and for further developing the ICS.
The key objectives of the accounting-related ICS, as defined by the relevant regulations, are

- to ensure the profitability of business activities and to protect the company's assets;
- to ensure the reliability of internal and external accounting;
- to comply with the relevant legal regulations, in particular to ensure conformity of the consolidated financial statements and the group management report with the standards.

The Accounting and Reporting Division of Adler Group is responsible for the guideline competence for a uniform and standardised application of the accounting regulations according to the International Financial and Reporting Standards (IFRS), and is also responsible for the content in the financial statement preparation process. The data required for the notes to the consolidated financial statements and the management report are aggregated and prepared at Group level.

One key aspect determining the correctness and reliability of financial reporting involves the deliberate segregation of administration, execution, invoicing and approval functions. Adler Group safeguards this by appropriately assigning responsibilities. To ensure that assets are accurately valued in line with market standards, Adler Group draws on the expertise of external service providers specialising in property valuation.

In cooperation with the Senior Management and the Audit Committee, the external auditors draw up a risk-oriented audit plan and check whether the legal framework and guidelines for control and risk management have been applied. The functionality and effectiveness of the defined controls are thus monitored. The audit report's addressees are the Senior Management and the Board of Directors, enabling the Board to eliminate possible errors and improve the ICS.

Risk assessment on the balance sheet date as at 31 December

The following section presents the risks and control measures for avoiding, reducing and passing on risks that are particularly relevant from the Adler Group's perspective. A risk is considered relevant if it has a score of more than 3.0, and as very relevant if it has a score equal to or more than 4.0. In the present risk assessment, risk categories and sub-categories are summarised where appropriate, but individual risks are also addressed.

The fourteen most significant single risks are as follows:

No.	**Risk description**	**Risk category**	**Score**
1	Risk from communication/ reputation risk	Company-specific risks	4.8
2	Tax risks	Company-specific risks	4.1
3	External company rating risk	Financial and financing risks	3.5
4	Risk from company type	Strategic risks	3.5
5	Risk from market conditions	Macroeconomic and industry-related conditions	3.5
6	Transaction risks	Operating risks (portfolio/development projects)	3,5
7	Building costs	Risks from project development	3.5
8	Actuality of bank powers of attorney	Financial and financing risks	3,5
9	IT risks	Financial and financing risks	3.4
10	Risk of covenants default	Financial and financing risks	3.4
11	Maintenance and Modernisation	Risks from portfolio management	3.3
12	Valuation risks	Financial and financing risks	3.2
13	Governance and Ccompliance risks	Company-specific risks	3.2
14	Selling risks	Risks from project development	3.1

Risks related to macroeconomic and industry-related conditions

Risks related to the market

Prior to the completion of the takeover offer for ADLER Real Estate, all of the real estate that Adler Group S.A. (formerly ADO Properties S.A.) directly and indirectly owned was located in Berlin, and Berlin continues to represent a significant part of our portfolio.

The acquisition of ADLER Real Estate AG ("ADLER") has diversified our portfolio by extending our operations to encompass the entire German real estate market, thus allowing us to mitigate the risks caused by the dependency on the single market of Berlin. Real estate markets, however, are generally susceptible to changes in the overall economy. Consequently, our business is affected by factors affecting the general economic environment, such as interest rates, levels of public debt, GDP, inflation rates and political and financial market conditions, primarily in Germany and our various submarkets. These factors play an important role in determining property values, rent levels, re-letting periods, overall demand, vacancy rates and turnover rates in these markets and submarkets. In addition, local and regional variations of these factors may cause their impact to vary significantly across our residential real estate portfolio. The continuing uncertainty regarding the development of the global economy, for example, due to the ongoing sovereign debt crises and inflation and deflation risks in many parts of the world, particularly in Europe, and the quantitative easing announced by the European Central Bank, may result in economic instability, limited access to debt and equity financing and possible defaults by our counterparties. It could become more difficult for us to implement our strategy of capturing additional growth opportunities by acquiring residential real estate portfolios or development projects at attractive terms, particularly due to the high current and future market prices for real estate portfolios or land.

Capital market risks

The uncertain consequences of Brexit have already caused additional volatility in the financial markets. Since the Company relies on access to the financial markets in order to refinance our debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may reduce the Company’s ability to refinance the existing and future liabilities or gain access to new financing, in each case on favourable terms or at all.

Poor communication with the capital market creates a risk of failing the capital market’s expectations and thus damaging Adler Group's reputation. The Company is therefore in frequent communication with investors and analysts through calls on quarterly, half year and annual results, participation in equity forums and direct communications at roadshows.

Pandemic risk

On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic. The rapid spread of the coronavirus has resulted in a deterioration of the political, socio-economic and financial situation in Germany, and consequently this could have a negative impact on our business. Any widespread health crisis, including the coronavirus and future pandemics, could result in our tenants being unable to pay their rents when due or at all, could adversely affect the fair value of our real estate properties, cause a significant decline of aggregate rent levels in affected areas and, ultimately, affect our ability to access debt and equity capital on attractive terms, or at all. The further spread of the coronavirus and its consequences on the business of Adler Group are constantly being monitored.

As of 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the coronavirus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of default of payment by the tenant in the period 1 April to 30 June 2020, if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The risk of loss of rental income is mitigated by the fact that there is government support for people who are on short-time work or have lost their jobs due to the pandemic. Further impact of the coronavirus on the overall economy in Germany is uncertain at the time the financial statements were prepared and could be considerable.

The Senior Management considers potential risks derived from macroeconomic and industry-related conditions to have a relevant effect on the asset, financial, earnings as well as liquidity position of the Group

Strategic risks

Integration risks

We expect the integrations to be a multi-year process that requires significant human and financial resources. The successful integration of the existing workforces, IT systems, corporate cultures and corporate structures as well as the introduction of joint processes are essential to the success of the Company. The integration will be time-consuming and costly and could negatively affect our business operations and/or those of ADLER and of Consus. Difficulties during the integration process may include the administration of a significantly larger group, including the size of the portfolio and number of assets as well as development projects, the combinations, standardisations, harmonisation and streamlining of the business activities and processes, including the services offered to tenants and customers, and the coordination of the accounting, IT, communications and administrative systems in the Group. In addition, problems of coping with potential differences in the corporate cultures and leadership philosophies may occur. The integration of ADLER and Consus might result in unforeseen and unexpected obligations and, could lead to a complete or partial forfeiture of tax loss carryforwards, and the acquisition of 95% or more of the shares of the companies could trigger RETT.

Any inability of the Adler Group to efficiently and effectively carry out the integration could lead to a reduction or failure or delay in the realisation of the anticipated advantages, and cost savings envisaged in connection with the integrations could negatively affect the Adler Group.

The integrations could result in additional or unforeseen costs and the anticipated advantages of the integrations could potentially not be realised in full or not at all. Any inability of the Company to adequately address and manage the challenges of the integrations could result in a decrease in the anticipated benefits of the integrations, e.g. synergies and economies of scale, or in the premature termination of the integrations.

Sustainability risks

Sustainable action is becoming increasingly important. Society is increasingly aware of this issue and its expectations of companies' sustainability performance to improve. Thus, business partners, tenants and employees also have an ever greater interest in sustainable business practices. In order to establish comparability between market participants, independent rating agencies determine ESG scores that show where a company stands in terms of environmental, social and corporate governance. Poor performance can have a negative impact on its position on the capital market, which can also influence financing. Companies that fail to meet demands for sustainability to act in a socially and environmentally responsible manner suffer a loss of image, which can also have an impact on employee recruitment. Moreover, the importance of sustainability in politics is steadily growing. With the green deal, the European Union (EU) has formulated important sustainability goals - including climate neutrality, an improved circular economy, and greater renovation and upgrading of buildings in this sense. From the beginning of 2021, the price for CO2 is part of the German government's climate protection programme. A compromise proposal is based on the efficiency class of the buildings and distributes the costs between the parties depending on the energy condition of the building. Due to the age of the buildings and the low modernisation rate in the Adler Group portfolio to date, this could result in a cost risk if apportionability is overturned and the increased costs from the CO2 price should not be passed on to the tenants.

Risks from corporate type and listing

The Company's shares and ADLER Real Estate's shares are admitted to trading on the regulated market segment *(Regulierter Markt)* of the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse)* with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard); the shares of WESTGRUND Aktiengesellschaft are included for trading on the open market segment *(Freiverkehr*) of the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse)* and admitted for trading on the regulated market segment *(Primärmarkt)* of the Düsseldorf Stock Exchange *(Börse Düsseldorf)*; and the shares of Consus Real Estate AG are included for trading in the Scale segment of the open market segment *(Freiverkehr)* of the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse)* and in the m:access segment of the open market segment *(Freiverkehr)* of the Munich Stock Exchange *(Börse München).* Any violation or breach of these laws and regulations could affect the overall reputation of the Company and the Group and, depending on the case, expose the Company, ADLER Real Estate, WESTGRUND Aktiengesellschaft and Consus Real Estate AG to administrative or judicial proceedings, which could result in adverse judgments and administrative fines.

The Senior Management regards the risk from strategic decisions and its effects on the assets, expenses and income, liquidity and image as not relevant.

Financial and financing risks

Risk from change in interest rates

The current economic environment is characterised by low interest rates and comparatively high valuations of residential real estate portfolios in Germany. A change in general interest rate levels may increase our financing costs, and the values of our properties and the prices at which we are able to sell our properties may decrease. We attempt to mitigate interest rate risk by entering into hedging agreements; therefore, we are exposed to the risks associated with the valuation of hedging instruments and hedge counterparties and the hedging agreement may not be effective. The tendencies towards lower interest rates by the European Central Bank are becoming more apparent due to the coronavirus crisis. As at 31 December 2020, the vast majority of our financial liabilities' interest rates was fixed or hedged.

(Re)financing risks

The Adler Group has a substantial level of debt and is dependent on refinancing significant amounts as they become due. As at 31 December 2020, the total of our existing financial liabilities amounted to EUR 8,021 million. As of the same date, the weighted average interest rate payable for the nominal amount of our financial liabilities was at 3.0% and the weighted average maturity term was 3.3 years. The Company's ability to refinance financial obligations by taking on new debt or extending existing loans could be impeded as a result of our level of debt, changes to refinancing conditions or the general market environment that is impacted by the coronavirus. Although not currently the case, our level of debt could lead banks to refuse the granting of new loans, make new loans available to us only on less favourable financial terms, refuse the extension of existing credit lines, or could lead banks to only extend them on less favourable terms or to require us to furnish additional security.

Risks from financial and non-financial covenants

Our existing debt facilities require compliance with certain financial and maintenance covenants, some of which require us not to exceed a certain maximum Loan-to-Value ("LTV"), which could be negatively affected by revaluations, and/or require us to maintain a minimum debt service coverage ratio.

Our failure to comply with such covenants could trigger the respective creditor's right to terminate the relevant financing arrangement or require us to repay part of our debt to cure a breach in the covenants or may lead to higher interest payments.

An internal control process has been implemented at Adler Group to ensure compliance with financial covenants. Any non-compliance with or delays in covenants during the reporting period were clarified with lenders and did not result in any financing becoming due prematurely. As of the balance sheet date 31 December 2020, all material covenants were complied with. There are no indications that financial covenants will not be complied with in future.

Liquidity risks

The ability to source cash from subsidiaries may not be sufficient in the future to satisfy all of the Adler Group's payment obligations. If the funds are insufficient, the Company would need to obtain additional funds to be able to pay dividends. Additionally, the Company requires sufficient distributable results and/or distributable reserves in order to be able to pay out a dividend. In principle, the Company intends to pay out a dividend in the amount of up to 50% of FFO 1. The lack of distributable results and/or distributable reserves may hinder the payment of a dividend even if there is sufficient cash to cover a potential dividend payment.

Consus Real Estate utilises a financing structure under which the acquisition of land plots or real estate properties is typically highly leveraged. Its development projects require significant up-front costs to acquire and develop land plots. Following an acquisition of a land plot, Consus Real Estate incurs considerable costs before construction work commences. Real estate development projects typically require substantial capital during construction periods and Consus Real Estate is dependent on its ability to obtain sufficient capital. Consus Real Estate depends on its ability to obtain and the availability of external funding to finance its operating business. There can be no assurance that Consus Real Estate’s cash flow generation will be sufficient to meet its financial needs and/or debt service obligations.

Risks from Company rating

Ratings assigned to the Adler Group by rating agencies are an indicator of the Company’s ability to meet its obligations in a timely manner. Rating agencies may change, suspend or withdraw their ratings at short notice. The credit ratings of the Company may be downgraded or withdrawn in the future as a result of the Consus Real Estate acquisition or factors that are beyond our control, such as a deterioration in the real estate or financial markets, or weakened financial performance by the Company, or future exposure to the development business, which is characterised by increased capital expenditure and leveraged financial profiles.

Any negative change in the credit rating of the Company may make future financings and debt issuances by us more difficult and expensive, and may require us to, among other things, provide increased collateral or other security if they are able to access additional financing at all. A downgrade or withdrawal of the credit ratings of the Company may also result in a breach of certain financial covenants in their respective credit lines, financing arrangements and/or debt issuances, and may have a material adverse effect on our businesses.

Risks from impairment of goodwill

As of 31 December 2020, the Adler Group has recorded a goodwill in the amount of EUR 1,205 million. Goodwill is recognised as an intangible asset and is subject to an impairment review, which takes place at least annually, or upon the occurrence of significant events or changes in circumstances that indicate an impairment. The Company’s first-time allocation of goodwill to cash generating units has not yet been completed due to the on-going integration of Consus Real Estate. The first annual impairment testing is expected to be performed in 2021. For purposes of impairment testing following an acquisition, goodwill is allocated to a cash-generating unit (usually a country or a region) that is expected to benefit from the synergies of the acquisition. In testing goodwill, economic factors play an important role, including the global economic development or interest rates. Any negative development in relation to economic factors could necessitate an impairment test and require the Company to reduce its goodwill.

The Senior Management regards the financial and financing risks and its effects on the assets, expenses and income, liquidity and image as relevant.

Operating risks from property management

Rental risks

The Adler Group relies significantly on earnings from rentals. As a result, the performance outcomes depend largely on the amount of rental income generated, vacancies, rent reductions, collection losses and the expenses we incur in generating such rents. The rental income is impacted predominantly by rents charged and vacancy levels. Rents and real estate prices, in turn, depend largely on economic and business conditions in Germany in general and in the real estate market in particular. Increased rent restrictions could adversely affect the results of Adler Group’s operations.

Berlin Rent Freeze (Berliner Mietendeckel)

The Adler Group plans to continue investing a significant amount into modernisation measures, particularly in residential markets that provide for significant rent upside for refurbished apartments. Due to the current Berlin Rent Freeze *(Mietendeckel),* this is not the case for the Company’s property portfolio located in Berlin.

On 18 June 2019, Berlin’s municipal government *(Berliner Senat)* announced its intention to freeze rents in Berlin for the next five years. The Law on Rent Limitation in Housing in Berlin *(Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoGBln)*, so-called “Mietendeckel” was passed on 30 January 2020 by Berlin’s parliament *(Berliner Abgeordnetenhaus)* and entered into force on 23 February 2020. The Berlin Rent Limitation Law requires that the rents for living space in Berlin (except for subsidised and newly built living space) are capped at the level of the rents as of the reference date on 18 June 2019. The new law provides that the administration can take action by its own initiative (ex officio) against landlords acting in violation of the permitted rent amount without a

prior request by the tenant to lower the rent cap to the permissible level. Moreover, as of 23 November 2020 rents for existing leases have to be reduced by the landlords to the applicable rent limitation under the Berlin Rent Limitation Law.
Furthermore, the Berlin Rent Limitation Law stipulates, among other things, that the administration can take action ex officio against landlords in the event of violations of the permitted rent amount without an application by the tenant to lower the rent to the permissible level. Furthermore, violations of the Berlin Rent Freeze in connection with existing rents and future rent increases, insofar as these exceed the limits permitted by the Berlin Rent Freeze constitute administrative offenses. Such violations already occur when the landlord accepts a rent that exceeds the amount permitted under the Berlin Rent Limitation Law. Such administrative offenses are punishable by fines of up to EUR 500,000 per individual case. If Adler Group would agree in individual or multiple cases to provisions in connection with our 64,475 existing residential tenancy agreements as of 31 December 2020 that violate the provisions of the "Mietbegrenzungsgesetz für den Wohnungsbau" in Berlin or comparable laws that restrict or reduce current rent levels or with new tenancy agreements, this could have material adverse effects on the Company's business.
Any further tightening of existing or the introduction of additional rent restrictions could limit our ability to implement an increase in rental costs across any part of or our entire portfolio and, ultimately, negatively affect our strategy.

Maintenance and modernisation risks

The Adler Group is exposed to risks related to the structural condition of the properties and their maintenance, repair and modernisation. In order to sustain demand for a rental property and to generate adequate revenue over the long term, a property's condition must be maintained, repaired and/or improved to a standard that meets market demand and complies with environmental laws. Although the Company constantly reviews the condition of our properties and has established a reporting system to monitor and budget the necessary maintenance and modernisation measures, numerous factors may generate substantial cost overruns or unexpected increases in costs for maintenance and modernisation. If these measures do not result in a significant reduction in vacancy levels for these properties after completion of the renovation and refurbishment work, this could have an adverse effect on our financial results relative to our business plan. In addition to lost rental income, additional fixed and ancillary costs incurred for the maintenance of vacant residential units could reduce our operating profit.

Environmental risks

Properties owned or acquired by Adler Group may contain soil or groundwater contamination, hazardous substances, wartime ordnance (including potentially unexploded ordnance) and/or other residual pollution and environmental risks. A certain number of our assets are listed in the register of contaminated sites. Buildings and their fixtures might also contain asbestos, dichlorodiphenyltrichloroethane, polychlorinated biphenyl, pentachlorophenol and lindane above the allowable or recommended thresholds, or the buildings could bear other environmental risks, e.g. flooring material containing asbestos (i.e. "Floorflex" flooring).
The Company bears the risk of cost-intensive assessment, remediation or removal of such ground, soil or water contamination, hazardous substances, wartime ordnance or other residual pollution. The discovery of any such residual pollution on the sites and/or in the buildings, particularly in connection with the letting or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions, the termination of letting contracts for cause or for damages and other breach of warranty claims against Adler Group.

Energy supply risks

The German Building Energy Act *(Gebäudeenergiegesetz)* prescribes specific investments in renovation aimed at reducing energy consumption (for instance, with respect to thermal insulation) and requires a landlord to present an energy certificate that discloses the property's energy efficiency to a potential tenant prior to entering into a new lease agreement. The same applies with respect to the sale of properties. Additionally, requirements may be imposed in order to increase the availability of housing that is accessible and adapted to people with disabilities. Furthermore, the German Federal Parliament *(Bundestag)* is currently in the process of implementing the German Building Electromobility Infrastructure Act *(Gebäude-Elektromobilitätsinfrastruktur-Gesetz)* (the "GEIG") to implement the EU Building Directive 2018/844 into national law. According to the GEIG, new residential buildings or existing residential buildings that undergo significant renovation (i.e., a renovation that affects over 25% of the surface of the building shell) and that have more than ten parking spaces, must ensure that such parking spaces are equipped with electric charging capabilities.

Transaction risks

Further acquisitions are only feasible if attractive real estate portfolios and properties are available for purchase at reasonable prices. Given the current high demand for residential real estate in Germany, and, in particular, in Berlin, such portfolios and properties may be unavailable or available only on unfavourable terms. Any such development could impair the growth of our business and could prevent us from generating additional economies of scale and strategically developing our portfolio and properties for privatisation through acquisitions and investing into our portfolios with attractive returns.
We invest in real estate and in real estate companies and while our general strategy is to hold properties that we acquire, we may opportunistically from time to time sell properties or portfolios of properties if attractive opportunities

or market conditions arise as well as for strategic reasons. Our ability to sell properties generally depends on the liquidity of the real estate markets at the time of the potential sale. In the event of a forced sale, for example, if creditors realise collateral, there would likely be a significant shortfall between the fair value of the property or property portfolio in question or the shares in the real estate company, as the case may be, and the price achievable upon the sale of such property or property portfolio or shares in such circumstances, and there can be no guarantee that the price obtained by us would represent a fair or market value for the property or property portfolio or shares. The Senior Management regards operating risks from portfolio management and its effects on the asset, financial and earnings, liquidity position as well as image as not relevant.

Operating risks in project development

The development of real estate projects involves specific significant risks to which the Company is exposed to. The Company may overestimate the value of and/or the business opportunities due to numerous factors, in particular the inability to identify all risks associated with the development of real estate properties.

Risks relating to land and buildings

A key factor contributing to Consus' future growth and profitability is the ability to identify and, at financially attractive prices, acquire plots of land or properties utilising Consus' sourcing network, in particular through the individual contacts of its branches. There can, however, be no assurance that Consus' sourcing network will be able to continue identifying acquisition targets or that Consus will be able to maintain its sourcing network in the future. In addition, Consus' ability to acquire plots of land or real estate properties for its business may be adversely affected by the willingness of sellers to sell at financially attractive prices, the availability of acquisition financing, regulatory requirements, including those relating to building, zoning and environmental laws and various other market conditions. In addition, the emergence of competitors with similar business models and strategies may lead to an increasing demand for suitable real estate properties and may, therefore, lead to an increase in the acquisition costs for development opportunities or affect Consus' acquisition opportunities.

In connection with the acquisition of plots of land or properties, Consus is exposed to risks caused by the condition of the real estate property and the inaccurate assessment thereof. Consus may not be able to identify all material risks in connection with the due diligence processes it conducts. Due to market competition and limited time frames between introduction of an acquisition opportunity onto the market and the transaction closing date, Consus' ability to evaluate acquisition opportunities and to engage in a diligent analysis of the specifics and constraints imposed by a seller may be limited. There can be no assurance that Consus has been or will be in a position to accurately identify, examine and evaluate all risks associated with an acquisition.

Consus has to acquire a variety of approvals from local authorities, including land-use plans *(Bebauungspläne)* and building permits *(Baugenehmigungen)*. Any such delay could result in significant cost increases and, ultimately, negatively affect the profitability of Consus' business operations.

Risks relating to construction costs and delays

Adler Group is also exposed to various risks relating to defective construction work or the use or installation of defective construction materials by third-party suppliers or contractors. The warranty, guarantee or indemnity protection set forth in its contracts with such third-party suppliers and contractors, and the arrangements with insurance providers to insure against certain risks, may prove to be insufficient or may not adequately protect against relevant risks. Furthermore, it may not be able to enforce claims in the respective amount, or at all, due to the third-party contractor's or supplier's insolvency, or for other reasons.

In addition, unanticipated cost overruns and substantial delays can arise in a development project due to numerous factors, including increases in the acquisition costs for land, lack of availability and increases in the costs of building materials, adverse events affecting contractors and sub-contractors (e.g. their employees not being granted entry into Germany due to the coronavirus or their insolvency), increases in the costs of professional service providers, unidentified property defects, and unforeseen technical and ground conditions. In particular, higher building costs than expected may arise due to the current labour market in Germany, which exhibits a shortage of qualified personnel in the construction sector.

Risks selling development projects

Adler Group sells its real estate developments to institutional purchasers by entering into forward sale agreements. Such forward sales can, in general, be delayed due to economic uncertainty and the willingness of institutional purchasers to invest may decline in an economic environment shaped by the coronavirus. If the Company is unable to enter into forward sale agreements, even after letters of intent were negotiated or agreed, or fulfill its obligations under the forward sale agreements by completing the respective project development as planned, that would permit it to refinance the acquisition costs and finance the development of a project, and it may experience delays in or fail to launch real estate development projects.

Any forward sale agreement may not materialise under the agreed terms, including as a result of amendments, withdrawals, failure to make payments or terminations by institutional purchasers. In the event that the purchaser withdraws from or terminates the forward-sale agreement, Adler Group must bear the costs in connection with the sale of the property.

Adler Group may be unable to let residential units in its developed properties as required under the respective

forward sale agreements in a timely manner or at all. This could have a material adverse effect on its revenue and thus results of operations. Also, the company may not achieve the targeted rent per m2 or the targeted vacancy rate of a development as agreed under the forward sale agreement.
The Senior Management regards the risks relating to the sale of development projects and their effects on the asset, expenses and income, liquidity position as well as image as relevant.

Company-specific risks

Organisational risks

Our ability to manage our operations and growth requires the continuous improvement of operational, financial and management controls, reporting systems and procedures.
Adler Group employs and works together with a large number of service providers, including energy providers, providers of minor repairs and maintenance services and construction companies and therefore is dependent on their performance. If the services from third-party providers are not performed in accordance with their contractual obligations or services are not performed as scheduled or if the quality of work falls below applicable standards, Adler Group may face claims from tenants or from purchasers of individual residential units and may be exposed to delays and additional expenses.

Human resource risks

Competent, committed and motivated employees are an essential prerequisite for the Adler Group's success. The Company could find itself exposed to the risk that executives or other top staff leave the company and that it is not in a position to replace them promptly with sufficiently qualified staff.
Due to the lean corporate structure in the holding functions, a high fluctuation rate of employees could lead to an outflow of intragroup knowledge. Adler Group counteracts this risk by hiring new staff, making substitution arrangements and sharing specialist and factual knowledge, as well as by involving external service providers.

Regulatory and legal risks

Our operating business is subject to the general legal environment in Germany. Any disadvantageous changes in the legal environment, such as mandatory environmental modernisation provisions, restrictions regarding modernisation measures or provisions (including taxes) that result in the incurrence of costs in the event of a property sale may be detrimental to us. German laws protecting residential tenants and existing restrictions on the rate of rental increases could make it more difficult to increase the rents of the residential units we own.
Changes in legislation and regulatory frameworks relating to construction, energy efficiency, the duty to implement safety precautions and tenant protection can affect the economic viability of planned measures or necessitate previously unplanned measures. The monetary impact of such requirements can usually be calculated in advance on account of the corresponding implementation periods, and are thus included in the Company's business planning.
Regulatory intervention in tenancy law may affect the financial position of a residential property company. The legislative amendment adopted by the Federal Government in 2015 with regard to moderation of rent increases in Berlin restricts the scope for rent increases upon the re-letting of living space.
Other legislative amendments are regularly the subject of discussion. The possibility that further regulatory amendments may be implemented cannot be excluded in the wake of the German parliamentary election.
In addition, we could be adversely affected by changes to public building law, which could restrict our ability to manage our properties in the way we had previously expected.
In order to preserve residential living space, certain restrictions are set out in the law against misuse *(Zweckentfremdungsverbotsgesetz)* and the regulation against misuse *(Zweckentfremdungsverordnung)* that both came into force on 1 May 2014. The regulation was amended with effect as of 1 May 2018. Violation may lead to fines in cases of "change in the use" of residential properties because non-residential use requires prior approval of the competent district authority. A "change of use" is defined broadly and includes, inter alia, being let as a short-term holiday flat, being used for commercial or professional purposes, being changed in a way that renders it no longer habitable or being left vacant for more than three months.
On 3 March 2015, the Berlin government passed a regulation *(Umwandlungsverordnung)* according to conversion of a building into condominiums is prohibited in milieu protection *(Milieuschutz)* areas of the city unless the relevant district has granted permission by means of an exception to this regulation. Although this should not affect the sale of a whole property, this regulation could hinder the conversion and sale of single apartments and could have a material adverse effect on our business, net assets, financial condition, cash flows and results of operations
As of 31 December 2020, all of the Company's properties are insured against losses due to fire, natural hazards and specified other risks in amounts that are generally in line with market practice. However, Adler Group's insurance policies are subject to exclusions and limitations of liability, including with respect to losses resulting from damages from mining, nuclear power or war. The Company may, therefore, have no coverage for losses that are excluded and limited coverage for losses that exceed the respective coverage limitations.
The Adler Group's business via Consus is exposed to the risk of non-compliance with building codes or environmental regulations. These regulations are frequently implemented retro-actively, thereby also impacting previously built real estate properties. There can be no assurance that all building codes or environmental regulations were, or are,

complied with for all of Consus' real estate properties. In addition, some of Consus' real estate properties are subject to public easements *(Baulasten)* or easements in the land register *(Dienstbarkeiten)* for the benefit of other real estate properties or persons. Public easements and easements in the land register may affect the extent of structural use of a property, e.g., individual areas may not be built on or the extent of structural use may be limited with regard to, inter alia, permissible floor area, floor space index or basic area index. In addition, certain Consus development projects are located in urban planning zones *(Gebiete des besonderen Städtebaurechts)* which are issued by municipalities in order to remediate specific planning deficiencies or facilitate specific urban developments. The Federal Building Act (Baugesetzbuch) provides for different types of special urban planning zones, such as redevelopment areas *(Sanierungsgebiete),* conservation areas *(Erhaltungsgebiete)* or development areas *(Entwicklungsgebiete).*

In addition to the Company, which is established in Luxembourg, we consist of more than 100 companies. These companies have registered offices in Germany, Luxembourg and further countries of the European Union (Netherlands, Denmark, Malta and Ireland). Our companies are subject to the laws of their jurisdictions of registration and the jurisdictions where they conduct business.

Health, safety and environmental risks

Managing and developing real estate entails certain health, safety, and environmental ("HSE") related risks. A significant HSE incident or a general deterioration in our HSE standards could put our employees, customers, contractors or the general public at risk of injury or death and could lead to litigation, significant penalties or damage to our reputation. The Adler Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances (including asbestos) located on, under or in a property currently or formerly owned by us, whether or not we caused or knew of it. Any failure in HSE performance, including any delay in responding to changes in HSE regulations, may result in penalties for non-compliance with relevant regulatory requirements.

Governance and compliance risks

There is no guarantee that the Company's risk management or compliance systems are sufficient to manage the risks faced by the Adler Group. The Company may be faced with risks that were previously unknown, unrecognised, underestimated or unconsidered, and our risk management or compliance systems may function incorrectly or fail. Inappropriate risk management or compliance measures may cause irregularities leading to, among other things, cash losses or delays in completion of development projects, or to official investigations or third-party claims against us, which in turn could have significant financial, reputational and other consequences.

The EU General Data Protection Regulation (GDPR), which came into force in May 2018, introduced extensive documentation obligations and considerably higher transparency requirements, which affect not only initial data collection but also the monitoring and investigation once personal data has been collected. The Adler Group implemented the new requirements of GDPR in order to ensure its compliance. It also continually adapts and redesigns its processes to this end. Additionally, although the Company strives to comply with all applicable laws, regulations and legal obligations relating to data usage and data protection, it is possible that these laws, regulations and other obligations may be interpreted and applied in a manner that is inconsistent with our practices. Non-compliance may lead to large fines, which would be calculated on the basis of the revenues of the Adler Group.

The infringement of provisions of capital markets legislation, such as the Wertpapierhandelsgesetz, (WpHG) and the Market Abuse Regulation (MAR), by the listed companies within the Adler Group may also lead to large fines. Supported by the department Compliance & Risk Management, the Chief Compliance Officer informs management, employees and business partners about relevant provisions of capital markets legislation and the consequences of any infringement of those regulations.

Any non-compliance by the Adler Group with the applicable regulations could lead to fines and other sanctions.

Risks related to taxation

The Adler Group is subject to the tax environment in Luxembourg, Germany and further countries of the European Union (The Netherlands, Denmark, Malta and Ireland) and Israel. The Company's tax burden primarily depends on various aspects of tax laws, as well as their application and interpretation. Amendments to tax laws may have a retroactive effect, and the application or interpretation of tax laws by tax authorities or courts may change. Furthermore, court decisions are occasionally limited to their specific facts by tax authorities. Any of these developments may increase or alter our tax burden.

The individual entities in the Adler Group are regularly subject to tax audits by the competent tax authorities which may result in increases in our tax obligations or penalties and fines.

The Adler Group may also be subject to administrative or judicial proceedings with respect to its tax declarations, and may incur substantial time and effort in addressing and resolving tax issues. In addition, changes in tax legislation, administrative practice or case law, which are possible at any time and may occur on short notice, could have adverse tax consequences for us. The applicable tax rates, for example with respect to property tax, property transfer tax or

capital gains tax, may also change rapidly and at short notice.
Several service and financing agreements exist between the Adler Group companies. Especially the intercompany financing and management service agreements are cross-border transactions and are as such subject to special transfer pricing regulations. Hence, the tax authorities might not accept all deductions for our interest and or service payments.

A direct or indirect unification of 95% or more of the shares of property holding corporations or a direct or indirect transfer of 95% or more of the interest in a property holding partnership within a five-year period may trigger German real estate transfer tax (RETT). In addition, transaction costs for the acquisition of real estate may increase due to a change in German tax law. Possible changes in German tax law in relation to RETT, e.g. to a lower threshold, could affect our business model by, inter alia, higher structuring costs or triggering German real estate transfer tax. Despite possible and intended structures that mitigate RETT, the acquisition of 95% or more of the shares in Consus could trigger RETT.
Commercial business operations in Germany are subject to trade tax if the company is resident in Germany or is trading through a German permanent establishment. However, if the income solely results from letting real estate and no other tax-harmful services are rendered, property holding companies apply for the extended trade tax deduction (ETTD). Hence, most of our property holding companies apply for the ETTD. In case the stringent rules are not fulfilled e.g. lease out business fixtures or being qualified as a seller of real property, we may lose the tax benefits from the extended trade tax deduction.
The German Adler Group companies are integrated in a value added tax group. Hence, the VAT group is regarded as one single VAT entrepreneur for German VAT purposes and all services carried out within the VAT group are non-taxable for German tax purposes. If one requirement of the VAT group may not be fulfilled (financial, economical and organisational integration), all intercompany services would be subject to German value added tax. Since the Group companies are not fully entitled for input VAT deduction, Adler Group companies would have to make - beside 6% interest per annum – a definite VAT payment.
IT risks
Information technology systems are essential for the Company’s business operations and success. Any interruptions in, failures of, or damage to the information technology systems or the voice-over-internet protocol telephony system could lead to delays or interruptions in our business processes such as the outage of our customer service or rental hotlines. In addition, the Company outsources some of its information technology services. Any interruptions or failures by the provider of such services could lead to business process delays and negatively affect our information technology system. In particular, our information technology systems may be vulnerable to security breaches and cyber attacks from unauthorised persons outside and within the Adler Group. Any malfunction or impairment of our computer systems could interrupt our operations, lead to increased costs and may result in lost revenue. The integration of newly acquired companies and portfolios into the Company’s information technology systems presents further risks. If our information technology system and/or backups were to fail, we would have to recreate existing databases, which would be time-consuming and expensive.
Reputation risks
If the Company is unable to maintain our reputation and high level of customer service, tenant satisfaction and demand for our services and properties could suffer. In particular, if the Adler Group’s reputation is harmed, it may become more difficult for us to let residential units and could lead to delays in rental payments or the termination of rental contracts by our tenants as well as finalising and selling development projects. Any reputational damage due to the Company’s inability to meet customer service expectations could consequently limit the ability to retain existing and attract new tenants and buyers. Furthermore, harm to the Company’s reputation could impair the ability to raise capital on favourable terms or at all. Any downturn in tenant satisfaction, demand for our services and properties and any damage to our reputation could have a material adverse effect on Adler Group’s business, net assets, financial condition, results of operations, cash flows and prospects.
The Senior Management regards company-specific risks and its effects on the asset, expenses and income, liquidity position as well as image as relevant.

Opportunities report

As part of the Adler Group's opportunity policy, those responsible regularly assess the entrepreneurial opportunities of the Group as a whole. The entrepreneurial opportunities are assessed by the individual risk owners as part of the Adler Group's Group-wide risk management system. The material opportunities that are closely related to the risks are described before.
Since the completion of the combination between ADO Properties S.A. (now Adler Group S.A.), ADLER and Consus came into effect, many measures have been initiated to establish a uniform structure, harmonise processes and to

combine various activities wherever economically feasible. Opportunities arise not only from the fact that costs can be reduced in larger organisations through economies of scale, they can also result from more favourable financing conditions. Further synergies might arise if the Adler Group can negotiate lower prices for goods and services. Finally, the new Group also becomes more attractive on the labour market because it offers more and better opportunities for promotion.

Opportunities related to macroeconomic and industry-related conditions

Positive change in the macroeconomic and real estate environment

The Adler Group continued to present its financial stability in the 2020 financial year. The consolidation of the organisational structure, the creation of improved processes and the implementation towards an integrated real estate group with the entire value chain show first economic successes. The Adler Group has thus moved up into the group of major German listed real estate companies.

The high demand for apartments remains unbroken. It continues to be driven by the same factors that have been significant in previous years: demographic change, the increasing number of single-person households and the continuing tendency of people to seek out cities and avoid the countryside. While there continues to be a trend toward urban flight to the outskirts of major cities, this trend is being eclipsed by influxes of people from abroad - whether people from other European countries looking for work in Germany or people coming to Germany from countries outside Europe to seek asylum here.

Moreover, the growing demand in the area of "affordable" housing, in which the Adler Group is active, is hardly matched by new supply. Although apartments have been built and approved again in 2020, the price of newly built apartments is far higher than that of existing apartments. Rental price differentials are correspondingly high. For price-sensitive tenants, living in apartments of the type that the Adler Group can offer is therefore usually the better alternative. With the inclusion of Consus in the Adler Group, the range will be expanded so that new-build apartments can also be offered in urban neighbourhoods.

Strategic opportunities

When defining its integration and business strategy and preparing short and medium term plan as the new Adler Group, the Company identified potentials that have been reflected appropriately based on the corresponding assumptions and scenarios on sociological and political trends as well as regulatory and financing environment.

Due to scenarios with more positive conditions, Adler Group's business development might have more favourable results than stated in the Company's plans.

Digitalisation in the real estate industry

The Adler Group sees further digitalisation as an opportunity to make administrative processes more efficient and thereby permanently reduce administrative expenses, in particular for the uniform recording of all tenant and property data and as a basis for timely and comprehensive reporting and controlling of all real estate activities.

The associated increase in efficiency is also expected to have a positive impact on the Adler Group's cost structure. The Company sees further potential to automate manual and error-prone work through projects driving digitalisation. The qualified employees who process and are responsible for these areas can thus be entrusted with tasks that cannot be automated.

Further harmonisation and optimisation efforts in the Adler Group will continue to drive digitalisation in general.

Sustainability

The ever-increasing interest of investors, business partners, tenants and employees in sustainable business practices creates significant opportunities for a company that acts sustainably. Sustainability combined with a good ESG rating offers the Adler Group expanded financing opportunities, greater attractiveness as a landlord and employer. In addition, investors are also increasingly looking for sustainable, environmentally compatible and socially responsible investments. This trend can also be observed in the construction sector and is leading to increased pressure for energy-efficient, cost-saving building solutions. Political intervention in the form of legislative initiatives and subsidies is adding to this pressure. Through Consus, the Adler Group is tapping into this trend with its innovative concepts in the area of neighbourhood development.

True to our vision "More future per m2", the Adler Group's goal is to achieve an improvement in quality of life. By using sustainable, ecological building materials as well as energy concepts, the Adler Group contributes to the conservation of scarce resources and uses of renewable energies.

Financial and financing opportunities

Given continuing favourable conditions on the capital and banking market with sustained low interest rates, the Adler Group will have the opportunity to further the structure and conditions of the Group's financial liabilities.

Improvement of external corporate rating

Adler Group's rating of BB by Standard & Poor's was confirmed on 29 June 2020. A further improvement of the rating is targeted. The importance of the Adler Group's external corporate rating is considered material by the Board of Directors. The further improvement of the rating and, in particular, the receipt of a so-called investment grade rating entail opportunities for the Adler Group with regard to further (re-)financing on the capital market. These opportunities are highly significant. An investment grade rating is often a basic prerequisite for institutional investors to even consider a possible investment.

(Re)financing opportunity

The current interest rate level, the good rating and any expiring fixed interest rates continue to provide the Adler Group with opportunities for further good financing on the capital market and with commercial banks. Thus, average debt financing could be further reduced, as already shown by the placement of the bonds at the beginning of 2021. However, no longer at the level of previous years.

Positive change in interest rates

The possibility of taking advantage of lower interest rates also offers Adler Group financial opportunities. The declining interest rates observed in recent years lead to lower discount and capitalisation rates for property valuations. This in turn leads to higher IFRS values (fair values). Sensitivity considerations in the reduction of the discount and capitalisation rates by 0.25 percentage points each have led to an increase in IFRS values (residential investment properties) of around 8.8 percent at the Adler Group. In this context, however, the parameters of market rent and vacancy rates must also be considered, which could reinforce this development or have the opposite effect.

Opportunities from the operating business

Operational opportunities of the integrated real estate company

The Adler Group sees a significant opportunity to improve occupancy rates and rental income in the expansion of the value chain through the creation of its own apartments through the acquisition of the real estate developer Consus in 2020. In addition to the renovation of vacant residential units to make them marketable again and able to be rented at reasonable prices, the creation of new apartments that meet current standards also opens up more rental potential.

In addition, a Group company has in the meantime taken energy purchasing and energy supply for the residential portfolios of the entire Adler Group into its own hands.

Almost all residential portfolios have been managed in-house since the 2019 financial year. The integration of rental apartment management and billing as well as largely in-house facility management has been implemented. By managing and servicing the real estate portfolios in-house as part of the Adler Group's main portfolio management process, cost savings and further economies of scale are being realised and successively leveraged further. However, the challenge of attracting sufficiently qualified personnel remains.

Increase in market rent

Rising market prices can currently be observed everywhere. The Adler Group can also report a moderate increase in its average rental prices in the 2020 financial year. In this respect, the Adler Group believes that there is also a chance that rising market prices will have a positive impact on the IFRS values of the investment properties in the future. The continued high demand for residential space with hardly any improvement in supply as a result of low building permits and full utilisation of construction companies is leading to rising market rents and thus to higher fair values of the properties. In the future, however, a further increase in IFRS property values will tend to occur at a slower pace than in the past, which is also due to the Berlin Rent Freeze, where the Adler Group held 28.5% of its apartments and generated 36.8% of its rental income in 2020.

Reduction in vacancy

Through intensive modernisation programmes in previously vacant residential units, Adler Group was able to achieve significant improvements in earnings and reductions in vacancies in past financial years as well as in 2020. The financial opportunities were reflected on the one hand in the higher profitability of the company's own real estate portfolio and on the other hand in lower vacancy costs as a result of letting. In addition, residential complexes become more attractive as a result of higher occupancy rates and as a result of investments also in the neighbourhoods, and fluctuation decreases, which leads to further savings (leasing commissions, renovations after leasing, interim vacancy).

Opportunities when buying and selling real estate

Currently, the opportunities to purchase real estate at favourable prices are increasingly dwindling. For this reason, the Adler Group is looking for new ways of acquiring real estate, which could be realised after the takeover of Consus into the Adler Group.

Due to the many years of industry experience of the Senior Management and the good networks, the Adler Group nevertheless has an appropriate portfolio of potential investments, which are evaluated on an ongoing basis and, if necessary, examined in more detail as part of due diligence.

The further streamlining of the portfolio to focus on the core business and to increase profitability may lead to income and/or cash inflows for further debt repayment and improvement of the LTV.

Company-specific opportunities

Further harmonisation and development of common processes and guidelines, the implementation of a single IT landscape and streamlining of the Group structure might provide more opportunities than expected.

In connection with creating the new Adler Group, the Company developed a new HR development concept with harmonised standards and processes for all employees in the Group. Further opportunities include actively shaping the recruitment of new staff to fill vacant positions with highly skilled and motivated people. Embedded in a Group-wide value-based change management, various projects have been initiated to implement and strengthen a common Adler Group culture. These measures bring further opportunities as the appeal of the Company as an employer increases.

Overall assessment of the risks and opportunities by the Senior Management

The Senior Management and the Board of Directors of Adler Group have assessed and discussed the risks throughout the last year. Risks were assessed very cautiously and opportunities were viewed with reserved optimism.

From today's perspective, the Senior Management does not see any risks that could endanger the existence of the company or its earnings, assets and/or financial position. Overall, this results in a risk profile that is usual for the real estate business. By analysing early warning indicators and risks at an early stage, Adler Group is able to react in good time by taking appropriate countermeasures and mitigating negative effects. At this stage, it can be said that the risk prognosis is positive and that there are many opportunities for Adler Group to exploit in the medium and long term.

Concluding remark

This Opportunities and Risk Report contains forward-looking statements and information. These forward-looking statements may be identified by words such as 'expects,' 'intends,' 'will,' or words of similar meaning. Such statements are based on our current expectations, assessments and assumptions about future developments and events and, therefore, are naturally subject to uncertainties and risks. The actual developments and events may differ significantly both positively and negatively from the forward-looking statements so that the expected, anticipated, intended, believed or estimated developments and events may, in retrospect, prove to be incorrect.

Fundamentals of the Group

Business model

Adler Group S.A. is a well-diversified pan German residential real estate company with with properties valued at EUR 11.4 billion. We hold and manage approximately 70,000 apartments across Germany, with an additional 10,000 units under development in Germany's
top 7 cities.
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 vacancy. With our strategic landbank in the top 7 German cities and our highly experienced development platform, we expect the build-to-hold development projects to be completed over the next 10 years. We will deliver approximately 10,000 new residential units in a strategic effort to address the ongoing housing shortage in Germany. Our 1,627 operational employees are based in our Berlin operational headquarters as well as in several locations across Germany bringing us closer to our assets and tenants.
In order to create one of the largest residential real estate companies in Germany, we combined our business with ADLER Real Estate AG ("ADLER") and Consus Real Estate AG ("Consus") by means of the following transactions:
On 9 April 2020, we combined our business with the business of ADLER and its subsidiaries. Combining ADO Properties S.A. (now renamed to Adler Group S.A.) and ADLER, we have created the fourth largest listed residential real estate company in Europe based on gross asset value. Prior to the business combination, we focused on Berlin-specific residential real estate locations and have now diversified our business model with Germany-wide exposure focusing on becoming a leading integrated residential property group in Germany. We will continue to create value by active portfolio and property management.

On 15 December 2019, we acquired 22.18% of Consus and entered into a strategic cooperation agreement. On 29 June 2020, Adler Group exercised the call option under a call/put-option agreement with Consus' largest shareholder Aggregate Holdings S.A., thereby acquiring control of Consus and holding approximately 65.1% of its shares. The transaction was completed on 6 July 2020. On 13 December 2020, as part of a capital increase against contribution in kind, the Company acquired shares in Consus from certain other shareholders of Consus at an exchange ratio of 0.272 new shares of Adler Group for each share of Consus by way of contributing 46,780,535 shares of Consus in exchange for 12,724,303 new shares of Adler Group. As a result, Adler Group held a stake of approximately 94.0% in Consus as at 31 December 2020.

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 tenant fluctuation without CAPEX investment. In addition, we continuously review rent potentials and pursue growth beyond 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 by 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 at streamlining 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 book value or above, we aim to continuously demonstrate the resilience of the German residential real estate market. Active capital recycling enables us to fund the construction of our development pipeline which will further improve the quality of our portfolio.

Furthermore, we also expect to benefit from Consus' ongoing forward sales and condominium sales of its development projects to yield NAV accretive growth over the next three to four years.

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

Through the integration of ADLER and Consus, we have grown and diversified our business by securing a clear and profitable organic growth path which rests upon our high quality build-to-hold development pipeline with a gross asset value (GAV) of more than EUR 1.3 billion. We aim to develop approximately 900,000 m² of additional rental area across more than 10,000 additional rental units in Germany's top 7 cities over the next ten years. In addition to that, selected CAPEX and modernisation measures in our core portfolio will elevate the quality of our rental portfolio and simultaneously improve the energy efficiency.

We plan to further simplify our capital structure.

We intend to simplify capital structure and further reduce the Group's weighted average cost of debt by refinancing expensive debt with more attractive secured or unsecured debt instruments.

Our financial policy includes a target of LTV below 50% in the medium-term, without equity raising requirements. This is to be achieved via the following measures: (1) the sale of identified non-core assets in line with the strategic focus of the Group, (2) projects forward sold to institutional purchasers prior to the start of construction, thereby minimising development risks and pre funding the developments, and further development profits from condo sales, (3) German residential properties continue to be considered a safe haven asset class, and we expect positive valuation effects (at least) in line with like-for-like rental growth and (4) operational performance of the newly formed combined Group.

Ultimately, it is our focus to obtain an investment grade credit rating.

We will leverage operational and financial synergies to be realised from streamlining our operations and financial discipline.

By integrating ADLER and Consus into Adler Group, it allows us to capitalise on significant run-rate synergies with reduced debt and simplified capital structure. As of 31 December 2020, we realised EUR 64 million of financial synergies and EUR 49 million of operational synergies resulting in EUR 113 million of total synergies on an annualised basis.

We target continuous dividends with a payout ratio of up to 50% of our annual FFO 1 (from rental activities).

Our portfolio and operational excellence combined with our sustainable financing strategy allows us to distribute stable dividends on an annual basis with a targeted payout ratio of up to 50% of FFO 1 (from rental activities).

Competitive strengths

We benefit from a fully integrated, efficient and scalable in-house real estate portfolio management platform, led by an experienced management team focused on growth and value creation.

This platform enables us to create value across the entire spectrum of real estate portfolio management, including the identification of suitable real estate assets or portfolios as well as their acquisition and administration. Our platform, combined with our in-depth knowledge of the real estate market, makes us well suited to identify portfolio assets that can be improved through targeted capital expenditure. Our management team is experienced in in-house asset management, property and facility management and construction management. Furthermore, we have qualified teams of real estate professionals in all areas of our business operations which allow us to be flexible in adapting to market conditions to sustain further portfolio growth.

We are a top-tier residential real estate platform with a high quality portfolio that is diversified across core locations in Germany.

We have diversified our portfolio by complementing our high quality Berlin portfolio with a Germany-wide portfolio, focusing on German cities with attractive yield potential. The real estate portfolio of the Adler Group comprised approximately 70,000 residential units as of 31 December 2020, is located throughout Germany and, in our view, covers predominantly locations with attractive growth prospects. In particular, the Berlin residential market, which still accounts for approximately 50% (by fair value) of our portfolio, continuously benefits from a combination of positive net migration, increase in qualified workers, decreasing average household size and limited supply of new rental units, ultimately resulting in continued rental growth, which we expect to positively impact our business. Furthermore, we benefit from our in-depth knowledge of the German real estate market, especially through our local presence. We have a local network with good access to information where we have developed a reputation as a reliable business partner and asset manager. Our extensive market insights also allow us to identify privatisation opportunities.

We are committed to tenant satisfaction through our business approach.

We strive for tenant satisfaction and place our tenants at the centre of our operations. We demonstrate high responsiveness to our tenants' needs and actively manage communications with our tenants through in-house and external call centres. Furthermore, we maintain our properties at the market standard suitable for the current demand through ongoing investments. Our business approach leads to better tenant satisfaction as shown by our sustainable high rent collection rate and decreasing vacancy in our properties.

We have a solid balance sheet structure with a conservative target LTV ratio and long-term maturity profile at low funding costs.

Adler Group has a conservative balance sheet with potential for further improvement. As of 31 December 2020, our LTV ratio stood at 53.4% (50.7% excluding convertibles), cost of debt at 3.0%, an interest coverage ratio of 2.4, and a weighted average maturity of 3.3 years. We were already able to reduce our expensive debt and generate approximately EUR €94 million in cost savings on interest costs since the acquisition of Consus until the date of this report by repaying EUR €1.3 billion mezzanine loans with weighted average cost of debt at 10%.

Since the end of 2020 we were able to further improve all of our debt KPIs. Following our successful issuance of a dual tranche EUR 1.5 billion bond in January 2021 with a weighted average coupon of 2.075% and further repayment of more expensive debt, we reduced our average cost of debt to 2.6% and increased a weighted average maturity to 4.3 years as of the date of this report. We see further room for additional improvements within the near future.
We target a conservative LTV ratio of less than 50% and aim to further improve our credit rating in the future.

Financial performance indicators

New EPRA BPRs for 2020

The European Public Real Estate Association (EPRA) changed its definition of net asset value (NAV) in October 2019 and it will be applied for the first time in the 2020 financial year. The key figures NAV and NNNAV are being replaced by three new figures: Net Reinstatment Value (NRV), Net Tangible Asset (NTA) and Net Disposal Value (NDV).
In addition to the new EPRA NAVs metrics we continue to show EPRA NAV based on the previous EPRA Best Practice Recommendations (BPRs). For a detailed calculation of all of the EPRA KPIs, please refer to EPRA reporting section of this annual report.
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 derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Similarly, trading properties are adjusted to their fair value under the EPRA NAV measure.
EPRA NAV makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.

Calculation of EPRA NAV

Total equity attributable to owners of the Company

(+) Revaluation of trading properties[1)]
(–) Fair value of financial instruments[2)]
(–) Deferred taxes[3)]

= EPRA NAV

1) Difference between trading properties carried in the balance sheet at cost (IAS 2) and the fair value of those trading properties.
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 which are not expected to crystallise in normal circumstances, such as the fair value movements on financial 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 implied average transfer tax consistently achieved in the past.

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes 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 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 earning potential of the letting business.

EBITDA Total can be derived by adding the net profit from privatisations to EBITDA from rental activities. It is used to assess the recurring earning potential of the business as a whole.

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, as presented in the "Cost of operations" note to the consolidated financial statements excluding one-off costs.
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[7)]
(–) Other operational costs from development and privatisation sales[8)]
= **Net operating income (NOI)**
(–) Overhead costs from rental activities[6)]
(–) Overhead costs from development and privatisation sales[9)]
(+) Fair value gain from build-to-hold development[10)]
= **EBITDA Total**
(–) Net cash interest[10)]
(+/–) Other net financial costs[11)]
(–) Depreciation and amortisation
(+) Change in fair value of investment properties
(+/–) Other expenses/income[12)]
(–) Net income from at-equity valued investment[13)]

= EBT

8) Other operational costs from development and privatisation sales is the aggregate amount of (a) Costs of real estate inventories disposed of; (b) Costs of property development; and (c) Costs of selling of trading property (condominiums), as presented in the "Cost of operations" note to the consolidated financial statements excluding one-off costs.
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) Our internally build-to-hold portfolio allows the Company to generate fair value gain.
11) Net cash interest is equal to "Interest on other loans and borrowings" as presented in the "Net finance costs" note to the consolidated financial statements, excluding day-1 fair value non-cash adjustment and interest capitalised for development projects, plus the nominal interest expense on bonds.
12) 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 9) above.
13) 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.
14) Net income from at-equity-valued investment from the profit and loss statements.

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[15)]
(–) Current income taxes relating to rental activities[16)]
(–) Interest of minority shareholders[17)]

= FFO 1 (from rental activities)

15) 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.
16) Only current income taxes relating to rental activities.
17) Interest of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP") as ADLER's share is only 68.8%.

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[18)]
(–) Interest of minority shareholders[17)]
= FFO 2
(incl. disposal results and development activities)
18) Current income taxes as presented in the financial statements exclude the deferred taxes and current taxes relating to the disposal of the non-core portfolio.

The
loan-to-value ratio (LTV ratio) indicates the degree to which the net financial liabilities, calculated as the book value of the interest-bearing loans, bonds and other financial liabilities less cash and cash equivalents, are covered by the fair market value of the real estate portfolio. This indicator helps us to ensure a sustainable ratio of borrowings compared to the fair value of our real estate portfolio.
The LTV ratio was adjusted to align with the methodology of ADLER Real Estate AG and in this regard the comparative figures for the previous period were also adjusted. The net financial liabilities are adjusted for selected financial assets like purchase price receivables, granted loans and bonds held. The fair value of the properties is adjusted for property, plant and equipment used for energy management services and for investments in real estate companies.

Calculation of LTV

Bonds, other loans and borrowings and other financial liabilities
(+) Convertible bonds
(–) Cash and cash equivalents
(–) Selected financial assets[19)]
(–) Contract assets
(–) Assets and liabilities classified as held for sale
= **Net financial liabilities**
(+) Fair value of properties[20)]
(+) Investment in real estate companies[21)]
= **GAV (Gross Asset Value)**
= Loan-to-value ratio (LTV ratio)

19) Including financial receivables, trade receivables from the sale of real estate investment and other financial assets.
20) Including investment properties and inventories at their fair value, advances paid in respect of investment properties and trading properties as well as property, plant and equipment used for energy management services at its book value as at the reporting date.
21) Including investment in financial instruments and investments in associated companies from the consolidated financial statements.

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 of use for our investors in evaluating the Group's operating performance, the net value of the Group's property portfolio, the level of the Group's indebtedness and of cash flow generated by the Group's business.
Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

Portfolio performance indicators

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.

Business performance highlights

As at 31 December 2020, our portfolio is diversified across Germany following the business combination with ADLER Real Estate (ADLER). For the purpose of comparison, the figures for 31 December 2019 shown on the following pages are pro-forma and are calculated to reflect the consolidation of ADLER into the Adler Group.

Diversifying into high-quality top German cities

As shown on the left, the current rental portfolio has a strong focus on Berlin. With the completion of the build-to-hold development pipeline, the future portfolio will have a more balanced/diversified profile with approximately only one third in Berlin, one third in other top 7 cities and the remaining mainly in mid-sized cities.

Transforming to a diversified German residential rental portfolio

On the bottom part of the page we show the composition of our current EUR 11.4 billion fair value of investment properties. With the completion of the build-to-hold development pipeline, we envisage the portfolio to have transformed to a fully operational German residential rental portfolio of around EUR 13 billion asset value in the future.

Portfolio overview(*)

Location	Fair value EUR m 2020	Fair value EUR/m2 2020	Units	Lettable area m2	NRI(**) EUR m 2020	Rental yield (in-place rent)	Vacancy 2020	Vacancy Δ YoY	2020 Avg. rent EUR/m2 /month	NRI Δ YoY LFL	Reversionary potential
Berlin	4,461	3,248	19,864	1,373,475	117.2	2.6%	1.6%	0.3%	7.29	-0.7%	-0.3%
Leipzig	456	1,792	4,746	254,629	18.0	3.9%	2.0%	-1.4%	6.07	3.4%	20.6%
Wilhelmshaven	413	1,020	6,890	405,194	25.7	6.2%	3.4%	-2.0%	5.53	8.9%	12.5%
Duisburg	348	1,141	4,922	304,939	20.3	5.8%	1.3%	-0.7%	5.67	2.2%	9.2%
Wolfsburg	157	1,787	1,301	87,614	6.6	4.2%	1.9%	0.8%	6.47	0.9%	34.2%
Göttingen	146	1,716	1,377	85,238	6.2	4.2%	1.1%	-0.5%	6.12	1.5%	33.3%
Dortmund	144	1,405	1,769	102,251	7.5	5.2%	1.0%	-0.3%	6.20	6.1%	16.0%
Hanover	131	2,068	1,112	63,253	5.5	4.2%	0.7%	-0.8%	7.33	3.7%	22.5%
Kiel	124	1,864	970	66,699	5.7	4.6%	0.6%	0.0%	7.14	4.8%	19.7%
Düsseldorf	119	3,236	577	36,719	3.6	3.0%	1.7%	-0.4%	8.35	2.3%	23.0%
Halle (Saale)	94	892	1,858	105,892	5.7	6.1%	12.3%	1.4%	5.22	3.8%	22.6%
Essen	94	1,414	1,043	66,341	4.6	4.9%	1.1%	-1.6%	5.93	4.3%	20.9%
Cottbus	88	812	1,847	108,773	6.2	7.0%	6.7%	0.4%	5.13	7.1%	13.8%

Top 13 total	**6,776**	**2,214**	**48,276**	**3,061,018**	**232.8**	**3.4%**	**2.3%**	**-0.3%**	**6.54**	**1.9%**	**8.6%**
Other	1,537	1,144	21,446	1,344,247	85.3	5.5%	5.7%	-0.6%	5.72	3.0%	18.1%
Total(*)	**8,313**	**1,887**	**69,722**	**4,405,265**	**318.1**	**3.8%**	**3.4%**	**-0.6%**	**6.30**	**2.2%**	**11.3%**

(*) All values include ground floor commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining ADO and ADLER only. Metrics have been computed by using weighted averages on the back of publicly available information.
(**) Annualised net rental income.

Portfolio performance

Residential portfolio(*)		
	31 Dec 2020	**31 Dec 2019**
Number of units	69,722	75,721
Average rent /m2/ month	EUR 6.30	EUR 6.19
Vacancy	3.4%	4.0%

(*) All values include ground floor commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining Adler Group and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information.

The average rent per m2 increased to EUR 6.30 in course of the year, while the vacancy rate decreased to 3.4%.

Like-for-like rental growth(*)

In %	**LTM(**) 31 Dec 2020**	**1 Jan – 31 Dec 2019**
Like-for-like rental growth	2.2%	3.3%

(*) All values include ground floor commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining Adler Group and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information.
(**) Last 12 months (LTM).

The portfolio outside Berlin continues to generate a solid 3.9% like-for-like rental growth. As the Berlin rent freeze regulation has entered into effect, realised like-for-like rental growth for assets in Berlin for 2020 amounted to -0.7%. However, despite a challenging regulatory environment and the ongoing COVID-19 pandemic, like-for-like rental growth for the entire portfolio stood at 2.2%.
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.

Maintenance and CAPEX		
In EUR per m2	**1 Jan – 31 Dec 2020**	**1 Jan – 31 Dec 2019**
Maintenance	6.3	8.6
CAPEX	24.4	26.1
Total	**30.7**	**34.7**

Maintenance and CAPEX		
In EUR million	**1 Jan – 31 Dec 2020**	**1 Jan – 31 Dec 2019**
Maintenance	30.5	40.8
CAPEX	118.4	124.3
Total	**148.9**	**165.1**

Total investment in the portfolio amounted to EUR 148.8 million. The maintenance and CAPEX cost per m2 of EUR 30.7 in 2020 was in line with our expectations.

Vacancy split

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

Vacancy(*)		
	31 Dec 2020	**31 Dec 2019**
Total vacancy (units)	**2,523**	**3,567**
Total vacancy (m²)	**149,369**	**191,143**
Vacancy rate (top 13)	**2.3%**	**2.7%**
Total vacancy rate	**3.4%**	**4.0%**

(*) All values include ground floor commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining Adler Group and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information.

As of end of 2020 EPRA vacancy stood at 4.9% (2019: 2.7%).

Economic Review

Economic and industry-specific parameters

General market situation

In 2020, the global Covid-19 pandemic has had a far-reaching impact on the global economy. With advanced economies being heavily impacted, the global economic outlook declined by -2.7% over 2020. Despite initial signs of a marginal economic recovery being observed towards the end of the year, Germany's overall economic outlook remains severely impacted by current restrictions. At the end of March 2021, Chancellor Angela Merkel called for Germany's state leaders to extend and even tighten the lockdown measures over the Easter break, at least until 18 April 2021, as the country faces a "third wave" of Covid-19 cases. With the vaccination programmes ramping up, leaders across the globe and in Germany hope to lift restrictions as soon as numbers permit and foresee economic recovery following suit.
According to the German Federal Statistical Office, Germany's gross domestic product (GDP) decreased by -4.9% in 2020 as a direct result of the pandemic. Fortunately, there have been small signs of improvement as Germany's third quarter GDP increased by +8.5% versus the second quarter. The fourth quarter showed some additional signs of stabilisation with GDP growing another +0.3% quarter-on-quarter. However, the effects of the pandemic on unemployment are very clear with the number of unemployed people increasing by 562,000 between December 2019 and 2020; thereby pushing the German unemployment rate up 1 percentage point, from 4.9% at the end of 2019 to 5.9% at the end of 2020.
Industrial production, on the other hand, proved to be more robust. Before the coronavirus reached the European continent, the total manufacturing turnover index stood at 102.7 in February 2020 (Destatis). At the end of 2020 the index stood at 101.0, nearing pre-Covid figures. Considering the robust industrial activity and the marginal general recovery, the German Institute for Economic Research (DIW) forecasts a further recovery of Germany's economic output with an increase of +3.0% in 2021 and +3.8% in 2022. The underlying scenario assumes a stop-go situation coming from the multi-phase plan that was adopted in Germany in March 2021. In this multi-phase plan, regions with a seven-day incidence of below 50 new cases per 100,000 residents may implement expansive re-opening measures within one week.
An additional positive note is derived from the construction sector in Germany. The construction sector is one of the sectors that remained largely stable in 2020 and its volume is expected to have grown by +4% to EUR 444 billion in 2020 (DIW). This stability was partially supported by the European Central Bank which left its main refinancing rate unchanged at 0.00%, and thus continues to keep financing costs for real estate investors low.

Germany's residential property markets at a glance

In 2020, the German residential sector proved to be highly resilient to the global pandemic. This is mainly driven by the continued scarcity and demand for residential property, which generally results in low vacancy rates across Germany. According to Destatis, construction permits for 368,400 units were granted during 2020, resulting in a 2.2% increase compared to the previous year. Of all the permits granted between January 2020 and September 2020, 59% consisted of multi-family homes. In 2019,

the German Economic Institute (IW) presented figures that further emphasize the growing housing shortage in Germany. According to their study, the amount of completed apartments between 2015 and 2018 only covered 80% of the total demand.
The number of completed units did not rise at the same speed as demand due to capacity bottlenecks in the construction industry. However, please note that with 293,002 completed dwellings in 2019, the comparable base was the highest number since 2001. As a result of these capacity bottlenecks, the backlog of approved, but not yet completed, units totalled 740,400 in June 2020.
On top of that, demand for residential space remains structurally high, especially in the major cities, wider

metropolitan areas and their surrounding regions. According to Destatis, in 2019 12.7% of the population in cities was living in an overcrowded situation, compared to 5.5% in suburbs and 4.0% in rural areas. With lower completions during 2020 and the ongoing challenges of today, we do not see this trend reversing easily.
High demand and a continued shortage in supply resulted in an increase in the housing price index by a compounded annual growth rate of 6.5% (Destatis) between March 2016 and March 2020. In the same period, rental prices across Germany increased by +3.5% on an annual basis (Catella). With institutional investors continuing to chase cashflows, further yield compression was observed across the board. The fundamental market outlook for German residential real estate continues to screen positive with overcrowded cities and limited supply of new flats coming to the market. Nevertheless, the longer the pandemic lasts, the higher the chances for lower rent increases or stagnation become.

Berlin's residential property market

The population in the capital of Germany increased by +11.5% between 2003 and 2020, but after the strongest growth measured in 2016, population growth slowed down and even showed a marginal decline of -0.2% in 2020 (Destatis). The decline in population is mainly the result of a decrease in incoming migrants on the back of strict travel restrictions. Despite declining figures, Destatis expects population growth of around +3.6% until 2030, underlining the demand for additional housing space.
To keep up with the growing housing demand, JLL forecasts an annual requirement of 18,500 new apartments until 2030. However, the introduction of the
rent freeze is affecting the supply in the rental market, particularly for existing stock. In 2020, the market clearly lost its depth as there were up to 70% fewer existing rental apartments being offered versus the prior year. While demand increases, the number of building completions is stagnating due to the growing scarcity of land available for construction. Combining the latter with a decrease in the number of issued construction permits in 2020, median rents increased by 6.0% to EUR 13.30/m²/month during the second half of 2020 compared to the previous year, for which new-build and luxury segments were the principal growth drivers. In the lower price segment (lowest 10% of all rental offers), rents decreased by 4.2% compared to the previous year to EUR 8.00/m²/month. Average asking prices also grew by 6.0% to EUR 4,980/m² in the second half of 2020 compared to that same period in the previous year. As a result. Berlin's prime gross initial yield of 2.8% remained stable.

Profit situation

At the beginning of the second quarter of 2020, the Adler Group gained control of ADLER and its subsidiaries and consolidated the company and its subsidiaries for the first time. At the beginning of the third quarter of 2020, the Adler Group gained control of Consus and its subsidiaries and consolidated the company and its subsidiaries for the first time. A comparison with the previous year's figures is therefore only possible to a limited extent.
Revenue for the year increased in total due to the consolidation of ADLER since the beginning of the second quarter and the consolidation of Consus since the beginning of the third quarter. The selling of a portfolio in 2019 and the "Mietendeckel/ Mietpreisbremse" (rent cap/rent freeze) had an offsetting effect.
Income from rental activities and EBITDA from rental activities increased significantly year-on-year due to the first-time consolidation of ADLER.
At 31 December 2020 the interest-bearing debt amounted to around EUR 8.0 billion outstanding volume. As at the year end, our average interest rate on all outstanding debt is 3.0%, with a weighted average maturity of 3.3 years. As of 31 December 2020 the weighted average cost of debt for the yielding asset part amounts to around 2.0% with an average maturity of approximately 3.8 years. The weighted average cost of debt on Consus side is around 6.6% with an average maturity of 1.8 years.
The increase in "Other net financial costs" relates to the first-time consolidation of Consus into the Group's financial statements.

EBITDA				

EBITDA from rental activities

In EUR thousand	For the year ended		For the three months ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Net rental income	293,387	134,141	90,164	32,414
Income from facility services and recharged utilities costs	90,519	7,431	27,629	1,664
Income from rental activities	**383,906**	**141,572**	**117,793**	**34,078**
Cost from rental activities	(153,274)	(32,953)	(51,357)	(9,050)
Net operating income (NOI) from rental activities	**230,633**	**108,619**	**66,435**	**25,028**
NOI from rental activities margin (%)	**78.6%**	**81.0%**	**73.7%**	**77.2%**
Overhead costs from rental activities	(43,619)	(16,622)	(13,193)	(5,406)
EBITDA from rental activities	**187,014**	**91,997**	**53,244**	**19,622**
EBITDA margin from rental activities (%)	**63.7%**	**68.6%**	**59.1%**	**60.5%**

EBITDA Total

In EUR thousand	For the year ended		For the three months ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Income from rental activities	383,906	141,572	117,793	34,078
Income from property development	134,634	-	(6,872)	-
Income from other services	14,893	-	218,667	-
Income from real estate inventory disposed of	218,667	-	10,355	-
Income from sale of trading properties	6,637	14,948	1,913	2,817
Revenue	**758,737**	**156,520**	**341,856**	**36,895**
Cost from rental activities	(153,274)	(32,953)	(51,357)	(9,050)
Other operational costs from development and privatisation sales	(330,162)	(11,058)	(218,242)	(2,388)
Net operating income (NOI)	**275,302**	**112,509**	**72,256**	**25,457**
Overhead costs from rental activities	(43,619)	(16,622)	(13,193)	(5,406)
Overhead costs from development and privatisation sales	(24,114)	-	(9,205)	-
Fair value gain from build-to-hold development	39,780	-	39,780	-
EBITDA Total	**247,349**	**95,887**	**89,639**	**20,051**
Net cash interest	(101,954)	(27,183)	(33,781)	(6,761)
Other net financial costs	(88,112)	97,283	56,590	94,283

Depreciation and amortisation	(11,303)	(1,354)	(4,381)	(284)
Other income/expenses	(65,667)	57,870	(82,358)	71,066
Change in valuation	373,895	461,517	184,811	118,751
Net income from at-equity valued investments	(5,666)	-	(4,293)	-
EBT	**348,542**	**684,021**	**206,228**	**297,106**

FFO

FFO 1 (from rental activities)

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
EBITDA from rental activities	187,014	91,997	53,244	19,622
Net cash interest	(70,157)	(27,183)	(19,811)	(6,761)
Current income taxes	(3,648)	(1,641)	1,040	(49)
Interest of minority shareholders	(6,080)	-	(2,081)	-
FFO 1 (from rental activities)	**107,128**	**63,173**	**32,390**	**12,812**
No. of shares(*)	79,771	44,163	107,116	44,193
FFO 1 per share	**1.34**	**1.43**	**0.30**	**0.29**

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

FFO 2

	For the year ended		For the three months ended	
In EUR thousand	**31 Dec 2020**	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
EBITDA total	247,349	95,887	89,639	20,051
Net cash interest	(101,954)	(27,183)	(33,781)	(6,761)
Current income taxes	(12,660)	(3,722)	(792)	(49)
Interest of minority shareholders	(6,080)	-	(2,081)	-
FFO 2	**126,654**	**64,982**	**52,984**	**13,241**
No. of shares(*)	79,771	44,163	107,116	44,193
FFO 2 per share	**1.59**	**1.47**	**0.49**	**0.30**

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

Cash flow

The cash flow of the Group breaks down as follows:

Cash flow		
	For the year ended	
In EUR thousand	**31 Dec 2020**	**31 Dec 2019**
Net cash from operating activities	120,304	88,764
Net cash used in investing activities	(178,368)	269,061
Net cash from financing activities	(136,299)	1,767
Net change in cash and cash equivalents	(194,363)	359,593
Cash and cash equivalents at the beginning of the period	387,558	27,965
Net cash and cash equivalents acquired as a result of business combination	178,379	-
Closing balance cash and cash equivalents	371,574	387,558

Financial and asset position

Overall, during the year, the Group's balance sheet and structure has significantly changed. This is due to the fact that ADLER and Consus were included in the consolidated financial statements for the first time. In this context, a comparison with the previous year's figures is therefore only possible to a limited extent.

Financial position	For the year ended	
In EUR thousand	**31 Dec 2020**	**31 Dec 2019**
Investment properties and advances related to investment properties	10,110,842	3,630,753
Other non-current assets	1,839,086	301,388
Non-current assets	**11,949,928**	**3,932,141**
Cash and cash deposits	371,574	387,558
Inventories	1,254,460	25,860
Other current assets	1,122,316	50,906
Current assets	**2,748,350**	**464,324**
Non-current assets held for sale	**139,361**	**-**
Total assets	**14,837,639**	**4,396,465**
Interest-bearing debts	7,965,429	1,331,584
Other liabilities	994,174	127,086
Deferred tax liabilities	933,266	239,347

Liabilities classified as available for sale	**27,271**	**-**
Total liabilities	**9,920,097**	**1,698,017**
Total equity attributable to owners of the Company	**4,145,531**	**2,646,792**
Non-controlling interests	772,011	51,653
Total equity	**4,917,542**	**2,698,445**
Total equity and liabilities	**14,837,639**	**4,396,465**

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

EPRA NAVs	For the year ended 31 Dec 2020			
	NAV	**NRV**	**NTA**	**NDV**
Total equity attributable to owners of the Company	4,145,531	4,145,531	4,145,531	4,145,531
Revaluation of inventories	52,160	52,160	52,160	52,160
Deferred tax	1,010,868	1,010,868	868,304	-
Goodwill	-	-	(1,204,934)	(1,204,934)
Fair value of financial instruments	5,315	5,315	5,315	-
Fair value of fixed interest rate debt	-	-	-	(328,791)
Real estate transfer tax	-	823,709	576,483	-
NAV	**5,213,874**	**6,037,159**	**4,442,583**	**2,663,966**
No. of shares	117,510	117,510	117,510	117,510
NAV per share	**44.37**	**51.38**	**37.81**	**22.67**
Convertibles	97,623	97,623	97,623	97,623
EPRA NRV fully diluted	**5,311,497**	**6,134,782**	**4,540,205**	**2,761,588**
No. of shares (diluted)	119,427	119,427	119,427	119,427
EPRA NRV per share fully diluted	**44.47**	**51.37**	**38.02**	**23.12**

EPRA NAVs	For the year ended 31 Dec 2019			
	NAV	**NRV**	**NTA**	**NDV**
Total equity attributable to owners of the Company	2,646,792	2,646,792	2,646,792	2,646,792
Revaluation of inventories	13,410	13,410	13,410	13,410
Deferred tax	257,249	257,249	257,249	-
Goodwill	-	-	-	-

Fair value of financial instruments	6,150	6,150	6,150	-
Fair value of fixed interest rate debt	-	-	-	(30,391)
Real estate transfer tax	-	324,483	181,233	-
NAV	**2,923,601**	**3,247,784**	**3,104,823**	**2,629,811**
No. of shares	44,195	44,195	44,195	44,195
NAV per share	**66.15**	**73.49**	**70.25**	**59.51**
Convertibles	156,334	156,334	156,334	156,334
EPRA NRV fully diluted	**3,079,935**	**3,404,118**	**3,261,157**	**2,786,145**
No. of shares (diluted)	46,929	46,929	46,929	46,929
EPRA NRV per share fully diluted	**65.63**	**72.54**	**69.49**	**59.37**

Loan-to-Value

We fund our properties based on a conservative financing strategy with a mix of secured mortgage loans and capital market instruments.

Financing	For the year ended	
In EUR thousand	**31 Dec 2020**	**31 Dec 2019**
Corporate bonds, other loans and borrowings and other financial liabilities	7,653,457	1,223,201
Convertible bonds	311,972	156,334
Cash and cash equivalents	(371,574)	(387,558)
Selected financial assets(*)	(1,194,587)	(98,871)
Net contract assets	(136,606)	-
Assets and liabilities classified as held for sale	(112,090)	-
Net financial liabilities	**6,150,293**	**893,106**
Fair value of properties (including advances)	11,430,611	3,670,023
Investment in real estate companies	84,816	186,158
Gross asset value (GAV)	**11,515,427**	**3,856,181**
Net Loan-to-Value	**53.4%**	**23.2%**
Net Loan-to-Value excluding convertibles	**50.7%**	**19.1%**

(*) Including financial receivables (EUR 627 million), trade receivables from the sale of real estate investment (EUR 325 million) and other financial assets (EUR 243 million).

The LTV ratio was adjusted to align with the methodology of ADLER Real Estate AG and in this regard the comparative figures for the previous period were also adjusted. The net financial liabilities are adjusted for selected financial assets like purchase price receivables, granted loans and bonds held. The fair value of the properties is adjusted for property, plant and equipment used for energy management services and for investments in real estate companies.

As at the reporting date, our Net Loan-to-Value (LTV) was 53.4%. The increase is due to the consolidation of ADLER and Consus.

Perspectives on Portfolio Focus

The portfolio today – Berlin anchored

Geographical split

Sector split

The portfolio in the future

Geographical split

Sector split

Material Events in the Reporting Period and Subsequent Events

A. On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic.
As at 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the coronavirus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of a default of payment by the tenant in the period between 1 April to 30 June 2020 if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government did not extend these regulations from 1 July 2020 onwards.
Adler Group is continuously assessing the impact of the Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at 31 December 2020 as disclosed in these consolidated financial statements reflects the economic conditions in existence at that date. The Company does not expect the crisis to have any material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.
B. On 15 December 2019, the Company resolved to make a voluntary public takeover offer in the form of an exchange offer ("Offer") to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group has offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of Adler Group). The Offer closed on 25 March 2020 with an acceptance rate of 91.93%. As of 9 April 2020, the newly issued

shares of Adler Group are listed on the Frankfurt Stock Exchange. On 9 April 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of Adler Group by the Board of Directors became effective.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of ADLER is 9 April 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, the initial consolidation of ADLER and its 231 subsidiaries was carried out as of 1 April 2020. For further details see Note 5A.

The closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by ADLER and/or its respective subsidiaries. On 9 April 2020, Adler Group refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilised under Adler Groups' EUR 3,463 million bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited originally dated 15 December 2019, as amended from time to time. The vast majority of the creditors of other financings subject to change-of-control rights waived their respective change-of-control rights. Adler Group has, therefore, not yet utilised further loans under its bridge facility agreement. As at 31 December 2020, the maximum nominal amount of the bridge facility agreement has been reduced to EUR 885 million.

On 28 April 2020, the Board of Directors resolved to initiate a domination agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (Aktiengesetz - AktG) between the Company (as controlling entity) and ADLER (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, to the approval of the general meeting of ADLER.

On 13 May 2020, by resolution of an authorised delegate of the Board, the Company increased its share capital within the scope of its authorised capital, and issued a total of 174,833 new ordinary dematerialised shares without nominal value against contribution in kind of ADLER shares in the same ratio (0.4164). This was done to accommodate an ADLER shareholder, who due to a technical error at the level of his custodian bank, was unable to participate in the Exchange Offer.

As of 31 December 2020 Adler Group holds 93.89% of the outstanding ADLER shares.

C. On 15 December 2019, the Company also entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public tender offer over the remaining Consus' shares should the Company exercise the call option. As at 31 December 2019, the Company acquired 18.62% of Consus shares. The remaining 3.56% Consus shares were acquired in January 2020.

On 9 April 2020, Adler Group started to consolidate ADLER, which holds 3.02% of Consus shares, therefore together with ADLER, Adler Group holds 25.20% of the outstanding shares of Consus.

On 17 June 2020 Consus increased its share capital by EUR 24,750,000 to EUR 161,331,507 by issuing a total of 24,750,000 bearer shares with a proportionate amount of the share capital of EUR 1.00 per share.

On 29 June 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 450 million), which was announced by the Company on 2 July 2020 and subject to approval by the authorities. Therefore, as at 30 June 2020 the Company concluded that it does not have control over Consus. Adler Group has assessed its investment in Consus and determined that it also does not have significant influence as at 30 June 2020, due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option was not substantive as at the end of June 2020, because the settlement requires approvals, which are not a mere formality. Therefore, the investment was classified as a financial asset and measured at fair value.

In order to reduce the size of the rights issue to EUR 450 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the 2019 financial year to the General Meeting of Adler Group.

Having been exercised on 2 July 2020, the call option has been successfully settled and Adler Group gained control of Consus. In connection with the settlement of the call option, Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate held approximately 22.5% in Adler Group and Adler Group held approximately 64.95% in Consus.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of Consus is 2 July 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, initial consolidation of Consus and its 188 subsidiaries was carried out as of 1 July 2020. For further details see Note 5B.

On 21 July 2020, Adler Group successfully completed its EUR 450 million rights issue that was launched on 2 July 2020. The vast majority of the subscription rights (approximately 98%) has been exercised. The remaining shares of less than 0.8 million were offered in a rump placement. Following the capital increase, the Company has 104,785,930 shares outstanding. Gross proceeds from rights issue amount to EUR 457 million.

Following the settlement of the call option, Adler Group initially intended to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). In December 2020, the Group increased its majority stake in Consus from 64.95% to 93.94% by entering into share purchase agreements with multiple Consus shareholders by way of a capital increase against contribution in kind. The Group acquired further 46,780,535 Consus shares in exchange for new 12,724,303 Adler Group shares. The new Adler Group shares were being issued at an exchange ratio of 0.272 new Adler Group shares for each Consus share. Against this background, the Group is no longer pursuing the planned public tender offer in the form of an exchange offer to all Consus shareholders. The Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between Adler Group, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group.

D. On 25 March 2020 the Company decided to make a voluntary public takeover offer (the "Takeover Offer") to all shareholders of WESTGRUND Aktiengesellschaft (the "Target") for the acquisition of all bearer shares in the Target, each share representing a proportionate amount of
EUR 1.00 of the share capital of the Target (the "WESTGRUND Shares") against payment of a cash consideration, the amount of which at least corresponds to the value of the business calculated on the basis of a valuation of the Target in accordance with Section 31 para. 1, 2 and 7 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz (WpÜG)) and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung (WpÜG-AngebVO)) per WESTGRUND Share.

Moreover, on 17 April 2020, Adler Group decided to launch the Takeover Offer also as a compensation offer which is necessary to delist WESTGRUND Shares from trading on the regulated market of the Düsseldorf Stock Exchange (Börse Düsseldorf) (Section 39 para. 2 and 3 of the German Stock Exchange Act (Börsengesetz, "BörsG"), (the "Delisting Tender Offer" and, together with the Takeover Offer, the "Takeover Offer and Delisting Tender Offer").

On 6 May 2020, Adler Group published the offer document (the "Offer Document") for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on basis of a valuation of the Target as at the reference date 16 April 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 WpÜG and Section 5 (WpÜG-AngebVO).

As result of the business combination with ADLER, Adler Group indirectly held 77,093,817 WESTGRUND Shares prior to the acceptance period of the Takeover Offer and Delisting Tender Offer. This corresponds to approximately 96.88% of the share capital and voting rights of
WESTGRUND as at the date of publication of the Offer Document. The Company thus reached the shareholding required for a takeover squeeze-out.

Upon expiry of the additional acceptance period on 22 June 2020, the Takeover Offer and Delisting Tender Offer has been accepted for a total of 1,084,631 WESTGRUND Shares, corresponding to approximately 1.37% of the share capital and the outstanding voting rights of WESTGRUND.

As of 31 December 2020 Adler Group holds in total 98.25% of the outstanding WESTGRUND shares.

E. In reference to Note 28 in the annual financial statements, the Company reduced certain fees arising from the sale of shares of certain subsidiaries in an amount of EUR 7.2 million.

F. On 29 July 2020, Adler Group successfully placed a EUR 400 million fixed rate senior unsecured bond with a 5-year maturity and a 3.25% fixed coupon. The bond was placed with institutional investors across Europe and the order book was successfully oversubscribed. The proceeds of the issue were used to repay existing short-dated indebtedness and hence further extended Adler Groups' average debt maturity. The bond is rated BB+ with Standard & Poor's (S&P) Global Bond Ratings.

G. On 18 September 2020 ADLER, a 94% subsidiary of
Adler Group, entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial units at a premium to book value as of H1 2020. The properties are primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The units generate net rental income of EUR 18.6 million p.a. and have a 12% vacancy rate with an average rent of 5.46 EUR/m²/month. The sale included a part asset and a part share deal. Due to sale in the course of asset deals, investment properties in the amount of EUR 126,885 which were reclassified as held for sale before, have been derecognised on the balance sheet date (see Note 5C). Further, in the course of share deals, five consolidated companies (WBG GmbH, Helmstedt, MBG Lüdenscheid GmbH, Hamburg, MBG Dorsten GmbH & Co. KG, Hamburg, Wiederaufbau-Gesellschaft mit beschränkter Haftung, Ludwigshafen am Rhein, Westgrund Westfalen GmbH & Co. KG, Berlin) were additionally disposed off; the change of control was effective as of 31 December 2020.

H. On 29 September 2020 the annual General Meeting of the shareholders approved the re-appointment of
Dr. Peter Maser, Thierry Beaudemoulin, Maximilian
Rienecker, Arzu Akkemik, Dr. Michael Bütter as directors of the Company until the annual General Meeting to take place in the year 2023. The Appointment of Thomas
Zinnöcker, Claus Jørgensen and Thilo Schmid as directors of the Company was approved. Recommendation of the

Board of Directors on cancelation of any dividends for the 2019 financial year as also approved.
I. On 29 September 2020 an extraordinary general meeting of shareholders decided to change the Company's denomination from ADO Properties S.A. to Adler Group S.A.
J. On 13 October 2020, the Company entered into a lease agreement for new offices in Berlin (6,800 m²) with Aggregate Holdings S.A., a shareholder of Adler Group, with a duration of 10 years at a rent of approximately 30.45 EUR/m²/month and includes two extension options for 5 years each. A leading real estate consulting company has provided Adler Group with an analysis that the proposed rental price is in line with the market.
K. On 9 November 2020 Adler Group successfully placed EUR 400 million fixed rate senior unsecured bond with a 6-year maturity and a 2.75% fixed coupon. The bond was placed with institutional investors across Europe with the order book more than four times oversubscribed. The proceeds of the issue of the bond will be primarily used to repay existing short-term indebtedness and hence further extends Adler Group's average debt maturity. The Notes are rated BB+ with S&P.
L. On 21 December 2020 – ADLER, a 94% subsidiary of Adler Group, entered into a binding sale and purchase agreement with OMEGA AG, Munich and a real estate family office, to dispose of 1,605 residential and commercial units with a gross asset value (GAV) of EUR 75.7 million at a slight premium to book value as of Q3 2020. This transaction further demonstrates the resilience of the German residential real estate market at a time of heightened macroeconomic uncertainty. The properties are primarily located in Borna, Osterholz-Scharmbeck and Schwanewede. The units generate net rental income of EUR 4.8 million p.a. and have a 17.45% vacancy rate which peaks at up to 27% with an average rent of 5.21 EUR per m² month.
M. On 7 January 2021 Consus, a 94 percent subsidiary of the Group, has successfully completed the disposal of 24 non-strategic projects. Together with proceeds received from the successful closing of the disposal of approximately 5,000 residential units as announced in September 2020, the Group generated total proceeds in the amount of EUR 850 million. These proceeds will be used to repay existing debt to further smoothen the maturity profile and to reduce the average cost of debt.

N. On 8 January 2021, the Group successfully placed
EUR 1.5 billion fixed rate senior unsecured notes comprising of two tranches, a EUR 700 million 5-year maturity with a 1.875 percent fixed coupon and a EUR 800 million 8-year maturity with a 2.25 percent fixed coupon. The proceeds of the issue of the Notes will be used to repay existing indebtedness, to further smoothen and extend the Group's debt maturity profile and a next step to achieve the targeted financial synergies. Together with existing liquidity and cash received from the recently closed transactions, all the upcoming debt maturities in 2021 are covered. The Notes are rated BB+ with S&P. Subsequent to the placement, the Group bought back approximately EUR 329 million of ADLER Real Estate AG's EUR 500 million bond due in December 2021.
O. On 15 March 2021 the Company signed a EUR 300 million syndicated revolving credit facility with JP Morgan, Deutsche Bank and Barclays as lenders for a 3-year term with two extension options, each for one year. At the same time the 3 bilateral RCFs with the same lenders were terminated. At the time of the approval of these consolidated financial statements no amounts were borrowed under the RCF.

Forecast Report

Comparison of the forecast with the actuals of 2020

Despite having experienced a challenging environment in 2020 due to Covid-19, our operations developed as planned and we achieved all of our targets.
In 2020, NRI more than doubled to EUR 293.4 million compared to guidance of EUR 280-300 million.
Our funds from operations from rental activities (FFO 1) for the full year increased to EUR 107.1 million, in line with the guidance of between EUR 105-125 million.
For the fiscal year 2020, the Company plans to propose a dividend equal to 50% of FFO 1 realised in full year 2020. This equals to EUR 54 million or EUR 0.46 per share which will be proposed to the shareholders at the annual General Meeting in June 2021.

Forecast for 2021

For 2021, we are expecting to generate NRI in the range of EUR 325-339 million and FFO 1 in the range of EUR 127-133 million as 2021 will also be the first year that includes both ADLER Real Estate and Consus Real Estate on a full year basis.
For 2021, we anticipate a dividend payout ratio of up to 50% of FFO 1.

Responsibility Statement

We confirm, to the best of our knowledge, that the Consolidated Financial Statements of Adler Group S.A. presented in this Annual Financial Report for 2020, prepared in conformity with 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 Management Report includes a fair review of the development of the business, and describes the main opportunities, risks and uncertainties associated with the Company.