

Not for distribution in the United States of America



ADO Properties S.A.

(incorporated in Luxembourg as a public limited liability company)

€400,000,000 3.250% Fixed Rate Notes due 2025

Issue Price: 98.871%

ADO Properties S.A. (Legal Entity Identifier (“LEI”) 391200OYYFJ3DWAMEC69), a public limited liability company (*société anonyme*) (the “**Issuer**” or “**Company**” and, together with its consolidated subsidiaries, “**we**”, “**us**”, “**our**” or the “**ADO Properties Group**”), with its registered office at 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg (“**Luxembourg**”) and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B197554, will issue on August 5, 2020 €400,000,000 3.250% fixed rate notes in bearer form due 2025 (the “**Notes**”) with a denomination of €100,000 each. The Notes, which are governed by the laws of the Federal Republic of Germany (“**Germany**”), will bear interest at a rate of 3.250% per annum. The Issuer will pay interest on the Notes annually in arrear on August 5, commencing on August 5, 2021.

The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

On issue, the Notes are rated BB+ by Standard & Poor’s Global Ratings Europe Ltd. (“**S&P**”). At the date of this Offering Memorandum (as defined below), the Company is assigned a long-term issuer credit rating of “BB” with a stable outlook by S&P and a “Ba2” rating with stable outlook by Moody’s Investors Service Ltd (“**Moody’s**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. At the date of this Offering Memorandum (as defined below) Moody’s is established in the European Union (“**EU**”), registered under Regulation (EC) no. 1060/2009 of the European Parliament and of the Council dated September 16, 2009 on credit rating agencies, as amended (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu) in accordance with the CRA Regulation.

International Securities Identification Number (ISIN): XS2010029663
German Securities Code (*Wertpapierkennnummer*, WKN): A280V1
Common Code: 201002966

Investing in the Notes involves risks. See “Risk Factors” beginning on page 1.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or with any regulatory authority of any state or other jurisdiction in the United States of America (“United States”) and are being offered and sold in transactions outside the United States to non-U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) in reliance on Regulation S. The Notes are in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). For a further description of certain restrictions on the offering, sale and transfer of the Notes and on the distribution of this Offering Memorandum (as defined below), see “Subscription and Sale of the Notes—Selling Restrictions”.

Prospective investors should be aware that an investment in the Notes involves risks and that if certain risks, in particular those described under “Risk Factors”, occur, the investors may lose all or a very substantial part of their investment.

This offering memorandum (the “**Offering Memorandum**”), together with all documents incorporated by reference herein, has been prepared on the basis that any offer of the Notes will be made pursuant to an exemption under the Prospectus Regulation (as defined below) from a requirement to publish a prospectus for offers of the Notes and is thus, for the purposes of the offering of the Notes (the “**Offering**”), not a prospectus within the meaning of the Prospectus Regulation (as defined below). The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and includes any relevant delegated regulations and regulatory technical standards enacted pursuant thereto. Accordingly, any person making or intending to make any offer within the European Economic Area (“**EEA**”) and the United Kingdom (“**UK**”) of the Notes which are the subject of the Offering contemplated in this Offering Memorandum should only do so in circumstances in which no obligation arises for the Issuer, the Joint Bookrunners or the Co-Managers to produce a prospectus for such offers. None of the Issuer, the Joint Bookrunners or the Co-Managers has authorized, nor do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Bookrunners or the Co-Managers which constitute the final placement of the Notes contemplated in this Offering Memorandum.

This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectus securities dated July 16, 2019. Application has been made to the Luxembourg Stock Exchange in its capacity as market operator of the Euro MTF market (the “**Euro MTF**”) under the Luxembourg Act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to list the Notes on the Euro MTF. The Euro MTF is a multilateral trading facility for the purposes of Directive 2014/65/EU of May 15, 2014 on markets in financial instruments, as amended (“**MiFID II**”).

References in this Offering Memorandum to the Notes being listed (and all related references) shall mean that the Notes have been admitted to the official list of the Luxembourg Stock Exchange and have been admitted to trading on the Euro MTF. The Euro MTF is not a regulated market for the purposes of MiFID II.

This Offering Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy Notes in any jurisdiction where such offer or solicitation is unlawful. For a further description of certain restrictions on the offering, sale and transfer of the Notes and on the distribution of this Offering Memorandum, see “Subscription and Sale of the Notes—Selling Restrictions” below.

Sole Global Coordinator and Joint Bookrunner

J.P. Morgan

Joint Bookrunners

Barclays

Deutsche Bank

Co-Managers

Natixis

Santander Corporate & Investment Banking

The date of this Offering Memorandum is August 3, 2020

CERTAIN INFORMATION WITH REGARD TO THE OFFERING

RESPONSIBILITY STATEMENT

ADO Properties S.A., the Issuer, with its registered office at 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under the registration number B197554, assumes responsibility for the content of this Offering Memorandum, and declares having taken all reasonable care to ensure that such is the case, that the information contained in this Offering Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.

If any claims are asserted before a court of law based on the information contained in this Offering Memorandum, the investor appearing as plaintiff may have to bear the costs of translating the Offering Memorandum prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the EEA.

The information in this Offering Memorandum will not be updated subsequent to the date hereof.

NOTICE

This Offering Memorandum should be read and understood in conjunction with any documents incorporated herein by reference.

No person is authorized to give any information or to make any representations other than those contained in this Offering Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer or J.P. Morgan Securities plc, Barclays Bank PLC and Deutsche Bank Aktiengesellschaft (each a “**Joint Bookrunner**” and together, the “**Joint Bookrunners**”) or Banco Santander, S.A. and Natixis (each a “**Co-Manager**” and together, the “**Co-Managers**”, and as further defined in “*Subscription and Sale of the Notes*”). In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Offering, including the merits and risks involved. Any decision to purchase Notes should be based solely on this Offering Memorandum.

Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that (i) that the information in this Offering Memorandum is correct as of any time subsequent to the date hereof, or (ii) that there has been no adverse change in the financial situation of the Issuer which is material in the context of the issue and sale of the Notes since the date of this Offering Memorandum or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Offering Memorandum by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the Joint Bookrunners, nor the Co-Managers nor any other person mentioned in this Offering Memorandum, except for the Issuer, is responsible for the information contained in this Offering Memorandum or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons makes any representation or warranty or accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents. Neither the Joint Bookrunners nor the Co-Managers have independently verified any such information and accept no responsibility for the accuracy thereof.

The distribution of this Offering Memorandum and the sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required to inform themselves about and observe any such restrictions. In particular, the Notes have not been and will not be registered under the Securities Act, and are subject to special U.S. tax law requirements when held by U.S. persons (TEFRA D rules). Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States of America or to U.S. persons. For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Offering Memorandum (or of any part thereof) see “*Subscription and Sale of the Notes—Selling Restrictions*”.

None of the Issuer, the Joint Bookrunners, the Co-Managers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in this Offering Memorandum as legal, tax, business or financial advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Notes.

In this Offering Memorandum, unless otherwise indicated, all references to “€”, “EUR” or “Euro” are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the Euro, as amended. Furthermore, all references to “ILS” or “Israeli new shekel” are to the currency of Israel.

Where financial information in tables in this Offering Memorandum is labelled “audited”, this means that it has been taken from the audited financial statements incorporated by reference into this Offering Memorandum. The label “unaudited” is used in tables in this Offering Memorandum to indicate financial information that has not been taken from the audited financial statements incorporated by reference into this Offering Memorandum, but was taken from the Company’s unaudited condensed consolidated interim financial statements, internal reporting system, or is based on calculations of figures from the abovementioned sources.

All of the financial data presented in the Offering Memorandum are shown in thousands of Euro (in €thousands or “€thousand”), except as otherwise stated.

Certain financial information (including percentages) in this Offering Memorandum have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or sub-totals or differences or if numbers are put in relation) in tables in this Offering Memorandum may not correspond in all cases to the aggregated amounts of the underlying (unrounded) figures appearing elsewhere in this Offering Memorandum. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Offering Memorandum, a dash (“-”) signifies that the relevant figure is not available, while a zero (“0.0”) signifies that the relevant figure is available but has been rounded to zero.

References to “CET” in this Offering Memorandum refer to Central European Time or Central European Summertime, as the case may be. References to time in this Offering Memorandum refer to CET, unless stated otherwise.

Furthermore, this Offering Memorandum contains industry related data taken or derived from industry and market research reports published by third parties (“**External Data**”). Commercial publications generally state that the information they contain originated from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on a series of assumptions. The External Data have not been independently verified by the Issuer. The External Data was reproduced accurately by the Issuer in the Offering Memorandum, and as far as the Issuer is aware and is able to ascertain from information published by any third party, no facts have been omitted that would render the reproduced External Data inaccurate or misleading. The Issuer does not have access to the underlying facts and assumptions of numerical and market data and other information contained in publicly available sources. Consequently, such numerical and market data or other information cannot be verified by the Issuer.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. This Offering Memorandum does not constitute an offer of Notes or an invitation by or on behalf of the Issuer, the Joint Bookrunners or the Co-Managers to purchase any Notes. Neither this Offering Memorandum nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Joint Bookrunners or the Co-Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

IN CONNECTION WITH THE ISSUANCE OF THE NOTES, THE JOINT BOOKRUNNERS (OR PERSONS ACTING ON BEHALF OF THE JOINT BOOKRUNNERS) MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE JOINT BOOKRUNNERS (OR PERSONS ACTING ON BEHALF OF THE JOINT

BOOKRUNNERS) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE JOINT BOOKRUNNERS (OR PERSON(S) ACTING ON BEHALF OF THE JOINT BOOKRUNNERS) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

This Offering Memorandum may only be used for the purpose for which it has been published.

This Offering Memorandum may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

This Offering Memorandum does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Joint Bookrunners, the Co-Managers or any of them that any recipient of the Offering Memorandum should subscribe or purchase any Notes. Each recipient of the Offering Memorandum shall be taken to have made its own investigation and appraisal of the condition (financial and otherwise) of the Issuer.

The legally binding language of this Offering Memorandum is English. Any part of the Offering Memorandum in German language constitutes a translation, except for the terms and conditions of the Notes (the “**Terms and Conditions**”) in respect of which German is the legally binding language.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

This Offering Memorandum has been prepared on the basis that any offer of the Notes in any member state of the European Union (each such state an “**EU Member State**”) and in the United Kingdom will be made pursuant to an exemption under the Prospectus Regulation from a requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purpose of the Prospectus Regulation.

The Notes are not intended to be offered, distributed, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA and the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. No key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared. Selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Professional investors and eligible counterparties only target market

Solely for the purposes of the product approval process of J.P. Morgan Securities plc, Barclays Bank PLC and Deutsche Bank Aktiengesellschaft (each, a “**manufacturer**”), the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (each, a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, the Issuer is not a MiFID II regulated entity and does not qualify as a distributor or a manufacturer under the MiFID II product governance rules.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

Members of the public are not eligible to take part in this Offering. This Offering Memorandum is for distribution only to persons who (a) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (b) are persons falling within Article 49(2)(a) to (d) (“high net worth companies”, “unincorporated associations”, etc.) of the Financial Promotion Order, (c) are outside the United Kingdom, or (d) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) in connection with the issue or sale of the Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Recipients of this Offering Memorandum are not permitted to transmit it to any other person. Persons distributing this Offering Memorandum must satisfy themselves that it is lawful to do so. The Notes are not being offered to the public in the United Kingdom.

Furthermore, each of the Joint Bookrunners and each of the Co-Managers has warranted that it (i) has only invited or will only invite participation in investment activities in connection with the Offering or the sale of the Notes within the meaning of section 21 of the FSMA, and has only initiated or will only initiate such investment activities to the extent that section 21(1) of the FSMA does not apply to the Company; and (ii) has complied and will comply with all applicable provisions of FSMA with respect to all activities already undertaken by each of them or will undertake in the future in relation to the Notes in, from, or otherwise involving the United Kingdom.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts or events or to facts or events as of the date of this Offering Memorandum. This applies, in particular, to statements in this Offering Memorandum containing information on the ADO Properties Group’s future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which the ADO Properties Group is exposed. Statements made using words such as “believes”, “predicts”, “forecasts”, “plans”, “intends”, “endeavors”, “expects”, “will”, “aims”, “targets” or similar terms and phrases, including reference and assumptions, may be an indication of forward-looking statements.

The forward-looking statements contained in this Offering Memorandum are subject to risks and uncertainties as they relate to future events and are based on estimates and assessments made to the best of the Company’s present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company’s actual results, including the financial condition and profitability of the ADO Properties Group, to differ materially from, or fail to meet, the expectations expressed or implied in the forward-looking statements. These expressions can be found in different sections of this Offering Memorandum, particularly in the sections entitled “*Risk Factors*”, “*Profit Forecast*” and “*Description Of The Transactions*” and wherever information is contained in this Offering Memorandum regarding the Company’s intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which the ADO Properties Group is subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Offering Memorandum might not occur. In addition, the forward-looking estimates and forecasts reproduced in this Offering Memorandum from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Offering Memorandum, see the discussion on External Data under “—*Notice*” above). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- changes in general economic conditions in Berlin, including changes in the unemployment rate, the level of consumer prices, wage levels, etc.;
- demographic changes, in particular with respect to Berlin;

- changes affecting interest rate levels;
- changes in the competitive environment, that is, changes in the level of construction activity relating to housing;
- political changes; and
- changes in laws and regulations, in particular tenancy and environmental laws and regulations.

See “*Risk Factors*” for a further description of some of the factors that could influence the Company’s forward-looking statements.

It should be noted that neither the Company nor any of the Joint Bookrunners or the Co-Managers assumes any obligation, and does not intend to update or revise any forward-looking statement or risk factors or to conform any such statement to new information, future events or developments or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum.

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RISK FACTORS

An investment in the Notes of ADO Properties S.A. (the “Issuer” or the “Company” and, together with its consolidated subsidiaries, “we”, “us”, “our” or the “ADO Properties Group”) involves a high degree of risk. Investors should carefully consider the risks and uncertainties described below, together with all of the other information in this Offering Memorandum (including any documents incorporated by reference), before making a decision to invest in the Notes. We believe the factors described below represent the material risks inherent in investing in the Notes. In all of the following risk categories, the risks are presented in accordance with their likelihood, i.e., based on the probability of their occurrence and the extent of their negative impact on the net assets, financial condition and results of operations and cash flows of the Company. If any of the risks mentioned herein actually occur, the business, net assets, results of operations, financial condition, cash flows and prospects of the ADO Properties Group and the market price of the Notes could be materially adversely affected. Additional risks and uncertainties that are not presently known to us or that we currently believe are not material may also adversely affect the business, net assets, results of operations, financial condition, cash flows and prospects of the ADO Properties Group. The risks mentioned herein and those not presently known or believed to be not material may materialize individually or cumulatively and may, in each case, have a varying impact on any of the aforementioned factors, including the market price of the Notes.

Risks related to the ADO Properties Group’s Business Activities and Industry

Our business is significantly dependent on our ability to generate earnings from rentals. Our rental income and operating profit could particularly be negatively affected by a potential increase in vacancy rates.

We rely significantly on earnings from rentals. In the three-month period ended March 31, 2020, 93.1% of our revenue was derived from rental activities (including facility services), and our funds from operations (from rental activities) (“FFO 1”) amounted to €1,457 thousand (compared to 90.4% and €63,173 thousand in the fiscal year ended December 31, 2019, respectively). Our rental income is impacted predominantly by the size of our portfolio, which consisted of 17,620 units (excluding parking spaces and other units) (with a total lettable area of 1,225,131 sqm) of which 16,248 were residential units (with a total lettable area of 1,064,760 sqm), as well as rents chargeable, which amounted to €7.68 per sqm on average (excluding parking spaces and other units) (all figures as of March 31, 2020). As a result, our performance depends largely on the amount of rental income generated, which in turn is significantly dependent on the vacancy levels of our portfolio. As of March 31, 2020, the average vacancy level of our residential portfolio (in % per sqm) was at 2.7% (or 28,824 sqm) and of our commercial portfolio at 3.2% (or 5,076 sqm), after 3.1% (or 45,392 sqm) and 5.4% (or 9,200 sqm), respectively, as of March 31, 2019. Should we incur an increase in vacancy levels in the future, a worsening economy, in particular, could impede our ability to let our residential units at advantageous conditions.

The vacancy levels within our portfolio could increase, particularly in lower-value residential units, in less attractive locations, in areas with weak infrastructure or in properties where investments do not result in increased rents in line with expected market rents or increased occupancy levels. Our strategy also focuses on the renovation and refurbishment of selected parts of our portfolio with the highest vacancy levels. If these measures do not result in a significant reduction in vacancy levels for these properties after completion of the renovation 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 would reduce our operating profit. Furthermore, a longer period of high vacancy levels could generally lead to lower levels of rental earnings and make it more difficult to increase average rental levels. As our income from rental activities (including facility services) represents 93.1% of the total revenues generated in the three-month period ended March 31, 2020 (compared to 90.4% in the fiscal year ended December 31, 2019), our business success inevitably depends on our ability to reduce vacancy levels or increase rents.

Our ability to operate our business successfully relies on assumptions that may prove to be incorrect and contingencies that may be unfavorable, in part or as a whole, in particular due to unexpected liabilities, incomplete or wrong assessment of markets, value determinations and due diligence findings and challenges with respect to achieving anticipated synergies and insufficient investment horizons.

We face the risk that we may not be able to generate returns in the future. In particular, our projections of the future demand for apartments suitable for modernization may turn out to be inaccurate or inappropriate to

achieve a positive return. Also, tenant preferences may change. Further, we may not be in a position to find sufficient investment opportunities to invest the budgeted amount per year. In addition, we may not be able to pass on the costs of these modernization measures to our tenants due to legal constraints or if the tenants are unable to afford rent increases as a result of these modernization measures. Tenants may also cause postponements to our modernization measures by, for example, refusing to vacate the units for modernization work to take place. Further, we may be restricted in our ability to finance the investment program through loans or other debt instruments depending on our current and future debt level and structure.

The success of our business model depends in part on our subsidiaries' ability to achieve an expected level of rental increases through the modernization of the existing real estate portfolio and properties which we may acquire and our ability to estimate and control the costs of modernization. During the three-month period ended March 31, 2020, we incurred maintenance and capital expenditures in an average amount of €14.7 per sqm (compared to €11.6 per sqm in the three-month period ended March 31, 2019), whereas our average like-for-like rental growth of the residential portfolio during the three-month period ended March 31, 2020 amounted to 2.5%. In the fiscal year ended December 31, 2019, the maintenance and capital expenditures amounted to €6.2 per sqm (a 8% decrease compared to the fiscal year ended December 31, 2018) and average like-for-like rental growth of the residential portfolio amounted to 5% for the same period. We plan to continue to invest a significant amount per year for modernization measures. These modernization measures, which sometimes aim at improving energy efficiency, of buildings and refurbishments to current market standard, are implemented in markets where refurbished apartments are believed to deliver an average rent. Even if the real estate we have acquired, or will acquire in the future, is suitable for repositioning, modernization and refurbishment, such acquisitions or expenditures could prove unsuccessful or ineffective. Further, the assumptions with respect to achievable rental levels, rental increases, vacancy rates, modernization costs, personnel (including in-house facility management personnel) and overhead expenses, and for repairs, maintenance and capital expenditures and similar matters that we have made, or will make, in acquiring a real estate portfolio may prove partly or wholly inaccurate. Furthermore, unexpected problems or unrecognized risks could arise that are outside the parameters of our refurbishment and modernization contracts, including, in particular, changes in any applicable regulatory regime. The resolution of such unanticipated problems and risks could require us to expend unanticipated amounts of capital; or it may be the case that such problems and risks cannot be addressed in an economically reasonable manner. In addition, there are several environmental matters that are relevant with regard to modernization and refurbishments (see “—*Regulatory and Legal Risks—Our business is subject to the general legal environment in Germany. Any disadvantageous changes in the legal environment, such as mandatory environmental modernization provisions, restrictions regarding modernization measures or provisions (including taxes) that result in the incurrence of costs in the event of a property sale, or disadvantageous changes to the Berlin Mietspiegel or other regulation, may be detrimental to us.*” and “—*Regulatory and Legal Risks—We may incur environmental liabilities, for example, from residual pollution including wartime ordnance, soil conditions, asbestos and contaminants in building materials, as well as from possible building code violations.*”).

If we discover, during the course of a refurbishment or modernization, that a building we acquired is subject to historic preservation laws, the need to comply with the respective historic preservation requirements could lead to significant delays in the refurbishment or modernization process, our inability to carry out particular refurbishment or modernization measures, and significantly higher costs for the particular project. These factors could result in our inability to perform our contractual obligations to a tenant, with the consequence that the tenant's obligation to make payments would be excused or deferred. The same would be true if the legal requirements relating to existing and permitted properties and their use become more onerous, particularly with respect to construction and environmental requirements; similarly, requirements might be imposed to increase the availability of handicapped-accessible and adapted housing.

Any cases in which we have relied or will rely on incorrect assumptions or contingencies, e.g., with regard to achievable rents, modernization costs, other investments, the profitability of our business or the value or value development of our portfolio, will have a negative effect on our ability to successfully conduct our business and could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We rely on our ability to identify potential real estate portfolio acquisitions in order to pursue our investment strategies. We may not be able to identify all risks associated with any such acquisitions. Assumptions could prove to be insufficient or incorrect and a successful integration of acquisitions may not be achievable.

As part of our strategy, we evaluate real estate portfolios in order to identify those that might fit in with both our existing portfolios and our current management platform. Between January 1, 2017 and March 31, 2020, we have acquired 4,650 residential real estate units with a total residential area of 322 thousand sqm. In addition, through the completion of the takeover offer for ADLER Real Estate Aktiengesellschaft (“**ADLER Real Estate**” and, together with its subsidiaries, the “**ADLER Group**”), we acquired an additional 58,007 residential real estate units with a total residential area of 3,494,017 sqm. The properties we have acquired or will acquire might achieve less than the originally calculated profit or income due to inaccurate projections and assumptions or for other reasons. Although we have attempted and will continue to attempt to address the relevant issues, including for example tax, legal and operational management issues, arising from acquisitions, we may not have and in the future may not address all relevant issues related thereto and to the successful integration of the acquired portfolios. In particular, the integration risks associated with acquisitions of large portfolios are high due to their significant size. The integration of any future portfolio acquisitions may not be successful or may be more difficult than expected due to legal and contractual restrictions and obligations. In addition, we may be unable to integrate acquisitions or realize anticipated synergies, economies of scale and cost-savings. We may become subject to contractual obligations under acquisition agreements pursuant to which we acquired our real estate portfolio, which limit our ability to fully integrate acquisitions on a legal and operational basis and may result in delays and unforeseen costs. Moreover, laws governing pensions, labor unions and works councils may also limit our ability to integrate acquisitions and especially to move groups of employees from one legal entity to another. To the extent that we are not able to successfully integrate our current portfolio and any potential future portfolio acquisitions, we may be prevented from increasing revenues or reducing costs by achieving economies of scale in the manner that we anticipate. Any such failure could cause reduced levels of rental income and operating profit.

Furthermore, investments in property involve considerable risks. We are not always able to obtain from the seller the records and documents that we need in order to fully verify that the buildings we acquire were constructed in accordance, and that their use complies, with planning laws and building code requirements and regulations. We may only be able to conduct limited due diligence on, or the due diligence conducted may not accurately reveal the risks associated with, the properties or entities we plan to acquire. Accordingly, we may not be in a position to examine whether the original owners of the properties, and/or the properties themselves, have obtained all required permits for new buildings, satisfied all permit conditions, received all necessary licenses and fire, health and safety certificates, or satisfied all comparable requirements. In addition, the properties may suffer from hidden defects, such as contamination, and may thus require significant modernization investments. For example, while performing due diligence, we may not have discovered, or the seller may not have disclosed, that the properties that we have acquired have underground oil tanks underneath them or contain certain types of fungus that eat and rot wood, and thereby may weaken the structural foundations of our acquired properties. In addition, we may not have been able or are unable to undertake (or obtain results for) all searches (including title and security searches), inspections and surveys (including intrusive environmental and asbestos investigations and technical surveys) that we might otherwise carry out in relation to comparable acquisitions. Accordingly, in the course of the acquisition of residential and other property portfolios, specific risks may not be, or might not have been, recognized or evaluated correctly. Thus, legal and/or economic liabilities may be, or might have been, overlooked or misjudged. These circumstances could lead to additional costs and could have an adverse effect on our proceeds from sales and rental income of the relevant properties. The assumptions we rely on when acquiring real estate, particularly with respect to anticipated rents, achievability of vacancy reduction, maintenance expenses, integration costs and expected proceeds from condominium sales (privatizations), could turn out to be incorrect.

Although sellers typically make various warranties in purchase agreements that we enter into in connection with property acquisitions, it is possible that these warranties do not cover all risks or that they fail to cover such risks sufficiently. Additionally, a warranty made by a seller may be unenforceable due to the seller’s insolvency or for other reasons. In some cases, a real estate seller makes no representation or warranty as to the sufficiency and correctness of the information that is made available in the context of a due diligence investigation, or as to whether such information remains correct during the period between the conclusion of the due diligence

investigation and the closing of the relevant acquisition. Accordingly, such risks can arise despite a thorough due diligence investigation.

It could also subsequently become more difficult to let or sell certain properties; market rents could develop unfavorably; and/or vacancy rates could increase. In addition, the various factors that affect market rents make it difficult to project future rental income, so that the projected rental income in connection with an acquisition of property can develop differently than planned.

Our current portfolios, or portfolios that may be acquired in the future, may not develop as expected. For example, targeted rent increases may not be implemented as planned due to a lack of tenants who are willing or able to pay increased rents, a negative development of the location or property or increased vacancy rates, for example due to unfavorable demographic or economic developments.

Any inability on our part to identify and assess all risks in connection with acquisitions as well as insufficient or inaccurate assumptions could hinder or render impossible a successful integration of acquisitions, as a result of which we may incur higher costs, lower rental income or divergent value developments, which in turn could lead to material adverse effects on our business, net assets, financial position and results of operations as well as our prospects.

Our business is dependent on regional real estate markets and their liquidity, particularly Berlin, which may be subject to adverse market developments. Fluctuation in the development of the currently high demand and prices could make it difficult for us to conduct our business activities and to implement our strategy to capture additional growth opportunities.

As of March 31, 2020, our real estate portfolio comprised 17,620 units, of which 16,248 were residential units, with a joint portfolio value of €3.7 billion. Prior to the completion of the takeover offer for ADLER Real Estate, all of the real estate the ADO Properties Group owned was located in Berlin, and Berlin continues to represent a significant part of our portfolio. Accordingly, we are extensively dependent on trends in the Berlin residential real estate market, as well as general economic conditions and developments in Berlin. Our performance and the valuation of our properties are dependent on various factors including demographic and cyclicity trends in Berlin, purchasing power of the population, the development of the population, attractiveness of the particular locations of our properties, the unemployment rate and employment offers, infrastructure, social structure, and supply and demand for real estate space and assets in the respective locations and markets in Berlin. As of March 31, 2020, 24.2% of the total number of residential units owned by the Combined Group (as defined below) are located in Berlin. This could create a disadvantage compared to competitors who have a more geographically diversified real estate portfolio. In particular, the demand for residential real estate is subject to rapid and occasionally unpredictable changes, including as a result of changes to economic conditions, interest rates and business confidence. The effects of any decline in the attractiveness of the Berlin real estate market and of any downturn or illiquidity in the Berlin real estate market could significantly harm our business. In addition, regional economic and political developments, and other trends in the Berlin market, have a significant impact on the demand for our residential real estate and the rents achievable, as well as on the valuation of our properties. Such local developments may differ considerably from overall developments in Germany. For example, the purchasing power of residents of eastern German states lagged behind the purchasing power of the residents of western German states in 2018 and 2019 (*source: GfK—Purchasing Power Germany*). While some cities and regions in eastern Germany have seen decreasing unemployment rates and growing purchasing power in recent years, there is no guarantee that this trend will continue. Furthermore, we are also affected by the German economic conditions as a whole, such as growth in gross domestic product (“GDP”), unemployment, interest rates, inflation and financing availability.

Our investments are in real estate and due to the potentially illiquid nature of the real estate market, we may not be able to sell any portion of our portfolio or investments in a timely fashion, on favorable terms or at all.

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. The demand for real estate assets is influenced by, among other factors, the quality of the property, vacancy rates, the overall economic and

market situation at the time of the sale, the level of interest rates and the availability of debt financing to market participants.

As a result, if we were required to sell parts of our portfolio, particularly on short notice or under legal, financial or time pressure, there is no guarantee that we would be able to do so in a timely fashion or on favorable terms or at all. In the case of a forced sale, if, for example, creditors realize on 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.

Any of the above factors could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

Existing rent restrictions in connection with the promotion of public authorities and with heat supply contracts could limit the rent levels we may be able to charge.

Some of the properties that we have acquired are currently or have been subsidized by public authorities, mainly in the form of loans. As a result of such subsidies, certain restrictions are imposed, *inter alia*, on the maximum rent levels for the properties constructed, acquired or modernized using such subsidies and the eligibility of prospective tenants of publicly subsidized residential space. Such rent levels are significantly below current market rents for a number of rent restricted residential units, and it may be difficult to increase rents to market levels even after the lapse of the period in which subsidy restrictions apply. As of March 31, 2020, 3.0% (by sqm) of our properties were rent-restricted due to subsidies. In the three-month period ended March 31, 2020, rental income from such residential units amounted to €0.7 million (or 3.1% of our total rental income), compared to €2.8 million in the fiscal year ended December 31, 2019 (or 2.5% of the total rental income for the fiscal year ended December 31, 2019 (excluding the units sold under the Gewobag Sale (as defined below))). As of March 31, 2020, approximately 37% (by units) of the rent restrictions as a result of subsidies are scheduled to expire by 2022. The subsidies are subject to certain conditions. If we become unable to meet those conditions or violate them, we may have to pay a fine (e.g. in the case of not meeting rent restrictions) or subsidies may even be subject to revocation. In addition, we are subject to certain restrictions relating to heat supply contracting (“*Nahwärme*” and “*Fernwärme*”). As of March 31, 2020, 6.9% (by buildings) of our portfolio received heat through heat supply contracting. The German Federal Court of Justice (*Bundesgerichtshof*) has ruled that unless otherwise stipulated in the letting contract, a landlord is not allowed to introduce heat supply contracting without the tenant’s consent. One of the consequences of this ruling is that in some local rent sub-indices in Berlin, the margin by which we can increase the rent for residential units that we let with heat supply contracting has narrowed. Such limitation could ultimately restrict our ability to increase rents for the affected residential units and, ultimately, the profitability of our business activities and our ability to generate earnings from rentals in line with our strategy.

The geographic and/or asset type composition of our property portfolio has changed with the Completion and in the future may change due to further acquisitions or divestures.

The geographic composition of our property portfolio has changed and will change in the future. The completion of the combination of the business (the “**Completion**”) of ADLER Real Estate with the business of the ADO Properties Group (together with the ADLER Group, the “**Combined Group**”) (the “**Business Combination**”) following the voluntary takeover offer by the Company for all shares of ADLER Real Estate in the form of an exchange offer, as published on February 7, 2020, (the “**ADLER Offer**”) allows the Company to consolidate the ADLER Group’s property portfolio in the Company’s consolidated financial statements. Although the ADLER Group’s property portfolio comprises substantially the same asset classes of properties as our portfolio, the geographical distribution is different. As of March 31, 2020, the *core* residential property portfolio of the ADLER Group (excluding the ADO Properties Group) consisted of 57,252 total units with a lettable area of 3,446,292 sqm and was predominantly located outside of Berlin in secondary conurbations and significant urban areas across Germany. As of the same date, the ADLER Group (excluding the ADO Properties Group) held 1,670 and 2,381, respectively, of these residential units in Berlin (excluding and including project “*Riverside*” in Berlin). As of March 31, 2020, our residential real estate portfolio comprised 16,248 units with a total lettable area of 1,064,760 square meters, 99.7% of which were located in Berlin (based on Fair Value (as defined below))

according to the condensed valuation report prepared by CBRE GmbH, Hausvogteiplatz 10, 10117 Berlin, Germany. As a result of the Completion, the total portfolio to be reported by us in the context of a consolidation will therefore change.

In addition, we follow an opportunistic approach to acquisitions and focuses on real estate property which we believe has value increase potential. Consequently, we continuously seek investment opportunities throughout our key markets and the region of our strategic focus. Additionally, we monitor other markets that we believe might meet our investment criteria and, ultimately, such acquisition opportunities might arise in markets outside of our key markets. Therefore, the geographical composition of our property portfolio may change further, either as a result of new acquisitions or as a result of divestitures of properties by us, in particular should we shift our strategic focus to new markets. A change in the geographical composition of the property portfolio may lead to increased concentration in certain geographical areas, or introduce or increase dependencies on regional market conditions in new or different geographical areas. These may have different fundamentals, trends or legal, regulatory and tax regimes than the current region where our real estate properties are located. A broader geographical distribution may also result in additional costs in connection with the management of the properties and reduce the benefits of economies of scale. A different geographical distribution of the property portfolio may result in reduced availability of market data, which could limit our ability to accurately predict the performance of our investments.

Our business could be adversely impacted by negative developments in the economy and in the residential real estate markets in Germany.

We are active in the residential real estate market and have focused our activities on various residential real estate markets in Germany, including, in particular, Berlin. As of March 31, 2020, the value of our real estate portfolio was €3.7 billion, all of which was located in Berlin. In the three-month period ended March 31, 2020, we derived 93.1% of our revenue from rental activities (including facility services). Similarly, as of March 31, 2020, the Fair Value (as defined below) of the total real estate portfolio of the ADLER Group (excluding the ADO Properties Group) was €4,929.7 million. In the three-month period ended March 31, 2020, the ADLER Group derived 95.7% of its earnings from property lettings.

The success of the Combined Business therefore significantly depends on the development of the residential real estate market in Germany, including, in particular, Berlin. Average German disposable income per capita increased from €1,611 in 2016 to €2,899 in 2018 (*source: Volkswirtschaftliche Gesamtrechnung der Länder*) and unemployment decreased from 4.1% to 3.4% over the same period (*source: Federal Statistical Office—Press Release 075*), while our weighted average monthly rent for residential properties also increased from €6.42 (per sqm) in the fiscal year ended December 31, 2017, to €7.29 (per sqm) in the three-month period ended March 31, 2020. Similarly, the ADLER Group's average monthly rent for core residential properties (excluding the ADO Properties Group) increased from €5.17 (per sqm) in the fiscal year ended December 31, 2017, to €5.60 (per sqm) in the three-month period ended March 31, 2020. 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. In particular, unemployment in Berlin at 6.1% was above the national average (*source: Eurostat—Unemployment*). Additionally, the estimated purchasing power per capita was at €1,689 in Berlin in 2019 and therefore below the national average of €3,779 (*source: GfK—Purchasing Power Germany*). Our business is therefore highly dependent on macroeconomic and political developments, including changes in legislation, as well as other general trends affecting Germany. As an export-driven economy, Germany is particularly affected by the development of the world economy in general and the Eurozone in particular.

While unemployment rates in Germany have been relatively low in recent years, with 3.3% (as adjusted) in Germany as of December 2018 (*source: Federal Statistical Office—Unemployment*), public debt and unemployment levels remain high in many countries in the Eurozone, such as Italy, Ireland, Spain, Greece and Portugal, and future economic growth in the Eurozone is threatened by the fragile state of economic recovery in many Eurozone countries. The European and global economies may be impacted by many factors, *inter alia*,

Brexit (as defined below) (see “—*The withdrawal of the United Kingdom from the European Union may continue to cause significant political and economic uncertainty in the European Union and in the United Kingdom.*”), current geopolitical crises such as in Syria and the Ukraine, the uncertain economic prospects in China and other parts of the world, the results of recent and future elections in a number of Eurozone countries (including Germany) and other factors, such as the fluctuation of raw material prices and currency fluctuations. Furthermore, increased trade barriers resulting from the imposition of tariffs could negatively impact the global and regional economies. For example, in June 2018, the U.S. introduced new trade tariffs on certain steel and aluminum products (in addition to imposing punitive tariffs on trade partners such as China, Canada or Mexico). In response, the European Union (“EU”) introduced retaliatory tariffs on a list of American signature products. Any further escalation of trade disputes could lead to a worsening economic environment or outlook. In addition, strengthening populist movements in a number of EU member states create a risk of further destabilization of the EU and increased economic uncertainty. Such uncertainty and the resulting market volatility may create contagion risks for economically strong countries such as Germany and may spread to the Eurozone or other financial sectors and residential real estate markets.

In addition, the rapid spread of SARS-CoV-2 (the “**Coronavirus**”), first identified in December 2019, has resulted in a deterioration of the political, socio-economic and financial situation in Germany, and consequently this is expected to 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, 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. On March 25, 2020, the German parliament passed a law to mitigate the impact of the Coronavirus pandemic in civil and insolvency laws as well as in criminal law proceedings (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) (the “**COVID-Act**”). Pursuant to the COVID-Act, landlords may not terminate residential and commercial lease agreements if the tenant fails to pay rent during the period of April 1, 2020 through June 30, 2020, provided that such non-payment is caused by impacts related to the Coronavirus. Therefore, the tenant must demonstrate that non-payment is caused by impacts related to the Coronavirus to avoid termination. Payments that become due during the period of April 1, 2020 through June 30, 2020, but that were not settled, will have to ultimately be settled by June 30, 2022.

Adverse economic developments and other negative trends in the commercial and residential real estate markets in which we operate could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

Our future growth depends on the availability of real estate properties with value-add potential at reasonable prices, but growing competition and other factors may lead to increased prices and lower availability.

As part of our business strategy, we seek to acquire residential real estate portfolios. Since January 1, 2017 and as of March 31, 2020, we have acquired 4,650 residential real estate units with a total residential lettable area of 322 thousand sqm, of which 89 were residential units for privatization with a total property size of approximately 4,000 sqm across three properties. Moreover, as of the date of this Offering Memorandum, we have successfully completed the Business Combination with ADLER Real Estate, whose rental properties are mainly located in the German federal states of Lower Saxony, North Rhine-Westphalia, Saxony, Saxony-Anhalt and Brandenburg.

Such acquisitions are only feasible, however, 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 unfavorable 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 privatization through acquisitions and investing into our portfolios with attractive returns.

Our general ability to sell parts of our real estate portfolio depends on the state of investment markets and on market liquidity or declining real estate values. If we were required to sell parts of our real estate portfolio for the purpose of raising cash to support our operations, to repay debt or for other reasons, there is no guarantee that we would be able to sell such parts of our portfolio on favorable terms or at all. In addition, existing contractual obligations under loan or purchase agreements restrict our ability to sell certain parts of our portfolio.

As of March 31, 2020, 3.0% (by sqm) of our residential units were subject to rent restrictions that stem from public subsidies. In the case of a forced sale of all or part of our real estate portfolio, for example if creditors realize collateral, there would likely be a significant shortfall between the price obtained and the carrying amount of the portfolio sold.

In addition, a number of factors beyond our control, such as the overall development of real estate markets, construction activity, zoning and planning laws, influence the availability of offices, hotels, logistics/wholesale, retail, and residential properties generally. There is no guarantee that we will be able to continue to identify or acquire a sufficient number of suitable properties at reasonable prices that will allow us to successfully implement our business strategy or grow our business effectively.

The supply of real estate properties and portfolios available for sale may also be reduced due to fewer sales by private or public sellers. If for instance state-owned entities reduce or cease privatizing or selling their real estate holdings, as they have done over the past years, then supply, in particular for residential real estate, could be reduced, which may result in increased competition for acquisitions of suitable properties and may motivate potential sellers to sell properties through an auction process. The use of auction processes for the sale of properties has grown increasingly common in Berlin and may increase in the future. Any of these factors may result in increased prices for the types of properties which are our strategic focus. As a result, it could be more difficult for us to successfully acquire properties, which could limit our ability to grow our businesses effectively.

We are exposed to competition from national and international investors in the markets in which we operate. We compete to acquire attractive properties with other investors, such as international real estate funds, German open-ended and closed-ended funds and publicly listed German real estate companies, any of which may have greater resources, better information or better access to properties or financial resources and lower costs of capital than we do. We also compete with other property companies, investment funds, institutional investors, building contractors, individual owners and other entities to attract and retain suitable tenants on favorable terms. Competition in the real estate markets we target is generally intense and could further intensify in the future. There is no guarantee that we will be able to successfully compete in any of the regions within our strategic focus or will be able to enter new regions successfully. Changes in law or regulation may also create environments in which we can no longer effectively compete. In the future, increased competition could also require us to change our business strategy in part or in whole and could affect our ability to generate sufficient income. There is significant competition among potential acquirers in the German residential real estate market, and there can be no assurance that we will be able to implement our growth strategy or to successfully complete acquisitions.

Any inability to adequately react to regional real estate markets and their developments could jeopardize our efforts, business activities and strategic goals, including our strategy to capture external growth opportunities.

We are exposed to certain risks in connection with construction projects, including construction defects, availability of contractors, cost-overruns as well as health, safety and environmental risks.

With respect to the construction of our residential development projects, we are 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 our 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 us against relevant risks. Furthermore, we 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. Significant liabilities may not be identified or may only come to light after the expiry of our warranty, guarantee or indemnity claims. Any claims relating to defects arising from or related to one of our residential development projects may give rise to contractual or other liabilities, which can extend, depending on the relevant contractual or statutory provisions, for five years following completion of the development project and may not be covered by claims against our contractors or suppliers.

Moreover, our ability to successfully complete our development projects on time, at the anticipated quality or at all, depends on the availability contractors, service providers or sub-contractors. We may fail to meet standards and/or deadlines agreed with contractors and service providers and there can be no assurance that we will be able to hire qualified and reliable contractors. Contractors and service providers may be adversely

affected by economic downturns, insolvencies or any other risks inherent to the provision of any such services. These risks include damages caused by severe weather conditions (e.g., fires, floods or natural disasters) and construction-related delays due to personnel shortages, strikes, building site safety, governmental permits, adverse weather conditions, shortage of or inability to source building materials and transportation issues, any of which may be influenced by the respective parties' reliance on third parties. Among others, any of the aforementioned risks may result in significant cost overruns and project delays. Furthermore, we are exposed to cost increases in connection with services of contractors, service providers and sub-contractors. Any cost increases could adversely affect our ability to earn the projected yields related to our residential development projects.

Developing real estate entails certain health, safety, and environmental (“HSE”) related risks. A significant HSE incident at one of our development projects or a general deterioration in our HSE standards could put our employees, contractors or the general public at risk of injury or death and could lead to litigation, significant penalties or damage to our reputation. We 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. Furthermore, we may also be deemed to be responsible for latent or historic risks from unknown contamination, or may incur greater liability or costs than originally anticipated. The costs of remediation, investigation or defending against claims can be substantial, and they may not be covered by warranties and indemnities from the seller of the affected land plot or property or by our insurance policies, or may prove unenforceable. 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. Monitoring and ensuring HSE best practices may become increasingly expensive for us in the future if additional HSE requirements were to come into effect.

An increase in interest rates could have a material adverse effect on the real estate markets in which we operate.

One of the tools used by governments and central banks to support economic development over the last ten years was a lowering of interest rates. While low interest rates have generally not led to the desired levels of inflation, they have benefitted the Eurozone economies and supported demand for real estate, including commercial and residential real estate, due to the resulting availability of inexpensive financing. The benign interest rate environment has also had a positive impact on real estate valuations, as it tends to result in an increase of the value of future cash flows. Should overall economic growth accelerate, however, the European Central Bank could become more vigilant with regard to inflationary pressures and begin a cycle of monetary tightening, including through progressive increases in base interest rates, particularly if this growth leads to a tightening of the labor market. This could lead to a rise in interest rates in Germany and throughout the Eurozone and could result in increased investor interest in investments with a higher risk profile and a decrease in the attractiveness of real estate investments, resulting in lower demand for real estate and broad declines in real estate valuations, among other effects. An increase in interest rates could adversely impact our business in a number of ways, including the willingness of potential purchasers to acquire real estate in an environment of rising interest rates may be negatively affected, thereby restricting our ability to dispose of our properties on favorable terms when desired. Most purchasers finance their acquisitions with lender provided financing through mortgages and comparable security (in Germany so called land-charges). Lack of availability of such financing at attractive rates could therefore reduce demand for properties.

In connection with certain acquisitions, we have entered into contractual obligations that restrict our ability to freely divest parts of our portfolio or to increase rents for certain units or to rent to tenants not eligible for subsidized housing, and thereby potentially prevent us from extracting the maximum value from the affected properties.

Residential real estate transactions often include contractual clauses that restrict a buyer's right to divest the acquired portfolio or increase rent on the acquired residential units. Furthermore, sellers often restrict the buyer's right to terminate existing leases, which reduces the attractiveness of the affected units for prospective purchasers. The aforementioned restrictions are especially common in connection with the privatization of publicly-owned property, where the selling public authorities often intend to mitigate potential social effects of such transactions, or when these portfolios are subsequently sold on to third parties. Usually, most obligations lapse in full or in part after a certain period of time. As of March 31, 2020, 3.0% (by sqm) of our residential

units, with a total of 31,425 sqm of residential area, which accounted for 3.1% of the rental income generated over the three-month period ended March 31, 2020, were subject to certain contractual restrictions, including multiple restrictions or obligations. These limitations include in particular:

- restrictions on sales;
- preferential subscription rights;
- restrictions on the termination of lease agreements;
- restrictions on permitted use; and
- restrictions on rent increases.

In addition to these contractual obligations entered into in connection with acquisitions, we have acquired properties that have received subsidies from public authorities which restrict the level of rents chargeable on a part of our portfolio. For more information, see “—*Existing rent restrictions in connection with the promotion of public authorities and with heat supply contracts could limit the rent levels we may be able to charge.*”

The aforementioned restrictions may limit our ability to attractively market parts or all of our portfolio, which in turn could potentially restrain our ability to capitalize on business opportunities, to pass up opportunities for streamlining and generate profit. They could thereby lower the overall value of our property portfolio and limit our ability to generate cash flow from selective divestitures and have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

While we employ and work together with a large number of service providers, on whose performance we are dependent, we also have an integrated platform for active asset management and privatizations, which increases our personnel expenses and other fixed costs and may impose limitations to a more flexible business approach as compared to competitors that outsource these same services.

We have implemented a multi-faceted human resource approach to enable flexible management of service volumes by contracting with large numbers of service providers and to, at the same time, retain key business competences within the portfolio management by means of our integrated active asset management and privatization platform.

We employ and work together with a large number of service providers, including energy providers, providers of minor repairs and maintenance services and construction companies and therefore are dependent on their performance. As of March 31, 2020, we had business relationships with more than 800 service providers and incurred costs of €43.8 million during the three-month period ended March 31, 2020 in connection therewith (including for intra-group services provided). Such services may not be rendered in a timely manner or their quality may not comply with our requirements, regulatory framework or stipulations included in the service contracts. Moreover, certain contractors may experience operational or financial issues and certain services may become unavailable to us as a result thereof. Any failures by contractors to deliver in accordance with their contractual obligations may result in delays and additional expenses for us.

Since 2007, we have operated a fully integrated platform whereby we use our own personnel for key functions from portfolio management to modernization and privatization. In 2013, we added facility management to our platform. For these purposes, we have our own business areas of asset and portfolio management, property and facility management, and construction management. We employed 307 full-time employees as of March 31, 2020, of which 68, 208 and 31 were assigned to the areas of asset and portfolio management, property and facility management, and construction management, respectively. As further acquisitions take place, we may increase the number of personnel in the future. In addition, we have entered into agreements with third parties for providing additional asset management and services in order to benefit from their expertise and support in the respective areas. During the three-month period ended March 31, 2020, we incurred expenses of approximately €2.1 million (not including non-recurring expenses) in connection with the services provided by third parties. Our ability to manage our operations and growth requires the continuous improvement of operational, financial and management controls, reporting systems and procedures. If, as a result of business or economic conditions, we were forced to scale down our business operations, it would be substantially more difficult and costly for us to reduce our headcount than to reduce the services provided by third-party contractors.

Despite the existing quality control procedures, the quality of services rendered by our own employees could fall below the level of services performed by third-party contractors and reduce the attractiveness of our properties. Since some of these tasks are performed internally, we may not be in a position to claim compensation for damages from third parties from non-performance or improper performance. Moreover, if services rendered by our employees are not performed as scheduled or in a timely manner, or if the quality of work or the delayed execution of our work falls below applicable standards, we may face claims from our tenants, including rent reductions and additional compensations, or may not be in a position to re-let vacant units that require maintenance and modernization before new tenants can move in. In addition, in the course of rendering services, our employees, third-party suppliers, tenants or other individuals may be injured which, ultimately, exposes us to liability risks in relation thereto.

If the services from third-party providers are not performed in accordance with their contractual obligations or services, including those rendered by personnel of our integrated platform for portfolio management and privatization, are not performed as scheduled or if the quality of work falls below applicable standards, we may face claims from our tenants or from purchasers of individual residential units and may be exposed to delays and additional expenses, and ultimately not be in a position to re-let vacant units that require maintenance and modernization before new tenants or purchasers can move in.

Any failure to efficiently implement our multi-faceted human resource approach may result in delays, additional expenses, the general failure to be in a position to make apartments available to tenants or purchasers on time, if at all, which could lead to liability claims.

Our business includes condominium sales (privatizations) and our property portfolio contains some commercial units, both of which are subject to different risks than our residential rental units.

As part of our business strategy, we selectively sell individual residential units to owner-occupants or small investors in condominium sales (privatizations). During the three-month period ended March 31, 2020, we sold a total of 10 units (including one commercial unit) at an average price of €3,541 per sqm to owner-occupants or small investors as a part of that strategy (compared to 62 residential units sold at an average price of €3,934 per sqm during the fiscal year ended December 31, 2019). In executing condominium sales (privatizations), we sell individual residential units but not necessarily all units within a building. Any unsold condominiums bind us to continue the maintenance of the building, which may incur increased financial expenses and ultimately negatively affect our ability to sell condominiums at a profit. As of March 31, 2020, we held 131 residential units for sale in 10 apartment buildings. Moreover, our ability to profitably sell condominiums depends on the sales prices we can achieve, which, in turn, depend upon supply and demand. An increase in the supply of residential properties could put pressure on sales prices. In addition, pressure on sales prices could occur through a decline in overall demand, e.g. due to rising unemployment or an increase of interest rates. If real estate becomes less popular as an investment in general or in particular in Berlin, the demand for residential properties could also decrease.

As of March 31, 2020, 69.5% of our properties contain a total of 1,372 commercial units with a total lettable area of 161,727 sqm, which also includes seven purely commercial properties with a cumulative lettable commercial area of 17,201 sqm. The commercial portion of our portfolio accounted for 17.4% of our rental income as of March 31, 2020 (compared to approximately 17% of our rental income as of December 31, 2019). While many of the risks described in this Offering Memorandum also apply to the commercial units, a range of characteristics may increase or affect the risks associated with our commercial units. As our commercial units compete with other commercial properties in the neighborhood, demand for such units is site- and location-specific, which may result in narrower demand relative to residential units and may lead to prolonged or permanent vacancies. In terms of rent, the risk is more concentrated as lease contracts are usually made for higher amounts than for residential units. In addition, the re-letting of a commercial unit generally takes longer than the re-letting of a residential unit. Also, in the event of an economic crisis the demand for commercial units is adversely affected quicker than the demand for residential units. Finally, any vacant commercial unit, or a leased commercial unit that conducts an unsavory type of business, within our residential properties may in turn negatively impact our ability to retain residential tenants or locate new residential tenants for that property.

We are exposed to risks related to the structural condition of our properties and their maintenance, repair and modernization.

In order to sustain demand for a rental property and to generate adequate revenue through rental income 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 and building laws and extensive regulations (see "*Regulatory and Legal Risks—Our business is subject to the general legal environment in Germany. Any disadvantageous changes in the legal environment, such as mandatory environmental modernization provisions, restrictions regarding modernization measures or provisions (including taxes) that result in the incurrence of costs in the event of a property sale, or disadvantageous changes to the Berlin Mietspiegel or other regulation, may be detrimental to us.*"). Typically, the costs associated with maintaining a rental property at market standards are borne primarily by the property owner. As maintenance, repair and modernization is required to comply with changing legal or market requirements (e.g. with regard to energy saving), we, as the property owner, may be burdened with substantial expenses. In Germany, rent increases may be introduced to compensate for these expenses only under certain conditions and these rent increases may for all modernization projects announced as of January 1, 2019 not exceed 8% of the total costs incurred in connection with certain modernization measures and is capped at €3.0 per square meter within six years, or if the rent is less than €7.0 per square meter the rent may only increase by €2.0 (by sqm) within six years. In addition, we may not be able to increase rents to the extent legally permissible as a result of prevailing market conditions or the inability of tenants receiving state aid (as is the case for a part of our tenants) to afford these increased rents or otherwise.

During the three-month period ended March 31, 2020, our maintenance and capital expenditures – on average – amounted to €14.7 per sqm to our overall portfolios, amounting to total costs of approximately €0.7 million in that period. This is a decrease compared to the three-month period ended March 31, 2019, during which these expenditures averaged €16.2 per sqm. In comparison, our average maintenance and capital expenditures for the fiscal year ended December 31, 2019 amounted to €16.2 per sqm (corresponding to total costs of approximately €1.6 million during that period), which was a decrease compared to average maintenance and capital expenditures of €19.2 per sqm incurred during the fiscal year ended December 31, 2018. Although we constantly review the condition of our properties and have established a reporting system to monitor and budget the necessary maintenance, repair and modernization measures, numerous factors may generate substantial cost overruns or unexpected increases in costs for maintenance, repairs and modernization. These factors, which may include the material and substances used at the time of construction, currently unknown building code violations, the age of the relevant building and/or any inability to process damage reports in a timely manner, could result in substantial unbudgeted costs for refurbishment, repairs, modernization, damages arising from the delayed execution or non-execution of repairs and/or maintenance measures, decontamination required to remove and dispose of any hazardous materials (e.g. asbestos) which are harmful to the health of the residents, or other maintenance or upgrade work. Approximately 51% of our residential units were built between 1949 and 2005 and approximately 49% were built prior to 1949 (calculated on the basis of the fair value of our 16,248 residential units as of March 31, 2020).

We would incur additional and unexpected costs if the actual costs of maintaining or modernizing our properties were to exceed currently recognized cost levels, if we are not permitted to raise rents in connection with maintenance and modernization due to statutory or contractual constraints, or if hidden defects that are not covered by insurance or contractual warranties are discovered during the maintenance or modernization processes.

Any failure to undertake appropriate maintenance and modernization work at all or on economically reasonable terms in response to the factors described above could adversely affect the rental income earned from affected properties. Such failures could entitle tenants to withhold or reduce rental payments or even to terminate existing letting contracts.

We may be unable to find or retain suitable tenants on acceptable terms, and existing tenants may be unable to meet their payment obligations.

The letting of real estate is the most important aspect of our business as we generated 93.1% of our revenue from rental activities (including facility services) in the three-month period ended March 31, 2020. Our rental income depends on, *inter alia*, our ability to let our properties at profitable rent levels. Such efforts are influenced

by a number of factors, including the remaining term of existing lease agreements, the commercial conditions of current tenants and the attractiveness of residential real estate units for new or existing tenants. We may be unable to renew expiring lease agreements on acceptable terms or to find suitable tenants willing to enter into new lease agreements. There is also no guarantee that we will be able to successfully compete for suitable tenants with other landlords, who may be able to offer more attractive properties, lease terms and/or rent levels. If we misjudge the current or future attractiveness of our properties, it may be difficult to find suitable tenants that are willing to rent our properties at the rent levels or for the time periods anticipated by us. To a lesser extent, the same applies to our ability to let our commercial real estate properties which, in the three-month period ended March 31, 2020, generated 17.4% of our rental income (compared to 17.0% in the fiscal year ended December 31, 2019).

Failure to find and retain suitable tenants may prevent us from maintaining our current vacancy rate or letting vacant space, or may force us to reduce the rent levels to demands from current and future tenants.

In addition, the financial capacity or creditworthiness of our tenants may deteriorate over time, reducing their ability to make payments under their leases on time or at all. Reductions in tenants' abilities to make payments under their leases may force us to reduce rent levels for the relevant properties, resulting in rental income that is significantly lower than originally estimated, while our operating and financing costs might remain largely fixed or even increase. We may also be forced to engage in expensive and time-consuming administrative or legal proceedings in order to evict certain defaulting tenants. Further, insolvency or other restructuring activities undertaken by our tenants, with or without our consent, may result in modifications to the terms of our leases. Although we do not consider any single rental agreement to be material to our position, we take steps to verify the financial capacity of our tenants prior to entering into leases with them and, as such steps may not always be adequate or may not reveal undisclosed problems with such tenant's financial capacity. Ultimately, however, we may enter into a significant number of rental agreements on the basis of inadequate verification processes that could, in turn, collectively have a materially adverse impact on us as a whole. In addition, we cannot predict the financial stability of our tenants going forward and we may ultimately be exposed to the risk of cumulative financial instability of a significant number of our tenants.

Damage to our reputation and any reduced tenant satisfaction may result in reduced demand for our residential units and may make it more difficult for us to raise capital on favorable terms or at all.

If we are unable to maintain our reputation and high level of customer service, tenant satisfaction and demand for our services and properties could suffer. In particular, harm to our reputation could make it more difficult for us to let our residential units and could lead to delays in rental payments or the termination of rental contracts by our tenants. Any reputational damage due to our inability to meet customer service expectations could consequently limit our ability to retain existing and attract new tenants. Furthermore, harm to our reputation could impair our ability to raise capital on favorable 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 our business, net assets, financial condition, results of operations, cash flows and prospects.

Our information technology systems could malfunction or become impaired.

Our information technology systems are essential for our business operations and success. Any interruptions in, failures of, or damage to our information technology systems or our 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, we outsource some of our 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 unauthorized persons outside and within the ADO Properties Group. Any malfunction or impairment of our computer systems could interrupt our operations, lead to increased costs and may result in lost revenue. We cannot guarantee that anticipated and/or recognized malfunctions can be avoided by appropriate preventive security measures in every case. The integration of newly acquired portfolios into our 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. We may also have to expend additional funds and resources to protect against or to remedy potential or existing security breaches and related consequences. If information

technology services provided by service providers were interrupted or were to fail, we possibly might not be able to cover the damages suffered due to reasons including liability limitations or insolvency of the service provider.

In addition, due to the constant development of information technology we might decide to outsource further information technology services or replace a current information technology service provider. If we had to engage a new or replace one of our current information technology service providers, a migration of information technology services would tie up resources that cannot be deployed elsewhere. Such a migration would likely incur substantial costs and potential interruptions in our business processes as well as potential losses of data and could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

We are subject to certain obligations and restrictions due to the stock listing of the Company which also applies to the stake in ADLER Real Estate.

As of the date of this Offering Memorandum, the Company'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). Consequently, the Company is exposed to the restrictions and obligations arising from the applicable laws and regulations in Germany as well as the requirements of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). This stock listing imposes obligations and restrictions on the Company under and in connection with, amongst others, (i) the applicable capital markets provisions on an EU level, such as the European Regulation (EU) No 596/2014 of 16 April, 2014 on market abuse, including the prohibition of insider trading and obligations to draw up insider lists and disclose inside information, (ii) the implementation of related EU directives in Germany and Luxembourg, respectively, (iii) national legislation in Germany and Luxembourg, and (iv) the applicable rules of the relevant stock exchange on which the Company's shares are traded. In addition, the Company, as a result of being a shareholder of, among others, Consus Real Estate, is subject to applicable capital markets laws and regulations, such as certain notification obligations on shareholding, public takeover regulations and squeeze-out provisions.

Any violation or breach of these laws and regulations could affect the overall reputation of the Company and, depending on the case, expose the Company to administrative or judicial proceedings, which could result in adverse judgments and administrative fines. Furthermore, there is a risk that the obligations and restrictions arising from such laws and regulations may restrict or adversely influence our ability to take material decisions with respect to the Company's interest in Consus Real Estate and in ADLER Real Estate, the shares of which are also 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 withdrawal of the United Kingdom from the European Union may continue to cause significant political and economic uncertainty in the European Union and in the United Kingdom.

The ongoing political situation surrounding the United Kingdom's withdrawal from the EU ("**Brexit**") is partially characterized by rapid developments and unexpected change. The final consequences of Brexit are impossible to predict. The member states of the EU will face greater barriers to trade and commerce with the United Kingdom, which may in turn diminish overall economic activity between the EU and the United Kingdom, resulting in a general economic downturn. The uncertain consequences of Brexit have already caused additional volatility in the financial markets. Since we rely 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 our ability to refinance our existing and future liabilities or gain access to new financing, in each case on favorable terms or at all. Furthermore, our counterparties, in particular our hedging counterparties, may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

Any of the above factors could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

Risks related to the ADO Properties Group's Financial Situation

Property valuation is inherently subjective and uncertain and is based on assumptions which may prove to be inaccurate or affected by factors outside of our control. The property valuation serves as a basis of and is combined with other factors for our fair value model which, ultimately, could require downward revisions of the current fair values of our investment properties.

Property assets are inherently difficult to value due to their lack of homogeneity and liquidity. We record investment properties at fair value, which is the price that would be received when selling an asset or transferring a liability in an orderly transaction between market participants at the measurement date ("**Fair Value**"). The investment properties of the ADO Properties Group (except the ADLER Group) are appraised as of June 30 and December 31 of each year and the Fair Value of the investment properties as of December 31, 2019 was determined based on valuations as of December 31, 2019, undertaken by the external valuer (as defined by the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017) CBRE GmbH ("**CBRE**"). As of December 31, 2019, the combined property value of all of our properties was €3.7 billion.

The properties owned by the ADLER Group generally undergo a detailed valuation as of June 30 and December 31 of each year. The fair value of certain residential rental units owned by the ADLER Group (including non-core properties) (excluding the ADO Properties Group) as of December 31, 2019 was determined based on valuations as of December 31, 2019, undertaken by the external valuer (as defined by the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017) Savills Advisory Services Germany GmbH & Co. KG ("**Savills**"). As of December 31, 2019, the value of these residential rental units was €2.0 billion. Furthermore, the fair value of the residential rental units owned by Brack German Properties B.V., a wholly-owned subsidiary of Brack Capital Properties N.V. ("**BCP**"), in which ADLER Real Estate holds a 69.81% stake as of December 31, 2019 was determined based on valuations as of December 31, 2019, undertaken by Savills. As of December 31, 2019, the fair value of these residential rental units was €1.0 billion. Moreover, the fair value of certain existing properties and the development projects of the ADLER Group as of December 31, 2019 was determined based on valuations as of December 31, 2019, undertaken by the external valuer (as defined by the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017) apollo valuation & research GmbH ("**NAI Apollo**"). As of December 31, 2019, the fair value of the development projects owned by the ADLER Group (excluding the ADO Properties Group) was €1.7 billion.

The fair value of the development properties owned by Consus Real Estate AG ("**Consus Real Estate**" and, together with its consolidated subsidiaries, the "**Consus Group**") was based on valuations as of February 29, 2020, undertaken by NAI Apollo. As of February 29, 2020, the fair value of the development properties owned by the Consus Group was €2.8 billion.

Valuations are based on assumptions that could subsequently turn out to have been incorrect. The recording of investment properties at the cost of acquisition or production occurs only at the time the property is received. On the balance sheet dates subsequent to the accession of the property, the fair value of the property is used. The equity attributable to shareholders calculated on the basis of the best practice recommendations of the European Public Real Estate Association ("**EPRA**") (amended for the value from the revaluation of trading properties and adjusted for deferred taxes, the fair value of derivative financial instruments) ("**EPRA NAV**") reflects the fair value of net assets on an ongoing and long-term basis. As of March 31, 2020, the EPRA NAV of our real estate properties amounted to €2,824 million. As of the same date, the EPRA NAV of ADLER Real Estate amounted to €1,840 million (as adjusted for goodwill and on a fully diluted basis).

The best evidence of fair value is supplied by, for example, the general market environment, interest rate levels, the creditworthiness of the tenants, conditions in the rental market and the quality and potential development of the locations. The valuation of real estate is therefore subject to numerous uncertainties. The past or future assumptions underlying the property valuations may later be determined to have been erroneous. In particular, there can be no certainty regarding the potential economic effects and outcomes of the *Berliner Mietendeckel* (or any future legislative decisions to restrict or limit rents chargeable for residential units) on the valuations or any potential future revision thereof. Accordingly, there is a risk that if a downturn occurs in the real estate market or the general economic situation, we may need to revise downward the values of our total portfolio on the consolidated statement of financial position. Any change in fair value must be recognized as a profit or loss under the fair value adjustment. In the three-month period ended March 31, 2020, we did not recognize a profit

due to a change in fair value, while profit recognized due to a change in fair value amounted to €462 million in the fiscal year ended December 31, 2019.

The valuation of real estate is based on a multitude of factors that also include the appraiser's subjective judgment. In valuing properties, the appraisers are required to make certain key assumptions in respect of matters including, but not limited to, the existence of willing buyers, title to the property, condition of structure and services, deleterious materials, environmental matters, legal matters, statutory and regulatory requirements and planning, transaction pricing, estimated market rental values, market yields, expected future rental revenues from the property and other factors. The adoption of different assumptions would be likely to produce different valuation results and assumptions may prove to be inaccurate and could negatively affect the valuation of our properties.

Property valuations are complex, involve the use of data which is not publicly available and involve a degree of subjective professional judgment by the appraiser. As a result, any valuation presents the external appraiser's best estimate of the value of our properties or acquisition targets. However, there can be no assurance that the valuations accurately reflect the actual sale proceeds that could be achieved upon a sale (or purchase) of the properties valued, even where any such transactions occur shortly after the relevant valuation date, and particularly if, due to unforeseen circumstances, we would be forced to sell (or purchase) properties under unfavorable conditions. Likewise, there can be no assurance that the estimated yields and estimated rental values will prove to be achievable.

Any deviation between the valuations of our properties or acquisition targets to the reflected value of the underlying properties may require us to make significant fair value adjustments in the future.

In the event of a downturn or other developments in the real estate markets in Germany or a downturn in the interest rate environment, the fair values of the properties in our property portfolio may decline, which may have material adverse effects on the valuation of our property portfolio.

We account for our real estate properties at fair value. The valuation model is predominantly based on the present value of net cash flows to be generated from the property in question, taking into account expected rental growth rates, vacancy periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants, as well as capex and maintenance expenses related to the property. In specific cases the appraisers use special assumptions, assuming facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality, lease duration and terms, and the interest rate environment.

Establishing the valuation parameters involves substantial judgment and such judgments may prove to be inaccurate. In addition, any change to valuation methodology, including as a result of changes to the statutory requirements, may result in gains or losses in our financial statements, based on the change to each property's valuation compared with prior valuations. There can be no assurance that any particular valuation could be realized in a third-party sale.

When evaluating our properties, we engage third-party appraisers. The valuations given to properties by third-party appraisers and reflected in our financial statements and in this Offering Memorandum may exceed or be below the actual amount of net proceeds which would be realized on the relevant property at the time of any sale, and are subject to fluctuation over time. Such variations may be driven by factors outside of our control and we may not be able to realize the full property value reflected in any valuation report.

The fair value determination also reflects not only the circumstances directly connected with the property but also the general conditions of the real estate markets, such as regional market developments and general economic conditions or interest rate levels. Accordingly, there is a risk that in the event of a downturn in the real estate market where the property is located or in the general economic situation, we will need to revise downward the value of our portfolio. In addition, rising interest rates generally may have a negative influence on the fair value of property portfolios, and may impact the value of our real estate portfolio (see "*Risks related to the ADO Properties Group's Business Activities and Industry—We are exposed to certain risks in*

connection with construction projects, including construction defects, availability of contractors, cost-overruns as well as health, safety and environmental risks.”).

Any change in fair value must be recognized as a profit or loss under the fair value adjustment. Any significant negative fair value adjustments that we are required to make could therefore have significant adverse effects on our financial condition and results of operations, as well as the market price of the Notes. Additionally, there would be negative effects on certain performance indicators, particularly with respect to net asset value (“NAV”) and our loan-to-value ratio (“LTV-Ratio”), which may have a negative influence on the credit rating of the Company and may constitute a covenant breach under certain financing agreements or debt securities.

An increase in general interest rate levels as well as capital markets instability may increase our financing costs, while the current economic environment, characterized by relatively high values of our properties and the prices at which we are able to sell our properties, may decrease.

The total amount of our net financial liabilities (calculated as financial liabilities less cash and cash equivalents) was €1,094 million as of March 31, 2020. As of the same date, the average interest rate payable for the total amount of our financial liabilities was at 1.6% and the weighted average maturity term was four years. Furthermore, as of March 31, 2020, the total amount of ADLER Real Estate’s net financial liabilities (calculated as bonds and financial liabilities to banks, less cash and cash equivalents) was €4,454 million, the average interest rate payable for the total amount of ADLER Real Estate’s financial liabilities was at 1.9% and the weighted average maturity term was 3.4 years. Our business model is also based on leveraging our properties. When concluding financing agreements or extending such agreements, we depend on our ability to agree on terms and conditions pertaining to interest payments that will not impair our targeted profit, and to amortization schedules that do not restrict our ability to pay intended dividends. As of March 31, 2020, more than half of our outstanding financing arrangements expire in or after 2023. As of the same date, €1,907 million of ADLER Real Estate’s outstanding financing arrangements expire in or after 2023. Currently, the European Central Bank’s lead rate is at a historic low, thus favorably impacting interest rates charged by banks. This trend, however, may reverse itself, resulting in an increase in both interest rates and financing costs.

The global financial and economic crisis has resulted in increased uncertainty regarding future economic developments. This uncertainty regarding the general economic outlook has increased the popularity of investment opportunities that provide stable and largely predictable cash flows, such as investments in German residential real estate, especially in the current low-interest rate environment. The resulting increased popularity of investments in residential real estate has resulted in an increase in property prices and the value of residential real estate companies. These developments could reverse themselves if, for example, interest rates were to rise, which could adversely impact us in a number of ways. For example, the Fair Value recorded on the Company’s balance sheet in accordance with International Accounting Standard (“IAS”) 40 in conjunction with International Financial Reporting Standards as adopted by the European Union (“IFRS”) 13 tends to increase in an environment of rising interest rates, which in turn could result in our properties having a lower Fair Value.

Given our dependence on our ability to access financial markets for the refinancing of our debt liabilities and the access to equity capital to expand our business model, the continued instability or a further deterioration of the economic environment or the capital markets in some Eurozone countries may reduce our ability to refinance our existing and future liabilities. Furthermore, our counterparties, in particular our hedging counterparties, may not be able to fulfill their obligations under the respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons (see “—When we attempt to mitigate interest rate risk by entering into hedging agreements, we also become exposed to the risks associated with the valuation of hedging instruments and hedge counterparties and the hedging agreements may not be effective.”).

Our ability to refinance existing financing agreements on economically reasonable terms is, among others, affected by changes in the general economic environment, increases in interest rates and decreases in prices at which we are able to sell our properties.

A downgrade or a withdrawal of the Company's current credit rating may impact our ability to obtain financing or issue further debt and may have a negative impact on our debt costs and on the market price of the Notes.

As of the date of this Offering Memorandum, the Company is assigned a long-term issuer credit rating of "BB" with a stable outlook by Standard & Poor's Global Ratings Europe Ltd. ("S&P") and a "Ba2" rating with stable outlook by Moody's Investors Service Ltd. ("Moody's"). ADLER Real Estate is assigned a long-term issuer credit rating of "BB-" with a stable outlook from S&P. Accordingly, ADLER Real Estate is assigned a lower creditworthiness than the Company. Consus Real Estate is assigned a long-term issuer credit rating of "B-" with a stable outlook by S&P and a "B-" rating with a stable outlook by Fitch Ratings Ltd.

The credit ratings of the Company may be downgraded or withdrawn in the future as a result of the Consus Real Estate Majority Acquisition (as defined below) or factors that are beyond our control, such as a deterioration in the real estate or financial markets, or weakened financial performance by us, or future exposure to the development business, which is characterized by increased capital expenditure and leveraged financial profiles. The Completion could lead to a lower assessment of the creditworthiness of the Company in the event of a new review of the Company's current credit rating, which in turn could result in a downgrade or a withdrawal of the credit rating.

Any negative change in the credit rating of the Company may make future financing and debt issuances by us more difficult and expensive, and may require us to, among other things, pay higher interest rates and/or 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. A downgrade or withdrawal of the credit ratings of the Company may also result in a significant decline in the market price of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

We have a substantial level of debt and are dependent on refinancing significant amounts as they become due. We may not be able to extend our existing credit arrangements, refinance our debt on substantially similar terms when it matures or obtain acquisition financing on financially attractive terms when needed.

As of March 31, 2020, we had €1,094 million of outstanding net financial liabilities (calculated as financial liabilities less cash and cash equivalents). As of March 31, 2020, the total of our existing financial liabilities amounted to €1,507 million with an average interest rate of 1.6%. As of the same date, €95 million of this amount was due until the end of 2022, €34 million between 2023 and the end of 2024, and €79 million only from 2025. As of the date of the Offering Memorandum, €85,470,000 have been drawn under the Bridge Facility (as defined below). Furthermore, as of March 31, 2020, ADLER Real Estate's total existing net financial liabilities amounted to €4,454 million with an average interest rate of 1.9% and, as of the same date, €2,634 million of this was due until the end of 2022, €1,005 million between 2023 and the end of 2024, and €92 million only from 2025. We may require additional capital to finance or refinance our debt, capital expenditures, future acquisitions and working capital requirements. In order to undertake our planned programs such as refurbishment, and to acquire further real estate portfolios, we will likewise need to borrow additional funds or to raise additional equity capital. The extent of our future capital requirements will depend on many factors which are beyond our control, and our ability to meet such capital requirements will depend on future operating performance and ability to generate cash flows. Additional sources of financing may include equity, hybrid debt/equity and debt financings or other arrangements. There can be no assurance that we will be able to obtain additional financing on acceptable terms, or at all, when required.

If we do not generate sufficient cash flows or if we are unable to obtain sufficient funds from future equity or debt financings or at acceptable interest rates, we may not be able to pay our debts when due or to fund other liquidity needs which would severely limit our operating flexibility.

Our level of debt, the terms of current and future borrowings, and the hedging transactions we have entered into, or will enter into in the future, could significantly constrain our operations and could make it more difficult or expensive to obtain new sources of financing without breaching financial covenants.

In the past, we incurred debt in the form of bonds and/or loans to refinance existing obligations, as well as to finance acquisitions, and we intend to continue to do so in the future. As of March 31, 2020, the total of our existing financial liabilities amounted to €1,507 million with an average interest rate of 1.6%. As of the same date, €95 million of this amount was due until the end of 2022, €34 million between 2023 and the end of 2024, and €79 million only from 2025. Furthermore, as of March 31, 2020, ADLER Real Estate's total existing net financial liabilities amounted to €4,454 million with an average interest rate of 1.9% and, as of the same date, €2,634 million of this was due until the end of 2022, €1,005 million between 2023 and the end of 2024, and €92 million only from 2025. As of March 31, 2020, our LTV-Ratio was 29.4%, compared to a LTV-Ratio of 39.6% as of March 31, 2019, with the decrease mainly attributable to adjustments as a result of the sale of approximately 5,900 residential apartments to GEWO BAG Wohnungsbau-Aktiengesellschaft Berlin (the "**Gewobag Sale**"). ADLER Real Estate's LTV-Ratio was 52.4% and 61.2% as of March 31, 2020 and 2019, respectively. Our 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 to grant new loans, to make new loans available to us only on less favorable financial terms, to refuse to extend existing credit lines, to extend them only on less favorable terms or to require additional security.

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 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.

Various loans that the Company's subsidiaries obtain are secured by mortgages on real estate owned by us. Although we seek to obtain mortgages securing indebtedness which encumber only the particular real estate to which the indebtedness relates, certain loans may be collateralized by other real estate as well. If recourse on any loan incurred to acquire or refinance any particular property includes other properties, the equity in such other real estate could be reduced or eliminated through foreclosure on the relevant loan. If a loan is secured by a mortgage on a single property, we could lose that property through foreclosure if we default on that loan. If we were to default on a loan, we could become involved in litigation related to matters concerning the loan, and such litigation could result in significant costs.

Certain situations or events allow our creditors to terminate certain debt facilities even without a breach of covenant, for example, if our economic situation is adversely affected. Any such event could cause all debt outstanding under the relevant facility to become immediately due and payable, and there could be cross defaults under other financing agreements, for example, due to an event of default under another financing agreement or the non-payment of amounts due and payable. If we are forced to repay one or more of our financial obligations early or on short notice, whether due to default, cross default, or otherwise, we might be unable to do so, we might be able to do so only by refinancing on significantly less favorable economic terms or we may be forced to sell some or all of the assets comprising our real estate portfolio. In addition, as of March 31, 2020, 57.6% of our assets served as collateral to our lenders to secure our financial obligations. Creditors might also be able to seize significant amounts of the assets that we have pledged as collateral under certain of these financing agreements.

We could incur substantial losses from damage not covered by, or exceeding the coverage limits of, our insurance policies.

As of March 31, 2020, all of our properties are insured against losses due to fire, natural hazards and specified other risks in amounts that we believe to generally be in line with market practice. However, our insurance policies are subject to exclusions and limitations of liability, including with respect to losses resulting from damages from mining, nuclear power or war. We may, therefore, have limited or no coverage for losses that are excluded or that exceed the respective coverage limitations. In addition, our insurance providers could become

insolvent. Should an uninsured loss or a loss in excess of our insurance limits occur, we could lose capital invested in the affected property as well as anticipated income and capital appreciation from that property. Moreover, we may incur further costs to repair damage caused by uninsured risks. We could also be held liable for any debt or other financial obligation related to such a property and thus may experience material losses in excess of insurance proceeds.

Any of the above factors could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

The Company's cash flows and possible future dividend payments are dependent on the distributable capital and annual profit and profitability of its subsidiaries or must be augmented by borrowed capital.

The Company is a holding company and does not conduct its operating business itself but does so through its subsidiaries. To cover the Company's operating costs, it relies on, among other things, distributions that it receives from its subsidiaries and other investment interests or, as the case may be, scheduled repayments of loans it has granted to its subsidiaries. The distributions by its subsidiaries depend, in-turn, on the subsidiaries' operating results and their ability to make those distributions under applicable law and potential restrictions of existing and future loan contracts, including the consent of banks to the distribution of surplus cash or the repayment of shareholder loans. Such funds, and the ability to source cash from subsidiaries, may not be sufficient in the future to satisfy all of its 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.

Negative developments in connection with any such factors or at the level of each subsidiary, including any impairment of the ability by such subsidiary to continue making distributions of cash to the Company, could force it to sell properties or borrow money on unfavorable terms. We will most likely refrain from paying dividends if available cash is insufficient for the payment thereof. However, any decision to borrow money to facilitate paying dividends could, while in the short-term potentially strengthen the Company's position among shareholders, result in increased financial obligations over the long run.

We bear risks in connection with greater indebtedness and higher interest expenses.

Any acquisition of additional property by us could be financed by taking on additional debt or by issuing and offering new shares in the capital markets or by a combination thereof. If we are unable to obtain the necessary capital on reasonable terms, we may be unable to make further acquisitions, may be able to do so only to a limited extent, or, if debt financing is available, may be able to do so only by taking on additional debt. As of March 31, 2020, the EPRA NAV of our real estate portfolio amounted to €2,824 million and the LTV-Ratio was at 29.4%. As of the same date, the EPRA NAV of ADLER Real Estate was €1,840 million (as adjusted for goodwill and on a fully diluted basis) and the LTV-Ratio was at 52.4%. Any additional debt incurred in connection with future acquisitions could have a significant negative impact on our performance indicators EPRA NAV and LTV-Ratio and could result in higher interest expenses for us. If we are no longer able to obtain the debt or equity financing, we need to acquire additional property portfolios, or if we are able to do so only on onerous terms, our further business development and competitiveness could be severely constrained.

When we attempt to mitigate interest rate risk by entering into hedging agreements, we also become exposed to the risks associated with the valuation of hedging instruments and hedge counterparties and the hedging agreements may not be effective.

We have entered, and in the future may enter, into financing agreements with variable interest rates. Although we typically hedge our variable interest rate financing agreements using customary market hedging instruments, the hedging instruments that we use may not completely counterbalance a potential change in interest rates or may not match the loan maturity. As of March 31, 2020, almost all of our loans which carried a variable interest rate, totaling a book value of €76.9 million as of the same date, had been hedged. The valuation of hedging instruments itself depends on the level of interest rates, impacting our equity and, to a lesser extent, our results

of operations. A similar decrease in the interest rate would have resulted in the opposite, but even more pronounced, effect, meaning it would have had a negative impact on our equity and a positive effect on our results of operations and our net assets. Further, we may be unable to enter into, or only at significantly higher costs, extensions or renegotiations of hedging instruments that may become necessary given the interest rate terms at the relevant time.

We are exposed to the risk that our hedging counterparties will not perform their obligations as established by the hedging agreements into which we have entered. Hedging counterparties may default on their obligations to us due to lack of liquidity, operational failure, bankruptcy or for other reasons. Following the recent financial crises, the risk of counterparty default has become increasingly relevant. Market conditions have led to the failure or merger of a number of prominent businesses and financial institutions under distressed conditions in recent years.

Further, in case of negative floating interest rates we are obliged under hedging agreements in form of swaps to pay an additional amount to the respective hedge counterparty. Such amount is in addition to our obligation to pay the fixed amount and calculated based on the negative floating interest rates and the relevant nominal amount for the period. Accordingly, in case of material negative floating interest rates these payment obligations will be material as well.

We have grown rapidly and there is no guarantee that we will be able to manage future growth successfully. Our historical earnings and other historical financial results are not necessarily predictive of future earnings or other financial results.

The financial information included in this Offering Memorandum relates to our past performance. We have grown rapidly, and our future development could deviate significantly from past results due to a large number of internal and external factors. There is no guarantee that we have the capacity to adequately manage and handle our future growth. Our risk management, IT, property management and other operational systems may be unable to handle our growth, and we may be unable to acquire the employees, operating capacity and other resources that we need to handle our growth in the future.

In addition, because of the rapid growth, the historical earnings, historical dividends and other historical financial data of the Company are not necessarily predictive of our future earnings or other financial results. The information presented in this Offering Memorandum often involves forward-looking statements based on our estimates and assumptions. There can be no assurance that these estimates and assumptions will be accurate, reasonable or correct in every market condition, and we may fail to accurately predict future developments.

The assumptions made in preparing the profit forecast included in this Offering Memorandum may prove incomplete or inaccurate.

The profit forecast included in this Offering Memorandum reflects numerous assumptions made by the Company's management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations or rules, all of which are difficult to predict and are beyond the Company's control.

Accordingly, the assumptions made in preparing the profit forecast could prove incomplete or inaccurate and there may be differences between the Company's actual and projected results, which could be material and could in the future impact the market price of the Notes. The inclusion of the profit forecast in this Offering Memorandum should not be regarded as an indication that the Company considers such financial targets to be achievable or any outlook to be reliable predictions of future events. Accordingly, investors should not place undue reliance on the profit forecast included in this Offering Memorandum.

Regulatory and Legal Risks

German laws protecting residential tenants and existing restrictions on the rate of rental increases could make it more difficult to increase the rents of residential units we own.

In Germany, the landlord-tenant relationship is subject to a significant level of statutory regulation which, for the most part, provides far-reaching social protection for tenants under residential leases. According to German

law, for example, a landlord may not increase residential rents by more than an aggregate of 20% over a three-year period in general and by no more than an aggregate of 15% in Berlin.

If the parties to a tenancy agreement have not agreed on a gradual rent (*Staffelmiete*) or an index-linked rent (*Indexmiete*), which is only permissible within certain limits and unusual in residential leases, and the tenant refuses to amend the tenancy agreement, a rent increase may be effected unilaterally within the statutory and contractual limits set forth in the respective rent index (*Mietspiegel*), or for those units that have been modernized or to compensate for certain necessary construction measures.

Following a rent increase, the tenants may have a special termination right. The Berlin municipality publishes a new qualified rent index every two years. The latest update of the rent index for Berlin has been published on May 13, 2019. The average residential rents in Berlin increased in the time period 2017 – 2019 by 2.5% per year whereas in the time period from 2015 – 2017 the increase was at a level of 4.6 % per year.

In addition to the generally applicable rent increase restrictions as mentioned above, we are subject to additional restraints on rent increases arising from the acquisition agreements through which the respective real estate portfolio or property for privatization was purchased. Such restrictions limit our ability to impose rent increases as the increase may not exceed the average cost of living index for a defined amount. Further mandatory legal provisions impose occupancy restrictions on landlords who have received public subsidies with regard to residential units. As of March 31, 2020, 3.0% (by sqm) of our residential units were subject to rent restrictions that stem from public subsidies, accounting for 3.1% of our total rental income. The assumptions in our business plan with respect to the effect of occupancy rights and restrictions on rent increases may prove to be inaccurate. To the extent that the assumptions made are inaccurate, our rental income and operating profit may not grow over time or not as quickly as we have assumed or may remain static.

Affordable housing has been and continues to be a political topic of controversial discussion in Berlin and throughout Germany. During the last couple of years, legislative developments have adversely affected our business. For example, in 2011 the parliament of the State of Berlin passed a law on social housing (*Wohnraumgesetz Berlin*) that provides for, *inter alia*, stricter rules on rent restrictions for recipients of certain public housing subsidies. Furthermore, this legislation allows tenants of state-subsidized housing to terminate the existing letting contract in certain cases of rent increases, within a period of three months.

Moreover, changes to the legal framework may further negatively impact our ability to increase rents. Affordable housing continues to be a political topic that attracts a high level of attention. German residential landlord tenant law (*Wohnraummietrecht*) is considered to be tenant friendly in many respects, including limits on the amount of rent chargeable.

Restrictions and ceilings for existing and new leases, such as the rent cap (*Mietpreisbremse*) and the rent freeze (*Mietendeckel*), as well as restrictions on rent increases following modernization of the properties in accordance with the German Tenancy Adjustment Act (*Mietrechtsanpassungsgesetz*), which came into force in January 2019, are further examples for restrictions on rent increases.

The German Act on Curbing Rent Increases in Tight Housing Markets and the Strengthening of the Orderer Principle with respect to the Business of Rental Agents—Tenancy Law Amendment Act (*Gesetz zur Dämpfung des Mietanstiegs auf angespannten Wohnungsmärkten und zur Stärkung des Bestellerprinzips bei der Wohnungsvermittlung—Mietrechtsnovellierungsgesetz*) (“**MietNovG**”) entered into force on June 1, 2015. A provision of MietNovG that authorizes the German federal state governments to determine areas with a tight housing market already entered into force on April 27, 2015. A decree declaring Berlin as an area with a tight housing market was issued by the Berlin government on April 28, 2015. One of the main topics of MietNovG is a cap on rents for new leases (*Mietpreisbremse*). This rent cap provides that, subject to certain exceptions such as the first-time lease of newly build apartments, no rent may exceed the local comparative rent by a maximum of 10% in case of new lettings of residential units in areas designated as a tight residential rental market. However, the rent cap only applies if the federal states have implemented ordinances designating areas as tight residential rental market.

In addition, the German Tenancy Adjustment Act tightens the provisions for implementing the rent cap at the expense of landlords. According to the new provisions, landlords are obliged in certain cases to provide a tenant with unsolicited information on the rent achieved for the apartment prior to the conclusion of the rental

agreement. In addition, it has been made easier for tenants to make a complaint based on the rent cap. Whereas tenants previously had to submit a qualified complaint, which had to contain the facts on which the complaint was based, a simple complaint is sufficient under the new law.

On June 18, 2019, Berlin's municipal government (*Berliner Senat*) announced its intention to freeze rents in Berlin for the next five years. The so-called "Mietendeckel" was passed on January 30, 2020 by Berlin's parliament (*Berliner Abgeordnetenhaus*) and entered into force on February 23, 2020. On the basis of the Law on Rent Limitation in Housing in Berlin (*Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln*) (the "**Berlin Rent Limitation Law**"), the rents for living space in Berlin (except for subsidized and newly built living space) shall be capped retrospectively as of June 18, 2019. Among other things, the passed law provides that the administration can take action *ex officio* against landlords in the event of violations of the permitted rent amount. An application by the tenant to lower the rent to the permissible level, as was provided for by the draft law of the Berlin municipal government (*Berliner Senat*), is not necessary. Furthermore, violations of the rent freeze in connection with existing rents and future rent increases, insofar as these exceed the limits intended by the rent freeze constitute administrative offenses. These administrative offenses may be punished with fines of up to €500,000 per individual case. In case we have agreed on provisions in individual or a multitude of cases in connection with our approximately 21,300 existing leases as of March 31, 2020 or with new leases, by which we would violate the provisions of the Berlin Rent Limitation Law or comparable laws that restrict or lower the current rent level, this could have a material adverse effect on our business, net assets, financial condition, results of operations and prospects. The Combined Group has approximately €29.6 million of rental income as of March 31, 2020, or 33.6% of its total net rental income as of March 31, 2020, exposed to the "Mietendeckel" regulation. It expects the combined impact of such regulation to result in a decrease of rental income in the amount of approximately €1 million for 2020 and €9 million for 2021, mostly due to the reversion of rents to the maximum levels as of November 2020.

On May 6, 2020, certain members of the German Federal Parliament (*Bundestag*) filed an application for judicial review (*Normenkontrollantrag*) with the German Federal Constitutional Court (*Bundesverfassungsgericht*) to ascertain the compliance of the Berlin Rent Limitation Law with German federal constitutional law.

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 all of our portfolio and, ultimately, negatively affect our strategy. Any failure to comply with or violation of legislation regarding rent restrictions could result in our obligation to repay any surplus rents charged and, additionally, to pay substantial fines. Furthermore, any other cap, tenant-friendly regulation or regulation serving the protection of tenants may considerably impair our ability to raise rents.

Further, German law and German courts provide tenants with protection against tenant evictions. Delayed evictions resulting from these protections can lead to substantial losses until the property is actually vacated.

Our business is subject to the general legal environment in Germany. Any disadvantageous changes in the legal environment, such as mandatory environmental modernization provisions, restrictions regarding modernization measures or provisions (including taxes) that result in the incurrence of costs in the event of a property sale, or disadvantageous changes to the Berlin Mietspiegel or other regulation, may be detrimental to us.

Our business is subject to the general legal framework that applies to housing, including German tenancy law, as well as special provisions in other laws and regulations, such as social legislation, building and construction laws, monument protection laws and federal or state laws and regulations. Any changes to German or European laws, which could include changes that have retroactive effect, or changes in the interpretation or application of existing laws could, therefore, have a negative effect on our business. Changes to tenant protection laws could make it more difficult to evict tenants, increase rents or pass on ancillary costs or modernization investment costs to the tenants. This could have a material adverse effect on the profitability of our investments, results of operations and prospects.

More restrictive environmental laws could also result in additional expenses. For example, since 2011, owners of specified centralized heated water supply facilities for use in multi-family residential units are obliged to test the level of potential legionella contamination at least every three years, thereby incurring additional costs for the testing as well as for remediation measures, if contamination is detected. Additional costs would also be

incurred if the legal requirements relating to the construction and use of existing properties were to become more onerous. Construction and environmental requirements are of particular significance in this context. For example, the currently applicable version of the German Energy Savings Regulation (*Energieeinsparverordnung*) prescribes specified investments into 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 disabled-accessible and adapted housing.

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. On March 3, 2015, the Berlin government passed a regulation (*Umwandlungsverordnung*) according to which a conversion of a building into condominiums is prohibited in milieu protection areas (*Milieuschutzgebiete*) of the city unless the relevant district has granted permission by means of an exception to this regulation. The landlords of rented apartments require an exception permission (*Ausnahmebewilligung*) by the relevant district to sell the apartment. Such exception permissions may be granted, for example, in case that the apartment shall be sold to the current tenant. As of March 31, 2020, we owned 40 residential units for sale under our privatization portfolio that are or may potentially be effected by such changes. Although this does not affect the sale of an entire property, regulation may hinder the conversion and sale of single apartments. As of the date of this Offering Memorandum, 61 areas of Berlin are defined as milieu protection areas (*Milieuschutzgebiete*), within which 4,291 units of our real estate portfolios are located. The Berlin government may, on an ongoing basis, decide to extend milieu protection (*Milieuschutz*).

If, in the course of a refurbishment or modernization, it should be discovered that a building undergoing said processes is subject to monument protection laws, the need to comply with monument protection requirements could lead to significant delays in the refurbishment or modernization process, in the inability to carry out particular refurbishment or modernization measures, and also in significantly higher costs for the particular project. These factors could render us incapable of performing our contractual obligations *vis-à-vis* a buyer, with the consequence that the buyer's obligation to pay the purchase price would be excused or deferred.

We may fail to comply with applicable or future laws and regulations in relation to privacy and data protection or such laws and regulations may change in a manner that is unfavorable to our business.

Before entering into a lease agreement, a potential tenant provides us with certain personal data on which basis we determine whether to enter into a lease agreement with such tenant. Furthermore, such personal data is stored by us. As of March 31, 2020, we have cumulatively entered into approximately 35,900 lease agreements with more than 53,300 parties (excluding the units sold under the Gewobag Sale) and, as a result thereof, stored a significant amount of personal data. The collection, use and storing of data is subject to regulation under German data protection law. In addition, the EU recently enacted Regulation 2016/679/EU of April 27, 2016 (General Data Protection Regulation) (the "GDPR"). The GDPR automatically came into effect in all EU member states as of May 25, 2018, and imposed stricter conditions and limitations in relation to the processing, use and transmission of personal data. The GDPR 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.

We may not have prepared for these changes to the extent necessary and our preparations may not yield the expected results. Additionally, although we strive 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. Furthermore, there can be no assurance that our practices have complied, comply or will comply fully with all such laws, regulations and other legal obligations. Our process of developing and advancing our data protection standards and procedures may take longer and require more resources than originally planned. Any non-compliance by us with the applicable regulations could lead to fines and other sanctions. For example, the GDPR provides that violations can be fined, depending on the circumstances, by up to the higher of €20 million and 4% of the annual global turnover of the non-compliant company.

Administrative decisions could affect our ability to conduct our business at our discretion.

We could be adversely affected by decisions from public authorities on a municipal level. For instance, as of March 31, 2020, 1,268 units of our real estate portfolios, accounting for 7.5% of our rental income as of the same date, are situated in preservation areas (*Erhaltungsgebiete*) within Berlin, which imposes certain restrictions on the use and refurbishment of property. Such restrictions require, for example, obtaining the public authority's permission prior to entering into a lease agreement with a term longer than one year or selling the property. In addition, once the redevelopment has been completed, the municipality levies a compensation charge to reflect the increased value of the land due to the redevelopment. Any administrative decision that would affect our ability to conduct our business at our discretion could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

The use of standardized contracts could result in claims for damages against us under a number of contracts, or in the loss of certain rights and privileges or of the respective rights to claim damages, if errors or problems arise in connection with the enforcement of such contracts.

As of March 31, 2020, we are the lessor under approximately 21,300 lease agreements with our tenants. As of the same date, ADLER Real Estate was the lessor under approximately 63,600 lease agreements with its tenants. As our business involves a large number of individual units and tenants, each with a relatively small individual value, we maintain numerous legal relationships, in particular with tenants, contractors and service providers, any one of which is not financially material to us. As a means of efficiently managing these legal relationships, we often make use of standardized documents and form contracts. In addition, we have adopted long-term standardized lease agreements through our various acquisitions. These documents and contracts often contain ambiguities or errors, and the fact that any given document or contract is standardized may cause a significant number of contractual terms or even the validity of a large number of contracts to be affected. Due to frequent changes in the law, particularly in case law regarding general terms and conditions (*Allgemeine Geschäftsbedingungen*), the use of such standardized contractual terms is not without risk. For example, it is possible that, as a result of changes to statutes or case law, ambiguities or errors in standard contract terms may give rise to claims or cause such subsidiaries to lose certain rights and privileges, or to lose their right to claim damages which could, in turn, adversely affect our rental income and operating profit.

Even in the case of contracts being prepared with legal advice, it is impossible for us to avoid problems of this nature in advance or in the future, because changes could occur in the legal framework, particularly via case law, making it impossible for us to avoid the ensuing legal disadvantages.

We may incur environmental liabilities, for example, from residual pollution including wartime ordnance, soil conditions, asbestos and contaminants in building materials, as well as from possible building code violations.

Properties we own or acquire 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). In total, as of March 31, 2020, 24.0% of our residential real estate units (by sqm) and 11.3% of our commercial real estate units (by sqm) contain this flooring material. For example, certain of our properties contain asbestos contamination which, from time to time, requires us to do refurbishments. In particular, we have received notice that one of our buildings contains substantial asbestos contamination for which we expect significant refurbishment expenses. Refurbishment and removal of this material takes place regularly as part of our maintenance and repair efforts and the costs for these regular removals are reflected in our budgeting. Moreover, we own or may acquire properties that may contain undetected hazardous substances, such as lead from pipes in buildings built around the turn of the nineteenth century and legionella (see "*—Our business is subject to the general legal environment in Germany. Any disadvantageous changes in the legal environment, such as mandatory environmental modernization provisions, restrictions regarding modernization measures or provisions (including taxes) that result in the incurrence of costs in the event of a property sale, or disadvantageous changes to the Berlin Mietspiegel or other regulation, may be detrimental to us.*"), which are harmful to the health of the residents or contain such

other environmental risks or contain substances which are not yet viewed as being harmful to the health of the residents, and are therefore not being categorized as hazardous. These materials may be detected or categorized as hazardous, and we may be obliged to remove and dispose of such materials.

We bear 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 us.

The remediation of any pollution and the related additional measures we would have to undertake could negatively affect us and could involve considerable additional costs that we may have to bear. We are also exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials, wartime ordnance or other residual pollution can negatively affect the value of a property and our ability to let or sell such a property.

Moreover, environmental laws impose actual and contingent obligations on us to undertake remedial action on contaminated sites and in contaminated buildings. These obligations may relate to properties we currently own or operate, properties we have formerly owned or operated or properties where waste has been deposited. Furthermore, actions for damages or remediation measures may be brought against us, namely under the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*). According to this Act, not only the polluter but also its legal successor, the owner of the contaminated site and certain previous owners may be held liable for soil and pond water contamination. The costs of any removal, investigation or remediation of any residual pollution on such sites or in such buildings as well as costs related to legal proceedings, including potential damages, regarding such matters may be substantial, and it may be impossible, for a number of reasons, for us to have recourse against a former seller of a contaminated site or building or the party that may otherwise be responsible for the contamination. Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including chrysotile containing materials (CCM), and such release could form the basis for liability to third parties for personal injury or other damages. In addition, if our employees infringe or have infringed environmental protection laws, we could be exposed to civil or criminal damages. We may be required to provide for additional reserves to sufficiently allocate toward our potential obligations to remove and dispose of any hazardous and toxic substances.

Our business is also exposed to the risk of non-compliance with building codes or environmental regulations, including those applicable in Berlin. Even though we usually conduct inspections during the acquisition of individual properties, there is a risk that building codes or environmental regulations have not been complied with. It is also possible that landlord responsibilities could be further expanded with respect to fire protection and environmental protection, which could require additional refurbishment, maintenance and modernization requirements. Furthermore, the projected cost of such measures is based on the assumption that the required permits are issued promptly and that they are consistent with our plans. It is possible, however, that the required building permits will not always be issued in due course. If such permits are not issued promptly, or are issued only subject to conditions, this can lead to substantial delays in correcting the problems and result in higher than projected costs and lower rental income for the relevant properties.

We may not be granted building and other permits, or may be granted them only subject to onerous conditions, or additional requirements may be imposed on existing building and other permits.

The construction, alteration and refurbishment or a change of use of buildings will not be possible until a building permit is granted, it may be uncertain whether the relevant authorities will approve a respective construction project and what additional requirements may be imposed in connection with the building permit. As of the date of this Offering Memorandum, we have two pending requests for the issuance of building permits, comprising a total of 1,382 sqm. As of the same date, ADLER Real Estate has two pending requests for the issuance of building permits, comprising a total of 22,886 sqm. In addition, special permissions could be required and must be obtained, particularly for measures taking place in urban redevelopment areas (*Sanierungsgebiete*) or preservation areas (*Erhaltungsgebiete*) and for real estates and buildings which are protected historic monuments. If we are not granted a building permit or another required permit, or a building permit or another required permit is granted only subject to onerous conditions, the rental income that we expect to generate from the relevant real estate could be considerably less than originally calculated. If a renovation project becomes financially unfeasible because a building permit or another required permit is not granted or is granted only subject to onerous conditions, we may not be able to or decide to not carry out the project and any expenditure already incurred may be lost. Moreover, changes in the requirements for construction or modernization of existing real estate could result in unforeseen additional costs. Any increase in operating costs resulting from the above-described events would adversely affect our operating profit. In addition, our remaining project development activities may be substantially impaired if the granting of a building permit is substantially delayed, made subject to additional administrative building constraints (*baurechtliche Auflagen*) or declined altogether.

We could be subject to liability claims for several years after selling properties.

In connection with the sale of properties (privatization), we make representations, warranties and negative declarations of knowledge to the purchasers with respect to certain characteristics of the relevant properties. The resulting obligations usually continue to exist after the sale, for a period of several years. In the three-month period ended March 31, 2020 and the fiscal year ended December 31, 2019, we have sold 10 and 62 residential units of our units held for privatization, respectively. In particular, we could be subject to claims for damages from purchasers, who could assert that we failed to meet our obligations, or that the representations we made to them were untrue. We could be required to make payments to the purchasers following legal disputes or litigation. If we do not have cash available to conduct such litigation or make such payments, we may be required to borrow funds, or, if we are unable to borrow funds to make such payments, we may be forced to sell investments to obtain such funds, which would in turn cause reduced levels of rental income and operating profit. If we provide warranties to third parties in connection with maintenance and modernization measures and claims are asserted against us because of defects, it is not always certain that we will have recourse against the companies that performed the work.

As a seller of properties, we are also liable to tenants for any breach of tenancy agreements by the buyer under certain circumstances, even where we no longer have any control over the property. Moreover, we continue to be exposed to liability for breach of contract even if the buyer resells the property and the subsequent buyer breaches any tenancy agreement. If, however, we notify the tenant of the change in ownership and the tenant fails to avail itself of the opportunity to terminate the tenancy at the earliest permitted termination date, we are, in general, released from liability. As a rule, when selling properties, we inform all tenants in writing of the change in landlord either alone or together with the acquirer. Such release from liability does not apply to security deposits (*Mietbürgschaften*) provided by the tenants. If the tenant is unable to receive its security deposit from the buyer of the property, the liability to repay such security deposit remains with the seller.

In connection with any of the aforementioned or similar risks, we may be facing legal or settlement costs, including the costs of defending lawsuits, whether justified or not, as well as potential damages associated with liability for properties that we have sold. This could, in turn, have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Our risk management and compliance systems as well as our accounting practices may prove to be partially or completely insufficient or fail, and unknown, unrecognized, underestimated or unexpected risks may materialize, any of which could lead to government investigations and significant reputation, financial or other consequences. We may fail to adequately account for potential liabilities or risk exposures.

There is no guarantee that our risk management or compliance systems are sufficient to manage the risks we face. We may be faced with risks that were previously unknown, unrecognized, 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.

Moreover, there can be no assurance that our application of accounting policies is in accordance with principles set by various standard-setting and supervisory authorities as well as national laws. The *Commission de Surveillance du Secteur Financier* (the “CSSF”) is currently conducting a focused examination on the application of IFRS 15 in accordance with the priorities of its 2020 enforcement campaign. In connection with the campaign, we have received an information request from the CSSF in relation to our financial information and the application of IFRS 15 for the fiscal year ended December 31, 2019. The CSSF may impose administrative sanctions if it concludes that our application of IFRS 15 is in violation of Luxembourg laws.

We book provisions for potential liabilities such as tax liabilities, litigation exposure and bad debt. These provisions are based on management’s assumptions, estimates and judgements, and there is no guarantee that the provisions we have taken will adequately account for our actual liabilities. Failure to take adequate provisions against potential liabilities could have significant financial consequences for us.

Risks related to the ADO Properties Group’s Tax Structure

The structure of the Company is mainly influenced by the general tax environment in Luxembourg, Germany and further countries of the European Union (Netherlands, Denmark, Malta and Ireland) and changes in the tax environment may increase our tax burden.

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 tax laws of their jurisdictions of registration and the jurisdictions where they conduct business. The cross-border participation of the Company in its subsidiaries provides for various tax aspects, including cross-border taxation issues governed by directives of the European Union and/or double-tax treaties between Luxembourg and the jurisdictions of the subsidiaries. It cannot be excluded that tax authorities in the countries in which we are active may not share the view of our tax assessment, which could lead to additional tax burdens for us in any of these countries. For example, in the course of our business, we have entered into several cross-border financing transactions and any change or different treatment in the tax treatment in this context may have adverse tax effects. The same applies to the non-deductibility or requalification of intragroup loans and financings with third parties, intragroup payments for services, the different interpretation of the tax residency of a subsidiary, the assumption of a permanent establishment, the non-recognition of the VAT group with regard to the group companies or the non-granting of the so-called further reduction for the German real estate companies. Also, the tax laws in any of these jurisdictions or double-tax treaties between these countries could change in the future, even with retroactive effect, which could cause additional tax burdens for us.

Moreover, some of our companies have significant tax loss carry forwards (“**Tax Losses**”) in an amount above €1 million. The aggregate amount of the companies’ Tax Losses as of December 31, 2017 was €135.3 million for corporate income tax (“**CIT**”) purposes and €9.5 million for trade tax (“**TT**”) purposes. As of the date of this Offering Memorandum, the aggregate amount of Tax Losses for 64 group companies as of December 31, 2018 was €11.8 million for CIT purposes and €9.2 million for TT purposes. Final data regarding Tax Losses following the fiscal year ended December 31, 2017 are not yet available and could turn out to be significant. Some of these Tax Losses may have been or may be forfeited in whole or in part in the past or future, as a result of past restructurings (in particular the acquisition of 50% in the Company by the current shareholders from a former joint venture partner and the migration of the Company from Cyprus to Luxembourg), the initial public offering in July 2015 or future changes of the shareholders. In particular, any past or future corporate

reorganization within the Group or relating to the Company's shareholding structure may result in the partial or complete forfeiture of the Tax Losses (to the extent the Tax Losses are not covered by taxable hidden reserves in our assets). With regard to the migration of the Company from Cyprus to Luxembourg, we have received a binding ruling that no German Real Estate Transfer Tax ("RETT") (*Gründerwerbsteuer*) has been triggered but did not apply for a ruling regarding impact on the Tax Losses. The tax burden in past or future periods would increase if profits could not be set off against Tax Losses.

We are subject to the tax environment in Luxembourg, Germany and further countries of the European Union (Netherlands, Denmark, Malta and Ireland). Our tax burden may increase as a consequence of current or future tax assessments, tax audits or court proceedings based on changes in tax laws or changes in the application or interpretation thereof.

We are subject to the tax environment in Luxembourg, Germany and further countries of the European Union (Netherlands, Denmark, Malta and Ireland). Our 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.

A number of factors may also impact our tax situation. We are required to file tax declarations in Luxembourg, Germany and further countries of the European Union, from time to time, and any tax assessments that deviate from our tax declarations may increase or alter our tax obligations. Our individual entities are regularly subject to tax audits by the competent tax authorities which may result in increases in our tax obligations or penalties and fines. We 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 with short notice. Changes in RETT may also negatively affect the value of our portfolio. Additionally, changes could be made to the ability to depreciate owned real estate. Additionally, divergent statutory interpretations by the tax authorities or the courts are possible.

We are exposed to real estate transfer taxes (RETT).

Increases in the applicable RETT rates for the properties in our portfolio could negatively impact the portfolio by, among other things, reducing the value of and the proceeds from a sale of the affected properties or by reducing purchase demand for the affected properties or by reducing the valuation of the affected properties in the portfolio.

We currently hold real estate in Germany and shares in companies which own real estate in Germany. In Germany, the transfer of real estate or of a 95% or greater interest in a company that owns real estate triggers a potential liability for RETT. It cannot be excluded that RETT will be triggered post-Completion, upon an acquisition of additional shares in ADLER Real Estate after the Completion or the reorganization of the Combined Group.

Because of the complexity of the RETT laws in Germany, we may from time to time seek to acquire properties with less than a 95% stake in the ownership company. This may result in an increased complexity of the transaction and stronger minority rights of the associate parties. As a consequence, transaction costs and future administrative expenses for the newly acquired property would generally rise, too. Recently proposed changes to German RETT laws aim to tighten the statutory RETT framework with regard to share deals. Accordingly, share deals that do not trigger any RETT may no longer be possible in the future or such acquisitions might be more difficult. In broad terms these proposals are to (i) extend the stricter partnership RETT rules to incorporated companies; (ii) reduce the economic ownership threshold upon which RETT is triggered from 95% of the shares or interest in a property company, as it is currently, to 90%; and (iii) extend the 5 year cooling period to 10 years. As a result, RETT will be payable unless the seller retains over 10% of the shares or interest in a property company for at least 10 years. While the draft bill originally stipulated that the respective legislative changes shall come into force in January 2020, it has recently been announced by the political parties currently forming

the German government that the intended changes to RETT will not come into force as of January 1, 2020 as originally planned. Instead, it is now expected that a revised draft bill will be introduced to the German parliament in 2020. It is currently unclear if and to which extent such changes will enter into force with retroactive effect.

Any increase in applicable RETT rates for the properties in our portfolio could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

Risks related to the Business Combination

ADLER Real Estate is a real estate company that is exposed to a variety of risks that we believe are comparable to the risks associated with our business activities. However, it cannot be ruled out that ADLER Real Estate may be exposed to further, previously unrecognized risks, the realization or intensification of which could also have a material adverse effect on the net assets, financial position and results of operations of the Combined Group created through the Completion and the Integration.

The business models of the Company and ADLER Real Estate are comparable in many aspects and areas. Therefore, the Company has reason to believe that ADLER Real Estate is subject to very similar risks with regard to its business activities and the industry as we are. There is, however, a risk that after the Completion, the corresponding risks could increase and negative consequences could have a greater impact on us than we currently expect.

In addition, risks that materialize at ADLER Real Estate will also have an indirect negative impact on us following the Completion. Furthermore, it cannot be ruled out that ADLER Real Estate may be exposed to further, previously unrecognized risks, the realization of which could also have material adverse effects on our business, financial condition, results of operations, cash flows and prospects and those of the Combined Group.

The integration of the ADLER Group into the ADO Properties Group could potentially not be consummated as intended and could result in expenses not anticipated at all or not adequately accounted for and the Company could potentially be legally bound to consummate the integration regardless of a materially adverse change of its economic rationale.

Following the Completion, the ADLER Group is being integrated into the ADO Properties Group (the “**Integration**”) in order to create the Combined Group. It is expected that the Integration will be a multi-year process and require significant human and financial resources. The successful integration of the existing workforces, IT systems, corporate cultures and corporate structures of the Combined Group and the introduction of joint processes for the Combined Group are essential to the success of the Integration. The Integration will be time-consuming and costly and could negatively affect our business operations and/or those of the ADLER Group. We and the ADLER Group could be confronted with a variety of difficulties during the process of the Integration, including, among others:

- The administration of a significantly larger Combined Group, including the size of the portfolio and number of assets;
- The combinations and standardizations of the business activities, including the services offered to tenants and customers and the coordination of the business activities;
- The coordination of the corporate and administrative structures and the harmonization of insurance coverage for the Combined Group;
- Unexpected problems relating to the coordination of the accounting-, IT-, communications and administrative systems and other systems;
- Problems to adequately cope with potential differences in the corporate cultures and leadership philosophies;
- The implementation of uniform standards, control mechanisms, procedures and guidelines for the Combined Group;
- Legal disputes related to the Integration, including legal disputes with shareholders;

- The diversion of the attention of the management from other areas of the business activities;
- Maintaining existing agreements and business relationships with tenants, customers, service providers and financing banks and delays related to the entering into of new contracts with future tenants, customers, service providers and financing banks;
- Unforeseen and unexpected obligations in relation to the Integration and the business of the ADLER Group;
- The inability to enter into a domination agreement (*Beherrschungsvertrag*) with ADLER Real Estate in order to give us effective control over its management; and
- The identification and elimination of obsolete business activities and assets, including those that fall short of expectations.

Any inability of the Combined Group to efficiently and effectively carry out the Integration could lead to a reduction or failure or delay in the realization of the anticipated advantages and cost savings envisaged in connection with the Integration could negatively affect the Combined Group.

Furthermore, the deconsolidation of the ADO Properties Group from the ADLER Group and subsequent consolidation of the ADLER Group into the ADO Properties Group may trigger a market value revaluation of the treasury shares indirectly held by ADLER Real Estate. This could lead to a significant depreciation of the book value of these treasury shares as recorded in the financial position of the ADO Properties Group.

The Integration could result in additional or unforeseen costs and the anticipated advantages of the Integration could potentially not be realized in full or not at all. To the extent actual growth and costs savings are realized, these could fall short of anticipations and their achievement could require more time than currently anticipated by the Company. Any inability of the Company to adequately address and manage the challenges of the Integration could result in a decrease of the anticipated benefits of the Integration or in the premature termination of the Integration.

The synergies expected as a result of the Integration could potentially not be fully realized or not realized at all or eroded by expenses not anticipated.

The Company believes that the Integration could entail various effects from synergies and economies of scale. In particular, it is anticipated that these effects will be realized by the continuous advancement of complementing services and offerings, a combined management organization, combined back-office functions, optimized local managements and a focus to achieve synergies with regards to the overhead costs of the Combined Group. In addition to operational synergies, the Company expects certain financing synergies in relation to ADLER Real Estate's current indebtedness. However, it cannot be ruled out that the anticipated effects from synergies and economies of scale will be realized in full or at all. Additionally, the costs incurred with the realization of these synergies could be higher than currently estimated by the Company.

A transfer of goodwill could occur in connection with the acquisition of ADLER Real Estate. Whether the Company will undertake such transfer of goodwill is dependent on a variety of factors, including, for example, the true value of the net assets of ADLER Real Estate and the share price of the Company at the time of the Completion. The potential goodwill is subject to the usual impairment tests and could, if the realized synergies turn out to be lower than anticipated, result in a significant impairment, which, ultimately, would have to be included as impairment expenses in the consolidated financial statements of the Company.

We could be exposed to negative reactions and feedback from our employees, tenants, business partners, service providers and financing banks related to the Business Combination.

In order to facilitate the Integration, the Board of Directors may emphasize their focus on tasks and measures related thereto and not pursue other business opportunities that could be beneficial to us to a similar extent, if at all. As a result thereof, employees, tenants, customers, service providers and financing banks could react negatively to the Business Combination and the Integration.

Shareholders of ADLER Real Estate that did not accept the ADLER Offer may take measures to delay or prevent future plans or measures to promote the Integration.

Under German law, shareholders of ADLER Real Estate that, following the Completion, continue to hold a stake as minority shareholders of ADLER Real Estate, have certain rights. As of the date of this Offering Memorandum, approximately 5.2% of the share capital and voting rights of ADLER Real Estate remain attributable to shareholders of ADLER Real Estate other than the Company. These shareholder rights could result in a delay or disruption of any corporate structural measures intended in relation to ADLER Real Estate (including, among others, a change in their legal form, a squeeze-out, the conclusion of a domination and profit-and-loss transfer agreement or a merger) and the Integration. Any such delay or failure to implement certain essential measures as well as legal disputes in relation thereto could limit our control over and our access to the cash flows of ADLER Real Estate and delay or prevent the execution of corporate structural measures envisaged to facilitate the Integration. Any risk in relation to shareholders of ADLER Real Estate that did not accept the ADLER Offer could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

Shareholders of the Company may take measures to delay or prevent future plans or measures to promote the Integration.

Shareholders of the Company may take measures that could result in a delay or failure to implement certain measures as part of the Integration. Any such measure as well as legal disputes in relation thereto could delay or prevent the execution of corporate structural measures envisaged to facilitate the Integration. Any risk in relation to shareholders of the Company that take measures to delay or prevent future plans or measures to promote the Integration could have a material adverse effect on our business, net assets, financial condition, results of operations, cash flows and prospects.

We were not able to conduct a complete due diligence exercise of ADLER Real Estate prior to the Completion and, consequently, may not have been in a position to identify and assess all risks in connection with the Completion.

Due to restrictions in time and because ADLER Real Estate is a listed stock corporation, we were unable to conduct a complete due diligence exercise of ADLER Real Estate prior to the Completion, however completed a due diligence extending only to publicly available documents. As a result thereof, important circumstances that could have been relevant for a valuation of ADLER Real Estate or in connection therewith, the determination of the consideration under the ADLER Offer and the assessment of the commercial benefits of the Integration may not have been adequately or sufficiently considered. In particular, we may not have been in a position to adequately and sufficiently identify and assess all risks in connection with the Completion. Furthermore, the portfolio and assets of ADLER Real Estate may develop differently than anticipated by us or than set out in public information provided by ADLER Real Estate.

Any inadequacy and insufficiency in the identification and assessment of risks associated and in connection with the Completion could negatively affect the Combined Group.

The Pro Forma Consolidated Financial Information of the ADO Properties Group is only provided for assessment purposes and is no indicator for the future business-, asset-, financial- and earnings situation of the ADO Properties Group.

The *pro forma* consolidated financial information of the Company included in this Offering Memorandum (the “**Pro Forma Consolidated Financial Information**”) are only provided for illustrative purposes. They should not be considered as an indicator for the future business-, asset-, financial- and earnings situation of the ADO Properties Group following the Completion, the Integration and the Consus Real Estate Acquisition (as defined below).

The *Pro Forma* Consolidated Financial Information is based on historic consolidated financial statements of the Company and, *inter alia*, on the historic consolidated financial statements of ADLER Real Estate and Consus Real Estate, subject to certain adjustments, assumptions and estimates. These adjustments, assumptions and estimates are preliminary and based on information that were available during the time of preparation of the *Pro Forma* Consolidated Financial Information. For example, it is assumed that the Offer, the Business Combination

and the Consus Real Estate Acquisition (as defined below) had taken place as of January 1, 2019. Additionally, the *Pro Forma* Consolidated Financial Information could not reflect all costs that the Company has incurred and will incur in connection with the Completion, the bridge facility agreement the Company as borrower and J.P. Morgan Securities plc as mandated lead arranger, J.P. Morgan AG as original lender and J.P. Morgan Europe Limited as agent entered into, and to which Barclays Bank PLC and Deutsche Bank Luxembourg S.A. acceded as additional lenders, (the “**Bridge Facility Agreement**” and such facility the “**Bridge Facility**”), the Integration and the Consus Real Estate Acquisition (as defined below). As a result thereof, the preparation of the *Pro Forma* Consolidated Financial Information could prove incorrect or inaccurate and other factors could significantly negatively affect the prospective business-, asset-, financial- and earnings situation as well as the cash flows and prospects of the ADO Properties Group following the Completion, the Integration and the Consus Real Estate Acquisition (as defined below).

Due to the Integration, our economic development also depends on the economic development of ADLER Real Estate, in particular on the value of ADLER Real Estate’s property portfolio and the positive continuation of the development projects. Any adverse development or any decline in the fair value of ADLER Real Estate’s property portfolio could therefore have a material adverse effect on us.

As a result of the Integration, we will also be dependent on the further development and the intrinsic value of ADLER Real Estate’s property portfolio. The Company cannot rule out that ADLER Real Estate’s property portfolio will not develop negatively, particularly with regard to its development and fair value. Such a negative development of ADLER Real Estate’s real estate portfolio and a decline in the fair value could therefore have a material adverse effect on our business activities and our business, net assets, financial position, results of operations, cash flows and prospects.

The Completion could cause the loss of tax loss carryforwards of ADLER Real Estate.

As of December 31, 2019, ADLER Real Estate recognized deferred tax assets of €78.1 million for corporate income tax loss carryforwards and trade tax loss carryforwards. As of the same date, no deferred tax assets were recognized for corporate income tax loss carryforwards of €179.5 million and trade tax loss carryforwards of €146.7 million, as their recoverability is not sufficiently probable, as well as for corporate tax loss carryforwards of €289.8 million and trade tax loss carryforwards of €188.2 million, as such tax loss carryforwards are expected to be lost in the first half of 2020 due to the Completion.

The Completion could lead to a full or partial forfeiture of the tax loss carryforwards. According to German tax laws, such tax loss carryforwards are completely forfeited if more than 50% of the shares in an entity are transferred to a new acquirer. One exception to this general rule refers to domestic taxable hidden reserves. To the extent such taxable hidden reserves are allocable to ADLER Real Estate for tax purposes, no forfeiture of tax loss carryforwards should occur, if the difference between the tax equity of ADLER Real Estate at Completion compared to the share purchase price based on the value of the Company includes sufficient hidden reserves. However, only some of the existing tax loss carryforwards may survive the Completion and tax loss carryforwards may be partially forfeited.

Furthermore, the German tax law applicable to tax loss carryforwards and their forfeiture is controversial, and at least for the years from 2008 up to and including 2015 and for transfers of up to 50% of the shares of an entity, the German Constitutional Court (*Bundesverfassungsgericht*) has ruled that the applicable laws violate the German constitution and shall be amended with retroactive effect. Accordingly, the legislature has limited the application of Section 8c para. 1 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz – KStG*) with retroactive effect to cases where more than 50% of the shares are transferred to a new acquirer. In addition, there are pending fiscal court cases regarding the loss forfeiture rules applicable in case of a transfer of more than 50% of the shares in an entity. These court proceedings may have an impact on the amount of tax loss carryforwards forfeited.

Risks related to the Consus Real Estate Acquisition and the Consus Offer

Certain risks in connection with the business of Consus Real Estate are similar to the risks of our existing business, the benefits expected as a result of an acquisition of Consus Real Estate may not be fully realized or not be realized at all and, moreover, the acquisition of Consus Real Estate could have adverse effects on the ADO Properties Group..

The Company acquired a majority stake in Consus Real Estate in several steps: In a first step, on December 15, 2019, the Company entered into various share purchase agreements with minority shareholders of Consus Real Estate to acquire a 22.18% stake in Consus Real Estate (the “**Consus Real Estate Minority Acquisition**”), which, as a result of the Completion, increased to 25.75% due to the fact that ADLER Real Estate held 3.57% in Consus Real Estate prior to the Completion. In addition, on December 15, 2019, the Company and Consus Real Estate entered into a strategic cooperation agreement (the “**SCA**”) to engage in a strategic partnership and strategic cooperation and, to the extent legally permissible, work together to fully investigate and potentially undertake mutually beneficial property developments, including the acquisitions of land plots for new-builds (the “**Strategic Cooperation**”).

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised a call option under a call/put-option agreement with Aggregate Holdings S.A. (“**Aggregate**”) for the acquisition of 69,619,173 shares in Consus Real Estate, as amended (the “**Call/Put-Option Agreement**”) (the “**Consus Real Estate Acquisition**”). The settlement of the call option exercise under the Call/Put-Option Agreement (the “**Consus Real Estate Call Option Exercise**”) occurred by transfer of newly issued shares in the Company and transfer of the Company’s treasury shares previously indirectly held by ADLER Real Estate.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make a voluntary public exchange offer to all shareholders in Consus Real Estate (the “**Consus Offer**”). The Consus Offer will be based on an exchange ratio, adjusted for the results of a rights issue, of one share in Consus Real for 0.272 newly issued shares in the Company as consideration.

The SCA, the Consus Real Estate Acquisition and the Consus Offer are part of our strategy to benefit from access to Consus Real Estate’s development platform with a pipeline of over 15,000 residential rental units and focused on Berlin, Cologne, Düsseldorf, Dresden, Frankfurt am Main, Hamburg, Leipzig, Munich and Stuttgart (together, the “**Top 9 Cities**”).

There is no assurance that the anticipated benefits of the Consus Real Estate Acquisition and the Consus Offer will realize in full or at all. Prior to the Consus Real Estate Minority Acquisition, we were unable to conduct a complete due diligence of Consus Real Estate. Moreover, prior to the Consus Real Estate Majority Acquisition, we conducted a restricted due diligence on the basis of limited information. Therefore, certain important circumstances relevant for the valuation of Consus Real Estate, including the particulars of the internal business operations and financial reporting of Consus Real Estate, may not have been adequately or sufficiently considered. In particular, we may not have been in a position to adequately and sufficiently identify and assess all risks in connection with the Consus Real Estate Acquisition and the Consus Offer. For example, in connection with a joint venture agreement, the Consus Real Estate Acquisition may have triggered a change of control under a provision that obligates the Company to present its joint venture partner with an offer to sell its participation to the Company in a multi-step procedure. In connection therewith, we could incur additional costs and be exposed to transactional and legal risks.

The Business Combination, the Consus Real Estate Acquisition and the Consus Offer expose the Company to operational risks related to the development of real estate projects.

The majority of Consus Real Estate’s revenue is generated from the development of real estate projects. The development of real estate projects involves specific significant risks to which the Company is exposed by way of the Consus Real Estate Acquisition and the Strategic Cooperation. The Company may overestimate the value of and/or the business opportunities of or associated with the acquisition of real estate properties due to

numerous factors, in particular the inability to identify all risks associated with the development of real estate properties.

Consus Real Estate's profitability will depend on its ability to successfully acquire land plots, listed buildings and commercial real estate properties suitable for development, either through building, conversion or redevelopment, at financially attractive prices in appropriate geographic locations and at terms that are in line with its acquisition strategy and criteria.

A key factor contributing to Consus Real Estate's future growth as a developer and profitability is the ability to identify and, at economically reasonable prices, acquire land plots or properties utilizing Consus Real Estate's sourcing network, in particular through the individual contacts of its branches. There can, however, be no assurance that Consus Real Estate's sourcing network will be able to continue identifying acquisition targets or that Consus Real Estate will be able to maintain its sourcing network in the future. In addition, Consus Real Estate's ability to acquire land plots 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 Real Estate's acquisition opportunities in part or in whole. Moreover, there can be no assurance that Consus Real Estate will be able to acquire any of the identified land plots or properties on attractive terms, if at all. Additionally, Consus Real Estate may not be able to secure all necessary permits on a timely basis or on economically viable terms, or at all.

In connection with the acquisition of land plots or properties, Consus Real Estate is exposed to risks caused by the condition of the real estate property and the inaccurate assessment thereof. Consus Real Estate 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 Real Estate's 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 Real Estate has been or will be in a position to accurately identify, examine and evaluate all risks associated with an acquisition. For example, Consus Real Estate may not be able to assess whether the original owner of an acquisition target or any potential successor has obtained, maintained or renewed all required permits, satisfied all permit conditions and obtained all necessary licenses. Acquisition targets may suffer from hidden defects, including contaminations, or damages that Consus Real Estate was not able to discover during the acquisition process.

Consus Real Estate 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 Consus Real Estate's 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 Consus Real Estate 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. Significant liabilities may not be identified or may only come to light after the expiry of Consus Real Estate's warranty, guarantee or indemnity claims. Any claims relating to defects arising from or related to one of Consus Real Estate's development projects may give rise to contractual or other liabilities, which can extend, depending on the relevant contractual or statutory provisions, for five years following completion of the development project and may not be covered by claims against Consus Real Estate's contractors or suppliers.

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, increases in the costs of building materials, adverse events affecting contractors and sub-contractors (including 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 labor market in Germany, which exhibits a shortage of qualified personnel in the construction sector. Delays can also arise during the building permits application process as, for the realization of its development projects, Consus Real Estate 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, the profitability of Consus Real Estate's business operations.

Consus Real Estate sells its real estate developments to institutional purchasers by entering into forward sale agreements. If Consus Real Estate is unable to enter into forward sale agreements, even after letters of intent have been 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, Consus Real Estate may experience delays in or fail to launch real estate development projects. In this event, it may have to hold real estate properties or real estate development projects for a longer period than anticipated at the time of acquisition, or, alternatively may have to dispose of an undeveloped real estate property at a price that may not provide an adequate return, if any, or may result in a loss. Additionally, any forward sale agreement may not materialize on the terms agreed upon, 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, Consus Real Estate must bear the costs in connection with the sale of the property. Moreover, institutional purchasers are generally entitled to withdraw from the forward sale agreement if Consus Real Estate does not meet the agreed deadlines. In such event, Consus Real Estate is obligated to bear the costs in connection with the forward sale agreement and in most cases will also be obligated to pay compensation to the respective institutional purchaser. Furthermore, Consus Real Estate may be unable to let residential units in its developed properties as required under the respective forward sale agreement in a timely manner or at all, which in turn could impair Consus Real Estate's ability to complete such forward sale agreement, which in aggregate, across Consus Real Estate's various forward-sold development projects, could have a material adverse effect on its revenue and thus results of operations. Also, Consus Real Estate may not achieve the targeted rent per square meter or the targeted vacancy rate of a development as agreed under the forward sale agreement.

In addition, this Offering Memorandum contains figures representing the estimated gross development value ("GDV") of ongoing development projects of Consus Real Estate. GDV is a measure of the total sales revenue that is expected to be generated from a project when it is fully developed. It reflects expected sales value of the fully constructed and let development. The metric provides investors with the sense of scale of the business and of the total income possible from the portfolio.

Prior to the Consus Majority Acquisition, Consus Real Estate announced various transactions, including a material divestment of real estate development projects, and could be materially adversely affected by any delay in the closing of or failure to close any of these transactions.

On May 8, 2020 and May 20, 2020, Consus Real Estate publicly announced the divestment of 17 and 8 development projects with a GDV of €2.3 billion and €2.0 billion, respectively, thereby reducing the total number of development projects and the total GDV to 40 and €8.0 billion, respectively. The divested development projects primarily comprise projects located in non-core locations and have a predominantly commercial use. Additionally, on June 22, 2020, Consus Real Estate acquired the outstanding 25% minority stake (on a fully diluted basis) in Consus RE AG (formerly CG Gruppe AG), the largest subsidiary of Consus Real Estate. The closing of each of the above transactions is subject to certain adjustments and conditions. Consus Real Estate intends to use a portion of the proceeds from the above transactions to reduce its project finance debt, which, as of March 31, 2020, was at €2,316 million and includes high cost mezzanine debt. On a pro forma basis, after giving effect to the debt reduction as a result of the divestments, Consus Real Estate estimates that its average run-rate cost of debt decreases by 0.3% to approximately 7.4%. Any delay in the closing of or failure to close any of the above transactions could result in negative effects on and/or the failure of any anticipated positive effects on, among others, the LTV-Ratio, net debt and adjusted EBITDA of Consus Real Estate. Furthermore, as a result of such delay or failure, Consus Real Estate's strategy to increase its focus on residential real estate in its strategic markets can be negatively affected.

Consus Real Estate requires a significant amount of cash to service its debt, and its ability to generate sufficient cash depends on factors that may be beyond its control and Consus Real Estate's debt service obligations may make it difficult to operate its business.

Consus Real Estate utilizes 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.

Consus Real Estate's targeted leverage ratio will depend on, among others, the valuation of its real estate properties. In the event that such valuation decreases materially, for example, if the currently favorable economic environment for the real estate industry deteriorates, Consus Real Estate may have to refinance its current financing arrangements to continue to meet its targeted leverage ratio, which may lead to higher financing costs. Consus Real Estate may also fail to enter into new financing arrangements on terms similar to previous terms due to a decreased valuation of its real estate properties.

To service and refinance its existing and future indebtedness and for current and future development projects and real estate acquisitions, Consus Real Estate is dependent on a stable cash flow. Such cash flow is influenced by various factors, including the general economic and real estate market environment in Germany, developments affecting the legal environment in Germany and other factors beyond its control. In addition, factors in relation to Consus Real Estate's operations may negatively impact its cash flow from operating activities due to defaults of institutional purchasers in relation to down payments under forward sale agreements or cost overruns or delays in relation to Consus Real Estate's development projects. Consus Real Estate may also incur expenditures for non-scheduled maintenance measures. Any of these or similar factors may limit or prevent its ability to generate sufficient cash flow and could require that Consus Real Estate implements cost-cutting measures or efficiency improvements regarding operating and fundraising activities, delay capital expenditures or sell assets, each of which in turn may affect its ability to service its financial liabilities.

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. Consus Real Estate may be required to obtain additional debt or equity financing at terms that may be economically less favorable than in the past. Any inability to source additional financing at favorable terms or at all may force Consus Real Estate to dispose of assets, or render it unable to pursue business opportunities, including the acquisition of land plots, real estate properties or real estate companies. Additionally, in the event that a liquidity shortage occurs, Consus Real Estate may be forced to restructure or refinance all or a portion of its debt, including convertible bonds, notes or other financial instruments that it may have issued in the past. It may be required to agree upon terms and conditions which are unfavorable to its business and which are a likely to restrict its business activities even further. Additional debt may negatively affect key financial figures, such as market LTV-ratio, which describes the ratio of net debt to the fair value of investment properties and inventories. Such figures are typically referred to in the covenants included in Consus Real Estate's financial agreements.

Consus Real Estate currently has and is expected to continue to have a substantial amount of outstanding debt. As of March 31, 2020, Consus Real Estate's total financing liabilities amounted to €2,981 million, consisting of non-current financing liabilities in the amount of €1,792 million and current financing liabilities in the amount of €1,189 million. A high level of financial debt may, among others, require Consus Real Estate to dedicate a substantial part of its cash flow to debt repayment (thereby reducing the free cash flow available to fund internal growth through capital expenditure and to pursue business opportunities), restrict its ability to borrow additional funds or raise equity at reasonably economic terms, if at all, and, ultimately, will make Consus Real Estate more susceptible to a downturn in the real estate industry and/or general economic conditions.

Consus Real Estate has recorded substantial goodwill, which could be subject to impairments.

As of March 31, 2020, Consus Real Estate recorded goodwill in the amount of €1,036 million. Goodwill is recognized 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. 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 Consus Real Estate

to reduce its goodwill or such reduction may occur during the annual impairment review. There can be no assurance that the Consus Real Estate Acquisition will not result in a significant goodwill impairment.

Financing agreements and other agreements entered into by Consus Real Estate include change-of-control provisions that are triggered by the Consus Real Estate Majority Acquisition and we may not be in a position to refinance the existing financing arrangements of Consus Real Estate. The Combined Group could be affected by the termination of existing agreements of Consus Real Estate.

As of March 31, 2020, the current liabilities and non-current liabilities of Consus Real Estate amounted to €1,948 million and €1,945 million, respectively. Some of the corresponding financing agreements and certain other agreements of Consus Real Estate include so-called change-of-control provisions that, triggered by the Consus Real Estate Majority Acquisition, provide the other parties to the agreements, respectively, with a right to demand early redemption or to declare the termination. Additionally, any financing agreement and other agreement entered into by Consus Real Estate could include additional termination rights that could be triggered in connection with the Consus Real Estate Majority Acquisition (such as, among others, cross-default provisions that allow the lender to declare due a loan or other agreement of Consus Real Estate if other liabilities of Consus Real Estate have not been paid, are declared due prior to the agreed maturity or the lender's right to declare the immediate collectability and Consus Real Estate's inability to fulfill its obligations).

In the case of contracts that provide for termination- or redemption rights, the other party to the contract could exercise their rights following the Consus Real Estate Majority Acquisition. To the extent Consus Real Estate terminates financing agreements or such financing agreements must be repaid otherwise, we could decide to refinance any of the existing financing agreements of Consus Real Estate. In case of termination of existing financings due to the exercise of termination rights in case of a change of control of Consus Real Estate, the Company has entered into bridge financings. However, there can be no assurance that we will be in a position to refinance financing agreements beyond the amount available to us under the Bridge Facility. Additionally, in that case, we may not be in a position to refinance our own business and the conditions of a refinancing by the Company could be negatively affected. The termination of contracts of Consus Real Estate could result in Consus Real Estate's obligation to pay prepayment penalties. Furthermore, Consus Real Estate could lose any advantageous provisions of agreements that are terminated as a result of the Consus Real Estate Majority Acquisition or be required to re-negotiate such agreements on less favorable terms.

We may face additional legal risks in relation to development projects in connection with the Consus Majority Acquisition.

The Consus Group's business 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 Group's real estate properties. In the future, Consus Real Estate may acquire real estate properties that are, at the time of the acquisition, not in compliance with building codes or environmental regulations which remain undiscovered during the acquisition process. There can be no assurance that landlord responsibilities relating to environmental regulations, including, among others, environmental protection and energy efficiency, will not be amended or tightened in the future. Any measures utilized to adapt to future regulations could require capital-intensive modernization measures which, in turn, may depend on the grant of building permits, issued by relevant building authorities. There can be no assurance that such permits will be issued promptly, or at all. Subsequently, we may not comply with the applicable building codes or environmental regulations and ultimately be in violation thereof.

Furthermore, the lack of building permits (*Baugenehmigungen*) or incomplete documentation thereof could have adverse consequences under German law. Any lack of permits may partially or completely entitle the authorities to prohibit the use of the real estate property to the extent that such use is not covered by the required permit ("Formal Illegality"). In addition, building permits frequently set forth certain requirements, for example, in relation to the statics or the structural stability of a building. In the event that we fail to comply with such requirements, the constructed building would not be compliant with its building permit and therefore subject to Formal Illegality. To the extent that the status and the use of the property is not in line with currently applicable laws ("Material Illegality"), any missing permits may not be granted. In the event of Material Illegality, there is no protection from the limitation of the use of the property and a partial or complete demolition of the existing

real estate property may be ordered by the respective authorities. In the case of Formal Illegality and/or Material Illegality, sole discretion rests with the relevant authorities to decide to what extent to intervene, if at all. However, even if the authorities do not intervene, the existence of any of these circumstances may have an adverse effect on Consus Real Estate's ability to sell a non-compliant development project or commercial real estate property.

In addition, some of the Consus Group's 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 of the Consus Group's 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*). Existing properties located in areas, which are designated as special urban planning zones following the erection of such properties as well as properties which will be built in such urban planning zones may be subject to certain restrictions. Such restrictions include municipal pre-emptive rights or the requirement of a written permission of the municipality, for example, for rental agreements for a certain period of more than one year, property purchase agreements, the subdivision of a plot or the establishment, modification or revocation of a public easement). Additionally, it may be required to use the property in accordance with the aims and purposes of the respective planning zone. If one does not comply with such requirements, the municipality may initiate expropriation proceedings. Furthermore, in order to facilitate the redevelopment, the municipality may undertake infrastructure measures and may force the developer to compensate the respective municipality for any increase in the value of the properties resulting from such measures.

The acquisition of shares in Consus Real Estate could cause the loss of tax loss carryforwards of Consus Real Estate and/or its subsidiaries.

The acquisition of shares in Consus Real Estate could lead to a complete or partial forfeiture of tax loss carryforwards of Consus Real Estate and/or its subsidiaries. According to German tax law, tax loss carryforwards are completely forfeited if more than 50% of the shares in an entity are transferred to an acquirer. An exception to this general rule relates to domestic taxable hidden reserves. To the extent such taxable hidden reserves are allocable to Consus Real Estate and/or its subsidiaries (to be individually analyzed for each company) for tax purposes, no forfeiture of tax loss carryforwards should occur if the difference between the tax equity of Consus Real Estate and/or its subsidiaries compared to the share purchase price based on the value of the Consus Real Estate and/or its subsidiaries includes sufficient hidden reserves. However, hidden reserves from participations in corporations held by the loss-making company are not taken into account in this respect. Accordingly, none or only some of the existing tax loss carryforwards may survive the acquisition and tax loss carryforwards may be fully or partially forfeited.

Furthermore, the current German tax law that is applicable to tax loss carryforwards and their forfeiture is under dispute, and at least for the years 2008 to and including 2015 and for transfers of up to 50% of the shares of an entity, the German Constitutional Court (*Bundesverfassungsgericht*) ruled that the applicable laws violate the German constitution and shall be amended with retroactive effect. Accordingly, the legislature has limited the application of section 8c para. 1 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz – KStG*) with retroactive effect to cases where more than 50% of the shares are transferred to an acquirer. In addition, there are pending fiscal court cases regarding the loss forfeiture rules applicable in case of transfers of more than 50% of the shares in an entity. These court proceedings may have an impact on the amount of tax loss carryforwards forfeited.

The acquisition of shares in Consus Real Estate could trigger an exposure to real estate transfer tax (RETT).

The acquisition of 95% or more of the shares in Consus Real Estate could trigger RETT. Despite possible and intended structures that mitigate RETT being triggered upon the acquisition of Consus Real Estate or any future increase in shareholding, it cannot be excluded that the tax authorities will not share the Company's tax

assessment and subject the acquisition to RETT. Further, there is a risk that RETT may be triggered if certain transactions implemented by Consus Real Estate in the past may be audited by German tax authorities and these authorities may take a different view on the legal interpretation of the German tax laws relating to RETT or if the intended changes to RETT should enter into force with retroactive effect (see above “—We are subject to the tax environment in Luxembourg, Germany and further countries of the European Union (Netherlands, Denmark, Malta and Ireland). Our tax burden may increase as a consequence of current or future tax assessments, tax audits or court proceedings based on changes in tax laws or changes in the application or interpretation thereof.” and “—We are exposed to real estate transfer taxes (RETT).”).

The synergies expected as a result of the Consus Real Estate Acquisition and the Consus Offer and the integration of the Consus Group into the ADO Properties Group could potentially not be fully realized or not realized at all or eroded by expenses not anticipated.

Following the Consus Real Estate Acquisition, the ADO Properties Group will gain full access to, what is in our view, Consus Real Estate’s market-leading development platform as well as high-quality project development assets. We believe that the ADO Properties Group could benefit from various synergy effects in connection therewith, e.g., a combined management organization, combined back office, streamlined local operations and reduced overhead costs. The current expectation of an illustrative development FFO contribution from Consus Real Estate for 2020 is between €50 million and €80 million before run-rate operating and refinancing synergies of €90 million to €104 million. This target is based on the assumption of a total EBITDA of Consus Real Estate (prior to giving effect to the Consus Real Estate Acquisition) of €230 million, which is based on the assumptions that in the financial year 2020, Consus Real Estate generates (prior to giving effect to the Consus Real Estate Acquisition) (i) €150 million EBITDA for recent upfront sales, and (ii) €400 million EBITDA from forward sales (based on an assumed 20% margin on €2.0 billion of signed forward and condominium sales agreements), of which 70% will be distributed over the upcoming 3.5 years (less assumed interest of €130 million, which is the annualized interest expense of Consus Real Estate for the three months ended March 31, 2020, adjusted for €1 million non-recurring impact of derivatives and €34 million capitalized interest, plus estimated impact of reduced expensed interest post-closing of disposals and less 30% taxes). However, there can be no assurance that the anticipated synergies from the Consus Real Estate Acquisition will be realized in full or at all or that the underlying assumptions made in connection with estimates are complete and/or accurate. Moreover, the costs incurred in connection with the realization of these synergies could be higher than currently estimated by the Company. Any incompleteness or inaccuracy in connection with the aforementioned assumptions or estimates could materially affect the expected synergies effects resulting from the Consus Real Estate Acquisition.

The integration of the Consus Group into the ADO Properties Group, which is a multiyear process, could potentially not be consummated as intended and could result in expenses not anticipated at all or not adequately accounted for and the Company could potentially be legally bound to consummate the integration regardless of a materially adverse change of its economic rationale. The successful integration of the existing workforces, IT systems, corporate cultures and corporate structures and the introduction of joint processes are essential to the success of the integration of the Consus Group. Such integration will be time-consuming and costly and could negatively affect the business operations of the ADO Properties Group and/or those of the Consus Group. The integration of the Consus Group could result in additional or unforeseen costs and any anticipated advantages could potentially not be realized in full or not at all.

Risks Related to the Notes

The Notes may not be a suitable investment for all investors.

Potential investors should consider whether an investment in the Notes is appropriate in their respective circumstances and should consult with their legal, business, and tax advisors to determine the consequences of an investment in the Notes and to form an independent opinion whether to invest in the Notes.

An investment in the Notes is only suitable for investors who:

- (i) possess sufficient knowledge and experience in financial and business matters to make a meaningful evaluation of the chances and risks of an investment in the Notes and the information contained in, or incorporated by reference into, this Offering Memorandum;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate such chances and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Notes will have on their overall investment portfolio;
- (iii) fully understand the terms of the Notes and are familiar with the behavior of the financial markets;
- (iv) are capable of bearing the economic risk of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (v) know that it may not be possible to dispose of the Notes for a substantial period of time, if at all, before maturity; and
- (vi) are able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect a potential investor's investment and ability to bear the applicable risks.

An investment in the Notes may be subject to inflation risks.

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Notes. If the inflation rate were to increase and match or exceed the nominal yield, the real yield of the Notes would be zero or even negative.

Holders of Notes ("Holders") are subject to exchange rate risks and exchange controls.

The Notes are denominated in euros. Potential investors should bear in mind that an investment in the Notes involves currency risks. This presents certain risks relating to currency conversions if financial activities of a Holder are denominated principally in a currency or currency unit other than the euro (the "**Investor's Currency**"). These include the risk that exchange rates may change significantly (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal at all.

Holders are exposed to risks relating to fixed interest notes.

The Notes bear interest at a fixed rate. Holders are subject to the risk that the price of the Notes may fall as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal interest rate of a note with a fixed interest rate is fixed in advance for the entire duration or during a certain period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a note with a fixed interest rate also changes - but in the opposite direction. If the Market Interest Rate increases, the price of a note with a fixed interest rate typically falls until the yield of such note approximately equals the Market Interest Rate. If the Market Interest Rate decreases, the price of a fixed interest rate note typically increases until the yield of such note is approximately equal to the Market Interest Rate. Potential investors should be aware that movements of the Market Interest Rate can adversely affect the market price of the Notes and can lead to losses for Holders if they sell their Notes.

Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments.

Any person who purchases Notes is relying on the creditworthiness of the Issuer and has no rights against any other person. Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. The worse the creditworthiness of the Issuer, the higher the risk of a loss. A materialization of the credit risk may result in partial or complete failure of the Issuer to make interest and/or redemption payments under the Notes.

In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due, actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of this opinion if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the same industry as the Issuer adversely changes. If any of these risks occur, third parties may only be willing to purchase the Notes for a lower price than before the materialization of said risk, or not at all. The market value of the Notes may therefore decrease and investors could lose some or all of their investment.

The Notes will be structurally subordinated to indebtedness of the subsidiaries of the Issuer.

The Notes will not be guaranteed by any of the subsidiaries of the Issuer. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganization, insolvency, receivership or similar proceeding of any subsidiary of the Issuer, such subsidiary will pay the holders of its own debt (including holders of third-party debt which such subsidiaries have guaranteed) before they would be able to distribute any of their assets to the Issuer. As a result, the Issuer may not have sufficient assets to make payments on the Notes, respectively.

The Notes will be effectively subordinated to the Issuer's debt to the extent such debt is secured by assets that are not also securing the Notes.

Although the Terms and Conditions of the Notes require the Issuer to secure the Notes equally if the Issuer or its material subsidiaries provide security for the benefit of capital market indebtedness, the requirement to provide equal security to the Notes is limited to capital market indebtedness and is subject to a number of significant exceptions and carve-outs as set out in detail in the Terms and Conditions of the Notes. To the extent the Issuer or any of its subsidiaries provides security interest over their assets for the benefit of other debt without also securing the Notes, the Notes will be effectively junior to such debt with respect to such assets.

As a result of the foregoing, holders of (present or future) secured debt of the Issuer may recover disproportionately more on their claims than the Holders in an insolvency, bankruptcy or similar proceeding. The Issuer may not have sufficient assets remaining to make payments under the Notes.

The Terms and Conditions of the Notes restrict, but do not eliminate, the Issuer's ability to incur additional debt, create liens or take other action that could negatively impact the Holders.

The Terms and Conditions of the Notes restrict the Issuer's ability to incur additional indebtedness and to create liens on its assets. However, these restrictions and undertakings may nonetheless allow the Issuer and its subsidiaries to incur significant additional (secured or unsecured) indebtedness, to grant additional security for the benefit of existing and future indebtedness and to enter into transactions, including reorganizations, mergers, acquisitions and other similar corporate transactions that may adversely affect the Holders. As a result of the foregoing, the Issuer may not have sufficient assets to make payments under the Notes.

The Notes may not, or may cease to satisfy the criteria to be recognized as eligible collateral for the central banking system for the euro (the "Eurosysteem").

The Notes are issued in new global note form. The new global note form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognized as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem upon issue or at any or all times during their existence. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time and the Notes may not, or may cease to qualify as eligible collateral for the Eurosystem. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

If the Notes are redeemed prior to maturity, a Holder of such Notes is exposed to the risk of a lower yield than expected.

The Issuer may redeem all or some of the outstanding Notes prior to maturity under certain circumstances as specified in the Terms and Conditions of the Notes. If the Notes are redeemed prior to maturity, Holders are exposed to the risk that due to such early redemption his investment will have a lower than expected yield. In such circumstances, the investor may be unable to reinvest the redemption proceeds in a comparable security at

an effective interest rate as high as that of the Notes. Also, if Holders have purchased the Notes above par, the redemption proceeds may be lower than the price such Holders paid to acquire their Notes.

The Issuer's ability to redeem or repurchase the Notes upon the occurrence of a change of control event may be limited by its access to funds.

Upon the occurrence of a change of control event, Holders will have the right to require the redemption or, at the option of the Issuer, repurchase (or procure the purchase) in whole or in part of all of their Notes at 101% of the principal amount of such Notes, plus unpaid interest accrued up to (but excluding) the date of redemption. The Issuer's ability to redeem or repurchase the Notes upon such a change of control event will be limited by its access to funds at the time of the redemption or repurchase. Upon a change of control event, the Issuer may be required to repay 101% of the principal amount of such Notes, plus accrued and unpaid interest within a short period of time. The source of funds for these repayments would be the available cash or cash generated from other sources. However, there can be no assurance that there will be sufficient funds available upon a change of control event to make these repayments and any required redemption or repurchases of tendered Notes.

An active public trading market for the Notes may not develop.

The Notes represent a new issue of securities for which there is currently no established trading market. Although the Issuer intends to obtain admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange, there can be no assurance whether such listing will be obtained and for how long it may be sustained.

Further, there can be no assurance regarding the future development of a market for the Notes or the ability of Holders to sell their Notes or the price at which Holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as analyst recommendations. The liquidity of, and the trading market for, the Notes may also be adversely affected by a general decline in debt securities markets. Such a decline may affect the liquidity and trading of the Notes independent of the Issuer's financial performance and prospects. In an illiquid market, Holders may be unable to sell Notes at fair market prices, or at all. The possibility to sell Notes might additionally be restricted by country specific reasons. A potential investor must therefore be prepared to retain the Notes for an unspecified time period.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

The Notes have not been registered under the Securities Act, or any U.S. state securities laws. Consequently the Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, and Holders who have acquired the Notes may be required to bear the costs of their investment in the Notes until their maturity. It is the Holders' obligation to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

The development of market prices of the Notes depends on various factors.

The market value of the Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer and a number of other factors including Market Interest Rate levels and rate of return.

The development of market prices of the Notes depends on various interacting factors, including but not limited to, changes of Market Interest Rate levels, the policies of central banks, overall economic developments, political events, inflation rates or the lack of or excess demand for the relevant type of Note. Holders are therefore exposed to the risk of an unfavorable development of market prices of the Notes which could materialize upon a sale of Notes.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in Germany as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialized countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which a Holder will be able to sell his Notes may be at a discount, which could be substantial, to the issue price, or the purchase price paid by such Holder.

Ratings may not reflect all risks and are subject to change.

Ratings assigned to the Issuer by rating agencies are an indicator of the Issuer's ability to meet its obligations under the Notes in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that the Issuer's obligations will not be met at all or not be met in a timely manner. The market value of the Notes from time to time is likely to be dependent upon the level of credit rating assigned to the long-term debt of the Issuer. Rating agencies may change, suspend or withdraw their ratings at short notice. A change, suspension or withdrawal of a rating may affect the price and the market value of the Notes. A Holder may thus incur financial disadvantages as he may not be able to sell the Notes or will only be able to do so at a discount, which could be substantial, to the issue price or the purchase price paid by such Holder.

One or more independent credit rating agencies may assign credit ratings to the Notes. Such ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed herein, and other factors that may affect the value of the Notes. In addition, S&P, Moody's or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be lowered as a consequence thereof, this could have a material adverse effect on the trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Incidental costs related in particular to the purchase and sale of Notes may have a significant impact on the profit potential of the Notes.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions generally charge commissions which are either fixed minimum commissions or *pro rata* commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third-party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors may also incur follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes. These additional costs may significantly reduce or eliminate any profit from holding the Notes.

Because the Global Notes are held by or on behalf of Euroclear and CBL, potential investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by a temporary global note which is exchangeable for a permanent global note (the "Global Notes"). These global notes will be deposited with a common safekeeper for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A., Luxembourg ("CBL" and, together with Euroclear, the "Clearing System"). Investors will not be entitled to receive definitive notes. Euroclear and CBL will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes,

investors will only be able to trade their beneficial interests through Euroclear and CBL and the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of Euroclear and CBL to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in, the Global Notes.

No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Offering Memorandum.

The Terms and Conditions are based on the laws of Germany in effect as of the date of this Offering Memorandum. No assurance can be given as to the impact of any possible judicial decision or change in German law or administrative practice or the official application or interpretation of German law after the date of this Offering Memorandum.

A potential investor may not rely on the Issuer, the Joint Bookrunners, the Co-Managers or any of their respective affiliates in connection with its determination as to the legality or suitability of its acquisition of the Notes.

Each potential investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, whether its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A potential investor may not rely on the Issuer, the Joint Bookrunners, the Co-Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Without independent review and advice, a potential investor may not adequately understand the risks inherent with an investment in the Notes and may lose parts or all of its capital invested without taking such or other risks into consideration before investing in the Notes.

The Terms and Conditions of the Notes, including the terms of payment of principal and interest, can be amended by a Holders' resolution and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes then outstanding.

The Terms and Conditions of the Notes may be amended or other measures relating to the Notes may be resolved by majority resolution of the Holders. The voting process under the Terms and Conditions of the Notes will be governed by the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) ("**SchVG**"), pursuant to which the required participation of Holder votes (quorum) is principally set at 50% of the aggregate principal amount of the Notes then outstanding. In case there is no sufficient quorum, there is no minimum quorum requirement at a second meeting (unless the resolution to be passed requires a qualified majority, in which case Holders representing at least 25% of the principal amount of Notes then outstanding must participate in the meeting or voting). As the relevant majority for Holders' resolutions is generally based on votes cast, rather than on principal amount of the Notes outstanding, the aggregate principal amount required to vote in favor of an amendment will vary based on the Holders participating in such vote. Therefore, a Holder is subject to the risk of being outvoted by a majority resolution of other Holders and losing rights towards the Issuer against his will in the event that Holders holding a sufficient aggregate principal amount of the Notes participate in the vote and agree to amend the Terms and Conditions or on other matters relating to the Notes by majority vote in accordance with the Terms and Conditions of the Notes and the SchVG.

The insolvency laws of Luxembourg may not be as favorable to Holders as the laws of other jurisdictions. Furthermore, the Issuer may shift its center of main interest to jurisdictions that are less favorable to Holders and thereby preclude or limit the ability of Holders to recover payments due on the Notes.

The Issuer is organized under the laws of Luxembourg and has its registered office in Luxembourg. A court is therefore likely to hold that the center of main interest of the Issuer is in Luxembourg. Consequently, *provided that* this presumption will not be rebutted and the center of main interest will not be shifted to another jurisdiction by the Issuer, any insolvency proceedings with regard to the Issuer are likely to be initiated in Luxembourg and would most likely be governed by the insolvency laws of Luxembourg. The provisions of Luxembourg insolvency law may differ substantially from the insolvency laws of other jurisdictions, including with respect to preferred satisfaction of secured creditors from enforcement proceedings, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and hence may be less favorable to Holders than comparable provisions of other jurisdictions. The Issuer may shift its center of main interest, and thereby the applicable restructuring or insolvency laws, to another jurisdiction, which could offer less favorable terms to Holders than the laws of Luxembourg. In addition, even without such intentional shift of the center of main interests by the Issuer, it cannot be ruled out that a court or other competent authority of such other jurisdiction, will deem the restructuring or insolvency laws of such jurisdiction to be applicable and opens restructuring or insolvency proceedings under the laws of such jurisdiction with or without the consent of the Issuer.

Thus, the ability of Holders to recover payments due on the Notes may be or may become more limited or precluded than would be the case under the laws of other jurisdictions.

In case of certain events of default, the Notes will only be redeemable if Holders holding at least 15% of the aggregate principal amount of the Notes then outstanding declare the Notes due and payable. Such declaration of acceleration may be rescinded by majority resolution of the Holders.

The Terms and Conditions provide that, in case of certain events of default, any notice declaring the Notes due and payable shall become effective only when BNP Paribas Securities Services, Luxembourg branch (the “**Paying Agent**”) has received such default notices from Holders representing at least 15% of the aggregate principal amount of the Notes then outstanding. In addition, under the SchVG, even if the threshold of 15% for a default notice has been reached, the Holders could rescind such acceleration by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Holders would have to consent to a rescission than have delivered default notices.

Holders should be aware that, as a result, they may not be able to accelerate the Notes upon the occurrence of certain events of default, unless the required quorum of Holders delivers default notices and such acceleration is not rescinded by majority resolution of the Holders.

Since no Holders’ Representative will be appointed as from the Issue Date, it may be difficult for Holders to take collective action with respect to the Notes.

No initial representative for the Holders (“**Holders’ Representative**”) will be appointed under the Terms and Conditions and as a consequence it will become more difficult for Holders to take collective action with respect to the Notes. Any appointment of a Holders’ Representative of the Notes post-issuance of the Notes will, therefore, require a majority resolution of the Holders.

If a Holders’ Representative has been appointed by majority resolution of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, if such right was passed to the Holders’ Representative by a majority vote. In such case, the Holders’ Representative becomes exclusively responsible to claim and enforce the rights of all of the Holders.

It is possible that a Holder may be deprived in its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes if such right was passed on a Holders’ Representative.

If a Holders’ Representative will be appointed by majority decision of the Holders it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against

the Issuer, if such right was passed to the holders' representative by majority vote for the Notes who is then exclusively responsible to claim and enforce the rights of all the Holders.

The income from the Notes may be reduced by taxes.

Potential investors should be aware that they may be required to pay taxes or other charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors should ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the relevant investor. In addition, potential investors should be aware that tax laws and regulations as well as the interpretation and application thereof by the fiscal courts and the fiscal authorities may change, possibly with retroactive effect, which may result in a higher tax or administrative burden in connection with the taxation and withholding of income from the Notes.

TERMS AND CONDITIONS OF THE NOTES

ANLEIHEBEDINGUNGEN (die „Anleihebedingungen“)

TERMS AND CONDITIONS (the “Terms and Conditions”)

§ 1

WÄHRUNG, STÜCKELUNG, FORM, BESTIMMTE DEFINITIONEN

§ 1

CURRENCY, DENOMINATION, FORM CERTAIN DEFINITIONS

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| <p>(1) <i>Währung; Stückelung.</i> Diese Emission von Schuldverschreibungen (die „Schuldverschreibungen“) der ADO Properties S.A., 1B, Heienhaff, L-1736 Senningerberg, Großherzogtum Luxemburg und eingetragen im Luxemburger Handels- und Geschäftsregister (<i>Registre de Commerce et des Sociétés, Luxembourg</i>) unter Nummer B197554 (die „Emittentin“), wird am 5. August 2020 (der „Begebungstag“) im Gesamtnennbetrag von € 400.000.000 (in Worten: vierhundert Millionen Euro) in einer Stückelung von € 100.000 (die „Festgelegte Stückelung“) begeben.</p> <p>(2) <i>Form.</i> Die Schuldverschreibungen lauten auf den Inhaber.</p> <p>(3) <i>Vorläufige Globalurkunde – Austausch gegen Dauerglobalurkunde.</i></p> <p>(a) Die Schuldverschreibungen werden anfänglich durch eine vorläufige Globalurkunde (die „Vorläufige Globalurkunde“) ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die „Dauerglobalurkunde“) und, zusammen mit der Vorläufigen Globalurkunde, die „Globalurkunden“) ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde werden jeweils von einem ordnungsgemäß bevollmächtigten Vertreter der Emittentin unterschrieben und sind jeweils von der Zahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden für die Schuldverschreibungen und</p> | <p>(1) <i>Currency; Denomination.</i> This issue of notes (the “Notes”) of ADO Properties S.A., 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (<i>Registre de Commerce et des Sociétés, Luxembourg</i>) under number B197554 (the “Issuer”), is being issued in the aggregate principal amount of €400,000,000 (in words: four hundred million Euro) in a denomination of €100,000 each (the “Specified Denomination”) on August 5, 2020 (the “Issue Date”).</p> <p>(2) <i>Form.</i> The Notes are being issued in bearer form.</p> <p>(3) <i>Temporary Global Note - Exchange for Permanent Global Note.</i></p> <p>(a) The Notes are initially represented by a temporary global note (the “Temporary Global Note”) without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the “Permanent Global Note”) and, together with the Temporary Global Note, the “Global Notes”) without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed by an authorized representative of the Issuer and shall each be authenticated by or on behalf of the Paying Agent. Definitive certificates representing individual Notes and coupons will not be issued.</p> |
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Zinsscheine werden nicht
ausgegeben.

Die Schuldverschreibungen werden in Form einer New Global Note (NGN) ausgegeben und von einem von den ICSDs (wie in Absatz (5) definiert) bestellten *common safekeeper* (der „**Common Safekeeper**“) im Namen der ICSDs verwahrt.

The Notes are issued in new global note (NGN) form and are kept in custody on behalf of the ICSDs (as defined in paragraph (5)) by a common safekeeper (the “**Common Safekeeper**”) appointed by the ICSDs.

(b) Die Vorläufige Globalurkunde wird nach Ablauf von mindestens 40 Tagen nach dem Begebungstag gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der Schuldverschreibungen keine U.S.-Person(en) ist bzw. sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die die Schuldverschreibungen über solche Finanzinstitute halten). Solange die Schuldverschreibungen durch eine Vorläufige Globalurkunde verbrieft sind, werden Zinszahlungen erst nach Vorlage solcher Bescheinigungen vorgenommen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Begebungstag eingeht, wird als ein Ersuchen behandelt werden, die Vorläufige Globalurkunde gemäß diesem Absatz (b) auszutauschen. Schuldverschreibungen, die im Austausch für die Vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in Absatz (7) definiert) geliefert werden.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note not earlier than 40 days after the Issue Date. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes is or are, as applicable, not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the Issue Date will be treated as a request to exchange the Temporary Global Note pursuant to this paragraph (b). Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in paragraph (7)).

(4) *Register der ICSDs.* Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind abschließender Nachweis des

(4) *Records of the ICSDs.* The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer’s interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes

Gesamtnennbetrags der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Gesamtnennbetrag der so verbrieften Schuldverschreibungen ist abschließender Nachweis des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Rück- oder Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, der Zinszahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde entsprechend in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Sofern nur ein Teil der Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, ausgetauscht wird, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs entsprechend in die Register der ICSDs aufgenommen werden.

- (5) *Clearingsystem.* Jede Globalurkunde wird solange von einem oder im Namen eines Clearingsystems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. „**Clearingsystem**“ bezeichnet Clearstream Banking S.A., Luxemburg („**CBL**“) und Euroclear Bank SA/NV, Brüssel („**Euroclear**“) (CBL und Euroclear jeweils ein „**ICSD**“ und zusammen die „**ICSDs**“) sowie jeder Funktionsnachfolger.
- (6) *Gläubiger von Schuldverschreibungen.* „**Gläubiger**“ bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Schuldverschreibungen.
- (7) *Vereinigte Staaten.* Für die Zwecke dieser Anleihebedingungen bezeichnet „**Vereinigte**

represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment of interest or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered accordingly in the records of the ICSDs.

- (5) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. „**Clearing System**“ means the following: Clearstream Banking S.A., Luxembourg („**CBL**“) and Euroclear Bank SA/NV, Brussels („**Euroclear**“) (CBL and Euroclear each an „**ICSD**“ and together the „**ICSDs**“) and any successor in such capacity.
- (6) *Holder of Notes.* „**Holder**“ means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.
- (7) *United States.* For the purposes of these Terms and Conditions, „**United States**“

Staaten“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und den Northern Mariana Islands).

§ 2 STATUS

Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit solchen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

§ 3 NEGATIVVERPFLICHTUNG

(1) *Negativverpflichtung.* Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Zahlstelle zur Verfügung gestellt wurden, keine dinglichen Sicherheiten an ihren Vermögenswerten zur Besicherung von Kapitalmarktverbindlichkeiten mit Ausnahme verbrieft Kapitalmarktverbindlichkeiten und Projekt-Kapitalmarktverbindlichkeiten zu bestellen oder fortbestehen zu lassen, und zu gewährleisten, dass keine ihrer Wesentlichen Tochtergesellschaften die zuvor genannten Sicherheiten bestellt oder fortbestehen lässt, es sei denn, die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen werden, vorbehaltlich Absatz (3), durch die betreffende Sicherheit gleichrangig und anteilig mit der jeweiligen Kapitalmarktverbindlichkeit (oder, sofern es sich dabei um eine nachrangige Verbindlichkeit handelt, im Vergleich dazu vorrangig) besichert.

means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

§ 2 STATUS

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

§ 3 NEGATIVE PLEDGE

(1) *Negative Pledge.* The Issuer undertakes, so long as any Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to create or permit to subsist, and to procure that none of its Material Subsidiaries will create or permit to subsist, any security interest *in rem* (*dingliche Sicherheit*) over its assets to secure any Capital Market Indebtedness other than Securitized Capital Market Indebtedness and Project Capital Market Indebtedness unless, subject to paragraph (3), the Issuer's obligations under the Notes are secured equally and rateably with (or, in case such Capital Market Indebtedness is subordinated debt, senior in priority to) the Capital Market Indebtedness secured by such security interest.

- (2) *Beschränkung.* Die Verpflichtungserklärungen nach Absatz (1) gelten jedoch nicht für eine Sicherheit, die (i) über Vermögensgegenstände einer Tochtergesellschaft der Emittentin, die erst nach dem Begebungstag zu einer Tochtergesellschaft der Emittentin wurde, gewährt wurde, vorausgesetzt, dass die Sicherheit nicht im Zusammenhang mit dem Erwerb der Tochtergesellschaft begründet wurde, (ii) nach anwendbarem Recht gesetzlich vorgeschrieben ist, (iii) Voraussetzung für die Gewährung staatlicher Genehmigungen ist, (iv) bereits am Begebungstag bestand, (v) durch eine Tochtergesellschaft zur Sicherung von gegenwärtigen oder zukünftigen Ansprüchen dieser Tochtergesellschaft gegen die Emittentin oder eine ihrer Tochtergesellschaften aufgrund der Weiterleitung von Erlösen aus der Emission von Wertpapieren gewährt wurde, soweit diese Sicherheit zur Sicherung von Verpflichtungen dieser Tochtergesellschaft aus diesen Wertpapieren dient, (vi) eine im Zeitpunkt einer Akquisition bestehende Kapitalmarktverbindlichkeit besichert, die infolge der Akquisition eine Verpflichtung der Emittentin wird, (vii) eine Erneuerung, Verlängerung oder Ersetzung einer Sicherheit gemäß vorstehender Ziffern (i) bis (vi) darstellt, einschließlich, aber nicht beschränkt auf, eine Erneuerung, Verlängerung oder Ersetzung im Zusammenhang mit der Refinanzierung von bestehenden Kapitalmarktverbindlichkeiten, oder (viii) nicht in den Anwendungsbereich von (i) bis (vii) fällt und Kapitalmarktverbindlichkeiten besichert, deren Kapitalbetrag (zusammen mit dem Kapitalbetrag anderer Kapitalmarktverbindlichkeiten, für die dingliche Sicherheiten (gewährt durch die Emittentin oder eine Wesentliche Tochtergesellschaft) bestehen, die nicht in den Anwendungsbereich von (i) bis (vii) fallen) €200.000.000 (bzw. den Gegenwert in anderen Währungen am Tag der Bestellung dieser Sicherheit) nicht überschreitet.
- (2) *Limitation.* The undertakings pursuant to paragraph (1) shall not apply to a security which (i) was granted over assets of a subsidiary of the Issuer that becomes a Subsidiary only after the Issue Date *provided that* the security was not created in anticipation of the acquisition of the Subsidiary, (ii) is mandatory according to applicable laws, (iii) is required as a prerequisite for governmental approvals, (iv) existed on the Issue Date, (v) is granted by a Subsidiary over any existing or future claims of this Subsidiary against the Issuer or any of its Subsidiaries as a result of passing on proceeds from the sale of any issuance of any securities, *provided that* such security serves as security for obligations of this Subsidiary under such securities, (vi) secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Issuer as a consequence of such acquisition, (vii) constitutes the renewal, extension or replacement of any security pursuant to the foregoing (i) through (vi) including, but not limited to, any renewal, extension or replacement in connection with the refinancing of any existing Capital Market Indebtedness, or (viii) does not fall within the scope of application of (i) through (vii) above and which secures Capital Market Indebtedness with a principal amount (when aggregated with the principal amount of other Capital Market Indebtedness which has the benefit of security (granted by the Issuer or any Material Subsidiary) other than any security falling within the scope of application of (i) through (vii) above) not exceeding €200,000,000 (or its equivalent in other currencies as of the date of granting this security interest).

Eine nach diesem Absatz (2) zu bestellende Sicherheit kann auch zugunsten einer Person, die als Treuhänder der Gläubiger tätig ist, bestellt werden.

Any security which is to be provided pursuant to this paragraph (2) may also be provided to a person acting as trustee for the Holders.

- (3) *Bestellung von Sicherheiten.* Entsteht für die Emittentin eine Verpflichtung zur Besicherung der Schuldverschreibungen gemäß diesem § 3 (oder entsteht die Verpflichtung, für deren Besicherung durch eine Wesentliche Tochtergesellschaft Sorge zu tragen), so ist die Emittentin berechtigt, diese Verpflichtung dadurch zu erfüllen, dass sie eine Sicherheit an dem jeweiligen Sicherungsgegenstand zugunsten eines Sicherheitentreuhänders bestellt (bzw. dadurch, dass sie die betreffende Wesentliche Tochtergesellschaft zur Begründung einer solchen Sicherheit veranlasst), und zwar in einer Weise, dass der Sicherheitentreuhänder diesen Sicherungsgegenstand dinglich oder, falls rechtlich nicht möglich, aufgrund schuldrechtlicher Vereinbarung gleichrangig zugunsten der Gläubiger der Schuldverschreibungen und der Gläubiger derjenigen Kapitalmarktverbindlichkeit hält, die aufgrund der Besicherung zur Bestellung dieser Sicherheit an dem betreffenden Sicherungsgegenstand führte.
- (3) *Provision of Security.* Whenever the Issuer becomes obligated to secure (or procure that a Material Subsidiary secures) the Notes pursuant to this § 3, the Issuer shall be entitled to discharge such obligation by providing (or procuring that the relevant Material Subsidiary provides) a security interest in the relevant collateral to a security trustee, such security trustee to hold such collateral and the security interest that gave rise to the creation of such collateral, equally, for the benefit of the Holders and the holders of the Capital Market Indebtedness secured by the security interest that gave rise to the creation of such security interest in such collateral, such equal rank to be created *in rem* or, if impossible to create *in rem*, contractually.

§ 4 VERZINSUNG

- (1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag verzinst, und zwar vom 5. August 2020 (der „**Verzinsungsbeginn**“) (einschließlich) mit 3,250 % p.a. bis zum Fälligkeitstag (ausschließlich). Die Zinsen sind jährlich nachträglich am 5. August zahlbar (jeweils ein „**Zinszahlungstag**“). Die erste Zinszahlung erfolgt am 5. August 2021.
- (2) *Zahlungsverzug.* Wenn die Emittentin aus irgendeinem Grund die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, wird der ausstehende Betrag vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) mit dem gesetzlichen Verzugszins¹ verzinst. Die Geltendmachung eines weitergehenden

§ 4 INTEREST

- (1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of 3.250% *per annum* from (and including) August 5, 2020 (the “**Interest Commencement Date**”) to (but excluding) the Maturity Date. Interest shall be payable annually in arrear on August 5 (each such date, an “**Interest Payment Date**”). The first payment of interest shall be made on August 5, 2021.
- (2) *Late Payment.* If the Issuer for any reason fails to redeem the Notes when due, interest shall continue to accrue on the outstanding amount from (and including) the due date to (but excluding) the date of actual redemption of the Notes at the default rate of interest established by law². Claims for further damages in case of late payment are not excluded.

¹ Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.

² The default rate of interest established by statutory law is five percentage points above the basis rate of interest published by *Deutsche Bundesbank* from time to time, §§ 288 paragraph 1, 247 paragraph 1 of the German Civil Code.

Schadens im Falle eines Zahlungsverzugs ist nicht ausgeschlossen.

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| <p>(3) <i>Berechnung der Zinsen.</i> Sind Zinsen für einen Zeitraum zu berechnen, der kürzer ist als die Zinsperiode (wie in diesem Absatz (3) definiert), werden die Zinsen auf Grundlage der tatsächlichen Anzahl der in dem betreffenden Zeitraum abgelaufenen Kalendertage (einschließlich des ersten, aber ausschließlich des letzten Tages dieses Zeitraums), geteilt durch die tatsächliche Anzahl der Kalendertage der Zinsperiode (einschließlich des ersten, aber ausschließlich des letzten Tages der maßgeblichen Zinsperiode), in den der maßgebliche Zeitraum fällt, ermittelt.</p> | <p>(3) <i>Calculation of Interest.</i> Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined in this paragraph (3)), the interest will be calculated on the basis of the actual number of calendar days elapsed in the relevant period, from (and including) the first date in the relevant period to (but excluding) the last date of the relevant period, divided by the actual number of calendar days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period, but excluding the last day of the relevant Interest Period).</p> |
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„Zinsperiode“ bezeichnet den Zeitraum ab dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und anschließend den Zeitraum vom jeweiligen Zinszahlungstag (einschließlich) bis zum darauffolgenden Zinszahlungstag (ausschließlich).

“Interest Period” means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and thereafter from (and including) each relevant Interest Payment Date to (but excluding) the next following Interest Payment Date.

§ 5 ZAHLUNGEN

§ 5 PAYMENTS

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| <p>(1) <i>Zahlung von Kapital und Zinsen.</i> Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich Absatz (2), an die Zahlstelle zur Weiterleitung an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt nur nach ordnungsgemäßer Bestätigung gemäß § 1(3)(b).</p> | <p>(1) <i>Payment of Principal and Interest.</i> Payment of principal and interest in respect of the Notes shall be made, subject to paragraph (2) below, to the Paying Agent for forwarding to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made only upon due certification as provided in § 1(3)(b).</p> |
| <p>(2) <i>Zahlungsweise.</i> Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften werden auf die Schuldverschreibungen fällige Zahlungen in Euro geleistet.</p> | <p>(2) <i>Manner of Payment.</i> Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in euro.</p> |
| <p>(3) <i>Erfüllung.</i> Die Emittentin wird durch Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.</p> | <p>(3) <i>Discharge.</i> The Issuer shall be discharged by payment to, or to the order of, the Clearing System.</p> |
| <p>(4) <i>Geschäftstag.</i> Ist der Tag für eine Zahlung in Bezug auf eine Schuldverschreibung kein Geschäftstag, so hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag am jeweiligen Ort und ist nicht</p> | <p>(4) <i>Business Day.</i> If the date for payment of any amount in respect of any Note is not a Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to</p> |

berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet „**Geschäftstag**“ einen Tag (außer einem Samstag oder Sonntag), an dem Banken in Luxemburg und Frankfurt am Main für den allgemeinen Geschäftsverkehr geöffnet sind und an dem das Clearingsystem sowie alle maßgeblichen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer System 2 („**TARGET2**“) betriebsbereit sind, um Zahlungen vorzunehmen.

- (5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Anleihebedingungen auf Kapital und Zinsen der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: Rückzahlungsbetrag, Wahl-Rückzahlungsbetrag (Call), Wahl-Rückzahlungsbetrag (Put), gegebenenfalls gemäß § 8 zahlbare Zusätzliche Beträge und alle Aufschläge oder sonstigen auf die Schuldverschreibungen oder im Zusammenhang damit gegebenenfalls zahlbaren Beträge.
- (6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Kapital- oder Zinsbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Wenn und soweit eine solche Hinterlegung erfolgt und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

§ 6 RÜCKZAHLUNG

- (1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 5. August 2025 (dem „**Fälligkeitstag**“) zurückgezahlt. Der „**Rückzahlungsbetrag**“ einer jeden Schuldverschreibung entspricht dabei ihrem Nennbetrag.
- (2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen

further interest or other payment in respect of such delay. For these purposes, “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for general business in Luxembourg and Frankfurt am Main and on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (“**TARGET2**”) are operational to effect payments.

References to Principal and Interest. References in these Terms and Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount, the Call Redemption Amount, the Put Redemption Amount, Additional Amounts which may be payable under § 8 and any other premium and any other amounts which may be payable under or in respect of the Notes.

Deposit of Principal and Interest. The Issuer may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 6 REDEMPTION

Redemption at Maturity. Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on August 5, 2025 (the “**Maturity Date**”). The “**Final Redemption Amount**” in respect of each Note shall be its principal amount.

Early Redemption for Reasons of Taxation. If as a result of any change in, or amendment

können jederzeit insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von mindestens 45 und höchstens 60 Tagen durch Erklärung gemäß § 15 gegenüber den Gläubigern gekündigt und zu ihrem Nennbetrag zuzüglich bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufener Zinsen vorzeitig zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Gesetze oder Vorschriften des Großherzogtums Luxemburg oder der Bundesrepublik Deutschland (oder für den Fall, dass die Emittentin gemäß § 8(3) einer anderen Steuerrechtsordnung unterworfen wird, der Gesetze oder Vorschriften dieser anderen Steuerrechtsordnung), die Steuern oder die Verpflichtung zur Zahlung von Abgaben jeglicher Art betreffen, oder als Folge einer Änderung oder Ergänzung der offiziellen Auslegung oder Anwendung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag der Begebung der Schuldverschreibungen wirksam) am nächstfolgenden Zinszahlungstag zur Zahlung von Zusätzlichen Beträgen verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann, die nach Auffassung der Emittentin zumutbar sind (wobei jeweils die Interessen der Gläubiger zu berücksichtigen sind).

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche Zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig wäre, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erklärt wird, die Verpflichtung zur Zahlung von Zusätzlichen Beträgen nicht mehr wirksam ist.

Eine solche Kündigung hat gemäß § 15 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

to, the laws or regulations of the Grand-Duchy of Luxembourg or the Federal Republic of Germany (or in the event of the Issuer becoming subject to another tax jurisdiction pursuant to § 8(3), the laws or regulations of such other tax jurisdiction) affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change becomes effective on or after the date on which the Notes were issued, the Issuer is required to pay Additional Amounts on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of measures available to the Issuer which are, in the judgement of the Issuer, in each case taking into account the interests of Holders, reasonable, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, at any time upon not less than 45 days' nor more than 60 days' prior notice of redemption given, in accordance with § 15, to the Holders, at the principal amount together with interest accrued to (but excluding) the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts if a payment in respect of the Notes was then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 15. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement summarizing the facts constituting the basis for the right of the Issuer so to redeem.

- (3) *Vorzeitige Rückzahlung nach Wahl der Emittentin.*
- (a) Die Emittentin kann die Schuldverschreibungen (ausgenommen Schuldverschreibungen, deren Rückzahlung der Gläubiger bereits in Ausübung seines Wahlrechts nach Absatz (5) verlangt hat) insgesamt oder teilweise, nach ihrer Wahl durch Erklärung gemäß § 15 gegenüber den Gläubigern vom 5. Mai 2025 (der „**Erste Rückzahlungstag**“) bis zum Fälligkeitstag zu ihrem Rückzahlungsbetrag zusammen mit allen nicht gezahlten Zinsen, die bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufen sind, zurück zahlen.
- (b) Eine solche Kündigungserklärung ist unwiderruflich und muss die folgenden Angaben beinhalten: (i) die Erklärung, ob die Schuldverschreibungen ganz oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen, und (ii) den für die Rückzahlung festgesetzten Tag, der nicht weniger als 30 und nicht mehr als 60 Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf.
- (c) Werden die Schuldverschreibungen nur teilweise zurückgezahlt, werden die zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den üblichen Verfahren des betreffenden Clearingsystems ausgewählt. Die teilweise Rückzahlung wird in den Registern von CBL und Euroclear nach deren Ermessen entweder als Pool-Faktor oder als Reduzierung des Nennbetrags wiedergegeben.
- (4) *Vorzeitige Rückzahlung nach Wahl der Emittentin (Make-Whole).* Die Emittentin kann die Schuldverschreibungen (ausgenommen Schuldverschreibungen, deren Rückzahlung der Gläubiger bereits in
- (3) *Early Redemption at the Option of the Issuer.*
- (a) The Issuer may, upon prior notice of redemption given, in accordance with § 15, to the Holders, redeem, at its option, the Notes (except for any Note which is the subject of the prior exercise by the Holder thereof of the option to require the redemption of such Note under paragraph (5)) in whole or in part within the period from May 5, 2025 (the “**First Call Date**”) to the Maturity Date at their Final Redemption Amount together with any unpaid interest to (but excluding) the date fixed for redemption.
- (b) Such notice shall be irrevocable and must specify (i) whether the Notes are to be redeemed in whole or in part and, if in part, the aggregate principal amount of the Notes which are to be redeemed, and (ii) the date fixed for redemption, which shall be not less than 30 nor more than 60 days after the date on which notice is given by the Issuer to the Holders.
- (c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the customary proceedings of the relevant Clearing System. Such partial redemption shall be reflected in the records of CBL and Euroclear as either a pool factor or a reduction in principal amount, at the discretion of CBL and Euroclear.
- (4) *Early Redemption at the Option of the Issuer (Make-Whole).* The Issuer may, upon not less than 45 days’ nor more than 60 days’ prior notice of redemption given, in accordance with § 15, to the Holders, redeem on any date

Ausübung seines Wahlrechts nach Absatz (5) verlangt hat) insgesamt, jedoch nicht teilweise, nach ihrer Wahl mit einer Kündigungsfrist von mindestens 45 und höchstens 60 Tagen durch Erklärung gemäß § 15 gegenüber den Gläubigern kündigen und an einem von ihr anzugebenden Tag (dem „**Wahl-Rückzahlungstag (Call)**“) zu ihrem Wahl-Rückzahlungsbetrag (Call) zusammen mit allen nicht gezahlten Zinsen zurückzahlen, die bis zum Wahl-Rückzahlungstag (Call) (ausschließlich) (aber ohne aufgelaufene Zinsen, die in dem Wahl-Rückzahlungsbetrag (Call) berücksichtigt sind) aufgelaufen sind. Sie ist unwiderruflich und muss den Wahl-Rückzahlungstag (Call) angeben.

Der „**Wahl-Rückzahlungsbetrag (Call)**“ je Schuldverschreibung entspricht (i) dem Nennbetrag je Schuldverschreibung oder (ii), falls höher, dem Abgezinsten Marktpreis (*Make-Whole Amount*) je Schuldverschreibung. Der „**Abgezinsten Marktpreis (Make-Whole Amount)**“ wird von einem von der Emittentin auf eigene Kosten bestellten unabhängigen Sachverständigen (der „**Unabhängige Sachverständige**“) am Rückzahlungs-Berechnungstag berechnet, indem der Nennbetrag und die verbleibenden Zinszahlungen bis zum Ersten Rückzahlungstag auf jährlicher Basis unter Zugrundelegung eines Jahres mit 365 bzw. 366 Tagen und der Zahl der tatsächlich in dem Jahr verstrichenen Tage und mit der Benchmark-Rendite plus 50 Basispunkte abgezinst werden.

Die „**Benchmark-Rendite**“ ist die am Rückzahlungs-Berechnungstag bestehende Rendite, wie sie etwa um 12.00 Uhr mittags (Ortszeit Frankfurt am Main) auf der Bildschirmseite für die Referenzanleihe, oder, sollte zu diesem Zeitpunkt keine Rendite festgestellt werden können, die vorstehend bestimmte Rendite so wie sie zu einem anderen Zeitpunkt, der von dem Unabhängigen Sachverständigen für angemessen erachtet wird, am Rückzahlungs-Berechnungstag auf der Bildschirmseite angezeigt wird.

„**Bildschirmseite**“ ist Bloomberg HP (Einstellung „Last Yield to Convention“ und Verwendung der Preisquelle „FRNK“) (oder jede Nachfolgeside oder Nachfolge-Preisquelle) für die Referenzanleihe, oder, falls diese Bloomberg-Seite oder Preisquelle nicht verfügbar ist, eine andere Seite (falls vorhanden) eines Informationsanbieters, die weitgehend ähnliche Daten anzeigt, wie von dem Unabhängigen Sachverständigen für angemessen erachtet.

specified by it (the “**Call Redemption Date**”), at its option, the Notes (except for any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph (5)) in whole but not in part, at their Call Redemption Amount together with any unpaid interest accrued to (but excluding) the Call Redemption Date (but excluding accrued interest accounted for in the Call Redemption Amount). It shall be irrevocable and must specify the Call Redemption Date.

The “**Call Redemption Amount**” per Note means the higher of (i) the principal amount per Note and (ii) the Make-Whole Amount per Note. The “**Make-Whole Amount**” will be an amount calculated by an independent financial adviser appointed by the Issuer at the Issuer’s expense (the “**Independent Financial Adviser**”) on the Redemption Calculation Date by discounting the principal amount and the remaining interest payments to the First Call Date on an annual basis, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such year and using the Benchmark Yield plus 50 basis points.

“**Benchmark Yield**” means the yield as at the Redemption Calculation Date as appearing at around noon Frankfurt am Main time on the Screen Page in respect of the Benchmark Security, or if such yield cannot be so determined at such time, the yield determined as aforesaid as appearing on the Screen Page at such other time on the Redemption Calculation Date as may be considered to be appropriate by the Independent Financial Adviser.

“**Screen Page**” means Bloomberg HP (setting “Last Yield To Convention” and using the pricing source “FRNK”) (or any successor page or successor pricing source) for the Benchmark Security, or, if such Bloomberg page or pricing source is not available, such other page (if any) from such other information provider displaying substantially similar data as may be considered to be appropriate by the Independent Financial Adviser.

„**Referenzanleihe**“ ist die Euro Referenz-Anleihe der Bundesrepublik Deutschland fällig im August 2025 mit ISIN DE0001102382 oder, falls diese Anleihe am Rückzahlungs-Berechnungstag nicht mehr aussteht, eine ersetzende Referenzanleihe, welche der Unabhängige Sachverständige auswählt, jeweils mit einer Laufzeit, die mit der verbleibenden Restlaufzeit der Schuldverschreibungen bis zu deren Fälligkeitstag vergleichbar ist, und die im Zeitpunkt der Auswahlentscheidung und in Übereinstimmung mit der üblichen Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer bis zum Fälligkeitstag der Schuldverschreibungen vergleichbaren Laufzeit verwendet würde.

„**Rückzahlungs-Berechnungstag**“ ist der zehnte Geschäftstag vor dem Wahl-Rückzahlungstag (Call).

(5) *Vorzeitige Rückzahlung nach Wahl der Gläubiger bei Vorliegen eines Kontrollwechsels.*

- (a) Tritt nach dem Begebungstag ein Kontrollwechsel ein, so ist jeder Gläubiger berechtigt, aber nicht verpflichtet, von der Emittentin die vollständige oder teilweise Rückzahlung oder, nach Wahl der Emittentin, den Ankauf (oder die Veranlassung eines Ankaufs) seiner Schuldverschreibungen innerhalb von 60 Tagen, nachdem die Rückzahlungsereignis-Mitteilung gemäß Unterabsatz (b) bekannt gegeben wurde (der „**Ausübungszeitraum**“), zum Wahl-Rückzahlungsbetrag (Put) (das „**Gläubiger-Rückzahlungswahlrecht**“) zu verlangen. Dieses Gläubiger-Rückzahlungswahlrecht ist wie nachstehend unter den Unterabsätzen (b) bis (c) beschrieben auszuüben.

Ein „**Kontrollwechsel**“ gilt jedes Mal als eingetreten (unabhängig davon, ob die maßgeblichen Gremien der Emittentin zugestimmt haben), wenn

- (i) im Fall eines öffentlichen Übernahmeangebots für Aktien der Emittentin die Situation eintritt, dass

„**Benchmark Security**“ means the euro denominated benchmark debt security of the Federal Republic of Germany due August 2025, carrying ISIN DE0001102382, or, if such security is no longer outstanding on the Redemption Calculation Date, such substitute benchmark security selected by the Independent Financial Adviser, in each case as having a maturity comparable to the remaining term of the Notes to the Maturity Date, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date of the Notes.

„**Redemption Calculation Date**“ means the tenth Business Day prior to the Call Redemption Date.

(5) *Early Redemption at the Option of the Holders upon a Change of Control.*

- (a) If a Change of Control occurs after the Issue Date, each Holder shall have the right, but not the obligation, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) in whole or in part his Notes, within 60 days after a Put Event Notice under subparagraph (b) has been published (the „**Put Period**“), at the Put Redemption Amount (the „**Put Option**“). Such Put Option shall operate as set out below under subparagraphs (b) to (c).

A „**Change of Control**“ shall be deemed to have occurred at each time (whether or not approved by the relevant boards) that

- (i) in the event of a public tender offer for shares of the Issuer a situation arises in which.

(A) Aktien, die sich bereits unmittelbar oder mittelbar unter der Kontrolle des Bieters und/oder gemeinsam mit ihm handelnder Personen befinden, und bereits im Rahmen des Übernahmeangebots eingereichte Aktien insgesamt mehr als 50 % der Stimmrechte der Emittentin auf sich vereinen; und

(B) das Angebot nicht oder nicht mehr von Bedingungen abhängig ist (mit Ausnahme von Bedingungen hinsichtlich aufsichtsrechtlicher, insbesondere fusionskontrollrechtlicher, Genehmigungen und anderer Bedingungen, deren Erfüllung nach Ende der Annahmefrist gemäß § 16 Abs. 1 des Gesetzes zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen (WpÜG) oder einer vergleichbaren Regelung nach anwendbarem Recht noch offen bleiben kann); oder

(ii) eine Person bzw. gemeinsam handelnde Personen erwerben in sonstiger Weise Kontrolle (mit Ausnahme eines Mitglieds der ADO Properties Konzerns).

„ADO Properties Konzern“ bezeichnet ADO Properties S.A. und die konsolidierten Tochtergesellschaften.

„Kontrolle“ bezeichnet das unmittelbare oder mittelbare rechtliche oder wirtschaftliche Eigentum oder eine rechtliche oder wirtschaftliche Berechtigung (im Sinne von § 34 des Wertpapierhandelsgesetzes (WpHG)) an insgesamt mehr als 50 % der stimmberechtigten Aktien der Emittentin.

Der **„Wahl-Rückzahlungsbetrag (Put)“** bezeichnet für jede Schuldverschreibung 101 % des Nennbetrags einer solchen Schuldverschreibung zuzüglich nicht gezahlter bis zum Wahl-Rückzahlungstag (Put)

(A) shares already directly or indirectly under the control of the bidder and/or Persons acting in concert with the bidder and shares which have already been tendered in the tender offer, carry in aggregate more than 50 % of the voting rights in the Issuer; and

(B) the offer is or has become unconditional (other than for conditions relating to regulatory, in particular merger control, approvals and other conditions the satisfaction of which may remain pending following the end of the acceptance period pursuant to section 16(1) of the German Takeover Act (*Gesetz zur Regelung von öffentlichen Angeboten zum Erwerb von Wertpapieren und von Unternehmensübernahmen - WpÜG*) or a similar provision which is applicable); or

(ii) any Person and/or Persons (other than a member of ADO Properties Group) acting in concert otherwise acquires Control.

“ADO Properties Group” means ADO Properties S.A. and its consolidated subsidiaries.

“Control” means any direct or indirect legal or beneficial ownership or any legal or beneficial entitlement (as defined in section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*)) of, in the aggregate, more than 50 % of the voting shares of the Issuer.

“Put Redemption Amount” means for each Note 101% of the principal amount of such Note, plus unpaid interest accrued to (but excluding) the Put Date.

(ausschließlich) aufgelaufener Zinsen.

- (b) Tritt nach dem Begebungstag ein Kontrollwechsel ein, so teilt die Emittentin dies unverzüglich, nachdem die Emittentin davon Kenntnis erlangt hat, den Gläubigern gemäß § 15 mit (eine **„Rückzahlungsereignis-Mitteilung“**) und gibt dabei die Art des Kontrollwechsels und das in diesem Absatz (5)(3) vorgesehene Verfahren zur Ausübung des Gläubiger-Rückzahlungswahlrechts an (mit Angaben zum Clearingsystem-Konto der Zahlstelle für die Zwecke von Unterabsatz (c)(ii)(x) dieses Absatzes (5)).
- (c) Zur Ausübung des Gläubiger-Rückzahlungswahlrechts muss der Gläubiger an einem Geschäftstag innerhalb des Ausübungszeitraums, (i) bei der bezeichneten Geschäftsstelle der Zahlstelle eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung in der jeweils bei der Zahlstelle erhältlichen maßgeblichen Form einreichen (die **„Gläubiger-Ausübungserklärung“**) und (ii) Schuldverschreibungen in Höhe des Gesamtbetrags der Festgelegten Stückelung einreichen, für die der Gläubiger sein Gläubiger-Rückzahlungswahlrecht ausüben möchte, und zwar entweder durch (x) Übertragung dieser Schuldverschreibungen auf das Clearingsystem-Konto der Zahlstelle oder (y) Abgabe einer unwiderruflichen Anweisung an die Zahlstelle, die Schuldverschreibungen aus einem Wertpapierdepot des Gläubigers bei der Zahlstelle auszubuchen. Die Emittentin wird die betreffende(n) Schuldverschreibung(en) sieben Tage nach Ablauf des Ausübungszeitraums (der **„Wahl-Rückzahlungstag (Put)“**) zurückzahlen oder nach ihrer Wahl ankaufen (oder ankaufen lassen), soweit sie nicht bereits vorher
- (b) If a Change of Control occurs after the Issue Date, then the Issuer shall, without undue delay, after the Issuer becoming aware thereof, give notice of the Change of Control (a **“Put Event Notice”**) to the Noteholders in accordance with § 15 specifying the nature of the Change of Control and the procedure for exercising the Put Option contained in this paragraph (5) (including the information on the Clearing System account of the Paying Agent for purposes of subparagraph (c)(ii)(x) of this paragraph (5)).
- (c) To exercise the Put Option, the Holder must deliver on any Business Day within the Put Period (i) to the Paying Agent at its specified office a duly signed and completed notice of exercise in the then current form obtainable from the Paying Agent (a **“Put Notice”**) and (ii) the aggregate Specified Denomination of Notes for which the Holder wishes to exercise its Put Option by either (x) transferring such Notes to the Clearing System account of the Paying Agent or (y) giving an irrevocable instruction to the Paying Agent to withdraw such Notes from a securities account of the Holder with the Paying Agent. The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Note(s) on the date seven days after the expiration of the Put Period (the **“Put Date”**) unless previously redeemed or purchased and cancelled. Payment in respect of any Note so delivered will be made in accordance with the customary procedures through the Clearing System. A Put Notice, once given, shall be irrevocable.

zurückgezahlt oder angekauft und entwertet wurde(n). Die Zahlung in Bezug auf solchermaßen eingereichte Schuldverschreibungen erfolgt gemäß den üblichen Verfahren über das Clearingsystem. Eine einmal abgegebene Gläubiger-Ausübungserklärung ist unwiderruflich.

- (6) *Vorzeitige Rückzahlung bei Geringem Ausstehenden Gesamtnennbetrag der Schuldverschreibungen.* Wenn 80 % oder mehr des Gesamtnennbetrags der Schuldverschreibungen von der Emittentin oder einer direkten oder indirekten Tochtergesellschaft der Emittentin zurückgezahlt oder angekauft wurden, ist die Emittentin jederzeit berechtigt, nach vorheriger Bekanntmachung gegenüber den Gläubigern gemäß § 15 mit einer Frist von mindestens 30 und höchstens 60 Tagen nach ihrer Wahl die ausstehenden Schuldverschreibungen insgesamt, aber nicht teilweise, zum Nennbetrag zuzüglich bis zum tatsächlichen Rückzahlungstag (ausschließlich) nicht gezahlter, aufgelaufener Zinsen zurückzuzahlen.
- (6) *Early Redemption in case of Minimal Outstanding Aggregate Principal Amount of the Notes.* If 80% or more of the aggregate principal amount of the Notes have been redeemed or purchased by the Issuer or any direct or indirect Subsidiary of the Issuer, the Issuer may at any time, on not less than 30 or more than 60 days' notice to the Holders given in accordance with § 15, redeem, at its option, the remaining Notes in whole but not in part at the principal amount thereof plus unpaid interest accrued to (but excluding) the date of actual redemption.

§ 7 ZAHLSTELLE

- (1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Zahlstelle und deren anfänglich bezeichnete Geschäftsstelle ist:

**BNP Paribas Securities Services,
Luxembourg branch**
60 avenue J.F. Kennedy
2085 Luxembourg
Luxembourg

Die Zahlstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere Geschäftsstelle in derselben Stadt zu ersetzen.

- (2) *Änderung oder Beendigung der Bestellung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Zahlstelle zu ändern oder zu beenden und zusätzliche oder eine oder mehrere andere Zahlstellen zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Zahlstelle unterhalten. Eine Änderung, Beendigung, Bestellung oder ein Wechsel wird nur wirksam (außer im

§ 7 PAYING AGENT

- (1) *Appointment; Specified Office.* The initial Paying Agent and its initial specified offices shall be:

**BNP Paribas Securities Services,
Luxembourg branch**
60 avenue J.F. Kennedy
2085 Luxembourg
Luxembourg

The Paying Agent reserves the right at any time to change its specified office to some other office in the same city.

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint another Paying Agent, additional or other paying agents. The Issuer shall at all times maintain a Paying Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it

Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 15 vorab unter Einhaltung einer Frist von mindestens 30 und höchstens 45 Tagen informiert wurden.

- (3) *Erfüllungsgehilfen der Emittentin.* Die Zahlstelle und jede andere nach Absatz (2) bestellte Zahlstelle handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern, und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 8 STEUERN

- (1) *Zahlungen ohne Einbehalt oder Abzug von Steuern.* Alle in Bezug auf die Schuldverschreibungen zu zahlenden Beträge werden ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder Abgaben gleich welcher Art gezahlt, die von oder im Namen des Großherzogtums Luxemburg oder der Bundesrepublik Deutschland (die „**Steuerjurisdiktion**“) oder einer steuererhebungsberechtigten Gebietskörperschaft oder Steuerbehörde dieses Landes im Wege des Einbehalts oder Abzugs an der Quelle auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.
- (2) *Zahlung Zusätzlicher Beträge.* Ist ein Einbehalt oder Abzug in Bezug auf zu zahlende Beträge auf die Schuldverschreibungen gesetzlich vorgeschrieben, so wird die Emittentin diejenigen zusätzlichen Beträge (die „**Zusätzlichen Beträge**“) zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug erhalten worden wären; eine Verpflichtung zur Zahlung solcher Zusätzlichen Beträge besteht jedoch nicht für Steuern oder Abgaben:
- (a) die anders als durch Einbehalt oder Abzug von Zahlungen, welche die Emittentin an den Gläubiger leistet, zu entrichten sind; oder

shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 15.

Agents of the Issuer. The Paying Agent and any other paying agent appointed pursuant to paragraph (2) act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for any Holder.

§ 8 TAX

- (1) *Payments Free of Taxes.* All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied at source by way of withholding or deduction by or on behalf of the Grand Duchy of Luxembourg or Federal Republic of Germany (the „**Taxing Jurisdiction**“) or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.
- (2) *Payments of Additional Amounts.* If such withholding or deduction with respect to amounts payable in respect of the Notes is required by law, the Issuer will pay such additional amounts (the „**Additional Amounts**“) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:
- (a) are payable otherwise than by withholding or deduction from payments, made by the Issuer to the Holder, or

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|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (b) | die von einer als Depotbank oder Inkassobeauftragte im Namen eines Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin von den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Einbehalt oder Abzug vornimmt; oder | (b) | are payable by any Person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or interest made by it, or |
| (c) | die aufgrund einer bestehenden oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur maßgeblichen Steuerjurisdiktion zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der maßgeblichen Steuerjurisdiktion stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind (dies gilt auch nicht für Steuern oder Abgaben, die aufgrund der Anwendung von § 50a Absatz 7 Einkommensteuergesetz oder einer zukünftigen Nachfolgeregelung zu dieser Vorschrift anfallen; d.h. in diesem Fall sind keine zusätzlichen Beträge zu zahlen); oder | (c) | are payable by reason of the Holder having, or having had, some personal or business relation to the relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the relevant Taxing Jurisdiction (this holds true for any taxes or duties payable pursuant to Section 50a paragraph 7 of the German Income Tax Act (<i>Einkommensteuergesetz</i>) or any future successor provision of that section, i.e. no Additional Amounts shall be payable in this case), or |
| (d) | die durch eine Zahlstelle von der Zahlung einzubehalten oder abzuziehen sind, wenn die Zahlung von einer anderen Zahlstelle ohne einen solchen Einbehalt oder Abzug hätte vorgenommen werden können; oder | (d) | are withheld or deducted by a paying agent from a payment if the payment could have been made by another paying agent without such withholding or deduction, or |
| (e) | die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder Sparguthaben oder (ii) zwischenstaatlicher Abkommen oder Vereinbarungen über deren Besteuerung, an denen die maßgebliche Steuerjurisdiktion oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder dieses Abkommen oder diese Vereinbarung umsetzt oder befolgt dient, diesen entspricht oder zur Anpassung an diese eingeführt wurde (einschließlich des | (e) | are withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income or savings, or (ii) any international treaty or understanding relating to such taxation and to which the relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding (including the Luxembourg Law dated 23 December 2005, as amended (<i>Relibi Law</i>), or |

luxemburgischen Gesetzes vom 23. Dezember 2005, in seiner jeweils geltenden Fassung (*Relibi Gesetz*), einzubehalten oder abzuziehen sind; oder

- (f) die nicht erhoben oder einbehalten oder abgezogen worden wären, wenn es der Gläubiger oder der wirtschaftliche Eigentümer der Schuldverschreibungen (für die vorliegenden Zwecke einschließlich Finanzinstitute, über die der Gläubiger oder wirtschaftliche Eigentümer die Schuldverschreibungen hält oder über die Zahlungen auf die Schuldverschreibungen erfolgen) nicht unterlassen hätte, nach einer an den Gläubiger oder wirtschaftlichen Eigentümer gerichteten schriftlichen Aufforderung der Emittentin, einer Zahlstelle oder in deren Namen (die so rechtzeitig erfolgt, dass der Gläubiger bzw. der wirtschaftliche Eigentümer dieser Aufforderung mit zumutbaren Anstrengungen nachkommen kann, in jedem Fall aber mindestens 30 Tage, bevor ein Einbehalt oder Abzug erforderlich wäre), einer aufgrund von Gesetzen, Abkommen, Verordnungen oder der Verwaltungspraxis in der maßgeblichen Steuerjurisdiktion vorgeschriebenen Bescheinigungs-, Identifizierungs-, Informations-, oder sonstigen Nachweispflicht nachzukommen, die Voraussetzung für eine Befreiung von in der maßgeblichen Steuerjurisdiktion erhobenen Steuern oder für eine Reduzierung der Höhe des Einbehalts oder Abzugs solcher Steuern ist (u. a. eine Bescheinigung, dass der Gläubiger bzw. der wirtschaftliche Eigentümer nicht in der maßgeblichen Steuerjurisdiktion ansässig ist), jedoch jeweils nur, soweit der Gläubiger bzw. der wirtschaftliche Eigentümer rechtlich berechtigt ist, die Bescheinigung, Information oder Dokumentation vorzulegen; oder
- (f) would not have been imposed, withheld or deducted but for the failure of the Holder or beneficial owner of Notes (including, for these purposes, any financial institution through which the Holder or beneficial owner holds the Notes or through which payment on the Notes is made), following a written request by or on behalf of the Issuer or a Paying Agent addressed to the Holder or beneficial owner (and made at a time that would enable the Holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 30 days before any withholding or deduction would be required), to comply with any certification, identification, information or other reporting requirement whether required by statute, treaty, regulation or administrative practice of the relevant Taxing Jurisdiction, that is a precondition to exemption from, or reduction in the rate of withholding or deduction of, taxes imposed by the relevant Taxing Jurisdiction (including, without limitation, a certification that the Holder or beneficial owner is not resident in the relevant Taxing Jurisdiction), but in each case, only to the extent the Holder or beneficial owner is legally entitled to provide such certification, information or documentation, or

- (g) die Nachlasssteuern, Erbschaftsteuern, Schenkungsteuern, Umsatzsteuern, Verbrauchsteuern, Verkehrssteuern, Vermögenssteuern oder ähnliche Steuern darstellen, oder
- (h) die wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung wirksam wird; oder
- (i) die aufgrund jeglicher Kombination der Absätze (a) bis (h) zu entrichten sind.

- (g) are estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes, or
- (h) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or
- (i) are payable due to any combination of items (a) to (h),

Zudem werden keine Zusätzlichen Beträge im Hinblick auf Zahlungen auf die Schuldverschreibungen an einen Gläubiger gezahlt, welcher die Zahlung als Treuhänder oder

nor shall any Additional Amounts be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent

Personengesellschaft oder als sonstiger nicht alleiniger wirtschaftlicher Eigentümer der Zahlung erhält, soweit nach den Gesetzen der maßgeblichen Steuerjurisdiktion eine solche Zahlung steuerlich den Einkünften eines Begünstigten oder Treugebers in Bezug auf einen solchen Treuhänder oder eines Gesellschafters der Personengesellschaft oder eines wirtschaftlich Berechtigten zugerechnet würde, der jeweils selbst nicht zum Erhalt von Zusätzlichen Beträgen berechtigt gewesen wäre, wenn er selbst Gläubiger der Schuldverschreibungen wäre.

such payment would be required by the laws of the relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

Zur Klarstellung wird festgehalten, dass die in der Bundesrepublik Deutschland gemäß dem zum Begebungstag geltenden Steuerrecht auf der Ebene der Depotbank erhobene Kapitalertragsteuer zuzüglich des darauf anfallenden Solidaritätszuschlags sowie Kirchensteuer, soweit eine solche im Wege des Steuerabzugs erhoben wird, keine Steuern oder Abgaben der vorstehend beschriebenen Art darstellen, für die von der Emittentin Zusätzliche Beträge zu zahlen wären.

For the avoidance of doubt, the withholding tax levied in the Federal Republic of Germany at the level of the custodian bank plus the solidarity surcharge imposed thereon as well as church tax, where such tax is levied by way of withholding, pursuant to tax law as in effect as of the Issue Date do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

- (3) *Andere Steuerjurisdiktion.* Falls die Emittentin zu irgendeinem Zeitpunkt einer anderen Steuerrechtsordnung als der gegenwärtig maßgeblichen Steuerrechtsordnung der Emittentin oder einer zusätzlichen Steuerrechtsordnung unterworfen wird, sind die Bezugnahmen in

- (3) *Other Tax Jurisdiction.* If at any time the Issuer becomes subject to any taxing jurisdiction other than, or in addition to, the currently relevant taxing jurisdiction of the Issuer, references in this § 8 to the jurisdiction of the Issuer shall be read and

diesem § 8 auf die Jurisdiktion der Emittentin als Bezugnahmen auf die Rechtsordnung der Emittentin und/oder diese andere(n) Rechtsordnung(en) zu lesen und auszulegen.

construed as references to the jurisdiction of the Issuer and/or to such other jurisdiction(s).

§ 9

VORLEGUNGSFRIST, VERJÄHRUNG

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch für die Schuldverschreibungen wird auf zehn Jahre verkürzt. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre vom Ende der betreffenden Vorlegungsfrist an.

§ 9

PRESENTATION PERIOD, PRESCRIPTION

The presentation period provided for in section 801 paragraph 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 10

KÜNDIGUNGSGRÜNDE

(1) *Kündigungsgründe.* Tritt ein Kündigungsgrund ein und dauert dieser an, so ist jeder Gläubiger berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen durch Abgabe einer Kündigungserklärung gemäß Absatz (2) gegenüber der Zahlstelle fällig zu stellen und (vorbehaltlich des nachfolgenden Absatzes (4)) deren unverzügliche Rückzahlung zu ihrem Nennbetrag zuzüglich bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) nicht gezahlter, aufgelaufener Zinsen zu verlangen. Jedes der folgenden Ereignisse stellt einen „**Kündigungsgrund**“ dar:

- (a) Die Emittentin zahlt auf die Schuldverschreibungen fällige Kapital- oder Zinsbeträge oder sonstige Beträge nicht innerhalb von 20 Tagen nach Fälligkeit; oder
- (b) die Emittentin erfüllt eine andere wesentliche Verpflichtung aus den Schuldverschreibungen nicht (einschließlich den Verpflichtungen unter § 11) und die Nichterfüllung dauert - sofern sie geheilt werden kann - jeweils länger als 40 Tage fort, nachdem die Zahlstelle eine Aufforderung zumindest in Textform (§ 126b Bürgerliches Gesetzbuch) in der in Absatz (2) vorgesehenen Art und Weise von einem Gläubiger erhalten hat, die Verpflichtung zu erfüllen; oder

§ 10

EVENTS OF DEFAULT

(1) *Events of Default.* If an Event of Default occurs and is continuing, each Holder shall be entitled to declare due and payable by submitting a Termination Notice pursuant to paragraph (2) to the Paying Agent its entire claims arising from the Notes and demand (subject to paragraph (4) below) immediate redemption at the principal amount thereof together with unpaid interest accrued to (but excluding) the date of actual redemption. Each of the following is an “**Event of Default**”:

- (a) The Issuer fails to pay principal, interest or any other amounts due under the Notes within 20 days from the relevant due date; or
- (b) the Issuer fails to duly perform any other material obligation arising from the Notes (including the obligations under § 11) and such failure, if capable of remedy, continues unremedied for more than 40 days after the Paying Agent has received a request at least in text form (section 126b of the German Civil Code, *Bürgerliches Gesetzbuch*) thereof in the manner set forth in paragraph (2) from a Holder to perform such obligation; or

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| <p>(c) eine nicht im Rahmen der Schuldverschreibungen bestehende Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft wird infolge eines Kündigungsgrunds (unabhängig von der Bezeichnung) vor ihrer festgelegten Fälligkeit fällig und zahlbar (sei es durch Kündigung, automatische Fälligestellung oder auf andere Weise), wobei der Gesamtbetrag dieser Finanzverbindlichkeiten mindestens 1 % der Bilanzsumme zum unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, beträgt. <i>Zur Klarstellung wird festgehalten</i>, dass dieser Absatz (1)(c) keine Anwendung findet, wenn die Emittentin oder die jeweilige Wesentliche Tochtergesellschaft nach Treu und Glauben bestreitet, dass diese Zahlungsverpflichtung besteht, fällig ist oder die Anforderungen für die vorzeitige Fälligestellung erfüllt sind; oder</p> <p>(d) die Emittentin gibt ihre Zahlungsunfähigkeit bekannt oder stellt ihre Zahlungen generell ein; oder</p> <p>(e) gegen die Emittentin wird ein Insolvenzverfahren eingeleitet und nicht innerhalb von 90 Tagen aufgehoben oder ausgesetzt, oder die Emittentin beantragt oder leitet ein solches Verfahren ein, oder</p> <p>(f) die Emittentin geht in Liquidation, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und die andere Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit den Schuldverschreibungen eingegangen ist.</p> <p>(2) <i>Kündigungserklärungen.</i> Eine Erklärung eines Gläubigers (i) gemäß Absatz (1)(b) oder (ii) zur Kündigung seiner Schuldverschreibungen gemäß diesem § 10</p> | <p>(c) any Financial Indebtedness of the Issuer or any Material Subsidiary (other than under the Notes) becomes due and payable prior to its specified maturity (whether by declaration, automatic acceleration or otherwise) as a result of an event of default (howsoever described), <i>provided that</i> the aggregate amount of such Financial Indebtedness amounts to at least 1% of the Total Assets as of the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published. <i>For the avoidance of doubt</i>, this paragraph (1)(c) shall not apply, where the Issuer or the relevant Material Subsidiary contests in good faith that such payment obligation exists, is due or the requirements for the acceleration are satisfied; or</p> <p>(d) the Issuer announces its inability to meet its financial obligations or ceases its payments generally; or</p> <p>(e) insolvency proceedings against the Issuer are instituted and have not been discharged or stayed within 90 days, or the Issuer applies for or institutes such proceedings; or</p> <p>(f) the Issuer enters into liquidation unless this is done in connection with a merger or other form of combination with another company and such company assumes all obligations of the Issuer in connection with the Notes.</p> <p>(2) <i>Termination Notices.</i> Any notice by a Holder (i) in accordance with paragraph (1)(b) or (ii) to terminate its Notes in accordance with this § 10 (a “Termination Notice”) shall be</p> |
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(eine „**Kündigungserklärung**“) hat in der Weise zu erfolgen, dass der Gläubiger der Zahlstelle eine entsprechende Erklärung in Textform (§ 126b Bürgerliches Gesetzbuch) in deutscher oder englischer Sprache übermittelt und dabei durch eine Bescheinigung seiner Depotbank (wie in § 17(4) definiert) nachweist, dass er die betreffenden Schuldverschreibungen zum Zeitpunkt der Kündigungserklärung hält.

- (3) *Heilung.* Zur Klarstellung wird festgehalten, dass das Recht zur Kündigung der Schuldverschreibungen gemäß diesem § 10 erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt worden ist; es ist zulässig, den Kündigungsgrund gemäß Absatz (1)(c) durch Rückzahlung der maßgeblichen Finanzverbindlichkeiten in voller Höhe zu heilen.
- (4) *Quorum.* In den Fällen gemäß den Absätzen (1)(b) bis (c) wird eine Kündigungserklärung erst wirksam, wenn bei der Zahlstelle Kündigungserklärungen von Gläubigern im Nennbetrag von mindestens 15 % des Gesamtnennbetrages der dann ausstehenden Schuldverschreibungen eingegangen sind.

§ 11

VERPFLICHTUNGSERKLÄRUNGEN

- (1) *Beschränkungen für das Eingehen von Finanzverbindlichkeiten.* Die Emittentin verpflichtet sich, nach dem Begebungstag keine Finanzverbindlichkeiten einzugehen und sicherzustellen, dass ihre Tochtergesellschaften nach dem Begebungstag keine Finanzverbindlichkeiten eingehen, wenn unmittelbar nach dem Wirksamwerden der Eingehung solcher weiterer Finanzverbindlichkeiten (unter Berücksichtigung der Verwendung der aus einer solchen Eingehung resultierenden Nettozuflüsse):
- (a) das Verhältnis der (i) Summe aus (x) den Konsolidierten Nettofinanzverbindlichkeiten der Gruppe zum unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, und (y) den Neuen Finanzverbindlichkeiten, die seit

made by means of a declaration made in text form (section 126b of the German Civil Code, *Bürgerliches Gesetzbuch*) to the Paying Agent in the German or English language delivered together with evidence by means of a certificate of the Holder's Custodian (as defined in § 17(4)) that such Holder, at the time of such Termination Notice, is a holder of the relevant Notes.

(3) *Cure.* For the avoidance of doubt, the right to declare Notes due in accordance with this § 10 shall terminate if the situation giving rise to it has been cured before the right is exercised and it shall be permissible to cure the Event of Default pursuant to paragraph (1)(c) by repaying in full the relevant Financial Indebtedness.

(4) *Quorum.* In the events specified in paragraph (1)(b) to (c), any notice declaring Notes due shall become effective only when the Paying Agent has received such default notices from the Holders representing at least 15% of the aggregate principal amount of the Notes then outstanding.

§ 11

COVENANTS

- (1) *Limitations on the Incurrence of Financial Indebtedness.* The Issuer undertakes that it will not, and will procure that none of its Subsidiaries will, after the Issue Date, incur any 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),
- (a) the ratio of (i) the sum of (x) the Consolidated Net Financial Indebtedness of the Group as of the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published and (y) the New Financial Indebtedness incurred since the immediately preceding

dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, eingegangen wurden, zu der (ii) Summe aus (unter Ausschluss einer Doppelberücksichtigung) (x) der Bilanzsumme zum unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, (y) den Kaufpreisen für Immobilienvermögen (ohne Abzüge für übernommene Finanzverbindlichkeiten), das seit dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, erworben wurde oder für dessen Erwerb seit diesem Zeitpunkt eine Verpflichtung eingegangen wurde, und (z) der Zuflüsse aus Finanzverbindlichkeiten, die seit dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, eingegangen wurden (jedoch nur soweit diese Zuflüsse nicht zum Erwerb von Immobilienvermögen oder zur Verringerung von Finanzverbindlichkeiten verwendet wurden) (dieses Verhältnis in Bezug auf einen beliebigen Zeitpunkt der „**Verschuldungsgrad (LTV)**“ zu dem entsprechenden Zeitpunkt) 60 % übersteigen würde; oder

- (b) das Verhältnis (i) der Summe aus (x) den Besicherten Finanzverbindlichkeiten zum unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, und (y) den Neuen Besicherten Finanzverbindlichkeiten, die seit dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, eingegangen wurden, zu (ii) der Summe aus (unter Ausschluss einer Doppelberücksichtigung) (x) der Bilanzsumme zum unmittelbar

Reporting Date for which Consolidated Financial Statements of the Issuer have been published to (ii) the sum of (without duplication) (x) the Total Assets as of the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published, (y) the purchase prices of any Real Estate Property (without any deductions for assumed Financial Indebtedness) acquired or contracted for acquisition since the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published and (z) the proceeds of any Financial Indebtedness incurred since the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published (but only to the extent such proceeds were not used to acquire Real Estate Property or to reduce Financial Indebtedness) (such ratio, with respect to any date, the “**Loan-to-Value Ratio**” as of that date) would exceed 60%; or

- (b) the ratio of (i) the sum of (x) the Secured Financial Indebtedness as of the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published and (y) the New Secured Financial Indebtedness incurred since the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published to (ii) the sum of (without duplication) (x) Total Assets as of the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published,

vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, (y) der Kaufpreise für Immobilienvermögen (ohne Abzüge für übernommene Finanzverbindlichkeiten), das seit dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, erworben wurde oder für dessen Erwerb seit diesem Zeitpunkt eine Verpflichtung eingegangen wurde, und (z) der Zuflüsse aus Finanzverbindlichkeiten, die seit dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, eingegangen wurden (jedoch nur soweit diese Zuflüsse nicht zum Erwerb von Immobilienvermögen oder zur Verringerung von Finanzverbindlichkeiten verwendet wurde) (dieses Verhältnis in Bezug auf einen beliebigen Zeitpunkt der „**Verschuldungsgrad (LTV) Besichertes Vermögen**“ zu dem entsprechenden Zeitpunkt) 45 % übersteigen würde; oder

- (c) das Verhältnis (i) des Gesamtbetrags des Konsolidierten EBITDA gesamt in den letzten vier aufeinanderfolgenden Quartalen, die vor dem Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, geendet haben, zu (ii) dem Gesamtbetrag des Zahlungswirksamen Zinsergebnisses in den letzten vier aufeinanderfolgenden Quartalen, die vor dem Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, geendet haben, nicht weniger als 1,80 zu 1,00 betragen würde ((i) und (ii) wie von der Emittentin (nach billigem Ermessen) auf Pro-forma-Basis ermittelt (einschließlich einer Pro-forma-Heranziehung der Nettozuflüsse aus den weiteren Finanzverbindlichkeiten), als ob die weiteren Finanzverbindlichkeiten zu Beginn dieser Vier-Quartale-Periode

(y) the purchase prices of any Real Estate Property (without any deductions for assumed Financial Indebtedness) acquired or contracted for acquisition since the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published and (z) the proceeds of any Financial Indebtedness incurred since the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published (but only to the extent such proceed were not used to acquire Real Estate Property or to reduce Financial Indebtedness) (such ratio, with respect to any date, the “**Secured Loan-to-Value Ratio**” as of that date) would exceed 45%; or

- (c) the ratio of (i) the aggregate amount of Consolidated EBITDA total in the respective most recent four consecutive quarters ending prior to the Reporting Date for which Consolidated Financial Statements of the Issuer have been published to (ii) the aggregate amount of Net Cash Interest in the respective most recent four consecutive quarters ending prior to the Reporting Date for which Consolidated Financial Statements of the Issuer have been published would be no less than 1.80 to 1.00 (each of (i) and (ii) determined by the Issuer (in its reasonable judgment) on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Financial Indebtedness had been incurred at the beginning of such four quarter period) (such ratio, with

eingegangen worden wären) (dieses Verhältnis in Bezug auf einen beliebigen Zeitpunkt der „Zinsdeckungsgrad“ zu dem entsprechenden Zeitpunkt).

respect to any date, the “**Interest Coverage Ratio**” as of that date).

(2) *Berichte.* Solange Schuldverschreibungen ausstehen, veröffentlicht die Emittentin die folgenden Angaben auf ihrer Internetseite:

(2) *Reports.* For so long as any Notes are outstanding, the Issuer shall post on its website,

(a) Innerhalb von 120 Tagen nach dem Ende jedes Geschäftsjahrs der Emittentin einen Geschäftsbericht mit einem geprüften Konzernabschluss in Übereinstimmung mit den in der Europäischen Union anwendbaren International Financial Reporting Standards (IFRS) und einem Lagebericht in Übereinstimmung mit Artikel 68 des luxemburgischen Gesetzes vom 19. Dezember 2002 über das Handels- und Gesellschaftsregister und die Rechnungslegung und Jahresabschlüsse von Gesellschaften (in der jeweils geltenden Fassung); und

(a) within 120 days after the end of each of the Issuer’s fiscal years, annual reports containing the audited consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the management report in accordance with Article 68 of the Luxembourg law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings, as amended; and

(b) innerhalb von 60 Tagen nach dem Ende jedes der ersten drei Quartale in jedem Geschäftsjahr der Emittentin einen ungeprüften verkürzten Konzern-Zwischenabschluss in Übereinstimmung mit den in der Europäischen Union anwendbaren International Financial Reporting Standards (IFRS) bzw. eine Quartalsmitteilung in Übereinstimmung mit den Anforderungen der Frankfurter Wertpapierbörse.

(b) within 60 days after the end of each of the first three fiscal quarters in each fiscal year of the Issuer, unaudited condensed consolidated quarterly financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union or a quarterly statement in accordance with the requirements of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

§ 12 ERSETZUNG

§ 12 SUBSTITUTION

(1) *Ersetzung.* Die Emittentin ist berechtigt, wenn kein Zahlungsverzug hinsichtlich Kapital oder Zinsen auf die Schuldverschreibungen vorliegt, jederzeit ohne die Zustimmung der Gläubiger ein mit der Emittentin verbundenes Unternehmen an Stelle der Emittentin als Hauptschuldnerin (die „**Nachfolgeschuldnerin**“) für alle Verpflichtungen aus oder im Zusammenhang

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any affiliate of the Issuer as principal debtor in respect of all obligations arising from or in connection with these Notes (the “**Substitute Debtor**”) *provided that:*

mit den Schuldverschreibungen einzusetzen, vorausgesetzt, dass:

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| (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin im Zusammenhang mit den Schuldverschreibungen rechtswirksam übernimmt; | (a) the Substitute Debtor, in a manner legally effective, assumes all obligations of the Issuer in respect of the Notes; |
| (b) die Nachfolgeschuldnerin und die Emittentin alle für die Ersetzung notwendigen Genehmigungen und Zustimmungen von staatlichen Stellen und Aufsichtsbehörden erhalten haben, die Nachfolgeschuldnerin alle für die Erfüllung ihrer Verpflichtungen aus den Schuldverschreibungen notwendigen Genehmigungen und Zustimmungen von staatlichen Stellen und Aufsichtsbehörden erhalten hat und sämtliche dieser Genehmigungen und Zustimmungen in vollem Umfang gültig und wirksam sind und die Verpflichtungen der Nachfolgeschuldnerin aus den Schuldverschreibungen gemäß ihren Bestimmungen wirksam und rechtsverbindlich und durch jeden Gläubiger durchsetzbar sind; | (b) the Substitute Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of its obligations under the Notes and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor in respect of the Notes are valid and binding in accordance with their respective terms and enforceable by each Holder; |
| (c) die Nachfolgeschuldnerin alle für die Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen erforderlichen Beträge in der erforderlichen Währung an die Zahlstelle überweisen kann, ohne zum Einbehalt oder Abzug von Steuern oder sonstigen Abgaben gleich welcher Art verpflichtet zu sein, die in dem Land erhoben werden, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz hat oder steuerlich ansässig ist; | (c) the Substitute Debtor can transfer to the Paying Agent in the currency required and without being obligated to withhold or deduct any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes; |
| (d) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben, Festsetzungen oder behördlichen Lasten freizustellen, die einem Gläubiger im Zusammenhang mit der Ersetzung auferlegt werden; | (d) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution; |

- (e) die Emittentin (in derartiger Eigenschaft, die „**Garantin**“) unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert (die „**Garantie**“), die sicherstellen, dass jeder Gläubiger in der wirtschaftlichen Position ist, die mindestens so vorteilhaft ist wie die Position, in der die Gläubiger wären, wenn die Ersetzung nicht stattgefunden hätte; und
- (f) die Emittentin einem zu diesem Zweck bestellten Beauftragten ein Rechtsgutachten bezüglich jeder betroffenen Rechtsordnung von anerkannten Rechtsanwälten vorgelegt hat, das bestätigt, dass die Bestimmungen in den vorstehenden Unterabsätzen (a) bis (d) erfüllt worden sind.
- (2) *Bekanntmachung.* Jede Ersetzung der Emittentin gemäß diesem § 12 sowie das Datum, an dem die Ersetzung wirksam wird, ist gemäß § 15 bekanntzugeben.
- (3) *Änderung von Bezugnahmen.* Mit Wirksamwerden der Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin (mit Ausnahme der Bezugnahme auf die Emittentin in § 11) ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin, und jede Bezugnahme auf das Großherzogtum Luxemburg und die maßgebliche Steuerjurisdiktion im Hinblick auf die Emittentin gilt ab diesem Zeitpunkt als Bezugnahme auf die im Hinblick auf die Nachfolgeschuldnerin maßgebliche Steuerjurisdiktion. Mit Wirksamwerden der Ersetzung gilt jede Bezugnahme auf die Emittentin in § 11 ab dann als Bezugnahme auf die Garantin. Zudem gilt eine Bezugnahme auf die Garantin in § 3 und § 10(1)(c) bis (f) als einbezogen (zusätzlich zur Bezugnahme auf die Nachfolgeschuldnerin gemäß dem ersten Satz dieses Absatzes (3)). Darüber hinaus gilt im Falle einer solchen Ersetzung ein weiterer Kündigungsgrund in § 10(1) als vereinbart; ein solcher Kündigungsgrund soll bestehen, falls die
- (e) the Issuer (in such capacity, the “**Guarantor**”) irrevocably and unconditionally guarantees (the “**Guarantee**”) in favor of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favorable as that which would have existed if the substitution had not taken place; and
- (f) the Issuer shall have delivered to an agent appointed for that purpose one legal opinion for each jurisdiction affected of lawyers of recognized standing to the effect that subparagraphs (a) to (d) above have been satisfied.
- (2) *Notice.* Any substitution of the Issuer pursuant to this § 12 and the date of effectiveness of such substitution shall be published in accordance with § 15.
- (3) *Change of References.* Upon effectiveness of the substitution any reference in these Terms and Conditions to the Issuer (other than references to the Issuer in § 11) shall from then on be deemed to refer to the Substitute Debtor and any reference to the Grand Duchy of Luxembourg and the relevant Taxing Jurisdiction with respect to the Issuer shall from then on be deemed to refer to the relevant taxing jurisdiction with respect to the Substitute Debtor. Upon effectiveness of the substitution any reference to the Issuer in § 11 shall from then on be deemed to refer to the Guarantor. In addition, in § 3 and § 10(1)(c) to (f) a reference to the Guarantor shall be deemed to have been included in addition to the reference according to the first sentence of this paragraph (3) to the Substitute Debtor. Furthermore, in the event of such substitution, a further event of default shall be deemed to be included in § 10(1); such event of default shall exist in the case that the Guarantee is or becomes invalid for any such reason.

Garantie aus irgendeinem Grund unwirksam ist oder wird.

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| (4) <i>Weitere Ersetzungen.</i> Die Nachfolgeschuldnerin ist jederzeit nach einer Ersetzung gemäß vorstehendem Absatz (1) berechtigt, ohne die Zustimmung der Gläubiger eine weitere Ersetzung vorzunehmen, vorausgesetzt, dass alle Bestimmungen der vorstehenden Absätze (1) bis (3) sinngemäß Anwendung finden und, ohne hierauf beschränkt zu sein, Bezugnahmen in diesen Anleihebedingungen auf die Emittentin, sofern der Zusammenhang dies verlangt, (auch) als Bezugnahmen auf jede weitere Nachfolgeschuldnerin gelten, wobei die Ersetzung gemäß diesem § 12 in keinem Fall die Wirkung einer Befreiung der Emittentin von irgendwelchen Verpflichtungen aus ihrer Garantie hat. | (4) <i>Further Substitution.</i> At any time after a substitution pursuant to paragraph (1) above, the Substitute Debtor may, without the consent of the Holders, effect a further substitution <i>provided that</i> all the provisions specified in paragraphs (1) to (3) above shall apply, <i>mutatis mutandis</i> , and, without limitation, references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute Debtor, <i>provided that</i> in no event shall any substitution under this § 12 have the effect of releasing the Issuer from any of its obligations under its Guarantee. |
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**§ 13
BEGEBUNG WEITERER
SCHULDVERSCHREIBUNGEN, ANKAUF
UND ENTWERTUNG**

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| (1) <i>Begebung weiterer Schuldverschreibungen.</i> Die Emittentin ist, vorbehaltlich der Bestimmungen des § 11, berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit in jeder Hinsicht gleicher Ausstattung (gegebenenfalls mit Ausnahme des jeweiligen Begebungstags, des Verzinsungsbeginns, der ersten Zinszahlung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden. | (1) <i>Further Issues.</i> Subject to § 11, the Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the relevant issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single series with the Notes. |
| (2) <i>Ankauf.</i> Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden. | (2) <i>Purchases.</i> The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Paying Agent for cancellation. |
| (3) <i>Entwertung.</i> Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden. | (3) <i>Cancellation.</i> All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold. |

§ 14

ÄNDERUNG DER ANLEIHEBEDINGUNGEN DURCH BESCHLÜSSE DER GLÄUBIGER, GEMEINSAMER VERTRETER

- (1) *Änderung der Anleihebedingungen.* Die Emittentin kann mit den Gläubigern Änderungen der Anleihebedingungen oder sonstige Maßnahmen durch Mehrheitsbeschluss der Gläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen („SchVG“) in seiner jeweils geltenden Fassung beschließen. Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Abs. 3 SchVG vorgesehenen Maßnahmen, durch Beschlüsse mit den in dem nachstehenden Absatz (2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger gleichermaßen verbindlich.
- (2) *Mehrheit.* Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, oder über sonstige wesentliche Maßnahmen bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine „**Qualifizierte Mehrheit**“).
- (3) *Beschlussfassung.* Die Anleihegläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und §§ 5 ff. SchVG fassen.
- (4) *Gläubigerversammlung.* Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die

§ 14

AMENDMENTS OF THE TERMS AND CONDITIONS BY RESOLUTIONS OF HOLDERS, JOINT REPRESENTATIVE

- (1) *Amendment of the Terms and Conditions.* The Issuer may agree with the Holders on amendments to the Terms and Conditions or on other matters by virtue of a majority resolution of the Holders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (“SchVG”), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under section 5 paragraph 3 of the SchVG by resolutions passed by such majority of the votes of the Holders as stated under paragraph (2) below. A duly passed majority resolution shall be binding equally upon all Holders.
- (2) *Majority.* Except as provided by the following sentence and *provided that* the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of section 5 paragraph 3 numbers 1 through 9 of the SchVG, or relating to material other matters may only be passed by a majority of at least 75% of the voting rights participating in the vote (a “**Qualified Majority**”).
- (3) *Passing of Resolutions.* The Holders may pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with §§ 5 et seqq. of the SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 and §§ 5 et seqq. of the SchVG.
- (4) *Meeting.* Attendance at the meeting (*Gläubigerversammlung*) and exercise of voting rights is subject to the Holders’ registration. The registration must be received at the address stated in the convening notice (*Einberufung*) no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by

Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 17(4)(i)(a) und (b) dieser Anleihebedingungen und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

- (5) *Abstimmung ohne Versammlung.* Sollen Beschlüsse der Gläubiger durch eine Abstimmung ohne Versammlung nach § 18 SchVG gefasst werden, müssen die Gläubiger, zusammen mit der Stimmabgabe, ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis der Depotbank gemäß § 17(4)(i)(a) und (b) dieser Anleihebedingungen und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Stimmabgabe (einschließlich) bis zum Tag, an dem der Abstimmungszeitraum endet (einschließlich), nicht übertragbar sind, nachweisen.
- (6) *Zweite Gläubigerversammlung.* Wird für die Gläubigerversammlung gemäß Absatz (4) oder die Abstimmung ohne Versammlung gemäß Absatz (5) die mangelnde Beschlussfähigkeit festgestellt, kann - im Fall der Gläubigerversammlung - der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und - im Fall der Abstimmung ohne Versammlung - der Abstimmungsleiter eine Gläubigerversammlung einberufen, die als zweite Versammlung im Sinne des § 15 Abs. 3 Satz 3 SchVG anzusehen ist. Die Teilnahme an der zweiten Gläubigerversammlung und die Ausübung der Stimmrechte sind von einer Anmeldung der Gläubiger abhängig. Für die Anmeldung der Gläubiger zu einer zweiten Versammlung gilt Absatz (4) Satz 3 entsprechend.
- (7) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der „**Gemeinsame**

means of a special confirmation of the Custodian in accordance with § 17(4)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

- (5) *Vote without a meeting.* If resolutions of the Holders shall be made by means of a vote without a meeting (*Abstimmung ohne Versammlung*) Holders must, together with casting their votes, demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 17(4)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from (and including) the day such votes have been cast to (and including) the day the voting period ends.

- (6) *Second Noteholders' Meeting.* If it is ascertained that no quorum exists for the meeting pursuant to paragraph (4) or the vote without a meeting pursuant to paragraph (5), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with section 15 paragraph 3 sentence 2 of the SchVG or in case of a vote without a meeting, the scrutineer (*Abstimmungsleiter*) may convene a noteholders' meeting, which shall be deemed to be a second noteholders' meeting within the meaning of section 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second noteholders' meeting and exercise of voting rights is subject to the Holders' registration. The provisions set out in paragraph (4) sentence 3 shall apply *mutatis mutandis* to the Holders' registration for a second meeting.

- (7) *Holders' Representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative (the " **Holders'**

Vertreter“), die Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters bestimmen. Die Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt werden soll, Änderungen des wesentlichen Inhalts der Anleihebedingungen oder anderen wesentlichen Maßnahmen gemäß § 14(2) dieser Anleihebedingungen zuzustimmen.

- (8) *Veröffentlichung.* Bekanntmachungen betreffend diesen § 14 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

§ 15 MITTEILUNGEN

- (1) *Mitteilungen.* Alle die Schuldverschreibungen betreffenden Mitteilungen werden auf der Internetseite der Emittentin unter www.ado.properties elektronisch veröffentlicht, wenn nicht in § 14(8) anders vorgesehen, sowie, falls gesetzlich vorgeschrieben, in den gesetzlich vorgesehenen zusätzlichen Medien. Jede derartige Mitteilung gilt am dritten Kalendertag nach dem Tag der Veröffentlichung (oder bei mehrfacher Veröffentlichung am dritten Kalendertag nach dem Tag der ersten solchen Veröffentlichung) als wirksam gegenüber den Gläubigern erfolgt.
- (2) *Mitteilungen an das Clearingsystem.* Wenn eine Veröffentlichung von Mitteilungen nach dem vorstehenden Absatz (1) nicht weiterhin rechtlich oder nach den Regeln der Wertpapierbörse, an denen die Schuldverschreibungen notiert sind, erforderlich ist, kann die Emittentin die betreffende Mitteilung an das Clearingsystem zur Weiterleitung an die Gläubiger übermitteln. Jede derartige Mitteilung gilt am fünften Kalendertag nach dem Tag der Mitteilung an das Clearingsystem als wirksam gegenüber den Gläubigern erfolgt.
- (3) *Mitteilungen an die Emittentin.* Mitteilungen eines Gläubigers an die Emittentin haben in der Weise zu erfolgen, dass der Gläubiger der

Representative“), the duties and responsibilities and the powers of such Holders' Representative, the transfer of the rights of the Holders to the Holders' Representative and a limitation of liability of the Holders' Representative. Appointment of a Holders' Representative may only be passed by a Qualified Majority if such Holders' Representative is to be authorized to consent, in accordance with § 14(2) hereof, to a material change in the substance of the Terms and Conditions or other material matters.

- (8) *Publication.* Any notices concerning this § 14 shall be made exclusively pursuant to the provisions of the SchVG.

§ 15 NOTICES

- (1) *Notices.* Except as stipulated in § 14(8), all notices concerning the Notes will be made by means of electronic publication on the internet website of the Issuer at www.ado.properties and, if legally required, in the form of media determined by law in addition thereto. Any notice so given will be deemed to have been validly given to the Holders on the third calendar day following the date of such publication (or, if published more than once, on the third calendar day following the date of the first such publication).
- (2) *Notification to the Clearing System.* If the publication of notices pursuant to paragraph (1) above is no longer required by law or the rules of the stock exchange on which the Notes are listed, the Issuer may deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given to the Holders on the fifth calendar day following the day on which the said notice was given to the Clearing System.
- (3) *Notification to the Issuer.* Notices to be given by any Holder to the Issuer shall be made by means of a declaration at least in text form

Zahlstelle eine entsprechende Erklärung zumindest in Textform (§ 126b Bürgerliches Gesetzbuch) übermittelt. Eine derartige Mitteilung kann von jedem Gläubiger gegenüber der Zahlstelle über das Clearingsystem in der von der Zahlstelle und dem Clearingsystem dafür vorgesehenen Weise erfolgen.

§ 16 DEFINITIONEN

„**Abgezinsten Marktpreis (Make-Whole Amount)**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

„**Ausübungszeitraum**“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.

„**Begebungstag**“ hat die diesem Begriff in § 1(1) zugewiesene Bedeutung.

„**Benchmark-Rendite**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

„**Berichtsstichtag**“ ist der 31. März, 30. Juni, 30. September und 31. Dezember eines jeden Jahres.

„**Besicherte Finanzverbindlichkeiten**“ bezeichnet den Teil der Konsolidierten Nettofinanzverbindlichkeiten, der mit Sicherungsrechten an Immobilien oder sonstigen Vermögenswerten der Emittentin oder ihrer Tochtergesellschaften besichert ist (jeweils nach IFRS ermittelt).

„**Bilanzsumme**“ bezeichnet den Wert der konsolidierten Bilanzsumme der Emittentin und der Tochtergesellschaften, der in einer nach IFRS erstellten Konzernbilanz der Emittentin erscheint oder erscheinen würde, wobei die „*Bilanzsumme*“ die Zuflüsse aus den Finanzverbindlichkeiten, die eingegangen werden, einschließt.

„**Bildschirmseite**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

„**CBL**“ hat die diesem Begriff in § 1(5) zugewiesene Bedeutung.

„**Clearingsystem**“ hat die diesem Begriff in § 1(5) zugewiesene Bedeutung.

„**Common Safekeeper**“ hat die diesem Begriff in § 1(3)(a) zugewiesene Bedeutung.

„**Dauerglobalurkunde**“ hat die diesem Begriff in § 1(3)(a) zugewiesene Bedeutung.

(section 126b of the German Civil Code, *Bürgerliches Gesetzbuch*) to be delivered to the Paying Agent. Such notice may be given by any Holder to the Paying Agent through the Clearing System in such manner as the Paying Agent and the Clearing System may approve for such purpose.

§ 16 DEFINITIONS

“**Make-Whole Amount**” has the meaning assigned to such term in § 6(4).

“**Put Period**” has the meaning assigned to such term in § 6(5)(a).

“**Issue Date**” has the meaning assigned to such term in § 1(1).

“**Benchmark Yield**” has the meaning assigned to such term in § 6(4).

“**Reporting Date**” means 31 March, 30 June, 30 September and 31 December of each year.

“**Secured Financial Indebtedness**” means that portion of the Consolidated Net Financial Indebtedness that is secured by a Lien on properties or other assets of the Issuer or any of its Subsidiaries (each as determined in accordance with IFRS).

“**Total Assets**” means the value of the consolidated total assets of the Issuer and the Subsidiaries, as such amount appears, or would appear, on a consolidated balance sheet of the Issuer prepared in accordance with IFRS, *provided that* „Total Assets” shall include the proceeds of the Financial Indebtedness to be incurred.

“**Screen Page**” has the meaning assigned to such term in § 6(4).

“**CBL**” has the meaning assigned to such term in § 1(5).

“**Clearing System**” has the meaning assigned to such term in § 1(5).

“**Common Safekeeper**” has the meaning assigned to such term in § 1(3)(a).

“**Permanent Global Note**” has the meaning assigned to such term in § 1(3)(a).

„**Depotbank**“ hat die diesem Begriff in § 17(4) zugewiesene Bedeutung.

„**Eingehen**“ bezeichnet in Bezug auf eine Finanzverbindlichkeit oder eine sonstige Verbindlichkeit einer Person die Begründung oder Übernahme dieser Finanzverbindlichkeit oder dieser sonstigen Verbindlichkeit oder die Abgabe einer Garantie oder Bürgschaft oder anderweitige Übernahme der Haftung für diese Finanzverbindlichkeit oder diese sonstige Verbindlichkeit; das „**Eingehen**“ bzw. „**eingegangen**“ sind entsprechend auszulegen.

„**Emittentin**“ hat die diesem Begriff in § 1(1) zugewiesene Bedeutung.

„**Erster Rückzahlungstag**“ hat die diesem Begriff in § 6(3)(a) zugewiesene Bedeutung.

„**Euroclear**“ hat die diesem Begriff in § 1(5) zugewiesene Bedeutung.

„**Fälligkeitstag**“ hat die diesem Begriff in § 6(1) zugewiesene Bedeutung.

„**Festgelegte Stückelung**“ hat die diesem Begriff in § 1(1) zugewiesene Bedeutung.

„**Finanzverbindlichkeiten**“ bezeichnet (unter Ausschluss einer Doppelberücksichtigung) alle Verbindlichkeiten (ausgenommen solche gegenüber anderen Mitgliedern der Gruppe) aus:

- (i) aufgenommenen Geldern;
- (ii) allen im Rahmen von Akzeptkrediten oder eines dematerialisierten Äquivalents aufgenommenen Beträge;
- (iii) allen im Rahmen von Fazilitäten zum Kauf kurzfristiger Schuldtitel oder im Rahmen der Begebung von Anleihen, Schuldverschreibungen, Commercial Paper oder vergleichbaren Instrumenten aufgenommenen Beträgen;
- (iv) veräußerten oder diskontierten Forderungen (außer bei einem Forderungsverkauf ohne Rückgriffsrecht);
- (v) der Aufnahme von Beträgen im Rahmen anderer Rechtsgeschäfte (einschließlich Termingeschäften), die die wirtschaftliche Wirkung einer Kreditaufnahme haben, ausgenommen jedoch Bankgarantie-Fazilitäten, die der Emittentin oder einer Tochtergesellschaft von Finanzinstituten gewährt werden oder gewährt werden sollen

„**Custodian**“ has the meaning assigned to such term in § 17(4).

„**Incur**“ means, with respect to any Financial Indebtedness or other obligation of any Person, to create, assume, guarantee or otherwise become liable in respect of such Financial Indebtedness or other obligation, and “**incurrence**” and “**incurred**” have the meanings correlative to the foregoing.

„**Issuer**“ has the meaning assigned to such term in § 1(1).

„**First Call Date**“ has the meaning assigned to such term in § 6(3)(a).

„**Euroclear**“ has the meaning assigned to such term in § 1(5).

„**Maturity Date**“ has the meaning assigned to such term in § 6(1).

„**Specified Denomination**“ has the meaning assigned to such term in § 1(1).

„**Financial Indebtedness**“ means (without duplication) any indebtedness (excluding any indebtedness owed to another member of the Group) for or in respect of:

- (i) money borrowed;
- (ii) any amount raised by acceptance under any acceptance credit facility or a dematerialized equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, commercial papers or any similar instrument;
- (iv) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (v) any amounts raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, but excluding bank guarantee facilities made or to be made available by financial institutions to the Issuer or a Subsidiary under which the Issuer or the respective Subsidiary may request the

<p>und in deren Rahmen die Emittentin bzw. die jeweilige Tochtergesellschaft die Ausstellung einer oder mehrerer Bankgarantien zugunsten einer Person verlangen kann, die sich zum Erwerb von Immobilienvermögen von der Emittentin oder einer Tochtergesellschaft verpflichtet hat;</p>	<p>issue of a bank guarantee or bank guarantees in favor of a person who agrees to purchase a Real Estate Property owned by the Issuer or a Subsidiary;</p>
<p>(vi) einem Aufwendungsersatzanspruch in Bezug auf eine Bürgschaft, eine Freistellungsverpflichtung, eine Garantie, ein Standby- oder Dokumentenakkreditiv oder ein anderes von einer Bank oder einem Finanzinstitut ausgestelltes Instrument; und</p>	<p>(vi) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and</p>
<p>(vii) Verbindlichkeiten aus einer Garantie, Bürgschaft oder Freistellungsverpflichtung in Bezug auf Verbindlichkeiten der in den vorstehenden Absätzen (i) bis (vi) genannten Art,</p>	<p>(vii) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (vi) above,</p>
<p>jeweils nur falls und soweit der jeweilige Betrag oder die jeweilige Verpflichtung nach IFRS als „<i>Verbindlichkeit</i>“ erfasst wird.</p>	<p>in each such case only if and to the extent the relevant amount or obligation is recorded as „<i>indebtedness</i>“ in accordance with IFRS.</p>
<p>„Garantie“ hat die diesem Begriff in § 12(1)(e) zugewiesene Bedeutung.</p>	<p>„Guarantee“ has the meaning assigned to such term in § 12(1)(e).</p>
<p>„Garantin“ hat die diesem Begriff in § 12(1)(e) zugewiesene Bedeutung.</p>	<p>„Guarantor“ has the meaning assigned to such term in § 12(1)(e).</p>
<p>„Gemeinsamer Vertreter“ hat die diesem Begriff in § 14(7) zugewiesene Bedeutung.</p>	<p>„Holders’ Representative“ has the meaning assigned to such term in § 14(7).</p>
<p>„Geschäftstag“ hat die diesem Begriff in § 5(4) zugewiesene Bedeutung.</p>	<p>„Business Day“ has the meaning assigned to such term in § 5(4).</p>
<p>„Gläubiger“ hat die diesem Begriff in § 1(6) zugewiesene Bedeutung.</p>	<p>„Holder“ has the meaning assigned to such term in § 1(6).</p>
<p>„Gläubiger-Ausübungserklärung“ hat die diesem Begriff in § 6(5)(c) zugewiesene Bedeutung.</p>	<p>„Put Notice“ has the meaning assigned to such term in § 6(5)(c).</p>
<p>„Gläubiger-Rückzahlungswahlrecht“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.</p>	<p>„Put Option“ has the meaning assigned to such term in § 6(5)(a).</p>
<p>„Gläubigerwahl-Rückzahlungsereignis-Mitteilung“ hat die diesem Begriff in § 6(5)(b) zugewiesene Bedeutung.</p>	<p>„Put Event Notice“ has the meaning assigned to such term in § 6(5)(b).</p>
<p>„Globalurkunden“ hat die diesem Begriff in § 1(3)(a) zugewiesene Bedeutung.</p>	<p>„Global Notes“ has the meaning assigned to such term in § 1(3)(a).</p>
<p>„Gruppe“ bezeichnet die Emittentin und ihre Tochtergesellschaften.</p>	<p>„Group“ means the Issuer together with its Subsidiaries.</p>
<p>„ICSDs“ hat die diesem Begriff in § 1(5) zugewiesene Bedeutung.</p>	<p>„ICSDs“ has the meaning assigned to such term in § 1(5).</p>

„IFRS“ bezeichnet die International Financial Reporting Standards des International Accounting Standard Board in der jeweils geltenden Fassung.

„Immobilienvermögen“ bezeichnet (unter Ausschluss einer Doppelberücksichtigung) das im Konzernabschluss der Emittentin in den Bilanzpositionen „Anlageimmobilien“, „zu Handelszwecken gehaltene Immobilien“ „Anzahlungen für Anlageimmobilien“ und „Anzahlungen bezüglich der für Handelszwecke gehaltenen Immobilien“ zum unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, angesetzte oder nach IFRS seit dem unmittelbar vorangegangenen Berichtsstichtag, zu dem ein Konzernabschluss der Emittentin veröffentlicht worden ist, anzusetzende Immobilienvermögen der Emittentin und der Tochtergesellschaften.

„Kapitalmarktverbindlichkeit“ bezeichnet jede gegenwärtige oder künftige Verpflichtung zur Rückzahlung aufgenommenen Geldbeträge (einschließlich Verbindlichkeiten aus Garantien oder sonstigen Haftungsvereinbarungen für solche Verbindlichkeiten Dritter), die verbrieft ist in Form von Anleihen, Schuldverschreibungen oder sonstigen Wertpapieren, die an einer Börse, einem außerbörslichen Markt oder an einem anderen anerkannten Wertpapiermarkt notiert, zugelassen oder gehandelt werden können (zur Klarstellung: Namensschuldverschreibungen und Schuldscheindarlehen sind keine Kapitalmarktverbindlichkeit).

„Konsolidierte Nettofinanzverbindlichkeiten“ bezeichnet die Nettofinanzverbindlichkeiten der Emittentin und ihrer Tochtergesellschaften auf konsolidierter Basis, die nach IFRS als „Darlehen und Ausleihungen“ und „Sonstige Finanzverbindlichkeiten“ abzüglich „Zahlungsmittel und Zahlungsmitteläquivalente“ und „sonstige Geldeinlagen“ ermittelt werden (jeweils wie im Konzernabschluss der Emittentin ausgewiesen).

„Konsolidiertes EBITDA gesamt“ bezeichnet den unter der Überschrift „EBITDA aus Vermietung“ angegebenen Zahlenwert zuzüglich des „Nettogewinn aus Privatisierungsgeschäften“, bereinigt um die Projektkosten mit Einmalcharakter und anderen außerordentlichen sowie periodenfremden Aufwendungen und Erträgen (jeweils vorbehaltlich der Bestimmungen in diesen Anleihebedingungen).

“IFRS” means the International Financial Reporting Standards as published by the International Accounting Standards Board, as in effect from time to time.

“Real Estate Property” means (without duplication) the real estate property of the Issuer and the Subsidiaries that is recognized as of the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published, or is required to be recognized in accordance with IFRS since the immediately preceding Reporting Date for which Consolidated Financial Statements of the Issuer have been published, in the balance sheet items “investment properties”, “trading properties”, “advances in respect of investment properties” and “advances in respect of trading properties” of the Consolidated Financial Statements of the Issuer.

“Capital Market Indebtedness” means any present or future obligation for the payment of borrowed money (including obligations by reason of any guarantee or other liability agreement for such obligations of third parties) which is in the form of, or represented by, bonds, notes or other securities which are capable of being quoted, listed, dealt in or traded on a stock exchange, over-the-counter-market or other recognized securities market (for the avoidance of doubt: Namensschuldverschreibungen/registered bonds and Schuldschein loans/promissory notes shall be no Capital Market Indebtedness).

“Consolidated Net Financial Indebtedness” means the net financial indebtedness of the Issuer and any of its Subsidiaries, on a consolidated basis determined in accordance with IFRS as “loans and borrowings” and “other financial liabilities” less “cash and cash equivalents” and “other deposits” (each shown in the Consolidated Financial Statements of the Issuer).

“Consolidated EBITDA total” means the number set out in the item “EBITDA from rental activities” together with “net profit from privatizations”, adjusted for nonrecurring project costs and other extraordinary and prior-period expenses and income (in each case subject to the determination specified in these Terms and Conditions).

„**Kontrollwechsel**“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.

„**Konzernabschluss**“ bezeichnet in Bezug auf eine Person den nach IFRS erstellten Konzernabschluss mit Anhang und Lagebericht für diese Person und ihre Tochterunternehmen sowie Konzernzwischenabschlüsse und Quartalsmitteilungen (zum relevanten Zeitpunkt).

„**Kündigungserklärung**“ hat die diesem Begriff in § 10(2) zugewiesene Bedeutung.

„**Kündigungsgrund**“ hat die diesem Begriff in § 10(1) zugewiesene Bedeutung.

„**Nachfolgeschuldnerin**“ hat die diesem Begriff in § 12(1) zugewiesene Bedeutung.

„**Neue Finanzverbindlichkeiten**“ bezeichnet den Betrag der eingegangenen Finanzverbindlichkeiten abzüglich (i) des Betrags der zurückgezahlten Finanzverbindlichkeiten und (ii) „Zahlungsmittel und Zahlungsmitteläquivalente“ (jeweils nach IFRS ermittelt).

„**Neue Besicherte Finanzverbindlichkeiten**“ bezeichnet den Betrag der eingegangenen Besicherten Finanzverbindlichkeiten abzüglich des Betrags der zurückgezahlten Besicherten Finanzverbindlichkeiten (jeweils nach IFRS ermittelt).

„**Person**“ bezeichnet natürliche Personen, Körperschaften, Personengesellschaften, Joint Ventures, Vereinigungen, Aktiengesellschaften, Trusts, nicht rechtsfähige Vereinigungen, Gesellschaften mit beschränkter Haftung, staatliche Stellen (oder Behörden oder Gebietskörperschaften) oder sonstige Rechtsträger.

„**Projekt-Kapitalmarktverbindlichkeit**“ bezeichnet jede Kapitalmarktverbindlichkeit aus oder im Zusammenhang mit einer Projektfinanzierung, die nur von der jeweiligen Projektfinanzierungsgesellschaft oder deren Tochtergesellschaften geschuldet werden und bei denen die Rückgriffsrechte der Gläubiger der betreffenden Kapitalmarktverbindlichkeit auf die jeweilige Projektgesellschaft sowie die von dieser gehaltenen Vermögenswerte und/oder die daraus erzielten Erträge beschränkt sind.

„**Qualifizierte Mehrheit**“ hat die diesem Begriff in § 14(2) zugewiesene Bedeutung.

“**Change of Control**” has the meaning assigned to such term in § 6(5)(a).

“**Consolidated Financial Statements**” means, with respect to any Person, the consolidated financial statements and notes to those financial statements and the group management report of that Person and its subsidiaries prepared in accordance with IFRS as well as interim consolidated financial statements and quarterly statements (as of the relevant date).

“**Termination Notice**” has the meaning assigned to such term in § 10(2).

“**Event of Default**” has the meaning assigned to such term in § 10(1).

“**Substitute Debtor**” has the meaning assigned to such term in § 12(1).

“**New Financial Indebtedness**” means the amount of Financial Indebtedness incurred minus (i) the amount of Financial Indebtedness repaid and (ii) “*cash and cash equivalents*” (each as determined in accordance with IFRS).

“**New Secured Financial Indebtedness**” means the amount of Secured Financial Indebtedness incurred minus the amount of Secured Financial Indebtedness repaid (each as determined in accordance with IFRS).

“**Person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government (or any agency or political subdivision thereof) or any other entity.

“**Project Capital Market Indebtedness**” means any Capital Market Indebtedness incurred in respect of project financings which are solely owed by the relevant project finance vehicles or its subsidiaries and where the recourse of the holders of such Capital Market Indebtedness is limited solely to the relevant project finance vehicle and its assets and/or any income generated therefrom.

“**Qualified Majority**” has the meaning assigned to such term in § 14(2).

„**Referenzanleihe**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

„**Relevante Person(en)**“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.

„**Rückzahlungs-Berechnungstag**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

„**Rückzahlungsbetrag**“ hat die diesem Begriff in § 6(1) zugewiesene Bedeutung.

„**Schuldverschreibungen**“ hat die diesem Begriff in § 1(1) zugewiesene Bedeutung.

„**SchVG**“ hat die diesem Begriff in § 14(1) zugewiesene Bedeutung.

„**Verschuldungsgrad (LTV) Besichertes Vermögen**“ hat die diesem Begriff in § 11(1)(b) zugewiesene Bedeutung.

„**Sicherungsrecht**“ bezeichnet (unter Ausschluss einer Doppelberücksichtigung) Sicherungsrechte, Grundpfandrechte, Sicherung-Treuhandverträge, Sicherungsurkunden, Verpfändungsverträge, Sicherungsabtretungen, Sicherungsübereignungen, Hinterlegungsvereinbarungen oder sonstige Sicherungsabreden, ausgenommen Rechte zur Aufrechnung, jedoch u. a. einschließlich bedingte Kaufverträge oder Vereinbarungen unter Eigentumsvorbehalt, Finanzierungsleasingverträge, die wirtschaftlich im Wesentlichen den vorgenannten Vereinbarungen gleichkommen, sowie sonstige Vereinbarungen, die ein dingliches Sicherungsrecht gewähren oder übertragen und zwar einer Person, die nicht Mitglied der Gruppe ist, jeweils zur Besicherung ausstehender Finanzverbindlichkeiten, jedoch keine

- (i) in Abteilung 2 eines deutschen Grundbuchs eingetragenen Belastungen;
- (ii) Sicherungsrechte, die im Zusammenhang mit der Veräußerung eines Vermögenswerts im Rahmen der gewöhnlichen Geschäftstätigkeit entstehen, u.a. Sicherungsrechte an Vermögenswerten, die Gegenstand eines Kaufvertrags sind, zur Finanzierung des Kaufpreises;
- (iii) Sicherungsrechte, für die dem maßgeblichen Mitglied der Gruppe eine unbedingte Löschungsbewilligung übermittelt wurde;
- (iv) Sicherungsrechte, die kraft Gesetzes (oder kraft einer Vereinbarung mit derselben

„**Benchmark Security**“ has the meaning assigned to such term in § 6(4).

„**Relevant Person(s)**“ has the meaning assigned to such term in § 6(5)(a).

„**Redemption Calculation Date**“ has the meaning assigned to such term in § 6(4).

„**Final Redemption Amount**“ has the meaning assigned to such term in § 6(1).

„**Notes**“ has the meaning assigned to such term in § 1(1).

„**SchVG**“ has the meaning assigned to such term in § 14(1).

„**Secured Loan-to-Value Ratio**“ has the meaning assigned to such term in § 11(1)(b).

„**Lien**“ means (without duplication) any lien, mortgage, trust deed, deed of trust, deed, pledge, security interest, assignment for collateral purposes, deposit arrangement, or other security agreement, excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any other like agreement granting or conveying a security interest in rem to a Person that is not a member of the Group, in each case to secure outstanding Financial Indebtedness, but in each case excluding

- (i) any encumbrance registered in department 2 of the German land register;
- (ii) any lien arising in connection with a disposal of an asset in the ordinary course of business including, without limitation, any lien created in assets subject to a sale agreement for the purposes of financing the purchase price;
- (iii) any lien in respect of which an unconditional deletion consent has been delivered to the relevant member of the Group;
- (iv) any lien arising by operation of law (or by agreement having the same effect) or in the ordinary course of business;

Wirkung) oder im Rahmen der gewöhnlichen Geschäftstätigkeit entstehen;

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| (v) Barsicherheiten, die im Zusammenhang mit Währungs- und Zinsabsicherungsgeschäften gestellt werden; | (v) any cash collateral posted in connection with cross-currency and interest rate hedging transactions; |
| (vi) Sicherungsrechte an Bankkonten nach Maßgabe von Finanzierungsvereinbarungen oder allgemeinen Geschäftsbedingungen des Anbieters von Bankkonten; und | (vi) any lien on bank accounts under financing agreements or general terms and conditions of any provider of bank accounts; and |
| (vii) Sicherungsrechte für Finanzverbindlichkeiten, die am Begebungstag ausstehen. | (vii) any lien securing Financial Indebtedness outstanding on the Issue Date. |

„**Steuerjurisdiktion**“ hat die diesem Begriff in § 8(1) zugewiesene Bedeutung.

“**Taxing Jurisdiction**” has the meaning assigned to such term in § 8(1).

„**Tochtergesellschaft**“ bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen, oder jede andere Person an der bzw. dem die Emittentin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

“**Subsidiary**” means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in aggregate more than 50% of the capital or the voting rights.

„**Unabhängiger Sachverständiger**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

“**Independent Financial Adviser**” has the meaning assigned to such term in § 6(4).

„**Verbriefte Kapitalmarktverbindlichkeit**“ bezeichnet jede Kapitalmarktverbindlichkeit aus oder im Zusammenhang mit einer Verbriefung oder vergleichbaren Finanzierungsvereinbarung in Bezug auf Vermögenswerte der Emittentin oder ihrer Tochtergesellschaften, bei der die Rückgriffsrechte der Gläubiger der betreffenden Kapitalmarktverbindlichkeit auf die Emittentin ausschließlich auf die betreffenden Vermögenswerte oder die daraus erzielten Erträge beschränkt sind.

“**Securitized Capital Market Indebtedness**” means any Capital Market Indebtedness incurred in respect of or in connection with any securitization or similar financing arrangement relating to assets owned by the Issuer or its Subsidiaries and where the recourse of the holders of such Capital Market Indebtedness against the Issuer is limited solely to such assets or any income generated therefrom.

„**Vereinigte Staaten**“ hat die diesem Begriff in § 1(7) zugewiesene Bedeutung.

“**United States**” has the meaning assigned to such term in § 1(7).

„**Verschuldungsgrad (LTV)**“ hat die diesem Begriff in § 11(1)(a) zugewiesene Bedeutung.

“**Loan-to-Value Ratio**” has the meaning assigned to such term in § 11(1)(a).

„**Verzinsungsbeginn**“ hat die diesem Begriff in § 4(1) zugewiesene Bedeutung.

“**Interest Commencement Date**” has the meaning assigned to such term in § 4(1).

„**Vorläufige Globalurkunde**“ hat die diesem Begriff in § 1(3)(a) zugewiesene Bedeutung.

“**Temporary Global Note**” has the meaning assigned to such term in § 1(3)(a).

„**Wahl-Rückzahlungsbetrag (Call)**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

“**Call Redemption Amount**” has the meaning assigned to such term in § 6(4).

„**Wahl-Rückzahlungstag (Call)**“ hat die diesem Begriff in § 6(4) zugewiesene Bedeutung.

“**Call Redemption Date**” has the meaning assigned to such term in § 6(4).

„**Wahl-Rückzahlungsbetrag (Put)**“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.

„**Wahl-Rückzahlungstag (Put)**“ hat die diesem Begriff in § 6(5)(c) zugewiesene Bedeutung.

„**Wesentliche Tochtergesellschaft**“ bezeichnet eine Tochtergesellschaft der Emittentin, die verpflichtet ist, einen geprüften und nicht konsolidierten Jahresabschluss zu erstellen, und deren Bilanzsumme gemäß ihrem geprüften und nicht konsolidierten Jahresabschluss mindestens 3 % der Bilanzsumme ausmacht.

„**Zahlstelle**“ hat die diesem Begriff in § 7(1) zugewiesene Bedeutung.

„**Zahlungswirksames Zinsergebnis**“ bezeichnet alle an Personen, die nicht Mitglied der Gruppe sind, aufgelaufenen, bar zu zahlenden Zinsen und sonstigen Finanzierungskosten abzüglich des Betrags aller durch Mitglieder der Gruppe von Personen, die nicht Mitglied der Gruppe sind, zu erhaltenden und aufgelaufenen Zinsen und sonstigen Finanzierungskosten, jeweils ausgenommen einmalige Finanzierungskosten (u. a. einmalige Entgelte und/oder Vorfälligkeitsentschädigungen).

„**Zinsdeckungsgrad**“ hat die diesem Begriff in § 11(1)(c) zugewiesene Bedeutung.

„**Zinsperiode**“ hat die diesem Begriff in § 4(3) zugewiesene Bedeutung.

„**Zinszahlungstag**“ hat die diesem Begriff in § 4(1) zugewiesene Bedeutung.

„**Zusätzliche Beträge**“ hat die diesem Begriff in § 8(2) zugewiesene Bedeutung.

„**Put Redemption Amount**“ has the meaning assigned to such term in § 6(5)(a).

„**Put Date**“ has the meaning assigned to such term in § 6(5)(c).

„**Material Subsidiary**“ means any Subsidiary of the Issuer that is required to prepare audited non-consolidated annual accounts and whose total assets as shown in its audited non-consolidated annual accounts are at least equal to 3% of the Total Assets.

„**Paying Agent**“ has the meaning assigned to such term in § 7(1).

„**Net Cash Interest**“ means all cash interest and other financing charges accrued to persons who are not members of the Group less the amount of any interest and other financing charges accrued to be received by members of the Group from persons who are not members of the Group, in each case, excluding any one-off financing charges (including without limitation, any one-off fees and/or break costs).

„**Interest Coverage Ratio**“ has the meaning assigned to such term in § 11(1)(c).

„**Interest Period**“ has the meaning assigned to such term in § 4(3).

„**Interest Payment Date**“ has the meaning assigned to such term in § 4(1).

„**Additional Amounts**“ has the meaning assigned to such term in § 8(2).

§ 17

ANWENDBARES RECHT, ERFÜLLUNGORT UND GERICHTSSTAND, GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht unter Ausschluss des internationalen Privatrechts. Zur Klarstellung: Artikel 470-1 bis 470-19 des luxemburgischen Gesetzes vom 10. August 1915 über Handelsgesellschaften in seiner jeweils geltenden Fassung finden keine Anwendung auf die Schuldverschreibungen.

§ 17

GOVERNING LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION; ENFORCEMENT

(1) *Governing Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law without giving effect to the principles of conflict of laws. For the avoidance of doubt, Articles 470-1 to 470-19 of the Luxembourg law of 10 August 1915 on commercial companies, as amended shall not apply to the Notes.

- (2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland. (2) *Place of Performance.* Place of performance is Frankfurt am Main, Federal Republic of Germany.
- (3) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, ist nicht ausschließlicher Gerichtsstand für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren Frankfurt am Main, Bundesrepublik Deutschland. (3) *Place of Jurisdiction.* Subject to any mandatory jurisdiction for specific proceedings under the SchVG, the courts of Frankfurt am Main, Federal Republic of Germany, will have non-exclusive jurisdiction for any actions or other legal proceedings arising out of or in connection with the Notes.
- (4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu sichern und geltend zu machen: (i) einer Bescheinigung der Depotbank, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die zu dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) einer Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person von dem Clearingsystem oder einer Verwahrstelle des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet „**Depotbank**“ jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Depotgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearingsystems. Unbeschadet der vorstehenden Bestimmungen ist jeder Gläubiger (4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Global Note representing the relevant Notes certified as being a true copy of the original Global Note by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. For purposes of the foregoing, “**Custodian**” means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes, including the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the proceedings.

berechtigt, seine Rechte aus diesen Schuldverschreibungen auch auf jede andere im Land des Verfahrens zulässige Weise geltend zu machen.

**§ 18
SPRACHE**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst; eine Übersetzung in die englische Sprache ist beigefügt. Nur die deutsche Fassung ist rechtlich bindend. Die englische Übersetzung ist unverbindlich.

**§ 18
LANGUAGE**

These Terms and Conditions are written in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English translation is for convenience only.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The following financial data is extracted or derived from the audited consolidated annual financial statements of the Company as of and for the fiscal year ended December 31, 2019, the audited consolidated annual financial statements of the Company as of and for the fiscal year ended December 31, 2018 and the audited consolidated annual financial statements of the Company as of and for the fiscal year ended December 31, 2017 as well as the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2020 (the “3M 2020”), including comparative figures as of and for the three-month period ended March 31, 2019 (the “3M 2019”). These audited consolidated annual financial statements and the unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS (IAS 34).

KPMG Luxembourg, Société cooperative (“KPMG”), has audited and issued an unqualified auditor’s report with respect to the consolidated financial statements for the Fiscal Year 2019, Fiscal Year 2018 and Fiscal Year 2017. The aforementioned audited consolidated annual financial statements are incorporated by reference into this Offering Memorandum.

Where financial data in the following tables is labeled “audited”, this means that it has been extracted from the audited financial statements mentioned above. The label “unaudited” is used in the following tables to indicate financial data that has not been taken from the audited financial statements mentioned above, but was taken from the accounting or controlling records of the Company, or is based on calculations of these figures. All of the financial data presented in the text and tables below are shown in thousands of Euro (in € thousand), except as otherwise stated. In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. The percentage changes that are stated in the text and the tables have been commercially rounded to one decimal point unless stated otherwise. Financial data presented in parentheses denotes the negative of such number presented. In respect of financial data set out in the Offering Memorandum, a dash (“-”) signifies that the relevant figure is not available, while a zero (“0.0”) signifies that the relevant figure is available, but has been rounded to zero.

The following selected consolidated financial data should be read together with the consolidated financial statements including the related notes contained in this Offering Memorandum and additional financial information contained elsewhere in this Offering Memorandum.

Selected Consolidated Financial Information

Selected Consolidated Statements of Profit or Loss Data

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited)		
	(in € thousand)		(in € thousand)		
Revenue.....	31,622	39,989	156,520	154,853	128,852
Cost of operations.....	(7,790)	(10,949)	(44,011)	(41,996)	(36,174)
Gross profit.....	23,832	29,040	112,509	112,857	92,678
General and administrative expenses.....	(6,236)	(4,581)	(25,050)	(18,451)	(12,762)
Other expenses	(6,052)	—	(13,188)	—	—
Other income.....	6,800	—	78,132	—	—
Changes in fair value of investment properties.....	—	—	461,517	404,936	383,638
Results from operating activities.....	18,344	24,459	613,920	499,342	463,554
Finance income	2,010	24	102,475	1,399	1,602
Finance costs	(25,354)	(12,573)	(32,375)	(32,915)	(29,609)
Net finance income (costs)	(23,344)	(12,549)	70,100	(31,516)	(28,007)
Profit before tax.....	(5,000)	11,910	684,020	467,826	435,547
Income tax income (expense).....	2,023	(1,721)	(77,096)	(70,362)	(68,035)
Profit for the period	(2,977)	10,189	606,924	397,464	367,512

Selected Consolidated Statements of Financial Position Data

	As of March 31,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in €thousand)		(audited) (in €thousand)		
Certain Assets					
Trading properties	25,104	45,776	25,860	35,028	42,961
Advances in respect of investment properties.....	—	6,300	6,300	6,300	34,425
Investment properties	3,626,994	4,054,288	3,624,453	4,044,023	3,271,298
Total assets	4,486,690	4,187,344	4,396,465	4,170,173	3,518,263
Certain Liabilities					
Other loans and borrowings (current)....	215,758	17,675	37,605	17,064	72,768
Current liabilities	284,409	77,704	111,711	74,989	122,860
Other loans and borrowings (non-current)	734,749	1,036,917	740,212	1,040,909	953,955
Non-current liabilities	1,533,987	1,902,677	1,568,306	1,897,902	1,563,910

Selected Consolidated Cash Flow Statement Data

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in €thousand)		(audited) (in €thousand)		
Net cash from operating activities	4,906	20,959	88,764	103,933	86,313
Net cash used in investing activities	(125,913)	(16,472)	269,061	(334,034)	(494,499)
Net cash from financing activities	147,171	(8,169)	1,767	136,537	346,295
Change in cash and cash equivalents during the period.....	26,164	(3,682)	359,592	(93,564)	(61,891)
Cash and cash equivalents at the beginning of the period.....	387,558	27,965	27,965	121,530	183,421
Cash and cash equivalents at the end of the period.....	413,722	24,283	387,558	27,966	121,530

Additional Non-IFRS Performance Measures

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

We expect the performance measures EBITDA from rental activities, EBITDA from rental activities margin, EBITDA total (including disposal results) (adjusted), EBITDA total (including disposal results) (adjusted) margin, FFO 1 (from rental activities), FFO 2 (including disposal result), AFFO (from rental activities) and EPRA NAV to be of use for potential investors. We believe that the performance measures are useful in evaluating the ADO Properties Group's operating performance, the net value of the ADO Properties Group's property portfolio, the level of the ADO Properties Group's indebtedness and of cash flow generated by the ADO Properties Group's business, because a number of companies, in particular companies in the real estate business, also publish these figures as key performance indicators. In particular, we are of the opinion that the performance measures FFO 1 (from rental activities), FFO 2 (including disposal results), AFFO (from rental activities) and EPRA NAV are important indicators to measure the operative and financial performance of the business of the ADO Properties Group and its internal controlling system. Furthermore, we are of the opinion that the performance measures EBITDA from rental activities, EBITDA from rental activities margin, EBITDA total (including disposal results) (adjusted) and EBITDA total (including disposal results) (adjusted) margin are useful in the assessment of the operating and financial performance of the ADO Properties Group. However, the performance measures are not recognized as line items under IFRS and should not be considered as substitutes for figures on net assets, result before taxes, net earnings, cash flow from operating activities or other income statement, cash flow or balance sheet data, as determined in accordance with IFRS, or as indicators of profitability or liquidity. The performance measures do not necessarily indicate whether cash flow will be

sufficient or available for the ADO Properties Group's cash requirements, nor whether any such measure is indicative of the ADO Properties Group's historical operating results. The performance measures are not meant to be indicative of future results. Because not all companies calculate these performance measures in the same way, our presentation of the performance measures is not necessarily comparable with similarly-titled measures used by other companies.

The following table presents a summary of certain performance indicators for the periods presented.

	As of and for the three-month period ended March 31,		As of and for the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in € thousand, unless otherwise specified)		(in € thousand, unless otherwise specified)		
Key performance measures					
In-place rent (end of period, annualized).....	112,337	137,111	112,715	135,877	110,782
<i>of which residential units</i>	90,585	115,430	91,529	114,711	93,806
<i>of which commercial units</i>	19,537	19,155	18,829	18,509	14,808
<i>of which other & parking units</i>	2,395	2,604	2,357	2,657	2,168
In-place rent (per month in € per sqm) ⁽¹⁾	7.77	7.16	7.68	6.75	6.89
<i>residential units</i>	7.29	6.76	7.39	6.73	6.42
<i>commercial units</i>	10.30	9.77	10.04	9.42	8.94
EBITDA from rental activities ⁽²⁾	17,706	23,860	91,997	93,777	77,090
Net profit from privatizations ⁽³⁾	712	639	1,809	2,478	2,928
EBITDA from rental activities margin (in %) ⁽⁴⁾ ..	63.5	70.9	68.6	73.3	74.6
EBITDA total (including disposal results)					
(adjusted) ⁽⁵⁾	18,419	24,499	93,806	96,255	80,018
EBITDA total (including disposal results)					
(adjusted) margin (in %) ⁽⁶⁾	64.4	71.4	69.0	73.8	75.3
FFO 1 (from rental activities) ^{(7), (8)}	11,457	16,716	63,173	66,777	54,345
FFO 2 (including disposal results) ^{(7), (9)}	12,170	17,355	64,982	69,255	57,272
AFFO (from rental activities) ⁽⁸⁾	10,745	12,456	51,525	53,739	45,857
Financing and financing position					
LTV-Ratio (in %) ⁽¹⁰⁾	29.4	39.6	27.0	39.6	39.6
Total portfolio value ⁽¹¹⁾	3,652,098	4,086,654	3,650,313	4,079,051	3,314,259
EPRA NAV ⁽¹²⁾	2,824,292	2,443,365	2,905,699	2,429,544	1,988,757
Average interest rate (in %)	1.6	1.7	1.6	1.7	1.8
Average debt maturity (in years)	4.0	4.4	4.3	4.7	5.4
Portfolio measures					
Number of units	17,620	23,641	17,637	23,658	21,970
<i>residential</i>	16,248	22,186	16,255	22,202	20,649
<i>commercial</i>	1,372	1,455	1,382	1,456	1,321
Vacancy rate at period end (in % of sqm) ⁽¹³⁾	2.8	3.2	2.7	3.2	3.6
<i>residential units (1,064,760 sqm as of</i>					
<i>March 31, 2020)</i>	2.7	3.1	2.7	3.2	3.6
<i>commercial units (161,727 sqm as of</i>					
<i>March 31, 2020)</i>	3.2	5.4	3.6	4.6	4.9
Maintenance and capital expenditures					
(annualized) (€ per sqm)	58.8	46.4	36.2	39.2	29.1
Certain per share information					
FFO 1 (from rental activities) per share ⁽¹⁴⁾ (in €) .	0.26	0.38	1.43	1.51	1.23
FFO 2 (including disposal results) per share ⁽¹⁴⁾					
(in €)	0.28	0.39	1.47	1.57	1.30

(1) **In-place rent (per month in € per sqm)** is defined as the current gross rental income per month for rented residential, commercial and other units and parking spaces as agreed in the corresponding rent agreements as of March 31, 2020 and 2019 and December 31, 2019, 2018 and 2017,

respectively, before deducting non-recoverable operating costs, divided by the lettable area of rented units as of the same dates. Residential in-place rent is often also referred to as “net cold rent”.

- (2) **EBITDA from rental activities** is defined as results from operating activity, net of (i) other expenses, (ii) other income, (iii) changes in fair value of investment properties, (iv), one-off costs, (v) selling of condominiums, (vi) selling of condominiums – cost, and (vii) depreciation and amortization. The following table shows the calculation of EBITDA from rental activities for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless otherwise indicated) (in € thousand)		
Profit for the period	(2,977)	10,189	606,924	397,464	367,512
Income tax benefit (expense)	(2,023)	1,721	77,096	70,362	68,035
Net finance costs	23,344	12,549	(70,100)	31,516	28,007
Results from operating activities	18,344	24,459	613,920*	499,342*	463,554*
Other expenses	6,052	—	13,188*	—	—
Other income	(6,800)	—	(78,132)*	—	—
Changes in fair value of investment properties	—	—	(461,517)*	(404,936)*	(383,638)*
One-off costs**	532	256	7,074*	3,293*	633*
Selling of condominiums	(2,188)	(4,293)	(14,948)*	(20,265)*	(19,671)*
Selling of condominiums - cost	1,401	3,127	11,058*	15,817*	15,760*
Depreciation and amortization***	365	311	1,354*	450*	452*
EBITDA from rental activities	17,706	23,860	91,997	93,700	77,090

* Audited.

** One-off costs include costs for long-term incentive plans, termination fees for previous senior management and legal and audit expenses.

*** In relation to general and administrative expenses.

- (3) **Net profit from privatization** is defined as revenue from “Selling of condominiums” less “Selling of condominiums – cost”, less current income taxes relating to the selling of condominiums. The following table shows the calculation of net profit from privatizations for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless otherwise indicated) (in € thousand)		
Selling of condominiums	2,188	4,293	14,948*	20,265*	19,671*
Selling of condominiums - cost	1,401	3,127	11,058*	15,817*	15,760*
Current income taxes relating to the selling of condominiums	(75)	(527)	(2,081)	(1,970)	(983)
Net profit from privatizations	712	639	1,809	2,478	2,928

* Audited.

- (4) **EBITDA from rental activities margin** is defined as EBITDA from rental activities divided by net rental income.
(5) **EBITDA total (including disposal results) (adjusted)** is defined as EBITDA from rental activities including net profit from privatizations.
(6) **EBITDA total (including disposal results) (adjusted) margin** is the EBITDA total (including disposal results) (adjusted) divided by rental income including net profit from privatizations. The following table shows the EBITDA total (including disposal results) (adjusted) margin for the periods shown:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless otherwise specified)		(unaudited) (in € thousand, unless otherwise specified)		
EBITDA total (including disposal results) (adjusted)	18,419	24,499	93,806	96,255	80,018
Rental income including net profit from privatizations	28,616	34,292	135,950	130,460	106,228
EBITDA total (including disposal results) (adjusted) margin (in %)	64.4	71.4	69.0	73.8	75.3

- (7) **Funds from operations (FFO)** is an indicator of available cash flow from operating activities. FFO 1 (from rental activities) is defined as EBITDA from rental activities for the respective periods adjusted to generally reflect net cash interest and current income taxes. FFO 2 (including disposal results) is defined as FFO 1 (from rental activities) including the net profit from privatizations (see footnotes (8) and (9) below).

- (8) **Capex-adjusted FFO (AFFO (from rental activities))** is FFO 1 (from rental activities) adjusted for maintenance capital expenditure. The following table shows the calculation of FFO 1 (from rental activities) and AFFO (from rental activities) for the periods shown:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
EBITDA from rental activities ^(8a)	17,706	23,860	91,997	93,777	77,090
Net cash interest ^(8b)	(5,705)	(6,695)	(27,183)	(25,408)	(21,702)
Current income taxes ^(8c)	(544)	(449)	(1,641)	(1,592)	(1,043)
FFO 1 (from rental activities)	11,457	16,716	63,173	66,777	54,345

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
Maintenance capital expenditure ^(8d) ...	(713)	(4,261)	(11,648)	(13,038)	(8,488)*
AFFO (from rental activities)	10,745	12,456	51,525	53,739	45,857

* As adjusted for energetic modernization capital expenditures.

(8a) For a calculation of EBITDA from rental activities, see footnote (2) above.

(8b) **Net cash interest** refers to interest on other loans and borrowings, excluding day-one fair value non-cash adjustments, plus interest on bonds as adjusted for nominal interest. The following table shows the net cash interest for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless otherwise indicated) (in € thousand)		
Interest on other loans and borrowings	3,679	4,655	19,046*	19,214*	18,279*
Interest on bonds	2,672	2,637	10,670*	6,927*	2,824*
Adjustment of interest of bonds for nominal interest...	646	597	(2,533)	(733)	(599)
Net cash interest	5,705	6,695	27,183	25,408	21,702

* Audited.

(8c) Refers to current income taxes relating to rental activities only.

(8d) Refers to public area investments that are designed to preserve the value of the respective properties.

(9) The following table shows the calculation of FFO 2 (including disposal results) as of the dates shown:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
FFO 1 (from rental activities)	11,457	16,716	63,173	66,777	54,345
Net profit from privatizations	712	639	1,809	2,478	2,928
FFO 2 (including disposal results) ..	12,170	17,355	64,982	69,255	57,272

(10) The **LTV-Ratio** (in %) is the ratio of net financial liabilities (calculated as financial liabilities less cash and cash equivalents) to the fair value of properties (including investment properties and trading properties at their fair value, advances paid in respect of investment properties and trading properties as of the respective reporting date). The following table shows the calculation of the LTV-Ratio as of the dates shown:

	For the three-month period ended March 31,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless otherwise specified)		(unaudited, unless otherwise indicated) (in € thousand, unless otherwise specified)		
Financial liabilities ^(10a)	1,507,471	1,648,774	1,379,535*	1,651,151*	1,451,224*
Cash and cash equivalents	(413,722)	(24,283)	(387,558)*	(27,966)*	(121,530)*
Net financial liabilities	1,093,749	1,624,491	991,977*	1,623,185*	1,329,694*
Fair value of properties (including advances)^(10b)	3,715,116	4,106,364	3,670,023	4,098,763*	3,355,623*
LTV ratio (in %)	29.4	39.6	27.0	39.6*	39.6*

* Audited.

(10a) Includes bonds, other loans and borrowings and other financial liabilities.

(10b) Fair value of properties (including advances) is the fair value of the investment properties, the trading properties and the advances. The following table shows the calculation of the fair value of properties (including advances) as of the dates presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless otherwise indicated) (in € thousand)		
Investment properties	3,626,994	4,054,288	3,624,453*	4,044,023*	3,271,298*
Trading properties	38,122	45,776	39,270*	48,440*	49,900*
Advances	50,000	6,300	6,300*	6,300*	34,425*
Fair value of properties (including advances)	3,715,116	4,106,364	3,670,023	4,098,763	3,355,623

* Audited.

- (11) **Total portfolio value** is the sum of investment properties and trading properties.
- (12) **EPRA NAV** is used as an indicator of ADO Properties Group's long-term equity and is calculated based on the total equity attributable to shareholders of the Company increased by the revaluation of trading properties, the fair value of derivative financial instruments and deferred taxes. The following table shows the calculation of the EPRA NAV as of the dates presented:

	For the three-month period ended March 31,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless otherwise indicated) (in € thousand)		
Total equity attributable to owners of the Company.....	2,569,273	2,160,051	2,646,792*	2,150,679*	1,795,390*
Revaluation of trading properties ^(12a) .	13,018	12,695	13,410	13,412	6,939
Fair value of derivative financial instruments	4,226	21,439	6,150*	16,339*	2,985*
Deferred tax liabilities	237,775	249,180	239,347*	249,114*	183,443*
EPRA NAV	2,824,292	2,443,365	2,905,699	2,429,544	1,988,757

* Audited.

(12a) The difference between trading properties carried in the balance sheet at cost (IAS 2) and the fair value of those trading properties.

- (13) **Vacancy rate at period end (in % of sqm)** is the sqm of vacant units as of the respective period end, divided by the total sqm of units owned on the respective period end date.
- (14) **FFO 1 (from rental activities) per share (in €)** is calculated using the FFO 1 (from rental activities), divided by number of shares. The following table shows the calculation of FFO 1 (from rental activities) per share (in €) for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless otherwise specified)		(unaudited) (in € thousand, unless otherwise specified)		
FFO 1 (from rental activities).....	11,457	16,716	63,173	66,777	54,345
Number of shares (in thousand) [*]	44,195	44,131	44,163	44,101	44,100
FFO 1 (from rental activities) per share (in €).....	0.26	0.38	1.43	1.51	1.23

* On December 14, 2018, the Company issued 30,757 new shares to Mr. Shlomo Zohar, the former executive vice chairman of the Board of Directors and on July 5, 2019, the Company issued 63,850 new shares to Mr. Rabin Savion (the former chief executive officer of the Company), Mr. Florian Goldgruber (the former chief financial officer of the Company) and Mr. Eyal Horn (the former chief operating officer of the Company). The number of shares is calculated as weighted average for the related period.

- (15) **FFO 2 (including disposal results) per share (in €)** is calculated using the FFO 2 (including disposal results), divided by the number of shares. The following table shows the calculation of FFO 2 (including disposal results) per share (in €) for the periods presented:

	For the three-month period ended March 31		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless otherwise specified)		(unaudited) (in € thousand, unless otherwise specified)		
FFO 2 (including disposal results).....	12,170	17,355	64,982	69,255	57,272
Number of shares (in thousand) [*]	44,195	44,131	44,163	44,101	44,100
FFO 2 (including disposal results) per share (in €).....	0.28	0.39	1.47	1.57	1.30

* On December 14, 2018, the Company issued 30,757 new shares to Mr. Shlomo Zohar, the former executive vice chairman of the Board of Directors and on July 5, 2019, the Company issued 63,850 new shares to Mr. Rabin Savion (the former chief executive officer of the Company), Mr. Florian Goldgruber (the former chief financial officer of the Company) and Mr. Eyal Horn (the former chief operating officer of the Company). The number of shares is calculated as weighted average for the related period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS; FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial data contained in the following tables is extracted or derived from the audited consolidated annual financial statements of the Company as of and for the fiscal year ended December 31, 2019 (the “Fiscal Year 2019”), the audited consolidated annual financial statements of the Company as of and for the fiscal year ended December 31, 2018 (the “Fiscal Year 2018”) and the audited consolidated annual financial statements of the Company as of and for the fiscal year ended December 31, 2017 (the “Fiscal Year 2017”) as well as the unaudited condensed consolidated interim financial statements of the Company as of and for the three-month period ended March 31, 2020 (the “3M 2020”), including comparative figures as of and for the three-month period ended March 31, 2019 (the “3M 2019”). These audited consolidated annual financial statements and the unaudited condensed consolidated financial interim financial statements have been prepared in accordance with IFRS.

The consolidated financial statements of the Company for the Fiscal Year 2019, Fiscal Year 2018 and Fiscal Year 2017 have each been audited by and issued with an unqualified auditor's report by KPMG. The aforementioned audited consolidated annual financial statements are incorporated by reference in this Offering Memorandum.

Where financial data in the following tables is labeled “audited”, this means that it has been extracted from the audited financial statements mentioned above. The label “unaudited” is used in the following tables to indicate financial data that has not been taken from the audited financial statements mentioned above, but was taken from the accounting or controlling records of the Company, or is based on calculations of these figures. All of the financial data presented in the text and tables below are shown in thousands of Euro (in € thousand), except as otherwise stated. In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. The percentage changes that are stated in the text and the tables have been commercially rounded to one decimal point unless stated otherwise. Financial data presented in parentheses denotes the negative of such number presented. In respect of financial data set out in the Offering Memorandum, a dash (“-”) signifies that the relevant figure is not available, while a zero (“0.0”) signifies that the relevant figure is available, but has been rounded to zero.

The following management's discussion and analysis should be read together with the section “Selected Consolidated Financial Information of the Company”, the consolidated financial statements including the related notes incorporated by reference in this Offering Memorandum and additional financial information contained elsewhere in this Offering Memorandum.

Overview

We believe that we are a top-five residential real estate company in Germany based on gross asset value. On April 9, 2020, we combined the business of ADLER Real Estate Aktiengesellschaft (“**ADLER Real Estate**”) and its subsidiaries (together, the “**ADLER Group**”) with the business of the ADO Properties Group (together with the ADLER Group, the “**Combined Group**”) (the “**Business Combination**”). Prior to the Business Combination, we focused on residential real estate located only in Berlin, Germany, and after the closing of the Business Combination are focusing on becoming a leading integrated residential property group that is active throughout Germany. We create value by active portfolio and property management and opportunistic growth through strategic acquisitions, for which we have broadened our scope from Berlin-only to Germany-wide.

We specialize in and focus on the purchase, management and development of income-producing multi-family residential real estate. The portfolio value of the Combined Group as of March 31, 2020 was approximately €8.6 billion. As of March 31, 2020, the Combined Group's property portfolio consisted of 73,500 residential units with a total residential lettable area of 4,511,127 sqm, 2,323 commercial units (retail, office and other commercial) with a total commercial lettable area of 280,506 sqm, 17,610 parking spaces and spaces for storage, antennas, etc.

As of March 31, 2020, the ADO Properties Group's vacancy rate was 2.7% and 3.2% for its residential units and commercial units, respectively. The average monthly net rent per sqm was €7.29 and €10.30 for its residential units and commercial units, respectively. As of the same date, the ADLER Group's (excluding the

ADO Properties Group) vacancy rate was 5.9% and 16.3% for its core residential units and core commercial units, respectively. The average monthly net rent per sqm was €5.60 and €6.82 for its core residential units and core commercial units, respectively. As of March 31, 2020, on a *pro forma* basis, the Combined Group's residential average net rent per sqm was approximately €6.01 and the combined residential portfolio vacancy rate was 5.1%.

Our business activities are influenced by numerous demographic, economic and political factors. Given our involvement in the real estate sector, we are affected by developments affecting and related to the residential property market in Germany, in particular macro-economic indicators such as population growth, economic growth, employment, purchasing power and the consumer price index. Furthermore, we are significantly affected by trends in micro-economic indicators, such as the future development of housing prices, rent levels, vacancy rates and home ownership rates. As a result, we compete with a number of privately and communally owned residential real estate companies.

Berlin remains an important real estate market for us following the Business Combination. We believe that the residential real estate market in Berlin benefits notably from positive demographic trends. Berlin is the most populous city in Germany and had 3.64 million inhabitants in December 2018. It is expected that the number of inhabitants in Berlin will increase to 3.83 million by 2030 (*source: Federal Statistical Office—Projected Population Figures*). We also believe that we will continue to benefit from Berlin's status as the capital and largest city of Germany, which has one of Europe's strongest economies and is an important center for economy, business, politics and culture in continental Europe. In addition to a growing number of governmental employees in the city, Berlin is a particularly dynamic economic center for, among others, the services, pharmaceuticals, media, creative and technology sectors.

In order to keep up with the fast demographic growth, on the one hand, and to ease the strained situation on the housing market, on the other hand, a total of 194,000 new residential units would have to be built between now and the year 2030 according to the Berlin senate department for urban development and housing (*source: Berlin Senate Department for Urban Development and Housing—Press Release*).

Our business model currently focuses on asset and property management, portfolio and facility management and identifying residential properties throughout Germany that present opportunities for us to create value by increasing rents, decreasing vacancy and privatizing condominiums. Market rents as well as the official rent table ("*Mietspiegel*") have been constantly increasing in Germany over the recent years. The average growth per annum in market rents has been higher in Berlin than for other major German cities (*source: JLL—Housing Market Report Germany*). Despite the recent increases in rent levels, rents in Berlin are still relatively low compared to the other big cities in Germany (*source: JLL—Housing Market Report Germany*), thereby presenting opportunities for our business and future growth. Our residential units face strong demand from broad segments of the population: from the growing youth population to individuals with low and medium household income, some of which are being supported by social benefits and transfer payments from public authorities. We believe that our residential units provide tenants with an attractive value proposition and are suitable to market demand, which is further enhanced by our active approach to capital expenditure for refurbishment.

In addition, we seek to add value through the use of our efficient, fully integrated in-house management and tenant service platform to manage our portfolios. We believe that due to our history and particularly through our operational efforts since our establishment in 2006, we have achieved significant recognition in the market and as evidenced by our long-standing track record in achieving strong rental growth (see "*Business—Competitive Strengths*").

During the 3M 2020, the ADO Properties Group generated **income from rental activities** of €29,434 thousand (3M 2019: €35,696 thousand; Fiscal Year 2019: €41,572 thousand; Fiscal Year 2018: €34,588 thousand; Fiscal Year 2017: €109,181 thousand) and **EBITDA from rental activities** of €17,706 thousand (3M 2019: €23,860 thousand; Fiscal Year 2019: €1,997 thousand; Fiscal Year 2018: €3,777 thousand; Fiscal Year 2017: €77,090 thousand). **EBITDA total (including disposal results) (adjusted)** for the 3M 2020 was €18,419 thousand (3M 2019: €24,499 thousand; Fiscal Year 2019: €3,806 thousand; Fiscal Year 2018: €6,255 thousand; Fiscal Year 2017: €80,018 thousand). During the 3M 2020, the ADO Properties Group generated **FFO 1 (from rental activities)** of €1,457 thousand (3M 2019: €16,716 thousand; Fiscal Year 2019: €63,173 thousand; Fiscal Year 2018: €66,777 thousand; Fiscal Year 2017: €54,345 thousand), **FFO 2 (including**

disposal results) of €2,170 thousand (3M 2019: €17,355 thousand; Fiscal Year 2019: €4,982 thousand; Fiscal Year 2018: €9,255 thousand; Fiscal Year 2017: €7,272 thousand) and **AFFO (from rental activities)** of €10,745 thousand (3M 2019: €2,456 thousand; Fiscal Year 2019: €1,525 thousand; Fiscal Year 2018: €3,739 thousand; Fiscal Year 2017: €45,857 thousand). As of March 31, 2020, the ADO Properties Group's **EPRA NAV** amounted to €2,824,292 thousand (3M 2019: €2,443,365 thousand; Fiscal Year 2019: €2,905,699 thousand; Fiscal Year 2018: €2,429,544 thousand; Fiscal Year 2017: €1,988,757 thousand). As of March 31, 2020, the ADO Properties Group's **LTV-Ratio** was 29.4%.

For a reconciliation of EBITDA from rental activities, EBITDA total (including disposal results) (adjusted), EBITDA total (including disposal results) (adjusted) margin, FFO 1 (from rental activities), FFO 2 (including disposal results), AFFO (from rental activities), LTV-Ratio and EPRA NAV to the most nearly comparable IFRS figures, see *“Selected Consolidated Financial Information of the Company—Additional Non-IFRS Performance Measures”*.

On a combined basis, as of and for the Fiscal Year 2019, the Combined Group achieved €6.2 of rent per square meter per month (ADO Properties Group: €7.4; ADLER Group: €5.6), like-for-like rental growth of 3.3% (ADO Properties Group: 5.0%; ADLER Group: 2.4%), a vacancy rate of 4.8% (ADO Properties Group: 2.8%; ADLER Group: 5.4%) and an FFO 1 (from rental activities) of €147 million (ADO Properties Group: €63 million; ADLER Group: €84 million) as well as an EPRA NAV of €4,879 million (ADO Properties Group: €2,906 million; ADLER Group: €1,973 million).

On a combined basis, as of and for the 3M 2020, the Combined Group achieved €6.17 of rent per square meter per month (ADO Properties Group: €7.77; ADLER Group: €5.60), like-for-like rental growth of 2.8% (ADO Properties Group: 3.3%; ADLER Group: 2.3%), a vacancy rate of 5.4% (ADO Properties Group: 2.8%; ADLER Group: 5.9%) and an FFO 1 (from rental activities) of €30.6 million (ADO Properties Group: €11.5 million; ADLER Group: €19.1 million) as well as an EPRA NAV of €4,664 million (ADO Properties Group: €2,824 million; ADLER Group: €1,840 million).

In a first step, on December 15, 2019, the Company entered into various share purchase agreements with minority shareholders of Consus Real Estate AG (**“Consus Real Estate”**) to acquire a 22.18% stake in Consus Real Estate (the **“Consus Real Estate Minority Acquisition”**) which, as a result of the completion of a voluntary public takeover bid for all shares in ADLER Real Estate in the form of an exchange offer (the **“ADLER Offer”**) increased to a shareholding of 25.75% due to the fact that ADLER Real Estate held 3.57% in Consus Real Estate prior to the completion of the ADLER Offer. On the same date, the Company entered into a strategic cooperation agreement (the **“SCA”**) with Consus Real Estate to engage in a strategic partnership and, to the extent legally permissible, work together to fully investigate and potentially undertake mutually beneficial property developments, including the acquisitions of land plots for new-builds (the **“Strategic Cooperation”**). Through the Strategic Cooperation, the Company is receiving access to an experienced development platform with a pipeline of over 15,000 residential rental units and focused on Berlin, Cologne, Düsseldorf, Dresden, Frankfurt am Main, Hamburg, Leipzig, Munich and Stuttgart (together, the **“Top 9 Cities”**) in Germany, thereby securing a value-creating growth path for the future.

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised a call option under a call/put-option agreement with Aggregate Holdings S.A. (**“Aggregate”**) for the acquisition of 69,619,173 shares in Consus Real Estate, as amended (the **“Call/Put-Option Agreement”**) (the **“Consus Real Estate Majority Acquisition”** and, together with the Consus Real Estate Minority Acquisition, the **“Consus Real Estate Acquisition”**). The settlement of the call option exercise under the Call/Put-Option Agreement (the **“Consus Real Estate Call Option Exercise”**) occurred by transfer of newly issued shares in the Company and transfer of the Company's treasury shares previously indirectly held by ADLER Real Estate.

On July 2, 2020, the Company announced to issue 30,819,391 newly issued shares in dematerialized form with no nominal value in connection with a capital increase against contribution in cash with subscription rights for existing shareholders of the Company and gross proceeds in an amount of €450 million (the **“Rights Issue”**). The subscription period commenced on July 6, 2020 and ended on July 20, 2020. The Rights Issue settled on July 24, 2020.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining

shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make a voluntary public exchange offer to all shareholders in Consus Real Estate (the “**Consus Offer**”). The Consus Offer will be based on an exchange ratio, adjusted for the results of the Rights Issue, of one share in Consus Real for 0.272 newly issued shares in the Company as consideration.

Key Factors Affecting Our Results of Operations

Our results of operation have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. We believe that the specific factors discussed below have affected our results in the periods for which financial information is presented in this Offering Memorandum and will continue to affect our results in the future.

Economic and Demographic Developments in Berlin and in Germany

Our business activities are subject to general economic conditions especially in Berlin, where, prior to the Business Combination, 99.7% (based on the fair value pursuant to the CBRE Valuation Report) of the real estate we own was located. Cyclical economic developments beyond our control, including changes in growth and unemployment rates, price trends and interest rate levels, affect rental income levels, the potential for privatizations and for property sales, opportunities for acquisitions and purchase prices. For example, economic growth and favorable market conditions in the periods under review contributed to higher rents. After years of steady growth there have been increasing signs of a slowdown in the German economy with a decrease in gross domestic product (“**GDP**”) of 0.1% for the second quarter of 2019 (compared to 2018) while price-adjusted exports were down 0.8%, resulting in the largest decline recorded in the last six years (*source: Federal Statistical Office press release no. 321*). The German economy returned to growth in the third quarter of 2019 with an increase in GDP of 1.0% (compared to the same quarter in 2018) (*source: Federal Statistical Office press release no. 448*). A decrease in GDP in Germany or an increase in unemployment could adversely affect the population’s purchasing power, and therefore its propensity to acquire residential real estate.

Berlin’s real GDP grew by 3.1% in 2018 which is higher than any other German federal state. Per capita GDP in Berlin stood at €40,568 in 2018 compared to €38,864 in 2017, a nominal increase of 4.4% and a price-adjusted increase of 2.3% (*source: Volkswirtschaftliche Gesamtrechnung der Länder*). This is slightly lower than the average German per capita GDP of €40,851 as of 2018.

Disposable per capita income increased by 4.1% from an average of €19,538 in 2016 to €20,330 in 2017 (latest available, *source: Volkswirtschaftliche Gesamtrechnung der Länder*). The estimated per capita purchasing power in Berlin for 2019 is €21,689 which is lower than the German average of €23,779 but an increase of 3.1% compared to 2018 (*source: GfK—Purchasing Power Germany*). Since 2015, the average gross wages and salaries in Berlin are above the German average. In 2018, they amounted to €36,146, an increase by 4.2% compared to 2017.

In addition, rising interest rates can adversely affect the valuation of our investment properties, which may require us to recognize a valuation impairment charge that would negatively affect our income and balance sheet. In addition, inflation-driven or deflation-driven price increases or decreases affect our expenses. To the extent possible by law and taking into account the market environment, cost increases are compensated for by rent increases and/or allocated to ancillary costs. However, our focus on the affordable segment of the rental market in Berlin may mitigate the impact such developments may have on the Company.

Political and regulatory decisions and developments such as, for example, public subsidies for residential space also influence supply and demand in the residential property market and affect price trends for rented residential units and sales of residential units. Furthermore, an increase in the new construction of residential units can increase the vacancy in our portfolio and adversely affect our results of operations. In addition, in October 2019, the Berlin senate of the governing coalition proposed an edict to freeze rents of existing and new leases of existing residential apartments (except for subsidized or newly constructed apartments) in Berlin for five years. The bill was passed by Berlin’s parliament (*Berliner Abgeordnetenhaus*) on January 30, 2020 and entered into force on February 23, 2020. An adoption of a law that includes rent caps or similar measures could have a negative impact on our results of operations, cash flows (including FFO 1) and financial condition.

Demographic factors such as changes in average household size, home ownership rate and migration patterns also affect the rental yields and market values of properties in our residential portfolio. For example, the number of households in Berlin stood at 2.028 million in 2018 compared to 2.003 million in 2017, an increase of 1.2% which is higher than the population growth in the same year (*source: Federal Statistical Office—Privathaushalte Bundesländer*). Based on this, Berlin represents the largest residential rental market in Germany. The average number of persons per household amounted to 1.8. Of the private households in Berlin 53% were one person households compared to the German average of 42%. For further information, see also the risk factor “*Risk Factors—Risks related to the ADO Properties Group’s Business Activities and Industry—Our business is significantly dependent on our ability to generate earnings from rentals. Our rental income and operating profit could particularly be negatively affected by a potential increase in vacancy rates.*”

Acquisitions, Portfolio Size, Rent Level and Vacancy Rates

Rental income depends on the performance of the key operational measures in the rental business: (i) portfolio size, (ii) rent levels and (iii) vacancy rates. The following table sets forth information on our portfolio size, in-place rent per month per square meter and vacancy rate for the periods indicated.

	As of and for the three-month period ended		As of and for the year ended		
	March 31,		December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
Number of units.....	17,620	23,641	17,637	23,658	21,970
<i>residential</i>	16,248	22,186	16,255	22,202	20,649
<i>commercial</i>	1,372	1,455	1,382	1,456	1,321
In-place rent (in €thousand).....	112,337	137,111	112,715	135,877	110,782
<i>of which residential</i>	90,585	115,430	91,529	114,711	93,806
<i>of which commercial</i>	19,537	19,155	18,829	18,509	14,808
<i>of which other and parking</i>	2,395	2,604	2,357	2,657	2,168
In-place rent (per month in €per sqm) ⁽¹⁾	7.77	7.16	7.68	6.75	6.89
<i>residential</i>	7.29	6.76	7.39	6.73	6.42
<i>commercial</i>	10.30	9.77	10.04	9.42	8.94
Vacancy rate at period end (in % of sqm) ⁽²⁾	2.8	3.2	2.7	3.2	3.6
<i>residential units (1,064,760 sqm as of March 31, 2020)</i>	2.7	3.1	2.7	3.2	3.6
<i>commercial units (161,727 sqm as of March 31, 2020)</i>	3.2	5.4	3.6	4.6	4.9
Total portfolio value (in €thousand) ⁽³⁾	3,652,098	4,086,654	3,650,313	4,079,051	3,314,259

- (1) **In-place rent (per month in €per sqm)** is defined as the current gross rental income per month for rented residential, commercial and other units and parking spaces as agreed in the corresponding rent agreements as of March 31, 2020 and 2019 and December 31, 2019, 2018 and 2017, respectively, before deducting non-recoverable operating costs, divided by the lettable area of rented units as of the same dates. Residential in-place rent is often also referred to as “net cold rent”.
- (2) **Vacancy rate at period end (in % of sqm)** is the sqm of vacant units as of the respective period end, divided by the total sqm of units owned on the respective period end date.
- (3) **Total portfolio value** is the sum of investment properties and trading properties.

Portfolio size: Our rental income is affected by the overall size of our investment portfolio. On September 26, 2019, the Company announced the sale of certain subsidiaries owning 23 properties, consisting in aggregate of approximately 5,900 residential apartment units. The sale price for the shares amounted to €20 million, less €340 million of net debt of the sold companies. The sale was completed on November 29, 2019. Previously, driven by our strategy of increasing our investment portfolio and favorable market conditions, we increased significantly the number of residential and other properties we owned, with our last acquisition having taken place in the fourth quarter of 2018. While such acquisitions will positively affect rental income, the impact on residential in-place rent (per month in €per sqm), vacancy rates and operating measures such as FFO, the LTV-Ratio and EPRA NAV will depend on the characteristics of the acquired portfolio and related financing. Through the Business Combination, we have acquired a portfolio throughout Germany, which complements our Berlin portfolio.

Rent levels: Our rental income is directly affected by the level of residential in-place rent per square meter per month we are able to charge. Rent levels generally depend on the location and condition of the respective properties. We constantly monitor current market rents and rent indices (*Mietspiegel*) in individual micro markets where our properties are located and seek to set our rents in line with the current market level to the extent allowed by law and contractual arrangements. In particular, we monitor closely the recently resolved bill

to freeze rents of existing and new leases of existing residential apartments in Berlin for five years. We endeavor to improve our residential units, particularly through refurbishments, which increase the economic value of residential units and allow us to increase rents and more easily rent our units. In the past three years, we were able to raise the average in-place rent per square meter per month for our residential units from €6.42 for the year ended December 31, 2017, to €6.73 and to €7.39 for the years ended December 31, 2018 and 2019, respectively, and to €7.29 for the three-month period ended March 31, 2020.

Vacancy rates and tenant turnover: Vacancy rates also affect our profitability due to the loss of rental income and the inability to pass on to tenants the ancillary expenses with respect to vacant units. The number of our vacant units depends largely on the condition, attractiveness and location of a particular property. Tenant turnover contributes to the number of vacant units due to the fact that time may elapse before a newly vacated unit can be re-let. Although high vacancy rates adversely affect our rental business, we may be able to sell vacant units in individual sales at a premium. Therefore, we decide from time to time to keep certain units designated for privatization vacant. We have implemented measures to reduce vacancy rates and the time it takes to conclude new leases with respect to vacated units and we will continue our efforts in this regard. Such measures contributed to us maintaining an overall vacancy rate, as of March 31, 2020, of approximately 2.8% (where residential vacancy is 2.7% and commercial vacancy is 3.2%).

Subsidies: As of March 31, 2020, 3.0% (by sqm) of the residential units that we own were rent-restricted due to subsidies provided by public authorities through programs for new buildings as well as for the modernization and renovation of existing buildings. Such subsidies were granted in the form of financial aid and grants, which we generally do not have to repay, and interest free or low-interest loans. If we do not meet specific conditions, we may be required to repay subsidies already received. In addition, a portion of our revenue is directly or indirectly dependent on social aid provided to or on behalf of our tenants, such as unemployment benefits (*Arbeitslosengeld I*), social welfare (*Arbeitslosengeld II, Hartz IV*) and housing subsidies (*Wohngeld*). See “*Risk Factors—Risks related to the ADO Properties Group’s Business Activities and Industry—Existing rent restrictions in connection with the promotion of public authorities and with heat supply contracts could limit the rent levels we may be able to charge.*”

Sales Prices, Sales Proceeds and Profit on Disposals of Properties

Our profit on the disposal of properties depends generally on the number of units sold, market prices for the properties in our portfolio and the mix of properties sold. Sales prices are influenced significantly by the location and condition of the property in question, the level of rental income we are able to generate, whether the unit is occupied or vacant, occupancy rate, prevailing interest rates and the general perception of the relevant asset class by investors. Increases in the construction of new residential units can reduce market demand for our real estate holdings and adversely affect the prices that we can realize from disposals. Political and regulatory decisions and developments, such as, for example, decisions to increase public spending for construction of affordable housing, also influence supply and demand in the residential property market and affect price trends for residential real estate.

We specifically convert apartments into condominium properties and sell these in single unit sales (privatizations). This refers to single units in condominium properties and periodic sales of selected buildings and other properties, fully or partially comprised of condominium properties. On September 26, 2019, the Company announced the sale of certain subsidiaries owning 23 properties, consisting in aggregate of approximately 5,900 residential apartment units. The sale price for the shares amounted to €20 million, less €340 million of net debt of the sold companies. The sale was completed on November 29, 2019. Historically, we have engaged in privatizations and in the future will engage in more as a strategy.

The following table sets forth information regarding single residential units sold by us in the periods under review:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
Number of units sold (recorded sales)	10	17	62	66	84
Revenues from disposal of units sold (in €thousand)	2,188	4,293	14,948	20,265	19,671

Changes in Fair Value of Investment Properties and Assets Classified as Held for Sale

We value our investment properties initially at cost at the time of acquisition, including capitalized borrowing costs. We value assets classified as held for sale at the lower of their carrying amount and their value less expected costs to sell. After an acquisition, we measure the fair value of investment properties as of June 30 and December 31 of each fiscal year. Changes in certain market conditions such as prevailing rent levels, vacancy rates and interest rates may affect the valuation of investment properties. Any changes in fair value of the investment portfolio of investment property and assets classified as held for sale are recognized as gains or losses on the ADO Properties Group's income statement and can substantially affect the ADO Properties Group's results of operations. Changes in fair value of investment property and assets classified as held for sale amounted to €461,517 thousand in the Fiscal Year 2019, €404,936 thousand in the Fiscal Year 2018 and €383,638 thousand in the Fiscal Year 2017.

Maintenance and Improvements of Properties

We invest in maintaining and improving the quality of our residential properties. Modernization measures include projects to improve the condition of residential units to bring them up to market standards and otherwise to improve housing quality. In addition to ensuring a certain quality standard in our total residential portfolio by maintaining our properties, modernization projects tend to increase rent levels and reduce vacancies and vacancy losses, which positively impacts rental income and leads to increases in the fair value of our residential portfolio.

The following table shows our total maintenance and capital expenditures in the periods under review:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in €thousand)		(in €thousand)		
Maintenance and Capital Expenditures					
Maintenance	965	10,671	14,537	12,177	8,774
Capitalized maintenance	713	4,261	11,648	13,038	8,488
Energetic modernization	480	1,205	3,143	5,813	2,322
Modernization capital expenditures	2,451	3,066	29,349	32,415	19,752
Total	4,573	19,203	58,677	63,443	39,336

Maintenance comprises costs relating to smaller repairs and refurbishment work.

Capitalized maintenance comprises public area investments and form part of the total capitalized capital expenditures.

Energetic modernization comprises investments for increasing the energy efficiency of a property, for example, regarding heating systems.

Modernization capital expenditures comprises general investments in our units.

Most of our maintenance expenses are recognized as property operating and maintenance expenses within cost of revenue and thus impact our results of operations. Capitalized maintenance and modernization measures are not recognized as expenses, but are rather capitalized on the ADO Properties Group's balance sheet and increase the reported value of investment properties on the ADO Properties Group's balance sheet.

Cost of Financing

We are currently benefitting from favorable financing conditions, in particular from low interest rates, which may increase in the future. We were able to reduce our average interest rate to 1.6% as of March 31, 2020, while the average debt maturities amounted to approximately four years as of the same date. Our properties are largely

debt-financed through classic banking loans secured by mortgages. We depend on the availability of financing and our results of operations are materially affected by financing costs. Accordingly, entering into financing agreements on favorable terms, including for the purpose of refinancing our existing financial obligations, is of considerable importance to us and our results of operations are materially affected by financing costs. For additional information, see above “*Risk Factors—Risks related to the ADO Properties Group’s Financial Situation—Our level of debt, the terms of current and future borrowings, and the hedging transactions we have entered into, or will enter into in the future, could significantly constrain our operations and could make it more difficult or expensive to obtain new sources of financing without breaching financial covenants.*”.

Changes in Interest Rates

Changes in interest rates affect our business. Changes in interest rates cause variations in interest income and costs on interest-bearing assets and liabilities. Loans obtained at variable rates which are not hedged expose us to cash flow interest risk, which could have adverse effects on our profit or loss and financial position. Interest rates impact capitalization and discount rates, which in turn influence the fair value of our investment portfolio and our assets classified as held for sale. Moreover, lower interest rates in Germany tend to increase demand for residential properties, resulting in higher prices to be paid for acquired properties and also tend to positively impact the sale of properties. Conversely, rising interest rates lead to less favorable financing terms and negatively impact the sale of properties and thus tend to impact capitalization and discount rates.

In addition, changes in interest rates impact our cost of financing. They affect the conditions at which we may obtain fixed rate financing and impact interest payment obligations under our floating rate debt obligations. Most of our interest rates (based on the value weighted interest rates on the liabilities due to financial institutions as of March 31, 2020) are either fixed or hedged, limiting our risk from increasing interest reference rates in the future.

We have engaged in, and currently expect to continue to engage in, hedging transactions to reduce the risk of interest rate fluctuations. We fulfill the requirements of the IAS 39 hedge accounting rules applicable to accounting for hedging instruments (interest rate swaps) in hedging against cash flow risks from variable interest rate loans. When interest rate levels fluctuate, the fair value of the interest rate swaps also fluctuates.

Property Operating Expenses

Our results of operations are impacted by the operating expense associated with our properties. While we are able to pass on many of the operating expenses associated with us owning our properties to our tenants, there are a significant number of expenses which we are not able to so pass along, including salaries and related expenses, net cost of utilities recharged and property operations and maintenance expenses.

Key Statement of Profit or Loss Items

The following is a description of certain line items in our consolidated profit or loss statement.

Revenue comprises rental income from tenants, sales of housing units and income from facility services.

Cost of operations comprises salaries and related expenses, property operations and maintenance costs, costs of utilities recharged net, and cost of sales of housing units.

General and administrative expenses comprises primarily salaries and related expenses, professional services, office, communication and IT expenses, advertising and marketing expenses, impairment loss on trade receivables, director fee and rent fees.

Other expenses comprises broker fees, bonuses and professional services related to non-current assets and liabilities of disposal groups classified as held for sale.

Changes in fair value of investment properties comprises the changes in the fair value of investment properties of the ADO Properties Group. The fair value is determined by the valuation expert CBRE, an industry specialist with appropriate and recognized professional qualifications and up-to-date experience regarding the location and category of the properties. According to our fair value valuation policies for investment properties, investment properties generally undergo a detailed valuation as of June 30 and December 31 of each year.

Finance income comprises interest received on bank deposits and change in fair value of derivatives.

Finance costs comprises interest on bank loans and loans from related parties, interest on bonds, change in fair value of derivatives and other finance expenses.

Results of Operations

The following table provides an overview of our results of operations for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(audited) (in € thousand)		
Revenue	31,622	39,989	156,520	154,853	128,852
Cost of operations.....	(7,790)	(10,949)	(44,011)	(41,996)	(36,174)
Gross profit	23,832	29,040	112,509	112,857	92,678
General and administrative expenses	(6,236)	(4,581)	(25,050)	(18,451)	(12,762)
Other expenses.....	(6,052)	—	(13,188)	—	—
Other income	6,800	—	78,132	—	—
Changes in fair value of investment properties	—	—	461,517	404,936	383,638
Results from operating activities	18,344	24,459	613,920	499,342	463,554
Finance income.....	2,010	24	102,475	1,399	1,602
Finance costs.....	(25,354)	(12,573)	(32,375)	(32,915)	(29,609)
Net finance income (costs)	(23,344)	(12,549)	70,100	(31,516)	(28,007)
Profit before tax	(5,000)	11,910	684,020	467,826	435,547
Income tax income (expense).....	2,023	(1,721)	(77,096)	(70,362)	(68,035)
Profit for the period.....	(2,977)	10,189	606,924	397,464	367,512

Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019

Revenue

The following table provides a breakdown of our revenue for the periods presented:

	For the three-month period ended March 31,		% Change
	2020	2019	
	(unaudited) (in € thousand)		
Net rental income	27,904	33,653	(17.1)
Selling of condominiums.....	2,188	4,293	(49.0)
Income from facility services	1,530	2,043	(25.1)
Revenue.....	31,622	39,989	(20.9)

Revenue decreased by 20.9% from €39,989 thousand in the 3M 2019 to €31,622 thousand in the 3M 2020 primarily due to the decrease in net rental income after the Company's sale of certain subsidiaries owning 23 properties, consisting in aggregate of approximately 5,900 residential apartment units to GEWO BAG Wohnungsbau-Aktiengesellschaft Berlin (the "Gewobag Sale").

Cost of operations

The following table provides a breakdown of our cost of operations for the periods presented:

	For the three-month period ended March 31,		% Change
	2020	2019	
	(unaudited) (in €thousand)		
Salaries and other expenses	2,593	3,202	(19.0)
Cost of utilities recharged, net	370	435	(14.9)
Sale of condominiums – cost	1,401	3,127	(55.2)
Property operations and maintenance	3,426	4,185	(18.1)
Cost of operations	7,790	10,949	(28.9)

Cost of operations decreased by 28.9% from €10,949 thousand in the 3M 2019 to €7,790 thousand in the 3M 2020 primarily due to the decrease in salaries and other expenses and property operations and maintenance after the Gewobag Sale.

Gross profit

Gross profit decreased by 17.9% from €29,040 thousand in the 3M 2019 to €23,832 thousand in the 3M 2020 primarily due to the decrease in revenue, which was only partially off-set by a decrease in cost of operations.

General and administrative expenses

General and administrative expenses increased by 36.1% from €4,581 thousand in the 3M 2019 to €6,236 thousand in the 3M 2020 primarily due to expenses in connection with the termination of the service agreement of the Company's previous senior management as well as expenses in relation to certain professional services.

Other expenses

Other expenses increased from zero in the 3M 2019 to €6,052 thousand in the 3M 2020 primarily due to transaction costs in relation to the ADLER Offer and the preparation of a rights issue.

Other income

Other income increased from zero in the 3M 2019 to €6,800 thousand in the 3M 2020 due to a reduction of fees as a result of the Gewobag Sale.

Changes in fair value of investment properties

Changes in fair value of investment properties remained unchanged at zero in the 3M 2019 and in the 3M 2020.

Results from operating activities

Results from operating activities decreased by 25.0% from €24,459 thousand in the 3M 2019 to €18,344 thousand in the 3M 2020 primarily due to the decrease in gross profit and the increase in general and administrative expenses.

Finance income

Finance income increased from €24 thousand in the 3M 2019 to €2,010 thousand in the 3M 2020 primarily due to the change in the derivative component of the convertible bond.

Finance costs

Finance costs increased by 101.7% from €12,573 thousand in the 3M 2019 to €25,354 thousand in the 3M 2020 primarily due to a change in the fair value of the call option under the Call/Put-Option Agreement.

Net finance income

Net finance income decreased by 86.0% from costs of €12,549 thousand in the 3M 2019 to costs of €23,344 thousand in the 3M 2020 primarily due to the increase in finance costs.

Profit before tax

Profit before tax decreased from a profit before tax of €1,910 thousand in the 3M 2019 to a loss before tax of €5,000 thousand in the 3M 2020 primarily due to a decrease in results from operating activities and a decrease in net finance income.

Income tax income (expense)

Income tax income increased from income tax expenses of €1,721 thousand in the 3M 2019 to income tax benefits of €2,023 thousand in the 3M 2020 primarily due to a deferred tax asset recognized for a loan measured at fair value and tax credit from the tax authorities in relation to previous financial years.

Profit for the period

Profit for the period decreased by 70.8% from €10,189 thousand in the 3M 2019 to €2,977 thousand in the 3M 2020 primarily due to a decrease in profit before tax, which was partially off-set by a decrease in income tax expense.

Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Revenue

The following table provides a breakdown of our revenue for the periods presented:

	For the year ended December 31,		% Change
	2019	2018	
	(audited)		
	(in €thousand)		
Net rental income.....	134,141	127,982	4.8
Selling of condominiums.....	14,948	20,265	(26.2)
Income from facility services.....	7,431	6,606	12.5
Revenue	156,520	154,853	1.1

Revenue increased by 1.1% from €154,853 thousand in the Fiscal Year 2018 to €156,520 thousand in the Fiscal Year 2019 primarily due to like-for-like rental growth generated by targeted capital expenditures for the repositioning and refurbishment of our assets.

Cost of operations

The following table provides a breakdown of our cost of operations for the periods presented:

	For the year ended December 31,		% Change
	2019	2018	
	(audited)		
	(in €thousand)		
Salaries and other expenses.....	11,443	10,320	10.9
Cost of utilities recharged, net.....	1,630	1,843	(11.6)
Sale of condominiums – cost.....	11,058	15,817	(30.0)
Property operations and maintenance.....	19,880	14,016	41.8
Cost of operations	44,011	41,996	4.8

Cost of operations increased by 4.8% from €41,996 thousand in the Fiscal Year 2018 to €44,011 thousand in the Fiscal Year 2019 primarily due to additional employees and increased operating expenses.

Gross profit

Gross profit decreased by 0.3% from €12,857 thousand in the Fiscal Year 2018 to €12,509 thousand in the Fiscal Year 2019 due to the sale of a portfolio of the Company.

General and administrative expenses

General and administrative expenses increased by 35.8% from €18,451 thousand in the Fiscal Year 2018 to €25,050 thousand in the Fiscal Year 2019 primarily due to one-off termination fees paid to the previous senior management of the Company in an amount of €4,042 thousand, compensation paid to past members of the Board of Directors as well as an increase in fees for consulting and professional advisory services, e.g. in connection with legal advice on the rent freeze in Berlin.

Other expenses

Other expenses increased from zero in the Fiscal Year 2018 to €13,188 thousand in the Fiscal Year 2019 primarily due to broker fees, bonuses and professional services related to non-current assets, liabilities of disposal groups classified as held for sale and transaction costs related to the Business Combination.

Other income

Other income increased from zero in the Fiscal Year 2018 to €78,132 thousand in the Fiscal Year 2019 primarily due to profit from the sale of a property portfolio.

Changes in fair value of investment properties

Changes in fair value of investment properties increased by 14.0% from €404,936 thousand in the Fiscal Year 2018 to €461,517 thousand in the Fiscal Year 2019 primarily due to ongoing market rent increases, yield compression and operational outcome.

Results from operating activities

Results from operating activities increased by 22.9% from €499,342 thousand in the Fiscal Year 2018 to €613,920 thousand in the Fiscal Year 2019 primarily due to an increase in the fair value of investment properties, an increase in rental income and the sale of a property portfolio.

Finance income

Finance income increased from €1,399 thousand in the Fiscal Year 2018 to €102,475 thousand in the Fiscal Year 2019 primarily due to a change in the fair value of derivatives.

Finance costs

Finance costs decreased by 1.6% from €32,915 thousand in the Fiscal Year 2018 to €32,375 thousand in the Fiscal Year 2019 primarily due to a change in the fair value of the derivative component of a convertible bond and the disposal of a property portfolio, which included net debt in an amount of €340,000 thousand.

Net finance income

Net finance income increased from finance costs in the amount of €31,516 thousand in the Fiscal Year 2018 to finance income €70,100 thousand in the Fiscal Year 2019 primarily due to an increase in finance income and a change in the fair value of derivatives.

Profit before tax

Profit before tax increased by 46.2% from €467,826 thousand in the Fiscal Year 2018 to €684,020 thousand in the Fiscal Year 2019 primarily due to an increase in results from operating activities.

Income tax income (expense)

Income tax expense increased by 9.6% from €70,362 thousand in the Fiscal Year 2018 to €77,096 thousand in the Fiscal Year 2019 primarily due to an increase of the value of the Company's assets.

Profit for the period

Profit for the period increased by 52.7% from €397,464 thousand in the Fiscal Year 2018 to €606,924 thousand in the Fiscal Year 2019 primarily due to profit from the sale of a property portfolio, an increase in changes in the fair value of investment properties and an increase in profit before tax.

Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017

Revenue

The following table provides a breakdown of our revenue for the periods presented:

	For the year ended December 31,		% Change
	2018	2017	
	(audited) (in €thousand)		
Net rental income	127,982	103,300	23.9
Selling of condominiums.....	20,265	19,671	3.0
Income facility services.....	6,606	5,881	12.3
Revenue.....	154,853	128,852	20.2

Revenue increased by 20.2% from €128,852 thousand in the Fiscal Year 2017 to €154,853 thousand in the Fiscal Year 2018 primarily due to an increase in net rental income in relation to new property acquisitions as well as like-for-like rental growth, mainly due to rent increases based on strategic capital expenditure.

Cost of operations

The following table provides a breakdown of our cost of operations for the periods presented:

	For the year ended December 31,		% Change
	2018	2017	
	(audited) (in €thousand)		
Salaries and other expenses	10,320	7,995	29.1
Cost of utilities recharged, net.....	1,843	1,409	30.8
Sale of condominiums – cost.....	15,817	15,760	0.4
Property operations and maintenance.....	14,016	11,010	27.3
Cost of operations.....	41,996	36,174	16.1

Cost of operations increased by 16.1% from €36,174 thousand in the Fiscal Year 2017 to €41,996 thousand in the Fiscal Year 2018 primarily due to increased salaries and other expenses as well as increased property operations and maintenance costs, both in relation to new property acquisitions.

Gross profit

Gross profit increased by 21.8% from €2,678 thousand in the Fiscal Year 2017 to €12,857 thousand in the Fiscal Year 2018 because the increase in revenue was higher than the increase in costs of operations.

General and administrative expenses

General and administrative expenses increased by 44.6% from €12,762 thousand in the Fiscal Year 2017 to €18,451 thousand in the Fiscal Year 2018 primarily due to an increase in the number of employees, one-off termination fees for the previous vice chairman of the Board of Directors and an increase in professional services fees incurred in connection with, among other things, the implementation of the new general data protection regulations.

Changes in fair value of investment properties

Changes in fair value of investment properties increased by 5.6% from €383,638 thousand in the Fiscal Year 2017 to €404,936 thousand in the Fiscal Year 2018 primarily due to new acquisitions, ongoing market rent increases and yield compression.

Results from operating activities

Results from operating activities increased by 7.7% from €463,554 thousand in the Fiscal Year 2017 to €499,342 thousand in the Fiscal Year 2018 primarily due to an increase in gross profit and an increase in the fair value of investment properties and partially off-set by an increase in general and administrative expenses.

Finance income

Finance income decreased by 12.7% from €1,602 thousand in the Fiscal Year 2017 to €1,399 thousand in the Fiscal Year 2018 primarily due to a lower increase in the fair value of derivatives.

Finance costs

Finance costs increased by 11.2% from €29,609 thousand in the Fiscal Year 2017 to €32,915 thousand in the Fiscal Year 2018 primarily due financing costs in relation to a bank loan in the amount of €1,900 thousand as of September 27, 2018, a corporate bond with a total nominal amount of €400,000 thousand issued by the Company in July 2017 as well as a convertible bond with a total nominal amount of €165,000 thousand issued by the Company in November 2018.

Net finance income (costs)

Net finance costs increased by 12.5% from €28,007 thousand in the Fiscal Year 2017 to €31,516 thousand in the Fiscal Year 2018 primarily due to a decrease in finance income and an increase in finance costs.

Profit before tax

Profit before tax increased by 7.4% from €435,547 thousand in the Fiscal Year 2017 to €467,826 thousand in the Fiscal Year 2018 primarily due to an increase in results from operating activities, which was partially off-set by an increase in net finance costs.

Income tax income (expense)

Income tax expense increased by 3.4% from €68,035 thousand in the Fiscal Year 2017 to €70,362 thousand in the Fiscal Year 2018 primarily due to an increase in profit before tax.

Profit for the period

Profit for the period increased by 8.1% from €367,512 thousand in the Fiscal Year 2017 to €397,464 thousand in the Fiscal Year 2018 primarily due to an increase in profit before tax.

Real Estate Portfolio and Investments

The following table provides an overview of the development of our real estate portfolio in terms of investment properties and trading properties from January 1, 2017 through March 31, 2020.

	Investment Properties	Trading Properties (in €thousand)	Total
Balance as of January 1, 2017	2,278,935	39,718	2,318,653
Additions by way of acquiring subsidiaries	411,539	12,343	423,882
Additions by way of acquiring assets	169,895	—	169,895
Capital expenditure	31,021	613	31,634
Disposals	—	(13,443)	(13,443)
Transfer from investment properties to trading properties.....	(3,730)	3,730	0
Fair value adjustments.....	383,638	—	383,638
Balance as of December 31, 2017	3,271,298	42,961	3,314,259
Balance as of January 1, 2018	3,271,298	42,961	3,314,259
Additions by way of acquiring subsidiaries	229,077	5,651	234,728
Additions by way of acquiring assets	87,150	—	87,150
Capital expenditure	51,562	221	51,783
Disposals	—	(13,805)	(13,805)
Transfer from investment properties to trading properties.....	—	—	—
Fair value adjustments.....	404,936	—	404,936
Balance as of December 31, 2018	4,044,023	35,028	4,079,051
Balance as of January 1, 2019	4,044,023	35,028	4,079,051
Additions by way of acquiring subsidiaries	—	—	—
Additions by way of acquiring assets	—	—	—
Capital expenditure	44,013	657	44,670
Disposals	—	(9,825)	(9,825)
Transfer from Investment Property to Property and Equipment	(5,100)	—	(5,100)
Transfer from investment properties to assets of disposal groups classified as held for sale	(920,000)	—	(920,000)
Fair value adjustments.....	461,517	—	461,517
Balance as of December 31, 2019	3,624,453	25,860	3,650,313
Balance as of January 1, 2020	3,624,453	25,860	3,650,313
Additions by way of acquiring subsidiaries	—	—	—
Additions by way of acquiring assets	—	—	—
Capital expenditure	2,541	—	2,541
Disposals	—	(756)	(756)
Transfer from Investment Property to Property and Equipment	—	—	—
Transfer from investment properties to assets of disposal groups classified as held for sale	—	—	—
Fair value adjustments.....	—	—	—
Balance as of March 31, 2020	3,626,994	25,104	3,652,098

We have no ongoing investments since March 31, 2020, as we have not entered into any agreements regarding the acquisition of real estate, real estate portfolios or real estate development projects and have not acquired any real estate, real estate portfolios or real estate development projects. See the description of purchase agreements under “*Business—Material Agreements—Purchase Agreements and Letters of Intent*”.

Overview of Our Properties

Investment Properties

Investment property includes our properties held to generate rental income or for capital appreciation or both, rather than for (i) use in the production or supply of goods or services or for administrative purposes; or (ii) sale in the ordinary course of business.

We value investment property initially at cost at the time of acquisition, including capitalized borrowing costs. After acquisition, we measure investment property at fair value. Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of our investment properties as of March 31, 2020 were based on the valuation as of December 31, 2019 undertaken by CBRE and up-to-date experience regarding the location and category of the properties, and the fair values for our investment properties as of December 31, 2019, December 31, 2018 and December 31, 2017 were based on valuations undertaken by CBRE. The valuations are based on a discounted cash flow model. The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants.

The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs. secondary), tenant credit quality and lease terms.

As of March 31, 2020, the ADO Properties Group's portfolio also included 4,735 parking spaces and 653 other units. We lease some of our investment property under commercial tenancy or lease agreements. The commercial tenancy or lease agreements usually run for five years. Most of our tenancy agreements for residential property provide for the tenant to give three months' notice as of the end of a month if the agreement is to be terminated.

Assets Classified as Held for Sale

Non-current assets are classified as held for sale if it is highly probable that such assets will be sold rather than continuing to be used. We generally value such assets at the lower of cost and realizable value. Once classified as held for sale assets, such assets are no longer depreciated.

Trading properties

Trading properties are measured at the lower of cost and net realizable value. The cost of trading properties includes the costs incurred in acquiring the trading properties and bringing them to their existing location and condition. The net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Maintenance and Capital Expenditures

Targeted investments in our portfolio are at the core of our strategy. The following table provides an overview of the ADO Properties Group's maintenance and capital expenditures for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in €per sqm)		(unaudited) (in €per sqm)		
Maintenance and Capital Expenditures					
Maintenance	7.8	7.4	9.0	7.5	6.5
Capitalized maintenance.....	2.3	10.3	7.2	8.1	6.3
Energetic modernization.....	1.5	2.9	1.9	3.6	1.7
Modernization capital expenditures.....	3.1	25.8	18.1	20.0	14.6
Total	14.7	46.4	36.2	39.2	29.1

The maintenance and capital expenditure cost per square meter of €14.7 in the 3M 2020 was in line with our expectations for our long-term average levels.

Liquidity and Capital Resources

The ADO Properties Group finances its business activities primarily through cash flows from operating activities as well as raising funds on the debt capital markets and through bank loans.

Cash Flows

The following table provides an overview of the ADO Properties Group's cash flows for the periods presented:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in €thousand)		(audited) (in €thousand)		
Cash flows from operating activities					
Profit for the period	(2,977)	10,189	606,924	397,464	367,512
<u>Adjustments for:</u>					
Depreciation	375	315	1,488	527	452

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(audited) (in € thousand)		
Profit from selling portfolio.....	—	—	(78,132)	—	—
Change in fair value of investment properties	—	—	(461,517)	(404,936)	(383,638)
Net finance costs	23,344	12,549	(70,100)	31,516	28,007
Income tax income (expense).....	(2,023)	1,721	77,096	70,362	68,035
Share-based payments	63	125	1,530	546	564
Change in short-term restricted bank deposits related to tenants	(245)	(761)	(2,142)	(1,624)	(4,727)
Change in long-term restricted bank deposits from condominium sales	(4,892)	(878)	(4,102)	(3,320)	(539)
Change in trade receivables.....	(814)	84	(2,959)	(2,926)	(3,148)
Change in other receivables.....	(2,135)	(2,921)	(2,931)	2,427	(3,742)
Change in trading properties.....	756	2,662	9,168	13,585	12,830
Change in trade payables.....	1,774	(1,702)	5,632	4,623	1,408
Change in other payables.....	(8,341)	(38)	15,896	(156)	4,163
Income tax paid	21	(386)	(7,087)	(4,155)	(864)
Net cash flows from operating activities	4,906	20,959	88,764	103,933	86,313
Cash flows from investing activities					
Purchase of and CAPEX on investment properties.....	(2,540)	15,421	(44,068)	(117,118)	(189,182)
Advances paid for investment property purchase	6,300	—	—	—	(33,975)
Proceeds from selling portfolio	—	—	570,335	—	—
Investment in financial instrument (Consus)	(40,159)	—	(254,342)	—	—
Purchase of and CAPEX on property and equipment	(66)	(1,055)	(3,121)	(1,182)	(795)
Interest received	18	4	39	143	3
Grant of long-term loans	(43,542)	—	—	—	—
Acquisition of other investments.....	(50,000)	—	—	(216,685)	(280,542)
Change in short-term restricted bank deposits, net	4,076	—	218	808	9,992*
Net cash flows used in investing activities.....	(125,913)	(16,472)	296,061	(334,034)	(494,499)
Cash flows from financing activities					
Proceeds from issue of corporate bonds, net.....	—	—	—	—	396,185
Proceeds from issue of convertible bonds, net.....	—	—	—	163,740	—
Long-term loans received	—	—	79,427	121,637	114,606
Repayment of long-term loans	(2,703)	(3,870)	(15,876)	(93,283)	(116,061)
Proceeds from issuance of commercial papers	—	—	—	673,000	—
Repayment of commercial papers	—	—	—	(673,000)	—
Short-term loans received.....	175,000	—	—	—	—
Repayment of short-term loans.....	—	—	—	(2,300)	(10,487)
Upfront fees paid for credit facilities.....	(168)	(162)	(702)	(1,377)	—
Interest paid.....	(3,266)	(3,962)	(26,427)	(24,873)	(18,103)
Compensation fee payments in respect of other financial liabilities ..	—	—	(768)	(537)	—
Payment of lease liabilities.....	(209)	(175)	(789)	—	—
Payment from settlement of derivatives	—	—	—	(10)	—
Prepaid costs of raising debt.....	(17,418)	—	—	—	—
Issuance of ordinary shares, net.....	(4,065)	—	**	—	—
Dividend distributed.....	—	—	(33,098)	(26,460)	(19,845)
Net cash from financing activities	147,171	(8,169)	1,767	136,537	346,295
Change in cash and cash equivalents during the period.....	26,164	(3,682)	359,592	(93,564)	(61,891)
Cash and cash equivalents at the beginning of the period.....	387,558	27,965	27,966	121,530	183,421
Cash and cash equivalents at the end of the period	413,722	24,283	387,558	27,966	121,530

* Immaterial adjustment of comparative data.

** Represents an amount less than €1 thousand

Comparison of the Three-Month Periods Ended March 31, 2020 and March 31, 2019

Cash Flows from Operating Activities

Cash flows from operating activities decreased by 76.6% from €20,959 thousand in net cash generated from operating activities in the 3M 2019 to €4,906 thousand in net cash generated from operating activities in the 3M 2020 primarily due to the Gewobag Sale.

Cash Flows from Investing Activities

Cash flows from investing activities increased from €16,472 thousand in net cash used in investing activities in the 3M 2019 to €125,913 thousand in net cash used in investing activities in the 3M 2020 primarily due to the

investment in the call option under the Call/Put-Option Agreement, the grant of a long-term loan and a minority stake acquisition in Consus Real Estate.

Cash Flows from Financing Activities

Cash flows from financing activities increased from €8,169 thousand in net cash used in financing activities in the 3M 2019 to €147,171 thousand in net cash generated from financing activities in the 3M 2020 primarily due to the drawdown of €175,000 thousand in connection with a credit facility and the prepaid costs of raising debt.

Comparison of the Fiscal Years Ended December 31, 2019 and December 31, 2018

Cash Flows from Operating Activities

Cash flows from operating activities decreased by 14.6% from €103,933 thousand in net cash generated from operating activities in the Fiscal Year 2018 to €88,764 thousand in net cash generated in operating activities in the Fiscal Year 2019 primarily due to an increase in payments for professional services and income tax paid as well as a decrease in the number of property units sold in the Fiscal Year 2019.

Cash Flows from Investing Activities

Cash flows from investing activities increased from €34,034 thousand in net cash used in investing activities in the Fiscal Year 2018 to €69,061 thousand in net cash from investing activities in the Fiscal Year 2019 primarily due to proceeds from the disposal of investment properties.

Cash Flows from Financing Activities

Cash flows from financing activities decreased from €136,537 thousand in net cash generated from financing activities in the Fiscal Year 2018 to €1,767 thousand in net cash generated in financing activities in the Fiscal Year 2019 primarily due to the issuance of a convertible bond in an amount of €165,000 thousand in the Fiscal Year 2018.

Comparison of the Fiscal Years Ended December 31, 2018 and December 31, 2017

Cash Flows from Operating Activities

Cash flows from operating activities increased from €6,313 thousand in net cash generated from operating activities in the Fiscal Year 2017 to €103,933 thousand in net cash generated in operating activities in the Fiscal Year 2018 primarily due to higher rental income.

Cash Flows from Investing Activities

Cash flows from investing activities decreased from €194,499 thousand in net cash used in investing activities in the Fiscal Year 2017 to €34,034 thousand in net cash used in investing activities in the Fiscal Year 2018 primarily due to fewer acquisitions in the Fiscal Year 2018.

Cash Flows from Financing Activities

Cash flows from financing activities decreased from €46,295 thousand in net cash generated from financing activities in the Fiscal Year 2017 to €136,537 thousand in net cash generated in financing activities in the Fiscal Year 2018 primarily due to the placement of a €100.0 million corporate bond in the Fiscal Year 2017 which was partially offset by the placement of a €165.0 million convertible bond in the Fiscal Year 2018.

Liabilities

Financial Liabilities

Our principal financial liabilities comprise secured mortgage loans and capital markets instruments, including corporate bonds and convertible bonds. In connection with the Business Combination, we also entered into an interim credit facility agreement with a nominal amount of €1,085,470,000 which can be utilized to refinance certain existing liabilities and of which, as of the date of this Offering Memorandum, €85,470,000 have been utilized. See “*Business—Material Agreements—Bridge Facility Agreement*”.

The following table sets forth our financial liabilities outstanding as of the dates indicated below:

	As of March 31, 2020	As of December 31,		
	(unaudited) (in €thousand)	2019	2018 (audited) (in €thousand)	2017
Corporate bonds	397,368	397,433	396,899	396,396
Convertible bonds	156,863	156,334	154,252	—
Other loans and borrowings	734,749	777,817	1,057,973	1,026,723
Other financial liabilities	998	47,951	42,027	28,105
Financial liabilities	1,289,978	1,379,535	1,651,151	1,451,224

For further information on our main financings refer to “*Business—Material Agreements—Other Financing Agreements*”.

Contingent Liabilities

Contingent liabilities are potential obligations towards third parties arising from past events, whose existence or non-existence will be determined in the future. We are involved in a small number of legal actions arising in the ordinary course of business. While the outcome of these legal actions is currently not determinable, it is management’s opinion that these matters will not have a material adverse effect on the Company’s consolidated financial position or results of its operations and therefore no provisions were made for such litigation.

Disclosure about Market Risk

Credit Risk

We are exposed to a default risk resulting from the potential failure of a counterparty to fulfill its part of the contract. In order to minimize risks, financial transactions are only executed with creditworthy third parties. The maximum carrying amount of the financial assets as reported in the statement of financial position. Our exposure to credit risk is included mainly by the individual characteristics of each customer. The revenue of the Company is primarily driven by rental income from approximately 21,300 existing leases as of March 31, 2020. Accordingly, the ADO Properties Group believes it does not bear any concentration credit risk.

Cash and cash equivalents

The Company holds cash and cash equivalents with banks and financial institutions. The Company believes that its cash and cash equivalents have low credit risk based on the credit ratings of its counterparties. The carrying amount of financial assets represents the maximum credit exposure, notwithstanding the carrying amount of security or any other credit enhancements.

Assessment of expected credit losses for individual customers

We use a provision matrix that is based on, *inter alia*, an aging of trade receivables to measure the expected credit losses from individual customers, which comprise a very large number of small balances.

Market Risk

We are 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 us to cash flow interest rate risk, which could have adverse effects on our profit or loss or financial position. Changes in interest rates may cause variations in interest expense on interest-bearing assets and liabilities.

We review the need to enter into derivative transactions to manage the interest rate risk arising from our operations and our sources of finance.

Liquidity Risk

We continuously monitor all financing options available on the capital and banking markets and use these options in a targeted manner. We also subject our existing financings to an early review prior to the respective final maturity date in order to ensure refinancing.

Under conditions of existing loan agreements, we are obliged to fulfill certain financial covenants. If financial covenants are violated and all commonly practiced solutions will be unsuccessful, the lenders could make such loans due and payable. Fulfilling these financial covenants is continually monitored as part of risk management.

The following table shows the forecast of undiscounted cash flows of non-derivative financial liabilities and derivative financial instruments:

	As of December 31, 2019					Due after three years
	Carrying amount	Contractual cash flows	2020	2021	2022	
			(audited)			
			(in € thousand)			
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 ^(*)	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

* Cash flow hedges only. Does not include the derivative component of the convertible bond.

Critical Accounting Policies

The preparation of our consolidated financial statements in accordance with IFRS requires management to use estimates and make assumptions and judgments that affect the ADO Properties Group's results or financial statements. Some of these estimates, assumptions and judgments are critical to the ADO Properties Group due to the high degree of uncertainty of the relevant parameters at the time they are used or due to various alternatives available to management in making decisions that would lead to significantly different results reflected on the ADO Properties Group's financial statements. Following is a summary of the ADO Properties Group's critical accounting policies.

Currency Translation

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

Formation expenses and long-term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of 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 unrealized exchange losses are recorded in the profit and loss account. Realized exchange gains and realized exchange losses are recorded in the profit and loss account at the moment of their realization.

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

Formation Expenses

Formation expenses include expenses incurred for the initial public offering, 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 related loan.

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.

In case of durable diminution in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, to value them at the lower amount attributed to them at the balance sheet date. These value adjustments are not continued if the reasons behind the value adjustments have ceased to apply.

Debtors

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

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, unrealized losses are recognized in the profit and loss account whereas gains are accounted for when realized. In the case of hedging of an asset or a liability that is not recorded at fair value, unrealized gains or losses are deferred until the recognition of the realized gains or losses on the hedged item.

Prepayments

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

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 arrive.

Provisions may also be created to cover charges which originate in the fiscal year under review or in a previous fiscal 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 fiscal years which the tax return has not yet been filed are recorded under the caption "Provision for taxation". The advance payments are shown in the assets of the balance sheet under "Other debtors".

Creditors

Creditors are recorded at repayable amount.

Net Turnover

The net turnover comprises the amounts of management fees charged to ADO Properties GmbH.

Interest Income and Expenses

Interest income and expenses are recognized on an accrual basis. Dividend income is recognized when the Company receives the cash related to shares in affiliated undertakings.

Value Adjustments

Value adjustments are deducted directly from the related asset.

Recent Accounting Pronouncements

IFRS 16 (Leases)

We have initially adopted IFRS 16 as of January 1, 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the ADO Properties Group, as lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

We elected to apply the standard using the modified retrospective approach, with an adjustment to the balance of retained earnings as of January 1, 2019 and without a restatement of comparative data. In respect of all the leases, we elected to apply the transitional provisions such that on the date of initial application it recognized a liability at the present value of the balance of future lease payments discounted at its incremental borrowing rate at that date calculated according to the average duration of the remaining lease period as from the date of initial application, and concurrently recognized a right-of-use asset at the same amount of the liability, adjusted for any pre-paid or accrued lease payments that were recognized as an asset or liability before the date of initial application. Therefore, application of IFRS 16 did not have an effect on our equity at the date of initial application.

As part of the initial application of IFRS 16, we have 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; and
- Applying the practical expedient regarding the recognition and measurement of short-term leases, for both leases that end within twelve months from the date of initial application and leases for a period of up to twelve months from the date of their inception for all groups of underlying assets to which the right-of-use relates.

On the inception date of the lease, we determine whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of identified asset for a period of time in exchange for consideration. In our assessment of whether an arrangement conveys the right to control the use of an identified asset, we assess whether we have 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.

For lease contracts that contain non-lease components, such as services or maintenance that are related to a lease component, we elected to account for the contract as a single lease component without separating the components.

As a result of applying IFRS 16, in relation to leases that were previously classified as operating leases, we recognized €1,553 thousand of right-of-use assets and a €1,553 thousand lease liability as of January 1, 2019.

As of March 31, 2020, the balance of right-of-use assets amounted to €563 thousand, non-current lease liabilities of €14 thousand and current lease liabilities of €53 thousand. Also in relation to those leases under IFRS 16, we recognized depreciation and interest costs instead of operating lease expense. During the fiscal year ended December 31, 2019, we recognized €739 thousand of depreciation changes and €31 thousand interest costs from these leases. During the three-month period ended March 31, 2020, we recognized €15 thousand of depreciation.

IFRIC 23 (Uncertainty Over Income Tax Treatments)

We have initially adopted IFRIC 23 as of January 1, 2019, which does not have a material effect on our financial statements.

IFRS 3 (Business Combinations)

The amendment to IFRS 3 is effective for transactions to acquire an asset or business for which the acquisition date is in annual periods beginning on or after January 1, 2020, as well as for the acquisition of assets that takes place on or after the begin of this period. In each case, an earlier application being permitted.

We examined the effects of adopting the amendment to IFRS 3 and reached the conclusion that in our opinion the amendment to IFRS 3 does not have a material effect on the accounting treatment of our future acquisitions or our operations.

IAS 1

The amendment to IAS 1 replaces certain classification requirements for current or non-current liabilities. For example, pursuant to the amendment to IAS 1, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it “has substance” and is in existence at the end of the reporting period. A right is in existence at the end of the reporting period only if the entity complies with conditions for deferring settlement at that date. Furthermore, the amendment to IAS 1 clarifies that the conversion option of a liability will affect its classification as current or non-current, other than when the conversion option is recognized as equity.

The amendment to IAS 1 is effective for reporting periods beginning on or after January 1, 2022 and is applicable retrospectively, including an amendment to comparative data.

As of the date of this Offering Memorandum, we have not yet commenced to examine the effects of applying the amendment to IAS 1 on our financial statements.

PROFIT FORECAST

Guidance of the Funds From Operations (FFO 1) for the Fiscal Year 2020 of the Company

On March 31, 2020, the Company has published its guidance on its expected funds from operations (from rental activities) (“**FFO 1**”) for the fiscal year ending December 31, 2020 on a consolidated basis (the “**FFO 1 Guidance 2020**”). The FFO 1 Guidance 2020 is not a presentation of facts and should not be interpreted as such by investors.

Rather, it reflects the forward-looking expectations of the Board of Directors with respect to the future development of the Company’s FFO 1. Potential investors should not place undue reliance on this FFO 1 Guidance 2020. Investors should also read the section “*Certain Information with Regard to the Offering—Forward-looking Statements*” of this Offering Memorandum.

The calculation of the FFO 1 for the purpose of the FFO 1 Guidance 2020 was based on the calculation methodology and reconciliation used by the Company to calculate the FFO 1.

The FFO 1 is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. The FFO 1 is derived from the EBITDA from rental activities for the respective periods adjusted to generally reflect net cash interest and current income taxes, see “*Selected Consolidated Financial Information of the Company—Additional Non-IFRS Performance Measures*”.

The FFO 1 Guidance 2020 is based on the following assumptions made by the Board of Directors. These assumptions relate to factors (i) outside of the Company’s influence, (ii) that can be influenced by the Company to a limited extent or (iii) that can be influenced by the Company. Even though the Company considered these assumptions as appropriate when preparing the FFO 1 Guidance 2020, they may prove in retrospect to be inappropriate or unfounded in the future. If one or more of these assumptions should prove to be inappropriate or unfounded, the actual FFO 1 can deviate materially from the FFO 1 Guidance 2020. The FFO 1 Guidance 2020 reflects any effects from the takeover of ADLER Real Estate, which has been fully consolidated into the ADO Properties Group as of April 9, 2020, including certain synergies which are expected to already be realized in 2020.

FFO 1 Guidance 2020

On March 31, 2020, the Company published its audited consolidated financial statements as of and for the fiscal year ended December 31, 2019, which included the FFO 1 Guidance 2020. The Company expects the FFO 1 for the fiscal year ending December 31, 2020 to amount between €105 and 125 million. As of the date of this Offering Memorandum, the FFO 1 Guidance 2020 is still valid.

Explanatory Notes to the FFO 1 Guidance 2020

Basis of Preparation

The FFO 1 Guidance 2020 was based on the Company’s accounting information prepared on the basis of the International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). The accounting policies applied by the Company are described in the notes to the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2019. The FFO 1 Guidance 2020 has been compiled and prepared on a basis that is comparable with the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019, December 31, 2018 and December 31, 2017, and is consistent with the Company’s accounting policies.

Factors and Assumptions

The FFO 1 Guidance 2020 is influenced by a range of factors as well as assumptions of the Board of Directors.

Factors outside of the Company’s influence

The FFO 1 Guidance 2020 is generally subject to factors which are completely outside of the influence of the Company. The main factors and related assumptions are described below:

Factor: Legislative and regulatory conditions

On June 18, 2019, Berlin's municipal government (*Berliner Senat*) announced its intention to freeze rents in Berlin for the next five years ("*Mietendeckel*"). On January 30, 2020, the Berlin parliament (*Berliner Abgeordnetenhaus*) passed the Law on Rent Limitation in Housing in Berlin (*Gesetz zur Mietbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln*). The law entered into force on February 23, 2020. See "*Regulatory Environment—Current Developments in German Tenancy Law—Rent Freeze ("Mietendeckel")*". As a result, while preparing its FFO 1 Guidance 2020, the Company has assumed a €1 million decrease in its net rental income in the financial year ending December 31, 2020.

On March 25, 2020, the German federal government passed a Law on mitigation of the impact of the COVID-19 pandemic in Civil and Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) (the "**COVID-Act**"). Pursuant to the COVID-Act, landlords may not terminate residential and commercial lease agreements if the tenant fails to pay rent during the period of April 1, 2020 through June 30, 2020, provided that such non-payment is caused by impacts related to the Coronavirus. Payments that become due during the period of April 1, 2020 through June 30, 2020, but that were not settled, will have to ultimately be settled by June 30, 2022. In light of current uncertainty in relation to the impact of the Coronavirus, the Company has not assumed any material impact to FFO 1 as a result of this law.

The Company has otherwise assumed that there will be no or only insignificant changes in the current and legal framework.

Factor: Demographic developments in the residential real estate industry

For purposes of the FFO 1 Guidance 2020, the Company has assumed that the demographic developments in the German residential real estate market, and in Berlin in particular, remain unchanged.

Factor: Changes in interest rates

While preparing the FFO 1 Guidance 2020, the Company has assumed that the current interest rates will remain stable, with the Company's financing strategy and financing structure remaining largely unchanged. As the Company has secured a significant portion of its floating rate liabilities with interest rate hedges, the Company does not expect any significant negative short-term effects on its financial expenses. The Company has assumed that the same remains true for ADLER Real Estate.

Factor: Cost inflation

For the purposes of the FFO 1 Guidance 2020, the Company did not assume any significant cost inflation in the fiscal year ending December 31, 2020.

Factor: Unforeseeable events such as "force majeure"

While preparing the FFO 1 Guidance 2020, the Company has assumed that no significant unforeseeable events will occur that could lead to significant constraints in the ongoing business operations of the Company or its subsidiaries, for instance force majeure (e.g. fire, flooding, hurricanes, storms, earthquakes or terrorist attacks), strikes, extraordinary macroeconomic events or war.

The Coronavirus has resulted in a deterioration of the political, socio-economic and financial situation in Germany. With the Coronavirus expanding rapidly, the negative impact on the Company's business cannot be adequately determined or reliably quantified at this time and has therefore not been taken into account when preparing the FFO 1 Guidance 2020. In particular, the potential impact of Coronavirus on tenants' ability to pay rent and the Company's finance costs has not been considered.

Factors that can be influenced by the Company to a limited extent

Likewise, other factors that can be influenced by the Company to a limited extent affect the FFO 1 Guidance 2020. The relevant assumptions are described below:

Factor: Net rental income

For the purposes of the FFO 1 Guidance 2020, the Company has assumed that the net rental income for the fiscal year ending December 31, 2020 will be between €280 million and €300 million. Net rental income of the Company in the fiscal year ending December 31, 2020 will therefore increase by approximately €146 million to €166 million compared to the fiscal year ended December 31, 2019, primarily due to the Business Combination.

Net rental income has been adjusted to take into account the full-year effect of the Gewobag Sale, resulting in an expected €7 million decrease in net rental income, as well as an expected €1 million decrease due to the new legislation in Berlin as mentioned above. The Company has assumed no rental growth at the ADO Properties Group level for 2020.

In addition, ADLER Real Estate's net rental income has been adjusted to include expected lettings of its development project "Riverside" which has been completed at the end of 2019, less the effect from commercial asset disposals which occurred throughout 2019 and will continue in 2020 resulting in a decrease of net rental income. The Company has also assumed rental growth at ADLER Real Estate based on the current market environment.

Factor: Cost of operations

Costs of operations comprises salaries and related expenses, property operations and maintenance costs, costs of utilities recharged net and cost of sales of housing units. For the purposes of the FFO 1 Guidance 2020, the Company has assumed that the cost of operations in the fiscal year ending December 31, 2020 will increase relative to its net rental income compared to the fiscal year ended December 31, 2019, primarily due to the Business Combination. The Company has assumed that the increase in costs of operations will be partly offset due to the realization of certain operational synergies, which the Company expects to already occur in the fiscal year ending December 31, 2020. The relation of the costs of operations to the net rental income assumed is based on historical experience and may deviate considerably from the budget assumptions owing to events such as unplanned increases of the vacancy rate or major unscheduled maintenance work.

Factor: General and administrative expenses

General and administrative expenses comprises primarily salaries and related expenses, professional services, office, communication and IT expenses, advertising and marketing expenses, impairment loss on trade receivables, director fee and rent fees. For the purposes of the FFO 1 Guidance 2020, the Company has assumed that, relative to the net rental income, general and administrative expenses in the fiscal year ending December 31, 2020, will increase compared to the fiscal year ended December 31, 2019, primarily due to the Business Combination. The Company has assumed that the increase in general and administrative expenses will be partly offset due to the realization of certain operational synergies, which the Company expects to already occur in the fiscal year ending December 31, 2020.

Factor: Finance costs

Finance costs comprises interest on bank loans and loans from related parties, interest on bonds, change in fair value of derivatives and other finance expenses. For the purposes of the FFO 1 Guidance 2020, the Company has assumed:

- the refinancing of certain of ADLER Real Estate's debt with amounts available under the Bridge Facility;
- a €450 million rights issue will be completed in 2020, the proceeds of which will be partially used to refinance debt;
- the total amount of debt of €4.8 billion based on the expected amount of debt as of December 31, 2020, which includes debt of ADLER Real Estate in the amount of €3.6 billion;
- the average costs of the Company's overall debt, including the cost of ADLER Real Estate's debt, of 2.0%;

- all of the terms and conditions of its financing contracts, especially financial covenants, will be met;
- the interest rate risk will remain low in the fiscal year ending December 31, 2020, also due to interest rate hedges (interest rate swaps) concluded by the Company;
- the liquidity risk will remain low as the Company has assumed that sufficient liquidity is available and that the current level of the average financing costs of existing loan agreements can be reached even if new loan agreements are concluded or existing loan agreements are extended;
- the net loan-to-value ratio of the property portfolio as a whole will increase to approximately 47% (excluding convertible bonds) due to the Business Combination; and
- the Company has been put on credit watch negative and may be downgraded, which, however will not have an immediate impact on its financings and therefore has not been taken into account.

Factor: Current income tax expenses

The Company expects corporation income tax rates to remain stable and does not expect the tax laws concerning the Company to change in the fiscal year ending December 31, 2020. The Company expects the current income taxes for the fiscal year ending December 31, 2020 to amount to approximately €5 million.

Factors that can be influenced by the Company

Factor: Timing of disposals

The FFO 1 Guidance 2020 has been adjusted downward for certain commercial disposals at ADLER Real Estate, which occurred throughout 2019 and will continue in 2020. The date of such further disposals is not in full control of the Company. A delay in such transactions can have an impact on the FFO 1 Guidance 2020.

Other Explanatory Notes

The FFO 1 Guidance 2020 for the current fiscal year 2020 was prepared on March 31, 2020 in connection with the preparation of the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2019. As the FFO 1 Guidance 2020 relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties, it is possible that the actual FFO 1 for the current fiscal year 2020 may differ materially from the FFO 1 Guidance 2020.

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ADO PROPERTIES S.A.

The expected effects of (i) a successful business combination (the “**Business Combination**”) of ADLER Real Estate Aktiengesellschaft (“**ADLER Real Estate**” and, together with its subsidiaries, the “**ADLER Group**”), a stock corporation incorporated under the laws of Germany, the shares of which are admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) (WKN: 500800, ISIN: DE0005008007) with ADO Properties S.A. (the “**Company**” or “**ADO Properties**” and, together with its subsidiaries, the “**ADO Properties Group**”), and a €450 million rights offering (“**Rights Offering**”) on the financial position and results of operation of the ADO Properties Group, (ii) a successful merger (the “**Merger**”) between ADLER Real Estate and ADO Group Ltd. (“**ADO Group**”), a public limited liability company incorporated under the laws of Israel and (iii) a successful acquisition (the “**Acquisition**”) of a majority stake in Consus Real Estate AG (“**Consus Real Estate**” and, together with its subsidiaries, the “**Consus Group**”), a stock corporation incorporated under the laws of Germany, the shares of which are admitted to trading on the open market (Freiverkehr) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) are presented below on the basis of *Pro Forma* financial information.

Introduction

On September 23, 2019, (i) ADLER Real Estate, (ii) LI Lorgen Ltd., Ramat Gan, Israel, a wholly-owned subsidiary of ADLER Real Estate, which was acquired solely for purposes of the acquisition, and (iii) ADO Group whose most substantial asset is its stake in ADO Properties S.A., entered into an agreement and plan of merger by way of reverse-triangular merger (the “**Merger Agreement**”). According to the Merger Agreement, LI Lorgen Ltd. was merged into ADO Group as the absorbing entity (the Merger Agreement and the transactions contemplated thereby are referred to as the “**Merger**”). As a consequence of the Merger, LI Lorgen Ltd. ceased to exist and ADO Group became a wholly-owned subsidiary of ADLER Real Estate on the terms and subject to the conditions set forth in the Merger Agreement and in accordance with certain provisions of the companies law of the State of Israel.

As of the date of the merger agreement between ADLER Real Estate and ADO Group, ADO Group held a 38.16% stake in ADO Properties. In accordance with a condition for the closing of the Merger, which took place on December 10, 2019, ADO Group sold 4.91% of the share capital and voting rights in ADO Properties, thus effectively reducing its stake in ADO Properties to 33.25%.

On December 15, 2019, the Company announced its intention to make a voluntary public takeover offer for all shares of ADLER Real Estate in the form of an exchange offer and, by entering into a business combination agreement, to combine the business of the ADLER Group with the business of the ADO Properties Group. The Company offered 0.4164 offer shares for every one share of ADLER Real Estate. The offer period commenced on February 7, 2020 and it expired on March 25, 2020. 91.93% of the ADLER Real Estate shareholders accepted the offer. Additionally, on December 15, 2019, the Company announced its intention of a €500 million rights offering subsequent to the successful business combination, which was subsequently reduced to €450 million following a resolution of the Board of Directors to recommend to the shareholders of the Company to not distribute any dividend for the 2019 financial year.

In addition, on December 15, 2019, the Company entered into various share purchase agreements with minority shareholders (the “**Share Purchase Agreements**”) to acquire 22.18% of the shares in Consus Real Estate, which, as a result of the successful completion of the Business Combination, increased to a shareholding of 25.75%. Furthermore, the Company entered into a call/put-option agreement with Aggregate Holdings S.A. (“**Aggregate**”) for its 69,619,173 shares in Consus Group, as amended (the “**Call/Put-Option Agreement**”). The consideration for one share in Consus Real Estate is, in each case, 0.2390 newly issued shares in the Company, provided that this ratio will be adjusted to any dividends paid and equity raise done by the Company, including this Rights Offering, or Consus Real Estate, as relevant. The Company undertakes to, following the exercise of the call option under the Call/Put-Option Agreement, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make an offer to all shareholders of Consus Real Estate to purchase their shares in Consus Real Estate by way of a voluntary public exchange offer, which will be based on an exchange ratio, adjusted for the results

of the Rights Offering, of one share in Consus Real Estate for 0.272 newly issued shares in the Company as consideration. The Company also entered into the SCA with Consus Real Estate to engage in a strategic partnership and strategic cooperation and, to the extent legally permissible, work together to fully investigate and potentially undertake mutually beneficial property developments, including the acquisitions of land plots for new-builds (the “**Strategic Cooperation**”).

Since the transactions described above are expected to have a material impact on the financial position and results of operations of the ADO Properties Group, the following *pro forma* consolidated financial information (the “**Pro Forma Consolidated Financial Information**”) was prepared by the Company, comprising a *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2020 to March 31, 2020, a *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 as well as a *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2019 to December 31, 2019, and accompanying *Pro Forma* Notes. In addition, the *Pro Forma* Consolidated Financial Information accounts for the Merger of ADLER Real Estate with ADO Group, as it had a material impact on the results of operations of ADLER Real Estate and is in turn considered as a separate *pro forma* event. The effects from the Merger are not shown in the *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 and the *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2020 to March 31, 2020 as ADLER Real Estate included the ADO Group as of December 31, 2019 in their consolidated financial statements.

The purpose of the *Pro Forma* Consolidated Financial Information is to show the material effects that the transactions described above would have had on the Company’s *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 and Consolidated Statements of Profit or Loss for the periods from January 1, 2020 to March 31, 2020 and from January 1, 2019 to December 31, 2019 as if the ADO Properties Group had already existed as of January 1, 2019 in the structure created by (i) the Business Combination and Rights Offering, (ii) the Merger, and (iii) the Acquisition.

The *Pro Forma* Consolidated Financial Information is based on assumptions and bears uncertainties and, thus, does not represent the actual performance of the financial development of the ADO Properties Group and the results of its operations and its cash flows as (i) the Business Combination and Rights Offering, (ii) the Merger, and (iii) the Acquisition were already successfully completed as of January 1, 2019. Furthermore, the *Pro Forma* Consolidated Financial Information should not be considered as an indicator for the future performance of the financial position of the ADO Properties Group and the results of its operations and its cash flows post completion of the (i) the Business Combination and Rights Offering, (ii) the Merger, and (iii) the Acquisition.

The *Pro Forma* Consolidated Financial Information should only be read in conjunction with the historical audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2019 and unaudited interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2020 prepared in accordance with IFRS as adopted by the European Union and also, in particular, taking into account the requirements of IAS 34 (“**Interim Financial Reporting**”). The *Pro Forma* Consolidated Financial Information is not meaningful on a stand-alone basis.

Historical financial information

The preparation of the *Pro Forma* Consolidated Financial Information is based on the following underlying information:

- the Company’s audited and published consolidated financial statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS as adopted by the European Union (the “**ADOP Financials 2019**”);
- the Company’s unaudited and published condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2020, prepared in accordance with IFRS as adopted by the European Union (IAS 34) (the “**ADOP Interim Financials 2020**”);
- ADLER Real Estate’s audited and published consolidated financial statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS as adopted by the European Union (the “**ADLER Financials 2019**”);

- ADLER Real Estate’s unaudited and published condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2020, prepared in accordance with IFRS as adopted by the European Union (IAS 34) (the “**ADLER Interim Financials 2020**”);
- ADO Group’s audited separate financial information as of and for the fiscal year ended December 31, 2019, prepared in accordance with IFRS and in accordance with Regulation 9C of the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970 (annual) (the “**ADO Group Financials 2019**”);
- the Consus Real Estate audited and published consolidated financial statements as of and for the year ended December 31, 2019, prepared in accordance with IFRS as adopted by the European Union (the “**Consus Financials 2019**”); and
- the Consus Real Estate’s unaudited and published consolidated interim financial statements as of and for the three-month period ended March 31, 2020, prepared in accordance with IFRS as adopted by the European Union (IAS 34) (the “**Consus Interim Financials 2020**”).

With regard to the accounting policies applied consistently to the underlying historical financial information of the *Pro Forma* Consolidated Financial Information, reference is made to the consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2019 and the three-month period ended March 31, 2020.

The ADO Group Financials 2019 are originally presented in Hebrew only and were translated into English solely for purposes of preparing these *Pro Forma* Consolidated Financial Information. Moreover, the ADO Group Financials 2019 are presented in Israeli shekel (ILS), whereas the ADLER Financials 2019, the ADLER Interim Financials 2020, the ADOP Financials 2019, the ADOP Interim Financials 2020, the Consus Financials 2019, and the Consus Interim Financials 2020 are presented in EUR. To align with the presentation currency of the Company (EUR), the ADO Group Financials 2019 are calculated from ILS to € based on the average exchange rate of the European Central Bank of ILS to Euro of 0.2508 for the *Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019.

Basis for preparation

The Company, ADLER Real Estate, and Consus Real Estate have each prepared their consolidated financial statements in accordance with IFRS as adopted by the European Union. ADO Group has prepared their separate financial statements in accordance with IFRS and in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports) – 1970 (annual).

The required *Pro Forma* Adjustments are based on available information, estimates, and certain assumptions, as described in “*Notes to the Pro Forma Consolidated Financial Information as of and for the three-month period ended March 31, 2020*” and in “*Notes to the Pro Forma Consolidated Financial Information for the fiscal year ended December 31, 2019*”.

Due to the aforementioned reference to the ADLER Interim Financials 2020 and the Consus Interim Financials 2020, respectively, the Company has not yet finally determined all potential fair value step-ups and encumbrances in connection with the purchase price allocation in accordance with IFRS 3 for the hypothetical acquisition of ADLER Real Estate including ADO Group as well as Consus Real Estate. Consequently, the *Pro Forma* Adjustments in the *Pro Forma* Consolidated Financial Information are subject to uncertainties.

The *Pro Forma* Consolidated Financial Information was prepared based on IDW Accounting Practice Statement: Preparation of *Pro Forma* Financial Information (IDW AcPS AAB 1.004) and information available as well as certain *Pro Forma* Assumptions of the Company as described in these *Pro Forma* Notes. The preparation was solely conducted for illustrative purposes. Due to their nature, the *Pro Forma* Consolidated Financial Information present only a hypothetical situation and not the actual status of the ADO Properties Group.

The *Pro Forma* Consolidated Financial Information is presented in Euro. In addition, certain financial information regarding ADO Group is presented in ILS. Unless otherwise stated, all figures have been rounded

to the nearest €thousand. The presentation of the *Pro Forma* Consolidated Financial Information in €thousand may result in rounding differences.

Parentheses around any figures in the tables indicate negative values. A dash (“–”) signifies that the relevant figure is not available, while a zero (“0”) signifies that the relevant figure is available but has been rounded to or equals zero.

Procedures and assumptions

The *Pro Forma* Consolidated Financial Information has been prepared based on the assumption that (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition had been successfully completed as of January 1, 2019. Accordingly, all assets acquired and liabilities assumed and any non-controlling interest in ADLER Real Estate and Consus Real Estate have been recognized within the *Pro Forma* Consolidated Balance Sheet.

The *Pro Forma* Consolidated Financial Information does not include deferred tax effects as a result of accounting policy adjustments or *Pro Forma* Adjustments resulting from (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition. Income tax effects are only considered for *Pro Forma* Adjustments, if a material impact on the *Pro Forma* Consolidated Financial Information was identified and explicitly stated. In addition, the *Pro Forma* Consolidated Financial Information does not include any adjustment to deferred tax assets for tax loss carry forwards that could potentially be lost if shares are transferred and certain thresholds are exceeded.

Furthermore, no fair value adjustments with regard to contractual termination clauses (e.g. for financial liabilities) or contractual termination clauses as such, which could be triggered in the context of a change of control were taken into account. The effects of the Merger on any of the covenants of contracts in place with ADLER Real Estate and/or Consus Real Estate and/or ADO Group and any third party (e.g. for financial liabilities) could not be conclusively assessed for purposes of the *Pro Forma* Consolidated Financial Information.

No effects of the conversion of stock options were taken into account for purposes of these *Pro Forma* Consolidated Financial Information.

To reflect the Company’s assumed shareholding in ADLER Real Estate and Consus Real Estate, the Company’s share capital as of March 31, 2020 was taken into account when preparing the *Pro Forma* Consolidated Financial Information. The same principle was applied with regard to the positions “treasury shares”, “share premium” and “reserves”.

Any goodwill (negative goodwill) recognized in the *Pro Forma* Consolidated Financial Information considers both goodwill attributable to non-controlling interests as well as goodwill (negative goodwill) attributable to owners of the company (accounting policy choice for full goodwill method under IFRS 3.19). The non-controlling interests are, therefore, measured at fair value. Hence, the net assets and liabilities identified for purposes of the preliminary purchase price allocation based solely on the ADLER Interim Financials 2020, the Consus Interim Financials 2020, and the ADOP Interim Financials 2020 will potentially deviate from the net assets and liabilities that would be determined in the final purchase price allocation.

In the ADLER Financials 2019 and the ADLER Interim Financials 2020, the income from charged operating costs are recorded according to the principal method, in particular due to the Company’s business model, which provides for a high share of in-house services. ADLER Real Estate differentiated these services according to whether the company is a principal or an agent. Services, which ADLER Real Estate provides as an agent are recognized as net costs. Other services are recognized as gross costs, because ADLER Real Estate provides these services as a principal. Consus Real Estate also recognizes service charges passed on to tenants as revenue. Therefore, the reporting of expenses related to operating costs and the corresponding income from additional charges to the tenant provided as an agent was not offset in accordance with IFRS 15 in the *Pro Forma* Consolidated Statement of Profit or Loss in the ADLER Financials 2019 and the ADLER Interim Financials 2020 as well as in the Consus Financials 2019 and the Consus Interim Financials 2020. In the ADOP Financials 2019 and the ADOP Interim Financials 2020, the income from charged operating costs are recorded according to the agent method of ADO Properties. Therefore, the reporting of expenses related to operating costs and the

corresponding income from additional charges to the tenant provided as a principal was offset in accordance with IFRS 15 in the Consolidated Statement of Profit or Loss in the ADOP Financials 2019 and the ADOP Interim Financials 2020. Both methods are in accordance with IFRS and do not represent an accounting policy choice, therefore, no presentation adjustment were recorded in the *Pro Forma* Consolidated Financial Information.

For purposes of the *Pro Forma* Consolidated Financial Information regarding the alignment of the ADLER Financials 2019, the ADLER Interim Financials 2020, the Consus Financials 2019, and the Consus Interim Financials 2020 with the Company's accounting policies in relation to the recognition of income and expenses, no different treatment of operating costs was taken into account and in turn no alignment was considered.

On March 25, 2020, the Company announced its decision to make a voluntary public takeover offer to all shareholders of WESTGRUND, for the acquisition of all ordinary bearer shares of WESTGRUND against payment of a cash consideration. On April 17, 2020, the Company announced its decision to, simultaneously with the takeover offer, combine the takeover offer with a delisting offer to delist the WESTGRUND shares from the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Börse Düsseldorf*).

On May 6, 2020, the Company published the voluntary public takeover offer and delisting tender offer, pursuant to which it offers a cash consideration of €1.74 per WESTGRUND share. On June 8, 2020, in the publication required pursuant to Section 23 para. 1 sentence 1 no. 1 of the German Takeover and Acquisition Act, the Company announced that WESTGRUND shareholders representing 0.92% of share capital of WESTGRUND have tendered their shares into the Company's voluntary public takeover offer and delisting tender offer.

As of the date of the *Pro Forma* Consolidated Financial Information, ADLER Real Estate holds 77,093,817 WESTGRUND Shares (corresponding to 96.88% of the share capital and voting rights of WESTGRUND). In each time period, covered by the *Pro Forma* Consolidated Financial Information, WESTGRUND is fully consolidated by ADLER Real Estate. Therefore, for purposes of the *Pro Forma* Consolidated Financial Information neither the voluntary public takeover offer nor the delisting tender offer have been taken into account due to materiality considerations when preparing the *Pro Forma* Consolidated Financial Information and therefore no adjustments regarding WESTGRUND were recorded.

Alignment of the historical financial information of ADLER Real Estate, ADO Group and Consus Real Estate

In order to present uniform historical financial information for purposes of the *Pro Forma* Consolidated Financial Information, the ADLER Interim Financials 2020, the ADLER Financials 2019, the ADO Group Financials 2019, the Consus Interim Financials 2020, and the Consus Financials 2019 have been adjusted to align with the accounting policies of ADO Properties.

Accounting policy adjustments for the consolidated balance sheet as of March 31, 2020

ADLER Real Estate accounting policy adjustments for the consolidated balance sheet as of March 31, 2020

The following table summarizes the accounting policy adjustments to the consolidated balance sheet of ADLER Real Estate as of March 31, 2020. As no accounting and valuation adjustments were identified, accounting policy adjustments refer to presentation adjustments only.

	Accounting policy adjustments			Adjusted ADLER Real Estate
	Historical ADLER Real Estate	Presentation adjustments	Presentation note	
	(in €thousand)			
Assets				
Non-current assets				
Goodwill	169,439	-		169,439
Intangible assets	546	-		546
Investment properties	4,929,746			4,929,746
Investment in financial instrument	-	24,598	(ii)	24,598
Advances in respect of investment properties	-	78,765	(i)	78,765
Property and equipment	19,311	(6,323)	(iii)	12,988
Loans to associated companies	139,180	-		139,180
Investments in associated companies	79,539	-		79,539
Other financial investments	43,473	(43,473)	(ii)	-
Other financial assets	-	150,114	(i), (ii)	150,114
Other non-current assets	210,004	(210,004)	(i)	-
Deferred tax assets	2,222	-		2,222
Advance expenses	-	-		-
Restricted bank deposit	-	-		-
Deferred expenses	-	-		-
Right-of-use-of-assets	-	6,323	(iii)	6,323
Loans granted	-	-		-
	5,593,460			5,593,460
Current assets				
Inventories	85,935	(85,935)	(iv)	-
Trading properties	-	85,935	(iv)	85,935
Restricted bank deposits	-	29,865	(i)	29,865
Trade receivables	44,226	-		44,226
Income tax receivables	4,108	(4,108)	(v)	-
Other receivables	-	123,927	(i), (v)	123,927
Other current assets	149,684	(149,684)	(i)	-
Cash and cash equivalents	75,095	-		75,095
Non-current assets held for sale	4,553,908	(4,553,908)	(vi)	-
Assets of disposal groups classified as held for sale	-	4,553,908	(vi)	4,553,908
Advances paid	-	-		-
	4,912,956			4,912,956
Total assets	10,506,416			10,506,416

	Accounting policy adjustments			Adjusted ADLER Real Estate
	Historical ADLER Real Estate	Presentation adjustments	Presentation note	
	(in €thousand)			
Shareholders' equity				
Capital stock	72,236	(72,236)	(vii)	-
Share capital	-	72,236	(vii)	72,236
Treasury shares	(1,603)	-		(1,603)
Capital reserves	315,148	(315,148)	(viii)	-
Share premium	-	315,148	(viii)	315,148
Currency translation reserves	1,216	(1,216)	(ix)	-
Reserves	-	(52,935)	(ix)	(52,935)
Net retained profit	1,071,791	(1,071,791)	(ix)	-
Retained earnings	(54,151)	1,125,942	(ix)	1,071,791
Total equity attributable to owners of the Company	1,404,637	-		1,404,637
Non-controlling interests	2,098,013	-		2,098,013
	3,502,650			3,502,650
Non-current liabilities				
Pension provisions	4,049	(4,049)	(xii)	-
Other provisions	3,148	(3,148)	(xii)	-
Liabilities from convertible bonds	110,148	(110,148)	(x)	-
Liabilities from bonds	2,051,157	(2,051,157)	(x)	-
Corporate bonds	-	2,051,157	(x)	2,051,157
Convertible bonds	-	110,148	(x)	110,148
Financial liabilities to banks	2,135,053	(2,135,053)	(xi)	-
Other loans and borrowings	-	2,135,053	(xi)	2,135,053
Other financial liabilities	-	2,659	(xii)	2,659
Other non-current liabilities	28,701	(28,701)	(xii)	-
Other payables	-	7,197	(xii)	7,197

	Accounting policy adjustments			Adjusted ADLER Real Estate
	Historical ADLER Real Estate	Presentation adjustments	Presentation note	
	(in €thousand)			
Derivatives	-	5,866	(xii)	5,866
Lease liabilities	-	20,176	(xii)	20,176
Deferred tax liabilities	444,658	-		444,658
	4,776,914			4,776,914
Current liabilities				
Other provisions	412	(412)	(xii)	-
Income tax liabilities	18,555	(18,555)	(xiii)	-
Liabilities from convertible bonds	1,179	(1,179)	(x)	-
Liabilities from bonds	51,938	(51,938)	(x)	-
Corporate bonds	-	51,938	(x)	51,938
Convertible bonds	-	1,179	(x)	1,179
Financial liabilities to banks	180,011	(180,011)	(xi)	-
Other loans and borrowings	-	180,011	(xi)	180,011
Other financial liabilities	-	-		-
Trade payables.....	43,531	-		43,531
Other current liabilities	65,021	(65,021)	(xii)	-
Other payables	-	80,936	(xii), (xiii)	80,936
Lease liabilities	-	2,663	(xii)	2,663
Derivatives	-	389	(xii)	389
Liabilities held for sale	1,866,205	(1,866,205)	(xiv)	-
Liabilities of disposal groups classified as held for sale	-	1,866,205	(xiv)	1,866,205
	2,226,852			2,226,852
Total equity and liabilities.....	10,506,416			10,506,416

Notes to the ADLER Real Estate accounting policy adjustments for the consolidated balance sheet as of March 31, 2020

(i) Other non-current and current assets

ADLER Real Estate does not disclose advances in respect of investment properties as a separate line item. Accordingly, these amounts (€78,765 thousand) of other non-current assets were re-classified from other non-current assets to advances in respect of investment properties. The remaining other non-current assets (€31,239 thousand) were re-classified to other financial assets. Additionally, ADLER Real Estate discloses other current assets (€149,684 thousand) which were re-classified to the following separated lines: restricted bank deposits (€29,865 thousand) and other receivables (€19,819 thousand), respectively.

(ii) Other financial investments

ADLER Real Estate does not separately disclose other financial assets. These assets (€43,473 thousand) represent investments accounted for at fair value. The investment in Consus Real Estate in the amount of €24,598 thousand was re-classified to Investment in financial instrument in line with the Company's reporting structure while the remainder (€18,875 thousand) was re-classified from other financial investments to other financial asset.

(iii) Right-of-use of assets

ADLER Real Estate does not disclose separately right-of-use asset as defined by IFRS 16. The Company, however, separately discloses right-of-use of assets. Therefore, these assets (€6,323 thousand) were re-classified from property and equipment to right-of-use assets.

(iv) Inventories

The line item inventories represents inventories that were re-classified to trading properties (€85,935 thousand).

(v) Income tax receivables

The Company does not disclose income tax receivables as a separate line item. Accordingly, these assets (€1,108 thousand) were re-classified to other receivables.

(vi) Non-current assets held for sale

The Company discloses assets held for sale on the account assets of disposal groups classified as held for sale. ADLER Real Estate discloses asset held for sale in the account non-current assets held for sale. Therefore, these assets (€4,553,908 thousand) which represent non-current assets held for sale were re-classified to assets of disposal groups classified as held for sale.

(vii) Capital stock

Capital stock (€7,236 thousand) was re-classified to share capital.

(viii) Capital reserves

The Company does not separately disclose a capital reserve. The capital reserve (€15,148 thousand) refers to capital surplus generated from stock issuance and therefore the amount was re-classified to share premium.

(ix) Reserves and net retained profit

ADLER Real Estate presents its reserves in the balance sheet item retained earnings and its retained earnings in the balance sheet item net retained profit. Accordingly, retained earnings were re-classified to reserves (€2,935 thousand) and currency translation reserve (€1,216 thousand). Net retained profit (€1,071,791 thousand) was re-classified to retained earnings.

(x) Liabilities from (convertible) bonds

ADLER Real Estate discloses liabilities from convertible bonds and liabilities from bonds; the Company discloses corporate bonds and convertible bonds instead. Therefore, non-current liabilities (€2,051,157 thousand and €10,148 thousand) and current liabilities (€1,938 thousand and €1,179 thousand) were re-classified to corporate bonds and convertible bonds, respectively.

(xi) Financial liabilities to banks

ADLER Real Estate discloses loans and borrowings as financial liabilities to banks. However, the Company discloses bank loans under other loans and borrowings. Therefore, the entire balance in the amount of €2,135,053 thousand was re-classified from financial liabilities to banks to other loans and borrowings for non-current liabilities. Likewise, the entire balance in the amount of €180,011 thousand was re-classified from financial liabilities to banks to other loans and borrowings for current liabilities.

(xii) Other non-current and current liabilities

ADLER Real Estate does not disclose derivatives and lease liabilities as separate line items but includes them in other non-current liabilities. Therefore, derivatives (€5,866 thousand) and lease liabilities (€20,176 thousand) were re-classified to separate lines. Remaining other non-current liabilities (€2,659 thousand) were re-classified to other financial liabilities. Additionally, pension provisions (€4,049 thousand) and other provisions (€3,148 thousand) were re-classified to other payables.

Within current liabilities, other current liabilities (€65,021 thousand) were re-classified to other payables (€61,969 thousand), lease liabilities (€2,663 thousand), and derivatives (€389 thousand). Furthermore, other provisions (€12 thousand) were re-classified to other payables.

(xiii) Income tax liabilities

The Company does not disclose income tax liabilities. Accordingly, income tax liabilities in the amount of €8,555 thousand were re-classified to other payables.

(xiv) Liabilities held for sale

ADLER Real Estate discloses liabilities held for sale in the line item current liabilities held for sale. Therefore, these liabilities (€1,866,205 thousand) were re-classified to liabilities of disposal groups classified as held for sale.

	Presentation adjustments			Total presentation adjustments
	Other non-current and current assets	Other financial investments	Right-of-use assets	
	(in €thousand)			
(i)	(ii)	(iii)		
Assets				
Non-current assets				
Goodwill.....	-	-	-	-
Intangible assets	-	-	-	-
Investment in financial instrument.....	-	24,598	-	24,598
Investment properties	-	-	-	-
Advances in respect of investment properties	78,765	-	-	78,765
Property and equipment	-	-	(6,323)	(6,323)
Loans to associated companies	-	-	-	-
Investments in associated companies.....	-	-	-	-
Other financial investments.....	-	(43,473)	-	(43,473)
Other financial assets	131,239	18,875	-	150,114
Other non-current assets	(210,004)	-	-	(210,004)
Deferred tax assets.....	-	-	-	-
Advance expenses	-	-	-	-
Restricted bank deposit	-	-	-	-
Deferred expenses	-	-	-	-
Right-of-use-of-assets	-	-	6,323	6,323
Loans granted.....	-	-	-	-
Current assets				
Inventories	-	-	-	-
Trading properties	-	-	-	-
Restricted bank deposits	29,865	-	-	29,865
Trade receivables	-	-	-	-
Income tax receivables	-	-	-	-
Other receivables	119,819	-	-	119,819
Other current assets	(149,684)	-	-	(149,684)
Cash and cash equivalents	-	-	-	-
Non-current assets held for sale	-	-	-	-
Assets of disposal groups classified as held for sale	-	-	-	-
Advances paid	-	-	-	-
Total assets.....				

	Presentation adjustments			Total presentation adjustments
	Inventories	Income tax receivable	Non-current assets held for sale	
	(in €thousand)			
(iv)	(v)	(vi)		
Assets				
Non-current assets				
Goodwill.....	-	-	-	-
Intangible assets	-	-	-	-
Investment in financial instrument	-	-	-	-
Investment properties	-	-	-	-
Advances in respect of investment properties	-	-	-	-
Property and equipment	-	-	-	-
Loans to associated companies	-	-	-	-
Investments in associated companies.....	-	-	-	-
Other financial investments.....	-	-	-	-
Other financial assets	-	-	-	-
Other non-current assets	-	-	-	-
Deferred tax assets.....	-	-	-	-
Advance expenses	-	-	-	-
Restricted bank deposit	-	-	-	-

	Presentation adjustments			
	Inventories	Income tax receivable	Non-current assets held for sale	Total presentation adjustments
	(in €thousand)			
Deferred expenses	-	-	-	-
Right-of-use-of-assets	-	-	-	-
Loans granted				
Current assets				
Inventories	(85,935)	-	-	(85,935)
Trading properties	85,935	-	-	85,935
Restricted bank deposits	-	-	-	-
Trade receivables	-	-	-	-
Income tax receivables	-	(4,108)	-	(4,108)
Other receivables	-	4,108	-	4,108
Other current assets	-	-	-	-
Cash and cash equivalents	-	-	-	-
Non-current assets held for sale	-	-	(4,553,908)	(4,553,908)
Assets of disposal groups classified as held for sale	-	-	4,553,908	4,553,908
Advances paid				
Total assets	-	-	-	-

	Presentation adjustments				
	Capital stock	Capital reserves	Reserves / Net retained profit	Liabilities from (convertible) bonds	Total presentation adjustments
	(in €thousand)				
	(vii)	(viii)	(ix)	(x)	
Shareholders' equity					
Capital stock	(72,236)	-	-	-	(72,236)
Share capital	72,236	-	-	-	72,236
Treasury shares	-	-	-	-	-
Capital reserves	-	(315,148)	-	-	(315,148)
Share premium	-	315,148	-	-	315,148
Currency translation reserves	-	-	(1,216)	-	(1,216)
Reserves	-	-	(52,935)	-	(52,935)
Net retained profit	-	-	(1,071,791)	-	(1,071,791)
Retained earnings	-	-	1,125,942	-	1,125,942
Total equity attributable to owners of the Company	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Non-current liabilities					
Pension provisions	-	-	-	-	-
Other provisions	-	-	-	-	-
Liabilities from convertible bonds	-	-	-	(110,148)	(110,148)
Liabilities from bonds	-	-	-	(2,051,157)	(2,051,157)
Corporate bonds	-	-	-	2,051,157	2,051,157
Convertible bonds	-	-	-	110,148	110,148
Financial liabilities to banks	-	-	-	-	-
Other loans and borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Derivatives	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Current liabilities					
Other provisions	-	-	-	-	-
Income tax liabilities	-	-	-	-	-
Liabilities from convertible bonds	-	-	-	(1,179)	(1,179)
Liabilities from bonds	-	-	-	(51,938)	(51,938)
Corporate bonds	-	-	-	51,938	51,938
Convertible bonds	-	-	-	1,179	1,179
Financial liabilities to banks	-	-	-	-	-

Presentation adjustments					
Capital stock	Capital reserves	Reserves / Net retained profit (in €thousand)	Liabilities from (convertible) bonds	Total presentation adjustments	
(vii)	(viii)	(ix)	(x)		
Other loans and borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Trade payables.....	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Other payables	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Derivatives	-	-	-	-	-
Liabilities held for sale	-	-	-	-	-
Liabilities of disposal groups classified as held for sale	-	-	-	-	-
Total equity and liabilities.....	-	-	-	-	-

Presentation adjustments					
Financial liabilities to banks	Other non-current and current liabilities	Income tax liabilities	Liabilities held for sale	Total presentation adjustments	
(in €thousand)					
(xi)	(xii)	(xiii)	(xiv)		
Shareholders' equity					
Capital stock	-	-	-	-	-
Share capital	-	-	-	-	-
Treasury shares	-	-	-	-	-
Capital reserves	-	-	-	-	-
Share premium	-	-	-	-	-
Currency translation reserves.....	-	-	-	-	-
Reserves	-	-	-	-	-
Net retained profit	-	-	-	-	-
Retained earnings	-	-	-	-	-
Total equity attributable to owners of the Company	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Non-current liabilities					
Pension provisions	-	(4,049)	-	-	(4,049)
Other provisions	-	(3,148)	-	-	(3,148)
Liabilities from convertible bonds.....	-	-	-	-	-
Liabilities from bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Convertible bonds.....	-	-	-	-	-
Financial liabilities to banks	(2,135,053)	-	-	-	(2,135,053)
Other loans and borrowings.....	2,135,053	-	-	-	2,135,053
Other financial liabilities	-	2,659	-	-	2,659
Other non-current liabilities	-	(28,701)	-	-	(28,701)
Other payables.....	-	7,197	-	-	7,197
Derivatives	-	5,866	-	-	5,866
Lease liabilities	-	20,176	-	-	20,176
Deferred tax liabilities	-	-	-	-	-
Current liabilities					
Other provisions	-	(412)	-	-	(412)
Income tax liabilities	-	-	(18,555)	-	(18,555)
Liabilities from convertible bonds	-	-	-	-	-
Liabilities from bonds.....	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Convertible bonds	-	-	-	-	-
Financial liabilities to banks	(180,011)	-	-	-	(180,011)
Other loans and borrowings	180,011	-	-	-	180,011
Other financial liabilities	-	-	-	-	-
Trade payables.....	-	-	-	-	-
Other current liabilities	-	(65,021)	-	-	(65,021)

	Presentation adjustments				
	Financial liabilities to banks	Other non-current and current liabilities	Income tax liabilities	Liabilities held for sale	Total presentation adjustments
	(xi)	(xii)	(xiii)	(xiv)	
		(in € thousand)			
Other payables	-	62,381	18,555	-	80,936
Lease liabilities	-	2,663	-	-	2,663
Derivatives	-	389	-	-	389
Liabilities held for sale	-	-	-	(1,866,205)	(1,866,205)
Liabilities of disposal groups classified as held for sale	-	-	-	1,866,205	1,866,205
Total equity and liabilities.....	-	-	-	-	-

Consus Real Estate accounting policy adjustments for the consolidated balance sheet as of March 31, 2020

The following table summarizes the accounting policy adjustments to the consolidated balance sheet of Consus Real Estate as of March 31, 2020. As no accounting and valuation adjustments were identified, accounting policy adjustments refer to presentation adjustments only.

	Accounting policy adjustments			
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Adjusted Consus Real Estate
	(in € thousand)			
Assets				
Non-current assets				
Goodwill	1,036,489	-		1,036,489
Intangible assets	-	4,934	(i)	4,934
Other intangible assets.....	4,934	(4,934)	(i)	-
Investment properties	401,905	-		401,905
Advances in respect of investment properties	-	-		-
Property and equipment	11,396	-		11,396
Loans to associated companies	-	-		-
Investments in associated companies	-	20,570	(ii)	20,570
Investments accounted for using the equity method	20,570	(20,570)	(ii)	-
Receivables from related parties.....	190	(190)	(vii)	-
Other financial assets	-	40,478	(iii), (vi), (vii)	40,478
Other assets	194	(194)	(vi)	-
Financial assets.....	64,067	(64,067)	(iii)	-
Contract assets.....	18,536	(18,536)	(iii)	-
Deferred tax assets.....	-	-		-
Restricted bank deposit	-	42,509	(iii)	42,509
Deferred expenses	-	-		-
Right-of-use-of-assets	11,966	-		11,966
Loans granted	-	-		-
	1,570,247			1,570,247
Current assets				
Inventories.....	2,565,951	(2,565,951)	(iv)	-
Trading properties	-	2,565,951	(iv)	2,565,951
Restricted bank deposits	-	39	(iii)	39
Trade receivables	-	47,501	(v)	47,501
Other receivables	-	564,000	(iii), (vi)	564,000
Trade and other receivables	47,501	(47,501)	(v)	-
Receivables from related parties.....	109,641	(109,641)	(vi)	-
Tax receivables.....	7,887	(7,887)	(vi)	-
Financial assets.....	35,636	(35,636)	(iii)	-
Contract assets	381,073	(381,073)	(iii)	-
Other assets	29,802	(29,802)	(vi)	-
Cash and cash equivalents	164,220	-		164,220
Assets of disposal groups classified as held for sale	26,100	-		26,100
	3,367,811			3,367,811
Total assets.....	4,938,058			4,938,058

	Accounting policy adjustments			Adjusted Consus Real Estate
	Historical Consus Real Estate	Presentation adjustments	Presentation note	
	(in €thousand)			
Shareholders' equity				
Subscribed capital.....	136,582	(136,582)	(viii)	-
Share capital	-	136,582	(viii)	136,582
Treasury shares	-	-		-
Capital reserves	877,132	(877,132)	(ix)	-
Other reserves.....	(94,763)	94,763	(x)	-
Share premium	-	877,132	(ix)	877,132
Reserves	-	(37,149)	(x)	(37,149)
Retained earnings	-	(57,614)	(x)	(57,614)
Total equity attributable to owners of the Company.....	918,951	-		918,951
Non-controlling interests	127,005	-		127,005
	1,045,956			1,045,956
Non-current liabilities				
Pension provisions	-	-		-
Provisions	3,086	(3,086)	(xiii)	-
Other liabilities	30,933	(30,933)	(xii)	-
Other payables.....	-	30,586	(xii), (xv)	30,586
Liabilities to related parties	27,500	(27,500)	(xv)	-
Other financial liabilities	-	18,104	(xii)	18,104
Corporate bonds	-	-		-
Convertible bonds.....	-	-		-
Other loans and borrowings.....	-	1,791,932	(xi)	1,791,932
Financing liabilities	1,791,932	(1,791,932)	(xi)	-
Derivatives	-	-		-
Lease liabilities	-	12,829	(xii)	12,829
Deferred tax liabilities	91,079	-		91,079
	1,944,530			1,944,530
Current liabilities				
Corporate bonds	-	-		-
Convertible bonds	-	-		-
Other loans and borrowings	-	1,188,852	(xi)	1,188,852
Financing liabilities	1,188,852	(1,188,852)	(xi)	-
Other financial liabilities	-	101,206	(xii)	101,206
Trade payables.....	110,430	-		110,430
Other payables.....	-	542,443	(xii), (xiii), (xiv)	542,443
Provisions.....	7,679	(7,679)	(xiii)	-
Liabilities to related parties	59,080	(59,080)	(xiv)	-
Tax payables.....	56,241	(56,241)	(xiv)	-
Prepayments received.....	377,327	(377,327)	(xiv)	-
Other liabilities	105,847	(105,847)	(xii)	-
Contract liabilities (current).....	42,116	(42,116)	(xii)	-
Lease liabilities	-	4,641	(xii)	4,641
Derivatives	-	-		-
Liabilities of disposal groups classified as held for sale	-	-		-
	1,947,572			1,947,572
	4,938,058			4,938,058
Total equity and liabilities.....	4,938,058			4,938,058

Notes to the Consus Real Estate accounting policy adjustments for the balance sheet as of March 31, 2020

(i) Other intangible assets

Consus does not disclose intangible assets as a separate line item. Accordingly, these amounts (€4,934 thousand) were re-classified from other intangible assets to intangible assets.

(ii) Investments accounted using equity method

Consus does not separately disclose investments in associated companies as a separate line item. Therefore, the investments accounted for using the equity method (€20,570 thousand) were re-classified as investments in associated companies.

(iii) Financial assets / contract assets

Consus discloses contract assets in the total amount of €399,609 thousand. The non-current contract assets amounting to €18,536 thousand were re-classified to other financial asset. The current portion amounting to €381,073 thousand was re-classified as other receivables. Furthermore, Consus discloses financial assets amounting to €9,703 thousand. The non-current financial assets amounting to €64,067 thousand were split up into non-current other financial assets (€21,558 thousand) and non-current restricted bank deposits (€42,509 thousand). The current financial assets amounting to €35,636 thousand were split up into current other financial assets (€35,597 thousand) and current restricted bank deposits (€39 thousand).

(iv) Inventories

Consus does not disclose trading properties as a separate line item. Accordingly, these amounts (€2,565,951 thousand) were re-classified from inventories to trading properties.

(v) Trade receivables

As the entity does not disclose trade receivables as a separate line item, the amounts of €47,501 thousand were re-classified from trade and other receivables to trade receivables.

(vi) Other assets and receivables

The following line items were re-classified as other receivables, as Consus splits these current assets into different line items: other assets (€9,802 thousand), tax receivables (€7,887 thousand) and receivables from related parties (€109,641 thousand). Receivables from related parties pertain to transactions with shareholders of Consus as well as Christoph Gröner and include financing, trade, and other receivables. In total (€147,330 thousand) were re-classified to other receivables. Other assets (€194 thousand) were re-classified to other financial assets.

(vii) Receivables from related parties (non-current)

Consus discloses receivables from related parties (€190 thousand) which were re-classified to other financial assets.

(viii) Subscribed capital

Consus does not disclose share capital as a separate line item. Hence, these amounts (€136,582 thousand) were re-classified from subscribed capital to share capital.

(ix) Capital reserves

The Company does not separately disclose a share premium. The capital reserve (€77,132 thousand) refers to capital surplus generated from stock issuance and therefore the amount was re-classified to share premium.

(x) Other reserves

Consus discloses other reserves amounting to €4,763 thousand. With the presentation adjustments the other reserves were split up into reserves (€7,149 thousand) and retained earnings (€7,614 thousand).

(xi) Financing liabilities

Consus presents financing liabilities of €2,980,784 thousand in total. The financing liabilities solely consist of liabilities to financial institutions. Therefore both, the non-current financing liabilities (€1,791,931 thousand) and the current financing liabilities (€1,188,852 thousand) are re-classified as non-current other loans and borrowings (€1,791,931 thousand) and current loans and borrowings (€1,188,852 thousand).

(xii) Contract liabilities and other liabilities

Consus disclose current contract liabilities of €42,116 thousand, which were re-classified as other payables. Furthermore, Consus disclose other liabilities amounting to €136,780 thousand in total. The non-current other liabilities (€30,933 thousands) were split up into non-current lease liabilities (€12,829 thousand) and non-current other financial liabilities (€18,104 thousand). The current other liabilities amounting to €105,847 thousand were split up into current lease liabilities (€4,641 thousand) and current other financial liabilities (€101,206 thousand).

(xiii) Provisions

Consus presents provisions amounting to €10,765 thousand in total. The non-current provisions of €3,086 thousand were re-classified to other payables. The current provisions amounting to €7,679 thousand were re-classified as other payables.

(xiv) Prepayments received and other payables

In its reporting structure, Consus presents prepayments received (€377,327 thousand), tax payables (€56,241 thousand) and liabilities to related parties (€59,080 thousand) in the balance sheet. As the Company does not present these line items, the balances were re-classified to other payables (€492,648 thousand).

(xv) Liabilities to related parties

Consus disclose liabilities to related parties of €27,500 thousand in total, which were re-classified to other payables.

	Presentation adjustments			
	Other intangible assets	Investments accounted for using the equity method	Financial assets/Contract assets	Total presentation adjustments
	(i)	(ii)	(iii)	
	(in €thousand)			
Assets				
Goodwill	-	-	-	-
Intangible assets	4,934	-	-	4,934
Other intangible assets.....	(4,934)	-	-	(4,934)
Investment properties	-	-	-	-
Advances in respect of investment properties	-	-	-	-
Property and equipment	-	-	-	-
Loans to associated companies	-	-	-	-
Investments in associated companies	-	20,570	-	20,570
Investments accounted for using the equity method.....	-	(20,570)	-	(20,570)
Receivables from related parties.....	-	-	-	-
Other financial assets	-	-	40,094	40,094
Other assets	-	-	-	-
Financial assets.....	-	-	(64,067)	(64,067)
Contract assets (non-current).....	-	-	(18,536)	(18,536)
Deferred tax assets.....	-	-	-	-
Restricted bank deposit	-	-	42,509	42,509
Deferred expenses	-	-	-	-
Right-of-use-of-assets	-	-	-	-
Loans granted	-	-	-	-
Current assets				
Inventories	-	-	-	-
Trading properties	-	-	-	-
Restricted bank deposits	-	-	39	39
Trade receivables	-	-	-	-

	Presentation adjustments			
	Other intangible assets	Investments accounted for using the equity method	Financial assets/Contract assets	Total presentation adjustments
	(in € thousand)			
Other receivables	-	-	416,670	416,670
Trade and other receivables	-	-	-	-
Receivables from related parties	-	-	-	-
Tax receivables	-	-	-	-
Financial assets	-	-	(35,636)	(35,636)
Contract assets (current)	-	-	(381,073)	(381,073)
Other assets	-	-	-	-
Cash and cash equivalents	-	-	-	-
Assets of disposal groups classified as held for sale	-	-	-	-
Advances paid	-	-	-	-
Total assets				

	Presentation adjustments				
	Inventories	Trade receivables	Other assets and receivables	Receivables from related parties	Total presentation adjustments
	(in € thousand)				
	(iv)	(v)	(vi)	(vii)	
Assets					
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Other intangible assets	-	-	-	-	-
Investment properties	-	-	-	-	-
Advances in respect of investment properties	-	-	-	-	-
Property and equipment	-	-	-	-	-
Loans to associated companies	-	-	-	-	-
Investments in associated companies	-	-	-	-	-
Investments accounted for using the equity method	-	-	-	-	-
Receivables from related parties	-	-	-	(190)	(190)
Other financial assets	-	-	194	190	384
Other assets	-	-	(194)	-	(194)
Financial assets	-	-	-	-	-
Contract assets (non-current)	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Restricted bank deposit	-	-	-	-	-
Deferred expenses	-	-	-	-	-
Right-of-use-of-assets	-	-	-	-	-
Loans granted	-	-	-	-	-
Current assets					
Inventories	(2,565,951)	-	-	-	(2,565,951)
Trading properties	2,565,951	-	-	-	2,565,951
Restricted bank deposits	-	-	-	-	-
Trade receivables	-	47,501	-	-	47,501
Other receivables	-	-	147,330	-	147,330
Trade and other receivables	-	(47,501)	-	-	(47,501)
Receivables from related parties	-	-	(109,641)	-	(109,641)
Tax receivables	-	-	(7,887)	-	(7,887)
Financial assets	-	-	-	-	-
Contract assets (current)	-	-	-	-	-
Other assets	-	-	(29,802)	-	(29,802)
Cash and cash equivalents	-	-	-	-	-
Assets of disposal groups classified as held for sale	-	-	-	-	-
Advances paid	-	-	-	-	-
Total assets					

	Presentation adjustments				Total presentation adjustments
	Subscribed capital	Capital reserves	Other reserves (in € thousand)	Financing liabilities	
	(viii)	(ix)	(x)	(xi)	
Shareholders' equity					
Subscribed capital.....	(136,582)	-	-	-	(136,582)
Share capital	136,582	-	-	-	136,582
Treasury shares	-	-	-	-	-
Capital reserves	-	(877,132)	-	-	(877,132)
Other reserves.....	-	-	94,763	-	94,763
Share premium	-	877,132	-	-	877,132
Reserves	-	-	(37,149)	-	(37,149)
Retained earnings	-	-	(57,614)	-	(57,614)
Total equity attributable to owners of the Company	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Non-current liabilities					
Pension provisions	-	-	-	-	-
Provisions	-	-	-	-	-
Other liabilities	-	-	-	-	-
Other payables.....	-	-	-	-	-
Liabilities to related parties	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Financial liabilities to banks	-	-	-	-	-
Other loans and borrowings.....	-	-	-	1,791,932	1,791,932
Financing liabilities	-	-	-	(1,791,932)	(1,791,932)
Derivatives	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Current liabilities					
Corporate bonds	-	-	-	-	-
Convertible bonds	-	-	-	-	-
Other loans and borrowings	-	-	-	1,188,852	1,188,852
Financing liabilities	-	-	-	(1,188,852)	(1,188,852)
Other financial liabilities	-	-	-	-	-
Trade payables.....	-	-	-	-	-
Other payables.....	-	-	-	-	-
Provisions.....	-	-	-	-	-
Liabilities to related parties	-	-	-	-	-
Tax payables.....	-	-	-	-	-
Prepayments received.....	-	-	-	-	-
Other liabilities	-	-	-	-	-
Contract liabilities (current).....	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Derivatives	-	-	-	-	-
Liabilities of disposal groups classified as held for sale	-	-	-	-	-
Total equity and liabilities.....	-	-	-	-	-

	Presentation adjustments				Total presentation adjustments
	Contract and other liabilities	Provisions	Prepayments and other payables (in € thousand)	Liabilities to related parties	
	(xii)	(xiii)	(xiv)	(xv)	
Shareholders' equity					
Capital stock	-	-	-	-	-
Subscribed capital.....	-	-	-	-	-
Share capital	-	-	-	-	-
Treasury shares	-	-	-	-	-
Capital reserves	-	-	-	-	-
Other reserves.....	-	-	-	-	-
Share premium	-	-	-	-	-
Currency translation reserves.....	-	-	-	-	-
Reserves	-	-	-	-	-

	Presentation adjustments				Total presentation adjustments
	Contract and other liabilities	Provisions	Prepayments and other payables (in € thousand)	Liabilities to related parties	
	(xii)	(xiii)	(xiv)	(xv)	
Shareholders' equity					
Net retained profit	-	-	-	-	-
Retained earnings	-	-	-	-	-
Total equity attributable to owners of the Company	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Non-current liabilities					
Pension provisions	-	-	-	-	-
Provisions	-	(3,086)	-	-	(3,086)
Other liabilities	(30,933)	-	-	-	(30,933)
Other payables	-	3,086	-	27,500	30,586
Liabilities to related parties	-	-	-	(27,500)	(27,500)
Liabilities from convertible bonds	-	-	-	-	-
Liabilities from bonds	-	-	-	-	-
Other financial liabilities	18,104	-	-	-	18,104
Financial liabilities to banks	-	-	-	-	-
Other loans and borrowings	-	-	-	-	-
Financing liabilities	-	-	-	-	-
Derivatives	-	-	-	-	-
Lease liabilities	12,829	-	-	-	12,829
Deferred tax liabilities	-	-	-	-	-
Current liabilities					
Income tax liabilities	-	-	-	-	-
Liabilities from convertible bonds	-	-	-	-	-
Liabilities from bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Convertible bonds	-	-	-	-	-
Financial liabilities to banks	-	-	-	-	-
Other loans and borrowings	-	-	-	-	-
Financing liabilities	-	-	-	-	-
Other financial liabilities	101,206	-	-	-	101,206
Trade payables	-	-	-	-	-
Other payables	42,116	7,679	492,648	-	542,443
Provisions	-	(7,679)	-	-	(7,679)
Liabilities to related parties	-	-	(59,080)	-	(59,080)
Tax payables	-	-	(56,241)	-	(56,241)
Prepayments received	-	-	(377,327)	-	(377,327)
Other liabilities	(105,847)	-	-	-	(105,847)
Contract liabilities (current)	(42,116)	-	-	-	(42,116)
Lease liabilities	4,641	-	-	-	4,641
Derivatives	-	-	-	-	-
Liabilities held for sale	-	-	-	-	-
Liabilities of disposal groups classified as held for sale	-	-	-	-	-
Total equity and liabilities	-	-	-	-	-

Accounting policy adjustments for the Consolidated Statement of Profit or Loss for the three-month period ended March 31, 2020

ADLER Real Estate accounting policy adjustments for the Consolidated Statement of Profit or Loss for the three-month period ended March 31, 2020

The following table summarizes the accounting policy adjustments to the consolidated statement of profit or loss of ADLER Real Estate for the three-month period ended March 31, 2020. As no accounting and valuation adjustments were identified, accounting policy adjustments refer to presentation adjustments only.

	Accounting policy adjustments			Adjusted ADLER Real Estate
	Historical ADLER Real Estate	Presentation adjustments	Presentation note	
	(in €thousand)			
Revenue*	-	482,183	(i)	482,183
Gross rental income	90,428	(90,428)	(i)	-
Income from the sale of properties	391,755	(391,755)	(i)	-
Cost of operations.....	-	(430,002)	(ii)	(430,002)
Expenses from property lettings	(40,491)	40,491	(ii)	-
Expenses from the sale of properties	(389,511)	389,511	(ii)	-
Gross profit	52,181			52,181
General and administrative expenses.....	-	(33,075)	(iii)	(33,075)
Personnel expenses.....	(11,026)	11,026	(iii)	-
Other operating income	1,561	(1,561)	(iii)	-
Other operating expenses.....	(21,976)	21,976	(iii)	-
Other expenses	-	-		-
Changes in fair value of investment properties.....	(10,334)	-		(10,334)
Depreciation and amortization.....	(1,634)	1,634	(iii)	-
Result from operating activities	8,772	-		8,772
	271	(271)		-
Net income from at-equity valued investment associates			(iv)	
Finance income.....	33,578			33,578
Finance cost.....	(58,144)	271	(iv)	(57,873)
Net finance costs	(24,295)	-		(24,295)
Profit before tax	(15,523)	-		(15,523)
Income tax expense	(9,006)	-		(9,006)
Profit for the period (continued operations).....	(24,529)	-		(24,529)
Earnings after taxes from discontinued operations	(2,000)	-		(2,000)
Profit for the period	(26,529)	-		(26,529)
	-	-		-
Profit attributable to:	-	-		-
Owners of the Company	(21,715)	-		(21,715)
Non-controlling interest.....	(4,814)	-		(4,814)
	-	-		-
Profit for the period	(26,529)	-		(26,529)
Basic earnings per share (in €).....	(0.31)	-		(0.31)
Diluted earnings per share (in €).....	(0.26)	-		(0.26)

** No different treatment of a gross or a net method regarding operational cost was considered.

Notes to the ADLER Real Estate presentation adjustments for the Consolidated Statement of Profit or Loss for the three-month period ended March 31, 2020

(i) Gross rental income and income from the sale of properties

ADLER Real Estate does not disclose revenue as a separate line item, but instead discloses the items gross rental income and income from the sale of properties. Accordingly, gross rental income (€90,428 thousand) and income from the sale of properties (€391,755 thousand) were re-classified to revenue (€482,183 thousand).

(ii) Cost of operations

ADLER Real Estate does not separately disclose cost of operations, but instead discloses the items expenses from property lettings and expenses from the sale of properties. Accordingly, expenses from property lettings (€40,491 thousand) and expenses from the sale of properties (€389,511 thousand) were re-classified to cost of operations (€430,002 thousand).

(iii) General and administrative expenses and other operating income

ADLER Real Estate does not disclose general and administrative expenses as a separate line item, but instead discloses personnel expenses and depreciation and amortization. Accordingly, personnel expenses (€1,026 thousand), and depreciation and amortization (€1,634 thousand) were re-classified to general and administrative expenses. Additionally, ADLER Real Estate discloses other operating income in the amount of €1,561 thousand and other operating expenses in the amount of €21,976 thousand, which mainly relate to external services, rent, and other operating items and were also included in general and administrative expenses.

(iv) Net income from at-equity valued investment associates

ADLER Real Estate discloses profit/loss from investments accounted for at equity as a separate line item. Accordingly, a loss in the amount of €71 thousand has been re-classified to finance costs.

	Presentation adjustments				
	Gross rental income	Cost of operations	General and administrative expenses /	Net income from at-equity valued investment associates	Total presentation adjustments
			Operating income & expenses		
(in €thousand)					
	(i)	(ii)	(iii)	(iv)	
Revenue.....	482,183	-	-	-	482,183
Gross rental income.....	(90,428)	-	-	-	(90,428)
Income from the sale of properties	(391,755)	-	-	-	(391,755)
Cost of operations.....	-	(430,002)	-	-	(430,002)
Expenses from property lettings	-	40,491	-	-	40,491
Expenses from the sale of properties	-	389,511	-	-	389,511
Gross profit	-	-	-	-	-
General administrative expenses.....	-	-	(33,075)	-	(33,075)
Personal expenses.....	-	-	11,026	-	11,026
Other operating incomes.....	-	-	(1,561)	-	(1,561)
Other operating expenses.....	-	-	21,976	-	21,976
Other expenses	-	-	-	-	-
Changes in fair value of investment properties	-	-	-	-	-
Depreciation and amortization.....	-	-	1,634	-	1,634
Result from operating activities	-	-	-	-	-
Profits from investments accounted for at equity.....	-	-	-	(271)	(271)
Finance income.....	-	-	-	-	-
Finance cost.....	-	-	-	271	271
Net finance costs	-	-	-	-	-
Profit before tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Profit for the period (continued operations).....	-	-	-	-	-
Earnings after taxes from discontinued operations	-	-	-	-	-
Profit for the period	-	-	-	-	-
Profit attributable to:	-	-	-	-	-
Owners of the Company.....	-	-	-	-	-
Non-controlling interest.....	-	-	-	-	-
Profit for the period	-	-	-	-	-
Basic earnings per share (in €).....	-	-	-	-	-
Diluted earnings per share (in €).....	-	-	-	-	-

Consus Real Estate accounting policy adjustments for the Consolidated Statement of Profit or Loss for the three-month period ended March 31, 2020

The following table summarizes the accounting policy adjustments to the consolidated statement of profit or loss of Consus Real Estate for the three-month period ended March 31, 2020.

	Accounting policy adjustments				
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Accounting policy adjustment	Adjusted Consus Real Estate
(in €thousand)					
Revenue*	-	125,708	(i)	-	125,708
Income from letting activities	4,940	(4,940)	(i)	-	-
Income from property development.....	115,526	(115,526)	(i)	-	-
Income from service, maintenance and management activities	5,242	(5,242)	(i)	-	-
Cost of operations.....	-	(35,853)	(ii), (v)	(34,291)	(70,144)
Change in project related inventory	102,688	(102,688)	(ii)	-	-
Expenses from letting activities.....	(1,755)	1,755	(ii)	-	-
Cost of materials.....	(136,786)	136,786	(ii)	-	-
Gross profit	89,855	-		(34,291)	55,564

	Accounting policy adjustments			
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Adjusted Consus Real Estate
	(in €thousand)			
General and administrative expenses.....	-	(46,209)	(iii)	(46,209)
Other expenses	-	-	-	-
Net income from the remeasurement of investment properties.....	-	-	-	-
Other operating income	1,472	(1,472)	(iii)	-
Personnel expenses.....	(18,658)	18,658	(iii)	-
Other operating expenses.....	(26,714)	26,714	(iii)	-
Depreciation and amortization.....	(2,309)	2,309	(iii)	-
Changes in fair value of investment properties	-	-	-	-
Result from operating activities.....	43,646	-	-	9,355
Profits from investments accounted for at equity	-	-	-	-
Finance income.....	-	9,796	(iv)	9,796
Financial income	9,796	(9,796)	(iv)	-
Finance costs	-	(80,419)	(iv), (v)	34,291
Financial expenses	(80,419)	80,419	(iv)	-
Net finance costs	(70,623)	-	-	(36,332)
Profit before tax.....	(26,977)	-	-	(26,977)
Income tax expense	8,140	-	-	8,140
Profit for the period (continued operations).....	(18,836)	-	-	(18,836)
Earnings after taxes from discontinued	-	-	-	-
Profit for the period.....	(18,837)	-	-	(18,837)
Profit attributable to:				
Owners of the Company	(13,556)	-	-	(13,556)
Non-controlling interest.....	(5,281)	-	-	(5,281)
Profit for the period.....	(18,837)	-	-	(18,837)
Basic earnings per share (in €).....	(0.10)	-	-	(0.10)
Diluted earnings per share (in €).....	(0.10)	-	-	(0.10)

* No different treatment of a gross or a net method regarding operational cost was considered.

Notes to the Consus Real Estate presentation adjustments for the Consolidated Statement of Profit or Loss for the three-month period ended March 31, 2020

(i) Revenue

Consus Real Estate does not disclose revenue as a separate line item, but instead discloses the items income from letting activities (€1,940 thousand), income from property development (€15,526 thousand), and income from service, maintenance and management activities (€5,242 thousand). Accordingly, these items were re-classified to revenue (€25,708 thousand).

(ii) Cost of operations

Consus Real Estate does not disclose cost of operations as a separate line item, but instead discloses the items change in project inventory (€102,688 thousand) expenses from letting activities (€1,755 thousand) and cost of materials (€136,786 thousand). Accordingly, these items were re-classified to cost of operations (€35,853 thousand).

(iii) General and administrative expenses

Consus Real Estate does not disclose general and administrative expenses as a separate line item, but instead discloses the items other operating income (€1,472 thousand), personnel expenses (€18,658 thousand), other operating expenses (€26,714 thousand), and depreciation and amortization (€2,309 thousand). Accordingly, these items were re-classified to general and administrative expenses (€46,209 thousand).

(iv) Finance Costs

Consus Real Estate discloses financial income (€9,796 thousand) and financial expenses (€80,419 thousand) which were re-classified to finance income and finance cost, respectively.

Accounting policy adjustment

(v) Finance costs

As Consus Real Estate applies the total cost method to its consolidated statement of profit or loss, it reflects change in project related inventory. This line item includes capitalized borrowing cost in the amount of €34,291 thousand, increasing the resulting change in project related inventory. In line with the reporting structure of the Company, these capitalized borrowing costs were offset with finance costs (€34,291 thousand).

	Presentation adjustments					Total presentation adjustments
	Revenue	Cost of operations	General and administrative expenses / Operating income & expenses	Finance costs/ Financial income	Finance cost	
	(i)	(ii)	(iii)	(iv)	(v)	
	(in €thousand)					
Revenue.....	125,708	-	-	-	-	125,708
Income from letting activities	(4,940)	-	-	-	-	(4,940)
Income from real estate inventory disposed of.....	-	-	-	-	-	-
Income from property development..	(115,526)	-	-	-	-	(115,526)
Income from service, maintenance and management activities.....	(5,242)	-	-	-	-	(5,242)
Cost of operations.....	-	(35,853)	-	-	(34,291)	(70,144)
Change in project related inventory..	-	(102,688)	-	-	-	(102,688)
Expenses from letting activities	-	1,755	-	-	-	1,755
Cost of materials.....	-	136,786	-	-	-	136,786
Gross profit	-	-	-	-	(34,291)	(34,291)
General and administrative expenses	-	-	(46,209)	-	-	(46,209)
Other income	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Net income from the remeasurement of investment properties	-	-	-	-	-	-
Other operating income	-	-	(1,472)	-	-	(1,472)
Personnel expenses.....	-	-	18,658	-	-	18,658
Other operating expenses.....	-	-	26,714	-	-	26,714
Depreciation and amortization	-	-	2,309	-	-	2,309
Changes in fair value of investment properties.....	-	-	-	-	-	-
Result from operating activities.....	-	-	-	-	(34,291)	(34,291)
Profits from investments accounted for at equity	-	-	-	-	-	-
Finance income.....	-	-	-	9,796	-	9,796
Financial income	-	-	-	(9,796)	-	(9,796)
Finance costs	-	-	-	(80,419)	34,291	(46,128)
Financial expenses.....	-	-	-	80,419	-	80,419
Net finance costs	-	-	-	-	(34,291)	(34,291)
Profit before tax.....	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Profit for the period (continued)	-	-	-	-	-	-
Earnings after taxes from discounted operations	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-
Profit attributable to:	-	-	-	-	-	-
Owners of the Company	-	-	-	-	-	-
Non-controlling interest.....	-	-	-	-	-	-
Profit for the period.....	-	-	-	-	-	-

Presentation adjustments						
	Revenue	Cost of operations	General and administrative expenses / Operating income & expenses	Finance costs/ Financial income	Finance cost	Total presentation adjustments
	(in €thousand)					
	(i)	(ii)	(iii)	(iv)	(v)	
Basic earnings per share (in €).....	-	-	-	-	-	-
Diluted earnings per share (in €).....	-	-	-	-	-	-

Accounting policy adjustments for the Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019

ADLER Real Estate Presentation adjustments for the Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019

The following table summarizes the accounting policy adjustments to the consolidated statement of profit or loss of ADLER Real Estate for the fiscal year ended December 31, 2019. As no accounting and valuation adjustments were identified, accounting policy adjustments refer to presentation adjustments only.

	Accounting policy adjustments			Adjusted ADLER Real Estate
	Historical ADLER Real Estate	Presentation adjustments	Presentation note	
	(in €thousand)			
Revenue*	-	904,185	(i)	904,185
Gross rental income.....	370,362	(370,362)	(i)	-
Income from the sale of properties	533,823	(533,823)	(i)	-
Cost of operations.....	-	(684,373)	(ii)	(684,373)
Expenses from property lettings	(151,044)	151,044	(ii)	-
Expenses from the sale of properties	(533,329)	533,329	(ii)	-
Gross profit	219,812	-		219,812
General and administrative expenses.....	-	(113,442)	(iii)	(113,442)
Personnel expenses.....	(47,130)	47,130	(iii)	-
Other operating income	8,364	(8,364)	(iii)	-
Other operating expenses.....	(68,964)	68,964	(iii)	-
Other expenses	-	-		-
Changes in fair value of investment properties.....	362,638	-		362,638
Depreciation and amortization.....	(5,712)	5,712	(iii)	-
Result from operating activities	469,008	-		469,008
Net income from at-equity valued investment associates ...	(1,327)	1,327	(iv)	-
Finance income.....	10,190	-		10,190
Finance cost.....	(120,885)	(1,327)	(iv)	(122,212)
Net finance costs	(112,022)	-		(112,022)
Profit before tax	356,986	-		356,986
Income tax expense	(81,231)	-		(81,231)
Profit for the period (continued operations).....	275,755	-		275,755
Earnings after taxes from discontinued operations	92,009	-		92,009
Profit for the period	367,764	-		367,764

Profit attributable to:			
Owners of the Company	238,338	–	238,338
Non-controlling interest.....	129,426	–	129,426
Profit for the period.....	367,764	–	367,764
Basic earnings per share (in €).....	3.46	-	3.46
Diluted earnings per share (in €).....	3.08	-	3.08

** No different treatment of a gross or a net method regarding operational cost was considered

Notes to the ADLER Real Estate presentation adjustments for the Statement of Profit or Loss for the fiscal year ended December 31, 2019

(i) Gross rental income and income from the sale of properties

ADLER Real Estate does not disclose revenue as a separate line item, but instead discloses the items gross rental income and income from the sale of properties. Accordingly, gross rental income (€370,362 thousand) and income from the sale of properties (€33,823 thousand) were re-classified to revenues (€404,185 thousand).

(ii) Cost of operations

ADLER Real Estate does not separately disclose cost of operations, but instead discloses the items expenses from property lettings and expenses from the sale of properties. Accordingly, expenses from property lettings (€151,044 thousand) and expenses from the sale of properties (€33,329 thousand) were re-classified to cost of operations (€184,373 thousand).

(iii) General and administrative expenses and other operating income

ADLER Real Estate does not disclose general and administrative expenses as a separate line item, but instead discloses personnel expenses and depreciation and amortization. Accordingly, personnel expenses (€47,130 thousand), and depreciation and amortization (€5,712 thousand) were re-classified to general and administrative expenses (€52,842 thousand). Additionally, ADLER Real Estate discloses other operating income in the amount of €8,364 thousand and other operating expenses in the amount of €68,964 thousand, which mainly relate to external services, rent, and other operating items and were also included in general and administrative expenses.

(iv) Net income from at-equity valued investment associates

ADLER Real Estate discloses profit/loss from investments accounted for at equity as a separate line item. Accordingly, a loss in the amount of €1,327 thousand has been re-classified to finance costs.

	Presentation adjustments				Total presentation adjustments
	Gross rental income	Cost of operations	General and administrative expenses / Operating income & expenses	Net income from at-equity valued investment associates	
			(in €thousand)		
	(i)	(ii)	(iii)	(iv)	
Revenue.....	904,185	–	–	–	904,185
Gross rental income.....	(370,362)	–	–	–	(370,362)
Income from the sale of properties	(533,823)	–	–	–	(533,823)
Cost of operations.....	–	(684,373)	–	–	(684,373)
Expenses from property lettings	–	151,044	–	–	151,044
Expenses from the sale of properties	–	533,329	–	–	533,329
Gross profit	–	–	–	–	–
General administrative expenses.....	–	–	(113,442)	–	(113,442)
Personnel expenses.....	–	–	47,130	–	47,130
Other operating incomes.....	–	–	(8,364)	–	(8,364)
Other operating expenses.....	–	–	68,964	–	68,964
Other expenses	–	–	–	–	–
Changes in fair value of investment properties.....	–	–	–	–	–
Depreciation and amortization.....	–	–	5,712	–	5,712
Result from operating activities.....	–	–	–	–	–
Profits from investments accounted for at equity....	–	–	–	1,327	1,327

	Presentation adjustments				Total presentation adjustments
	Gross rental income	Cost of operations	General and administrative expenses / Operating income & expenses (in €thousand)	Net income from at-equity valued investment associates	
Finance income.....	-	-	-	-	-
Finance cost.....	-	-	-	(1,327)	(1,327)
Net finance costs	-	-	-	-	-
Profit before tax	-	-	-	-	-
Income tax expense	-	-	-	-	-
Profit for the period (continued operations).....	-	-	-	-	-
Earnings after taxes from discontinued operations .	-	-	-	-	-
Profit for the period	-	-	-	-	-
Profit attributable to:					
Owners of the Company	-	-	-	-	-
Non-controlling interest.....	-	-	-	-	-
Profit for the period	-	-	-	-	-
Basic earnings per share (in €).....	-	-	-	-	-
Diluted earnings per share (in €).....	-	-	-	-	-

ADO Group (stand-alone) adjustments for the Statement of Profit or Loss for the fiscal year ended December 31, 2019

The following table summarizes the accounting policy adjustments to the income statement of ADO Group stand-alone for the fiscal year ended December 31, 2019. As no accounting and valuation adjustments were identified, accounting policy adjustments refer to presentation adjustments only.

	Accounting policy adjustments			Adjusted ADO Group
	Historical ADO Group	Presentation adjustments	Presentation note	
	(in €thousand)			
Revenue.....	-	24	(i)	24
Revenues from services provided to investee companies.....	24	(24)	(i)	-
Cost of operations.....	-	-	-	-
Gross profit	24	-	-	24
General and administrative expenses.....	(3,593)	-	-	(3,593)
Other income	-	-	-	-
Other expenses	-	-	-	-
Changes in fair value of investment properties	-	-	-	-
Results from operating activities	(3,569)	-	-	(3,569)
Profits from investee companies.....	223,606	(223,606)	(ii)	-
Finance income.....	938	223,606	(ii)	224,545
Finance costs	(15,380)	-	-	(15,380)
Net finance costs	209,164	-	-	209,164
Profit before tax	205,595	-	-	205,595
Income tax expense	(11,247)	-	-	(11,247)
Profit for the period (continued operations).....	194,348	-	-	194,348
Earnings after taxes from discontinued operations .	-	-	-	-
Profit for the period	194,348	-	-	194,348
Profit attributable to:				
Owners of the Company	194,348	-	-	194,348
Non-controlling interest.....	-	-	-	-
Profit for the period	194,348	-	-	194,348
Basic earnings per share (in €).....	n/a	n/a	-	n/a
Diluted earnings per share (in €).....	n/a	n/a	-	n/a

Notes to the ADO Group (stand-alone) presentation adjustments for the Statement of Profit or Loss for the fiscal year ended December 31, 2019

(i) Revenue

ADO Group does not disclose revenue as a separate line item, but instead discloses the item revenues from services provided to investee companies. Accordingly, revenues from services provided to investee companies (€24 thousand) was re-classified to revenue (€24 thousand).

(ii) Profits from investee companies

ADO Group reflects profits from investee companies as a separate line item. As the Company does not show profits from investee companies, profits in the amount of €223,606 thousand were re-classified to finance income. The intercompany profit has been consolidated in the *Pro Forma* Consolidated Financial Statements. As the Company represents the investee, this intercompany profit will be eliminated in the *Pro Forma* Consolidated Financial Information.

	Presentation adjustments		
	Revenues	Profits from investee companies	Total presentation adjustments
	(i)	(in €thousand) (ii)	
Revenue.....	24	-	24
Revenues from services provided to investee companies	(24)	-	(24)
Cost of operations.....	-	-	-
Gross profit	-	-	-
General and administrative expenses.....	-	-	-
Other income	-	-	-
Other expenses	-	-	-
Changes in fair value of investment properties	-	-	-
Results from operating activities	-	-	-
Profits from investee companies.....	-	(223,606)	(223,606)
Finance income.....	-	223,606	223,606
Finance costs	-	-	-
Net finance costs	-	-	-
Profit before tax	-	-	-
Income tax expense	-	-	-
Profit for the period (continued operations).....	-	-	-
Earnings after taxes from discontinued operations	-	-	-
Profit for the period	-	-	-
Profit attributable to:			
Owners of the Company	-	-	-
Non-controlling interest.....	-	-	-
Profit for the period	-	-	-
Basic earnings per share (in €).....	-	-	-
Diluted earnings per share (in €).....	-	-	-

Consus Real Estate accounting policy adjustments for the Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019

The following table summarizes the accounting policy adjustments to the consolidated statement of profit or loss of Consus Real Estate for the fiscal year ended December 31, 2019.

	Accounting policy adjustments			
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Adjusted Consus Real Estate
	(in €thousand)			
Revenue*	-	671,115	(i)	671,115
Income from letting activities	21,340	(21,340)	(i)	-
Income from real estate inventory disposed of	204,541	(204,541)	(i)	-

Accounting policy adjustments					
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Accounting policy adjustment	Adjusted Consus Real Estate
	(in €thousand)				
Income from property development.....	401,621	(401,621)	(i)	-	-
Income from service, maintenance and management activities	43,613	(43,613)	(i)	-	-
Cost of operations.....	-	(341,409)	(ii), (v), (vi)	(129,833)	(471,242)
Change in project related inventory	192,700	(192,700)	(ii)	-	-
Expenses from letting activities	(8,894)	8,894	(ii)	-	-
Cost of materials.....	(525,215)	525,215	(ii)	-	-
Gross profit	329,706	-		(129,833)	199,873
General and administrative expense	-	(133,658)	(iii)	-	(133,658)
Other income	-	-		-	-
Other expenses	-	-		-	-
Net income from the remeasurement of investment properties.....	31,943	(31,943)	(iv)	-	-
Other operating income	20,360	(20,360)	(iii)	-	-
Personnel expenses.....	(67,024)	67,024	(iii)	-	-
Other operating expenses.....	(78,551)	78,551	(iii)	-	-
Depreciation and amortization	(8,443)	8,443	(iii)	-	-
Changes in fair value of investment properties....	-	31,943	(iv)	-	31,943
Result from operating activities.....	227,992	-	(vi)	(129,833)	98,159
Profits from investments accounted for at equity.	-	-		-	-
Finance income.....	-	28,160	(v)	-	28,160
Financial income	28,160	(28,160)	(v)	-	-
Finance costs	-	(114,833)	(v)	-	(114,833)
Financial expenses.....	(244,666)	114,833	(v), (vi)	129,833	-
Net finance costs	(216,506)	-		129,833	(86,673)
Profit before tax.....	11,486	-		-	11,486
Income tax expense	(16,521)	-		-	(16,521)
Profit for the period (continued operations)	(5,035)	-		-	(5,035)
Earnings after taxes from discounted operations	-	-		-	-
Profit for the period	(5,035)	-		-	(5,035)
Profit attributable to:					
Owners of the Company	(20,883)	-		-	(20,883)
Non-controlling interest.....	15,848	-		-	15,848
Profit for the period.....	(5,035)	-		-	(5,035)
Basic earnings per share (in €).....	(0.15)	-		-	(0.15)
Diluted earnings per share (in €).....	(0.15)	-		-	(0.15)

* No different treatment of a gross or a net method regarding operational cost was considered.

Notes to the Consus Real Estate accounting policy adjustments for Statement of Profit or Loss for the fiscal year ended December 31, 2019

Presentation adjustments

(i) Revenue

Consus Real Estate does not disclose revenue as a separate line item, but instead discloses the items income from letting activities (€21,340 thousand), income from real estate inventory disposed of (€204,541 thousand), income from property development (€401,621 thousand), and income from service, maintenance and management activities (€43,613 thousand). Accordingly, these items were re-classified to revenue (€71,115 thousand).

(ii) Cost of operations

Consus Real Estate does not disclose cost of operations as a separate line item, but instead discloses the items change in project inventory (€192,700 thousand) expenses from letting activities (€8,894 thousand) and cost of materials (€525,215 thousand). Accordingly, these items were re-classified to cost of operations (€341,409 thousand).

(iii) General and administrative expenses

Consus Real Estate does not disclose general and administrative expenses as a separate line item, but instead discloses the items other operating income (€20,360 thousand), personnel expenses (€67,024 thousand), other operating expenses (€78,551 thousand), and depreciation and amortization (€8,443 thousand). Accordingly, these items were re-classified to general and administrative expenses (€133,657 thousand).

(iv) Changes in fair value of investment properties

Consus Real Estate does not disclose changes in fair value of investment properties as a separate line item, but instead discloses the item net income from the remeasurement of investment properties (€31,943 thousand). Accordingly, this item was re-classified to changes in fair value of investment properties.

(v) Finance income/ Finance costs

Consus Real Estate discloses financial income (€28,160 thousand) and financial expenses (€14,833 thousand) which were re-classified to finance income and finance cost, respectively.

Accounting policy adjustment

(vi) Finance costs

As Consus Real Estate applies the total cost method to its consolidated statement of profit or loss, it reflects change in project related inventory. This line item includes capitalized borrowing cost in the amount of €129,833 thousand, increasing the resulting change in project related inventory. In order to reconcile to the reporting structure of the Company, these capitalized borrowing costs were offset with finance costs (€129,833 thousand).

Presentation and accounting policy adjustments

	Revenue	Cost of operations	General and administrative expenses	Changes in fair value of investment properties (in €thousand)	Finance costs/ Finance income	Finance costs	Total presentation adjustments
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Revenue.....	671,115	-	-	-	-	-	671,115
Income from letting activities	(21,340)	-	-	-	-	-	(21,340)
Income from real estate inventory disposed of.....	(204,541)	-	-	-	-	-	(204,541)
Income from property	(401,621)	-	-	-	-	-	(401,621)
Income from service, maintenance and management activities	(43,613)	-	-	-	-	-	(43,613)
Cost of operations.....	-	(341,409)	-	-	-	(129,833)	(471,242)
Change in project related	-	(192,700)	-	-	-	-	(192,700)
Expenses from letting	-	8,894	-	-	-	-	8,894
Cost of materials.....	-	525,215	-	-	-	-	525,215
Gross profit	-	-	-	-	-	(129,833)	(129,833)
General and administrative	-	-	(133,657)	-	-	-	(133,657)
Other income	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Net income from the remeasurement of	-	-	-	(31,943)	-	-	(31,943)
Other operating income	-	-	(20,360)	-	-	-	(20,360)
Personnel expenses.....	-	-	67,024	-	-	-	67,024
Other operating expenses.....	-	-	78,551	-	-	-	78,551
Depreciation and	-	-	8,443	-	-	-	8,443
Changes in fair value of investment properties.....	-	-	-	31,943	-	-	31,943
Result from operating activities	-	-	-	-	-	(129,833)	(129,833)
Profits from investments accounted for at equity.....	-	-	-	-	-	-	-
Finance income.....	-	-	-	-	28,160	-	28,160
Financial income	-	-	-	-	(28,160)	-	(28,160)
Finance costs	-	-	-	-	(114,833)	129,833	15,000
Financial expenses.....	-	-	-	-	114,833	-	114,833

Presentation and accounting policy adjustments

	Revenue	Cost of operations	General and administrative expenses	Changes in fair value of investment properties (in €thousand)	Finance costs/ Finance income	Finance costs	Total presentation adjustments
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Net finance costs	-	-	-	-	-	129,833	129,833
Profit before tax.....	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-
Earnings after taxes from discounted operations	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-
Profit attributable to:							
Owners of the Company	-	-	-	-	-	-	-
Non-controlling interest.....	-	-	-	-	-	-	-
Profit for the period.....							
Basic earnings per share (in	-	-	-	-	-	-	-
Diluted earnings per share (in	-	-	-	-	-	-	-

Pro Forma Consolidated Financial Information as of and for the three-month period ended March 31, 2020

The following tables present the *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 as well as the *Pro Forma* Consolidated Statement of Profit or Loss for the three-month period from January 1, 2020 to March 31, 2020.

The financial information contained in column A of the *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 and the *Pro Forma* Consolidated Statement of Profit or Loss for the three-month period from January 1, 2020 to March 31, 2020 is taken from the ADOP Interim Financials 2020.

The financial information contained in column B of the *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 and the *Pro Forma* Consolidated Statement of Profit or Loss for the three-month period from January 1, 2020 to March 31, 2020 is taken from the ADLER Interim Financials 2020. The figures of ADLER Interim Financials 2020 within column B were reconciled to the reporting structure of the Company.

The financial information contained in column C of the *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 and the *Pro Forma* Consolidated Statement of Profit or Loss for the three-month period from January 1, 2020 to March 31, 2020 is taken from the Consus Financials 2020. The figures of Consus Interim Financials 2020 within column C were reconciled to the reporting structure of the Company.

The *Pro Forma* Adjustments contained in column F1, F2, and F3 reflect the assumption that (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition, were successfully completed as of January 1, 2019. These *Pro Forma* Adjustments are explained in detail in the notes to the *Pro Forma* Consolidated Financial Information below.

The financial information contained in column G represents the *Pro Forma* Consolidated Financial Information for the three-month period as of January 1, 2020 to March 31, 2020 as if (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition were successfully completed as of January 1, 2019.

Pro Forma Consolidated Balance Sheet as of March 31, 2020

Historical financial information				
	ADO Properties Group	ADLER Group	Consus Group	Total
	A	B	C	E=A+B+C
(in €thousand)				
Assets				
Non-current assets				
Investment properties	3,626,994	4,929,746	401,905	8,958,645
Investment in financial instrument	152,951	24,598	-	177,549
Advances in respect of investment properties	-	78,765	-	78,765
Goodwill	-	169,439	1,036,489	1,205,928
Intangible assets	-	546	4,934	5,480
Property and equipment	10,840	12,988	11,396	35,224
Loans to associated companies	-	139,180	-	139,180
Investments in associated companies	-	79,539	20,570	100,109
Other financial asset	87,727	150,114	40,478	278,319
Restricted bank deposits	4,273	-	42,509	46,782
Deferred tax assets	1,561	2,222	-	3,783
Deferred expenses	668	-	-	668
Right-of-use asset	563	6,323	11,966	18,852
Loans granted	36,205	-	-	36,205
	3,921,782	5,593,460	1,570,247	11,085,489
Current assets				
Trading properties	25,104	85,935	2,565,951	2,676,990
Restricted bank deposits	27,155	29,865	39	57,059
Trade receivables	16,384	44,226	47,501	108,111
Other receivables	32,543	123,927	564,000	720,470
Cash and cash equivalents	413,722	75,095	164,220	653,037
Assets of disposal groups classified as held for sale	-	4,553,908	26,100	4,580,008
Advances paid	50,000	-	-	50,000
	564,908	4,912,956	3,367,811	8,845,675
Total assets	4,486,690	10,506,416	4,938,058	19,931,164

Pro forma adjustments						
	Total	Ref.	Pro forma adjustments for the Merger	Pro forma adjustments for the Business Combination and Rights Offering	Pro forma adjustments for the Acquisition	Total
	E=A+B+C		F1	F2	F3	G=E+F
(in €thousand)						
Assets						
Non-current assets						
Investment properties	8,958,645	(12), (13), (14)	-	-	566,869	9,525,514
Investment in financial instrument	177,549	(13)	-	-	(177,549)	-
Advances in respect of investment properties.	78,765		-	-	-	78,765
Goodwill	1,205,928	(7), (13)	-	(169,439)	(551,192)	485,297
Intangible assets	5,480	(14)	-	-	(11)	5,469
Property and equipment	35,224	(14)	-	-	(5,966)	29,258
Loans to associated companies	139,180		-	-	-	139,180
Investments in associated companies	100,109	(1), (8)	319,423	(319,423)	-	100,109
Other financial asset	278,319	(1), (10), (13), (14), (15)	63,091	(63,091)	(80,059)	198,260
Restricted bank deposits	46,782		-	-	-	46,782
Deferred tax assets	3,783	(13)	-	-	31,975	35,758
Deferred expenses	668		-	-	-	668
Right-of-use asset	18,852	(14)	-	-	(34)	18,818
Loans granted	36,205		-	-	-	36,205
	11,085,489		382,514	(551,953)	(215,967)	10,700,083
Current assets						
Trading properties	2,676,990	(12), (13), (14)	-	-	(1,683,943)	993,047
Restricted bank deposits	57,059		-	-	-	57,059

Pro forma adjustments

	Pro forma adjustments for the Business Combination and Rights Offering					Total G=E+F
	Total E=A+B+C	Ref.	Pro forma adjustments for the Merger F1	Pro forma adjustments for the Business Combination and Rights Offering F2	Pro forma adjustments for the Acquisition F3	
	(in € thousand)					
Trade receivables.....	108,111	(14)	-	-	486,689	594,800
Other receivables.....	720,470	(14)	-	-	(120,045)	600,425
Cash and cash equivalents	653,037	(9), (14)	-	450,000	(36,360)	1,066,677
Assets of disposal groups classified as held for sale	4,580,008	(1), (13)	(4,498,680)	-	(1,000)	80,328
Advances paid	50,000	(16)	-	-	(50,000)	-
	8,845,675		(4,498,680)	450,000	(1,404,659)	3,392,336
Total assets	19,931,164		(4,116,166)	(101,953)	(1,620,626)	14,092,419

Historical financial information

	ADO Properties Group			ADLER Group		Consus Group		Total	
	A		B		C		E=A+B+C		
	(in € thousand)								
Shareholders' equity									
Share capital.....		55		72,236		136,582			208,873
Treasury shares.....		-		(1,603)		-			(1,603)
Share premium		500,608		315,148		877,132			1,692,888
Reserves		174,733		(52,935)		(37,149)			84,649
Retained earnings		1,893,877		1,071,791		(57,614)			2,908,054
Total equity attributable to owners of the Company		2,569,273		1,404,637		918,951			4,892,861
Non-controlling interests.....		99,021		2,098,013		127,005			2,324,039
Total equity		2,688,294		3,502,650		1,045,956			7,216,900
Liabilities									
Non-current liabilities									
Corporate bonds		397,568		2,051,157		-			2,448,725
Convertible bonds.....		156,863		110,148		-			267,011
Other loans and borrowings.....		734,749		2,135,053		1,791,932			4,661,734
Other financial liabilities		998		2,659		18,104			21,761
Derivatives		4,059		5,866		-			9,925
Other payables.....		-		7,197		30,586			37,783
Lease liabilities.....		414		20,176		12,829			33,419
Deferred tax liabilities		239,336		444,658		91,079			775,073
		1,533,987		4,776,914		1,944,530			8,255,431
Current liabilities									
Corporate bonds		-		51,938		-			51,938
Convertible bonds.....		-		1,179		-			1,179
Other loans and borrowings.....		215,758		180,011		1,188,852			1,584,621
Other financial liabilities		1,535		-		101,206			102,741
Trade payables.....		23,853		43,531		110,430			177,814
Other payables.....		42,443		80,936		542,443			665,822
Lease liabilities.....		653		2,663		4,641			7,957
Derivatives		167		389		-			556
Liabilities of disposal groups classified as held for sale.....		-		1,866,205		-			1,866,205
		284,409		2,226,852		1,947,572			4,458,833
Total equity and liabilities.....		4,486,690		10,506,416		4,938,058			19,931,164

Pro forma adjustments						
Total	Ref.	Pro forma adjustments for the Merger	Pro forma adjustments for the Business Combination	Pro forma adjustments for the Acquisition	Total	
E=A+B+C		F1	F2	F3	G=E+F	
(in €thousand)						
Shareholders' equity						
Share capital	208,873	(7), (9), (13), (14)	-	(72,220)	(136,582)	71
Treasury shares	(1,603)	(7), (8)	-	1,592	-	(11)
Share premium	1,692,888	(7), (8), (9), (13), (14)	-	404,580	(543,149)	1,554,319
Reserves	84,649	(7), (13), (14), (15)	-	52,935	177,360	314,944
Retained earnings	2,908,054	(1), (2), (3), (4), (5), (6), (7), (13), (15)	(494,736)	(488,371)	(174,412)	1,750,535
Total equity attributable to owners of the Company	4,892,861		(494,736)	(101,482)	(676,783)	3,619,859
Non-controlling interests	2,324,039	(1), (7), (13), (14)	(1,757,186)	60,179	(109,997)	517,035
Total equity	7,216,900		(2,251,922)	(41,303)	(786,779)	4,136,895
Liabilities						
Non-current liabilities						
Corporate bonds	2,448,725	(7), (13)	-	(35,300)	64,072	2,477,497
Convertible bonds	267,011	(7), (10), (13)	-	(53,684)	(465)	212,862
Other loans and borrowings	4,661,734	(7), (14)	-	(66,300)	(329,019)	4,266,415
Other financial liabilities	21,761	(7)	-	6,141	-	27,902
Derivatives	9,925	(10)	-	(575)	-	9,350
Other payables	37,783	(14)	-	-	(16,500)	21,283
Lease liabilities	33,419		-	-	-	33,419
Deferred tax liabilities	775,073	(7), (14)	-	83,793	(40,436)	818,430
	8,255,431		-	(65,925)	(322,348)	7,867,158
Current liabilities						
Corporate bonds	51,938		-	-	-	51,938
Convertible bonds	1,179	(10)	-	(279)	-	900
Other loans and borrowings	1,584,621	(2), (5), (14)	802	(2,762)	(408,579)	1,174,082
Other financial liabilities	102,741	(14)	-	-	2,890	105,631
Trade payables	177,814	(11), (14)	-	-	(8,619)	169,195
Other payables	665,822	(3), (4), (5), (6), (9), (14), (16)	1,148	8,316	(97,190)	578,096
Lease liabilities	7,957		-	-	-	7,957
Derivatives	556		-	-	-	556
Liabilities of disposal groups classified as held for sale	1,866,205	(1)	(1,866,193)	-	-	12
	4,458,833		(1,864,244)	5,275	(511,499)	2,088,366
Total equity and liabilities	19,931,164		(4,116,166)	(101,953)	(1,620,626)	14,092,419

Pro Forma Consolidated Statement of Profit or Loss for the period from January 1, 2020 to March 31, 2020

Historical financial information				
ADO Properties Group	ADLER Group	Consus Group	Total	
A	B	C	E=A+B+C	
(in €thousand)				
Revenue	31,622	482,183	125,708	639,513
Cost of operations	(7,790)	(430,002)	(70,144)	(507,936)
Gross profit	23,832	52,181	55,564	131,577
General and administrative expenses	(6,236)	(33,075)	(46,209)	(85,520)
Other income	6,800	-	-	6,800
Other expenses	(6,052)	-	-	(6,052)
Changes in fair value of investment properties	-	(10,334)	-	(10,334)

Historical financial information

	ADO Properties Group	ADLER Group	Consus Group	Total
	A	B	C	E=A+B+C
	(in € thousand)			
Results from operating activities.....	18,344	8,772	9,355	36,471
Finance income	2,010	33,578	9,796	45,384
Finance costs	(25,354)	(57,873)	(46,128)	(129,355)
Net finance costs	(23,344)	(24,295)	(36,332)	(83,971)
Profit before tax.....	(5,000)	(15,523)	(26,977)	(47,500)
Income tax expense	2,023	(9,006)	8,140	1,157
Profit for the period (continued operations).....	(2,977)	(24,529)	(18,837)	(46,343)
Earnings after taxes from discontinued operations	-	(2,000)	-	(2,000)
Profit for the period.....	(2,977)	(26,529)	(18,837)	(48,343)
Profit attributable to:				
Owners of the Company	(1,630)	(21,715)	(13,556)	(36,901)
Non-controlling interests	(1,347)	(4,814)	(5,281)	(11,442)
Profit for the period.....	(2,977)	(26,529)	(18,837)	(48,343)
Basic earnings per share (in €).....	(0.04)	(0.31)	(0.10)	n/a
Diluted earnings per share (in €).....	(0.04)	(0.26)	(0.10)	n/a

Pro forma adjustments

	Total	Ref.	Pro forma adjustments for the Merger	Pro forma adjustments for the Business Combination	Pro forma adjustments for the Acquisition	Total
	E=A+B+C		F1	F2	F3	G=E+F
	(in € thousand)					
Revenue.....	639,513	(14)	-	-	(10,622)	628,891
Cost of operations.....	(507,936)	(14)	-	-	(17,293)	(525,229)
Gross profit	131,577		-	-	(27,915)	103,662
General and administrative expenses	(85,520)	(14)	-	-	3,368	(82,152)
Other income	6,800		-	-	-	6,800
Other expenses	(6,052)		-	6,010	-	(42)
Changes in fair value of investment properties.	(10,334)		-	-	-	(10,334)
Results from operating activities.....	36,471		-	6,010	(24,547)	17,934
Finance income.....	45,384	(10), (14)	-	(720)	52	44,716
	(129,355)	(2), (3), (4), (5), (6), (14), (15)			45,991	(89,286)
Finance costs			3,256	(9,178)		
Net finance costs	(83,971)		3,256	(9,898)	(46,043)	(44,570)
Profit before tax.....	(47,500)		3,256	(3,888)	21,496	(26,636)
Income tax expense	1,157	(14)	-	-	221	1,378
Profit for the period (continued operations)	(46,343)		3,256	(3,888)	21,717	(25,258)
Earnings after taxes from discontinued operations	(2,000)		-	-	-	(2,000)
Profit for the period.....	(48,343)		3,256	(3,888)	21,717	(27,258)
Profit attributable to:						
Owners of the Company	(36,901)		3,256	(3,888)	21,867	(15,666)
Non-controlling interests	(11,442)		-	-	(150)	(11,592)
Profit for the period.....	(48,343)		3,256	(3,888)	21,717	(27,257)
Basic earnings per share (in €).....	n/a		n/a	n/a	n/a	(0.14)
Diluted earnings per share (in €).....	n/a		n/a	n/a	n/a	(0.14)

Notes to the *Pro Forma* Consolidated Financial Information as of and for the three-month period ended March 31, 2020

In the following notes to the *Pro Forma* Consolidated Financial Information, the *Pro Forma* Adjustments in column F1, F2, and F3 are explained in detail in order to illustrate the effects on the Company's *Pro Forma* Consolidated Balance Sheet as of March 31, 2020 and *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2020 to March 31, 2020 as if (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition were successfully completed as of January 1, 2019. However, intercompany income and expenses between ADO Group and ADO Properties have not been eliminated for purposes of the *Pro Forma* Consolidated Financial Information.

Pro Forma Adjustments relating to the merger of ADLER Group and ADO Group (column F1):

(1) Reversal of Purchase Price Allocation of ADO Properties

As a result of the Merger Agreement, ADO Group became a wholly owned subsidiary of ADLER Real Estate. As ADO Group consolidates ADO Properties, ADLER Interim Financials 2020 include all assets and liabilities of ADO Group and ADO Properties following the purchase price allocation performed according to IFRS 3 as of March 31, 2020. Assets and liabilities of ADO Properties were subsequently classified as assets of disposal groups classified as held for sale in the amount of €4,498,680 thousand and liabilities of disposal groups classified as held for sale in the amount of €1,866,193 thousand, respectively. For purposes of the Pro Forma Consolidated Balance Sheet, the consolidation of ADO Properties was reversed and the investment of 20.45% of ADO Group in ADO Properties was reflected as investments in associated companies in the amount of €319,463 thousand. Additionally, financial assets in the amount of €63,091 thousand are adjusted to reflect the convertible bond in the Company held by ADO Group.

In summary, the following adjustments were made to exclude the impact of the purchase price allocation related to ADO Properties for purposes of the Pro Forma Consolidated Balance Sheet:

	<u>(in €thousand)</u>
Investments in associated companies.....	319,423
Other financial assets.....	63,091
Assets of disposal groups classified as held for sale.....	(4,498,680)
Retained earnings.....	492,787
Non-controlling interests.....	1,757,186
Liabilities of disposal groups classified as held for sale.....	1,866,193

(2) Transaction costs related to the Merger

The transaction costs directly attributable to the Merger totaling €20,519 thousand are included in the ADLER Financials 2019 with an amount of €9,644 thousand and in ADLER Interim Financials 2020 with an amount of €875 thousand. Hereby €875 thousand are structuring fees for the bridge loan increase, which have to be adjusted in 2020.

The consideration as part of the Merger was initially secured by a bridge loan facility with a nominal amount of up to €710,000 thousand.

One-time fees in connection with the original bridge loan facility in the amount of €19,644 thousand until December 31, 2019 are recognized in the ADLER Financials 2019. In February 2020, the bridge loan facility was extended by €175,000 thousand to €885,000 thousand. The increase of the existing bridge facility resulted in additional transaction costs in the amount of €875 thousand and a corresponding adjustment to other loans and borrowings, respectively, were included in the *Pro Forma* Consolidated Balance Sheet.

One-time fees for the bridge loan facility (and extension) were assumed to be amortized over the duration of the entire *Pro Forma* Period (from January 1, 2019 to March 31, 2020). After taking into account the amount already recognized in the ADLER Interim Financials 2020, an adjustment in the amount of €802 thousand was made to financial costs in the *Pro Forma* Consolidated Statement of Profit or Loss.

	<u>(in €thousand)</u>
One-time fees for the bridge loan facility	19,644
Structuring Fee Bridge Loan Increase	875
	<u>20,519</u>

The adjustment to retained earnings within column F1 is calculated as follows:

	<u>(in €thousand)</u>
Pro Forma amortization Q1 2020	(4,104)
Booked in Q1 2020.....	2,427
Additional amortization for pro forma purposes Q1 2020 (increase in finance cost).....	(1,677)
Structuring fee bridge loan increase	875
Total adjustment to retained earnings and other loans and borrowings	(802)

(3) *Refinancing of Merger*

To refinance the Merger, a bridge loan facility in the amount of €710 million was secured in connection with the consideration for the Merger (the “**Merger Bridge Facility**”). In February 2020, the bridge loan facility was extended by €75,000 thousand to €885,000 thousand. An adjustment in the amount of €75,000 thousand was made to other loans and borrowings and a corresponding adjustment in the amount of €75,000 thousand was made to cash and cash equivalents.

The Merger Bridge Facility will be replaced by another bridge loan facility secured by ADO Properties in connection with the Business Combination as described in note (6) in further detail. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the replacement of the Merger Bridge Facility took place prior to January 1, 2019. Therefore interest expense for the refinancing of the Merger was included in the *Pro Forma* Consolidated Financial Information and an adjustment in the amount of €2,603 thousand was made to finance costs and other payables in order to take into consideration interest not recognized for the Merger Bridge Facility in ADLER Interim Financials 2020.

(4) *Refinancing of ADO Group Debt*

In order to avoid a breach of covenants resulting from the change of control event triggered by the Business Combination, ADO Group repaid outstanding convertible and company bonds as follows:

	<u>(in NIS)</u>
Series G.....	614,227,230
Series H.....	550,703,348

In order to account for the repayment, an adjustment of €1,455 thousand was made to other payables. Additionally, finance costs in the amount of €1,455 thousand were excluded from the *Pro Forma* Consolidated Statement of Profit or Loss.

(5) *Transaction costs related to the Business Combination and Rights Offering*

The legal and advisory costs and other transaction costs directly attributable to the Business Combination and Rights Offering estimated by the Company total €25,000 thousand. As of March 30, 2020, an amount of €6,010 thousand has already been included in other expenses in ADOP Interim Financials 2020. Therefore, the amount of €6,010 thousand has been excluded from the *Pro Forma* Consolidated Statement of Profit or Loss to account for the assumption that the transaction, and thus the transaction costs, had taken place prior to January 1, 2019.

The transaction is secured by a bridge loan facility with a nominal amount of up to €2,963,000 thousand (as described in note (6) in further detail). One-time fees in connection with the bridge loan facility are estimated to amount to €13,809 thousand, which are not included in ADOP Interim Financials 2020. For purposes of the *Pro Forma* Consolidated Financial Information, these one-time fees for the bridge loan facility were assumed to be amortized over the duration of the *Pro Forma* period (from January 1, 2019 to March 31, 2020). Thus, the *Pro Forma* Consolidated Statement of Profit or Loss includes an adjustment in the amount of €2,762 thousand to finance costs and other financial liabilities. Fees in the amount of €10,075 thousand have been capitalized in ADOP Interim Financials 2020. Correspondingly, other payables and have been adjusted in the amount of

€10,075 thousand. Retained earnings have been adjusted in the amount of €12,837 thousand in the *Pro Forma* Consolidated Balance Sheet. Furthermore, fees in the amount of €6,010 thousand are included in other expenses in ADOP Interim Financials 2020 and thus, were adjusted in the *Pro Forma* Consolidated Statement of Profit or Loss.

The adjustment to finance cost within column F2 is calculated as follows:

	<u>(in €thousand)</u>
One-time fees for the bridge loan facility	13,809
Amortization of bridge loan over 15 months/ per month	920.60
Amortization for 3 months in 2020	2,762

Pro Forma Adjustments relating to the Business Combination and Rights Offering with ADLER Real Estate (column F2):

(6) Refinancing in connection with the Business Combination

On December 15th, 2019, the Company as borrower and J.P. Morgan Securities plc as mandated lead arranger, J.P. Morgan AG as original lender and J.P. Morgan Europe Limited as agent entered into a bridge term loan facility agreement (the “**Bridge Facility Agreement**”) under which the Company may utilize a bridge term facility with a nominal amount of up to €2,963,000 thousand (the “**Business Combination Bridge Facility**”).

The Bridge Facility has been made available for the purpose of refinancing certain existing financial indebtedness, including bonds and loans, of ADLER Real Estate and its subsidiaries if such instruments are subject to change-of-control termination rights and the relevant creditors exercise such rights upon the Company acquiring control over ADLER Real Estate. Further, if the Company acquires the majority of the shares in Consus Real Estate AG and certain conditions are met, a portion of the Bridge Facility with a nominal amount of up to €1,428,000 thousand may be used to prepay outstanding indebtedness of Consus Real Estate AG and its subsidiaries. As of March 31, 2020, the Company had not drawn any funds and thus had not recognized a liability in ADOP Interim Financials 2020 relating to the Business Combination Bridge Facility.

For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that besides the prepayment of bonds by ADO Group as detailed in note (4) no other change-of-control events are triggered by the Business Combination. Furthermore, it is assumed that the Bridge Facility is drawn in the amount of €885,000 thousand in order to replace the Merger Bridge Facility as further described in note (3). As the net amount outstanding is not impacted by the assumption, no adjustment has been included for purposes of the *Pro Forma* Consolidated Balance Sheet. However, as it is assumed that the Business Combination Bridge Facility was drawn prior January 1, 2019, the *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2020 to March 31, 2020 was adjusted to include interest expense calculated with an average effective interest rate of 2.90% p.a. of the outstanding balance (€885,000 thousand) for the three-month period in the amount of €6,416 thousand in finance costs. For purposes of the *Pro Forma* Consolidated Financial information, no outflow of cash is shown. Therefore, the full amount for the corresponding interest payable was included in other payables and recognized in retained earnings.

(7) Purchase price allocation in relation to the Business Combination

Due to the accounting for the Business Combination as a business combination in accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed of ADLER Real Estate are required to be measured at their acquisition date fair values in accordance with IFRS. For purposes of the *Pro Forma* Consolidated Financial Information, the purchase price allocation of ADLER Real Estate was undertaken on the basis of a provisional valuation of the acquired net assets.

The consideration for 91,93% of ADLER Real Estate Shares is calculated based on the ADO Properties closing share price as of April 9, 2020 (€21.74 per share) and the issuance of 27,651,006 new shares, totaling €601,133 thousand.

The provisional purchase price allocation results in a fair value adjustment of corporate bonds in the amount of €35,300 thousand, convertible bonds in the amount of €6,300 thousand, loans and borrowings in the amount of

€66,300 thousand, other current financial liabilities in the amount of €6,141 thousand, and a corresponding deferred tax liability in the amount of €83,793 thousand, included in the *Pro Forma* Consolidated Balance Sheet.

The resulting negative goodwill amounts to €84,516 thousand and is included as an adjustment to retained earnings in the *Pro Forma* Consolidated Balance Sheet.

	(in €thousand)
Total consideration for 91.93% of ADLER Real Estate	601,133
Non-controlling interest.....	60,179
	<u>661,312</u>
To reflect the Company's stake in ADLER Real Estate, 100% of the share capital was taken into account when preparing the <i>Pro Forma</i> Consolidated Financial Information	
Share capital as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	(72,236)
Treasury shares as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>).....	1,603
Share premium as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	(315,148)
Reserves as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	52,935
Retained Earnings as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>).....	(577,055)
Corporate bonds as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	(35,300)
Deferred tax liabilities as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	83,793
Loans and borrowings as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	(66,300)
Convertible bonds as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>).....	6,300
Other current financial liabilities as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>)	6,141
Goodwill ADLER Real Estate as of March 31, 2020 (<i>equals column F2 in Pro Forma Balance Sheet</i>).....	169,439
	<u>(84,516)</u>
Resulting negative goodwill from the Business Combination.....	(84,516)

(8) Treasury Shares

ADO Group, which is fully consolidated by ADLER Real Estate, holds a 20.45% stake in the Company, which became treasury shares as a result of the Business Combination. Therefore, the *Pro Forma* Consolidated Financial Information was adjusted to eliminate the investments in associated companies (as described in note (1) in detail) and to include treasury shares in the amount of €19,423 thousand, representing the Company's share closing rate as of April 9, 2020. For purposes of the *Pro Forma* Consolidated Financial Information, the adjustment to treasury shares is done based on the average par value of existing shares of €0.000764 per share (share capital of €5 thousand divided by outstanding shares €72,020 thousand), totaling €1 thousand based on the number of treasury shares of 14,692,889 shares. The remainder, i.e. the difference between the fair value of €19,423 thousand and €1 thousand, in the amount of €19,412 thousand is deducted from share premium.

(9) Rights Offering

As part of the Business Combination, the Company has announced its intention to issue shares to existing shareholders and other investors in the amount of up to €450,000 thousand (the "**Rights Offering**") in 2020. For purposes of the *Pro Forma* Consolidated Financial Information, the adjustment to share premium is done based on the average par value of existing shares of €0.000764 per share (share capital of €5 thousand divided by outstanding shares of 72,020 thousand). The resulting adjustment to the share capital amounts to €16 thousand. The residual amount of €449,984 thousand net of transaction costs is allocated to share premium (gross). A corresponding adjustment in the amount of €450,000 thousand was made to cash and cash equivalents.

	(in thousand)
Number of shares to be issued via Rights Offering.....	20,699
Gross proceeds from the Rights Offering	€450,000
Increase in the Company's share capital from the Rights Offering.....	€16
Increase in the Company's share premium from the Rights Offering.....	€449,984
Directly attributable transaction costs for the Rights Offering, we also refer to note (5)	€(11,975)
Allocation to share premium	€438,009

(10) Intercompany eliminations

In light of the Business Combination, the convertible bonds issued by the Company and held by ADO Group, a fully consolidated subsidiary of ADLER, was eliminated for purposes of the *Pro Forma* Consolidated Financial Information. Therefore, financial assets were adjusted by (€63,091) thousand, (non-current) convertible bonds

by €59,984 thousand and (current) convertible bonds by €279 thousand as well as the embedded derivative in the amount of €575 thousand. The difference in the amount of (€2,253) thousand was recorded in retained earnings. Furthermore, the change in fair value of the derivative component of the convertible bond issued by the Company and held by ADO Group was eliminated and an adjustment in the amount of €720 thousand was made to finance income.

Pro Forma Adjustments relating to the Acquisition of Consus Real Estate (column F3):

(11) Transaction costs related to the Acquisition

The transaction costs directly attributable to the Acquisition pertain to legal and advisory costs estimated by the Company at €1,000 thousand. Since it is assumed that the transaction had taken place prior to January 1, 2019, an adjustment in the amount of €1,000 thousand has been made to retained earnings and other payables for purposes of the *Pro Forma* Consolidated Financial Information in order to reflect the full estimated transaction costs not included in ADOP Interim Financials 2020.

(12) IAS 2 to IAS 40 adjustment

Due to the Acquisition of Consus the Company acquired several properties from Consus and changes for some properties its intention from “buy to sell” to “buy to hold” in regard to these properties. In addition, Consus uses the total cost method whereas the Company uses the cost of sales method for accounting.

11 project developments were identified within the portfolio of Consus that would be considered as investment property in the future.

Generally, the reclassification of an asset to investment property due to a change in strategy may affect fair value, especially in the case, where condominiums previously offered for owner occupation are now intended for letting. However, any valuation difference is contingent on the market environment as well as location and characteristics of the specific asset.

Because the current portfolio information does not permit an adequate judgement of these factors and their effect on fair value, there was not derived a fair value adjustment from reclassification.

Therefore, a reclassification from trading properties to investment properties was made amounted to €69,800 thousand for purpose of the *Pro Forma* Consolidated Financial Information.

(13) Purchase price allocation in relation to the Acquisition

Due to the accounting for the Acquisition as a business combination in accordance with IFRS 3, the identifiable assets acquired and the liabilities assumed of Consus Real Estate are required to be measured at their acquisition date fair values in accordance with IFRS. For purposes of the *Pro Forma* Consolidated Financial Information, the purchase price allocation of Consus Real Estate was undertaken on the basis of a provisional valuation of the acquired net assets.

The consideration for 63.97% of Consus Real Estate Shares is calculated based on the ADO Properties closing share price as of March 31, 2020 (€20,60 per share) totaling €11,533 thousand. ADO Properties already held an investment of 20.75% in Consus Real Estate prior to the acquisition and a further 43.2% was acquired as part of the successive acquisition. As a result, the investment in Consus in the amount of €177,549 thousand was derecognized by adjusting investment in financial instrument in the same amount.

For purposes of the *Pro Forma* Consolidated Financial Information, the CG Divestment SPA and Ajos Divestment SPA (refer to note 13) were taken into account in the provisional purchase price allocation. Thus, no fair value adjustments were recorded on assets or liabilities that are subject to either SPA and the assets and liabilities disposed of were excluded when determining net assets acquired. The provisional purchase price allocation results in a fair value adjustment of corporate bonds in the amount of €4,072 thousand, convertible bonds in the amount of €465 thousand, assets classified as held for sale in the amount of €1,000 thousand and other financial assets in the amount of €25 thousand. Additionally, fair value adjustments were made to investment properties in the amount of €2,465 thousand and trading properties in the amount of €44,348

thousand. This results in a corresponding deferred tax asset in the amount of €31,975 thousand, included in the Pro Forma Consolidated Balance Sheet.

The resulting goodwill amounts to €485,298 thousand.

	<u>(in €thousand)</u>
Total consideration for 63.97% of Consus Real Estate	511,533
Non-controlling interest.....	14,779
	<u>526,312</u>
To reflect the Company's stake in Consus Real Estate, 100% of the share capital was taken into account when preparing the Pro Forma Consolidated Financial Information	
Share capital as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	(161,332)
Share premium as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	(870,461)
Reserves as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	(177,314)
Retained Earnings as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet).....	57,614
Corporate bonds as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	64,072
Other financial asset as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	(525)
Deferred tax asset as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet).....	(31,975)
Convertible bonds as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet).....	(465)
Trading properties as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	44,348
Assets of disposal groups classified as held for sale as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet).....	1,000
Investments properties as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet).....	(2,465)
Goodwill Consus Real Estate as of March 31, 2020 (equals column F3 in Pro Forma Balance Sheet)	1,036,489
	<u>485,298</u>
Resulting goodwill from the Acquisition.....	485,298

(14) Disposal of development projects in Consus Real Estate

Christoph Gröner, through a company he controls, agreed to sell the outstanding 25% minority stake (on a fully diluted basis) in Consus RE AG, a subsidiary of Consus Real Estate, to Consus Real Estate for a preliminary consideration of €27.5 million in cash and 24.75 million shares in Consus Real Estate. Additionally, 17 development projects are sold to Gröner Group GmbH for a total transaction volume of around €90 million, subject to standard closing adjustments. The transactions are expected to close not later than in Q3 2020 (the “CG Divestment SPA”). A receivable reflecting the aforementioned transactions, including a cash component of €15 million, was recorded in trade receivables for purposes of the Pro Forma Consolidated Financial Information.

On May 20, 2020, Consus RE AG, together with certain subsidiaries of Consus Real Estate, sold eight development projects to certain buyers for an undisclosed purchase price, which reflected a premium to the development projects' market values appraised as of December 31, 2019 (“Ajós Divestment SPA” and together with the CG Divestment SPA, the “Consus Divestment SPAs”). These divestments are expected to close in the third quarter of 2020.

Both transactions are contractually agreed as disposals of real estate assets only, without the direct transfer of employees or other processes that are necessary for the transfer of an operation. As a result, for both transactions no derecognition of goodwill in accordance with IAS 36.86 is shown as part of the Pro Forma Consolidated Balance Sheet.

For purposes of the Pro Forma Consolidated Financial Information it is assumed that the Consus Divestment SPAs were completed prior to January 1, 2019.

In order to present the Pro Forma Consolidated Statement Balance Sheet excluding the effects of the portfolios disposed of, the following adjustments were made

	CG Divestment SPA	Ajós Divestment SPA	Intercompany and Pro Forma Adjustments
	<u>(in €thousand)</u>		
Investment properties	(305,396)	-	-
Intangible assets	(11)	-	-
Property and equipment.....	(32,221)	-	26,255
Goodwill.....	(436)	-	436
Other financial assets.....	(152,658)	(27,551)	180,440
Right of use asset.....	-	(34)	-

	CG Divestment SPA	Ajos Divestment SPA	Intercompany and <i>Pro Forma</i> Adjustments
	(in €thousand)		
Deferred tax assets.....	(3,045)	-	3,045
Trading properties.....	(366,456)	(349,968)	(53,371)
Trade receivables.....	(6,083)	(3)	492,776
Other receivables.....	(45,294)	(105,969)	31,218
Cash and cash equivalents.....	(7,812)	(1,048)	(27,500)
	(919,413)	(484,574)	653,299
Share capital.....	(145,147)	(15,807)	185,704
Share premium.....	40,599	10,329	(57,600)
Reserves.....	(164,248)	(39,022)	417,734
Non-controlling interests.....	(4,945)	-	(119,829)
Other loans and borrowings(non-current).....	(237,799)	(124,275)	33,054
Other financial liabilities (non-current).....	(16,422)	-	16,422
Other payables (non-current).....	(216,766)	(101,312)	290,578
Deferred tax liabilities.....	(60,457)	(9,584)	29,605
Other loans and borrowings (non-current).....	(81,061)	(129,108)	(198,410)
Other financial liabilities (current).....	(3,984)	(3,361)	10,236
Trade payables.....	(7,764)	(6,079)	5,224
Other payables (current).....	(21,419)	(66,353)	40,582
	(919,413)	(484,574)	653,299

In order to present the *Pro Forma* Consolidated Statement of Profit or Loss excluding the effects of the portfolio disposed of, the following adjustments were made:

	CG Divestment SPA	Ajos Divestment SPA	Intercompany and <i>Pro Forma</i> Adjustments
	(in €thousand)		
Revenue.....	(9,275)	(180)	(1,167)
Cost of operations.....	(595)	(10,499)	(6,200)
General and administrative expenses.....	2,381	1,371	(384)
Finance income.....	(869)	(1,189)	2,111
Finance costs.....	6,794	15,832	1,114
Income tax expense.....	796	301	(875)
	(768)	5,636	(5,401)

(15) Elimination of Consus Call/Put-Option and Loss on Consus Investment

The Company entered into a call/put-option agreement with Aggregate Holdings S.A. (“**Aggregate**”), as amended from time to time, for its 69,619,173 shares in Consus Real Estate (the “**Call/Put-Option Agreement**”), which can be exercised until June 16, 2021. The consideration for one share in Consus Real Estate is, in each case, 0.2390 newly issued shares in the Company, provided that this ratio will be adjusted to any dividends paid and equity raise done by the Company or Consus Real Estate, as relevant.

The call option agreement is included in other financial assets in ADOP Interim Financials 2020 and measured at fair value in the amount of €80,815 thousand (2019: €92,009 thousand). The resulting change in fair value for the three-month period ended March 31, 2020 totals €1,194 thousand and is included in finance costs in ADOP Interim Financials 2020.

For purposes of the *Pro Forma* Financial Statements it is assumed that the Call/Put-Option Agreement was exercised. Therefore, the change in fair value in the amount of €1,194 thousand was eliminated from the *Pro Forma* Consolidated Statement of Profit or Loss. Furthermore, the option’s fair value as of March 31, 2020 was eliminated from the line item other financial asset with a corresponding adjustment to retained earnings in the amount of €80,815 thousand.

Additionally, ADLER Real Estate holds a 2.49% stake in Consus Real Estate which is accounted for at fair value through profit or loss in ADLER Interim Financials 2020. As it is assumed that the transactions have been taken place prior to January 1, 2019, a loss in the amount of €1,057 thousand was eliminated from finance costs in the *Pro Forma* Consolidated Statement of Profit or Loss.

Furthermore, the Company holds a 22.18% stake in Consus Real Estate which is accounted for at fair value through other comprehensive income in ADOP Interim Financials 2020. Generally, when control is obtained in a step acquisition, financial assets accounted for under IFRS 9 at fair value through other comprehensive income

are reclassified within equity. Therefore, the corresponding reserve balance in the amount of €140,211 thousand recognized in other comprehensive income was reclassified to retained earnings for purposes of the *Pro Forma Consolidated Financial Information*.

(16) *Intercompany elimination*

The Company entered into a letter of intent with Consus Swiss Finance AG for the purchase of 89.9% of the shares in all companies that holds plots of land belonging to the Holsten Quartier project development. The provisional purchase price for 100% of the shares in Holsten Quartier is €320 million on a cash-free debt-free basis. The Company made a down-payment of €50,000 thousand reflected in advances paid. Therefore, advances paid were adjusted by (€50,000) thousand. Consus Real Estate reflects the corresponding payable, resulting in an adjustment to other payables in the amount of €50,000 thousand.

Additional notes:

(17) *Share Capital*

Share capital as of March 31, 2020 is comprised as follows:

	(in €thousand)
Share capital ADO Properties.....	55
Share capital ADLER Real Estate.....	72,236
Share capital Consus Real Estate.....	136,582
Subtotal (equals column D in Pro Forma Consolidated Balance Sheet).....	208,873
Business combination agreement, we also refer to note (7).....	(72,236)
Acquisition Consus Real Estate, we also refer to note (13).....	(161,332)
Rights offering, we also refer to note (9).....	16
Disposal of development projects, we also refer to note (14).....	24,750
Subtotal.....	(208,802)
Share capital in accordance with Pro Forma Consolidated Balance Sheet as of March 31, 2020.....	71

(18) *Share premium*

The share premium as of March 31, 2020 are comprised as follows:

	(in €thousand)
Share premium ADO Properties.....	500,608
Share premium ADLER Real Estate.....	315,148
Share premium Consus Real Estate.....	877,132
Subtotal (equals column D in Pro Forma Consolidated Balance Sheet).....	1,692,888
Business combination agreement ADLER Real Estate, we also refer to note (7).....	285,985
Acquisition Consus Real Estate, we also refer to note (13).....	(536,478)
Reclassification of treasury shares (8).....	(319,412)
Rights offering (note 9).....	438,009
Disposal of development projects, we also refer to note (14).....	(6,671)
Subtotal.....	(138,567)
Share premium in accordance with Pro Forma Consolidated Balance Sheet as of March 31, 2020.....	1,554,321

(19) *Retained earnings*

Retained earnings as of March 31, 2020 is comprised as follows:

	(in €thousand)
Retained earnings ADO Properties.....	1,893,877
Retained earnings ADLER Real Estate.....	1,071,791
Retained earnings Consus Real Estate.....	(57,614)
Subtotal (equals column D in Pro Forma Consolidated Balance Sheet).....	2,908,054
Financing expenses JPM bridge loan facility for the period January 1, 2020 to March 31, 2020, we also refer to note (6).....	(6,416)
Transaction cost Business Combination, we also refer to note (5).....	12,837
Business Combination agreement ADLER Real Estate, we also refer to note (7).....	(492,539)
Deconsolidation of ADO Properties, we also refer to note (1).....	(492,787)

	<u>(in €thousand)</u>
Transactions costs merger, we also refer to note (2)	(802)
Financing ADOG Acquisition, we also refer to note (3)	(2,603)
Refinancing of ADO Group debt, we also refer to note (4)	1,455
Transactions costs acquisition, we also refer to note (11)	(11,000)
Acquisition Consus Real Estate, we also refer to note (13)	57,614
Elimination Call/Put-Option, we also refer to note (15)	(80,815)
Elimination of intercompany balances, we also refer to note (10)	(2,253)
Reclassification of other comprehensive income recognized on investment in financial instrument, we also refer to note (15)	(140,211)
Subtotal	(1,157,519)
Retained earnings in accordance with Pro Forma Consolidated Balance Sheet as of March 31, 2020	1,750,535

(20) Other payables

Other payables as of March 31, 2020 are comprised as follows:

	<u>(in €thousand)</u>
Other payables ADO Properties	42,443
Other payables ADLER Real Estate	80,936
Other current liabilities Consus Real Estate.....	542,443
Subtotal (equals column D in Pro Forma Balance Sheet)	665,822
Transaction costs Business Combination, we also refer to notes (5, 9).....	1,900
Financing bridge loan, we also refer to note (6)	6,416
Financing ADO Group acquisition, we also refer to note (3).....	2,603
Refinancing of ADO Group debt, we also refer to note (4)	(1,455)
Disposal of development projects, we also refer to note (14)	(47,190)
Intercompany elimination, we also refer to note (16)	(50,000)
Subtotal	(87,726)
Other payables in accordance with Pro Forma Consolidated Balance Sheet as of March 31, 2020	578,096

(21) Finance costs

Financial costs for the period from January 1, 2020 to March 31, 2020:

	<u>(in €thousand)</u>
Finance costs ADO Properties.....	(25,354)
Finance costs ADLER Real Estate	(57,873)
Finance costs Consus Real Estate.....	(46,128)
Subtotal (equals column D in Pro Forma Balance Sheet)	(129,355)
Amortization of transaction costs related to bridge loan, we also refer to note (2)	(802)
Amortization of transaction costs related to bridge loan, we also refer to note (5)	(2,762)
Financing bridge loan, we also refer to note (6).....	(6,416)
Refinancing of ADO Group finance cost, we also refer to note (4)	1,455
Financing ADO Group acquisition, we also refer to note (3).....	2,603
Disposal of development projects, we also refer to note (14)	34,934
Elimination Call/Put-Option, we also refer to note (15)	11,057
Subtotal	(40,069)
Finance costs in accordance with Pro Forma Consolidated Statement of Profit or Loss for the three-month period from January 1, 2020 to March 31, 2020	(89,286)

(22) Earnings per share

Earnings per share for the period from January 1, 2020 to March 31, 2020 are calculated as follows:

	(in € thousand, unless stated otherwise)
ADO Properties weighted number of subscribed shares.....	44,195
Acquisition of ADLER Real Estate, we also refer to note (7) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020.....	27,651
Rights Offering, we also refer to note (9) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020.....	20,699
Acquisition of Consus Real Estate, we also refer to note (13) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020.....	16,639
<i>Pro Forma</i> weighted number of subscribed shares.....	109,184
ADO Properties weighted number of subscribed shares (diluted)	44,197
Acquisition of ADLER Real Estate, we also refer to note (7) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020.....	27,651
Rights Offering, we also refer to note (9) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020.....	20,699
Acquisition of Consus Real Estate, we also refer to note (13) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020.....	16,639
<i>Pro Forma</i> weighted number of subscribed shares (diluted).....	109,186
ADO Properties consolidated net profit to owners of the Company	(1,630)
ADLER Real Estate consolidated net profit to owners of the Company	(21,715)
Consus Real Estate consolidated net profit to owners of the Company	(13,555)
	(36,900)
<i>Pro Forma</i> Adjustments Merger (equals column E1 in <i>Pro Forma</i> Consolidated Statement of Profit or Loss) attributable to owners of the Company.....	3,256
<i>Pro Forma</i> Adjustments Business Combination and Rights Offering (equals column E2 in <i>Pro Forma</i> Consolidated Statement of Profit or Loss) attributable to owners of the Company	(3,888)
<i>Pro Forma</i> Adjustments Acquisition (equals column E3 in <i>Pro Forma</i> Consolidated Statement of Profit or Loss) attributable to owners of the Company.....	21,867
<i>Pro Forma</i> Adjustments	21,234
	(15,666)
<i>Pro Forma</i> Basic earnings per share.....	€(0.14)
<i>Pro Forma</i> Basic earnings per share (diluted)	€(0.14)

***Pro Forma* Consolidated Financial Information for the fiscal year ended December 31, 2019**

The following tables present the *Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year from January 1, 2019 to December 31, 2019.

The financial information contained in column A of the *Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019 is taken from the ADOP Financials 2019.

The financial information contained in column B of the *Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019 is taken from the ADLER Financials 2019. The figures of ADLER Financials 2019 within column B were reconciled to the reporting structure of the Company.

The financial information contained in column C of the *Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019 is taken from the ADO Group Financials 2019. The figures of ADO Group Financials 2019 within column C were reconciled to the reporting structure of the Company.

The financial information contained in column D of the *Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019 is taken from the Consus Financials 2019. The figures of Consus Financials 2019 within column D were reconciled to the reporting structure of the Company.

The *Pro Forma* Adjustments contained in column F1, F2, and F3 reflect the assumption that (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition were successfully completed as of January 1, 2019. These *Pro Forma* Adjustments are explained in the notes to the *Pro Forma* Consolidated Financial Information below.

The financial information contained in column F represents the *Pro Forma* Consolidated Financial Information for the fiscal year ended December 31, 2019 as if (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition were successfully completed as of January 1, 2019.

***Pro Forma* Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019**

Historical financial information

	ADO Properties Group	ADLER Group	ADO Group (Standalone)	Consus Group	Total
	A	B	C	D	E=A+B+C+D
	(in € thousand)				
Revenue.....	156,520	904,185	24	671,115	1,731,844
Cost of operations.....	(44,011)	(684,373)	-	(471,242)	(1,199,626)
Gross profit.....	112,509	219,812	24	199,873	532,218
General and administrative expenses	(25,050)	(113,442)	(3,593)	(133,657)	(275,742)
Other income	78,132	-	-	-	78,132
Other expenses	(13,188)	-	-	-	(13,188)
Changes in fair value of investment properties.....	461,517	362,638	-	31,943	856,098
Results from operating activities.....	613,920	469,008	(3,569)	98,159	1,177,518
Finance income	102,475	10,190	224,545	(28,160)	365,370
Finance costs	(32,375)	(122,212)	(15,380)	(114,833)	(284,800)
Net finance costs	70,100	(112,022)	209,164	(86,673)	80,569
Profit before tax.....	684,020	356,986	205,595	11,486	1,258,087
Income tax expense	(77,096)	(81,231)	(11,247)	(16,521)	(186,095)
Profit for the period (continued operations)	606,924	275,755	194,348	(5,035)	1,071,992
Earnings after taxes from discontinued operations	-	92,009	-	-	92,009
Profit for the period.....	606,924	367,764	194,348	(5,035)	1,164,001
Profit attributable to:					
Owners of the Company	601,874	238,338	194,348	(20,883)	1,013,677
Non-controlling interests	5,050	129,426	-	15,848	150,324
Profit for the period.....	606,924	367,764	194,348	(5,035)	1,164,001
Basic earnings per share (in €)	13.63	3.46	n/a	0.15	n/a
Diluted earnings per share (in €)	12.74	3.08	n/a	0.15	n/a

Pro forma adjustments

	Total	Ref.	Pro forma adjustment s for the Merger	Pro forma adjustments for the Business Combination and Rights Offering	Pro forma adjustments for the Acquisition	Total
	E=A+B+C+D		F1	F2	F3	G=E+F
	(in € thousand)					
Revenue.....	1,731,844	(5), (9), (10)	-	(21,327)	(14,591)	1,695,925
Cost of operations.....	(1,199,626)	(9), (10)	-	-	(34,729)	(1,234,355)
Gross profit.....	532,218		-	(21,327)	(49,320)	461,571
General and administrative expenses	(275,742)	(1), (5), (9), (10)	1,319	(814)	3,927	(271,310)
Other income	78,132		-	-	-	78,132
Other expenses	(13,188)	(2), (6)	10,103	2,153	-	(932)
Changes in fair value of investment properties.....	856,098	(1), (5), (9)	(203,200)	(131,053)	(13,932)	507,913
Results from operating activities.....	1,177,518		(191,778)	(151,041)	(59,326)	775,373
Finance income	365,370	(8), (9), (10), (11)	-	(227,499)	(100,615)	37,255
Finance costs	(284,800)	(2),(3),(4),(5),(6),(7), (9),(10)	6,953	(25,546)	71,146	(232,247)
Net finance costs	80,569		6,953	(253,045)	(29,469)	(194,992)
Profit before tax.....	1,258,087		(184,825)	(404,086)	(88,795)	580,381
Income tax expense	(186,095)	(5), (9), (10)	-	13,299	12,501	(160,296)
Profit for the period (continued operations) ..	1,071,992		(184,825)	(390,787)	(76,295)	420,085
Earnings after taxes from discontinued operations	92,009		-	-	-	92,009
Profit for the period.....	1,164,001		(184,825)	(390,787)	(76,295)	512,094
Profit attributable to:						
Owners of the Company	1,013,677		(113,778)	(389,658)	(75,660)	479,115

Pro forma adjustments					
Total	Ref.	Pro forma adjustment s for the Merger	Pro forma adjustments for the Business Combination and Rights Offering	Pro forma adjustments for the Acquisition	Total
E=A+B+C+D		F1	F2	F3	G=E+F
(in €thousand)					
Non-controlling interests ..	150,324	(71,047)	(1,359)	(635)	32,979
Profit for the period.....	1,164,001	(184,825)	(389,658)	(76,295)	512,094
Basic earnings per share (in €).....	n/a	n/a	n/a	n/a	4.39
Diluted earnings per share (in €).....	n/a	n/a	n/a	n/a	4.28

Notes to the Pro Forma Consolidated Financial Information for the fiscal year ended December 31, 2019

In the following notes to the *Pro Forma* Consolidated Financial Information, the *Pro Forma* Adjustments in column F1, F2, and F3 are explained in detail in order to illustrate the effects on the Company's *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2019 to December 31, 2019 as if (i) the Business Combination and Rights Offering, (ii) the Merger, as well as (iii) the Acquisition were successfully completed as of January 1, 2019. However, intercompany income and expenses between ADO Group and ADO Properties have not been eliminated for purposes of the *Pro Forma* Consolidated Financial Information.

Pro Forma Adjustments relating to the Merger (column F1):

(1) *Sale of partnership interest in Glasmacherviertel GmbH & Co. KG (Project Gerresheim)*

On September 22, 2019, Brack Capital Properties N.V., as a fully consolidated subsidiary of ADLER Real Estate, entered into a share purchase agreement to sell 75% of the partnership interest in Glasmacherviertel GmbH & Co.KG as part of the acquisition refinancing as described in detail in note (4) of the Notes to the *Pro Forma* Consolidated Financial Information as of and for the three-month period ended March 31, 2020.

The investment properties of Project Gerresheim resulted in income from fair value adjustments of investment properties in the amount of €203,200 thousand for the fiscal year ended December 31, 2019. This income was eliminated for purposes of the *Pro Forma* Consolidated Financial Information since it is assumed that the transaction had taken place prior to January 1, 2019. Furthermore, due to the deconsolidation of the partnership, goodwill in the amount of €1,319 thousand was expensed and included in other operating expenses in ADLER Financials 2019. A *Pro Forma* Adjustment in the amount of €1,319 thousand was thus made to general and administrative expenses. Other gains and losses as well as income and expenses generated by the partnership were not considered for purposes of the *Pro Forma* Consolidated Financial Information due to materiality considerations.

(2) *Transaction costs related to the Merger*

The legal and advisory costs and other transaction costs directly attributable to the Merger totaling €21,453 thousand are included in the ADLER Financials 2019:

	(in €thousand)
Legal and advisory costs.....	10,103
One-time fees for the bridge loan facility	11,350
	21,453

The legal and advisory costs in the amount of €10,103 thousand are recognized in the ADLER Financials 2019 in general and administrative expenses. As it is assumed that the transaction was finalized prior to January 1, 2019, these costs were excluded from the *Pro Forma* Statement of Profit or Loss by adjusting other expenses in the amount of €10,103 thousand.

One-time fees for the bridge loan facility (and extension) were assumed to be amortized over the duration of the entire *Pro Forma* Period (from January 1, 2019 to March 31, 2020). After taking into account the amount already

amortized of the total amount as shown above in the ADLER Financials 2019, an adjustment in the amount of €9,024 thousand was made to finance costs in the *Pro Forma* Consolidated Statement of Profit or Loss.

(3) Refinancing of Merger

To refinance the Merger, a bridge loan facility in the amount of €710 million was secured in connection with the consideration for the Merger (the “Merger Bridge Facility”). In February 2020, the bridge loan facility was extended by €175,000 thousand to €885,000 thousand.

The Merger Bridge Facility will be replaced by another bridge loan facility secured by ADO Properties in connection with the Business Combination. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the replacement of the Merger Bridge Facility took place prior to January 1, 2019. Therefore no interest expense for the refinancing of the Merger was included in the *Pro Forma* Consolidated Financial Information and an adjustment in the amount of €97 thousand was made to finance costs in order to exclude interest recognized for the Merger Bridge Facility in ADLER Financials 2019.

(4) Refinancing of ADO Group Debt

In order to avoid a breach of covenants resulting from the change of control event triggered by the Business Combination, ADO Group repaid outstanding convertible and company bonds as follows:

	<u>(in NIS)</u>
Series G.....	614,227,230
Series H.....	550,703,348

As it is assumed for purposes of the *Pro Forma* Consolidated Financial Information that the bonds were repaid prior to January 1, 2019, finance costs in the amount of €15,380 thousand were excluded from the *Pro Forma* Consolidated Statement of Profit or Loss.

Pro Forma Adjustments relating to the Business Combination and Rights Offering (column F2):

(5) Share purchase agreement with GEWO BAG Wohnungsbau-Aktiengesellschaft Berlin (“Project Gewobag”)

On September 26, 2019, ADO Properties entered into a share purchase agreement with GEWO BAG Wohnungsbau-Aktiengesellschaft Berlin (“Gewobag”) for the sale of 100% of the shares in certain subsidiaries owning 23 properties consisting in aggregate of approximately 5,900-residential apartment units (the “Gewobag SPA”) as described in detail in note (6) of the Notes to the *Pro Forma* Consolidated Financial Information as of and for the three-month period ended March 31, 2020.

In the *Pro Forma* Consolidated Statement of Profit or Loss, revenues in the amount of €21,327 thousand, changes in fair value of investment properties in the amount of €31,053 thousand, finance costs in the amount of €4,197 thousand, general and administrative expenses in the amount of €814 thousand, and income tax expenses in the amount of €13,299 thousand were excluded since it was assumed that the transaction had taken place prior to January 1, 2019. Other gains and losses as well as income and expenses generated by the sale were not considered for purposes of the *Pro Forma* Consolidated Financial Information due to materiality considerations.

(6) Transaction costs related to the Business Combination and Rights Offering

Transaction costs directly attributable to the Business Combination and Rights Offering are estimated to total :

	<u>(in €thousand)</u>
Legal and advisory costs.....	25,000
One-time fees for the bridge loan facility	13,809
	<u>28,809</u>

As of December 31, 2019, €2,153 thousand of the total amount shown above are recognized in the ADOP Financials 2019 in other expenses. As it is assumed that the transaction was finalized prior to January 1, 2019, these costs were excluded from the *Pro Forma* Statement of Profit or Loss by adjusting other expenses in the amount of €2,153 thousand.

One-time fees in connection with the bridge loan facility are estimated to amount to €13,809 thousand, which are not included in ADOP Financials 2019. One-time fees for the bridge loan facility were assumed to be amortized over the duration of the entire *Pro Forma* Period (from January 1, 2019 to March 31, 2020). Thus, the *Pro Forma* Consolidated Statement of Profit or Loss includes an adjustment in the amount of €1,047 thousand to finance costs.

(7) Refinancing in connection with the Business Combination

On December 15, 2019, the Company as borrower and J.P. Morgan Securities plc as mandated lead arranger, J.P. Morgan AG as original lender and J.P. Morgan Europe Limited as agent entered into a bridge term loan facility agreement (the “**Bridge Facility Agreement**”) under which the Company may utilize a bridge term facility with a nominal amount of up to €2,424,000 thousand (the “**Business Combination Bridge Facility**”) as described in note (6) of the Notes to the *Pro Forma* Consolidated Financial Information as of and for the three-month period ended March 31, 2020 in further detail.

As it is assumed that the Business Combination Bridge Facility was drawn prior January 1, 2019, the *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2019 to December 31, 2019 was adjusted to include interest expense calculated with an average effective interest rate of 2.11% p.a. of the outstanding balance (€85,000 thousand) for the twelve-month period in the amount of €18,696 thousand in finance costs.

(8) Intercompany eliminations

For purposes of the *Pro Forma* Consolidated Financial Information, finance income was adjusted by €223,606 thousand in order to exclude the profit from ADO Group’s investment in the Company. Furthermore, the change in fair value of the derivative component of the convertible bond issued by the Company and held by ADO Group was eliminated and an adjustment in the amount of €3,893 thousand was made to finance income.

Pro Forma Adjustments relating to the Acquisition (column F2):

(9) Disposal of development projects in Consus Real Estate

On May 8, 2020, Consus Real Estate entered into a share purchase agreement with Gröner Group GmbH, Gröner Capital GmbH and Gröner GbR (“**Gröner Companies**”) regarding the transfer of shares and certain shareholder loan receivable concerning a total of 14 project companies of Consus Real Estate holding 17 development projects with a gross development value of €2,300 million (“**CG Divestment SPA**”).

The Gröner Companies will first sell shares in Consus RE AG, a subsidiary in Consus Real Estate, to Consus Real Estate for a consideration of €27.5 million in cash and 24.5 million in Consus Real Estate shares. Subsequently, the 14 project companies disposed of are transferred to Gröner Companies for a total purchase price in the amount of €349.6 million, due following the disposal of shares in Consus Real Estate by Gröner Companies.

On May 20, 2020, Consus RE, together with certain subsidiaries of Consus real Estate and Ajos RE 1 GmbH, Ajos RE 2 GmbH and Taurecon Invest X. GmbH entered into a share purchase agreement regarding the transfer of shares and certain shareholder loan receivables concerning a total of 21 project companies of Consus Real Estate holding eight development projects against cash payment (“**Ajos Divestment SPA**”). The divestments are expected to close in the third quarter of 2020.

For purposes of the *Pro Forma* Consolidated Financial Information it is assumed that the CG Divestment SPA and Ajos Divestment SPA were completed prior to January 1, 2019.

In order to present the *Pro Forma* Consolidated Statement of Profit or Loss excluding the effects of the portfolio disposed of, the following adjustments were made:

	CG Divestment SPA	Ajos Divestment SPA	Intercompany and <i>Pro Forma</i> Adjustments
	(in €thousand)		
Revenue.....	(38,733)	(4,863)	29,004
Cost of operations.....	37,919	(59,170)	(13,477)
General and administrative expenses.....	(57,335)	7,786	53,475
Changes in fair value from investment properties.....	(13,932)	-	-
Finance income.....	(1,971)	(2,435)	(4,201)
Finance costs	13,925	53,730	2,127
Income tax expense	9,696	3,243	(438)
	(50,431)	(1,709)	66,491

(10) Elimination of Consus Put-Call-Option

The Company entered into a call/put-option agreement with Aggregate Holdings S.A. (“Aggregate”), as amended from time to time, for its 69,619,173 shares in Consus Real Estate (the “Call/Put-Option Agreement”), which can be exercised until June 16, 2021. The consideration for one share in Consus Real Estate is, in each case, 0.2390 newly issued shares in the Company, provided that this ratio will be adjusted to any dividends paid and equity raise done by the Company or Consus Real Estate, as relevant.

The Call/Put-Option Agreement is included in other financial assets in ADOP Financials 2019 and measured at fair value in the amount of €2,009 thousand. The resulting change in fair value for the fiscal year ended December 31, 2019 in the amount of €2,009 thousand is included in finance income in ADOP Financials 2019.

For purposes of the *Pro Forma* Financial Statements it is assumed that the Call/Put-Option Agreement was exercised. Therefore, the change in fair value in the amount of €2,009 thousand was eliminated from finance income in the *Pro Forma* Consolidated Statement of Profit or Loss.

Additionally, ADLER Real Estate holds a 2.49% stake in Consus Real Estate which is accounted for at fair value through profit or loss in ADLER Financials 2019. As it is assumed that the transactions took place prior to January 1, 2019, a loss in the amount of €1,364 thousand was eliminated from finance costs in the *Pro Forma* Consolidated Statement of Profit or Loss.

Additional notes:

(11) Finance costs

Financial costs for the period from January 1, 2019 to December 31, 2019:

	(in €thousand)
Finance costs ADO Properties.....	(32,375)
Finance costs ADLER Real Estate	(122,212)
Finance costs ADO Group.....	(15,380)
Finance costs Consus Group.....	(114,833)
Subtotal (equals column D in Pro Forma Consolidated Balance Sheet).....	(284,800)
Amortization of loans, we also refer to note (2).....	(9,024)
Financing ADOG acquisition, we also refer to note (3).....	597
Excluding GEWOBAG, we also refer to note (5).....	4,197
Amortization of transaction costs related to bridge loan, we also refer to note (6)	(11,047)
Financing bridge loan, we also refer to note (7).....	(18,696)
Refinancing of ADO Group finance cost, we also refer to note (4)	15,380
Finance cost relating to disposal of development projects in Consus Real Estate, we also refer to note (9)	69,782
Excluding finance loss pertaining to the investment in Consus Real Estate, we also refer to note (10)	1,364
Subtotal	52,553
Finance costs in accordance with Pro Forma Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019.....	(232,247)

(12) Earnings per share

Earnings per share for the period from January 1, 2019 to December 31, 2019 are calculated as follows:

	(in €thousand, unless stated otherwise)
ADO Properties weighted number of subscribed shares.....	44,162
Acquisition of ADLER Real Estate, we also refer to note (7) of the notes to the <i>Pro Forma</i> Consolidated Financial	27,651

	<u>(in € thousand, unless stated otherwise)</u>
Information as of and for the three-month period ended March 31, 2020	
Rights Offering, we also refer to note (9) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020	20,699
Acquisition of Consus, we also refer to note (13) of the notes to the pro forma consolidated financial information as of and for the three-month period ended March 31, 2020	16,639
<i>Pro Forma</i> weighted number of subscribed shares	<u>109,151</u>
ADO Properties weighted number of subscribed shares (diluted)	46,888
Acquisition of ADLER Real Estate, we also refer to note (7) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020	27,651
Rights Offering, we also refer to note (9) of the notes to the <i>Pro Forma</i> Consolidated Financial Information as of and for the three-month period ended March 31, 2020	20,699
Acquisition of Consus, we also refer to note (13) of the notes to the pro forma consolidated financial information as of and for the three-month period ended March 31, 2020	16,639
<i>Pro Forma</i> weighted number of subscribed shares (diluted)	<u>111,877</u>
ADO Properties consolidated net profit to owners of the Company	601,874
ADLER Real Estate consolidated net profit to owners of the Company	238,338
ADO Group consolidated net profit to owners of the Company	194,438
Consus Real Estate consolidated net profit to owners of the Company	(20,883)
	<u>1,013,677</u>
<i>Pro Forma</i> Adjustments Merger (equals column F1 in <i>Pro Forma</i> Consolidated Statement of Profit or Loss) attributable to owners of the Company	(113,778)
<i>Pro Forma</i> Adjustments Business Combination and Rights Offering (equals column F2 in <i>Pro Forma</i> Consolidated Statement of Profit or Loss) attributable to owners of the Company	(389,658)
<i>Pro Forma</i> Adjustments Acquisition (equals column F3 in <i>Pro Forma</i> Consolidated Statement of Profit or Loss) attributable to owners of the Company	(31,126)
<i>Pro Forma</i> Adjustments	<u>(534,562)</u>
	<u>479,115</u>
<i>Pro Forma</i> Basic earnings per share	€4.30
<i>Pro Forma</i> Basic earnings per share (diluted)	€4.22

Auditor's report on the Pro Forma Consolidated Financial Information

To the Board of Directors of
ADO Properties S.A.
1B, Heihenhaff
L-2453 Luxembourg

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma financial information of ADO Properties S.A. (the "**Company**") by the Board of Directors of the Company. The pro forma financial information consists of the *pro forma* consolidated statement of profit or loss for the period from January 1, 2019 to December 31, 2019, *pro forma* consolidated statement of profit or loss for the period from January 1, 2020 to March 31, 2020, the *pro forma* consolidated balance sheet as at March 31, 2020 and related *pro forma* notes as set out in "*Pro Forma Consolidated Financial Information of ADO Properties S.A.*" of the prospectus issued by the Company. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma financial information are specified in Annex 20 of the Commission Delegated Regulation (EU) 2019/980 and described in the pro forma notes.

The *pro forma* financial information has been compiled by the Board of Directors of the Company to illustrate the impact of (i) a successful business combination of ADLER Real Estate Aktiengesellschaft ("**ADLER**") a public offering of the €450 million newly issued ordinary shares ("**Rights Offering**"), (ii) a successful merger between ADLER and the ADO Group Ltd. ("**ADO Group**") and (iii) the acquisition of Consus Real Estate AG ("**Consus Real Estate**") (together, the "**Transactions**"), described in the pro forma notes on the Company's

- financial performance for the year ended December 31, 2019 as if the Transactions had taken place and successfully completed at January 1, 2019;

- financial performance for the three-month period ended March 31, 2020 as if the Transactions had taken place and successfully completed at January 1, 2019; and
- consolidated financial position as at March 31, 2020, as if the Transactions had taken place and successfully completed at January 1, 2019.

As part of this process, information about the Company's consolidated financial performance for the year ended December 31, 2019 has been extracted by the Board of Directors of the Company from the Company's, ADLER's, ADO Group's and Consus Real Estate's consolidated financial statements for the year ended December 31, 2019, on which audit reports have been published, and from the Company's, ADLER's, ADO Group's and Consus Real Estate's unaudited interim condensed consolidated financial statements as at and for the three-month period ended March 31, 2020.

Responsibility for the Pro Forma Financial Information

The Board of Directors of the Company is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditor's Responsibilities

Our responsibility is to express an opinion, as required by item 3 of the Annex 20 of the Commission Delegated Regulation (EU) 2019/980, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis of the applicable criteria, and whether such basis is consistent with the accounting policies of the Company.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at January 1, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- the *pro forma* financial information has been properly compiled, in all material respect, on the basis of the applicable criteria; and
- such basis is consistent with the accounting policies of the Company.

Restriction on Use

This report is required by item 3 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that regulation and for no other purpose.

This report is issued in English. If the prospectus issued by the Company is drawn up in or translated into another language, the accuracy of the translation of this report is the responsibility of the Company. The translation will expressly mention that the report was issued in English language.

Luxembourg, July 20, 2020

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

DESCRIPTION OF THE TRANSACTIONS

On December 15, 2019, the Company announced its intention to make the ADLER Offer, which was launched on February 7, 2020 and expired on March 25, 2020. 92.51% of the shareholders of ADLER Real Estate accepted the ADLER Offer. On the same date, the Company also entered into the SCA with Consus Real Estate.

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised the call option under the Call/Put-Option Agreement. The Consus Real Estate Call Option Exercise occurred by transfer of newly issued shares in the Company and transfer of the Company's treasury shares previously indirectly held by ADLER Real Estate.

On July 2, 2020, the Company announced the Rights Issue. The subscription period commenced on July 6, 2020 and ended on July 20, 2020. The Rights Issue settled on July 24, 2020.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make the Consus Offer. The Consus Offer will be based on an exchange ratio, adjusted for the results of the Rights Issue, of one share in Consus Real Estate for 0.272 newly issued shares in the Company as consideration.

Business Combination Agreement and the ADLER Offer

On December 15, 2019, the Company and ADLER Real Estate entered into a business combination agreement (the “**BCA**”) to combine the business of ADLER Real Estate and its subsidiaries (together, the “**ADLER Group**”) with the business of the ADO Properties Group (together with the ADLER Group, the “**Combined Group**”) (the “**Business Combination**”). For more information on the BCA, see “*Business—Material Agreements—Business Combination Agreement*”.

On the same date, the Company announced its intention to make the ADLER Offer, which was launched on February 7, 2020 and expired on March 25, 2020. 92.51% of ADLER Real Estate shareholders accepted the ADLER Offer. Settlement of the ADLER Offer occurred on and ADLER Real Estate was consolidated into the ADO Properties Group with effect from April 9, 2020.

Description of the ADLER Group

ADLER Real Estate Aktiengesellschaft (LEI 529900Y6QFNN3D363B76) is a German stock corporation (*Aktiengesellschaft*) incorporated and operating under the laws of the Federal Republic of Germany (“**ADLER Real Estate**”) and is registered with the commercial register of the local court in Berlin, Charlottenburg under registration number HRB 180360 B. ADLER Real Estate operates under the commercial name “ADLER Real Estate”. It has its business address at Joachimsthaler Straße 34, 10719 Berlin, Federal Republic of Germany (telephone: +49-30-398-018-10; website: www.adler-ag.de). The legal predecessor of ADLER Real Estate was incorporated on July 5, 1895 and is established for an indefinite period of time.

As of the date of this Offering Memorandum, ADLER Real Estate's share capital amounted to €72,374,438.00, divided into 72,374,438 shares with a notional value of ADLER Real Estate's share capital of €1.00 per share, all of which carry the same voting rights. In addition, ADLER Real Estate holds 1,603,232, or 2.22 %, of its own shares as treasury shares.

As a result of the completion of the combination of the businesses (the “**Completion**”) of ADLER Real Estate with the business of the ADO Properties Group, the Company holds 66,824,783, or 92.51%, of ADLER Real Estate's shares. As a result, the Company owns more than 30% of the voting rights of the Company and is, therefore, considered to hold a controlling interest in ADLER Real Estate pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) (“**WpÜG**”). In addition, following the Completion, the Company and ADLER Real Estate form a “factual group” (*faktischer Konzern*) as the Company holds more than 50% of the share capital as well as the voting rights in the Company and therefore holds a controlling interest in ADLER Real Estate. In the event that the Company will continue to hold ADLER Real Estate throughout the fiscal year 2020, ADLER Real Estate will be required to prepare a dependency report (*Abhängigkeitsbericht*) on its relations with the Company in the fiscal year 2020. In the event that the

Company's shareholding and its voting rights in ADLER Real Estate will fall below 50%, the Company will only continue to hold a controlling interest in ADLER Real Estate if it has the de facto majority of votes during the Company's shareholders meetings due to the limited presence of free shareholders during such meetings (*beherrschender Einfluss durch faktische Hauptversammlungsmehrheit*).

Business of the ADLER Group

Overview of development of business operations

The ADLER Group is a fully-integrated residential property company focusing on long-term sustainable value-creation through the management, optimization and expansion of property portfolios that are largely situated in attractive locations benefitting from strong fundamentals in – or on the outskirts of – large and growing conurbations or in major urban areas in Northern, Eastern and Western Germany.

Until the end of the fiscal year 2017, the ADLER Group's business model comprised two fields of activity – "Rental" (investment properties) and "Trading" (inventory properties). However, at the end of November 2017, the ADLER Group sold most of its shares in its trading division ACCENTRO Real Estate AG, thus ceasing its trading activities. Since then, the ADLER Group concentrates on the holding and management of residential properties, which now represents the ADLER Group's main business operation.

As a result of the acquisition of a stake of approximately 70% in Brack Capital Properties N.V. ("**BCP**"), a company listed on the Tel Aviv Stock Exchange, incorporated under the laws of the Netherlands and which owns a substantial real estate portfolio in Germany, mainly comprising high quality residential assets in "A-locations", whereas the ADLER Group's properties were, up to that point, mainly focused on "B-locations", the ADLER Group further geographically diversified its residential real estate portfolio. Since its consolidation into the ADLER Group as of June 30, 2018, BCP forms part of the ADLER Group's "Rental" business operation.

On September 23, 2019, (i) ADLER Real Estate, (ii) LI Lorgen Ltd., Ramat Gan, Israel, a wholly-owned subsidiary of ADLER Real Estate, which was acquired solely for purposes of the acquisition, and (iii) ADO Group Ltd., Tel Aviv, Israel, a public limited liability company organized under the laws of the State of Israel, whose most substantial asset is its stake in ADO Properties S.A., entered into an agreement and plan of merger by way of reverse-triangular merger (the "**Merger Agreement**"). According to the Merger Agreement, LI Lorgen Ltd. was merged into ADO Group Ltd. as the absorbing entity (the Merger Agreement and the transactions contemplated thereby are referred to as the "**Merger**"). As a consequence of the Merger, LI Lorgen Ltd. ceased to exist and ADO Group Ltd. became a wholly-owned subsidiary of ADLER Real Estate on the terms and subject to the conditions set forth in the Merger Agreement and in accordance with certain provisions of the companies law of the State of Israel. Following the completion of the Merger, which was closed on December 10, 2019, the ADLER Group held 33.25% of the shares and voting rights in the Company.

As of the date of this Offering Memorandum, "Rental" generally includes all of the ADLER Group's properties, excluding development projects, through the letting of which the ADLER Group aims to generate long-term gross rental income. Besides the portfolio of residential units, "Rental" also includes a small number of commercial units, which consist entirely of shops and offices of the kind that can often be found in city-center residential properties. Additionally, this includes the expenses for craftsmen and caretaker services which are provided by the ADLER Group's internal facility management.

The remainder of a portfolio of commercial assets of BCP and developments as well as certain other limited operations in residential real estate development business which are intended to be sold to third parties are not part of the rental portfolio. These activities do not constitute a standalone segment reporting and are pooled as "Other".

Business Model

Internal property management includes re-letting apartments as well as reducing existing vacancies by entering into new leases. In addition, the potential for rent increases in the portfolio is assessed on an ongoing basis and implemented where appropriate. Leasing and management comprises active rental and receivable management as well as collecting outstanding receivables. To this end, ADLER Wohnen Service GmbH has developed a regional structure which allows for the management of all group properties.

The ADLER Group is taking a similar approach in relation to its facility management, i.e. for craftsmen and caretaker services. The majority of these activities have been integrated into the ADLER Group. To this end, ADLER Gebäude Service GmbH has developed a regional structure very similar to its property management counterpart. Since 2018, ADLER Energie Service GmbH has been set up to manage the energy related activities in the ADLER Group. This includes distribution of heat and energy as well as responsibility for all centralized heating systems within the ADLER Group.

As part of its portfolio optimization, the ADLER Group continually analyzes the opportunities for realizing potential for appreciation and rent increases by modernizing and renovating its portfolio properties. The modernization measures include all measures to improve the fixtures and fittings of the residential units, such as insulation work and the upgrading of outdated fixtures and fittings of the apartments. Renovation activities include all activities intended to fundamentally improve the building stock. In preparation for all modernization and larger renovation activities, the ADLER Group performs cost-benefit analyzes to determine whether the required investments can be recovered with a profit from the realizable appreciation. For modernization and renovation work, the ADLER Group exclusively commissions third-party contractors who provide high-quality services and offer a favorable price-performance ratio. Similarly, the ADLER Group analyzes all potentially developable parts in the portfolio, such as options to build on gaps between buildings, convert attics, expand residential units by adding balconies or terraces, or use unutilized plots on existing properties of the residential complexes for building additional residential units. During implementation, the ADLER Group limits its activities to coordinating and managing the construction work and modernization and renovation measures. In addition, the ADLER Group continuously monitors the operating costs of the portfolios so it can counteract potential increases in service charges. Although most of the service charges are passed on to the tenants, sharp increases in service charges could lead to a reduction in the scope for rent increases, because the tenants may in some circumstances not be able to absorb an increase in total costs.

Properties of high quality in attractive locations form the core portfolio and generally generate stable cash flows. Properties of lower quality as well as properties in less attractive locations are classified as non-core and are thus earmarked for sale. The ADLER Group regularly reviews its holdings within its portfolio management activities to identify such non-core properties. This initially involves evaluating individual properties in terms of their inherent qualities, i.e. determining the volume of maintenance and renovation expenses required to ensure a quality consistent with market standards. The second assessment criterion adopted involves external market and location factors. The most significant external factors determining the positioning of the assets and capital allocation are socio-demographic trends, expected changes in demand and infrastructure measures of all kinds. It also includes political decisions, such as restrictions on contractual rental prices, the tax treatment of property or measures to promote new construction. Depending on the outcome of the portfolio analysis, regular discussions are held with regional managers to ensure operational strategy is implemented, e.g. increasing marketing activities for properties that are of good quality, but are located in less favorable areas.

On average, assets held for sale in the non-core portfolio have significantly lower occupancy rates, generate lower rental income and, accordingly, have lower market values per sqm. The sale of non-core assets decreases administrative costs, in particular if the properties concerned are outside of ADLER Group's core regions, and allows the ADLER Group to achieve profits and generate cash that can be used for additional development and modernization projects and to acquire new properties with greater income or development opportunities. The current market environment, with strong demand for real estate of all sizes, is favorable for the ADLER Group in pursuing its ongoing selective capital recycling. ADLER Group's asset management department deals with non-core properties in ways appropriate to each case, such as increased marketing activities when the property is of good quality but its location factors are less favorable, or by investing in the property when the location factors are good, but the property itself is not.

In order to maximize long-term profitability, the ADLER Group aims at complementing its existing Rental business with opportunistic acquisitions of single residential properties, residential property portfolios or real estate holding companies. For this purpose, the ADLER Group relies on its network of contacts with potential sellers and sales organizations and initially assesses the location of the real estate, its state of development and traffic connections, as well as its integration into regions with steady or rising population numbers. The ADLER Group also observes the regional real estate markets and analyzes the opportunities to further expand its residential property portfolio by acquiring additional single properties or property portfolios. In any of these

situations, the ADLER Group assesses the appreciation potential of the properties to implement the acquisition on a financially sustainable basis.

Portfolio of the ADLER Group

Portfolio overview

The following table provides a breakdown of rental units by core and non-core units for residential and commercial units held by the ADLER Group (excluding the ADO Properties Group) in the Rental segment for the periods presented (in each case as of the end of period):

	As of March 31,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
Residential units	57,253	57,283	57,146	60,854	49,256
thereof core residential units ⁽¹⁾	57,252	57,202	57,145	57,226	45,440
thereof non-core residential units ⁽²⁾	1	81	1	3,628	3,816
Commercial units	950	940	950	1,156	1,049
thereof core commercial units ⁽¹⁾	938	903	938	887	739
thereof non-core commercial units ⁽²⁾	12	37	12	269	310
Total rental units	58,203	58,223	58,096	62,010	50,305

- (1) High-quality properties in attractive locations form the core portfolio (“core” portfolio).
(2) Properties of lower quality and those in less attractive locations are classified as real estate, which are not part of the core portfolio (“non-core” properties) and are therefore earmarked for sale.

Residential portfolio

Overview

The ADLER Group’s business activities focus on Germany, where the ADLER Group holds most of its properties in the Northern, Eastern and Western parts of the country. This remained essentially unchanged during the three-month period ended March 31, 2020 and the fiscal years ended December 31, 2017 and 2018, however, following the acquisition of BCP there has been some shift in the state-specific focus areas. As a result of the completion of the merger with ADO Group Ltd. completed on December 10, 2019, ADLER Group’s property portfolio comprised approximately 75,800 rental units as of March 31, 2020. As of March 31, 2020, the regional focus of the ADLER Group’s property core portfolio (excluding the ADO Properties Group) is on Lower Saxony (18,304 rental units, corresponding to 31% of the core portfolio), North Rhine-Westphalia (13,924 rental units, corresponding to 24%) and Saxony (9,669 rental units, corresponding to 17%) while in other states in the Northern, Eastern and Western parts of Germany the number of units per state was between 11 and 3,877 and 843 units were held in the states in the Southern part of Germany all together.

With the acquisition of BCP in 2018, the ADLER Group has acquired, according to its own assessment, assets in attractive locations, partly in inner cities (“**A-locations**”) such as Leipzig, Dortmund and Hanover with approximately 12,000 residential units. Nevertheless, its portfolio still predominantly consists of properties located on the outskirts of larger conurbations. This is particularly apparent in North Rhine-Westphalia, where virtually all of ADLER Group’s properties (excluding the ADO Properties Group) are located in the Ruhr area, which remains Germany’s largest industrial region. In Lower Saxony, the property holdings are mainly located in Hanover, the Wolfsburg/Braunschweig/Helmstedt region, a traditionally strong region in economic terms, the Bremen catchment area and in Wilhelmshaven, a city which is benefiting from the deep-water port and the location of the German Navy’s largest base on the North Sea. In Saxony and Saxony-Anhalt, the properties are predominantly located in the catchment areas of Halle, Leipzig, Chemnitz and Dresden – regions that after the German reunification initially lost their industry and part of their population however are now benefiting from growth in population once again as a consequence of the significant infrastructure investments carried out in these areas over the last 20 years.

In the view of the ADLER Group, property holdings on the edges of conurbations are typically characterized by higher vacancy rates, but also generate higher rental yields than properties in central or “A-locations”. Peripheral locations benefit to a great extent from counter-urbanization. Rent increases in the tight rental markets in the city centers translate into a lower availability of affordable apartments. Due to price sensitive demand this

leads to households moving out of the “A-locations” into surrounding areas. However, in order to achieve a stable portfolio mix, the ADLER Group also aims at having a certain portion of “A-locations” in its rental portfolio.

As of March 31, 2020, 13 units were held as non-core properties (excluding the ADO Properties Group).

Top 20 locations (core portfolio)

Below is an overview of the Top 20 locations (by number of units) of the ADLER Group’s core residential portfolio (excluding the ADO Properties Group) as of March 31, 2020:

Location	Units	Lettable area (000 sqm)	NRI €million	NRI €/sqm/ month (unaudited)	YoY NRI Δ €/sqm/ month	Vacancy rate	YoY vacancy Δ ⁽¹⁾
Wilhelmshaven.....	6,894	406.6	23.6	5.16	0.9%	6.3%	(20.7)%
Duisburg	4,925	305.0	19.8	5.56	1.0%	2.7%	(34.8)%
Leipzig	4,750	254.8	17.4	5.96	3.9%	4.6%	(24.6)%
Cottbus	1,868	110.0	5.9	4.80	1.3%	6.3%	(14.2)%
Halle (Saale)	1,858	105.9	5.6	4.95	2.9%	11.4%	(11.3)%
Dortmund	1,770	102.3	7.0	5.92	2.9%	3.3%	1.5%
Berlin	1,699	111.7	7.7	5.97	2.0%	3.3%	8.5%
Goettingen.....	1,377	85.2	6.2	6.14	3.2%	1.8%	(60.1)%
Wolfsburg.....	1,301	87.6	6.6	6.37	3.0%	1.5%	(68.3)%
Helmstedt	1,219	70.7	4.4	5.26	1.0%	2.2%	(20.1)%
Hanover.....	1,113	63.3	5.4	7.28	3.5%	2.3%	(28.7)%
Essen	1,043	66.3	4.4	5.82	1.8%	4.0%	19.5%
Kiel	970	66.8	5.4	6.83	2.2%	1.3%	143.9%
Borna.....	900	50.1	2.1	4.71	1.0%	27.0%	27.4%
Bremen.....	873	53.6	4.0	6.40	2.6%	2.8%	(26.2)%
Schoeningen	846	50.2	2.6	5.06	(0.3)%	14.6%	(8.3)%
Chemnitz	835	52.5	2.3	4.82	4.5%	16.5%	56.9%
Oberhausen.....	819	62.6	3.7	5.14	1.9%	4.9%	15.1%
Schwerin.....	816	48.0	2.7	4.89	1.6%	4.1%	(26.4)%
Norden.....	795	50.2	3.3	5.52	3.4%	2.1%	(44.7)%
Top 20 total.....	36,671	2,203.5	140.0	5.61	2.1%	5.4%	(13.7)%
Other locations	21,519	1,351.6	84.5	5.68	2.2%	7.6%	5.7%
Total⁽²⁾.....	58,190	3,555.1	224.5	5.63	2.3%	6.2%	(5.7)%

(1) Percentages are rounded according to recognized commercial standards.

(2) Residential portfolio including commercial units on the ground floor level.

The focus on metropolitan regions outlined above also infers that the properties in ADLER Group’s (excluding the ADO Properties Group) 20 most important towns and cities account for approximately 63% of ADLER Group’s total portfolio (excluding developments and the ADO Properties Group) in terms of units.

Average size of apartments

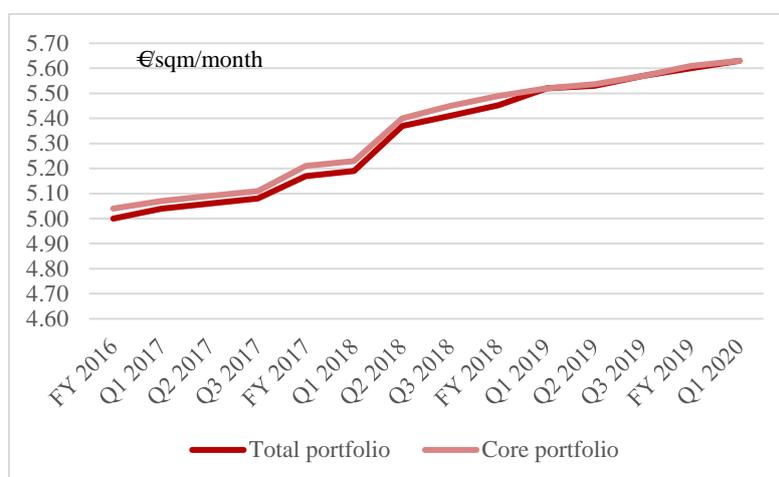
The ADLER Group’s portfolio (excluding the ADO Properties Group) is largely composed of small to medium-sized residential units. Since 2016, the average size of its apartments was stable at approximately 60 sqm and are thus well aligned, according to its own assessment, to address the needs of the ADLER Group’s target group, namely tenants with low to medium incomes. Its properties satisfy the trend, observed for some time now, towards an ongoing increase in the number of single-person households in Germany. Moreover, the risk of tenants with low incomes defaulting on their rent payments is in the view of the ADLER Group reduced as they can obtain support from social security providers if they are unable to settle their obligations from their own income. Furthermore, this category of affordable living space is also in the sights of municipal and local councils on the lookout for attractive locations for students.

As of March 31, 2020, excluding the ADO Properties Group, 15% of the residential portfolio consists of apartments with a size of less than 45 sqm, 34% with a size from 45 sqm to less than 60 sqm, 35% with a size

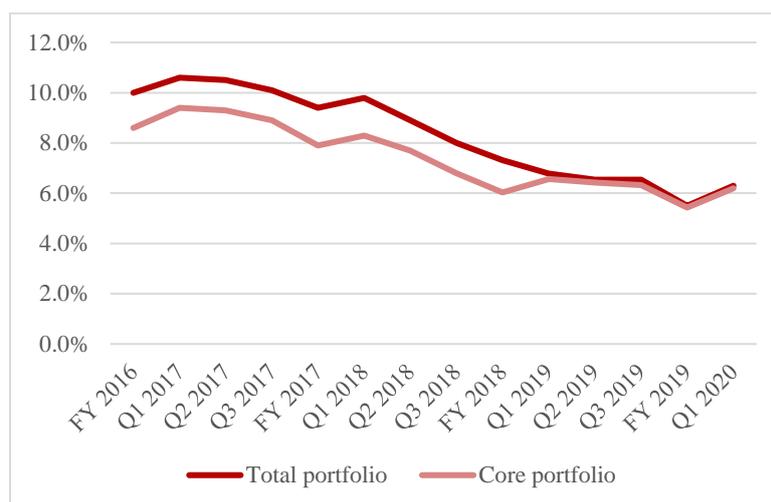
from 60 sqm to less than 75 sqm, 13% with a size from 75 sqm to less than 90 sqm and 4% with a size of 90 sqm and above.

Average rent and vacancy rate

As of March 31, 2020, the average rent per sqm per month for the overall portfolio of the ADLER Group (excluding the ADO Properties Group) amounted to €5.63 (core portfolio: €5.63) (as of December 31, 2019: €5.60; as of December 31, 2018: €5.45; as of December 31, 2017: €5.17).



The vacancy rate for the overall rental portfolio (incl. non-core properties) (excluding the ADO Properties Group) reached 6.3% as of March 31, 2020 (core-portfolio: 6.2%) (as of December 31, 2019: 5.5%; as of December 31, 2018: 7.3%; as of December 31, 2017: 9.4%). Part of this decrease is also due to the acquisition of BCP. The ADLER Group as a standalone (excluding BCP and the ADO Properties Group) had a vacancy rate of 6.6% as of March 31, 2020. BCP's vacancy rate was 4.9% as of the same date.



Fair value of residential portfolio

The fair value of the total portfolio (investment properties and inventories without developments) (excluding the ADO Properties Group) calculated in accordance with IFRS amounted to €4,727.6 million as of March 31, 2020 (as of December 31, 2019: €4,721.9 million; as of December 31, 2018: €4,470.9 million; as of December 31, 2017: €3,018.5 million (without inventories, but with developments)). The increase in the fiscal year ended December 31, 2018 is mainly due to the acquisition of BCP and to the fair value adjustments of the ADLER Group's existing property portfolio.

The following table sets forth the fair value of the ADLER Group's (excluding the ADO Properties Group) residential core portfolio as of March 31, 2020:

Location	Fair Value	Fair value	Rental yield
	(in €million)	(in €/sqm)	(in %)
	(unaudited)		
Wilhelmshaven.....	394.5	970	6.0
Duisburg.....	335.2	1,099	5.9
Leipzig.....	395.4	1,552	4.4
Cottbus.....	85.5	777	6.9
Halle (Saale).....	91.7	866	6.1
Dortmund.....	115.5	1,129	6.1
Berlin.....	265.3	2,374	2.9
Goettingen.....	133.1	1,561	4.6
Wolfsburg.....	136.8	1,562	4.8
Helmstedt.....	65.8	930	6.6
Hanover.....	121.1	1,914	4.5
Essen.....	86.0	1,297	5.2
Kiel.....	103.4	1,548	5.2
Borna.....	36.8	735	5.6
Bremen.....	72.6	1,354	5.5
Schoeningen.....	43.8	817	6.4
Chemnitz.....	40.5	772	5.7
Oberhausen.....	55.6	887	6.6
Schwerin.....	44.0	917	6.1
Norden.....	52.4	1,043	6.2
Top 20 total	2,671.6	1,212	5.2
Other locations.....	1,467.6	1,086	5.8
Total	4,139.2	1,164	5.4

Commercial portfolio

The ADLER Group does not pursue a strategy of holding commercial properties. However, to a minor degree, residential properties also include commercial units typically comprising shops and offices of the kind that can often be found in city-center residential properties. As of March 31, 2020, these core commercial units amounted to 938 which accounted for 1.6% of the properties (excluding the ADO Properties Group) held for permanent letting (as of December 31, 2019: 938 units which accounted for 1.6% of the properties held for permanent letting; as of December 31, 2018: 887 units which accounted for 1.5% of the properties held for permanent letting; as of December 31, 2017: 739 units which accounted for 1.5% of the properties held for permanent letting).

The remaining commercial assets of BCP with a lettable area of approximately 107,900 sqm are intended to be sold to third parties and are thus not intended to be transferred to the rental portfolio.

Property Development

The ADLER Group holds a number of land plots and properties under current assets which are at different stages of planning or completion. Part of these properties essentially stem from the time prior to the reorganization of ADLER Real Estate as a residential real estate company in 2012. In addition, BCP, in which the ADLER Group acquired a majority interest in April 2018, has its own development department that currently works on five property developments in Düsseldorf and Aachen.

In addition, since the end of 2018, the ADLER Group has been investing in development projects for its own portfolio, with a view to growth through selective development projects in “A-locations” at attractive yields such as adding floors to existing residential properties in Goettingen and Wolfsburg, and in the construction of new facilities, such as project “Riverside” in Berlin. Apartments at the latter’s location are ready for occupancy and letting activities have started during summer 2019. The acquisition of three neighboring plots of land on the

outskirts of Berlin near Schönefeld Airport is the basis for another residential project with space for more than 2,180 apartments. Planning for the development of the property in Dresden Trachau is expected to commence as soon as the development plan has been approved.

The ADLER Group's development activities are aimed at the development of plots of land until a building permit is granted or the development of new multi-family houses in order to then either profitably dispose of the properties or to transfer them into its own property portfolio. The ADLER Group supports and encourages impending or ongoing official administrative procedures for the preparation of land use and development plans, for example through the public participation process scheduled as part of the preparation of zoning plans. Where appropriate, the ADLER Group ensures that land is developed as required. If the ADLER Group plans to construct the buildings, the ADLER Group first obtains the necessary building permits and ensures that the applicable requirements under building law, such as setbacks and access ways, are met during the design and subsequent construction of the buildings. In addition, ADLER Group monitors each stage of the execution of the construction work to ensure turn-key buildings are completed on schedule. With regard to new constructions, the ADLER Group can meet all requirements relating to energy efficiency and reducing CO2 emissions which can be achieved in existing buildings often only with difficulty or at higher costs.

The sales activities for land and properties ready for sale are likewise coordinated by the ADLER Group. For presentation purposes, marketing documents are prepared and reworked and, if appropriate, made available online. The ADLER Group receives support from professional marketing organizations, brokers, and other intermediaries.

The portfolio of development projects currently under construction comprises the following properties as of March 31, 2020:

Project	Location	Date of begin of construction	Expected date of completion	Expected total construction costs	Units	GDV ⁽¹⁾
				(in €million)		(in €million)
Riverside (Wasserstadt)	Berlin	Q4 2017	Q4 2019 to Q4 2024 ⁽²⁾	205.7	730	449.9
Grafental I	Düsseldorf	Q3 2018	Q3 2024	116.1	494	183.4
Grafental II	Düsseldorf	Q3 2013	Q2 2021	143.5	414	257.7

(1) Gross development value ("GDV") is a metric which indicates the capital and rental value of a property or development project after completion of all development works.

(2) The residential buildings were finished at the end of 2019. Two commercial areas (Kornversuchsspeicher and Total petrol station) are still ongoing until the end of 2021 and the end of 2024, respectively. Both commercial developments are included in the figures.

The portfolio of undeveloped land for sale or development comprises the following properties as of March 31, 2020:

Project	Location	Lettable area (in sqm)	Expected construction costs (excl. land)	Status
			(in €sqm)	
Grafenberg.....	Düsseldorf	13,600	5,540	Land development plan in proposal
Potsdam.....	Potsdam	6,800	1,560	Land development plan in proposal
Schönefeld.....	Schönefeld	235,700	3,140	Land development plan in proposal
Späthstraße	Berlin	19,000	2,170	Land development plan in proposal
Trachau.....	Dresden	36,800	2,600	Land development plan in proposal

Governmental, Legal, Arbitration or Similar Proceedings of the ADLER Group

During the ordinary course of the ADLER Group's business activities, the ADLER Group is regularly involved in legal proceedings, both as a claimant and as a defendant. These proceedings are routine matters of tenancy and other laws, and do not have a significant impact on the ADLER Group's business.

As of the date of this Offering Memorandum and other than the proceedings described under this section "Governmental, Legal, Arbitration or Similar Proceedings of the ADLER Group", there are no and have not

been within the last 12 months governmental, legal or arbitration proceedings (including pending or threatened proceedings) that could have a material adverse effect on the business of the ADLER Group.

Proceedings related to ADLER Real Estate's capacity as an indirect shareholder of conwert Immobilien Invest SE

In connection with ADLER Real Estate's acquisition of MountainPeak Trading Limited, Nicosia/Cyprus ("**MountainPeak**") (which held approximately 23% of the voting rights in conwert Immobilien Invest SE ("**conwert**") at the time) in August 2015, the Austrian Takeover Commission (*Übernahmekommission*), in a ruling dated November 30, 2016 and upheld by a binding ruling of the Austrian Supreme Court (*Oberster Gerichtshof*) dated March 1, 2017 and communicated to ADLER Real Estate on April 10, 2017, held that ADLER Real Estate, together with MountainPeak and certain other parties, all of whom acted in concert with respect to conwert, acquired a controlling stake in conwert on September 29, 2015 (the "**Conwert Acquisition**") and, ultimately, wrongly failed to make a mandatory takeover offer to the remaining shareholders of conwert at that time.

ADLER Real Estate is exposed to potential restitution proceedings in which shareholders and holders of convertible bonds issued by conwert may seek damages from ADLER Real Estate (among others), asserting that these shareholders sold shares or convertible notes at a price that was lower than the minimum offer price that the involved parties would have been obliged to pay to shareholders of conwert in the context of the wrongfully omitted takeover offer.

Nine damage claims of former shareholders of conwert with a cumulative dispute amount of approximately €7.7 million are pending at the Vienna Commercial Court (*Handelsgericht Wien*) in connection with the Conwert Acquisition as of the date of this Offering Memorandum. In the first proceeding related to the aforementioned damage claim and following a ruling by the Vienna Commercial Court (*Handelsgericht Wien*) on April 18, 2019, the claim was ultimately dismissed by the Higher Regional Court Vienna (*Oberlandesgericht Wien*) in a ruling dated November 25, 2019. As a part of the Conwert Acquisition, ADLER Real Estate issued mandatory convertible notes in an amount of €75 million at a conversion price of €6.50 per share, which was significantly above the market price of the ADLER Real Estate shares at that time. Depending on the valuation method applied, the purchase price for one conwert share at the time varied between approximately €3.50 and more than €5.00. The financial impact of any restitution claims and proceedings, including the aforementioned nine damage claims, is largely dependent on the share price that the Austrian Takeover Commission (*Übernahmekommission*) determines to be the minimum price that would have had to be paid under a mandatory takeover offer to shareholders of conwert. Due to a lack of factual basis as of the date of this Offering Memorandum, ADLER Real Estate believes that, as of the same date, it is not in a position to give a sufficiently reliable estimate of the potential financial impact but assumes that such assertions could result in restitution claims exceeding a total of €10 million. The limitation period for the assertion of any additional claims expires mid-June 2020.

In addition, ADLER Real Estate was and, as of the date of this Offering Memorandum, is involved in certain administrative penal proceedings in relation to the Conwert Acquisition, none of which, however, it believes could have a material adverse effect on its business. ADLER Real Estate has not recorded any provisions in relation to the Conwert Acquisition.

Proceeding related to ADLER Real Estate's acquisition of a stake in BCP

In connection with ADLER Real Estate's acquisition of a 69.81% stake in BCP in April 2018, a petition to certify a class action law suit was filed with the Tel Aviv District Court by a minority shareholder of BCP against, among others, ADLER Real Estate. BCP's petitioning minority shareholder (who holds one share in BCP) asserts that certain of ADLER Real Estate's agreements to purchase BCP shares, including by way of a put option agreement, violated applicable tender offer rules. The petitioner requests that the BCP shares acquired by ADLER Real Estate shall be declared dormant and, further, that the relevant class of shareholders shall be awarded certain monetary compensation and reimbursements (in an amount of approximately NIS 78 million to NIS 116 million). As of the date of this Offering Memorandum, no further shareholders of BCP have filed similar actions. As of the same date, ADLER Real Estate is of the view that it has good arguments to support the dismissal of the certification of the petition as a class action and does not intend to record provisions in relation thereto.

Material Agreements of the ADLER Group

The following section provides an overview of material agreements to which the ADLER Group is a party.

Business Combination Agreement

For a description of the Business Combination Agreement, see “*Business—Material Agreements—Business Combination Agreement*”.

Purchase Agreements

Acquisition of the Compass Portfolio

On September 11, 2017, the ADLER Group acquired a portfolio of approximately 2,500 rental units primarily in northern and western Germany (the “**Compass Portfolio**”). The acquisition of the Compass Portfolio was structured as a share transaction in which ADLER Real Estate acquired the shares of two Luxembourg limited liability companies. The total consideration paid for the Compass Portfolio amounted to €31 million.

Acquisition of Project Riverside

On November 13, 2017, the ADLER Group acquired eight properties for the development and construction of approximately 750 residential units with approximately 44,000 sqm of residential area and approximately 14,000 sqm of office and retail space (“**Project Riverside**”). The acquisition of Project Riverside was structured as a share transaction in which the ADLER Group acquired 94.9% of the shares in eight German limited liability companies owning the eight properties (the “**Riverside Companies**”) and included the purchase of shareholder loans. The total preliminary purchase price amounted to €17.6 million. The Riverside Companies hold building permissions or permission exemptions for six out of eight construction sites. One construction site contains an existing building under monumental protection which shall be refurbished and developed by the end of 2021, prospectively to contain commercial units. The eighth construction site, which currently contains a gas station, will be developed at a later stage. The Riverside Companies are party to a loan facility entered into on December 13, 2019, with DZ Hyp AG in an amount of €15.0 million for the purpose of financing the development project, secured by registered land charges over the Project Riverside properties. As of March 31, 2020, €8.5 million of the total purchase price payable for the Riverside Companies was outstanding.

Acquisition of a 69.81% stake in Brack Capital Properties N.V.

On April 2, 2018, ADLER Real Estate acquired 3,172,910 ordinary shares in BCP under a share purchase agreement entered into on February 16, 2018 (as amended) with Redzone Empire Holding Limited and, following a special tender offer in Israel, acquired an additional 1,994,278 ordinary shares in BCP. In addition, on the basis of tender commitment agreements with the senior management team of BCP, ADLER Real Estate acquired an additional 230,082 ordinary shares in BCP. As a result, ADLER Real Estate acquired a 69.81% stake in BCP for a total consideration of approximately €55 million.

Apollo Joint Venture Transactions

On December 21 and December 22, 2018, a subsidiary of the ADLER Group entered into a joint venture agreement (as amended) to facilitate joint ownership of AB IMMOBILIEN B.V. (the “**Apollo JV**”). ADLER Real Estate remains responsible for asset, property and facility management until the properties owned by the Apollo JV are sold to third parties. The Apollo JV runs for an indefinite term but may, following an initial period of ten years after the signing date, be terminated by either party with a notice period of three months.

Also on December 21 and December 22, 2018, companies within the ADLER Group and WESTGRUND Aktiengesellschaft (as sellers) entered into property sale and transfer agreements (which were amended from time to time) with the Apollo JV regarding real estate properties consisting of 2,300 residential and retail units, 535 parking spots and 59 other units located across Germany. The total consideration payable under the agreements amounted to €17.7 million and is subject to adjustments. The agreement was amended by notarial deeds on February 4, 2019 and on March 13, 2019.

As of March 31, 2020, ADLER recognized receivables from the Apollo JV in an amount of €45.5 million.

Acquisition of the Airportpark Schönefeld Nord

On May 6, 2019, subsidiaries within the ADLER Group acquired several undeveloped properties in Berlin-Schönefeld with a total property area of 190,000 sqm. The transaction was structured as a property purchase. The total consideration payable for the properties amounts to €103.5 million, payable in three installments and subject to certain conditions precedent. As of March 31, 2020, ADLER Real Estate had outstanding payment obligations in relation to these properties in an amount of €25.2 million, the last installment of which is due on December 31, 2020.

Joint Venture Acquisition

On June 26, 2019, companies within the ADLER Group entered into five share purchase agreements to acquire the sellers' respective co-investment holdings in seven joint venture companies. As a result of the acquisition, a fully consolidated subsidiary of ADLER Real Estate holds 10.1% of the shares in each joint venture company and the remainder of the shares is held by BCP or BGP. The total consideration paid for the co-investment holdings amounted to €90.9 million.

Sale Agreements

Sale of shares in ACCENTRO

On October 20, 2017, ADLER Real Estate (as seller) and Brookline Capital Limited Partnership (“**Brookline**”), incorporated under the laws of Guernsey (as buyer) entered into a share purchase agreement regarding 19,915,333 shares then held by ADLER Real Estate in ACCENTRO Real Estate AG (“**ACCENTRO**”), representing approximately 80% of the total share capital of ACCENTRO outstanding at that time, and convertible notes issued by ACCENTRO relating to a further 4,743,359 convertible notes with underlying ACCENTRO shares which were exercised for 5,013,730 shares but, at that time, not yet issued (the “**ACCENTRO SPA**”). The total purchase price under the ACCENTRO SPA amounted to €146.0 million. Under certain novation and amendment agreements, the payment obligation for outstanding amounts of the purchase price (including interest thereon and minus certain accelerated payments and dividend distributions), has been deferred four times. As of March 31, 2020, €135.3 million was paid to ADLER Real Estate and the outstanding amount (€7.0 million including interest as of March 31, 2020) is due for payment by Brookline until June 30, 2020.

Sale to the Caesar Joint Venture

On December 17, 2018, ADLER Real Estate entered into an agreement for the sale of around 1,400 rental units to Caesar Immobilienbesitz und Verwaltungs GmbH, Berlin (“**Caesar JV**”), a joint venture in which ADLER Real Estate holds a 25% interest. ADLER Real Estate continues to assume asset management functions for the sold units. The receivables outstanding from the sale to the Caesar JV are deferred and payable by December 1, 2022. A partial payment of €16.0 million must be made by December 1, 2020 at the latest. As of March 31, 2020, ADLER Real Estate recognized receivables (including interest claims) from the Caesar JV in an amount of €12.7 million.

Sale of BCP's retail portfolio

On March 22, 2019, BCP entered into a sale and purchase agreement with a private equity firm to sell three retail assets located throughout Germany for a purchase price of €80.6 million, representing approximately 37% of BCP's total retail portfolio (by sqm) at the time. BCP will retain a minority stake of 10.1% in the sold property holding companies as part of the share deal.

On June 28, 2019, subsidiaries of BCP sold eleven commercial properties located throughout Germany for a total purchase price of €128.6 million to an investor, representing approximately 26% of BCP's total retail portfolio (by sqm) at the time. As of March 31, 2020, the sale of these eleven commercial properties was not yet fully closed, as a result of which ADLER Real Estate recognized receivables thereunder in an amount of €50.0 million.

Sale regarding the Glasmacherviertel

On September 22, 2019, Brack Capital Germany (Netherlands) XLVIII B.V. entered into a sale and purchase agreement, as amended on December 26, 2019, pursuant to which sold its 75 percent interest in Glasmacherviertel GmbH & Co. KG, Gerresheim, Düsseldorf, with effect from June 1, 2019 for a total purchase price of €13.8 million, payable in four installments. As of March 31, 2020, the transaction is not yet fully closed, as a result of which ADLER Real Estate recognized receivables thereunder in an amount of €31.2 million and a shareholder loan in an amount of €9.3 million.

Material Financing Agreements of the ADLER Group

The ADLER Group entered into the following financing agreements as of the date of this Offering Memorandum.

2021 Convertible Bonds

In July 2016, ADLER Real Estate, based on an authorization of the general meeting of ADLER Real Estate, issued up to 10,000,000 convertible bonds due July 19, 2021 (the “**2021 Convertible Bonds**”) with currently still 8,300,031 outstanding (as of the date of this Offering Memorandum). The 2021 Convertible Bonds bear interest at a rate of 2.50% per annum, payable in arrear on January 19 and July 19 of each year. The current conversion price of the 2021 Convertible Bonds has been set at €2.5039 for each convertible bond, subject to the conversion mechanisms described in more detail in the terms and conditions of the 2021 Convertible Bonds (see below).

The terms and conditions of the 2021 Convertible Bonds provide that every holder of the 2021 Convertible Bonds may, until the effective date, (i) partially or in whole terminate the 2021 Convertible Bonds held, whereby ADLER Real Estate is obliged to repay these 2021 Convertible Bonds in their principle amount plus any interest accrued until the effective date, or (ii) convert the 2021 Convertible Bonds held on the basis of a conversion price amended against that background, if (a) a third person or a group of third persons acting in concert within the meaning of Section 2 para. 5 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) has become the legal or beneficial owner of more than 50% of the voting rights in ADLER Real Estate, or (b) in the event of a public tender offer for shares in ADLER Real Estate, circumstances where the shares already in the control of the bidder and the shares which have already been tendered carry in aggregate more than 50% of the voting rights in ADLER Real Estate, or (c) in case of the disposition or transfer of all or substantially all of ADLER Real Estate’s assets ((a) and (b) each an “**ADLER Change of Control relating to a public tender offer**”, and (a), (b) and (c) together, each an “**ADLER Change of Control**”) and when ADLER Real Estate gives notice thereof and of the relevant effective date to the holders of the 2021 Convertible Bonds. An ADLER Change of Control relating to a public tender offer occurred when 50% of ADLER Real Estate’s shareholders unconditionally accepted the ADLER Offer. For the avoidance of doubt, under the terms and conditions of the 2021 Convertible Bonds, regardless of the fact that an ADLER Change of Control relating to a public tender offer occurred, holders of the 2021 Convertible Bonds do not have the right to convert their holdings in the 2021 Convertible Bonds into shares of the Company.

Upon occurrence of an ADLER Change of Control and publication by way of notice thereof and of the effective date by ADLER Real Estate, the conversion price of the 2021 Convertible Bonds will be adjusted as further described in the terms and conditions of the 2021 Convertible Bonds and such adjusted conversion price will apply for conversions up to the relevant effective date.

The 2021 Convertible Bonds are subject to the following events of default:

- failure to deliver shares or to pay any amounts due and payable on the 2021 Convertible Bonds within 10 calendar days after the relevant due date;
- failure to perform any other material obligation under the 2021 Convertible Bonds and such failure continuing for 30 days after having received notice from a bondholder or the paying agent;
- cross-default in relation to any financial indebtedness of ADLER Real Estate or its material subsidiaries exceeding an amount of €15 million due to a financial liability or on the basis of a surety or guarantee;

- ADLER Real Estate or one of its material subsidiaries announcing its inability to pay its debts as they become due;
- ADLER Real Estate's or a material subsidiary's assets being subjected to insolvency proceedings, applying for or instituting such proceedings or offering or making an arrangement for the benefit of its creditors generally, or a third party applying for insolvency proceedings against ADLER Real Estate or a material subsidiary and such proceedings not discharged or stayed within 30 days;
- ADLER Real Estate ceasing its business operations in whole or selling or transferring its assets in whole or a material part thereof to a third party;
- ADLER Real Estate or a material subsidiary being wound-up, unless effected in connection with a merger;
- ADLER Real Estate applying for a revocation of the admission of its shares to the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or the 2021 Convertible Bonds no longer being admitted to or included in trading at a German securities exchange; or
- the legal inability to issue shares.

New York law-governed Notes

On December 6, 2017, ADLER Real Estate issued €800,000,000 senior unsecured notes in two tranches. The first tranche with a coupon of 1.500% per annum and an aggregate principal amount of €500,000,000 matures on December 6, 2021 (the “**2021 Notes**”). The second tranche with an aggregate principal amount of €300,000,000 and a coupon of 2.125% per annum matures on February 6, 2024 (the “**2024 Notes**” and, together with the 2021 Notes, the “**2021/2024 Notes**”). The average coupon for the total issue amounts to 1.734%. The 2021/2024 Notes are admitted to trading on the Main Market of the Euronext Dublin.

Under the terms and conditions of the 2021/2024 Notes, ADLER Real Estate has undertaken not to incur any indebtedness if, immediately after giving effect to the incurrence of such additional indebtedness and the application of the net proceeds of such incurrence, (a) the sum of (i) the consolidated indebtedness of the ADLER Group as of the last reporting date for which the most recent consolidated financial statements of ADLER Real Estate have been published and (ii) the net nominal indebtedness incurred since the reporting date would exceed 60% of the sum of (without duplication) (x) total assets as of the reporting date, (y) the purchase price of any real estate property acquired or contracted for acquisition since the reporting date and (z) the proceeds of any indebtedness incurred since the reporting date (but only to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness); or (b) the sum of (i) the consolidated secured indebtedness of ADLER Group as of the reporting date and (ii) the net nominal secured indebtedness incurred since the reporting date would exceed 40% of the sum of (without duplication) (x) total assets as of the reporting date, (y) the purchase price of any real estate property acquired or contracted for acquisition since the reporting date and (z) the proceeds of any indebtedness incurred since the reporting date (but only to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness).

Furthermore, under the terms and conditions, ADLER Real Estate has undertaken to comply with a so-called consolidated coverage ratio (ratio of the ADLER Real Estate's adjusted consolidated EBITDA to ADLER Real Estate's net cash interest in the relevant period) at certain dates. In accordance therewith, the interest cover ratio must be at least (a) 1.70 to 1.00, with respect to any reporting date falling on or after January 1, 2020 and on or before December 31, 2020; and (b) 1.80 to 1.00, with respect to any reporting date falling on or after January 1, 2021 and as long as any 2021/2024 Note is outstanding. In case of a breach of the aforementioned covenants, the noteholders have the right to extraordinary termination and the right to call the notes due immediately.

Additionally, and subject to certain exceptions, ADLER Real Estate has undertaken not merge or consolidate into any other person or sell, convey, transfer or lease all or substantially all of its properties and assets.

The 2021/2024 Notes are subject to the following events of default:

- failure to pay principal or premium due under the 2021/2024 Notes;

- failure to pay any interest or additional amounts due under the 2021/2024 Notes within 30 days from the relevant due date;
- failure to comply with any of the agreements in the 2021/2024 Notes or in the indentures thereof for 30 business days after written notice;
- cross-default in relation to any financial indebtedness of ADLER Real Estate or its subsidiaries to the extent it exceeds an aggregate amount of €15 million;
- failure by ADLER Real Estate or its subsidiaries to pay final and enforceable judgements and/or court orders to the extent it exceeds an aggregate amount of €15 million within 45 days from the relevant due date; or
- certain events of bankruptcy or insolvency with respect to ADLER Real Estate or its subsidiaries or certain group of subsidiaries.

In case of a change of control, subject to certain exceptions, the noteholders of the 2021/2024 Notes have the right to require ADLER Real Estate to repurchase all or any part of each noteholder's 2021/2024 Notes, whereby ADLER Real Estate shall offer a payment in cash equal to 101% of the aggregate principal amount of the 2021/2024 Notes purchased plus accrued and unpaid interest and additional amounts.

On January 16, 2020, the noteholders of the 2021/2024 Notes consented to waive any obligation of ADLER Real Estate to repurchase the Notes as a consequence of the anticipated change of control which resulted when the Business Combination was completed.

German law-governed Notes

In April 2018, ADLER Real Estate issued senior unsecured notes in the aggregate principal amount of €500,000,000 due April 27, 2023 (the “**2023 Notes**”) and €300,000,000 due April 27, 2026 (the “**2026 Notes**”) and, together with the 2023 Notes, the “**2023/2026 Notes**”). In April 2019, ADLER Real Estate issued senior unsecured notes in an aggregate principle amount of €400,000,000 due April 17, 2022 (the “**2022 Notes**”) and, together with the 2023 Notes and the 2026 Notes, the “**ADLER Notes**”). The 2023 Notes bear interest at a rate of 1.875 % p.a., the 2026 Notes bear interest at a rate of 3.00 % p.a. and the 2022 Notes bear interest at a rate of 1.500 % p.a. The terms and conditions of the ADLER Notes provide that if any person or persons acting in concert within the meaning of Section 2 para. 5 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) or any person or persons acting on behalf of any such person(s), at any time directly or indirectly acquire(s) or come(s) to own (i) more than 50% of the share capital in ADLER Real Estate, or (ii) such number of shares in the share capital of ADLER Real Estate carrying in aggregate more than 50% of the voting rights in ADLER Real Estate, each holder of the ADLER Notes shall have the right to require ADLER Real Estate to redeem or purchase in whole or in part his ADLER Notes, within 60 days after a put event notice has been published at 101% of the principal amount of such ADLER Note plus any unpaid accrued interest.

Under the terms and conditions of the ADLER Notes, ADLER Real Estate has undertaken that neither itself nor its material subsidiaries will incur any financial indebtedness subject to compliance with certain financial covenants as further described in the terms and condition of the ADLER Notes and that it will maintain a consolidated coverage ratio of 1.70 to 1.00 until December 31, 2020 and 1.80 to 1.00 after January 1, 2020. Furthermore, and subject to certain exceptions, ADLER Real Estate shall not merge, amalgamate or consolidate with or into any other person or sell, convey, transfer or lease all or substantially all of its properties and assets.

The ADLER Notes are subject to the following events of default:

- failure to pay any principal due under the ADLER Notes;
- failure to pay any interest due under the ADLER Notes within 30 days from the relevant due date;
- failure to perform any other material obligation under the ADLER Notes and such failure continues for 60 days after having received notice from a holder;
- failure to comply with any financial covenant or the consolidation, merger and sale of asset clause;

- cross-default in relation to any financial indebtedness of ADLER Real Estate or its subsidiaries to the extent it exceeds an amount of €15 million;
- ADLER Real Estate or any subsidiary announcing its inability to pay its debts as they become due;
- ADLER Real Estate's or a material subsidiary's assets being subjected to insolvency proceedings or applying for or instituting such proceedings and such proceedings not discharged or stayed within 60 days; or
- ADLER Real Estate entering into liquidation, unless effected in connection with a merger.

On January 8, 2020, ADLER Real Estate launched a consent solicitation to allow ADLER Real Estate to complete the Business Combination without being required to redeem or purchase the ADLER Notes as a consequence of the anticipated change of control that resulted when the Business Combination was completed. On February 3, 2020, ADLER Real Estate announced that the noteholders have agreed to the changes of the terms and conditions of the notes. Noteholders have the statutory right to contest any resolution adopted by the noteholders. The statutory contestation period expired on March 3, 2020.

2020 Loan Agreement with Landesbank Baden-Württemberg

On June 29, 2020, certain group companies of the ADLER Group as borrowers entered into a loan agreement with Landesbank Baden-Württemberg (“**LBBW**”) as lender made available for the purpose of certain refinancings as well as general corporate use (the “**LBBW ADLER Loan Agreement**”) which can be drawn upon in a maximum of two utilizations, of which the first utilization must be a minimum of €50 million. The LBBW ADLER Loan Agreement provides for a loan facility in the amount of €10 million (the “**LBBW ADLER Loan Facility**”). The aggregate utilization of the LBBW ADLER Loan Facility is limited to a maximum of 95% of the loan-to-mortgage lending value and a maximum LTV ratio of 73%. The LBBW ADLER Loan Facility is repayable in monthly installments of one-twelfth of 2.0% p.a. of the initial loan amount and the interest rate is fixed at 1.96% p.a. for ten years.

All claims in connection with the loan are secured by land charge and pledges of rent payment bank accounts. Under the LBBW ADLER Loan Agreement the borrowers covenant to not incur any additional debt (with the exception of shareholder loans) and will not provide any further collateral to any third parties.

The loan is subject to market-standard reporting and financial covenants, including the maintenance of the portfolio quality. Under the LBBW ADLER Loan Agreement the borrowers must comply with a 100% loan-to-mortgage lending value and an LTV ratio of 75% (annually declining by 1%). In case a financial ratio is not met, the borrowers must provide sufficient additional collateral or make an appropriate repayment so that the financial ratio is again met.

The LBBW ADLER Loan Agreement is due for repayment on the date falling ten years after the date of the first utilization of the LBBW ADLER Loan Facility.

2014 Loan Agreement with LBBW (Berlinovo)

On December 19, 2014, Westgrund Wolfsburg GmbH, Westgrund Niedersachsen Nord GmbH, Westgrund Niedersachsen Süd GmbH, Westgrund Brandenburg GmbH Westgrund VII. GmbH, WAG Görlitz GmbH and WAG Neubrandenburg GmbH as borrowers entered into a loan agreement with LBBW as lender with respect to a principal amount of up to €297 million in connection with a portfolio acquisition. The non-revolving loan amount is divided into a fixed-interest tranche in an aggregate principal amount of €72.8 million with an interest rate of 2.14% p.a. (“**Tranche A**”) and a variable-interest tranche in an aggregate principal amount of up to €24.2 million (“**Tranche B**”).

To secure the claims of the lender, land charges were created for the benefit of the lender with respect to the financed properties and further collateral was provided, in particular, by assignment of claims arising under sale and purchase agreements with respect to the collateral assets, assignment of claims under all lease agreements for the collateral assets and pledging of accounts, in particular, rent collection accounts.

Under the loan agreement, the borrowers are obligated to comply with a debt service cover ratio (“**DSCR**”) covenant. The DSCR shall not be less than 115%. Additionally, the borrowers have to comply with a loan-to-value covenant of an initial maximum of 75% and a maximum of 65% as of January 2, 2021. In case of non-compliance with one or more of the financial ratios, the lender is entitled to revoke the power of disposition regarding the rental accounts that was granted to the borrowers. The agreement provides for mechanisms (e.g. up to four reserve payments during the term of the agreement) to remedy any non-compliance with the agreed financial ratios.

The agreement also provides for various rights of termination in favor of the lender, in particular, in case of (i) default in payment, (ii) non-compliance with a financial ratio which is not remedied, (iii) a change of controlling interests in the borrowers, (iv) a conversion, merger, demerger or change of legal form of one of the borrowers, (v) a default in payment of at least €100,000 vis-à-vis third parties (“cross default”) and (vi) a sale of one or more collateral assets contrary to the provisions of the loan agreement. Moreover, a material deterioration of the financial situation of the borrowers or the value of the collateral constitutes a reason for termination under the agreement.

Tranche B was fully repaid in 2015. Tranche A is due for repayment on December 31, 2021. As of March 31, 2020, €197.4 million (including interest) was outstanding.

2015 Loan Agreement with LBBW (Ajax)

On July 27, 2015, WESTGRUND VIII. GmbH as borrower entered into a loan agreement with LBBW as lender with respect to a principal amount of €76 million (the “**2015 WESTGRUND Loan**”) in connection with the financing of an acquisition of a portfolio comprising of approximately 2,700 residential units at 40 locations in eastern Germany. The non-revolving loan amount comprises a fixed-interest tranche in an aggregate principal amount of approximately €67.1 million (with interest rates of 2.56% per annum for an amount of €49.4 million and 2.48% per annum for an amount of €17.7 million) and a variable-interest tranche with a volume of approximately €8.9 million. Moreover, the 2015 WESTGRUND Loan carries an additional interest rate corresponding to the three-month EURIBOR plus 1.77% per annum. To secure the claims of the lender, mortgages with respect to the financed properties were created for the benefit of the lender. Additional security was created by assignment of claims under sale and purchase agreements and assignment of claims under all lease agreements and pledging of rent collection accounts. Under the 2015 WESTGRUND Loan, the borrower undertook to comply with a DSCR of at least 115% and with an LTV ratio that varies at certain points in time between a maximum of 77.5% until and including June 30, 2017 and a maximum of 61.5% as of July 1, 2024. In case of non-compliance with one or more of the financial ratios, the lender has the right to revoke the power of disposition regarding the rent collection accounts that was granted to the borrower. The agreement provides for mechanisms to remedy any non-compliance with the agreed financial ratios by payments to a reserve account; these payments are limited to four additional payments during the term of the agreement. The agreement also provides for various rights of termination in favor of the lender, in particular in case of (i) default in payment, (ii) non-compliance with a financial ratio which is not remedied, (iii) a change of controlling interests in the borrower, (iv) a conversion, merger, demerger or change of legal form of the lender without the prior consent of the lender, (v) a default in payment of at least €100 thousand vis-à-vis third parties, (vi) a sale of one or more of the collateral assets contrary to the provisions of the loan agreement, and (vii) a material deterioration of the financial situation of the borrower.

The 2015 WESTGRUND Loan will be due for repayment on July 31, 2025. As of March 31, 2020, €9.1 million (including interest) was outstanding.

2016 Loan Agreement with Helaba

On September 29, 2016 Brack Capital Germany (Netherlands) XXX B.V., Brack Capital Germany (Netherlands) XXI B.V., Brack Capital Germany (Netherlands) XIX B.V., Brack Capital Germany (Gelsenkirchen) B.V., Brack Capital Germany (Ludwigfelde) B.V., Brack Capital Germany (Remscheid) B.V., Brack Capital Germany (Neubrandenburg) B.V. and InvestPartner GmbH as borrowers entered into a loan agreement for a multi-tranche loan facility in an amount of up to €30.0 million with Landesbank Hessen-Thüringen Girozentrale as lender (the “**2016 Helaba Loan**”) in connection with the refinancing of existing financial liabilities and fees, for the partial refinancing of shareholder loans, the financing of capital expenditure in relation to existing assets as well as to partially finance the purchase of further assets.

The first tranche provides for a loan in the amount of the lesser of (i) €10.0 million, and (ii) the amount which corresponds to an LTV ratio in the amount of 70% of the collateral assets existing under the 2016 Helaba Loan (“**Tranche 1**”). The second tranche provide for a loan in the amount of the lesser of (i) €20 million, and (ii) the amount which results in an LTV ratio of 75 %, and (iii) the amount that, if it is used to finance an additional collateral asset in (y) Hanover, corresponds to the twelvefold of the annual net cold rent, or (z) North Rhine-Westphalia, corresponds to the tenfold of the annual net cold rent (“**Tranche 2**”).

Tranche 1 is repayable in monthly instalments in the total of 2% p.a. of €10.0 million. Tranche 2 is repayable in monthly instalments in the total of 2% p.a. of the drawn loan amount. Both Tranche 1 and Tranche 2 each carry an indicative nominal interest rate of 1.23% subject to an amendment to reflect the refinancing rate plus a margin of 1.20% p.a. Under the 2016 Helaba Loan, the borrowers are obligated to comply with a DSCR covenant, whereby the DSCR shall not be less than 135%. Additionally, the borrowers must comply with an loan-to-value covenant of a maximum of 75%. The agreement also provides for various rights of termination in favor of the lender, in particular, in case of (i) default in payment, (ii) material deterioration of the financial situation of the borrowers, (iii) non-compliance with a financial ratio which is not remedied (iii) initiated insolvency proceedings/requested enforcement or, (iv) the sale of the collateral assets.

The 2016 Helaba Loan is due for repayment at the end of September 2021. As of March 31, 2020, €102.2 million (including interest) was outstanding.

2017 Loan Agreement with Natixis

On August 18, 2017, Brack Capital Germany (Netherlands) XXXV B.V., Brack Capital Germany (Netherlands) XXXVII B.V. and Brack Capital Germany (Netherlands) XXXVIII B.V. as borrowers entered into a loan agreement for loan facilities in an aggregate amount of €50.0 million with Natixis Pfandbriefbank AG as lender in connection with the refinancing of existing debt and in connection with general corporate purposes (the “**2017 Natixis Loan**”).

Loans under a refinancing facility in an amount of €32.6 million (the “**Refinancing Facility**”), which may only be used in connection with the refinancing of existing debt, are repayable in quarterly instalments of 0.5% of the amount drawn under the first utilization of the Refinancing Facility. The interest rate of each loan drawn under the Refinancing Facility equals a margin between 1.00% p.a. (for an LTV ratio below 45%) and 1.30% p.a. (for an LTV ratio equal to or greater than 55%) plus a swap rate. The last repayment under the Refinancing Facility is due on August 18, 2022.

Loans under a credit facility in an amount of €17.4 million (the “**Credit Facility**”), which may be used in connection with general corporate purposes are repayable in quarterly instalments of 0.5% of all amounts drawn under the Credit Facility. The interest rate on each loan drawn under the Credit Facility equals a margin between 1.00% p.a. (for an LTV ratio below 45%) and 1.30% p.a. (for an LTV ratio equal to or greater than 55%) plus a swap rate 1% p.a. plus EURIBOR. The last repayment under the Credit Facility is due on August 18, 2022.

The 2017 Natixis Loan includes market-standard reporting and financial covenants as well as undertakings by the borrowers. Furthermore, the 2017 Natixis Loan is subject to market-standard events of defaults and cancellation rights, including in the event of a change of control and major damage to certain properties of the borrowers.

As of March 31, 2020, €47.6 million (including interest) was outstanding.

2017 Loan Agreement with DZ HYP AG (AFP II + AFP III Germany)

On May 16, 2017, AFP (Germany) II GmbH and AFP (Germany) III GmbH as borrowers entered into a loan agreement for a term loan facility in an amount of €56.4 million with DZ HYP AG (“**DZ HYP**”) as lender in connection with the refinancing of certain existing financings with DZ HYP and the repayment of shareholder loans in relation to a portfolio of properties.

The loan is structured as an amortizing term loan and is repayable in quarterly installments of 1.5% p.a. of the initial loan amount and with any remaining outstanding amounts to be repaid at maturity. The interest rate is 1.75% p.a. above the three-month EURIBOR determined for the respective interest period. The reference interest rate shall never be less than zero. To the extent that the properties are not eligible for a covered bond,

the interest increases by an amount of 0.2% p.a. In addition, the loan agreement provides for a hedging obligation limiting the interest exposure to a maximum of 2.75% p.a. To secure all claims of DZ HYP arising from the loan, it was agreed to, among others, provide uncertificated (first and second ranking) registered land charges in an amount of approximately €57 million on the collateral assets plus annual land charge interest of 15% and a 10% non-recurring ancillary payment. In addition, collateral was provided, in particular: (i) assignment of all rights and claims arising from interest hedging agreements, (ii) assignment of all existing and future claims from property insurance contracts, which have been or will be entered into in connection with the collateral assets, (iii) assignment of the rental claims from all lease agreements entered into or to be entered into with respect to the collateral assets, (iv) pledge of the rent collection account, (v) pledge of the cash-trap account, (vi) assignment of all existing and future claims from future sale and purchase agreements, as well as (vii) a letter of subordination and a loan maintenance agreement of the shareholders of the borrowers for own funds contributed or to be contributed through intercompany loans. DZ HYP has customary extraordinary termination rights (including but not limited to insolvency, material misrepresentations, and insufficient insurance cover not providing additional security if so requested by DZ HYP). Under certain conditions, DZ HYP has the right of extraordinary termination of the loan agreement in the event of a change of control of the borrowers or in case of non-compliance with certain financial covenants (debt service cover of at least 110% and an LTV ratio not exceeding 82%, in each case subject to customary cure provisions).

The loan is due for repayment on April 30, 2022. As of March 31, 2020, €3.9 million (including interest) was outstanding.

2019 Loan Agreement with DKB

On March 20, 2019, BCRE Leipzig Wohnen West B.V., BCRE Leipzig Wohnen Ost B.V. and BCRE Leipzig Wohnen Nord B.V. as borrowers entered into a loan agreement for a loan facility in an amount of €70.8 million with Deutsche Kreditbank Aktiengesellschaft (“**DKB**”) as lender in connection with the refinancing of certain financings with DKB and the long-term financing of assets in Leipzig.

The loan is structured as an annuity loan and is repayable in quarterly installments of 2.5% p.a. of the initial loan amount plus accrued interest. The interest rate is fixed at 1.180% p.a. The loan is subject to market-standard reporting and financial covenants, including the maintenance of the borrower’s equity. A binding subordination agreement for the benefit of DKB is required for any funds that are brought into the borrowers’ companies in the form of shareholder or third-party loans. The borrowers are obligated to carry out maintenance work in an annual amount of €1.2 million on the collateral asset or, in case of a shortfall, accumulate any such difference as savings with DKB. In the event of a shortfall of the borrowers debt service capacities, the borrowers are obligated to credit any rent surplus to a maintenance account pledged in favor of DKB.

To secure all claims of DKB arising from the loan, the borrowers granted DKB land charges in an amount of approximately €70.8 million on the collateral assets.

The loan is due for repayment on October 30, 2028. As of March 31, 2020, €69.0 million (including interest) was outstanding.

2019 Loan Agreement with DZ HYP

On December 13, 2019, RIV Harbour West MI 1 GmbH, RIV Harbour East WA 1 GmbH, RIV Central WA 2 GmbH, RIV Square West MI 3 GmbH, RIV Square East WA 3 GmbH, RIV Channel MI 4 GmbH and RIV Kornspeicher GmbH as borrowers entered into a loan agreement for a term loan facility in an amount of €215.0 million with DZ HYP as lender in connection with the refinancing of certain existing financings and the financing of development cost in relation to one property.

The loan is structured as a two-tranche amortizing term loan and is repayable in quarterly installments of 1.5% p.a. of the initial loan amount and with any remaining outstanding amounts to be repaid at maturity. With respect to the first tranche in an amount of €200.0 million, the first repayment installment of which is due from January 1, 2021, interest at a fixed rate of 1.19% is payable quarterly. With respect to the second tranche in an amount of €15.0 million, the first repayment installment of which is due from January 1, 2022, interest at a rate of 1.20% p.a. above the three-month EURIBOR (or an reference interest rate similar thereto), determined for the respective quarterly interest period. The reference interest rate shall never be less than zero. To secure all claims

of DZ HYP arising from the loan, it was agreed to, among others, provide first ranking registered land charges in a total amount of €215 million on the collateral assets plus annual land charge interest of 15% and a 10% non-recurring ancillary payment. In addition, collateral was provided, in particular: (i) assignment of all rights and claims arising from the general contractor agreement, including from the bank guarantee provided by the general contractor and including warranties assumed from the general contractor, (ii) assignment of the rental claims from all lease agreements entered into or to be entered into with respect to the collateral assets, (iii) pledge of the rent collection account, as well as (iv) a letter of subordination and a loan maintenance agreement of the shareholders of the borrowers for existing and future shareholder loans. Additionally, ADLER Real Estate has provided a debt service guarantee in an amount of €6.5 million, conditional until, among others, an occupancy rate of 92.5% has been reached and, further, undertaken to compensate DZ HYP for any debt service deficits of the borrowers. DZ HYP has customary extraordinary termination rights (including but not limited to insolvency, material misrepresentations, and insufficient insurance cover not providing additional security if so requested by DZ HYP). Under certain conditions, DZ HYP has the right of extraordinary termination of the loan agreement in the event of a change of control of the borrowers or in case of non-compliance with certain financial covenants (debt service cover of at least 110% and an LTV ratio not exceeding 60%, in each case subject to customary cure provisions).

The loan is due for repayment on November 30, 2029. As of March 31, 2020, €204.5 million (including interest) was outstanding.

Debentures issued by Brack Capital Properties N.V.

Series B Debentures

BCP has published a shelf prospectus on May 24, 2012 (as amended on May 9, 2013 and on July 14, 2014) and on May 28, 2015, under which debentures have been issued on May 21, 2013 and February 4, 2014, with an issue size of NIS 175,000,000 and NIS 65,000,000, respectively (the “**Series B Debentures**”). According to BCP’s consolidated financial statements as of and for the three-month period ended March 31, 2020, the outstanding par value balance under the Series B Debentures is NIS 180.0 million. Interest shall be paid biannually on June 30 and on December 31 of each of the years 2013 through 2024. The interest rate is set by tender, but is linked to the consumer price index and subject to adjustment mechanisms as further described in the debenture. As of March 31, 2020, the annual interest rate was 3.29%. In order to secure the payment of principal and interest under the Series B Debentures, BCP has pledged in favor of the trustee, as trustee of the holders of the Series B Debentures, 640,027 shares of BGP as of March 31, 2020.

The Series B Debentures shall be redeemed in twelve annual installments that shall be paid on December 31 of each one of the years 2013 through 2024, whereby in each one of the first seven installments 4% of the principal shall be paid and in the last five installments 14.4% of the principal shall be paid.

Series C Debentures

BCP has published a shelf prospectus on May 24, 2012 (as amended on May 9, 2013 and July 14, 2014), under which debentures have been issued on July 22, 2014 and April 4, 2016, with an issue size of NIS 102,165,000 and NIS 85,015,000, respectively (the “**Series C Debentures**”). According to BCP’s consolidated financial statements as of and for the three-month period ended March 31, 2020, the outstanding par value balance under the Series C Debentures is NIS 147.1 million. Interest shall be paid biannually on January 20 and on July 20 of each of the years 2015 through 2026. The interest rate is set by tender, but is linked to the consumer price index and subject to adjustment mechanisms as further described in the debenture. As of March 31, 2020, the annual interest rate was 3.30%. In order to secure the payment of principal and interest under the Series C Debentures, BCP has pledged in favor of the trustee, as trustee of the holders of the Series C Debentures, 394,430 shares of BGP as of March 31, 2020.

The Series C Debentures shall be redeemed in twelve annual installments that shall be paid on July 20 of each one of the years 2015 through 2026, whereby in each one of the nine first installments 2% of the principal shall be paid, in the tenth installment 17% of the principal shall be paid and in the last two installment 32.5% of the principal shall be paid.

Share Purchase Agreements for Consus Real Estate Shares

On December 15, 2019, the Company also entered into the Share Purchase Agreements to acquire a 22.18% stake in Consus Real Estate at an average price of €9.72 per share in Consus Real Estate (the “**Consus Real Estate Minority Acquisition**”). The purchase price amounts to approximately €294 million in cash. The Consus Real Estate Acquisition closed on December 20, 2019 (in relation to the Share Purchase Agreements that are not subject to merger control clearances as a closing condition) and on January 3, 2020 (for one Share Purchase Agreement that is subject to merger control clearance as a closing condition).

As a result of the completion of the ADLER Offer, the Company held, directly and indirectly, 25.75% of the share capital of Consus Real Estate.

Call/Put-Option Agreement

On December 15, 2019, the Company entered into the Call/Put-Option Agreement, as amended.

On May 26, 2020, the Company received the merger control clearance pursuant to Section 39 of the German Act Against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen – GWB*) in anticipation of a potential exercise of the call option under the Call/Put-Option Agreement.

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised the call option under the Call/Put-Option Agreement. The Consus Real Estate Call Option Exercise occurred by transfer of newly issued shares in the Company and transfer of the Company’s treasury shares previously indirectly held by ADLER Real Estate.

Consus Offer

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make the Consus Offer. The Consus Offer will be based on an exchange ratio, adjusted for the results of the Rights Issue, of one share in Consus Real Estate for 0.272 newly issued shares in the Company as consideration.

Strategic Cooperation Agreement

On December 15, 2019, the Company and Consus Real Estate entered into the SCA to engage in a strategic partnership and strategic cooperation and, to the extent legally permissible, work together to thoroughly investigate and potentially undertake mutually beneficial property developments, including the acquisitions of land plots for new-builds, project financing, construction and property management (the “**Strategic Cooperation**” and, together with the Business Combination, the Consus Real Estate Acquisition and the Call/Put-Option Agreement, the “**Transactions**”).

As part of the Strategic Cooperation, the Company and Consus Real Estate are working closely together on residential development projects and Consus Real Estate has provided a right to the Company to allow it to match any offer from a third party on property development projects worked on together.

Following the conclusion of the SCA, on January 17, 2020, the Company entered into a letter of intent with Consus Swiss Finance AG, which as amended on February 21, 2020, for the purchase of 89.9% of the shares in all companies that hold plots of land belonging to the *Holsten Quartier* project development in Hamburg (the “**Holsten Quartier**”). The provisional purchase price for 100% of the shares in Holsten Quartier is €320 million on a cash-free debt-free basis, subject to finalization of the Company’s due diligence. In exchange for a €50 million down-payment, Consus Swiss Finance AG granted the Company exclusivity for twelve months to continue and finalize the legal, technical, economic and tax due diligence. There is no obligation to enter into a share purchase agreement and the signing of the share purchase agreement is subject to the satisfactory completion of the due diligence.

Description of the Consus Group

Consus Real Estate AG (LEI 9676007H44QN6VYEBV03) (“**Consus Real Estate**” and, together with its consolidated subsidiaries, the “**Consus Group**”) is a German stock corporation (*Aktiengesellschaft*) incorporated and operating under the laws of Germany, registered with the commercial register of the local court (*Amtsgericht*) in Berlin, Charlottenburg under registration number HRB 191887 B. Consus Real Estate operates under the commercial name “Consus Real Estate”. It has its business address at Kurfürstendamm 188-189, 10707 Berlin, Germany (telephone: +49-30-965-357-90-260, website: www.consus.ag). The legal predecessor of Consus Real Estate, Palmengarten Vertriebs- und Marketing GmbH, was incorporated on December 18, 2008 and Consus Real Estate is established for an indefinite period of time. As of March 31, 2020, Consus Real Estate’s operating, and therefore material, subsidiaries are Consus RE AG (formerly CG Gruppe AG) (“**Consus RE**”) and Consus Swiss Finance (formerly SSN Group AG).

On June 22, 2020, Consus Real Estate acquired the outstanding 25% minority stake (on a fully diluted basis) in Consus RE, for new shares in Consus Real Estate, which were issued by way of capital increase against contribution in kind (without subscription rights) and a cash component.

As of March 31, 2020, Consus Real Estate is not and has not been party to any governmental, legal or arbitration proceedings (including any pending or threatened proceedings) during the previous twelve months, which may have, or have had in the recent past, significant effects on its financial position or profitability.

As of the date of this Offering Memorandum, Consus Real Estate’s share capital amounted to €161,331,507.00, divided into 161,331,507 shares with a notional value of the Consus Real Estate’s share capital of €1.00 per share.

Following the settlement of the Consus Call Option Exercise, the Company will hold 104,777,489 of Consus Real Estate’s shares. As a result, the Company and Consus Real Estate will form a “factual group” (*faktischer Konzern*) as the Company will hold more than 50% of the share capital and voting rights in Consus Real Estate and, therefore, hold a controlling interest in Consus Real Estate. In the event that the Company will continue to hold a controlling interest in Consus Real Estate throughout the fiscal year 2020, Consus Real Estate will be required to prepare a dependency report (*Abhängigkeitsbericht*) on its relations with the Company in the fiscal year 2020. In the event that the Company’s shareholding and its voting rights in Consus Real Estate will fall below 50% following the settlement of the Consus Call Option Exercise, the Company will only continue to hold a controlling interest in Consus Real Estate if it has the *de facto* majority of votes during Consus Real Estate’s shareholders meetings due to the limited presence of free shareholders during such meetings (*beherrschender Einfluss durch faktische Hauptversammlungsmehrheit*).

The following description is predominantly based on publicly available information of the Consus Group as the Company was unable to conduct a full due diligence exercise of the Consus Group prior to the Consus Real Estate Acquisition.

Business of the Consus Group

The Consus Group is the leading pure-play developer of real estate properties with a focus on the Top 9 Cities in Germany in terms of square meters (*source*: Bulwiengesa—Consus Nr. 1). The Consus Group focuses on the development of residential units in the Top 9 Cities, which we primarily sell to institutional purchasers, including pension funds and insurance companies, by entering into forward sale agreements, which refer to the sale on a turn-key basis of properties still to be built at the expense of the seller. Additionally, it sells condominiums to retail purchasers by entering into purchase agreements providing for staggered payments, which become due when certain development milestones are reached. It also develops commercial and retail spaces to complement its project developments, primarily as part of mixed-use developments.

With the SSN Group AG (renamed to Consus Swiss Finance AG) acquisition in December 2018, and in combination with organic growth, the Consus Group significantly increased its targeted sales volume of its development projects from €6.2 billion of gross development value (“**GDV**”) as of December 31, 2017 to €12.3 billion of GDV as of March 31, 2020 as well as the number of development projects from 53 to 65 as of the same date. Its GDV as of March 31, 2020 was allocated in the Top 9 Cities as follows: Stuttgart/Karlsruhe

22%, Hamburg 17%, Berlin 14%, Düsseldorf/Dortmund 12%, Frankfurt/Offenbach 12%, Cologne 10%, Leipzig/Erfurt 7%, Munich/Bayreuth/Passau 4%, and Dresden 2%.

On May 8, 2020 and May 20, 2020, Consus Real Estate announced, among others, the divestment of 17 and 8 development projects with a GDV of €2.3 billion and €2.0 billion, respectively (together, the “**Consus May 2020 Divestments**”), thereby reducing the total number of development projects and total GDV to 40 and €8.0 billion, respectively. Subject to certain closing adjustments and conditions, the divestments are expected to close in the third quarter of 2020. The divested development projects primarily consist of projects located in non-core locations, including Bayreuth, Erfurt, Hamburg, Karlsruhe, Offenbach and Passau, and with a greater proportion of commercial uses, further focusing the Consus Group’s portfolio on residential developments in the Top 9 Cities. After giving effect to the Consus May 2020 Divestments, by GDV, 99% of the Consus Group’s portfolio will be located in the Top 9 Cities. Of the 25 sold development projects, 7 projects are under construction with the remaining 18 projects either being in development with construction expected to start in 2021 or 2022, or were yielding assets that Consus Real Estate had been planning to dispose of.

As a fully integrated development platform, the Consus Group covers the entire value chain of project development, including sourcing and acquisition of suitable land plots and real estate properties, development planning, obtaining required approvals, licenses and permits, marketing and sales of development projects through forward sales with institutional purchasers. In the first phase of the development process, it uses its local teams to utilize its stable and extensive relationships with local authorities and local real estate agents to identify land plots and real estate properties in attractive locations. The Consus Group’s business is carried out through teams at its subsidiaries Consus RE AG (formerly CG Gruppe AG) and Consus Swiss Finance AG (formerly SSN Group AG), which have strong property development track-records and an in-depth understanding of the development of residential real estate properties.

The Consus Group focuses on the development of modern, urban and affordable residential real estate properties that are supplemented by commercial spaces, including retail, hotels and offices, located in the Top 9 Cities, with a particular focus on large scale of residential real estate properties with at least 100 apartments, that are typically 50 to 70 square meters in size and consist of one to two bedrooms. Based on the net floor area, its projects consisted of approximately 52% residential units and 48% commercial and other units as of March 31, 2020. After giving effect to the Consus May 2020 Divestments, based on net floor area, its projects will consist of approximately 62% residential units and 38% commercial and other units.

After giving effect to the Consus May 2020 Divestments, the Consus Group’s forward- and condo-sales portfolio will consist of 24 projects and the non-strategic portfolio will consist of 5 projects, comprising approximately 49% and 17% of its total portfolio by GAV, respectively. Additionally, the Consus Group holds a core landbank of 11 projects with a GAV of approximately €1.0 billion (or 34% of its portfolio by GAV) in attractive locations across Germany, all of which are suitable to form part of the build-to-hold strategy over the long term. The Consus May 2020 Divestments enable Consus to focus its operations on the residential real estate development under its build-to-hold portfolio across the Top 7 Cities.

The Consus Group also renovates and converts office buildings and high-rises into modern residential and commercial complexes, which it then primarily sells to institutional purchasers under its “VauVau” brand (“**Vertical Villages**”). In addition, due to its own construction expertise, it is able to develop such real estate properties by utilizing its own construction teams as well as external contractors.

The Consus Group is headquartered in Berlin and has offices in each of the Top 9 Cities. As of March 31, 2020, it had 976 employees primarily focusing on the construction and sale of its development projects. The realization of a standard development project typically takes 30 to 48 months, and would typically take longer for more complex and larger projects, with the breakdown being 6 to 12 months for development plan and building permit and construction 24 to 36 months. For larger projects where an urban development plan is required, a further 18 months to up to 4 years may be required.

Portfolio of the Consus Group

The following table provides an overview of selected key data relating to the 65 development properties of Consus Group as of March 31, 2020:

No.	Consus Subsidiary Entity	Project Name	City	Approx. Total Sellable Area (sqm)	Sale status	Targeted delivery date
1	Consus RE	Four Living VauVau	Leipzig	20,300	Forward sold	2021
2	Consus RE	Cologne Apart VauVau	Cologne	24,000	Forward sold	2021
3	Consus RE	MaryAnn Apartments VauVau	Dresden	14,500	Forward sold	2021
4	Consus RE	UpperNord Tower VauVau	Düsseldorf	25,600	Forward sold	2022
5	Consus RE	NewFrankfurt Towers VauVau	Frankfurt / Offenbach	37,700	Forward sold	2021
6	Consus RE	Vitopia-Kampus Kaiserlei Resi	Offenbach	14,200	Forward sold	2023
7	Consus RE	Residenz am Ernst-Reuter Platz	Berlin	11,000	Forward sold	2020
8	Consus RE	Carré Sama Riga	Berlin	12,100	Forward sold	2020
9	Consus RE	Ostforum	Leipzig	17,800	Forward sold	2022
10	Consus RE	Residenz am Waldplatz	Leipzig	5,600	Forward sold	2020
11	Consus RE	Quartier Hoym	Dresden	27,700	Forward sold	2021
12	Consus RE	Dessauer/ Hamburger Straße	Leipzig	10,500	Forward sold	2021
13	Consus RE	Cologneo I Corpus Sireo	Cologne	53,800	Forward sold	2022
14	Consus RE	Königshöfe im Barockviertel	Dresden	15,500	Forward sold	2022
15	Consus Swiss Finance	Franklinstrasse 26	Berlin	11,300	Forward sold	2020
16	Consus Swiss Finance	No. 1	Mannheim	18,700	Forward sold	2020
17	Consus Swiss Finance	Bundesallee (incl. MOMENTE)	Berlin	28,700	Forward sold / Condominium sales	2021
18	Consus RE	Kreuzstraße	Leipzig	12,600	Forward sold	2022
19	Consus RE	Steglitzer Kreisel Tower	Berlin	27,300	Condominium sales	2021
20	Consus RE	Palatium (Palaisplatz Altbau)	Dresden	5,000	Condominium sales	2020
21	Consus RE	Miners	Cologne	2,800	Condominium sales	2020
22	Consus Swiss Finance	Wohnen an der Villa Berg	Stuttgart	4,400	Condominium sales / Forward sale LOI signed buildings 2 & 3	2020
23	Consus Swiss Finance	Peschl Quartiere	Passau	26,200		2023
24	Consus RE	Westend Ensemble - Grand Ouest	Frankfurt	9,100	Condominium sales	2021
25	Consus RE	Westend Ensemble - Upper West	Frankfurt	19,800		2023
26	Consus RE	Cologneo I Part2	Cologne	16,000		2022
27	Consus RE	Cologneo II*	Cologne	73,600		2025
28	Consus RE	COL III (Windmühlenquartier)	Cologne	24,000		2024
29	Consus RE	Forum Pankow	Berlin	39,600	FS in Neg.	2025
30	Consus RE	Vitopia-Kampus Kaiserlei Comm*	Offenbach	31,900		2024
31	Consus RE	Ostend	Frankfurt	42,600		2026
32	Consus RE	UpperNord Quartier	Düsseldorf	24,600	FS in Neg.	2023
33	Consus RE	Südtribüne	Dortmund	4,400		2021
34	Consus RE	Neuländer Quarree*	Hamburg	90,400		2025
35	Consus RE	Billwerder Neuer Deich*	Hamburg	52,000		2024
36	Consus RE	NY*	Hamburg	42,400		2024
37	Consus RE	Quartier C*	Karlsruhe	111,200		2026
38	Consus RE	GEM Hofgarten	Karlsruhe	20,100		2021
39	Consus RE	GEM H Portfolio*	Karlsruhe	113,700		2025
40	Consus RE	Böblingen	Stuttgart	9,300	FS in Neg.	2022
41	Consus RE	Schwabenland Tower	Stuttgart	16,600	FS in Neg.	2021
42	Consus RE	Max Reger Str	Erfurt	6,500		2023
43	Consus RE	TAP Hochhaus	Erfurt	7,700	FS in Neg.	2022
44	Consus RE	Ostplatz - FLI Mensa	Leipzig	3,100		2025
45	Consus RE	Ritterstraße	Leipzig	2,200	Sold / not closed	
46	Consus RE	Zerbster-/ Wittenberger Straße	Leipzig	18,800		2025
47	Consus RE	Wachendorff Quartier*	Bergisch-Gladbach	45,700		2024
48	Consus RE	Braugold	Erfurt	19,600		2024
49	Consus Swiss Finance	GlockenGut	Bayreuth	19,800	FS in Neg.	2023
50	Consus Swiss Finance	2stay	Frankfurt	31,700		2023
51	Consus Swiss Finance	Holsten Quartier	Hamburg	134,600	LOI signed LOI signed buildings A, B, C	2026
52	Consus Swiss Finance	Neues Korallusviertel	Hamburg	34,800		2023
53	Consus Swiss Finance	VAI Campus	Stuttgart	185,400		2026
54	Consus Swiss Finance	Covent Garden*	Munich	29,300		2025
55	Consus Swiss Finance	The Wilhelm	Berlin	17,200		2024
56	Consus RE	Benrather Gärten	Duesseldorf	210,800		2029
57	Consus RE	Plagwitz Development*	Leipzig	65,600		2023
58	Consus RE	Plagwitz Bestand	Leipzig	94,600		n/a
59	Consus RE	Bahrenfelder Carré Von Sauer Str, Steglitzer Kreisel Parkhaus & Sockel	Hamburg	19,100	FS in Neg.	2022
60	Consus RE	Mariannenpark	Berlin	46,500		2024
61	Consus RE		Leipzig Stuttgart, Baden-	45,600		2025
62	Consus RE	GEM other	Baden	6,100		
63	Consus RE	Dessauer Straße	Leipzig	7,700		
64	Consus RE	Arthur Hoffmann Straße	Leipzig	1,800		
65	Consus RE	Hallesches Ufer BT 1 - 3	Berlin	25,500	Sold / not closed	2020
Total**				2,248,000		

* Part of the Consus May 2020 Divestments.

** This overview of development properties includes the 25 development properties divested under the Consus May 2020 Divestments.

Giving effect to the Consus May 2020 Divestments, the number of total development properties owned by the Consus Group decreased to 40, with a GDV of €8.0 billion and approximately 1.27 million sqm of net floor area.

Build-To-Hold Landbank Portfolio

Giving effect to the Consus May 2020 Divestments, the Consus Group holds a core landbank of 11 projects with a GAV of approximately €1.0 billion (or 34% of its portfolio by GAV) in attractive locations across Germany, all of which are suitable to form part of the build-to-hold strategy over the long term.

The following table provides an overview of selected key data relating to 11 projects comprising the Consus Group's landbank included in its build-to-hold portfolio as of March 31, 2020 and after giving effect to the Consus May 2020 Divestments:

No.	Project Name	City	GAV (€million)	GDV (€billion)	Area (‘000 sqm)	Yield on cost (%)
1	Benrather Gärten	Düsseldorf	106	1.1-1.3	216	5.3
2	VAI Campus (without Eiermann)	Stuttgart	181	0.9-1.1	163	4.5
3	Holsten Quartier	Hamburg	312	0.9-1.1	150	4.4
4	Grand Central	Düsseldorf	–	0.6-0.7	86	3.7
5	Ostend	Frankfurt	109	0.3	43	3.7
6	Forum Pankow	Berlin	64	0.2	40	5.8
7	Neues Korallusviertel	Hamburg	33	0.2	38	3.7
8	COL III (Windmühlenquartier)	Cologne	36	0.1-0.2	24	5.0
9	UpperNord Quartier	Düsseldorf	36	0.1	26	3.8
10	Schwabenland Tower (Resi)	Stuttgart	49	0.1	12	4.2
11	Böblingen	Stuttgart	22	0.1	9	3.6
Total			944	4.7-5.3	806	approx. 4.5

* As of the date of this Offering Memorandum, Project “Grand Central” has not yet closed.

Property development business with institutional purchasers

The development of residential real estate properties is the “core” development business of the Consus Group. It primarily develops residential real estate properties by building new multistory apartment buildings. Its property development business planned for institutional purchasers amounted to a GDV of approximately €9.5 billion as of March 31, 2020, corresponding to approximately 77% of the development portfolio by GDV as of March 31, 2020. Additionally, the Consus Group also develops residential real estate properties by converting and refurbishing former commercial and/or industrial real estate properties. As part of mixed use developments, it also develops commercial and retail spaces to complement its project developments.

Vertical Villages

Vertical Villages consist of large-scale projects in prominent urban areas located in the Top 9 Cities. The Consus Group renovates and converts office buildings and high-rises into modern residential and commercial complexes, which it then places with the institutional purchasers under its “VauVau”-brand. The Vertical Villages development business amounted to a GDV of approximately €659 million as of March 31, 2020 and 5% of the total sellable area.

The Consus Group offers the residential units of its Vertical Villages fully or partially furnished with built-in kitchens and wardrobes. Furthermore, such residential units have shared facilities which either can be used by various tenants simultaneously or are available through a simple-use booking system, including dining rooms, guest apartments or work spaces. In addition, the development projects are supplemented by commercial and retail spaces and certain after-sales services, including full-time concierge services providing a contemporary concept for residential living.

Quarter development

With the development of entire quarters (*Quartiersentwicklung*), the Consus Group focuses on long-term developments in sustainable locations in metropolitan areas. These quarters are designed to redefine their

respective area with a mix of residential units and commercially used space providing for high living standards. Its quarter development amounted to a GDV of approximately €6.5 billion as of March 31, 2020, corresponding to 53% of the development portfolio by GDV.

Condominium sales

For its residential developments of condominiums, the Consus Group develops high quality residential units which it sells to investors and owner-occupiers. With this development segment, the Consus Group taps the broad owner-occupied housing market. It frequently renovates and converts commercial and office buildings to develop high-end residential apartments. Its condominium business development portfolio amounted to a GDV of approximately €2.8 billion as of March 31, 2020.

The condominiums are being sold through “RVG Real Estate Vertriebs GmbH”, which operates as a distribution channel for the Consus Group’s residential units by utilizing the experience and knowledge of its sales experts.

Yielding assets

The Consus Group owns a small number of yielding assets that generate cash flows from rental income which are often within or part of larger development projects within the Consus Group. The key locations are in Berlin and Hamburg and include the base of the Steglitzer Kreisel in Berlin, where the Consus Group is developing the tower, and a large parking facility in Hamburg.

Material Agreements of the Consus Group

The following provides an overview of agreements that are material to the Consus Group’s business:

Acquisitions and Divestments

Acquisition of shares in Consus Swiss Finance AG, SG Development GmbH and Wilhelmstraße I GmbH

On November 6, 2018, Consus Real Estate, as purchaser, and MAVA AG and LUCARA AG, as sellers, (together, the “**Sellers**”) entered into a share purchase agreement (the “**Acquisition Agreement**”) to acquire 93.4% of the shares in SSN Group AG (renamed to Consus Swiss Finance AG) (the “**Acquisition**”). Each of the Sellers agreed to sell all of its respective ordinary shares in SSN Group AG (the “**SSN Shares**”). The Acquisition Agreement provides for a cash purchase price of €104,125,000 to be paid to each Seller (the “**Share Purchase Price**”) and for the Share Purchase Price to be paid in two instalments: (i) the first instalment in the amount of €99,125,000 was paid by Consus Real Estate to each of the Sellers on November 23, 2018; and (ii) the second instalment in the amount of €5,000,000 shall be paid by Consus Real Estate to each of the Sellers upon satisfaction of certain earn-out conditions, including a trading profit threshold generated by certain acquired projects by October 1, 2022 (the “**Earn Out**”). In addition, Consus Real Estate agreed under the terms of the Acquisition Agreement to repay, on behalf of Consus Swiss Finance AG but by way of direct payment to Omison S.A. (“**Omison**”), the outstanding loans granted by Omison to Consus Swiss Finance AG in the amount of €47,055,848.40 (the “**Omison Loan**”). The Acquisition was completed on December 3, 2018 (the “**Acquisition Completion Date**”), and the total amount payable by Consus Real Estate to the Sellers under the terms of the Acquisition Agreement, including the Earn Out and Omison Loan payments, equals €255,305,848. Furthermore, for structural reasons, Consus Real Estate provided a €3,350,000 interest bearing loan under a loan agreement dated November 22, 2018 to Taurecon Invest V GmbH for the purpose of the acquisition of the shares in SSN Deutschland GmbH and Franklinstraße 26 a Verwaltungs GmbH.

In connection with the Acquisition, on December 3, 2018, Consus Real Estate also acquired 38.9% of the shares in SG Development GmbH and 85.9% of the shares in Wilhelmstraße I GmbH from Aggregate, the majority shareholder of Consus Real Estate, against the issuance of 26,875,000 new shares in Consus Real Estate at an issue price of €8.00 per share. Consus Swiss Finance AG indirectly holds 51% of the shares in SG Development GmbH. Accordingly, with the consummation of the acquisition of Consus Swiss Finance AG and the direct acquisition of the shares in SG Development GmbH, Consus Real Estate (directly and indirectly) holds 86.5% of the shares in SG Development GmbH.

Acquisition of shares in CG and Integration of CG

In 2017, Consus Real Estate entered into an agreement with Aggregate to acquire all shares in Consus Holding GmbH (“**Consus Holding**”), a holding company, which at that time held 17,500,000 shares of a total of 35,000,000 shares in CG Gruppe AG (“**CG**”), representing 50% of the shares, from Aggregate. Consus Real Estate further increased its shareholding in CG by acquiring additional 5% of the shares in CG from its chief executive officer (“**CEO**”). Additionally, Consus Real Estate acquired the remainder of the CG Convertible Bonds (as defined below) from Aggregate and following such acquisition became the sole bondholder of the CG Convertible Bonds, which is convertible into approximately 10% of the shares of CG and therefore, upon conversion, would further increase the shareholding of Consus Real Estate in CG by approximately 4% on a fully diluted basis. On August 2, 2018, Consus Real Estate entered into various purchase agreements with the shareholders of CG to acquire 30,187,500 shares in CG and, ultimately, to gain up to 75% on a fully diluted basis. Subject to the certain closing conditions, the purchase agreements envisage that (i) CG issues a convertible bond to Consus Real Estate for up to €50 million (the “**Consus Convertible Bond**”); (ii) certain shareholders, i.e., Gröner GbR, Gröner Unternehmensgruppe GmbH and Gröner Unternehmensgruppe GmbH, sell 2,279,771 ordinary shares for €66.9 million and Gröner Unternehmensgruppe GmbH contributes, as part of a contribution in kind, 3,407,729 shares for €100 million (however, the number of shares to be sold is limited to Consus Real Estate reaching 75% of the total shares outstanding on a fully diluted basis when aggregating the shares in connection with the convertible bond issued to Aggregate and the Consus Convertible Bond); and (iii) Consus Real Estate issues to Gröner Unternehmensbeteiligungen GmbH 8,333,334 shares in Consus Real Estate. Furthermore, the share purchase agreement provides for a lock-up period of three years in which Gröner Unternehmensbeteiligungen GmbH may not sell any shares in Consus Real Estate subscribed by it. More specifically, in August 2018, Consus Real Estate entered into share purchase agreements with three minority shareholders in CG in order to acquire, in aggregate, 5,687,500 shares in CG.

Acquisition of remaining interest in Consus RE from Gröner Group GmbH

On May 8, 2020, Consus Real Estate and Gröner Group GmbH entered into an agreement regarding the sale and transfer of 10,062,500 shares in Consus RE held by Gröner Group GmbH against issuance of 24,750,000 shares in Consus Real Estate and a cash payment of €27,500,000 to Gröner Group GmbH (“**Share-for-Share Agreement**”). The capital increase against contribution in kind was implemented by way of Consus Real Estate issuing and Gröner Group GmbH subscribing for 24,750,000 shares in Consus Real Estate against contribution of shares in Consus RE to Consus Real Estate. This capital increase was registered with the competent commercial register on June 22, 2020.

Share purchase agreement between Consus RE and various CG companies

Consus RE and, *inter alia*, Gröner Group GmbH, Gröner Capital GmbH and Gröner GbR (the “**CG Companies**”) entered into two share purchase agreements on May 8, 2020, as amended on June 9, 2020, and June 16, 2020, respectively, regarding the transfer of shares and certain shareholder loan receivables concerning a total of 13 project companies of Consus Real Estate holding 17 development projects against certain cash payments totaling approximately €350,000,000 (“**CG Divestment SPA**”). Consus RE’s liability for a breach of warranty is limited to title warranties. Claims for breach of warranty become time-barred 12 months from the closing date. Both parties may rescind the CG Divestment SPA if the purchase price under the CG Divestment SPA has not been paid by October 10, 2020. Under the CG Divestment SPA, Gröner Group GmbH indemnifies Consus RE from any liability to any of the transferred project companies for whatever reason, except for liabilities already accrued as of May 31, 2020 and potential claims from a breach of warranty.

Share purchase agreement between various subsidiaries of Consus Real Estate and Ajos RE 1 GmbH, Ajos RE 2 GmbH and Taurecon Invest X. GmbH

On May 20, 2020, Consus RE, together with certain subsidiaries of Consus Real Estate, as sellers, and Ajos RE 1 GmbH, Ajos RE 2 GmbH and Taurecon Invest X. GmbH, as purchasers, entered into a share purchase agreement regarding the transfer of shares and certain shareholder loan receivables concerning a total of 21 project companies of Consus Real Estate holding eight development projects against cash payment (the “**Ajos Divestment SPA**”). The Ajos Divestment SPA is subject to certain conditions precedent, including, among others, a satisfactory purchaser due diligence, the approval of minority shareholders of certain companies sold thereunder, the consent of financing banks and lenders thereunder. The purchasers are entitled to rescind the Ajos Divestment SPA if any of the conditions precedent thereto have not been fulfilled or waived by October

31, 2020. The total purchase price under the Ajos Divestment SPA, which the parties have agreed to not disclose, is subject to certain adjustments between the period of July 1, 2020 and October 31, 2020, including on the basis of an earn-out provision.

Material Financing Agreements of the Consus Group

Consus 2024 Senior Secured Notes

On May 3, 2019 and October 17, 2019, Consus Real Estate issued senior secured notes in an aggregate principal amount of €450,000,000 bearing a fixed annual interest at a rate of 9.625% and maturing on May 15, 2024 (the “**Consus 2024 Senior Secured Notes**”). The Consus 2024 Senior Secured Notes are admitted to trading on The International Stock Exchange. Subject to certain conditions and against payment of certain premiums, Consus Real Estate may redeem the Consus 2024 Senior Secured Notes prior to its maturity. Upon the occurrence of certain events constituting a change of control, Consus Real Estate may be required to make an offer to repurchase any and all of the Consus 2024 Senior Secured Notes at a redemption price equal to 101% of the principal amount thereof. Consus Real Estate shall not be required to make such an offer upon a change of control if a third party makes the offer in compliance with the requirements applicable to an offer made by Consus Real Estate and purchases all Consus 2024 Senior Secured Notes validly tendered. As of March 31, 2020, €450.0 million remained outstanding under the Consus 2024 Senior Secured Notes.

The settlement of the Consus Real Estate Call Option Exercise triggered a change of control under the Consus 2024 Senior Secured Notes. On July 17, 2020, Consus Real Estate published an announcement that, as a result of its change of control offer to purchase for cash any outstanding bonds under the Consus 2024 Senior Secured Notes, no bonds were validly tendered by the bondholders and have been or will be accepted for repurchase.

Consus 2022 Convertible Bonds

On November 29, 2017, Consus Real Estate issued convertible bonds in the aggregate principal amount of €200,000,000 due 2022 (the “**Consus 2022 Convertible Bonds**”). The Consus 2022 Convertible Bonds bear a fixed annual interest at a rate of 4.0%. Bondholders have the right to convert the Consus 2022 Convertible Bonds into shares of Consus Real Estate at an initial conversion price of €9.1885, which has, with effect as of July 24, 2018, been adjusted to a conversion price of €9.1706, subject to certain adjustments under certain circumstances. Consus Real Estate may redeem all of the bonds outstanding under the Consus 2022 Convertible Bonds if the share price of Consus Real Estate on at least 20 trading days during a period of 30 consecutive trading days exceeds 130% of the conversion price in effect on each such trading day. In case of a change of control, each bondholder may terminate all or part of the Consus 2022 Convertible Bonds and Consus Real Estate is obliged to redeem them at their principal amount plus accrued interest. If Consus Real Estate gives notice of a voluntary tender offer for its shares to the bondholders, each bondholder may convert the Consus 2022 Convertible Bonds held by it by giving a conversion notice that is conditional upon reaching the relevant acceptance threshold as set forth in the tender offer. In such case, the conversion price will be subject to an adjustment. In accordance with the terms and conditions of the Consus 2022 Convertible Bond, its holders have the right to offer to Consus Real Estate to participate in a capital increase by way of contribution in kind (*Sacheinlage*) by offering bonds held by it as contribution in kind, whereas it is in Consus Real Estate’s discretion to accept such offer. If Consus Real Estate accepts such offer, the new shares would be derived from Consus Real Estate’s conditional capital. The exercise of the included termination right leads to a 100% repayment plus accrued interest. As of March 31, 2020, €173.7 million remained outstanding under the Consus 2022 Convertible Bonds.

The settlement of the Consus Real Estate Call Option Exercise triggered a change of control under the Consus 2022 Convertible Bonds. On July 7, 2020, Consus Real Estate gave notice to the holders of the Consus 2022 Convertible Bonds that a change of control occurred on the same date, by way of an acquisition of control of Consus Real Estate by the Company. The management board of Consus Real Estate announced that the acquisition of control record date is August 6, 2020 (the “**Acquisition of Control Record Date**”). Each holder of the Consus 2022 Convertible Bonds may therefore terminate all or part of its Consus 2022 Convertible Bonds that have not previously been converted or redeemed with a prior notice of not less than 10 days with effect as of the Acquisition of Control Record Date (i.e. by no later than July 27, 2020). In such case, Consus Real Estate will redeem such Consus 2022 Convertible Bonds at the principal amount plus accrued interest thereon, if any, up to, but excluding the Acquisition of Control Record Date. If a holder of the Consus 2022 Convertible Bonds

has declared any Consus 2022 Convertible Bond due for early redemption, it may no longer exercise the conversion right in respect of such Consus 2022 Convertible Bond. If holders of the Consus 2022 Convertible Bonds exercise their conversion right after the date of the notice up to and including the Acquisition of Control Record Date, the conversion price for this period is adjusted from €9.1706 to €8.7910. As of the date of this Offering Memorandum, bondholders exercised their option to require Consus Real Estate to redeem the Consus 2022 Convertible Bonds in the aggregate principal amount of €54,100,000.

Consus 2024 Bond

In November 2017, Consus Real Estate issued bonds in the aggregate principle amount of €150 million due 2024 (the “**Consus 2024 Bond**”). The 2024 Bond bears interest at a rate of 4.75%. Initially, the entire 2024 Bond was issued to Aggregate. However, during the financial year ended December 31, 2018, Consus Real Estate repurchased €128.3 million of aggregate principal amount of the Consus 2024 Bond. As of June 30, 2018, Aggregate informed Consus Real Estate that it no longer held title to the Consus 2024 Bond. Bondholders may require Consus Real Estate to redeem the Consus 2024 Bond in whole or in part if a change of control occurs. An exercise of this option will only become valid once bondholders of at least 25% of the aggregate principal amount have exercised it. As of March 31, 2020, €21.7 million remained outstanding with investors under the Consus 2024 Bond.

The settlement of the Consus Real Estate Call Option Exercise triggered a change of control under the Consus 2024 Bond. On July 7, 2020, Consus Real Estate published a change of control notice in relation to the Consus 2024 Bond. As of the date of this Offering Memorandum, a bondholder exercised its option to require Consus Real Estate to redeem the Consus 2024 Bond in the principal amount of €21,179,000.

Financing of the Consus Group’s development projects and other financing arrangements

The Consus Group’s project-related financing agreements in an aggregate amount of €2,316 million as of March 31, 2020 consisted of loan agreements with financing banks, promissory note loan (*Schuldscheindarlehen*), other bonds (*Anleihen*) and loan agreements with individuals and non-bank entities or financings not immediately related to the Consus Group’s development projects.

The Consus Group will use the proceeds from the Consus May 2020 Divestments to, among others, reduce its project debt by approximately €65 million, including a €50 million reduction of high-cost mezzanine debt. On a pro forma basis, the Consus May 2020 Divestments will decrease the Consus Group’s average cost of debt to 7.4% and reduce its net debt by over €1,005 million.

The majority of the Consus Group’s financing arrangements were entered into in connection with the financing of the acquisition or development of land plots and/or real estate properties and are in line with customary market practice. Typically, such project financings have a short- to mid-term maturity profile to match Consus Real Estate’s general forward sale approach and the value creation process. In the ordinary course of business, the Consus Group continues to finance, refinance and extend its project financings on a rolling basis. In certain cases, such refinancing or extension only occurs following the maturity of the relevant financing. Individual project financings may mature prior to the relevant developments being completed and sold and, in such cases, such financings are refinanced or extended as required. In line with industry practice, the process required for such refinancing or extension is initiated shortly (i.e. usually three months) prior to maturity.

Economic and Strategic Reasons for the Transactions

The Company’s business strategy is focused on creating one of the leading residential real estate companies in Germany.

Reasons for the Business Combination

Through the Business Combination, the Combined Group became a top-5 residential real estate company in Germany based on gross asset value and has the potential to ultimately create one of the largest listed residential real estate companies in Europe, characterized by diversification and synergistic growth.

Diversifying into Strong Locations Across Germany

The Company and ADLER Real Estate consolidate approximately €6 billion in combined residential assets. The Company's Berlin portfolio is complemented by ADLER Real Estate's Germany-wide portfolio, focused on German cities with attractive yield potential. In addition, the Combined Group will benefit from enhanced liquidity in the Company's shares.

Operating and Financing Synergies

The Company believes that through the Business Combination it will realize income and cost synergies with a positive effect on combined FFO 1 of approximately €15 million to €20 million (before tax) per year. Operating synergies are expected to be derived from economies of scale in purchasing and streamlined corporate structures with a reduction in administrative costs. The Company believes that operating synergies could partially be realized earlier than anticipated and expects €5.5 million of operating synergies to be realized in 2020.

The Completion will furthermore enable the realization of financing synergies on ADLER Real Estate's debt, which are expected to be between €9 million to €19 million per year in the medium-term.

Reasons for the Consus Real Estate Acquisition

With the Consus Real Estate Acquisition, we will gain access to a highly experienced development platform. We intend to capitalize on Consus Real Estate's focus on large-scale developments and its landbank with a GAV of approximately €1.0 billion across the Top 7 Cities on which we expect development projects to be completed over the next six to eight years. Our strategy encompasses exploiting Consus Real Estate's bespoke development pipeline. After consummation of the Consus Real Estate Acquisition, we aim to implement a build-to-hold strategy to deliver new residential real estate units in a strategic effort to address and benefit from the ongoing housing shortage in Germany.

With the Consus Real Estate Acquisition, the Company expects to unlock the embedded value in Consus Real Estate's build-to-hold portfolio. Based on current value, Consus Real Estate's eleven projects with a total floor area of approximately 800,000 square meters have an estimated value of approximately €1,250 per square meter. The expected remaining construction costs are estimated at approximately €3,250 to €3,750 per square meter, bringing the expected total investment in the build-to-hold portfolio to approximately €4,500 to €5,000 per square meter and, ultimately, implying an embedded value uplift of €1,200 to €2,000 per square meter and a targeted GDV of approximately €4.7 billion to 5.3 billion. Moreover, Consus Real Estate's landbank allows for accretive growth of the NAV over the next six to eight years up to an illustrative run-rate NAV of €7.3 billion to €7.9 billion.

Moreover, by way of the Consus Real Estate Acquisition, we target cumulative operating synergies of €13 million to €18 million within the next 12 to 24 months by reducing marketing expenses, operational savings through a unified platform as well as administrative savings. Based on Consus Real Estate's approximately €150 million non-recurring EBITDA generated from upfront sales of development projects already sold in 2020 and a 20% EBITDA margin on €2.0 billion of forward sales signed and condominium sales started, with 70% of the EBITDA yet to be recognized and distributed over 3.5 years, less annualized Q1 2020 interest of approximately €130 million (annualized Q1 2020 interest of approximately €69 million, adjusted for approximately €34 million capitalized interest and interest on reduced debt of approximately €50 million post closing of disposals) tax at an assumed 30% tax rate, as adjusted to the Company's accounting principles and assuming that Consus Real Estate has been consolidated as of January 1, 2020, we would expect an illustrative development FFO contribution from Consus Real Estate for 2020 between €50 million and €80 million. We expect this to be contributed before the run-rate operating and refinancing synergies of €90 million to €104 million that we aim to achieve in 2021.

We aim to achieve cumulative financing synergies of €50 million to €54 million in 2020 and €77 million to €86 million by the end of 2021 for the Combined Group by way of significant debt reduction and, thus, interest savings. Thus, we expect to realize total cumulative synergies of €63 million to €72 million by the end of 2020 and €90 million to €104 million by the end of 2021 with a corresponding positive effect on our pre-tax FFO.

MARKETS AND COMPETITION

The German Real Estate Market – Overview and Market Drivers

As of March 31, 2020, the Company and ADLER Real Estate owned 16,248 and 58,007 residential units, respectively, that they held for rental to tenants. These are located exclusively in Germany. While the Company's entire stock of residential units is located in Berlin, ADLER Real Estate's residential units in most cases are located in the vicinity of larger conurbations and offer affordable homes to tenants with medium to low incomes. In recent years, ADLER Real Estate has grown rapidly, *e.g.* through acquisitions such as the acquisition of a 69.81% stake in BCP in 2018. The Company has recently focused its portfolio through the sale of approximately 5,900 residential units in the fourth quarter of 2019. As a Combined Group, the ADO Properties Group and the ADLER Group intend to maintain their existing strategic focus, grow their residential property portfolio and thus continue to serve the needs of their particular segment of the real estate market even more extensively. The Combined Group's business is, therefore, largely dependent on the residential real estate market in Germany.

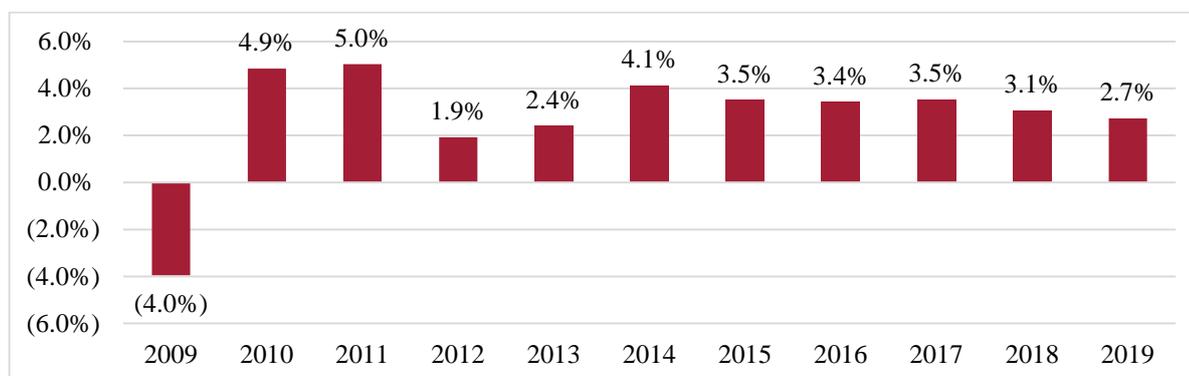
Macroeconomic and Demographic Drivers Affecting the German Real Estate Market

The key factors influencing the German residential real estate market comprise the GDP, the disposable income per capita of the German population as well as the number of households. Additionally, demand and supply on the real estate market are also influenced by socio-demographic factors, the overall demographic development, changes in consumer behavior and ways of life or preferred forms of living. This may have repercussions on the average living space per capita, the average number of people living in household, preferred forms of living such as apartments or single family-houses or the preferred locations like cities, conurbations or rural areas. Furthermore, the Company believes that a decisive factor regarding the attractiveness of a property is the physical condition of the building and, in case of condominiums, the tenant structure.

Over the recent years, the German residential real estate market has benefitted and is expected to further benefit from a relatively positive macroeconomic environment on the basis of *e.g.* the following trends and developments:

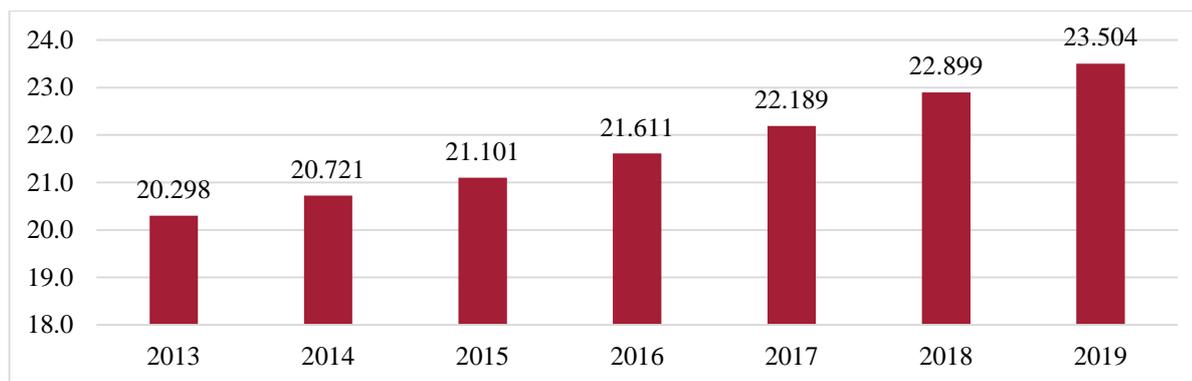
GDP Growth (in %)

After years of steady growth there have been increasing signs of a slowdown in the German economy with a GDP decrease of 0.1% for the second quarter of 2019 (compared to 2018) while price-adjusted exports were down 0.8%, resulting in the largest decline recorded in the last six years (*source: Federal Statistical Office—Press Release 321*). The German economy returned to growth in the third quarter and fourth quarters of 2019 with an increase in GDP of 1.1% and 0.3%, respectively (compared to the same quarters in 2018) (*source: Federal Statistical Office—Press Release 056*). A decrease in GDP in Germany or an increase in unemployment could adversely affect the population's purchasing power, and therefore its propensity to acquire residential real estate.



(*source: Volkswirtschaftliche Gesamtrechnung der Länder—Growth at current prices*)

Disposable income per capita in Germany (in € thousand)



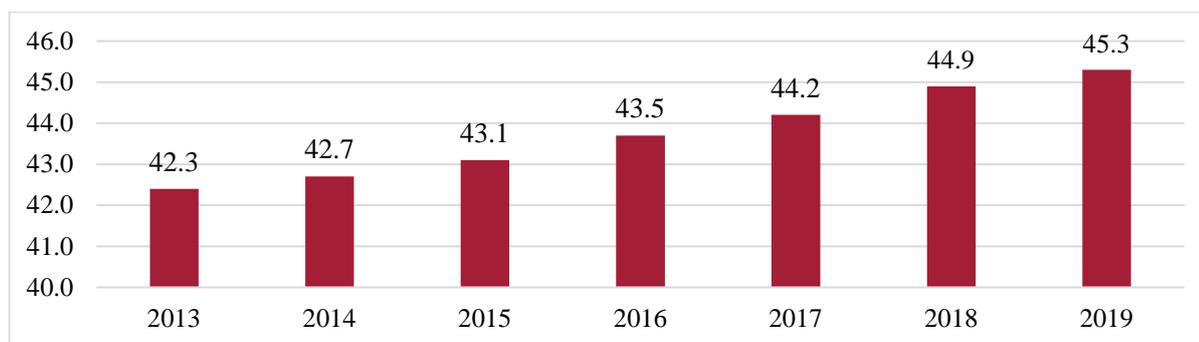
(source: Volkswirtschaftliche Gesamtrechnung der Länder)

While in 1996 living space per capita amounted to 36.5 sqm, it had gone up to 45.2 sqm in 2018 (source: Federal Statistical Office—Anzahl der Wohnungen, Bevölkerung). Up to the year 2030, the per capita residential space of owner-occupied households is expected to rise further, reaching 54 sqm in the old federal states and 55 sqm in the area of the former German Democratic Republic (Deutsche Demokratische Republik) including Berlin (source: Statista—Pro-Kopf-Wohnfläche).

Employment

In February 2020, roughly 45.0 million persons resident in Germany were in insurable employment. The number of persons in insurable employment in February 2020 was 0.5% (214,000 persons) higher than in February 2019 (source: Federal Statistical Office—Press Release 115).

Employment (in million people)



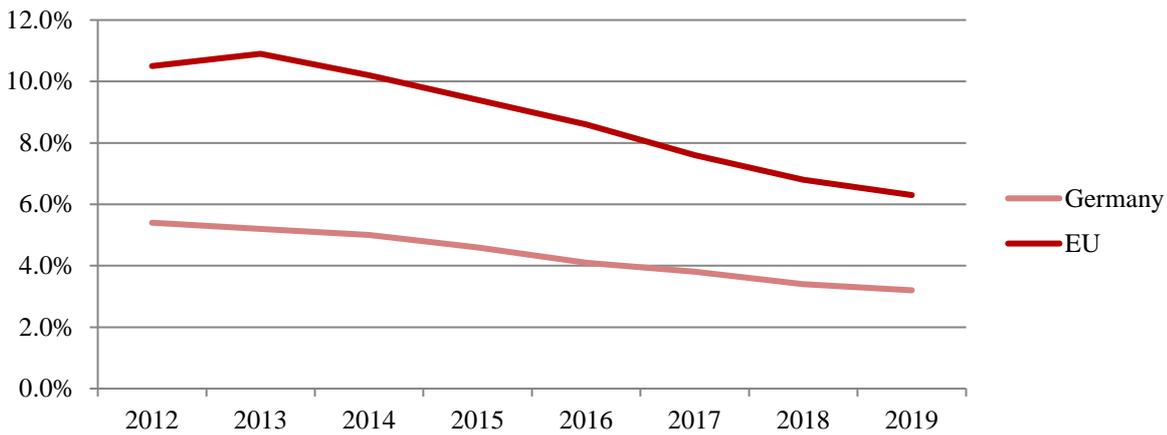
(source: Federal Statistical Office—Genesis data base)

Unemployment rate in Germany (in %)

The unemployment rate in Germany continuously declined in the last five years, reaching 4.6% in 2015, 4.1% in 2016, 3.8% in 2017, 3.4% in 2018 and 3.2% in 2019.

The German unemployment rate is significantly lower than the average rate in the European Union (the “EU”). This means that Germany is less affected by unemployment than most other member states of the EU (source: Eurostat—Unemployment).

Unemployment rate in Germany and the EU 2012-2019 (%)



(source: Eurostat—Unemployment)

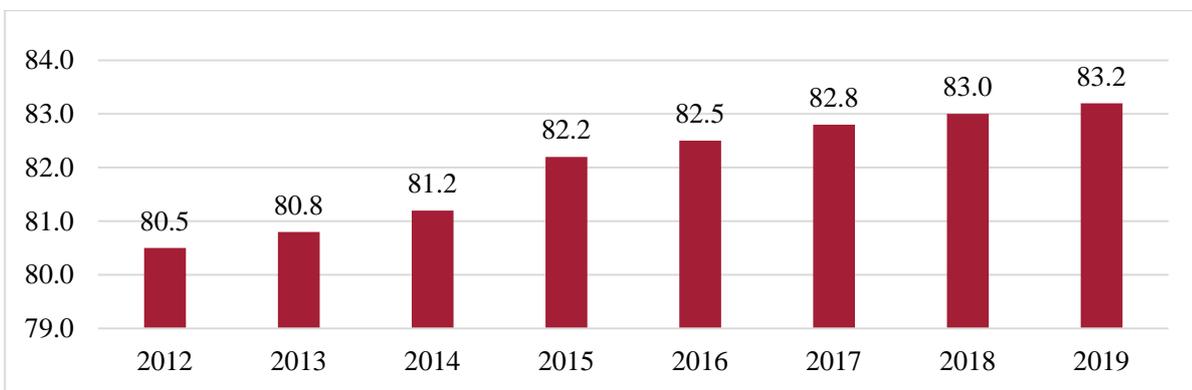
Consumer Price Development

The German economy experiences low inflation. In April 2020, the consumer price index is expected to show an increase of 0.8% to April 2019 (source: Federal Statistical Office—Press Release 149). On an annual average, consumer prices in Germany rose by 1.4% in 2019 after 1.8% in 2018, 1.5% in 2017 and 0.5% in 2016 (source: Federal Statistical Office—Consumer Prices).

Population Growth to Continue

According to the Federal Statistical Office, 83.2 million people were living in Germany at the end of 2019. At the end of 2018, the figure was 83.0 million. Since the last census survey in 2011 on the country’s population and the employment and housing conditions carried out by the statistical offices of the Federation and States (*Statistische Ämter des Bundes und der Länder*), the population has been growing steadily, while it had declined slightly between 2002 and 2010. Despite the birth deficit, the number of inhabitants in Germany increased again due to a migration surplus and, at the end of 2019, is expected to have reached a new record high since German reunification (source: Federal Statistical Office—Press Release 029; Federal Statistical Office—Press Release 244, Federal Statistical Office—Press Release 022).

German Population (in million)



(source: Federal Statistical Office—Population; Federal Statistical Office—Press Release 022)

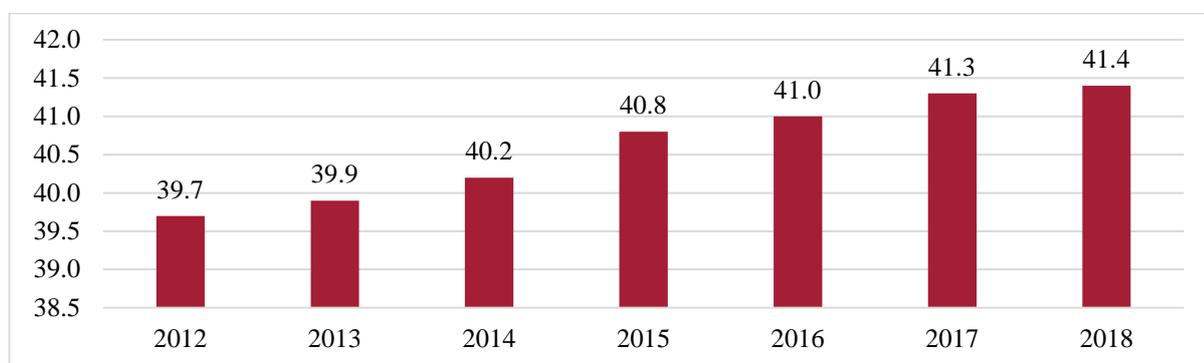
According to the latest forecast of Eurostat, the population in Germany will increase due to immigration to almost 84 million until roughly 2030 and then steadily decline to 80 million until the year 2080 (source: Eurostat—Population Forecast).

In recent years, Germany has seen positive and ever-increasing balances levels of immigration, from around 127,700 people in 2010 to around 416,000 people in 2017 and 400,000 people in 2018 (source: *Federal Statistical Office—Press Release 271*).

Increase in the Number of Households

The number of households in Germany reached almost 41.4 million in 2018, increasing from 41.3 million in the previous year. This, too, is the highest number recorded in Germany over the last 25 years, rising from 36.2 million in 1993 (source: *Federal Statistical Office—Privathaushalte Deutschland*).

Number of households (in million)



(source: *Federal Statistical Office—Privathaushalte Deutschland*)

As the increase in the number of household was much stronger than the increase in the overall population, it follows that the average household size has declined over time. In particular, the number of single person households has increased significantly from 35.4% in 1996 to 41.9% in 2018 (source: *Federal Statistical Office—Privathaushalte Deutschland*). The number of households is expected to continue to grow reaching 42.6 million by 2040 (source: *Federal Statistical Office—Entwicklung der Privathaushalte bis 2040*).

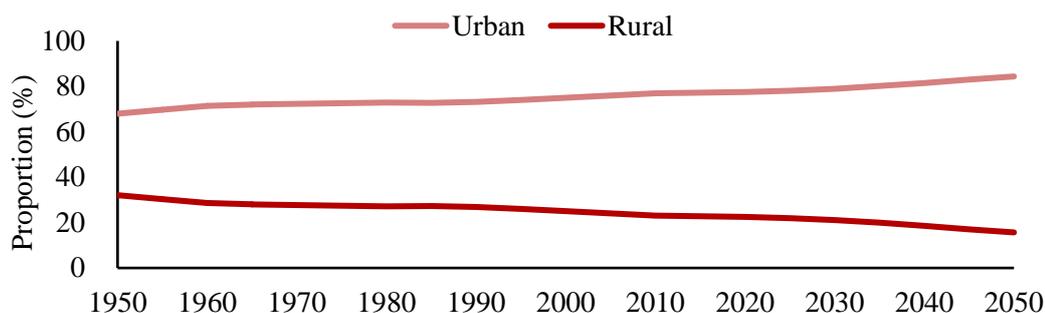
The Company believes that stable and solid growth, high employment, low inflation, a growing population and the continuing trend to single households are positive indicators for further growth in demand for residential space.

Urban Population and Immigration Trends

The recent increase in the German population has been driven by immigration, both labor market oriented and as a result of an influx of refugees, and has resulted in an accelerated increase of population density in Germany's key metropolitan regions, leading to continued urbanization (source: *Statista—Germany: Urbanization from 2008 to 2018*).

The following chart indicates that the urbanization trend is expected to continue in the future and emphasizes that the proportion of population living in urban areas in Germany is expected to increase from approximately 77% in 2015 to approximately 80% in 2035, with a long term forecast of 84% in 2050 (source: *United Nations—World Urbanization Prospects*).

German Urban Population Proportion ⁽¹⁾



(source: United Nations—World Urbanization Prospects)

(1) Proportions of urban and rural population in the current country or area in per cent of the total population, 1950 to 2050.

Household Debt and Low Interest Rates

Since 2011, the volume of housing loans to households has increased from €16.4 billion to approximately €20.5 billion in February 2020 (source: Deutsche Bundesbank—Housing Loans to Households).

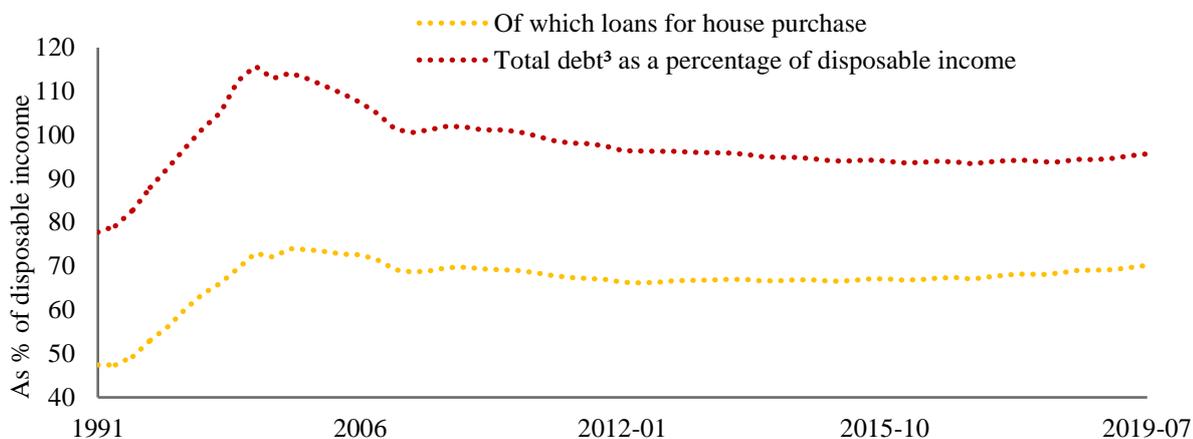
Both the Company and ADLER Real Estate finance their business activities with own equity and borrowed capital and will continue to do so as the Combined Group. Interest rates are closely linked to the main refinancing rate for Europe as determined by the European Central Bank (“**European Central Bank**”). Currently, interest rates in Germany on real estate loans are at historically low levels and the ECB’s main refinancing rate is expected to remain persistently low in 2020 until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon (source: ECB—Monetary Policy Decisions). This gives reason to expect that German real estate will continue to be a valuable investment category for private and professional investors.

A general, noticeable increase in interest rates could affect the Company’s ability to finance the acquisition, modernization, maintenance and refurbishment of property portfolios by debt capital and the general ability to refinance debt which becomes due.

The following chart indicates the percentage of debt held by households as percent of disposable income as well as the share of loans for house purchases as percent of disposable income.

Household debt in Germany ⁽¹⁾

(Annual averages ⁽²⁾)



(source: Deutsche Bundesbank—Indicators for German Residential Property Markets)

- (1) Unconsolidated, i.e. referring to financial transactions within one sector are not offset against each other. On the contrary, consolidating data results in instances where financial relations within one sector are offset against each other, such data showing an external interdependence of one sector with another sector.
- (2) Until 1998 according to ESA 1995; from 1999 according to ESA 2010.
- (3) Excluding other liabilities.

German Residential Real Estate Market

Residential Loans

Germany has seen a steady rise in residential loans. The gross residential loans have increased by nominal amount at a compound annual growth rate (“CAGR”) of 6.0% from 2010 until 2018. Gross residential loans in Germany had an aggregate amount of approximately €27.8 billion at the end of 2018. The total of outstanding residential loans per capita has also increased with a CAGR of 2.7% from 2010 until 2018 and was at €20,879 at the end of 2018 (source: EMF Hypostat 2019). The EU average was at €17,404 at the end of 2018. As such, there is increased mortgage activity in Germany driven by increase in home ownership and increased demand (source: EMF Hypostat 2019).

Number of Transactions

The number of transactions is an important metric to measure the activity in the residential real estate sector as it takes into account both, newly constructed and existing properties. The number of transactions is defined as the total number of new or second hand apartments purchased or transferred in the period, including those occupied for the first time. In 2018, the number of new homes delivered was approximately 286,000, while the number of transactions was at 569,000 (source: EMF Hypostat 2019). The total sales value associated with the transactions rose by 6.6% compared to the previous year. As such, overall investor activity has been high over the years in both the primary and secondary market (source: EMF Hypostat 2019).

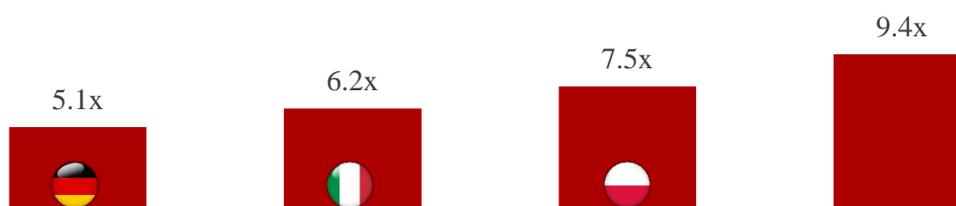
Property Prices Evolution

Property prices across the globe saw a decline post the financial crisis and started to recover since 2012 in most countries. Property prices in Germany were resilient post the financial crisis and only exhibited a slight decline of 0.2% in 2007 and of 0.5% in 2009 (source: EMF Hypostat 2019). There has been a steady increase in the property prices in Germany signifying its strong fundamentals. The nominal house prices have increased at 3.1%, 4.5%, 6.0%, 5.8% and 7.7% in 2014, 2015, 2016, 2017 and 2018, respectively (source: EMF Hypostat 2019).

House Price Affordability

Housing in Germany is amongst the most affordable within the EU. The price to salary multiple in Germany stands at 5.1x. For the United Kingdom, the ratio is as high as 9.4x (source: Deloitte—Property Index). The following chart shows the average housing affordability measured by the multiple of average gross annual salary required to buy a new 70 square meter residential unit in Germany compared to other Western European countries.

Average gross annual salary required to buy a new 70 square meter flat in Western Europe

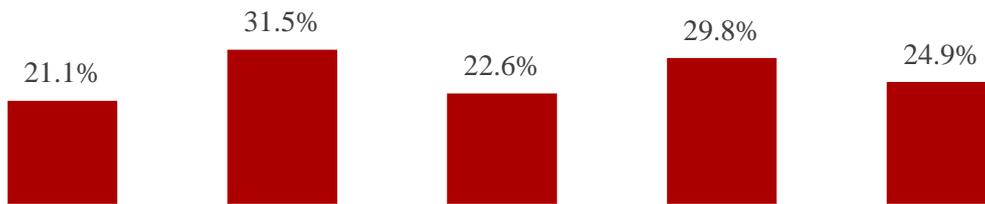


(source: Deloitte—Property Index)

- (1) Bid price.

In Germany, the share of rent in disposable income is 21.1% as of 2018 and is therefore significantly lower than the EU average of 24.9% implying that there is still room for rents to rise. The chart below compares the share of rent in disposal household income to other Western European countries.

Share of rent in disposable household income as % of total (2018)



(source: Eurostat—Share of rent)

Steady Rental Price Growth

In the past 20 years, rental prices have been steadily and consistently rising in Germany. The chart below outlines the growing rents in Germany since 1995.

>20 years of strong and constant rental price growth

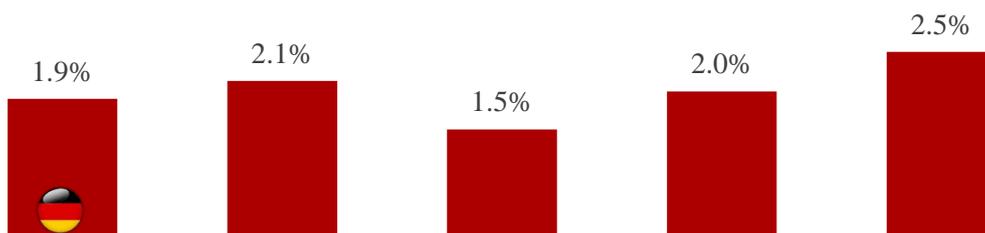


(source: Federal Statistical Office—Residential Rental Price Index)

Mortgage Rates

Mortgage rates in Germany are conducive to the residential market growth. The long term initial fixed period rate (across all interest rate fixation periods) was at 1.9% in 2018 (source: EMF Hypostat 2019), which is among the lowest across the Western European economies. This low interest mortgage rate environment is supportive of home ownership growth in Germany. The following chart shows a comparison of average mortgage rates on the basis of annual averages in 2018 across major Western European economies.

Comparison of average mortgage rates in Western Europe



(source: EMF Hypostat 2019)

From a financing perspective, excessively loose lending conditions can contribute to high valuations for residential properties, but borrowing standards in Germany have been stable. Housing loans are mostly based on relatively long term fixed interest agreements, thereby minimizing the exposure of lenders to interest rate fluctuations.

LTV Ratio

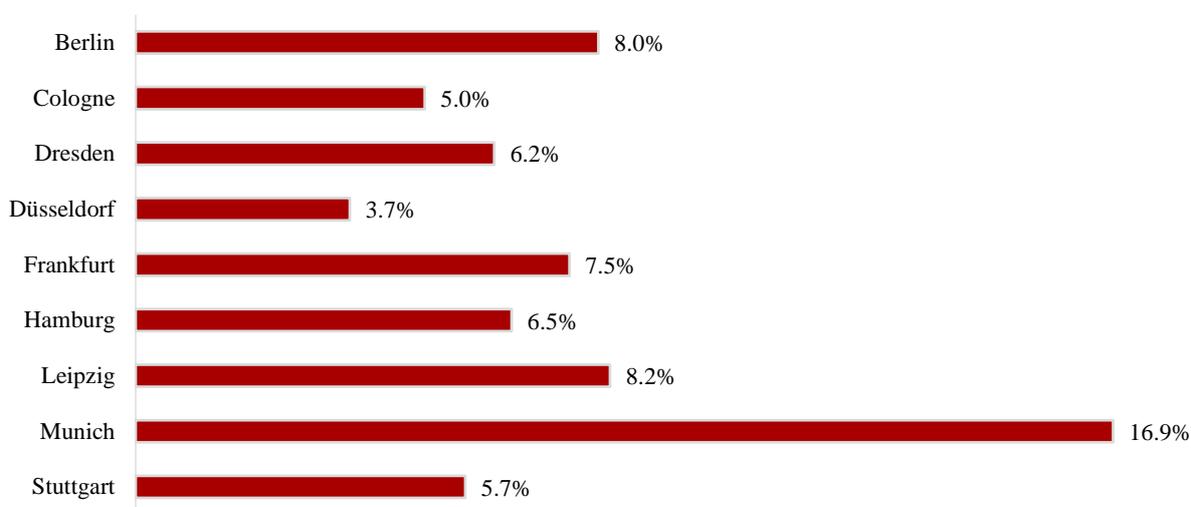
Generally, the LTV ratio describes the ratio of net debt to the fair value of investment properties and inventories. LTV ratios in Germany have consistently stayed above 70%, even after the financial crisis in the years of 2007 and 2008. Currently, the typical LTV ratio is around 78% (source: EMF Hypostat 2019).

Overview of Residential Real Estate - Top 9 Cities

Population

As of December 31, 2018, four of the Top 9 Cities report populations over 1 million. Germany’s largest city is Berlin, with a population of 3.6 million and therefore is almost twice as large as Hamburg, Germany’s second largest city, with a population of 1.8 million. The smallest of the Top 9 Cities are Dresden, Leipzig, Düsseldorf and Stuttgart, with populations ranging between 555,000 and 635,000 (source: Federal Statistical Office—*Bevölkerung Kreise*).

Expected population growth from 2012 until 2030 across all Top 9 Cities



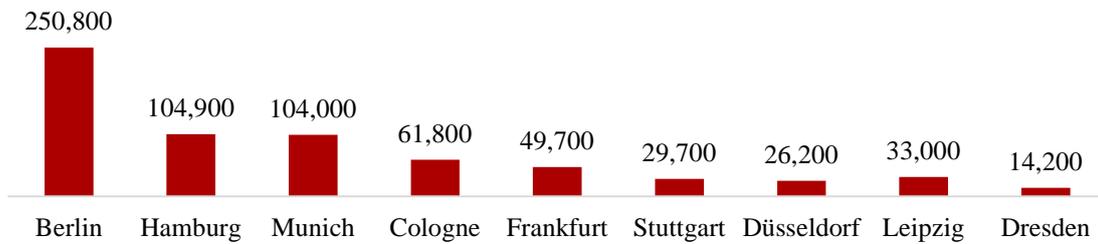
(source: *HWWI/Berenberg—30 größten Städte Deutschlands*)

The expected population growth rate of a city can be used as an indicator of a city’s attractiveness and readiness for the future. Regarding the Top 9 Cities, Munich is expected to grow the most in the period between 2012 and 2030, with an expected growth rate of 17%, whereas Berlin is expected to grow at 8%, Düsseldorf at 4% and Cologne at 5%.

Building Permits and Supply & Demand

The overall shortage of apartments will continue to increase over the next years. In the Top 9 Cities, a total shortage of 674,300 apartments is expected until 2030. Berlin is expected to face the greatest supply shortage of 250,800 apartments, while Munich is expected to exhibit a shortage of 104,000 apartments and Hamburg a shortage of 104,900. Dresden will exhibit a shortage of 14,200 and Düsseldorf a shortage of 26,200 apartments.

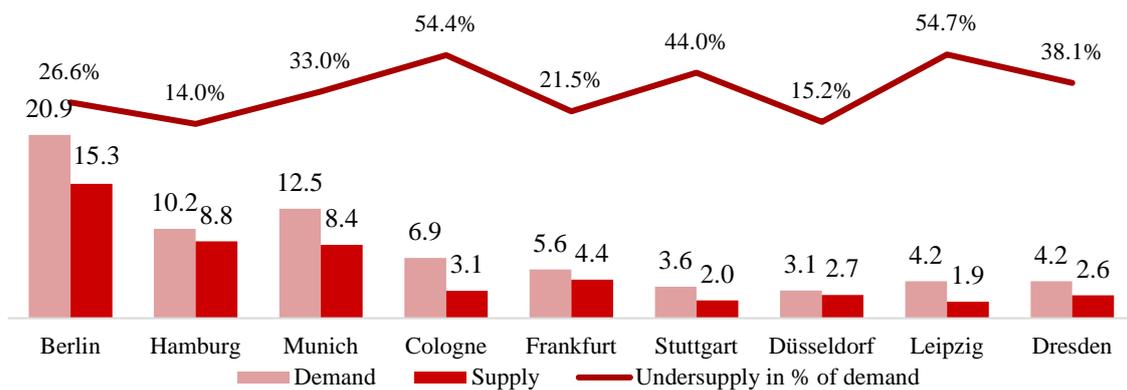
Total shortage of apartments in the Top 9 Cities until 2030



(source: IW Report 28/2019—*Ist der Wohnungsbau auf dem richtigen Weg?*, Stadt Leipzig—*Integriertes Stadtentwicklungskonzept Leipzig 2030*, Landeshauptstadt Dresden—*Wohnkonzept*)

Demand for apartments up to 2020 in Germany's Top 9 Cities is outstripping supply by far. Especially in cities such as Leipzig (54.7%), Cologne (54.4%) or Stuttgart (44.0%) undersupply is distinct.

Supply and demand of apartments across Germany's Top 9 Cities p.a. up to 2020



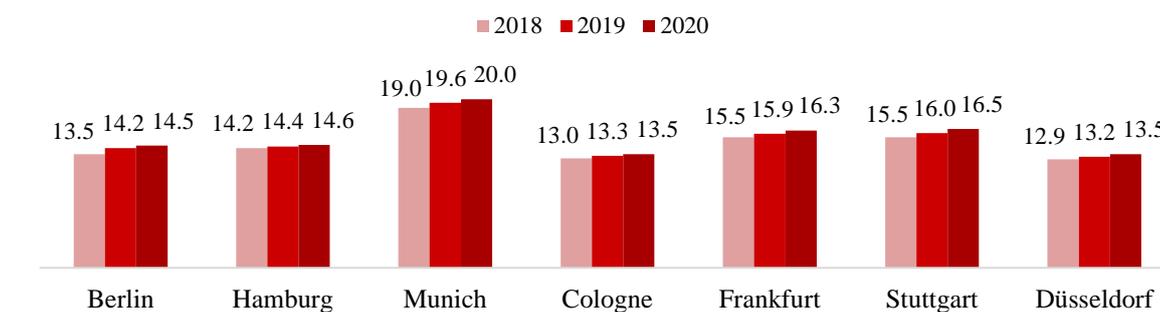
(source: IW Report 28/2019—*Ist der Wohnungsbau auf dem richtigen Weg?*)

Rental Price Development

Rental price growth is highest in Berlin, where rents are expected to increase from €13.5 per square meter in 2018 to €14.5 per square meter in 2020, closely followed by Stuttgart, where a CAGR of 3.2% is expected over the two years from 2018 to 2020, reaching €16.5 per square meter in 2020. In absolute terms, rents in Munich are expected to be the highest (€20.0 per square meter), followed by €16.5 per square meter in Stuttgart and €16.3 per square meter in Frankfurt. Lowest rents per square meter in 2020 are paid in Düsseldorf and Cologne (both €13.5 per square meter).

Increase of first occupancy average rents in € per square meter from 2018 to 2020

(First occupancy average rents €per square meter)



(source: DZ HYP—Real Estate Market Germany 2019/2020)

Impact of Legislative or Regulatory Measures

The real estate market has ever since been subject to regulatory or legislative changes. On June 1, 2015, a law on rent control of new leases (*Mietpreisbremse*) was enacted, enabling the federal states to establish individual decrees and limiting rent increases upon re-letting of existing residential units in regions with low supply only allows an increase of rent up to local rental table level plus 10%.

Furthermore, the provisions of landlord-tenant law are especially relevant to the Company. German residential landlord-tenant law (*Wohnraummietrecht*) is considered to be tenant friendly in many respects, restricting the ability to increase rents. If the parties to a tenancy agreement have not agreed on a stepped rent or an indexation – both unusual in the German residential market – a rent increase is feasible only within certain limits and taking into account statutory limits, for example, as a result of the so-called rent control (so-called “*Mietpreisbremse*”) which was enacted in 2015 and has been implemented by various German federal states. Further obligations for landlords are stipulated in the Tenancy Law Adjustment Act (*Mietrechtsanpassungsgesetz*) which is in effect since January 1, 2019 and pursuant to which allocation of modernization costs shall be reduced from 11% to 8% of the investment amount (applicable to all housing markets) with absolute caps of rent growth following a modernization.

In addition, in light of the housing shortages in certain German cities and regions, where the free market results in high and unaffordable rents, not only for low income but also for middle income households, recent discussions at the state level, in particular in Berlin, have advocated for a freeze of rent levels (so-called “*Mietpreisdeckel*”), which was enacted on February 23, 2020, and the implementation of administrative approvals for rent increases permitted following modernization measures which significantly affect a landlord’s ability to increase rents.

Moreover, on September 12, 2019, the state of Berlin introduced a motion in the German Federal Council (*Bundesrat*) to abolish the possibility of allocating property tax from landlords to tenants (*Mieter-Grundsteuer-Entlastungsgesetz*). It is currently unclear whether the motion will be accepted and which federal states will join Berlin’s initiative in the Federal Council (*Bundesrat*). Despite a transitional period which shall apply to tenancies which arose before this Act came into effect, a disallocation of property tax would likely have – at least – a short-term impact on the Company’s performance as such costs would need to be borne by the Company unless such costs could be compensated by higher tenant rates which may be difficult to realize.

Berlin Macroeconomic Situation, Demographic Drivers and Residential Real Estate Market

Berlin remains a key market for the Combined Group with approximately 50% of gross asset value attributable to the city. As of March 31, 2020, the Company held a portfolio of 16,248 residential units in Berlin while ADLER Real Estate held 1,699 residential units in Berlin at the same time.

Berlin Macroeconomic Situation and Demographic Drivers

With a population of approximately 3.8 million as of 2019 (*source: Amt für Statistik Berlin-Brandenburg—Press release No. 32*), Berlin is the most populous city in Germany. For many years, the city's number of inhabitants has continued to grow, driven by a steady positive net migration. Net migration to Berlin in 2019 amounted to 19,200 (*source: Amt für Statistik Berlin-Brandenburg—Press release No. 81*). The continued natural population growth through a higher number of births than deaths, which in 2019 amounted to approximately 4,300 (*source: Amt für Statistik Berlin-Brandenburg—Press release No. 81*), has further reinforced this trend. In 2019, Berlin's overall population growth amounted to 0.6% or an absolute increase of approximately 21,347. Berlin's population is expected to continue growing until at least 2030 (*source: Federal Statistical Office—Vorausberechnete Bevölkerung Berlin*).

The unemployment rate in Berlin was 5.4% in 2019 which represents a decrease of 0.7 percentage points compared to 2018. The unemployment rate has considerably decreased over recent years. In 2014, the city recorded an unemployment rate of 9.8%. Still, Berlin's unemployment rate remains above the German average which stood at 3.2% in 2019 (*source: Eurostat—Unemployment*).

Berlin's real GDP grew by 3.0% in 2019 which is higher than any other German federal state. Per capita GDP in Berlin stood at €41,967 in 2019 compared to €40,105 in 2018, a nominal increase of 4.6% and a price-adjusted increase of 2.3% (*source: Volkswirtschaftliche Gesamtrechnung der Länder*). This is slightly higher than the average German per capita GDP of €41,358 as of 2019.

Disposable per capita income increased by 4.1% from an average of €19,538 in 2016 to €20,330 in 2017 (latest available, *source: Volkswirtschaftliche Gesamtrechnung der Länder*). The estimated per capita purchasing power in Berlin for 2020 was €21,687 which is lower than the German average of €23,766 (*source: GfK—Purchasing Power Germany*). Since 2016, the average gross wages and salaries in Berlin are above the German average. In 2019, they amounted to €38,480, an increase by 4.5% versus 2018.

The number of households in Berlin stood at 2.028 million in 2018 compared to 2.003 million in 2017, an increase of 1.2% which is higher than the population growth in the same year (*source: Federal Statistical Office—Privathaushalte Bundesländer*). Based on this, Berlin represents the largest residential rental market in Germany. The average number of persons per household amounted to 1.8. Of the private households in Berlin 53% were one person households compared to the German average of 42%.

Berlin Residential Real Estate Market

Construction of new residential units in Berlin has considerably increased in recent years. In 2018, 16,706 residential units were completed compared to 15,669 in 2017, an increase of 6.6%, and compared to 4,321 completed units in 2010.

The number of permits for newly build housing has increased as well. While the number of building permits for newly build apartments was 3,890 in 2010, this number increased to 22,524 in 2019. From 2018 to 2019, there was a decrease in permits by 7.0%.

Housing demand is expected to remain at a high level. The Berlin Senate Department for Urban Development and Housing estimated that close to 200,000 new apartments will be needed by 2030 (*source: Berlin Senate Department for Urban Development and Housing—Press Release*). The city of Berlin's target for new residential units is 20,000 units per year until 2021 and 10,000 units per year thereafter (*source: JLL—Berlin Residential Profile*).

The residential vacancy rate has been steadily decreasing since 2003 from 5.1% to 0.8% end of year 2018 (*source: CBRE/empirica—Leerstandsindex*).

Rent prices have increased significantly in Berlin over the last years. Rent ask prices in Berlin stood at €12.55 per square meter per month as of H2 2019 which was 4.1% up year over years (*source: JLL—Berlin Residential Profile H2 2019*).

Prices for condominium apartments have continued to rise in Berlin reaching an average of €4,440 per square meter representing an increase of 5.7% year over year. The growth in purchase prices has therefore slowed down with an average 5-year price increase of 9.9% (source: JLL—Berlin Residential Profile).

The volume of real estate transactions in Berlin was €5,512 million in 2018, an increase of 14% compared to 2017 (for residential buildings and mixed use buildings, source: Engel & Völkers—Residential Investment).

Impact of Legislative and Regulatory Measures of the Berlin Senate

On June 18, 2019, Berlin’s municipal government (Berliner Senat) announced its intention to freeze rents in Berlin for the next five years. On January 30, 2020, the Berlin parliament (Berliner Abgeordnetenhaus) passed the Law on Rent Limitation in Housing in Berlin (Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln). The law entered into force on February 23, 2020. The rent freeze has retroactive effect as from June 18, 2019. The rent ceilings in Berlin permitted by law are between €3.92 and €9.80 per sqm, depending on the date of the first occupancy as well as the furnishing of the apartment. The location of the building is taken into account when determining the upper limit in the form of a surcharge or discount. The law also provides that the costs for modernization measures may be apportioned up to a maximum of €1.00 per sqm. There are political discussions ongoing around the legitimacy of such a rent freeze, i.e. whether Berlin’s government has the right to issue such a law or if it is even constitutional. The extent to which the increasing regulation of the German housing market and the foreseeable stagnation in construction completions will lead is the subject of a contradictory debate. Nonetheless, a reduction in rental cash flow due to the tightening of the rent control of new leases and the discussion in Berlin regarding the capping of rents as well as uncertainty among investors regarding the reliability and predictability of political decisions could negatively affect the overall value of the leased properties.

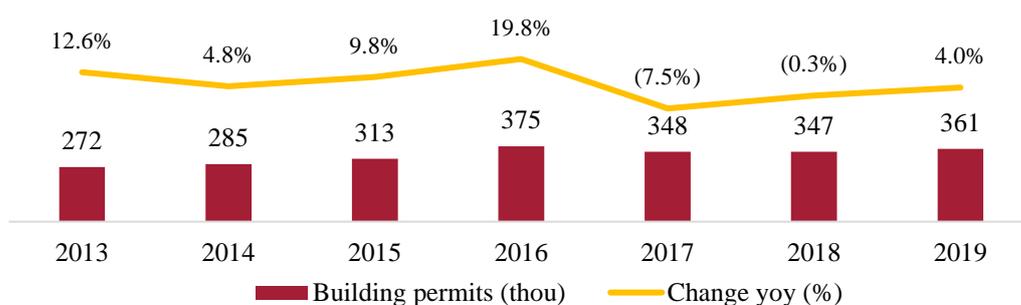
The German Homebuilding Market

The Company believes that stable and solid growth, high employment, low inflation, a growing population and the continuing trend to single households are positive indicators for further growth in demand for residential space.

In 2016, when building permits had reached a peak, a total of 375,589 permits to build apartments were issued. With this number, estimated demand for new residential units per year is just met. In the previous years, the number of building permits was lower at 313,296 in 2015 and 285,079 in 2014. This sharp rise of over 30% over two years indicated a strong reaction to the increasing demand for housing. In 2017 and 2018, however, this growth was not maintained (source: Federal Statistical Office—Building Permits).

There were approximately 360,600 building permits awarded (residential and non-residential dwellings) in Germany during 2019 (source: Federal Statistical Office—Press Release 100) which represents a 4.0% increase when compared to 2018.

Building Permits



(source: Federal Statistical Office—Building Permits)

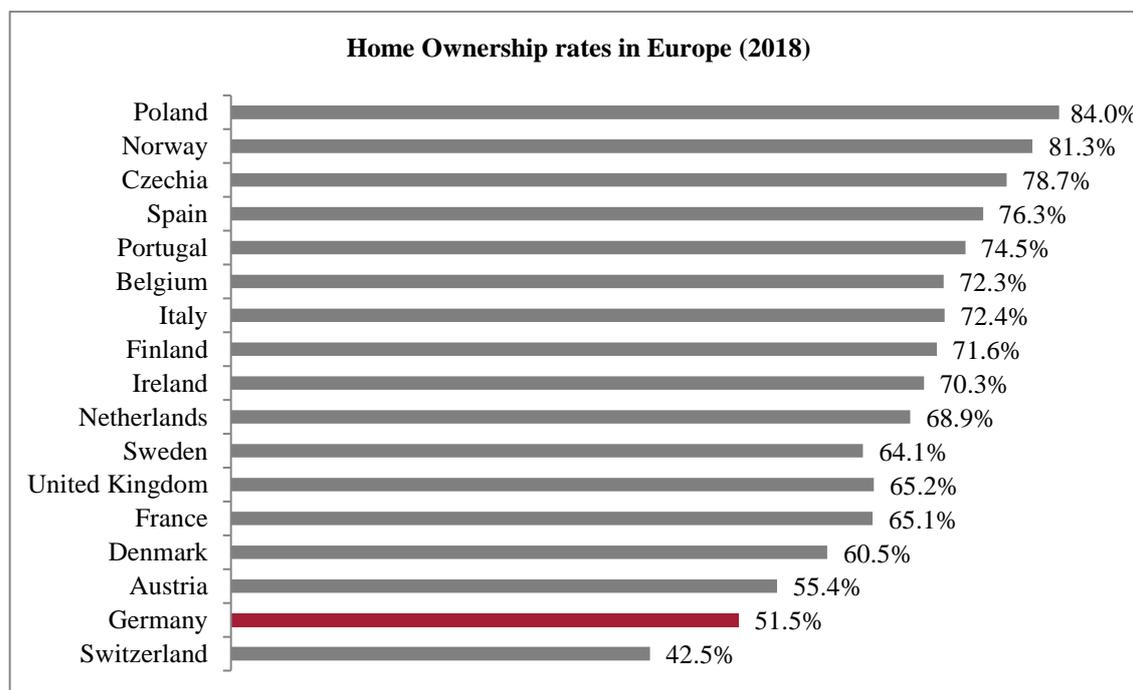
The actual demand for building permits is estimated to be approximately 300,000 to 400,000 units per annum (source: empirica—Wohnungsbauprognose). However, only around 286,000 units were built in 2018 (source: Federal Statistical Office—Dwellings). Adding this gap to the gaps of the past years, the result is a number of

around 1,000,000 units missing (*source: empirica—Wohnungsbauprognose*). This gap becomes even higher when affordable or social housing is taken into focus. Here, only approximately 18% of the annual demand of 80,000 apartments are met (*source: Prognos—Wohnraumbedarf*).

For this reason, the Company believes that the level of building activity is too low to satisfy the demand for housing, in particular as building activities, due to increasing construction costs, are predominantly aimed at superior quality housing, not at the segment of affordable housing.

Residential Real Estate Stock

There were roughly 42.2 million residential units (residential and non-residential buildings) in Germany at the end of 2018 (*source: Federal Statistical Office—Press Release 285*) of which 51.5% were owned by the people living in them.



(*source: Eurostat—Distribution of Population by Tenure Status*)

The home ownership ratio in Germany is substantially lower than average in Europe. According to the Company, this can largely be attributed to historical causes. In post-war Germany, citizens often did not have the means to purchase real estate or to construct their own homes. To resolve the housing shortage, cities and municipalities became active in the construction and letting of social housing. As rents were also subsidized for decades, private ownership in home ownership was discouraged.

Transaction Volumes on the Residential Real Estate Investment Market in Germany

The German residential sector was amongst the most popular investment sectors in Germany in 2019. During 2019, transaction volumes of €16.5 billion (decrease of 6% in investment volume compared with the previous year) were recorded. The average purchase price per housing unit increased by 5.8% to €56,350. There is a positive outlook on the sector with projected transaction volumes of more than €15 billion (*source: CBRE—Marketview Wohninvestmentmarkt Deutschland Q4 2019*).

The Company is of the opinion that the acquisition prices of residential property are likely to increase further as they do not only reflect current rental income, but also expected rental price increases in the next few years.

Development of Rental Expenses

Rental expenses have increased continuously, but modestly for many years now. In its publications of the consumer price index developments, the Federal Statistical Office recorded an overall increase in the average

net rental expense of 1.3% in 2015, 1.1% in 2016, 1.4% in 2017 and 1.5% in 2018 (source: Federal Statistical Office). The increase in net rental expenses in 2019 was slightly lower at 1.4% (source: Federal Statistical Office—Press Release 019). However, this average is dominated by existing rental contracts and does not indicate the differential between existing and new rental contracts. It also does not reflect the highly varied developments in conurbations and in rural or economically weaker regions in Germany.

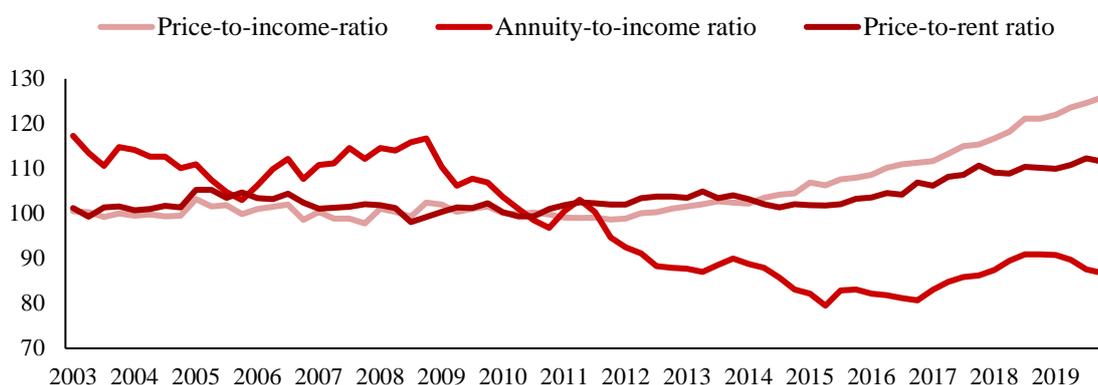
Rents for newly-built residential properties increased by 4.3% in 2019 in “D-cities” according to the property index of the analysis institute bulwiengesa (source: Bulwiengesa—Property Market Index 2020). In conurbations in Germany, demand for residential property is still larger than the supply. Regional differences in demand/supply relations were also reflected in vacancy rates for residential properties which in 2018 were at 2.8% (source: CBRE/empirica—Leerstandsindex).

German Property Prices in Relation to Other Major Western European Markets

The Company believes that Germany is one of the most attractive European markets for new residential real estate development. Its structural has a positive impact on the economic development and stability. In addition to the development of real house prices, the German real estate market was considerably less impacted by the financial crisis in 2007 and 2008 than other European countries (source: OECD—House Prices Indicators).

There are signs of a dynamic uptrend in rents and purchase prices in Germany, especially in the high-influx cities, including Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart and Leipzig (together, the “Big 8 Cities”), which have experienced a strong population growth and increasing land prices. While over the five year period from 2014 to 2018, the average population growth in Germany was 2.4%, Big 8 Cities grew significantly faster between 7.3% (Leipzig) and 3.3% (Munich). Annual rental growth has increased by 4.1% in the Big 8 Cities in 2019, compared to a five-year-average of 5.1% from 2014-2018. Condominium purchase prices in the Big 8 Cities grew on average by 10.2% which was a considerably faster pace than the five-year-average of 8.2% from 2014 to 2018. Düsseldorf (13.3%) and Cologne (12.3%) experienced the fastest growth in this regard among Big 8 Cities in 2019 (source: JLL—Housing Market Overview Germany H2 2019). Standard indicators used to evaluate residential property prices in Germany, such as price-to-income and price-to-rent ratios also show that German housing prices are steadily increasing in proportion to affordability indicators.

Standard indicators to evaluate residential property prices in Germany (until October 2019) ⁽¹⁾



(source: Deutsche Bundesbank—Indicators for German Residential Property Markets)

- (1) Bundesbank calculations based on data provided by the Association of German Pfandbrief Banks (vdp).
- (2) Annuity of mortgage loan with fixed interest rate (between 5 and 10 years) and hypothetical term of 30 years in relation to household income.
- (3) Disposable income per household in Germany, nominal.
- (4) Prices and rents of apartments. Deutsche Bundesbank.

Overall Supply Constraints

The German real estate market is less cyclical than markets in other European countries. This is mainly due to its conservative financing practice which makes it fundamentally less susceptible to property bubbles (*source: Helaba Research—Focus on German Housing Market*).

Shortages in the housing market in numerous German cities caused a mega trend of fast rising rents and property prices from an initially low base. The period from 2009 until 2019 exhibited rising house prices by approximately 95% in A-cities and by approximately 70% in B-cities and C-cities. This trend is underpinned by a historically low vacancy rate of 2.8% (*sources: Deutsche Bank—Germany Property and Metropolis Market Outlook 2019, CBRE/empirica—Leerstandsindex*).

Total Home Sales in Country Over Time

The number of residential transactions has remained relatively stable for several years. In 2019, the number of residential units sold amounted to approximately 130,500. The transaction volume of German residential real estate in 2019 grew by 7% to approximately €20 billion which is 56% above the 10-year average (*source: JLL—Housing Market Overview Germany H2 2019*). While the considerable annual increase in supply of newly constructed apartments could point towards a significant reduction of demand, the imbalance has not been solved, and demand is expected to remain significantly above supply in the coming years with a gradual reduction in vacancy rate occurring in parallel. Despite increasing construction activities, the vacancy rate of 4.1% recorded in 2006 is significantly higher than the vacancy rate of 2.8% recorded in 2018 (*source: CBRE/empirica—Leerstandsindex*). In 2019, rents for newly constructed apartments increased by 3.0% while overall rents including existing houses increased by 3.8% (*source: empirica—Preisdatenbank*).

Access to Funding for Construction of Real Estate Properties

The growth of construction and transaction activities combined with rising prices for residential properties has been accompanied by increasing residential lending for several years. In 2018, gross residential loans remained at a high level and amounted to €27.8 billion. The volume of residential loans outstanding totaled €1,446 billion, which corresponded to an increase of 4.9% on 2017 (*source: EMF Hypostat 2019*).

In 2018, mortgage interest rates in Germany were higher than in the previous year. The average mortgage rate went up to 1.87% in 2018 from 1.83% in 2017 (*source: EMF Hypostat 2019*).

In Germany, the main funding instruments for housing loans are savings, deposits and mortgage bonds. Germany has one of the largest covered bond markets in Europe representing a significant share of the total market (*source: EMF Hypostat 2019*).

Stock of New Homes

The upward trend in residential construction has intensified continuously too since 2010. In 2018, 286,000 residential units were built: the highest result since 2002. This growth was accompanied by structural shifts between single- and two-family houses and multi-family houses (*source: EMF Hypostat 2019*).

According to studies conducted by the German Economic Institute, an average of 341,700 homes needed to be built every year up to 2020 in order to meet the demand for new buildings. Building activity in the top locations significantly falls short of this target with only 71% of the demand being met (*source: IW Report 28/2019—Ist der Wohnungsbau auf dem richtigen Weg?*).

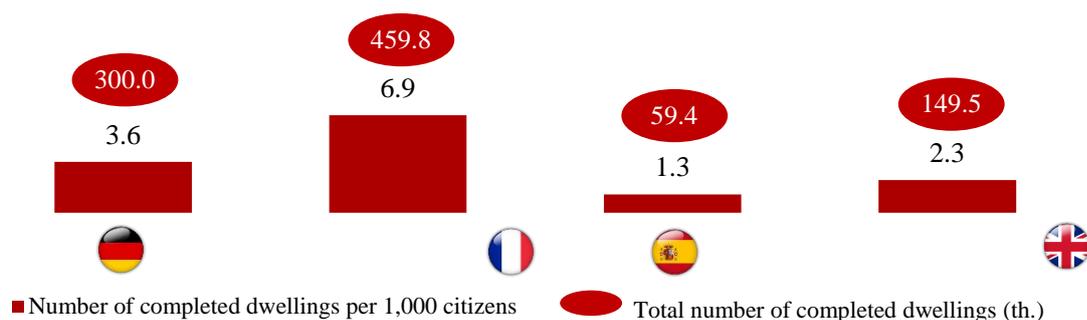
Building Permits and Completed Housing Units in Germany

Information by the German Federal Statistical Office shows that, on the basis of a year-to-year comparison, nationwide the number of building permits for new residential units increased by 3.0% in 2019 as compared to 2018. Building permits for newly built residential buildings with one or two dwellings increased by 1.2% in 2019, while permits for newly built residential buildings with three or more dwellings increased by 4.6% (*source: Federal Statistical Office—Building Permits*).

The following chart shows the housing development intensity within the EU. With 3.6 completed apartments per 1,000 citizens, the German housing intensity is above that of the UK and Spain.

Housing development intensity

(Index of the number of completed dwellings per 1,000 citizens, as of 2018)



(source: Deloitte—Property Index)

Competition

Based on the size and diversity of the German housing market, the Company competes with numerous competitors. Only 2.7 million units, equaling approximately 10% of the total housing stock units, are owned by private housing companies. The rest is owned by private landlords, cooperatives, public housing associations, municipalities or other public real estate companies of the public sector.

The 25 largest owners include nine private companies which demonstrates the fragmented and regionally diverse ownership structure of the rental apartment market in Germany. However, seven of these private companies are among the ten largest apartment owners. The two largest apartment owners by far in Germany are Vonovia SE, with around 416,000 apartments (source: Vonovia), and Deutsche Wohnen SE, which owns around 164,000 units (source: Deutsche Wohnen). Both are listed companies and operate throughout Germany. The regional focus of the Vonovia SE portfolio, which covers 653 towns and cities, is on Berlin, Dresden and North Rhine-Westphalia. In the case of Deutsche Wohnen SE, around 72% of apartments owned are in Berlin. Based upon the census data, Vonovia SE and Deutsche Wohnen SE own approximately 10% of all rental apartments in Berlin combined (source: Savills—Ownership in the Residential Market). As such, competition is highly fragmented and varies from location to location.

The Company believes that there are no market-dominating competitors in asset management. As a consequence, the Combined Group faces various partly small-scale private and partly mid-sized municipal competitors in every location where it is present. The Company also believes that there is negligible brand awareness among potential tenants who tend to look for affordable yet well maintained accommodation in certain locations and not strictly for apartments owned by a particular company. Naturally, competition is fiercer in locations that suffer from negative immigration balances as potential tenants have options to choose from and suppliers of residential units exert additional efforts to maintain the marketability of their apartments. The opposite is true in locations with increasing population numbers.

There is also competition with respect to the acquisition of suitable portfolios. As in the residential market, competition among potential bidders varies profoundly in regard to the portfolio size, the quality of the real estate offered or the regional diversification of the portfolio.

The Company believes that in respect of potential portfolio acquisitions its competitors are primarily other medium and large real estate companies and institutional investors, such as insurance companies as well as investment funds investing in real estate. Other important competitors in the residential property portfolios market are local authorities selling or buying back housing stock, as well as so-called “property splitters” who buy residential housing stock for the purpose of its development, segmentation and sale or privatization.

BUSINESS

Overview

We believe that we are a top-five residential real estate company in Germany based on gross asset value. On April 9, 2020, we combined the business of ADLER Real Estate Aktiengesellschaft (“**ADLER Real Estate**”) and its subsidiaries (together, the “**ADLER Group**”) with the business of the ADO Properties Group (together with the ADLER Group, the “**Combined Group**”) (the “**Business Combination**”). Prior to the Business Combination, we focused on residential real estate located only in Berlin, Germany, and after the closing of the Business Combination are focusing on becoming a leading integrated residential property group that is active throughout Germany. We create value by active portfolio and property management and opportunistic growth through strategic acquisitions, for which we have broadened our scope from Berlin-only to Germany-wide.

We specialize in and focus on the purchase, management and development of income-producing multi-family residential real estate. The portfolio value of the Combined Group as of March 31, 2020 was approximately €8.6 billion. As of March 31, 2020, the Combined Group’s property portfolio consisted of 73,500 residential units with a total residential lettable area of 4,511,127 sqm, 2,332 commercial units (retail, office and other commercial) with a total commercial lettable area of 280,506 sqm, 17,610 parking spaces and spaces for storage, antennas, etc.

As of March 31, 2020, the ADO Properties Group’s vacancy rate was 2.7% and 3.2% for its residential units and commercial units, respectively. The average monthly net rent per sqm was €7.29 and €10.30 for its residential units and commercial units, respectively. As of the same date, the ADLER Group’s (excluding the ADO Properties Group) vacancy rate was 5.9% and 16.3% for its core residential units and core commercial units, respectively. The average monthly net rent per sqm was €5.60 and €6.82 for its core residential units and core commercial units, respectively. As of March 31, 2020, on a *pro forma* basis, the Combined Group’s residential average net rent per sqm was approximately €6.01 and the combined residential portfolio vacancy rate was 5.1%.

Our business activities are influenced by numerous demographic, economic and political factors. Given our involvement in the real estate sector, we are affected by developments affecting and related to the residential property market in Germany, in particular macro-economic indicators such as population growth, economic growth, employment, purchasing power and the consumer price index. Furthermore, we are significantly affected by trends in micro-economic indicators, such as the future development of housing prices, rent levels, vacancy rates and home ownership rates. As a result, we compete with a number of privately and communally owned residential real estate companies.

Berlin remains an important real estate market for us following the Business Combination. We believe that the residential real estate market in Berlin benefits notably from positive demographic trends. Berlin is the most populous city in Germany and had 3.64 million inhabitants in December 2018. It is expected that the number of inhabitants in Berlin will increase to 3.83 million by 2030 (*source: Federal Statistical Office—Projected Population Figures*). We also believe that we will continue to benefit from Berlin’s status as the capital and largest city of Germany, which has one of Europe’s strongest economies and is an important center for economy, business, politics and culture in continental Europe. In addition to a growing number of governmental employees in the city, Berlin is a particularly dynamic economic center for, among others, the services, pharmaceuticals, media, creative and technology sectors.

In order to keep up with the fast demographic growth, on the one hand, and to ease the strained situation on the housing market, on the other hand, a total of 194,000 new residential units would have to be built between now and the year 2030 according to the Berlin senate department for urban development and housing (*source: Berlin Senate Department for Urban Development and Housing—Press Release*).

Our business model currently focuses on asset and property management, portfolio and facility management and identifying residential properties throughout Germany that present opportunities for us to create value by increasing rents, decreasing vacancy and privatizing condominiums. Market rents as well as the official rent index (“*Mietspiegel*”) have been constantly increasing in Germany over the recent years. The average growth per annum in market rents has been higher in Berlin than for other major German cities (*source: JLL—Housing Market Report Germany*). Despite the recent increases in rent levels, rents in Berlin are still relatively low

compared to the other big cities in Germany (*source: JLL—Housing Market Report Germany*), thereby presenting opportunities for our business and future growth. Our residential units face strong demand from broad segments of the population: from the growing youth population to individuals with low and medium household income, some of which are being supported by social benefits and transfer payments from public authorities. We believe that our residential units provide tenants with an attractive value proposition and are suitable to market demand, which is further enhanced by our active approach to capital expenditure for refurbishment.

In addition, we seek to add value through the use of our efficient, fully integrated in-house management and tenant service platform to manage our portfolios. We believe that due to our history and particularly through our operational efforts since our establishment in 2006, we have achieved significant recognition in the market and as evidenced by our long-standing track record in achieving strong rental growth (see “—*Competitive Strengths*”).

During the 3M 2020, the ADO Properties Group generated **income from rental activities** of €29,434 thousand (3M 2019: €35,696 thousand; Fiscal Year 2019: €141,572 thousand; Fiscal Year 2018: €134,588 thousand; Fiscal Year 2017: €109,181 thousand) and **EBITDA from rental activities** of €17,706 thousand (3M 2019: €23,860 thousand; Fiscal Year 2019: €91,997 thousand; Fiscal Year 2018: €93,777 thousand; Fiscal Year 2017: €77,090 thousand). **EBITDA total (including disposal results) (adjusted)** for the 3M 2020 was €18,419 thousand (3M 2019: €24,499 thousand; Fiscal Year 2019: €93,806 thousand; Fiscal Year 2018: €96,255 thousand; Fiscal Year 2017: €80,018 thousand). During the 3M 2020, the ADO Properties Group generated **FFO 1 (from rental activities)** of €1,457 thousand (3M 2019: €16,716 thousand; Fiscal Year 2019: €63,173 thousand; Fiscal Year 2018: €66,777 thousand; Fiscal Year 2017: €54,345 thousand), **FFO 2 (including disposal results)** of €1,170 thousand (3M 2019: €7,355 thousand; Fiscal Year 2019: €64,982 thousand; Fiscal Year 2018: €69,255 thousand; Fiscal Year 2017: €57,272 thousand) and **AFFO (from rental activities)** of €10,745 thousand (3M 2019: €12,456 thousand; Fiscal Year 2019: €11,525 thousand; Fiscal Year 2018: €53,739 thousand; Fiscal Year 2017: €45,857 thousand). As of March 31, 2020, the ADO Properties Group’s **EPRA NAV** amounted to €2,824,292 thousand (3M 2019: €2,443,365 thousand; Fiscal Year 2019: €2,905,699 thousand; Fiscal Year 2018: €2,429,544 thousand; Fiscal Year 2017: €1,988,757 thousand). As of March 31, 2020, the ADO Properties Group’s **LTV-Ratio** was 29.4%.

For a reconciliation of EBITDA from rental activities, EBITDA total (including disposal results) (adjusted), EBITDA total (including disposal results) (adjusted) margin, FFO 1 (from rental activities), FFO 2 (including disposal results), AFFO (from rental activities), LTV-Ratio and EPRA NAV to the most nearly comparable IFRS figures, see “*Selected Consolidated Financial Information of the Company—Additional Non-IFRS Performance Measures*”.

On a combined basis, as of and for the Fiscal Year 2019, the Combined Group achieved €6.2 of rent per square meter per month (ADO Properties Group: €7.4; ADLER Group: €5.6), like-for-like rental growth of 3.3% (ADO Properties Group: 5.0%; ADLER Group: 2.4%), a vacancy rate of 4.8% (ADO Properties Group: 2.8%; ADLER Group: 5.4%) and an FFO 1 (from rental activities) of €147 million (ADO Properties Group: €63 million; ADLER Group: €84 million) as well as an EPRA NAV of €1,879 million (ADO Properties Group: €2,906 million; ADLER Group: €1,973 million).

On a combined basis, as of and for the 3M 2020, the Combined Group achieved €6.17 of rent per square meter per month (ADO Properties Group: €7.77; ADLER Group: €5.60), like-for-like rental growth of 2.7% (ADO Properties Group: 3.3%; ADLER Group: 2.3%), a vacancy rate of 5.4% (ADO Properties Group: 2.8%; ADLER Group: 5.9%) and an FFO 1 (from rental activities) of €30.6 million (ADO Properties Group: €11.5 million; ADLER Group: €19.1 million) as well as an EPRA NAV of €1,664 million (ADO Properties Group: €2,824 million; ADLER Group: €1,840 million).

In a first step, on December 15, 2019, the Company entered into various share purchase agreements with minority shareholders of Consus Real Estate to acquire a 22.18% stake in Consus Real Estate, which, as a result of the completion of the ADLER Offer increased to a shareholding of 25.75%, and entered into the SCA with Consus Real Estate to engage in a strategic partnership and, to the extent legally permissible, work together to fully investigate and potentially undertake mutually beneficial property developments, including the acquisitions of land plots for new-builds. Through the Strategic Cooperation, the Company is receiving access

to an experienced development platform focused on the Top 9 Cities in Germany, thereby securing a value-creating growth path for the future.

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised the call option under the Call/Put-Option Agreement. The settlement of the Consus Real Estate Call Option Exercise occurred by transfer of newly issued shares in the Company and transfer of the Company's treasury shares previously indirectly held by ADLER Real Estate.

On July 2, 2020, the Company announced the Rights Issue. The subscription period commenced on July 6, 2020 and ended on July 20, 2020. The Rights Issue settled on July 24, 2020.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make the Consus Offer. The Consus Offer will be based on an exchange ratio, adjusted for the results of the Rights Issue, of one share in Consus Real for 0.272 newly issued shares in the Company as consideration.

Competitive Strengths

We believe that our business is characterized by the following competitive strengths, which have been a primary driver of our success in the past and will continue to be a source for our future business development:

We are a top-tier residential real estate platform with a high quality portfolio that is diversified across core locations in Germany.

Through the Business Combination, we own approximately €8.6 billion in combined real estate assets and believe that we are a top-five residential real estate company in Germany based on gross asset value. We have diversified our portfolio across Germany by complementing our high quality Berlin portfolio by the ADLER Group's Germany-wide portfolio, focused on German cities with attractive yield potential, and have thus increased our footprint in the overall German residential market in a profitable way. The real estate portfolio of the Combined Group comprised of 73,500 residential units and 2,323 commercial units as of March 31, 2020, is located throughout Germany and in our view covers predominantly locations with attractive growth perspectives. In particular, the Berlin residential market, which still accounts for approximately 50% (by fair value) of our portfolio following the Business Combination, continuously benefits from a combination of positive net migration, increase of qualified workers, decreasing average household size and limited supply of new rental units, 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 privatization opportunities.

Moreover, through the Business Combination, the Company benefits from enhanced liquidity in its shares and may fulfill the requirements of inclusion in the MDAX index in the near-term.

We benefit from an efficient, fully integrated, scalable in-house real estate portfolio management platform, led by an experienced management team and focused on growth and value creation.

We benefit from an efficient, fully integrated, scalable real estate portfolio management platform, led by an experienced management team and 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 or real estate portfolios as well as their acquisition and administration. Our platform, combined with our in-depth knowledge of the real estate market throughout Germany, makes us well suited to identify portfolio assets that can be improved through targeted capital expenditures. 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 that have been built without legacy constraints, which allow us to be flexible in adapting to market conditions to sustain further portfolio growth. Our approach has led to a competitive EBITDA from rental activities margin of 63.5% for the

three-month period ended March 31, 2020 (70.9% for the 3M 2019; 68.6% for the Fiscal Year 2019; 73.3% for the Fiscal Year 2018) and a track record of decreasing vacancy in our portfolio.

We are committed to tenant satisfaction through our business approach.

We strive for high tenant satisfaction and place our tenants at the center of our operations. We demonstrate high responsiveness to our tenants' needs and actively manage communications with our tenants through in-house and external call lines. 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 benefit from access to Consus Real Estate's market leading development platform.

We expect to benefit from our increasing access to, what is in our view, Consus Real Estate's market leading development platform and high-quality development assets. Consus Real Estate is Germany's leading pure-play developer of real estate properties in the Top 9 Cities in terms of square meters (*source: Bulwiengesa—Consus Nr. 1*). On December 15, 2019, we acquired a 22.18% strategic minority shareholding in Consus Real Estate, which, as a result of the completion of the ADLER Offer, increased to 25.75% due to the fact that ADLER Real Estate held 3.57% in Consus Real Estate prior to the completion of the Takeover Offer. On December 15, 2019, we also entered into the SCA.

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised the call option under the Call/Put-Option Agreement. The settlement of the Consus Real Estate Call Option Exercise occurred by transfer of newly issued shares in the Company and transfer of the Company's treasury shares previously indirectly held by ADLER Real Estate.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). Accordingly, following the settlement of the Consus Real Estate Call Option Exercise, the Company intends to make the Consus Offer. The Consus Offer will be based on an exchange ratio, adjusted for the results of the Rights Issue, of one share in Consus Real for 0.272 newly issued shares in the Company as consideration. The Consus Real Estate Acquisition, the SCA and the Consus Offer give us access to an experienced development platform securing the value-creating growth path for future NAV accretion through new assets in the most attractive German real estate markets.

We have a solid balance sheet structure with a conservative target LTV-Ratio and long-term maturity profile at low funding costs.

Throughout our history, we have based our conservative financing strategy on the financing of assets through mortgages (*Hypothek*) and have built strong relationships with a range of key lenders in Germany. The Combined Group has, on a *pro forma* basis, a conservative balance sheet with, as of March 31, 2020, a net LTV-Ratio of 54.6% (including convertible bonds of ADLER Real Estate), approximately 1.8% cost of debt, an interest coverage ratio of 3.5 to 1.0, long-term financing with no major maturities before 2021 and a weighted average maturity of approximately 3.6 years. With the consummation of the Consus Real Estate Acquisition, after giving effect to the Offering and assuming an application of the proceeds thereof for the repayment of certain debt, we believe to be in a position to achieve a net LTV-Ratio of approximately 54% (including convertible bonds of ADLER Real Estate and Consus Real Estate), approximately 2.6% cost of debt, an interest coverage ratio greater than 2.6. Moreover, we intend to capitalize on our balanced debt structure which, with the consummation of the Consus Real Estate Acquisition, after giving effect to the Offering and assuming an application of the proceeds thereof for the repayment of certain debt, comprises a split of approximately 58% and 42% of unsecured and secured debt, respectively, and approximately 84% and 16% of fixed and floating interest rate debt, respectively. We target a conservative LTV-Ratio of less than 50% and aim to maintain or further improve our credit rating in the future.

Strategy

With the Consus Real Estate Acquisition, we intend to leverage Consus Real Estate's strengths as a leading German real estate developer.

With the Consus Real Estate Acquisition, we will gain access to a highly experienced development platform. We intend to capitalize on Consus Real Estate's focus on large-scale developments and its landbank with a GAV of approximately €1.0 billion across the Top 7 Cities. We expect the development projects of such landbank to be completed over the next six to eight years. Due to its focus on residential real estate developments, Consus Real Estate provides for a value-creating growth path and future accretion of net asset value ("NAV") across Germany. We seek to capitalize on Consus Real Estate's bespoke development pipeline which, upon completion and based on a build-to-hold strategy, is expected to achieve €7 to €9 of rent per square meter per month at a value of €5,800 to €6,600 per square meter. Furthermore, we also expect to benefit from Consus Real Estate's ongoing forward sales and condominium sales to yield NAV accretive growth over the next three to four years.

Accordingly, with the consummation of the Consus Real Estate Acquisition, we believe to be well positioned to capitalize on economies of scale due to the size of our combined operation, which allows us to accelerate our real estate development growth momentum. We seek to benefit from Consus Real Estate's broad and established network and local branches through which it maintains stable relationships and a close cooperation with regulators, cities and municipalities providing it with a competitive advantage in the process of sourcing land plots and development projects. We also intend to leverage Consus Real Estate's specific expertise in relation to the planning and construction of sustainable development projects and quarters as well as its distinctive capability for the conversion of listed and/or commercial properties into residential real estate properties.

Our strategy is focused on creating the fourth largest European listed integrated residential real estate platform combining a GAV of approximately €14.0 billion.

Through the Business Combination and the Consus Real Estate Acquisition, we aim to grow and continue to diversify our business throughout Germany by securing a clear and profitable growth path. We are in the process of integrating the ADLER Group to enable us to profit from the economies of scale, the diversified portfolio and the anticipated management synergies and knowledge transfer.

After consummation of the Consus Real Estate Acquisition, we aim to implement a build-to-hold strategy to deliver new residential real estate units in a strategic effort to address the ongoing housing shortage in Germany. In particular, capitalizing on a landbank with a GAV of approximately €1.0 billion, we target to develop approximately 800,000 square meters of additional rental area across more than 10,000 additional rental units.

Our scalable platform is capable of implementing accretive growth through further acquisitions based on significant sourcing capabilities, our the acquisition of control over Consus Real Estate and our existing management operations. Through the Consus Real Estate Acquisition, the Combined Group seeks to deliver increased scale and profitability and thereby improve its key financial and operational performance indicators. On an aggregate run rate basis, including the exploitation of the future development opportunities which we aim to complete over the next six to eight years as a result of the Consus Real Estate Acquisition, we annually target an NRI of approximately €20 million to €40 million, an EBITDA of approximately €385 million to €405 million, an EBITDA margin of approximately 75% and an implied NRI yield of approximately 4% percent. We aim to further improve our operational performance on the basis of approximately 5.5 million to 5.6 million square meters of rental area with an average value of approximately €2,500 per square meter and FFO contribution at an average rent of approximately €8.0 per square meter following the development of landbank properties over the next six to eight years.

We will leverage operational and financial synergies to be realized from streamlined operations and financial discipline.

Through the Business Combination and the Consus Real Estate Acquisition, we are creating one of the largest listed residential real estate companies in Europe, characterized by diversification and synergetic growth. Through the Business Combination, we expect between €24 million and €39 million of total operational and financing run-rate synergies per annum, the majority of which are expected to be realized until 24 months following the closing of the Business Combination. Moreover, by way of the Consus Real Estate Acquisition, we target cumulative operating synergies of €13 million to €18 million within the next 12 to 24 months by reducing marketing expenses, operational savings through a unified platform as well as administrative savings. Based on Consus Real Estate's approximately €150 million non-recurring EBITDA generated from upfront sales of development projects already sold in 2020 and a 20% EBITDA margin on €2.0 billion of forward sales

signed and condominium sales started, with 70% of the EBITDA yet to be recognized and distributed over 3.5 years, less annualized Q1 2020 interest of approximately €130 million (annualized Q1 2020 interest of approximately €69 million, adjusted for approximately €34 million capitalized interest and interest on reduced debt of approximately €850 million post closing of disposals) tax at an assumed 30% tax rate, as adjusted to the Company's accounting principles and assuming that Consus Real Estate has been consolidated as of January 1, 2020, we would expect an illustrative development FFO contribution from Consus Real Estate for 2020 between €50 million and €80 million. We expect this to be contributed before the run-rate operating and refinancing synergies of €90 million to €104 million that we aim to achieve in 2021.

We aim to achieve cumulative financing synergies of €50 million to €54 million in 2020 and €77 million to €86 million by the end of 2021 for the Combined Group by way of significant reduction of mezzanine and junior debt and, thus, interest savings. Thus, we expect to realize total cumulative synergies of €63 million to €72 million by the end of 2020 and €90 million to €104 million by the end of 2021 with a corresponding positive effect on our pre-tax FFO. Ultimately, the Business Combination and the Consus Real Estate Acquisition allow us to capitalize on significant run-rate synergies with reduced debt.

Including the proceeds of the Offering, we expect that the Business Combination and the Consus Real Estate Acquisition will enhance the liquidity of the Company's shares through an approximately €3.0 billion market capitalization. A shareholder structure with an expected free float of over 70% is also expected to improve the Combined Group's ability to implement strategic equity capital measures.

We continue to focus on increasing rents through active asset management and targeted investments to modernize, refurbish and re-position our properties.

We continue to focus on increasing rents through active asset management and targeted investments to modernize, refurbish and re-position our properties, while constantly screening and anticipating developments in different sub-markets. Our strategy to realize upside potential includes 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 increase potentials and pursue growth beyond the rent table through capex investments to modernize, refurbish and/or re-position (by improving the prior asset management) our properties allowing for higher rent levels. Therefore, our capex investments are targeted at markets with the potential for such rent increases. 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 in the market standard suitable for the current demand.

We plan to continue to realize value by converting properties into condominiums and selling them at prices exceeding the current fair value of the properties.

We plan to continue to realize value by converting properties into condominiums and selling them at prices exceeding the current fair value of the properties. As of March 31, 2020, we have 135 units that have been converted or are in the process of being converted into condominiums. We have identified 3,754 additional units in our properties which can be converted into condominiums over the medium term and another 2,169 units which can be converted long term. We expect to sell converted properties at a rate of approximately 100 units per year on a continuous basis, thereby contributing cash flows to our overall business. We will also continue to assess the potential for condominium conversion or sales of existing condominiums in acquired portfolios. Moreover, following the Consus Real Estate Acquisition, we will continue to benefit from the condominium development business.

We target continuous dividends with a payout ratio of up to 50% of our yearly FFO 1 (from rental activities).

Our portfolio and operational excellence combined with our sustainable financing strategy allows us to, in principle, target conservative dividends with a payout ratio of up to 50% of our yearly FFO 1 (from rental activities). However, the Board of Directors resolved to recommend to the General Meeting to make no distribution of dividends to shareholders for the fiscal year ended December 31, 2019. Going forward, we intend to uphold a dividend policy with a payout ratio of up to 50% of our yearly FFO 1 (from rental activities).

Our Portfolio

Overview

As of March 31, 2020, we held a real estate portfolio comprised of 16,248 residential units, 1,372 commercial units, 4,735 parking spaces and 653 spaces for storage, antennas, etc. All of our portfolio is located in Berlin and consists of multi-family properties.

As of March 31, 2020, the aggregate residential area of our portfolio amounted to 1,064,760 sqm, with an average residential unit size of 65.5 sqm. An average unit consists of one or two rooms. We had leased 97.3% of our residential units and 96.8% of our commercial units and generated an average monthly net rent of €7.29 per sqm for our residential units and €10.30 per sqm for our commercial units. As of March 31, 2020, vacancy rates for our residential units and commercial units were 2.7% and 3.2%, respectively.

Portfolio Overview

The following table sets forth certain key portfolio data:

	As of and for the three-month period ended March 31,		As of and for the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in € thousand, unless otherwise specified)		(in € thousand, unless otherwise specified)		
In-place rent (end of period, annualized).....	112,337	137,111	112,715	135,877	110,782
<i>of which residential units</i>	90,585	115,430	91,529	114,711	93,806
<i>of which commercial units</i>	19,537	19,155	18,829	18,509	14,808
<i>of which other & parking units</i>	2,395	2,604	2,357	2,657	2,168
In-place rent (per month in € per sqm) ⁽¹⁾	7.77	7.16	7.68	6.75	6.89
<i>residential units</i>	7.29	6.76	7.39	6.73	6.42
<i>commercial units</i>	10.30	9.77	10.04	9.42	8.94
Total portfolio value ⁽²⁾	3,652,098	4,086,654	3,650,313	4,079,051	3,314,259
Number of units	17,620	23,641	17,637	23,658	21,970
<i>residential</i>	16,248	22,186	16,255	22,202	20,649
<i>commercial</i>	1,372	1,455	1,382	1,456	1,321
Vacancy rate at period end (in % of sqm) ⁽³⁾	2.8	3.2	2.7	3.2	3.6
<i>residential units (1,064,760 sqm as of March 31, 2020)</i> ...	2.7	3.1	2.7	3.2	3.6
<i>commercial units (161,727 sqm as of March 31, 2020)</i>	3.2	5.4	3.6	4.6	4.9
Maintenance and capital expenditures (annualized) (€ per sqm).....	58.8	46.4	36.2	39.2	29.1

(1) **In-place rent (per month in € per sqm)** is defined as the current gross rental income per month for rented residential, commercial and other units and parking spaces as agreed in the corresponding rent agreements as of March 31, 2020 and 2019 and December 31, 2019, 2018 and 2017, respectively, before deducting non-recoverable operating costs, divided by the lettable area of rented units as of the same dates. Residential in-place rent is often also referred to as “net cold rent”.

(2) **Total portfolio value** is the sum of investment properties and trading properties.

(3) **Vacancy rate at period end (in % of sqm)** is the sqm of vacant units as of the respective period end, divided by the total sqm of units owned on the respective period end date.

Portfolio by geographical distribution

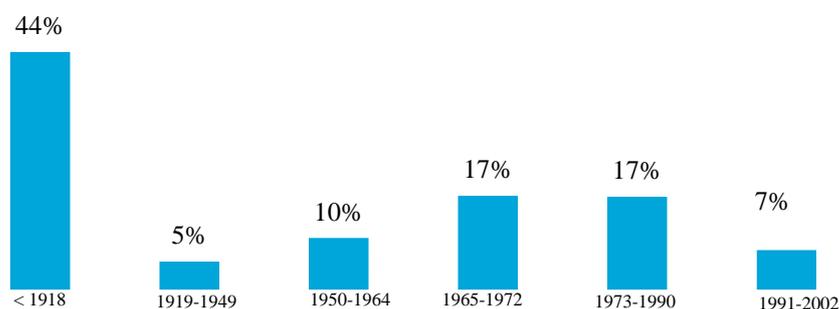
The following table provides an overview of the geographical distribution of our total portfolio split by areas in Berlin in relation to our residential units as of March 31, 2020:

	<u>Central⁽¹⁾</u>	<u>S-Bahn Ring</u>	<u>S-Bahn Ring (1960-1990)</u>	<u>City Ring</u>	<u>City Ring (1960-1990)</u>	<u>Total</u>
Fair value (€million) ⁽²⁾ ...	1,674	537	758	342	354	3,665
Fair value of properties (€m ²).....	3,345	2,843	2,748	2,725	2,380	2,966
Number of residential units	6,478	2,224	4,179	1,463	1,904	16,248
Avg. in-place rent in €/sqm/month	7.57	7.33	7.17	7.55	6.42	7.29
Avg. new letting rent in €/sqm	8.43	7.59	6.98	8.39	6.64	7.83
Occupancy (physical) in %	98.1	96.2	97.0	95.9	97.6	97.3
Tenant turnover in %	7.3	8.3	6.9	9.9	6.1	7.4

(1) Comprises the districts Charlottenburg-Wilmersdorf, Friedrichshain, Kreuzberg, Mitte, Neukölln-Nord, Steglitz-Nord, Prenzlauer Berg, Reinickendorf-Süd und Schöneberg.

(2) Fair value includes commercial portfolio. Other values are for residential portfolio only and are including the achieved rents for furnished apartments.

The following diagram shows the diversification of the ADO Properties Group's buildings across construction eras, as split by property value as of March 31, 2020:



source: Company

Subsidies

As of March 31, 2020, 3.0% (by sqm) of the ADO Properties Group's residential units are under rent restrictions due to public subsidies.

Continuously Strong Like-for-Like Rental Growth

The diagram below shows the ADO Properties Group's like-for-like rental growth for the periods presented in this Offering Memorandum:



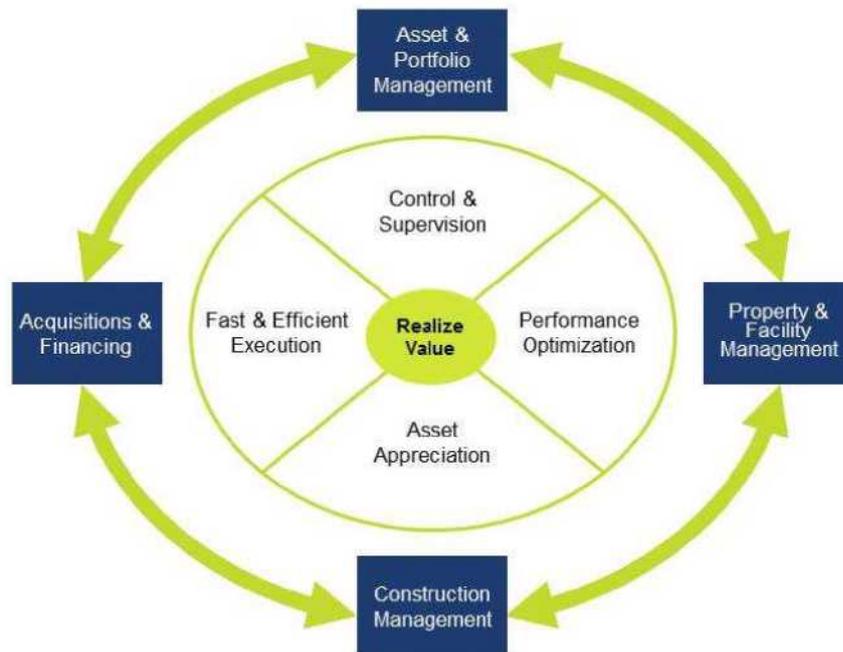
source: Company

Business Operations

Overview

We consider Berlin residential real estate to be a decisively local business, which requires strong local market intelligence and an in-depth knowledge about our own assets and tenants in order to create value. Our fully integrated, in-house and scalable platform for active asset management and privatizations is led by an experienced management team. Therefore, we manage our operating business in a fashion that enables us to make targeted investments, accretive add-on acquisitions and condominium conversions and privatizations in the various micro-locations in Berlin.

The following chart depicts an overview of our operating model:



We have four business functions that are responsible for (i) asset and portfolio management, (ii) property and facility management, (iii) construction management, and (iv) acquisitions and financing. The teams within each business function collect and process district-specific knowledge related to the relevant task. The performance of each business function is reflected by the building performance that is monitored on the basis of key performance indicators set for each building.

Our business function responsible for asset and portfolio management and financing is conducted by ADO Properties GmbH. ADO Properties GmbH focuses mainly on the purchase and management of revenue producing real estate in Berlin. It is the coordination and financial arm of our business. Based on their knowledge of the different Berlin micro-markets and the condition of the specific apartments, and taking into account current vacancy rates and refurbishment and modernization requirements, our asset and portfolio management team periodically updates the target rent for new lettings. Furthermore, ADO Properties GmbH provides various support services, including bookkeeping, human resources administration and information technology services for and within the ADO Properties Group.

Our business function responsible for property and facility management is comprised of ADO Immobilien Management GmbH, formerly Central Asset Management GmbH, and Central Facility Management GmbH (“CFM”) that provide property management and services to tenants, respectively. ADO Immobilien Management GmbH specializes in value optimization through residential and commercial property management, providing services in property management, letting management, tenant bookkeeping, rent collection and controlling and reporting. CFM has been a distinct in-sourced team and brand since 2013 and provides an immediate response for all kinds of facility management, including cleaning and janitor services and gardening. The creation of our distinct facility management team has led to cost savings and increased tenant satisfaction because we exercise full control over these services.

Our business function responsible for product optimization through construction management is CCM City Construction Management GmbH (“CCM”). CCM offers complete and comprehensive construction management services including site survey and evaluation, coordination with local authorities, budget estimate and control, control and approval of supplier invoices, project scheduling, site management and documentation.

Asset and Portfolio Management

We take a comprehensive approach to asset management, which for us encompasses all areas of improving and increasing the cash flow and value of our business and includes portfolio and transaction management, property management, supply management, organizational management and financial management. Through our asset management activity, we seek to manage our assets to grow FFO 1 (from rental activities) and cash flow resulting in increases of the value of our real estate portfolio. To achieve these goals, we focus on increasing rental income, reducing vacancy, reducing the costs and risks of operating our assets and maintaining a conservative capital structure.

ADO Properties GmbH provides all of our asset management services out of our operational office in Berlin and supervises the development of our portfolio. We consider our portfolio development efforts an important part of our strategy. To this end, we capitalize on major societal trends. The trends that we have identified are demographic trends such as the expected continued increase of one- to two-person households and the increase of population in Berlin over the next ten years.

Targeted sales of condominiums (privatizations) are part of our strategy to actively manage our portfolio. The prices achieved in our value-oriented privatizations significantly exceed the fair value based on multi-family rental blocks. Before September 2014, we purchased buildings that had already been converted into condominiums but we did not immediately begin selling those condominiums. We began the business practice of converting residential units into condominiums and selling them in September 2014 as our total portfolio became sizeable enough for privatizations to commence significant margin potential and attractive conditions presented themselves.

As of March 31, 2020, we have 135 units that have been converted or are in the process of being converted into condominiums. We have identified 3,754 additional units in our properties which can be converted into condominiums over the medium term and another 2,169 units which can be converted long term.

Property and Facility Management

Our property and facility management function comprises all owner-related competencies, including tenancy-related administrative functions within the ADO Properties Group. This business function follows the principle that all tasks that can be performed using standardized and scalable procedures and executes the asset-by-asset strategy developed by our asset management individually for each property. Our goal is to maximize rental revenue by increasing rent, reducing vacancies and managing tenant fluctuation. It is steered by highly integrated interdisciplinary processes. Our property management function manages our letting process, encompassing tenant booking and marketing, rent collection, rent development and technical services. We also manage the commercial units that we own, which are located on the ground floors of our residential buildings.

Letting Services. We have initiated measures to make our letting process more efficient. Our letting department performs virtually all administrative work to support our letting agents, which allows them to focus on closing new letting contracts and letting strategies. Our letting specialists, who have an intimate knowledge of the different districts in Berlin, also have a significant amount of discretion to freely address prospective tenant needs. We support our letting service activities with a wide range of marketing activities (such as signs and illumination of windows and banners) that are focused on an entire property, individual units or individual micro-locations as well as on specific tenant target groups delineated by life cycle or economic situation. In our marketing activities, we conduct a careful tenant screening process that includes tenant credit checks.

Furthermore we perform an ongoing vacancy management. We survey units during the three-month cancellation period and if the technical condition of the unit is satisfactory, we immediately begin our marketing efforts to bring vacancy to a minimum by aiming to immediately rent the units with limited or no period of vacancy in between tenants. Our property and facility management works closely with our in-house construction

management to receive recommendations on the scope of refurbishment needed in order to fulfill market needs and to rent out the vacant units successfully.

Rent Collection. We strictly monitor overdue rent from our tenants. We established a structured arrears management process, which is managed by thirteen employees supported by a specialized external law firm, including specified dunning letters, outbound calls, email and on-site visits. Account managers may give tenants the option of a deferred payment or installment payments. To provide this service, we currently employ managers who can give tenants expert advice and who can negotiate individually tailored solutions in order to avoid costly eviction proceedings for all parties involved. We have achieved a sustainable high rent collection rate.

Rent Development. Rent development involves observation of market rents and the ability to increase rents on a regular basis for existing letting contracts. The rent revisions are primarily determined by the Berlin rent index (*Mietspiegel*), the restrictions of the German letting laws, the economic purchasing power of our tenants as well as restrictions due to subsidies. See “*Regulatory Environment*”.

We seek to increase our income from rent through (i) closing the gap to market rents on existing tenancies within the regulatory limits, (ii) adapting rents to market levels as rent restrictions fall away and (iii) higher rents for new lease contracts in relation to rents of existing contracts and (iv) continuing growth in the long-term through opportunistic acquisitions of assets with visible operational upside potential. In the three-month period ended March 31, 2020, we amended approximately 6,100 residential letting contracts resulting in a reduced annualized net rent of approximately €0.9 million (compared to 1,680 residential letting contracts amended in the three-month period ended March 31, 2019, which resulted in an additional annualized net rent of approximately €0.3 million). In the fiscal year ended December 31, 2019, we amended approximately 7,960 residential letting contracts resulting in an additional annualized net rent of approximately €1.2 million. In the fiscal year ended December 31, 2018, we amended approximately 7,630 residential letting contracts resulting in an additional annualized net rent of approximately €2.1 million. In the fiscal year ended December 31, 2017, we amended approximately 6,030 residential letting contracts resulting in an additional annualized net rent of approximately €1.5 million.

Our tenant turnover rate based on our total portfolio (excluding the units sold under the Gewobag Sale) averaged 1.5% for the three-month period ended March 31, 2020 (compared to 2.0% for the three-month period ended March 31, 2019), 7.7% per year for the year ended December 31, 2019, 7.1% per year for the year ended December 31, 2018 and 7.7% for the year ended December 31, 2017, and is a factor in increasing the value of our assets through unit turn refurbishment and modernization and results in rent increase opportunities.

Technical Services. Our property management manages technical services and customer services, including an internal tenant call line and external service call number that can be reached at all times for emergencies. We perform ongoing maintenance in response to tenant requests by hiring external suppliers and work with a strict budget (annual investment program) per building. We provide standard items for residential units such as utilities, cable, etc. Any major technical services needed for vacant units are procured by CCM; property management makes the strategic decisions for investments that are carried out by our construction management.

Management of Commercial Units. Management of the commercial units in our portfolio is handled by a small team in parallel with the management of our residential properties. Apart from the three purely commercial properties that we hold, the commercial units currently held in our property portfolio are integrated into the residential properties that we manage and primarily include small retail businesses within residential buildings.

Construction Management

CCM performs complete and comprehensive in-house construction management services. Through CCM, we continue to invest in our existing real estate portfolio. In the three-month period ended March 31, 2020, we invested €4.7 per sqm in modernizations and refurbishments (compared to an investment of €6.4 per sqm in modernization and refurbishments in the three-month period ended March 31, 2019). We are continuously investing in modernizing properties to bring them up to market expectations. In the fiscal years ended December 31, 2019, 2018 and 2017, the average investment in modernizations and refurbishments was €36.2 per sqm, €39.2 per sqm and €29.1 per sqm, respectively, which demonstrates that our approach of capex investment is an integral part of our rental growth strategy and properties enhancement.

In addition we conduct periodic modernization of our properties, for example, the planned replacement of roofs or windows, modernizations of facades, refresh of staircases, etc. Such refurbishment is done according to an annual investment program. Through our standardized procedures and work volume we optimize our costs of construction.

We apply strict criteria when selecting investment opportunities and concentrate on investment opportunities that can be integrated into our asset and portfolio management and that will further improve rent out possibilities. In particular, we seek to acquire properties that will allow for increased rents and decreased vacancy in order to generate high value. This is generally achieved by balancing the following three factors:

- Rent perspective: affordability and at the market standard suitable for the current demand;
- Technical perspective: mix of both necessary and value-creating measures; and
- Economic perspective: adequate returns.

The entire investment process, from project selection to post-completion, is managed by CCM after ADO Properties GmbH, the business function responsible for asset and portfolio management, has reviewed and approved the capex application. As of March 31, 2020, our construction management consists of 31 full-time employees that are building engineers, architects, technicians and other craft specialists with a vast working experience in the real estate market. Through CCM, we also hire third-party service providers and construction companies to perform the modernizations and refurbishments of buildings and apartments to the market standard suitable for current demand. For all major works we typically execute a bidding process to be able and select the best supplier for the requested work.

Acquisitions and Financing, Divestments

We opportunistically grow and streamline our existing property portfolio by purchasing and selling both single properties and portfolios. In addition, through our strategic partnership with Consus Real Estate, we may also acquire certain projects from Consus Real Estate.

Our acquisitions generally follow a standardized, integrated process that results in analysis of the property to be acquired three months before the potential takeover. Throughout this process, negotiations on financing are conducted in parallel. We have diversified funding with several mortgage banks to finance our properties and acquisitions. For further information on our material financing please see “—*Material Agreements—Other Financing Agreements*” below.

Any divestment of a single property or portfolio occurs at an attractive sales price and only in cases where, in our estimation, the affected property or portfolio does not promise to add value to our existing portfolio.

Corporate Information

The corporate structure serves as the ADO Properties Group’s logistical backbone for our operations and comprises the human resources, financial accounting and information technology functions of the ADO Properties Group. Third parties provide legal services and property valuation.

Human Resources and Employees

Our human resources are provided centrally by six employees of the ADO Properties Group, all of whom are based in Berlin, and manage payroll, recruitment, employment law measures, human resources reporting and employee development and training. We use an integrated human resources software that includes employee time keeping and payroll accounting. Payroll accounting is processed in-house since February 2020 and utilizes our integrated human resources software.

Employees

As of the date of this Offering Memorandum, the Combined Group has a team of 1,141 full-time equivalent employees, many of whom have degrees in real estate management, accounting, construction engineering and facility management. The senior management of the Company (the “**Senior Management**”) is based in both Berlin and Luxembourg. The Company’s secretary and certain members of the Board of Directors are based in

Berlin. The majority of our full-time employees are located in Berlin and Hamburg. Our employees are responsible for asset and portfolio management (68 employees), property and facility management (208 employees) and construction management (31 employees) (each figure as of March 31, 2020). All of our real estate personnel are experts certified in their respective field of employment.

The following table shows the number of full-time employees of the ADO Properties Group as of the end of the respective period:

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
Full-time employees	307	366	354	295

As of the date of this Offering Memorandum, within the ADO Properties Group, there are 5 employee workers council (*Betriebsrat*) in place in our facility management subsidiary CFM. As of the same date, there are no employee union agreements (*Tarifvertrag*) in place.

Pension and Incentive Plans

We do not provide a private pension plan for our employees.

Some members of the Board of Directors and the Senior Management participate in long-term incentive plans and have stock options in ADO Group Ltd. See “*Long-Term Incentive Program (LTI)*”.

Financial Management

We conduct financial accounting, all other treasury functions and tenant accounting in-house. Our financial statements are prepared quarterly and annually. As of and for the Fiscal Years 2019, 2018 and 2017, our statutory annual accounts have been prepared in accordance with Luxembourg generally accepted accounting principles and our consolidated financial statements in accordance with IFRS. Our treasury department manages the ADO Properties Group cash flow planning, bank loans and day-to-day payments. Tenant accounting, as part of property management, is integrated into our financial accounting and treasury processes to ensure a consistent high quality of bookkeeping.

Information Technology

We are using information technology software supplied by a third-party, and managed internally by our information technology department, that integrates all ERP, accounting and controlling functions into one software to manage all our portfolios.

Intellectual Property, Trademarks and Domains

We do not hold any patents. The following trademarks which are material for the ADO Properties Group’s business are currently registered in favor of ADO Properties GmbH:

- word and figurative mark “ADO Properties” registered under number DE 302018017318 and under number DE 302008045025, respectively;
- wordmark “ADO” registered under number DE 302014071419;
- wordmark “Fortica” registered under number DE 302014022378;
- wordmark “Fortica” registered under number CTM 013031406;
- wordmark “Berlinsider” registered under number DE 302016028439; and
- wordmark “Berlinsiders” registered under number DE 302016028259.

The following trademarks are currently registered in favor of ADLER Real Estate:

- wordmark “ADLER REAL ESTATE” registered under number DE 302016009851; and

- figurative marks “ADLER REAL ESTATE” registered under number DE 302017017886 and DE 302017017890, respectively.

The ADO Properties Group’s most significant internet domains are: www.ado.properties, www.ado.berlin and www.ado.immo. The most significant internet domains of the ADO Properties Group are: www.adler-ag.com, www.adler-ag.de, www.westgrund.de and www.muenchener-bau.de.

Insurance Coverage

We have procured various operating insurance policies, which include, among others: business and environmental liability coverage, electronic data processing equipment insurance, motor vehicle insurance, employee accident insurance, employee fraud insurance, and property damage and third-party liability insurance that covers fire, lightning and explosions, water damage, storms and hail, natural hazards including, e.g. floods and earthquakes, broken glass and vandalism as well as statutory liability as a property owner.

The Company has provided a directors and officers (“D&O”) insurance policy covering the members of the Board of Directors and the Senior Management. A D&O basic insurance policy was entered into with XL Insurance Company SE, expiring on January 1, 2021 and with a limit of annual coverage in the amount of €25 million. A D&O first excess loss insurance policy was entered into with Allianz Global Corporate & Specialty SE, expiring on January 1, 2021 and extending the limit of annual coverage by €25 million, increasing the annual coverage to a total of €50 million. A D&O second excess loss insurance policy was entered into with QBE Insurance (Europe) Limited, expiring on January 1, 2021 and extending the limit of annual coverage by an additional €25 million, increasing the annual coverage to a total of €75 million. A D&O third excess loss insurance policy was entered into with AIG Europe Limited, expiring on January 1, 2021 and extending the limit of annual coverage by an additional €25 million, increasing the annual coverage to a total of €100 million. Each D&O insurance policy provides for a deductible in the amount of €100,000 and cover defense costs until the €25 million limit of annual coverage is reached, respectively. The D&O insurance policies cover financial losses arising from a breach of duty by the members of the Board of Directors in the course of their duties.

Governmental, Legal, Arbitration or Similar Proceedings

During the ordinary course of our business activities, we are regularly involved in legal proceedings, both as a claimant and as a defendant. These proceedings are routine matters of tenancy and other laws, and do not have a significant impact on the ADO Properties Group’s business.

As of the date of this Offering Memorandum, and other than the proceedings described under section “*Description of the Transactions—Governmental, Legal, Arbitration or Similar Proceedings of the ADLER Group*”, there are no and have not been within the last 12 months governmental, legal or arbitration proceedings (including pending or threatened proceedings) that could have a material adverse effect on our business, net assets, financial condition, cash flows, results of operations and prospects.

However, on October 18, 2019, the Company received a demand for payment of consultancy fees of €18.4 million in connection with the sale of certain subsidiaries owning 23 properties, consisting in aggregate of approximately 5,900 residential apartment units (the “**Gewobag Sale**”). By way of resolution, the Board of Directors has delegated power to senior management to negotiate a settlement on behalf of the Company in an amount of up to €2 million. The Company has recorded a provision in the amount of €2.4 million. On May 18, 2020, following a review of the available information, the Company and the consultant entered into a settlement agreement pursuant to which all mutual and ancillary claims are settled against payment of an undisclosed amount within the recorded provision.

Material Agreements

The following section provides an overview of material agreements to which any member of the ADO Properties Group (excluding the ADLER Group) is a party. All of the ADO Properties Group’s bank loans are non-recourse loans with the related investment and trading properties as their only security. For a description of the material agreements of the ADLER Group, see “*Description of the Transactions—Description of the ADLER Group—Material Agreements*”.

Business Combination Agreement

On December 15, 2019, the Company and ADLER Real Estate entered into the BCA.

Prior to the signing of the BCA, the management board (*Vorstand*) and the supervisory board (*Aufsichtsrat*) of ADLER Real Estate as well as the Board of Directors have determined that the Business Combination is in the best interest of their respective shareholders, employees, customers and other stakeholders.

The BCA contains, in particular, agreements regarding the implementation of the ADLER Offer and its completion, the common understanding of the strategic objectives of the Combined Group with regard to portfolio diversification, the intended future governance structure for the Combined Group's business and the integration process.

As set out in the BCA, the Company offered 0.4164 new shares in the Company as consideration in exchange for each ADLER Share. The implied exchange ratio of 0.4164 to 1.0 was determined on the basis of the Company's and ADLER Real Estate's reported EPRA NAV per share as of September 30, 2019. ADLER Real Estate's EPRA NAV per share referenced for determining the exchange ratio was adjusted for the assumed conversion of ADLER Real Estate's outstanding convertible bonds. Based on the closing price of the Company's shares prior to the day of the announcement of the ADLER Offer, the resulting offer price would amount to €14.55, thus constituting a premium of 17.33% compared to the closing price of the shares in ADLER Real Estate as of December 13, 2019. The new shares of the Company carry dividend entitlements as of January 1, 2019.

On February 21, 2020, the management board and the supervisory board of ADLER Real Estate published a joint reasoned statement pursuant to section 27 of the WpÜG pursuant to which they recommended that ADLER Real Estate's shareholders tender their shares into the ADLER Offer.

In the BCA, ADLER Real Estate and the Company have undertaken towards each other, subject to certain exceptions, that they and their subsidiaries will conduct their businesses in the ordinary and usual course consistent with past practice and will refrain from taking actions relating to, inter alia, (i) issuances, sales, pledges, dispositions of or encumbrances over the capital stock of its subsidiaries as well as convertible instruments or rights to acquire in relation to any capital stock of its subsidiaries; (ii) the declaration, setting aside or payment of any type of dividend in respect of any capital stock; (iii) material increases in long-term indebtedness (including any guarantee of such indebtedness); (iv) material capital expenditures; (v) dispositions of material portions of its assets (including real estate portfolios) unless classified as held for sale; (vi) material acquisitions of assets (including real estate portfolios), whether by way of merger, consolidation, purchase or otherwise; (vii) settlements or compromises of material claims or litigation; and (viii) the entry into material "non-compete" or "exclusivity" arrangements or similar contracts.

Share Purchase Agreements

For a description of the Share Purchase Agreements, see "*Description of the Transactions—Share Purchase Agreements for Consus Real Estate Shares*".

Call/Put-Option Agreement

For a description of the Call/Put-Option Agreement, see "*Description of the Transactions—Call/Put-Option Agreement*".

Strategic Cooperation Agreement

For a description of the SCA, see "*Description of the Transactions—Strategic Cooperation Agreement*".

Purchase Agreements and Letters of Intent

Holsten Quartier Letter of Intent

Following the conclusion of the SCA, on January 17, 2020, the Company entered into a letter of intent with Consus Swiss Finance AG, which as amended on February 21, 2020, for the purchase of 89.9% of the shares in all companies that hold plots of land belonging to the Holsten Quartier. The provisional purchase price for 100% of the shares in Holsten Quartier is €20 million on a cash-free debt-free basis, subject to finalization of the Company's due diligence. In exchange for a €50 million down-payment, Consus Swiss Finance AG granted the

Company exclusivity for twelve months to continue and finalize the legal, technical, economic and tax due diligence. There is no obligation to enter into a share purchase agreement and the signing of the share purchase agreement is subject to the satisfactory completion of the due diligence.

Acquisition of the Asgard Portfolio

In 2017, the ADO Properties Group purchased the Asgard portfolio, which consists of 1,298 residential units and 60 commercial units located throughout Berlin. The acquisition of the Asgard portfolio was structured as a share transaction (with ADO Group Ltd. taking part) in which the ADO Properties Group acquired 94.9% of the shares in 17 German limited liability companies. The total consideration paid for the Asgard portfolio amounted to approximately €10 million.

Acquisition of the Nox I Portfolio

In 2017, the ADO Properties Group purchased the Nox I portfolio, which consists of 374 residential units and 68 commercial units located throughout Berlin. The acquisition included asset transactions and share transactions (with ADO Group Ltd. taking part) in which the ADO Properties Group acquired 94.9% of the shares of five German limited liability companies and several properties by way of an asset deal. The total consideration paid for the Nox I portfolio amounted to €70.2 million.

Acquisition of the Wilhelm II Portfolio

In 2017, the ADO Properties Group purchased the Wilhelm II portfolio, which consists of 328 residential units and 39 commercial units located in Berlin-Charlottenburg and Berlin-Friedrichshain. The acquisition of the Wilhelm II portfolio was structured as a share transaction (with ADO Group Ltd. taking part) in which the ADO Properties Group acquired 94.9% of the shares in a German entity. The total consideration paid for the Wilhelm II portfolio amounted to €75.9 million.

Acquisition of the Angerburger Allee Portfolio

In 2018, the ADO Properties Group purchased the Angerburger Allee portfolio, which consists of 832 residential units and 24 commercial units with a total lettable area of approximately 66,000 sqm, located in the Berlin district of Charlottenburg. The acquisition of the Angerburger Allee portfolio was structured as a share transaction in which the ADO Properties Group acquired 94% of the shares in a Dutch entity. The purchase price for all of the acquired assets amounted to €153.4 million (including 2.3% transaction costs).

Acquisition of the Nox II Portfolio

In 2018, the ADO Properties Group entered into five related purchase agreements to purchase the Nox II portfolio, which consists of 123 residential units and 79 commercial units located throughout Berlin and with a total lettable area of approximately 19,800 sqm. The acquisition included asset transactions and share transactions (with ADO Group Ltd. taking part) in which the ADO Properties Group acquired 94.9% of the issued shares of four German entities. The total consideration paid for the NOX II portfolio amounted to €45.3 million.

Sale Agreements

Sale Agreement with Gewobag

On September 26, 2019, the Company entered into a share purchase agreement with Gewobag for the sale of 100% of the shares of certain ADO Properties Group entities owning 23 properties, consisting, in aggregate, of approximately 5,900 residential apartment units. The sale price for the shares amounted to €20 million, less €340 million of net debt of the sold ADO Properties Group entities. The sale closed on November 29, 2019.

Bridge Facility Agreement

Overview

The Company as borrower and J.P. Morgan Securities plc as mandated lead arranger, J.P. Morgan AG as original lender and J.P. Morgan Europe Limited as agent entered into a bridge term loan facility agreement (the “**Bridge**

Facility Agreement”) under which the Company may utilize a bridge term facility with a previous maximum nominal amount of up to €2,424,000,000 (the “**Bridge Facility**”). Barclays Bank PLC and Deutsche Bank Luxembourg S.A. acceded to the Bridge Facility Agreement as additional lenders. The maximum nominal amount under the Bridge Facility was thereafter reduced to €1,085,470,000. As of the date of the Offering Memorandum, €885,470,000 have been utilized under the Bridge Facility.

The utilized funds under the Bridge Facility were used to refinance certain existing financial indebtedness, including bonds and loans, of ADLER Real Estate and its subsidiaries that were subject to change-of-control termination rights. If the Company acquires the majority of the shares in Consus Real Estate and certain conditions are met, the Company may utilize the remaining portion of the Bridge Facility with a nominal amount of up to €200,000,000 for the purpose of prepaying outstanding indebtedness of Consus Real Estate and its subsidiaries.

Maturity Dates

Subject to the extension options for the Bridge Facility described below, the Bridge Facility will mature on March 15, 2021.

The maturity of the Bridge Facility may be extended four times by six months per extension. Each such extension is subject to the fulfilment of certain conditions and is not subject to any finance party’s consent.

Interest and Fees

The Bridge Facility bears interest at a rate per annum equal to the aggregate of the respectively applicable EURIBOR, subject to a floor of zero, plus a margin. The applicable margin is subject to a margin ratchet which is dependent on both the Company’s credit rating provided by S&P and the time elapsed since the date of the Bridge Facility Agreement.

If the S&P rating for the Company’s long-term unsecured and non-credit enhanced debt obligations (for the avoidance of doubt, which may be better than the Company’s corporate credit rating) is BB+ or better, the margin will, until September 15, 2020, be 2.25% per annum. On September 15, 2020 and thereafter each 3 months, the margin will be increased by 0.25% per annum.

If the Company’s long-term unsecured and non-credit enhanced debt obligations are rated (a) BB, the applicable margin will be 0.75% per annum higher, (b) BB-, the applicable margin will be 1.50% per annum higher, and (c) B+ or lower or S&P does not provide such rating anymore, the applicable margin will be 2.75% per annum higher, in each case, than set out in the previous paragraph under the assumption that the S&P rating for the Company’s long-term unsecured and non-credit enhanced debt obligations is BB+ or better. All ratchet steps are subject to a margin flex increase of up to 0.50% per annum.

The Company is also required to pay a commitment fee in monthly arrears. The commitment fee will be computed at the rate of (a) 0% for the first two months after the date of the Bridge Facility Agreement, (b) 10% of the applicable margin during the 3rd month after the date of the Bridge Facility Agreement, (c) 20% of the applicable margin during the 4th month after the date of the Bridge Facility Agreement, and (d) 30% of the applicable margin as from the 5th month after the date of the Bridge Facility Agreement onwards.

Additionally, the Company shall pay fees related to the arrangement, the participation, the duration and, to the extent applicable, the extension, of and certain fees in connection with the Bridge Facility to the agent.

Guarantors and Security

The Bridge Facility is not guaranteed or secured. The Bridge Facility Agreement includes a negative pledge clause and other customary undertakings binding on the Company and its subsidiaries. However, the Bridge Facility Agreement also includes carve-outs from the negative pledge clause which apply, *inter alia*, to take out financing instruments, the net proceeds of which are applied in prepayment of the Bridge Facility.

Prepayments

Subject to certain conditions, the Company may voluntarily prepay the whole or any part of any utilization(s) or permanently cancel all or part of the available facility by giving three business days’ prior notice to the agent.

Furthermore, the Company is, subject to certain conditions, entitled to replace or repay and cancel participations of an individual lender in any utilization(s) by giving five business days' prior notice to the agent and such lender.

In addition to any voluntary prepayments, the Bridge Facility Agreement requires mandatory prepayment in full or in part, and, if applicable, cancellation of the Bridge Facility in certain circumstances, including:

- (1) with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Bridge Facility or to fund, issue or maintain its participation in any utilization under the Bridge Facility;
- (2) following the occurrence of a "change of control" in relation to the Borrower (as defined in the Bridge Facility Agreement), in relation to any lender that exercises its change-of-control termination right within 45 days after being notified of the relevant change of control;
- (3) from the net proceeds received by the Company from the issuance of bonds, the take-out of term loans or the issuance of equity instruments, including new shares in the Company, after the date of the Bridge Facility Agreement; and
- (4) from the net proceeds of the disposal of certain assets, undertakings or businesses, provided that the Bridge Facility Agreement contains certain carve-outs from and a €400,000,000 basket for such prepayment obligation.

Covenants

The Bridge Facility Agreement requires the Company to comply with two financial covenants, whereby the Company must ensure that, as of each quarterly reporting date:

- (1) the ratio of "Total Net Debt" to "Total Assets" (in each case, as defined in the Bridge Facility Agreement) does not exceed 60%; and
- (2) the Interest Cover Ratio (as defined in the Bridge Facility Agreement) is at least equal to (i) as long as the Company has not acquired the majority of the shares in Consus Real Estate, (a) 2.25 to 1.00 until December 31, 2020, (b) 2.35 to 1.00 from January 1, 2021 to December 31, 2021, and (c) 2.45 to 1.00 thereafter, and (ii) after the Company acquired the majority of the shares in Consus Real Estate, 1.80 to 1.00 for the remaining term of the Bridge Facility Agreement.

In addition, the Company and its subsidiaries (including, for the avoidance of doubt, subsidiaries acquired after the date of the Bridge Facility Agreement) are subject to certain restrictive and, as the case may be, affirmative covenants under the Bridge Facilities Agreement customary for these types of financing which are subject to certain specified exceptions and/or qualifications (customized to its business and adjusted to the ADO Properties Group's current credit standing). Additionally, the Company is required to provide certain financial information and other information regarding the Company's and the ADO Properties Group's financial condition to the lenders.

Events of default

The Bridge Facility sets out certain events of default that are customary for this type of financing. The occurrence of any such event of default would, subject to applicable grace periods and/or rights to subsequent fulfilment and/or agreed exceptions, entitle the lenders to cancel their commitments, declare all or part of the loans (together with accrued interest and all other amounts accrued or outstanding under the Bridge Facility) to be immediately due and payable or payable on demand.

Other Financing Agreements

ADO 2024 Notes

On July 27, 2017, the Company issued notes in the aggregate principal amount of €400 million (the "**ADO 2024 Notes**"). The ADO 2024 Notes were issued in a denomination of €100,000 and bear fixed interest at a rate of

1.500%. Interest is payable annually in arrear on each July 26. The ADO 2024 Notes will mature on July 26, 2024 (subject to early redemption).

Upon the occurrence of a change of control under the ADO 2024 Notes, noteholders may require the Company to redeem the ADO 2024 Notes held by them, in whole or in part, within 30 days after the Company has published a notice regarding the change of control. A change of control occurs each time one person or persons acting jointly acquire(s) 50% of the share capital in the Company or shares carrying 50% of the voting rights.

Under the terms and conditions of the ADO 2024 Notes, the Company has undertaken that it will not incur any financial indebtedness (except for financial indebtedness that is incurred to refinance existing financial indebtedness) to the extent that the loan-to-value-ratio would exceed 60% or the secured loan-to-value ratio (both as further specified in the terms and conditions) would exceed 45%.

The ADO 2024 Notes are subject to the following events of default:

- failure to pay principal, interest, or other amounts due under the ADO 2024 Notes within 30 days from the relevant due date;
- failure to perform any other material obligation under the ADO 2024 Notes and such failure continues for 60 days after the paying agent has received notice from a noteholder;
- cross-default in relation to other financial indebtedness of the Company or its material subsidiaries to the extent it exceeds 1% of the consolidated total assets of the Company;
- the Company announces its inability to meet its financial obligations or ceases its payments generally;
- insolvency proceedings against the Company are initiated and not closed and there is no debt discharge within 90 days, or the Company applies for or initiates such proceedings; or
- the Company enters into liquidation (unless in connection with a merger or other form of combination with another company that assumes all obligations of the Company in connection with the ADO 2024 Notes).

2023 Convertible Bonds

On November 23, 2018, the Company issued convertible bonds in the aggregate principal amount of €165 million (the “**2023 Convertible Bonds**”). The 2023 Convertible Bonds were issued in a denomination of €100,000 and will mature on November 23, 2023 (subject to early redemption). The Company may elect to fulfil its obligation to redeem the 2023 Convertible Bonds at maturity by delivering shares on the maturity date. The Company may only exercise such right for all, not just a part of the 2023 Convertible Bonds.

The 2023 Convertible Bonds bear fixed interest at a rate of 1.250%. Interest is payable semi-annually in arrear on each May 23 and November 23. The interest rate is subject to a step-up of 0.50% should the Company receive a non-investment grade rating. Should the Company have more than one rating, the step-up will only apply if more than one rating agency assigns a non-investment grade rating to the Company. However, the interest rate may be reset to the initial interest rate should the respective rating revert to an investment grade rating.

Bondholders have the right to convert the 2023 Convertible Bonds held by them, in whole, but not in part, into shares of the Company at an initial conversion price of €0.5690, which has, with effect as of June 19, 2019, been adjusted to a conversion price of €0.3444, subject to certain adjustments, such as capital increases from capital reserves or retained earnings, share splits, combining of shares and capital decreases, capital increases against cash contribution with subscription rights, issuances of other securities with subscription rights, sales of own shares, transferring mergers, spin-offs, split-ups and distributions. Such conversion right may be exercised until maturity of the 2023 Convertible Bonds on November 23, 2023. Upon exercise of a conversion right, the Company may elect whether it will deliver shares or make a cash payment in lieu of such delivery.

If the Company gives notice of a change of control, a take-over bid regarding its shares or a free-float of less than 20% of its shares, bondholders may convert all 2023 Convertible Bonds held by them up to the effective

date which is to be set by the Company or require the Company to redeem the 2023 Convertible Bonds in cash. If the bondholder chooses to convert the 2023 Convertible Bonds up to the effective date, the conversion price may be subject to an adjustment. Following a change of control, bondholders may also choose to not convert or redeem their 2023 Convertible Bonds.

The 2023 Convertible Bonds are subject to the following events of default:

- failure to pay principal, interest, or other amounts due under the 2023 Convertible Bonds within 30 days from the relevant due date;
- failure to perform any other material obligation under the 2023 Convertible Bonds and such failure continues for 60 days after the paying agent has received notice from a bondholder;
- cross-default in relation to other financial indebtedness of the Company or its material subsidiaries to the extent it exceeds 1% of the consolidated total assets of the Company;
- the Company announces its inability to meet its financial obligations or ceases its payments generally;
- insolvency proceedings against the Company are initiated and not closed and there is no debt discharge within 90 days, or the Company applies for or initiates such proceedings; or
- the Company enters into liquidation (unless in connection with a merger or other form of combination with another company that assumes all obligations of the Company in connection with the 2023 Convertible Bonds).

General Agreement

On March 28, 2018, the Company as issuer as well as ADO Lux Finance S.à r.l. and ADO Treasury GmbH entered into a general agreement with Commerzbank Aktiengesellschaft Frankfurt am Main as arranger and Bayerische Landesbank, BNP Paribas, Société Générale and UBS Limited as dealers (the “**General Agreement**”) establishing a €500,000,000 multi-currency commercial paper programme (the “**Programme**”). The obligations under the notes of the Programme (the “**CP Notes**”) constitute direct, unconditional, unsecured and unsubordinated obligations of the issuers under the General Agreement, in principle ranking pari passu among themselves and pari passu with all other unsecured and unsubordinated obligations of the issuers under the General Agreement. The Company as guarantor has given an unconditional and irrevocable guarantee for the due and punctual payment of the principal of, and the interest on, and any other amounts payable under the CP Notes. The General Agreement includes market-standard clauses regarding a negative pledge as well as various carve-outs therefrom.

The CP Notes can either be discounted, interest bearing at a fixed rate or, under certain conditions, set out in the global note, interest bearing at a floating rate. The issuers under the General Agreement will redeem each Note at its nominal amount on the relevant maturity date. The General Agreement includes several market standard representations and undertakings, and the CP Notes are subject to market-standard events of default. The issuers under the General Agreement may terminate the Programme by at least 60 days’ written notice. The arranger may terminate the Programme by at least 60 days’ written notice to the Issuers and the dealers.

Revolving Facility Agreement of the Company, ADO Lux Finance S.à r.l. and ADO Treasury GmbH with Barclays Bank PLC, ABN AMRO Bank N.V., BNP Paribas S.A., Niederlassung Deutschland and Société Générale S.A., Frankfurt Branch

On March 9, 2018, the Company, ADO Lux Finance S.à r.l. and ADO Treasury GmbH entered into a facility agreement with Barclays Bank PLC, ABN AMRO Bank N.V., BNP Paribas S.A., Niederlassung Deutschland and Société Générale S.A., Frankfurt Branch, as supplemented by an additional commitment confirmation dated March 27, 2018 (the “**Revolving Facility Agreement**”). Under the Revolving Facility Agreement, the Company may utilize a revolving credit facility (and a swingline facility as part of the revolving facility) with an original aggregate nominal amount of €200,000,000, which was subsequently reduced to €175,000,000 (the “**Revolving Facility**”), made available for the purpose of refinancing any note or other instrument maturing under a commercial paper program of any member of the ADO Properties Group and/or general corporate purposes.

The Revolving Facility is guaranteed and secured and bears interest at a rate per annum equal to the aggregate of EURIBOR plus a margin, subject to a margin ratchet dependent on the Company's credit rating. The Company is also required to pay a commitment fee at certain intervals, fees related to the arrangement and utilization and agency fees. The Revolving Facility Agreement contains market-standard repayment, prepayment and termination provisions. The Revolving Facility Agreement also requires mandatory prepayment following the occurrence of a change of control if a lender exercises its termination right. Moreover, the Revolving Facility Agreement sets out certain customary events of default. Further, the Revolving Facility Agreement requires the Company to comply with certain financial covenants, including a loan-to-value ratio that does not exceed 60%, a secured loan-to-value ratio that does not exceed 45%, an unencumbered asset ratio that is not less than 125% and an interest cover ratio that is not less than 1.80:1.00. Additionally, the Company is required to provide certain financial information and other information regarding the ADO Properties Group's financial condition.

As of the date of this Offering Memorandum, €50 million commitment have been repaid and cancelled and €125.0 million remain outstanding under the Revolving Facility Agreement. The Revolving Facility Agreement has been extended and will mature on March 9, 2021 and March 9, 2022 in an amount of €125.0 million and €50.0 million, respectively. However, the Company may decide to terminate the Revolving Facility Agreement following the Consus Real Estate Call Option Exercise, as a result of which it would have to repay all outstanding amounts under the Revolving Facility in due course.

Financing Agreement of various group companies of the ADO Properties Group with LBBW

On June 26, 2020, certain group companies of the ADO Properties Group as borrowers entered into a loan agreement with LBBW as lender made available for the purpose of certain refinancings as well as general corporate use (the "**LBBW ADO Loan Agreement**"). The LBBW ADO Loan Agreement provides for a term loan facility in the amount of €72 million and a revolving facility in the amount of €48 million (together, the "**LBBW ADO Loan Facilities**"). The term loan facility bears a fixed interest rate of 1.78% p.a. for five years. The revolving facility bears a variable interest rate of three-month EURIBOR plus 2.15% p.a. margin. The aggregate utilization of the LBBW ADO Loan Facilities is limited to a maximum of 110% of the loan-to-mortgage lending value and a maximum LTV ratio of 62%. The term loan is repayable in monthly installments of one-twelfth of 2.0% p.a. of the initial loan amount and repayment of any outstanding amount at maturity.

All claims in connection with the LBBW ADO Loan Agreement, are secured by a land charges and pledges of rent payment bank accounts. Under the LBBW ADO Loan Agreement the borrowers covenant to not incur any additional debt (with the exception of shareholder loans) and will not provide any further collateral to any third parties.

The loan is subject to market-standard reporting and financial covenants. In addition, the borrowers undertake to carry out certain maintenance to maintain portfolio quality. They also undertake to cancel all third-party land charges at borrower level and to repay all third-party liabilities.

The LBBW ADO Loan Agreement is due for repayment on the date falling five years after the date of the first utilization of the LBBW ADO Loan Facilities.

Financing Agreement of ADO Sonnensiedlung S.à r.l. (formerly named Brandenburg properties 5 S.à r.l.) with Berlin-Hannoversche Hypothekenbank AG

On June 26, 2017, ADO Sonnensiedlung S.à r.l. (formerly *Brandenburg Properties 5 S.à r.l.*) a company with limited liability (*société à responsabilité limitée*), incorporated under the laws of the Grand Duchy of Luxembourg, entered into an amendment and restatement agreement to the German law governed term loan agreement originally dated August 22/23, 2013, and amended on August 28, 2013, as borrower with Berlin-Hannoversche Hypothekenbank AG as lender now in an aggregate amount of €90,000,000 (the "**BerlinHyp1 Agreement**") and with final maturity date of June 30, 2024, for the purpose of refinancing of existing financial indebtedness with Berlin-Hannoversche Hypothekenbank AG, and for other purposes. On January 19, 2017, the company's name was changed from *Brandenburg properties 5 S.à r.l.* to *ADO Sonnensiedlung S.à r.l.*

The BerlinHyp1 Agreement is secured by land charges (together with an assumption of personal liability (*Übernahme der persönlichen Haftung*)) and a submission to immediate enforceability (*Unterwerfung unter die*

sofortige Zwangsvollstreckung)), security assignments over the rights and claims of ADO Sonnensiedlung S.à r.l. under rental and lease agreements and insurance agreements, pledges over certain bank accounts of the borrower and the shares in the borrower and by way of a subordination agreement with intra-group or third-party creditors. The interest rate of 1.25% per annum is fixed until and including the final maturity date and due and payable on a monthly basis. Repayments must be made on a monthly basis in an amount of €243,750. There is no additional repayment (including prepayment) required or permitted prior to the maturity date, assuming ADO Sonnensiedlung S.à r.l. continues to perform its obligations under the BerlinHyp1 Agreement and no mandatory repayment event occurs, and with the exception that a partial prepayment is permitted in order to comply again with the financial covenants. The BerlinHyp1 Agreement includes several market standard representations, undertakings and events of default. Under certain conditions the prior written consent of Berlin-Hannoversche Hypothekbank AG is required, in particular in case of a change of control, the conclusion of a domination agreement (*Beherrschungsvertrag*) and/or profit and loss transfer agreement (*Ergebnisabführungsvertrag*), the change of the borrower's COMI, the creation or permission to subsist any security or the raising of any financial indebtedness. As financial covenants, the borrower must maintain a minimum debt service coverage ratio of at least 185% and the LTV-Ratio may not exceed until the end of the third year 75% and from the beginning of the fourth year and until maturity 65%.

Financing Agreement of Yona Investment GmbH & Co. KG and Yanshuf Investment GmbH & Co. KG with Deutsche Genossenschafts-Hypothekbank AG

On November 27, 2014, Yona Investment GmbH & Co. KG and Yanshuf Investment GmbH & Co. KG, limited partnerships with a limited liability company as general partner being part of the ADO Properties Group, as borrowers entered into a term loan agreement with Deutsche Genossenschafts-Hypothekbank AG as lender in an aggregate amount of €4,500,000 (the “**DGHyp Agreement**”) with a seven-year maturity for the purpose of partially financing the purchase of shares in a real estate companies.

The DGHyp Agreement is secured by land charges relating to the properties being financed, an enforceable abstract promise of debt by the borrowers, security assignments (over the rights and claims of the borrowers under rental and lease agreements, insurances and the purchase of shares in the real estate companies) and pledges of certain bank accounts of the borrowers. Interest payments are due on a monthly basis and the final maturity date will be November 30, 2021. The interest rate is 1.76% and is fixed for a period of seven years. Interest and repayments are due on a monthly basis in an amount of €203,175 starting on January 31, 2015. There is no additional repayment required prior to the final maturity date, assuming the borrowers continue to perform their obligations under this agreement and no mandatory repayment event occurs. Repayment amounts increase over the term but the total monthly payment sum remains stable due to a decrease of interest.

The DGHyp Agreement includes several market standard representations, undertakings and events of default. As financial covenants, the borrowers must maintain a debt service coverage ratio of at least 105% (110% with effect from December 31, 2016) and the LTV-Ratio must not exceed 75%. Furthermore, a change of control of each of the borrowers requires immediate and prompt notification of the borrowers. If the aforementioned event occurs, the borrowers shall be obligated to reach a consensual agreement with the lender regarding a continuation and contractual adjustment of the DGHyp Agreement. The lender is entitled to terminate the agreement if the parties have failed to reach a settlement, unless the lender considers that there are no negative effects on the lender's financing risk.

Financing Agreement of Marbien B.V., Alexandra Properties B.V., Jessica Properties B.V. and Meghan Properties B.V. with Deutsche Kreditbank AG

On June 24, 2019, Marbien B.V., Alexandra Properties B.V., Jessica Properties B.V. and Meghan Properties B.V., companies within the ADO Properties Group, as borrowers entered into several term loan agreements with Deutsche Kreditbank AG as lender in an aggregate amount of €80,000,000 (the “**DKB Agreement**”) with an eight-year maturity for the purpose of refinancing existing financial indebtedness of the ADO Lux Finance S.à r.l.

The DKB Agreement is secured by, amongst others, security interest, land charges and security assignments (including over the rights and claims of the borrowers under rental and lease agreements in relation to the pledged properties). Interest payments are due on a monthly basis and the final maturity date will be June 30, 2027. The interest rate is fixed at a nominal amount equal to 1.07% per annum. Repayments must be made at

equal monthly installments in an amount equal to 1.5% (plus the respective amount of interest saved by way of such repayment) starting by no later than August 30, 2019.

The DKB Agreement includes several reporting obligations, a breach of which triggers termination rights. The borrowers must subordinate service of any loans from the shareholders or affiliated companies to the debt service of all financing provided by Deutsche Kreditbank AG and payment of all property-related management costs and other necessary company costs.

Financing Agreement of 44 Companies with Berlin-Hannoversche Hypothekenbank AG

On June 22, 2016, as amended on June 29, 2016, 44 German limited liability companies of the ADO Properties Group entered into a German governed term loan agreement as borrowers with Berlin-Hannoversche Hypothekenbank AG as lender in an aggregate amount of €150,000,000 (the “**BerlinHyp2 Agreement**”) with a final maturity date on January 2, 2023, for the purpose of refinancing of existing financial indebtedness provided by Berlin-Hannoversche Hypothekenbank AG and the financing of cancellation fees with regard to certain hedge arrangements and any prepayment fees.

The BerlinHyp2 Agreement is secured by land charges, security assignments over the rights and claims of the borrowers under rental agreements, pledges over certain bank accounts of the borrowers and by way of a subordination agreement with intra-group and third-party creditors. The interest rate is in an amount of 1.33% and fixed for a period ending on the final maturity date. The interest payments are due on a monthly basis. There is no additional repayment (including prepayment) required or permitted prior to the final maturity date, assuming the borrowers continue to perform their obligations under this agreement and no mandatory prepayment event occurs. In case of a sale of real estate, a mandatory unscheduled prepayment must be made in an aggregate amount of that partial loan sum associated with a lending value of the respective real estate and an additional extra charge in an amount of 20% of this partial loan sum.

The BerlinHyp2 Agreement includes several market standard representations, undertakings and events of default. As financial covenants, the borrowers must maintain a minimum interest coverage ratio of at least 150% within a period ending on June 30, 2021, and 100% with effect from July 1, 2021, the LTV-Ratio may not exceed 65% and the ratio of junior ranking security interest registered with the land register to the current market value (*Nachrangwertauslauf*) shall not exceed 0%.

Financing Agreement of ADO 9370 Grundstücks GmbH with Berliner Sparkasse

On January 20, 2016, ADO 9370 Grundstücks GmbH, a company within the ADO Properties Group, as borrower entered into a term loan agreement with Berliner Sparkasse, a branch of the Landesbank Berlin AG, as lender in an aggregate amount of €67,100,000 (the “**LBB Agreement**”) with a ten-year maturity for the purpose of financing certain investments in connection with the acquisition of certain properties.

The LBB Agreement is secured by, amongst others, security interest, land charges and security assignments over the rights and claims of the borrower under rental agreements, pledges over certain bank accounts of the borrowers and by way of a subordination agreement with intra-group and third-party creditors.

The interest rate is in an amount of 1.79% and fixed for a period ending on the final maturity date. Interest payments are due on a monthly basis and the final maturity date will be January 31, 2026. Repayments must be made in equal monthly installments in an amount of €225,225. There is no additional repayment (including prepayment) required.

The LBB Agreement includes several market standard undertakings and events of default. As financial covenants, the ratio of junior ranking security interest registered with the land register to the current market value (*Nachrangwertauslauf*) shall not exceed 0%.

REGULATORY ENVIRONMENT

Our real estate portfolio is subject to a variety of laws and regulations in Germany. If we fail to comply with these laws and regulations, we may be subject to civil liability, administrative orders, fines or even criminal sanctions. This section summarizes certain aspects of German real estate law and practices in force as of the date of this Offering Memorandum. It does not purport to be a complete analysis and, in particular, it does not take into account contractual requirements and restrictions in connection with our acquisition of certain real estate portfolios (in this regard, see “*Material Agreements*”). It can, therefore, not be treated as a substitute for comprehensive professional, legal and tax advice.

Restrictions due to German Tenancy Law

German tenancy law distinguishes between residential and commercial space. The majority of our property portfolio is governed by residential tenancy law, which in large part favors tenants through extensive social safeguards. In particular, it imposes restrictions on the ADO Properties Group with regard to the increase of rent, allocation of ancillary costs including costs for repair and maintenance, the termination of letting contracts and the eviction of tenants which are in breach of contract. Furthermore, the sale of residential space might be restricted.

Written Form Requirements

German tenancy law is incorporated into the German Civil Code (*Bürgerliches Gesetzbuch*) (the “**BGB**”) and generally requires that rental agreements that provide for a term of more than one year must be concluded in written form. The requirements to comply with written form have been specified by comprehensive case law. However, a rental agreement is not invalid in the event of an infringement of the requirement for the written form, but rather it is deemed to have been concluded for an indefinite period. Therefore, it can be terminated at the earliest at the end of one year after handover of the leased property to the tenant in accordance with the statutory notice period (*i.e.*, notice of termination is admissible at the latest on the third working day of a calendar quarter towards the end of the next calendar quarter). Our residential rental agreements are generally concluded for an indefinite period of time. Therefore, this form requirement is of minor relevance.

Statutory Limits on Rent Increases

As set out in more detail below, the landlord is substantially restricted in terminating residential leases and thus may be bound by the leases for a long period of time. Against this background, German law allows the landlord to increase the rent of existing lease agreements under certain circumstances and to a legally defined extent. These are set out in this section, whereas recent statutory regulation to limit the landlord’s right to freely determine the rent for new leases (“*Mietpreisbremse*”) as well as to freeze and retroactively reduce rents (“*Mietendeckel*”) are set out below under “*Current Developments in German Tenancy Law*”.

Generally, landlords and existing or new tenants can freely enter into bilateral agreements to establish and increase the amount of rent payable. The underlying freedom to contract in accordance with the wishes of the parties is only limited as follows:

Section 5 of the German Economic Offenses Act (*Wirtschaftsstrafgesetz*) prohibits the willful or reckless letting of space for dwellings at rents or with ancillary costs that are unconscionably high. Such is the case if the rent or ancillary costs substantially exceed the comparative rent levels (*ortsübliche Vergleichsmiete*) due to an abuse of the limited availability of comparable space (generally, a rent exceeding the comparative rent level by 20% is deemed to infringe this provision). In the prior legislative period, a draft bill was introduced into the German parliament that rents exceeding 20% of the prevailing comparative rent level in a municipality or a district of a municipality shall constitute an administrative offense (*Ordnungswidrigkeit*) without it being required that unreasonably high rent is “due to an abuse of the limited availability of comparable room”. The draft bill period has elapsed. The federal council (*Bundesrat*) presented a new draft bill including the before-mentioned changes on November 29, 2019, which shall be introduced into the German parliament. In addition, according to the new draft bill, it is intended to increase the fine (*Bußgeld*) for violations of the regulations from €50,000 to €100,000.

Furthermore, the German Federal Court of Justice (*Bundesgerichtshof*) has held that rents exceeding the comparative rent levels (*ortsübliche Vergleichsmiete*) by about 50% may constitute usury under Section 291 German Criminal Code (*Strafgesetzbuch*).

With lease agreements that are not subject to public rent control and for which restrictions on rent increases have not been contractually agreed the landlord may assert a right of contractual increase of the rent, subject to statutory and contractual requirements, up to locally prevailing comparative rent levels (*ortsübliche Vergleichsmiete*) if the rent has remained unchanged for the 15 months preceding the intended increase. As a rule, however, the rent cannot increase by more than 20% in three years (capping limit) according to the current legal framework. However, the governments of the German Federal States are empowered to adopt regulations to lower the capping limit to 15%, which has occurred in the federal state of Berlin due to which the capping limit has been lowered to 15% for all of Berlin with effect until May 10, 2023 pursuant to the Berlin regulation on cap limits (*Kappungsgrenzen-Verordnung*). Such provisions for capping limits have also been introduced in 12 other federal states. The determination of the comparative rent levels (*ortsübliche Vergleichsmiete*) is to some extent linked to respective local rent indexes (*Mietspiegel*).

In connection with freely financed residential units and lease agreements that are not subject to contractual rent restrictions, the landlord may also increase the annual rent by 8% of the costs incurred in modernizing of the respective rental space, subject to statutory and contractual requirements. However, our ability to increase rents following a modernization may also be restricted in cases the works carried out would be considered maintenance in line with the standards established for government subsidized apartment buildings (*geförderte Wohnungsbaumaßnahmen*), or in case of luxury refurbishments, i.e. modernizations that exceed a level an average owner would undertake as an investment in his property. Regarding current developments in this regard, please refer to the section “*Current Developments in German Tenancy Law*” below.

Following the rent increases, tenants may have an extraordinary termination right.

Please also see information regarding limitations on our ability to increase rents under “German laws protecting residential tenants and existing restrictions on the rate of rental increases could make it more difficult to increase the rents of residential units we own.”

Owner’s Repair and Maintenance Obligations and Modernizations Measures

Under German law, the landlord must, unless the parties agree otherwise, maintain and repair the property (this obligation extends to the structure, the façade, the roof of the building, but also the interior of the residential units). In general, the landlord is restricted in transferring this maintenance and repair obligation to the tenant in the standard lease agreements used.

Subject to compliance with statutory limitations, the landlord may transfer the obligations to carry out decorative repairs (*Schönheitsreparaturen*) and the costs of minor repairs (*Kleinreparaturen*) for a residential unit’s interior to the tenant, however, the latter of which only under the condition that the costs are limited for each single case as well as with regard to the total sum of the minor repairs per year. If the landlord assigns such obligations within standardized contracts, the terms must comply with the strict requirements for standardized business terms. For example, the German Federal Court of Justice (*Bundesgerichtshof*) has ruled that standard clauses in letting contracts are invalid if they obligate the tenant to carry out decorative repairs (*Schönheitsreparaturen*) within a fixed schedule or to fully renovate the apartment at the end of the letting term regardless of the premises’ condition (*Endrenovierung*). In addition, under standard clauses, the obligation to carry out decorative repairs may only be validly transferred to the tenant if the apartment was handed-over in a renovated condition or, when the apartment was handed-over in an unrenovated condition if an adequate compensation is offered to the tenant in exchange. The invalidity of such clauses results in the landlord being responsible for the repair and maintenance and being required to bear all related costs. If the tenant carries out such repair and maintenance works without actually being obliged to do so, the landlord might have to compensate the corresponding costs. This may increase the landlord’s maintenance costs for such properties.

In general, tenants have to tolerate maintenance measures (*Erhaltungsmaßnahmen*) and modernization measures (*Modernisierungsmaßnahmen*), in particular energetic modernization measures that have been announced by the landlord in writing three months prior to the beginning of the planned measures, unless such measures would constitute an unreasonable hardship for the tenant, family members or members of the household of the tenant.

Following the announcement of modernization measures, tenants are entitled to a special termination right (*Sonderkündigungsrecht*). Regarding the possibility to allocate parts of the costs incurred to the tenant by way of a rent increase, see “*Statutory Limits on Rent Increases*”.

Statutory Protection of the Tenant Against Termination and Eviction

Generally, unless there is good cause (*wichtiger Grund*) justifying an extraordinary termination, the landlord may only terminate a letting contract for residential space with notice (*ordentlich*) and only if he has a legitimate interest (*berechtigtes Interesse*) in ending the tenancy. By law, a legitimate interest in ending the tenancy may only arise if (i) the tenant commits a culpable and substantial contractual breach; (ii) the owner has a claim of personal use in the property (*Eigenbedarf*) for himself, his family members, or members of his household; or (iii) the owner would otherwise be prevented from reasonable economic utilization and would therefore suffer considerable detriment.

“Reasonable economic utilization” as grounds for termination is intended to ensure the free economic disposability of property. Such grounds exist if the owner were to suffer considerable detriment from continuing the tenancy (for example, receiving a significantly lower purchase price; expenses significantly exceed income). However, the possibility of either realizing a higher rent by offering the residential space to another tenant or a landlord’s intention of selling the residential space in connection with the conversion of housing into individually owned residential units, for example, would not qualify.

In fact, in case of conversion to condominiums, the BGB prohibits personal use and reasonable economic utilization as grounds for termination by the purchaser for three years after transfer of title if the residential space was already rented to a tenant before the conversion to individual ownership. In regions where housing supplies are deemed to be insufficient, the governments of the German Federal States may extend this period against termination to up to ten years by statutory order. Such statutory order has been passed for the Federal State of Berlin, in effect until September 30, 2023. Also other federal states (North-Rhine Westphalia, Hesse, Hamburg, Bavaria, Baden-Württemberg, Lower Saxony) have made use of this option.

A residential tenant may object to a termination by the landlord (not in case of a termination for good cause) and demand continuation of the lease, if the termination would mean a hardship to the tenant, his family members or members of his household that is not justifiable even considering the landlord’s legitimate interest (*Sozialklausel*). Pursuant to case law, such objection may be justified, for example, in case the tenant is old, pregnant, has a serious illness, or where there is no comparable accommodation available.

Even if the landlord successfully terminates the letting contract on the basis of a legitimate interest, the tenant is protected under German tenancy law against immediate eviction. In consequence, a court may allow for an appropriate deadline (with a maximum delay of one year) for the tenant to vacate the apartment after the effective termination of the letting contract by the landlord. However, as alternative to the classic eviction procedure, the “*Berliner Räumung*”, offering the landlord the cost-effective opportunity to limit the eviction procedure to the procurement of possession, was implemented with the Tenancy Law Amendment Act (*Mietrechtsänderungsgesetz*). Furthermore, eviction procedures shall no longer be tediously delayed because of a right of possession of a third person that is not covered by the executory title (*Vollstreckungstitel*). A further title against such third person is now obtainable by way of an injunction (*einstweiliger Rechtsschutz*).

On March 25, 2020, the German parliament passed a law to mitigate the impact of the Coronavirus pandemic in civil and insolvency laws as well as in criminal law proceedings (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) (the “**COVID-Act**”). Pursuant to the COVID-Act, landlords may not terminate residential and commercial lease agreements if the tenant fails to pay rent during the period of April 1, 2020 through June 30, 2020, provided that such non-payment is caused by impacts related to the Coronavirus. Therefore, the tenant must demonstrate that non-payment is caused by impacts related to the Coronavirus to avoid termination. Payments that become due during the period of April 1, 2020 through June 30, 2020, but that were not settled, will have to ultimately be settled by June 30, 2022.

Statutory Restrictions on the Sale of Residential Space

If rented residential space that has been converted into condominiums, or is intended for such conversion, is to be sold to third parties (i.e. not to family members or members of the household of the landlord), the BGB

provides for a statutory preferential subscription right (*Vorkaufsrecht*) in favor of the tenant, i.e. the tenant has the right to purchase the space on the same terms as the buyer. However, no preferential subscription rights exist if the unit was already individually owned at the beginning of the term of the letting contract.

Statutory Restrictions on the Change of Use of Residential Properties

Certain federal states (Bavaria, Baden-Württemberg, Berlin, Hamburg, Hesse, Lower Saxony and North-Rhine-Westphalia) passed laws with regard to the restriction on usage of residential properties. These laws differ with regard to the specific regulations but, *inter alia*, prohibit (or allow municipalities to prohibit) the vacancy of residential space for a certain period of months (which varies from state to state) or the federal states restrict repeated renting as a vacation home (*Zweckentfremdungsverbot*). On March 4, 2014, the Berlin government passed a regulation (*Zweckentfremdungsverbot-Verordnung*) which entered into force on May 1, 2014, and applies to the whole city of Berlin. Pursuant to the regulation, any change of use of residential properties requires prior approval of the competent district authority (*Bezirksamt*). This applies in particular to the use of residential properties as holiday flats or for commercial or professional purposes, a vacancy of residential properties for more than three months, constructional changes which impede the use as residential properties and the elimination of residential properties. The authorities will only grant approval if the public interest in the permanent provision of residential property does not prevail or an adequate substitute of residential property is available. Since Berlin has been declared as an area with a tight housing market, it is expected that such approval will only be granted by way of an exception.

Statutory Restrictions on the Conversion of Rental Apartments into Condominiums

On March 3, 2015, the Berlin government passed a regulation (*Umwandlungsverordnung*) according to which a conversion of a building into condominiums is prohibited in milieu protection areas (*Milieuschutzgebiete*) of the city unless the relevant district has granted permission by means of an exception to this regulation. The owner of a rented apartment requires an exception permission by the relevant district to sell the apartment. Such exception permission may be granted, for example, in case that the apartment shall be sold to the current tenant. Although this does not affect the sale of an entire property, regulation may hinder the conversion and sale of single apartments. As of the date of this Offering Memorandum, 61 areas of Berlin are defined as milieu protection areas (*Milieuschutzgebiete*). The Berlin government may, on an ongoing basis, decide to extend milieu protection (*Milieuschutz*). Similar regulations have been issued by major cities in the federal states of Baden-Württemberg and Bavaria as well as by the federal state of Hamburg.

Requirement for Energy Certificates and Energy Conservation Measures

Generally, as part of the construction of a building and, under certain circumstances, in as part of changes, enlargements and expansions of a building, an energy certificate (*Energieausweis*) must be issued. The energy certificate is a document that assesses the building's energy efficiency. It shows the energy state of a building and suggests modernization measures for reduction of energy consumption. The energy certificate is generally valid for ten years. Since May 2014, an energy certificate must also be presented to any potential new tenant or potential buyer. Failure to comply can be penalized as an administrative offense.

The Energy Savings Regulation (*Energieeinsparverordnung*) of July 24, 2007, establishes a legal framework regarding the energy requirements of buildings heated or cooled by using energy. It furthermore sets up requirements regarding energy-saving insulation as well as energy-saving technology. Its overall purpose is to reduce the energy demand (*Verbrauch*) of buildings. In November 2013, the German Federal Government enacted the second regulation amending the Energy Savings Regulation, which came into effect in May 2014. Pursuant to this second regulation, since of January 1, 2016, new buildings have to be built in a more energy efficient way. Compared to the former legal situation, the energy efficiency must increase by 25% with respect to the annual primary energy consumption and by an average of 20% with respect to the thermal insulation of the building shell. As of 2021, European Union law requires that all private buildings must be built satisfying certain low-energy building standards. Already existing buildings (*Bestandsgebäude*) are subject to energy efficiency requirements in the event of certain substantial renovations.

On October 23, 2019, the German federal government resolved a draft of a Building Energy Act (*Gebäudeenergiegesetz*, GEG), which merges the Energy Savings Ordinance (*Energieeinsparverordnung*, ENEV), the Energy Act (*Energiegesetz*, ENEG) and the Renewable Energy Heat Act (*Erneuerbare-Energien-*

Wärmegesetz, EEWärmeG). In particular, it should be noted that gas and oil-heating boilers built-in or installed in 1991 or later may only operate for only 30 years, according to the draft. Heating boilers built-in or installed before January 1, 1991 may no longer be operated. The draft contains exceptions therefrom, for example if a house can be supplied neither with gas nor with district heating and the heating cannot be operated also from renewable energies. It is also envisaged that the replacement of old gas / oil heaters should be subsidized.

In order to fulfil the national 2030 climate targets, the federal government announced on September 20, 2019 to introduce emission certificates to the building sector as of 2021. The Federal Government's climate package has been passed by the German federal parliament on December 19, 2019. The certificates will not be sold to the property owners but to the oil and gas companies; the prices for emission certificates will start at €25 per ton of carbon dioxide and will gradually increase over the next few years. We cannot estimate the additional financial impact that will result from mandatory emission certificates trading.

Requirement for Legionella Testing and Potential Remediation Measures

The Drinking Water Ordinance (*Trinkwasserverordnung*), as revised in January 2018, provides *inter alia* that owners of specified centralized heated water supply facilities for use in multi-family houses are required to analyze stored heated water regarding the concentration of legionella at least every three years. The analysis is carried out by accredited laboratories specified and listed by the respective federal state. Any abnormal test results have to be reported to the local health authority. In case of the unfavorable increase of certain parameters, the owner of the centralized heated water supply facility is obliged to determine the cause, file a report to the competent health authority, and conduct appropriate counter-measures, which may range from chemical filtering or thermal disinfection to a modernization of the entire water supply facility.

We believe that we will be able to allocate the costs for routine analysis of drinking water as provided for under the Drinking Water Ordinance to tenants as part of the operating costs.

Requirement to Install and to Maintain Smoke Detectors

All federal states in Germany have made the installation and maintenance of smoke detectors mandatory in residential units. In almost all federal states where a relevant obligation exists, not only new buildings, but also existing buildings have to be equipped accordingly, usually within a transition period. Ultimately, on June 9, 2016, the Berlin parliament resolved on an obligation to install smoke detectors in residential units which was promulgated on June 28, 2016 and entered into force on January 1, 2017. The fulfillment of these obligations is mandatory for all newly built premises starting January 1, 2017. Existing premises must be equipped with smoke detectors by December 31, 2020 at the latest.

Costs incurred for the initial purchase and installation of smoke detectors in residential buildings may be passed on to the tenant as modernization costs by increasing the annual rent by up to 8% of the costs incurred for the relevant rental unit. Costs for the rent and maintenance of smoke detectors may contractually be allocated to the tenant as part of the operating costs.

Current Developments in German Tenancy Law

Rent Cap (“Mietpreisbremse”) and Broker’s Fees

On June 1, 2015, the Act on Curbing Rent Increases in Tight Housing Markets and the Strengthening of the Orderer Principle with respect to the Business of Rental Agents—Tenancy Law Amendment Act (*Gesetz zur Dämpfung des Mietanstiegs auf angespannten Wohnungsmärkten und zur Stärkung des Bestellerprinzips bei der Wohnungsvermittlung—Mietrechtsnovellierungsgesetz*) (the “**MietNovG**”) entered into force. The MietNovG is a form of rent control and restricts rent increases for new leases to a maximum of 10% above the locally prevailing comparative rent levels in municipalities or parts of municipalities in which the supply of affordable housing is determined to be threatened (rent cap), unless the rent level agreed with the previous tenant was higher. Furthermore, the restriction on rent increases does not apply to new or fully modernized buildings.

The prevailing comparative rent levels are determined on the basis of contractual rents that were agreed upon for comparable residential space in the relevant municipality during the preceding six years. However, rent increases due to modernization measures are not taken into account for determining the prevailing comparative rent levels. Whether residential space is comparable is determined by taking into account its type, size,

furnishings, quality, location, including the energy systems and characteristics. For this purpose, the landlord may, in particular, refer to the following: (i) an official rent index (*Mietspiegel*), (ii) a rent database, (iii) a report from an officially appointed and sworn expert, or (iv) the rent payable for at least three comparable residential units. A rent index is a table that shows the prevailing reference rent in a relevant municipality. The table must be jointly produced or accepted by the municipality or by the landlord and tenant representatives. If the rent index is produced in accordance with recognized scientific principles, it is recognized as a so called qualified rent index (*Qualifizierter Mietspiegel*). Qualified rent indices, as opposed to simple rent indices, create the (rebuttable) assumption that the listed rent levels reflect the reference rent customary in the relevant municipality. A rent index shall be adjusted to market trends every two years. A qualified rent index must be adjusted every two years; when this is done, a spot check or the trend of the price index for living standards of all private households in Germany, as computed by the Federal Statistical Office (*Statistisches Bundesamt*), may be used as a basis. A new list reflecting the qualified rent index must be generated every four years. A rent database is a collection of rents maintained on an ongoing basis that is used to determine the reference rent prevailing in a municipality. This option is only suitable for use if the collection of rents among other things (i) draws upon an adequate amount of rent data of existing and new lease agreements which are continuously updated, and which are representative for determining the prevailing rent level for individual properties in the respective locality, and (ii) is recognized by the municipality or by the landlord and tenant representatives. As a result, rent databases are hardly used in practice. On December 19, 2019, the German federal parliament has resolved that the calculation period for the local comparative rent shall be extended from four to six years to prevent an excessive increase in the local comparative rents. The law entered into force on January 1, 2020. However, until the end of 2020, rent indexes with a reference date before March 1, 2020 can still be drawn up according to the previous regulation (based on four years) if the rent index will be published before January 1, 2021.

The first letting of new or thoroughly modernized buildings is excluded from the rent limitation. Until December 31, 2020, the German federal governments are authorized by the tenancy law amendment act (*Mietrechtsnovellierungsgesetz*) to identify areas where there is pressure on the residential rental market and impose the rent limitation accordingly for a maximum period of five years. Thus, the rent cap ("*Mietpreisbremse*") only applies in the respective designated areas. The German federal government recently extended the period until December 31, 2025. The rent cap has entered into force in 13 of the 16 Federal States, whereas the government of Schleswig-Holstein repealed the rent cap with effect as of November 30, 2019.

Berlin has introduced the rent cap by way of a Rent Limit Regulation (*Mietenbegrenzungsverordnung*) dated April 28, 2015 and with effect from June 1, 2015. Pursuant to the Rent Limit Regulation, Berlin is a designated community with pressure on the residential rental market, in which the supply of the population with sufficient rental housing at reasonable conditions is particularly scarce. The Regional Court (*Landgericht*) of Berlin considered rent control provisions unconstitutional and presented this legal question to the Federal Constitutional Court (*Bundesverfassungsgericht*). In its decision of July 18, 2019, the Federal Constitutional Court, however, ruled that rent control as such is indeed constitutional.

Furthermore, MietNovG contains provisions for the payment of the broker's fee for residential letting. Since June 1, 2015, the landlord is obliged to pay the broker's fee if the owner commissions the broker (so called orderer principle). A tenant continues to have to pay the broker's fee, if the tenant commissions the broker to look for an apartment for the tenant.

On January 1, 2019, the Tenancy Adjustment Act (*Mietrechtsanpassungsgesetz*) entered into force, lowering the maximum increase of the annual rent from 11% to 8% of the total cost of the modernization measures. The reduction of the modernization levy is applicable to modernization projects announced from January 1, 2019. Furthermore, a cap of €3.00 per square meter within six years now applies to the allocation of modernization costs. If the rent is less than €7.00 per square meter, the rent may only increase by €2.00 within six years as a result of modernization. Additionally, a targeted modernization in order to induce tenants to terminate the lease (*Herausmodernisierung*), e.g., a modernization that has only been announced but not carried out or results in significant, objectively unnecessary burdens on the tenant, now constitutes an administrative offence which can be punished with a fine up to €100,000.

Furthermore, the Tenancy Adjustment Act tightens the provisions on the enforcement of rent control (*Mietpreisbremse*) on the landlord's disadvantage. According to the new provisions, landlords are obliged in

certain cases to provide a tenant with unsolicited information about the rent previously agreed for the housing before concluding the rental agreement. In addition, it is now easier for the tenants to complain about the rent control. While the previous situation required the tenant to make a qualified complaint (*qualifizierte Rüge*) containing the facts on which the complaint was based, a simple complaint suffices under current law.

On April 1, 2020, a further amendment of the rent control came into force. Based on this, tenants under leases which have been concluded after April 1, 2020 are able to claim back rents paid in excess of the rent control with retroactive effect for a period of up to 2.5 years. In certain cases, retroactive effect of a complaint will remain excluded, namely if the complaint is made later than 2.5 years after the beginning of the tenancy or if the tenancy has already ended. For leases that existed prior to April 1, 2020 it remains unchanged that tenants can only claim rents that become due after the tenant's complaint.

Rent Freeze (“Mietendeckel”)

On June 18, 2019, Berlin's municipal government (*Berliner Senat*) announced its intention to freeze rents in Berlin for the next five years (“*Mietendeckel*”). On January 30, 2020, the Berlin parliament (*Berliner Abgeordnetenhaus*) passed the Law on Rent Limitation in Housing in Berlin (*Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln*) (the “**Berlin Rent Limitation Law**”). The law entered into force on February 23, 2020. The rent freeze has retroactive effect as from June 18, 2019. Excluded from the rent freeze are publicly subsidized housing, flats for which public-sector funds have been granted for modernization and repair, and which are subject to a fixed rent (*Mietpreisbindung*), as well as dormitories, living quarters and new builds from 2014 onwards. Key points of the draft bill are, among others:

- The rent freeze will last for five years. As of 2022, lessors may annually increase rents up to 1.3% of the current rent;
- The permissible rent limit is determined on the basis of the rents of the official Berlin rent table (“*Berliner Mietspiegel*”) of the year 2013 as adjusted to reflect the development of real wages until 2019;
- When re-letting apartments, the maximum rent amount equals the rent that was agreed upon in the previous lease agreement on June 18, 2019. If this previous rent amount is above the permissible rent limit, it shall be capped;
- In existing lease agreements, tenants may elect to reduce their rent if it equals more than 120% of the permissible rent limit. Certain allowances and deductions for the type of location shall be taken into account. The administration can take action *ex officio* against landlords in the event of violations of the permitted rent amount. These regulations shall begin to apply 9 months after the rent bill is enacted into law;
- If the rent of a modern equipped apartment is particularly low (i.e. below €5.02 per sqm), the lessor may raise the rent by a maximum of €1.00 per sqm to a maximum of €5.02 per sqm when re-letting the apartment; and
- Modernization measures may only be allocated in the amount of €1.00 per sqm. For costs of modernization exceeding this amount, up to a maximum of one additional Euro per square meter of living space, the Senate will provide subsidy programs.

Violations (intentionally or negligently) of the provisions can constitute an administrative offense (*Ordnungswidrigkeit*) which can be sanctioned with fines up to €500,000.

It is expected that the Berlin rent freeze will be challenged in court immediately after its entry into force before the constitutional courts at federal and state level. However, it cannot be excluded that the law will enter into force unchanged or with its essential content. The Regional Court (*Landgericht*) of Berlin considers the so-called rent freeze to infringe German constitutional law and submitted the question to the German Constitutional Court (*Bundesverfassungsgericht*) for a decision.

Moreover, on May 6, 2020, certain members of the German Federal Parliament (*Bundestag*) filed an application for judicial review (*Normenkontrollantrag*) with the German Federal Constitutional Court

(*Bundesverfassungsgericht*) to ascertain the compliance of the Berlin Rent Limitation Law with German federal constitutional law.

Expropriation of Residential Real Estate

In addition, to the recent legislative changes with regard to tenancy law, a citizens' initiative was formed in Berlin, which tries to force a legislative project in the federal state parliament by means of a petition for a referendum, according to which "Deutsche Wohnen SE and others" are to be expropriated in respect of their Berlin portfolios in accordance with Article 14 para. 3 of the German constitutional law (*Grundgesetz*, "Constitutional Act").

The protection of ownership in Germany is guaranteed under the Constitutional Act. As a result of this guarantee, the owner of properties is in principle entitled to proceed with the property at his own will and to exclude others from any influence, unless the law or the rights of third parties' conflict with this. Conversely, the guarantee of property does not per se preclude the state from withdrawing this legal position protected by expropriation. Pursuant to Article 15 sentence 1 Constitutional Act, land, natural resources and means of production may be transferred to common ownership or other forms of public service for the purpose of socialization by a law regulating the nature and extent of compensation. However, there are high legal requirements for the expropriation of the real estate.

While the citizen's initiative in Berlin seems to be primarily directed against Deutsche Wohnen SE, the proposed draft legislation would capture all companies with profit motivation that own at least 3,000 apartments in Berlin. Thus, in addition to Deutsche Wohnen SE other real estate companies would also be affected by the proposed expropriation if the proposed bill is adopted. Although the Constitutional Act provides in principle for compensation in the event of expropriation, it would be possible that such compensation would be significantly lower than the market value of the property. The outcome of the current initiative ("Deutsche Wohnen und Co. enteignen") in Berlin to hold a referendum to expropriate residential real estate companies is uncertain. If a petition of a referendum has come about, a referendum must rather be brought about. Only if this referendum is successful, the state of Berlin would be obliged to implement the draft law. In this case, it could be assumed that the law on expropriation would be challenged in extensive and lengthy court proceedings. While legal experts have pointed out that there is considerable uncertainty whether the proposed legislative measure would be in line with constitutional law, it cannot be excluded that the objective pursued by the initiative will be achieved in some way in the future.

Restrictions Applicable to Subsidized Housing

General Overview

The German federal government, federal states (*Bundesländer*) and municipalities promote and subsidize social housing, i.e. housing available to families and individuals which do not have appropriate access to housing on the general market and hence need public support. Public subsidies on social housing can be granted in different forms, such as loans for costs of construction of housing (*Baudarlehen*), grants or loans for costs of the running expenses (*Aufwendungszuschüsse* and *Aufwendungsdarlehen*) or as loans to cover payments of current interest rates and loan repayment (annuity-aid-loan (*Annuitätshilfedarlehen*)).

Effects of Public Subsidies

Subsidized social housing generally triggers restrictions on the maximum amount of rent and may limit the group of possible tenants to persons in special social situations (e.g. large families, persons with disabilities) or those holding a housing eligibility certificate (*Wohnberechtigungsschein*) whose issuance mainly depends on the tenant's income. The applicable period of these restrictions (*Bindungszeitraum*) as well as the technical modalities depend on the specific kind of subsidy granted. Further restrictions, for example those relating to the sale and transfer of subsidized property, may apply in individual cases. In particular, these restrictions may result from administrative acts (*Verwaltungsakte*) or public law contracts (*öffentlich-rechtliche Verträge*), and, as the case may be, other agreements, such as loan agreements. In case of breach of obligations applicable to the individual subsidized property, the granting of the subsidy may be terminated and the relevant subsidy plus interest claimed back.

Upon the expiry of the restriction period (*Bindungszeitraum*), the properties subsidized are regulated in the same way as unsubsidized properties.

Applicable Laws and Regulations

As of March 31, 2020, 3.0% (by sqm) of the ADO Properties Group's residential units were subject to rent restrictions as a result of subsidies (the "**Subsidized Properties**"). In addition, some of these properties are restricted in terms of possible tenants. As of the same date, approximately 37% (by units) of the rent restrictions as a result of subsidies are scheduled to expire by 2022.

The Subsidized Properties have been subsidized at different times based on various programs and legal bases. The programs include subsidies for new buildings as well as for the modernization and renovation of existing buildings. Accordingly, and depending on the time of the granting of the public subsidies, the statutory bases for the subsidies granted for the Subsidized Properties vary.

Statutory bases are mainly found in the First Housing Act (*Erstes Wohnungsbaugesetz*), which applied from 1950 to 1956, and the Second Housing Act (*II. Wohnungsbaugesetz*) of 1956, as well as the Controlled Tenancies Act (*Wohnungsbindungsgesetz*), the 1970 Rent Ordinance for New Construction (*Neubaumietenverordnung*) and the Second Calculation Ordinance (*II. Berechnungsverordnung*). These provisions are further specified at the state level. On January 1, 2002, the Housing Assistance Act (*Wohnraumförderungsgesetz*) replaced the Second Housing Act. However, decisions and measures based on the Second Housing Act remained valid, and the Second Housing Act generally continues to apply to subsidies granted before January 1, 2002 (or, in specific cases, before January 1, 2003).

With the enactment of the Housing Assistance Act (*Wohnraumförderungsgesetz*) in 2002, housing subsidies can be granted by way of loans or grants, guarantees or the provision of building ground at preferential conditions. The Housing Assistance Act (*Wohnraumförderungsgesetz*) requires such subsidies to be granted on the basis of a subsidy notification (*Förderzusage*), which can take the form of an administrative act (*Verwaltungsakt*) or a public law contract (*öffentlich-rechtlicher Vertrag*). In the subsidy notification, the authority granting the subsidies must specify the conditions under which the subsidy is granted, in particular the purpose, use and amount of the subsidy, as well as restrictions on eligible tenants and rent restrictions (*Belegungs- und Mietbindungen*) or rights of the authority to assign specific tenants (*Belegungsrechte*). The applicable period for these restrictions (*Bindungszeitraum*) will generally also be specified in the subsidy notification. As a consequence, specific restrictions with regards to individual cases generally follow from the subsidy notification.

The legislative competence to subsidize social housing was transferred from the Federal Republic of Germany to the German federal states (*Länder*) as of September 1, 2006. Based on that change of legislative competence, some federal states have since issued new social housing laws. However, federal legislation (in particular the Housing Assistance Act (*Wohnraumförderungsgesetz*) and the Controlled Tenancies Act (*Wohnungsbindungsgesetz*)) remains applicable to the extent that it is not replaced by legislation of the particular federal state. Berlin has enacted the Law on Social Housing (*Wohnraumgesetz Berlin*) in 2011 (as last amended on July 20, 2017), which complements federal legislation, but does not substitute it.

Depending on the type of subsidy, and the legal basis on which it was granted, the restrictions on the maximum amount of rent and limitations on the group of possible tenants, as well as the applicable restriction periods, vary. For instance, as the result of subsidies granted before the entering into force of the Housing Assistance Act (*Wohnraumförderungsgesetz*) in 2002, the subsidy recipient may only be able to charge a cost-covering rent (*Kostenmiete*) during the restriction period as a matter of statutory law. The cost-covering rent is the rent necessary to cover all expenses for the property, including a return on equity capital and is adjusted over time.

After public funding has ended, general statutory provisions such as the above-mentioned capping limit which generally limits a rent increase (Section 558 paragraph 3 of the BGB) apply.

Forms of Public Subsidies; Subsidy Notification and Loan Agreement

Public subsidies on social housing can be granted in different forms such as loans for costs of construction of housing (*Baudarlehen*), grants for costs of the running expenses (*Aufwendungszuschüsse*) or as loans to cover

payments of current interest rates (*Aufwendungsdarlehen*) and loan repayment (annuity-aid-loan (*Annuitätshilfedarlehen*)).

Generally, if a property is subsidized with a loan, the competent public authority first issues a subsidy notification. On the basis of this notification, the addressee concludes a loan agreement with either a public authority or a bank. Usually, the subsidy notification refers (either explicitly or indirectly by referring to the subsidized building) to the subsidized loan and vice versa.

The consequence of this legal connection is a strong link between the subsidy notification and the subsidized loan. Generally, the subsidized loan agreements stipulate that any right to terminate or revoke the subsidy notification automatically triggers the right to revoke the loan agreement. In other cases, depending on the provisions in the loan agreement, noncompliance with the provisions of the subsidy notification and a subsequent revocation of the subsidy notification will, for example, lead to a right of the lender to claim back or amend the loan agreement or to terminate the contract. On the other hand, non-compliance with the terms of the loan agreement may also affect the subsidy notification, which might provide that a breach of the loan agreement entitles the authority granting the subsidy to withdraw the subsidy notification.

Additionally, the subsidy notification or the subsidized loan agreement may also set out conditions for commercial loans which the borrower contracts to finance the subsidized property in addition to the subsidized loan. The breach of such conditions might entitle the public authority to withdraw the subsidy notification or the lender to terminate the subsidized loan agreement.

Sale and Transfer of Subsidized Properties

If a subsidized property is sold and transferred, a consent by the competent authority representing the entity granting the subsidy may be required. Furthermore, the restrictions arising from legislation and/or the subsidy notification generally also apply to replacements in title of the property. If the restrictions follow directly from legal provisions, they apply to the respective owner of the property. If they follow from the subsidy notification, the notification, while still addressed to the original recipient of the subsidy, may also apply to the new owner of the subsidized property under general principles of German administrative law. The authority may also transfer or re-issue the subsidy notification to the new owner. However, the subsidy notification or the subsidized loan agreement may include deviating provisions regarding the effects of a sale and transfer of the property on the public subsidy.

However, the sale and transfer of the property does not automatically transfer the loan agreement based on the subsidy notification to the replacement in title. Since the loan agreements are governed by civil law only, a transfer of the loan agreement can only be achieved with the agreement of the respective lender. Moreover, should an apartment be converted into a condominium and sold for personal use (*Eigennutzung*), any public subsidies will be claimed back.

Further Restrictions on the Use of Properties under Private and Public Law

Restrictions Arising Out of Easements in the Land Register

An easement (*Dienstbarkeit*) encumbers a particular property to the benefit of the respective owner of another property (*Grunddienstbarkeit*) or to the benefit of a third party, establishing a personal right unrelated to the ownership of a certain property (*beschränkte persönliche Dienstbarkeit*). It requires the owner of the charged property “*in rem*” to refrain from taking action (e.g. not to build on specific parts of the property) or to accept actions taken by the respective owner of the benefitted property or the benefitted third party (e.g. a right of way or a right to run cables or pipes for third parties). Furthermore, easements may result in the obligation to bear certain costs, e.g. for maintenance and repair of buildings or pipelines. The content of the respective obligation can be enforced by the owner of the benefitted property or the benefitted third party. Since registered easements are “attached” to the property itself, they can be enforced against the current and any subsequent owner of the charged property as well as against legal successors. For some of the properties in the portfolio, easements are registered in the land register.

Public Easements

A public easement (*Baulast*) requires the owner of the charged property to take action (for example, to create a certain number of parking spaces), refrain from taking action (for example, not to build on specific parts of the property) or to accept actions by third parties (for example, laying pipes or cables by third parties). The content of the obligation can be enforced by means of an administrative order. Such public easements have been established for a number of properties in the portfolio.

Various properties of the portfolio are also subject to unification public easements (*Vereinigungsbaulasten*). These public easements create a single “construction property” (*öffentlich-rechtliches Baugrundstück*) out of the affected properties which continue to be independent properties under civil law. Many provisions of public building law, such as the requirements of minimum distances between buildings, apply to the construction property as if the plot boundaries did not exist.

According to the Berlin building code (*Bauordnung Berlin*), public easements take effect with their registration in the public easement register. Since public easements attach to the property itself, they can be enforced against the owner of the charged property and against third parties. The public easement is also effective against legal successors (*i.e.* buyers of the charged properties) and can only be suspended by a waiver of the competent authority. The restrictions resulting from the public easement may affect the value of the charged property. The public easement lapses through written waiver of the competent authority.

Further restrictions regarding the properties in the ADO Properties Group’s portfolio may arise from urban development agreements (*städtebauliche Verträge*) or public law agreements (*öffentlich-rechtliche Verträge*) concluded with public authorities, e.g. for the development of certain urban spaces by us.

Construction and Planning

General

Generally, projects and measures affecting buildings as well as their use require a building permit (*Baugenehmigung*). This does not only apply for the erection and substantial modifications of a building, but also for a substantial change of use (*Nutzungsänderung*), even if such change of use does not come along with construction works, as well as for a demolition and removal of buildings or parts thereof.

By granting the building permit (*Baugenehmigung*) the competent authority states that the proposed project is in compliance with applicable law, both with regard to federal planning law (*Bauplanungsrecht*), including provisions of applicable local development plans, and the building law (*Bauordnungsrecht*) regulated in the respective State Building Acts (*Landesbauordnungen*). While the planning law rules the purpose for which a property may be used, describing in particular the kind of use and the type and size of buildings permissible, building law determines how buildings may be designed and constructed in order to safeguard safety and the prohibition of dangers.

If they are not challenged, building permits, generally, become final/not appealable (*bestandskräftig*) and then safeguard the permitted building in the future, independent of any changes of the relevant planning and zoning law.

Planning Law

Under German planning law (*Bauplanungsrecht*), municipal planning authorities have discretion (*Planungsermessen*) in exercising their planning competence. They are, however, required by law to take into account private interests as well as to pursue a number of prescribed objectives, including sustainable urban development and the protection of natural resources. Formal planning by municipalities under the Federal Building Act (*Baugesetzbuch*) (“**BauGB**”) follows a two-tiered approach.

First, each municipality may issue a preparatory land-use plan (*Flächennutzungsplan*) that represents, with respect to the entire municipal territory, a basic classification of land uses according to urban development objectives and the needs of the respective municipality. For instance, a preparatory land-use plan may determine the purpose or purposes for which specific areas should be used in the future or which areas should be made available for environmental purposes, but it does not, in principal, create or affect individual rights.

Second, zoning plans (*Bebauungspläne*) may determine the specific use of land in designated areas. A zoning plan must comply with the applicable preparatory land-use plan. A zoning plan establishes the legally binding rules with respect to matters such as type and extent of structural use of property, e.g. building plot area and the height, density and specific use of buildings erected on a plot and may also designate land as being reserved for public purposes, industrial use, mixed-use, social housing, infrastructure, open spaces, and protected areas. The zoning plan may also contain provisions on permissible emissions, permissible exterior design of a building or contain other obligations, such as the obligation to plant trees. Where no zoning plan exists, the question whether a building project and/or its specific kind of use is permissible depends on whether the building project is located in the already built-up interior zone (*Innenbereich*) or in an undeveloped peripheral area (*Außenbereich*). In the first case, the permissibility basically depends on the building project's compatibility with the existing buildings in the vicinity and their specific use. Outside of built-up interior zones, projects are only permissible subject to narrowly defined requirements under the BauGB, which are not satisfied by buildings designated for office, retail or logistics use.

Municipalities may designate special urban planning zones (*Gebiete des besonderen Städtebaurechts*) in order to remediate specific planning deficiencies or facilitate specific urban developments. The BauGB provides for different types of special urban planning zones, such as redevelopment areas (*Sanierungsgebiete*), conservation areas (*Erhaltungsgebiete*) or development areas (*Entwicklungsgebiete*). Both existing properties located in areas that are designated as special urban planning zones following the erection of such properties as well as properties that will be built in such urban planning zones in the future may be subject to certain restrictions.

If properties are located within formally designated redevelopment areas, those properties are subject to restrictive regulations of the BauGB, such as municipal pre-emptive rights. In addition, written permission of the municipality is required for certain development projects and legal procedures (e.g., rental agreements for a stipulated period of more than one year, property purchase agreements, the subdivision of a plot or the establishment, modification or revocation of a public easement). The granting of such permission may only be refused if such project would inhibit or seriously impede the implementation of the redevelopment or if it would conflict with the aims and purposes of the redevelopment. The owner of a property may be obliged to use the property in accordance with the aims and purposes of a redevelopment. If the owner does not comply with this requirement, the municipality might expropriate the owner under certain prerequisites. In order to implement the redevelopment, the municipality may undertake infrastructure measures. Furthermore, the owner of a property in a redevelopment area may be obliged to make payments to the respective municipality in order to compensate for the increase in the value of the property as a consequence of the redevelopment.

Building Law

German building laws and regulations of the German Federal States (*Bauordnungsrecht der Bundesländer*) are extensive and govern, among other things, permissible types of buildings, building materials, statics, proper workmanship, stability, heating, fire prevention, means of warning and escape in case of emergency, access and facilities for the fire department, hazardous and offensive substances, noise protection, parking spaces, ventilation and handicap access and facilities.

For instance, fire prevention is regulated by laws and regulations of the German Federal States (*Bauordnungsrecht der Bundesländer*), which are further specified by directives, decrees, guidelines, technical regulations, recommendations and technical data sheets regulating construction, technical and organizational fire prevention concerning, inter alia, building materials, firewalls and emergency escape routes as well as fire-extinguishing systems and smoke detectors. Those regulations may be amended from time to time, which could require investments in improved or additional fire prevention measures. Furthermore, if the use of a building is changed or construction measures are taken, such amended fire prevention requirements may become applicable.

Protection of Existing Buildings

Owners of buildings erected and used in compliance with building permits (*Baugenehmigungen*) which have become final and absolute (*bestandskräftig*) benefit, in principle, for an indefinite period of time from such permit (*Bestandsschutz*). This means that local building authorities must generally tolerate the respective building and its use, even though the planning or legal situation may have changed since the granting of the permit.

However, the competent building authority may, under certain circumstances, require alterations to buildings with respect to safety (e.g., fire safety) or health risks. While mere non-compliance with prevailing regulations generally does not warrant such orders, the occurrence of imminent safety or health risks with respect to users of the building or the general public allows the competent authority to demand immediate action from the owner. Relevant risks in this regard include fire risks, traffic risks, risks of collapse and health risks from hazardous building materials, such as asbestos or water contamination. The protection of existing buildings does not generally cover alterations to such buildings or changes in the type of use. Therefore, in both cases, a new building permit is typically required, which must comply with the then-applicable planning and building regulations. However, the building authority may, under certain circumstances, grant an exemption from the respective provisions of the zoning plan if the intended use or alteration is not covered by such provisions of the zoning plan.

Energy Efficiency

The existing legislation regarding energy efficiency of buildings is likely to be tightened in future. For example, the German Energy Saving Regulation (*Energieeinsparverordnung*) or the EU Directive 2010/31/EU (“**Energy Performance Directive**”) on the energy performance of buildings play an increasingly important regulatory role. It is to be expected that the relevant statutory regulations at the national and EU level will be modified further and increasing requirements on energy consumption and efficiency of buildings, particularly in the case of new buildings and modernizations, will be stipulated. Amendments to the legal framework could result in additional obligations to undertake energy efficient refurbishments of existing buildings, such as insulation measures to reduce heating costs or to reduce the consumption of electricity.

For example, on June 19, 2018, the Directive (2018/844/EU) amending the Energy Performance Directive was published. The revised provisions entered into force on July 9, 2018, and must be implemented in national law by the EU member states by March 10, 2020. This revision introduces targeted amendments to the Energy Performance Directive aimed at accelerating the cost-effective renovation of existing buildings, with the vision of a decarbonized building stock by 2050 and the mobilization of investments. The revision also supports electromobility infrastructure deployment in buildings’ car parks and introduces new provisions to enhance smart technologies and technical building systems, including automation. Cost allocation between the owner and tenants has not been resolved conclusively, meaning that property owners may be obligated to incur a portion of the expenses required for such energy-saving renovation measures.

The German federal government published a draft of a so-called Property Energy Act (*Gebäudeenergiegesetz*), dated November 30, 2018, which was slightly modified on May 28, 2019. The draft bill is the second attempt to combine the Energy Savings Act (*Energieeinsparungsgesetz*), the Energy Saving Ordinance (*Energieeinsparverordnung*) and the Renewable Energies Heating Act (*Erneuerbare-Energien-Wärmegesetz*) in one piece of law. The first draft bill of the Property Energy Act was rejected in March 2017 due to dissension within the federal government regarding low energy standards for public non-residential buildings. The current coalition agreement (*Koalitionsvertrag*) between the federal governing parties states that the energetic requirements for existing and new buildings will continue to apply during the legislative term running until 2022. Therefore, the new draft to date does not consider further tightening of the energy efficiency requirements of buildings.

Furthermore, in order to fulfil its 2030 climate targets, the German federal government announced on September 20, 2019 to introduce emission certificates to the building sector as of 2021. According to publicly available information, such emission certificates shall not be sold to property owners, but to oil and gas companies. The prices for emission certificates will start at €10 per ton of carbon dioxide and will gradually increase over the years after introduction. We cannot estimate the financial impact that will result from mandatory emission certificates trading.

Restrictions for Properties Affected by Monument Protection and/or Special Urban Planning Legislation

Certain buildings or parts of buildings in the ownership/possession of the ADO Properties Group are classified as historic buildings on the basis of law or registration in a list of protected buildings. The competent authorities may determine whether the conservation of a building is in the collective public interest and, therefore, has to be considered protected. As a result, ownership is subject to various public law restrictions. Specific obligations with respect to, e.g., the maintenance, repair, appropriate management and protection of historic buildings arise

under the historic buildings preservation laws of the individual German Federal States. In addition, changes to historic buildings or their removal are not permitted if significant conservation reasons exist for maintaining their condition unchanged. Compliance with preservation legislation is also required in the context of planning permission processes, such as for a change of use or for alterations, and may result in the refusal of the required permits. Furthermore, if a building is located in the near surrounding of a building that is subject to monument protection, such building might also be subject to restrictions to the extent it can influence the monumental character of the protected building. With regard to restrictions on use and disposal, some of the ADO Properties Group's real estate is situated in preservation areas (*Erhaltungsgebiete*) and may in the future be situated in urban redevelopment areas (*Sanierungsgebiete*). Additionally, some of the real estate is listed as protected historical monuments. The applicable statutory regime in these cases is that of special preservation statutes based on the Federal Building Code (*Baugesetzbuch*) and the Berlin legislation for the preservation of protected monuments (*Denkmalschutzgesetz Berlin*).

With respect to real estate situated in an urban redevelopment area (*Sanierungsgebiet*), we are required to obtain the permission of the municipality in particular for demolition or alteration of buildings, entering into lease agreements with a fixed term of more than one year, the sale of the property, the granting of encumbrances and the creation, amendment or suspension of an easement. In addition, at the end of the redevelopment measure the relevant municipality will levy a compensation charge (*Ausgleichsbetrag*) that is aimed to balance the increased land value in consequence of the redevelopment. The owner of the real estate is responsible for the implementation of the necessary measures defined by the public authorities. Only if the owner is unable to realize the measures quickly and expediently, the authorities may take action instead.

A substantial part of the ADO Properties Group's real estate is situated in preservation areas (*Erhaltungsgebiete*), which requires it to obtain the permission (irrespective of the requirement of a building permit) of the relevant public authority for demolition, alteration of buildings or change of use. Also, ordinances may determine that permission is required for the establishment of individual ownership for personal use (condominium and part-ownership) in respect of residential units. Milieu protection areas (*Milieuschutzgebiete*) as well as preservation areas (*Erhaltungsgebiete*) are both regulations based on the Federal Building Code (*Baugesetzbuch*). Preservation areas primarily serve the preservation of the urban characteristic of the area and can be stipulated by local development plans and other local statutes. Milieu protection areas (*Milieuschutzgebiete*) serve the preservation of the areas as well, focusing on the composition of the resident population in a specific area. In order to preserve the existing composition of the resident population, the Federal Building Code (*Baugesetzbuch*) enables the federal states to enact ordinances that prohibit the transformation of rented apartments into freehold apartments. As mentioned before, a respective ordinance (*Umwandlungsverordnung*) was passed by the Berlin government on March 3, 2015, in force until March 13, 2020. The Berlin government decided to extend the ordinance (*Umwandlungsverordnung*) for another five years, i.e. until 2025.

Construction and Property Development Contracts

Applicable Provisions of the BGB

On January 1, 2018, an amendment to the BGB relating to construction contracts came into effect that implements a number of amendments to the BGB relating to agreements in connection with planning and construction works and codifies a range of new types of contracts which so far were not explicitly regulated. These changes are briefly summarized below. The BGB now differentiates, in particular, between construction contracts (*Bauverträge*), consumer construction contracts (*Verbraucherbauverträge*) as well as the property development contracts (*Bauträgerverträge*). In principle, a property development contract is a mixed contract (*gemischter Vertrag*) covering both aspects of a sales contract (*Kaufvertrag*) and of a contract for work (*Werkvertrag*). The newly applicable law now explicitly stipulates that the property development contract is a contract with respect to the construction (*Errichtung*) or reconstruction (*Umbau*) of a house or a comparable building and by which the developer is obliged to transfer ownership to the property to be developed. The BGB further includes additional provisions for consumer construction contracts, including property development contracts entered into with private purchasers, such as owner-occupiers and retail buy-to-let investors. Prior to entering into a property development with a private purchaser, the respective real estate developer is required to provide such purchaser with a written description of the building specifications (*Baubeschreibung*). Such description needs to be provided in good time before entering into the property development contract and also

needs to fulfil the requirements set forth in the BGB. In addition, the developer has to inform the purchaser bindingly about the time of completion of the development project or, if such information is not possible at the time of conclusion of the contract, the estimated time needed for realizing the respective development project. Furthermore, the developer also needs to describe in detail the specifications of the building, which include, for instance, a general description of the building to be built, the type and extent of the services offered, general data on the building including floor plans and information on square footage, potentially information on the energy, fire safety and sound proofing standard. Except where a consumer construction contract was notarized, the consumer has a statutory right to rescind the agreement within the statutory periods and the contractor is obligated to duly inform the consumer of such right. Aside from these provisions relating to property development and consumer construction contracts, general rules relating to sales contracts (*Kaufverträge*) and work contracts (*Werkverträge*) as well as the German Real Estate Agent and Commercial Contractor Regulation (*Makler- und Bauträgerverordnung* (“**MaBV**”)) apply.

In the context of property development contracts (*Bauträgerverträge*), the BGB provides for additional requirements with respect to the issuance of certain sureties which were introduced by the Act to Secure Contractor Claims and Improve the Enforcement of Payment Claims (*Forderungssicherungsgesetz* (“**FoSiG**”)). In case the recipient of such works is a consumer and instalment payments have been agreed by the parties, real estate developers building or remodeling a house or similar construction structure are required to issue a surety (the “**FoSiG Surety**”) with respect to 5% of the agreed remuneration upon beginning of construction works (i.e., when the first instalment under the MaBV is due and payable). The purpose of the FoSiG Surety is to secure contractual performance in a timely and adequate manner and to provide purchasers a minimum security from the consequences of an insolvency of the respective project developer. The issuance of the FoSiG Surety is mandatory and can only be avoided if such purchasers withhold an amount corresponding to 5% of the aggregate purchase price from their instalment payments.

German Real Estate Agent and Commercial Contractor Regulation (Makler- und Bauträgerverordnung)

The MaBV is, *inter alia*, applicable to property development contracts relating to the development and sale of residential properties to owner-occupiers (*Selbstnutzer*) and retail buy-to-let investors in Germany. The MaBV provides for certain regulations to be complied with by, *inter alia*, real estate developers in connection with the conclusion of property development contracts (*Bauträgerverträgen*). In particular, the MaBV provides for a staggered payment framework, which entitles a real estate developer to significant fixed down payments in line with the completion of construction milestones, for respective collateralization of such down payments and imposes an obligation on the developer to separate funds received from purchasers from private assets. The real estate developer may request up to seven instalment payments subject to specific construction progress to be included in the individual payment schedule agreed under the property development contract (*Bauträgervertrag*). Such instalment payments may, however, only be requested if the amount of an instalment payment corresponds to the actual value of the work performed by the real estate developer at the time such instalment payment becomes due and payable.

The first construction milestone is the start of ground works (*Beginn der Erdarbeiten*). Upon the achievement of this milestone, the real estate developer is entitled to request the first instalment in the amount of 30% of the agreed contractual sum in case ownership of a real property is to be transferred and 20% of the agreed contractual sum in case a hereditary building right is to be created or transferred. The second instalment for 40% of the remaining agreed contractual sum is due and payable upon completion of the building shell (including carpentry work) (*Rohbaufertigstellung, einschließlich Zimmererarbeiten*). As a result, a total of 58% of the aggregate agreed contractual sum under the respective property development contract (*Bauträgervertrag*) is due and payable upon completion of the building shell if ownership of a real property is to be transferred. Further instalments can be requested in up to seven partial payments in accordance with the following milestones set forth in the MaBV: installation of roof surfaces (*Herstellung der Dachflächen*), basic installation of heating systems, sanitary and electrical facilities (*Rohinstallation der Heizungs-, Sanitär- und Elektroanlagen*), window installation (*Fenstereinbau*), interior plaster work (*Innenputzarbeiten*), screed work (*Estricharbeiten*), tiling work in the sanitary area (*Fliesenarbeiten im Sanitärbereich*), readiness for occupancy and concurrently with the transfer of possession (*Bezugsfertigkeit und Zug um Zug gegen Besitzübergabe*), facade works (*Fassadenarbeiten*) a final completion (*vollständige Fertigstellung*).

However, a real estate developer must not request payment of the first instalment from the purchaser unless the following conditions are met: (i) the underlying purchase contract is binding and all necessary approvals have been granted, the notary public has confirmed these requirements in writing and no cancellation rights have been granted to the purchaser, (ii) a priority notice of conveyance (*Auflassungsvormerkung*) has been registered in the land register (*Grundbuch*) with respect to the respective purchaser's title of ownership, (iii) all mortgages (other than for financing the purchase price for the purchaser) have been subordinated to the purchaser's priority notice of conveyance (*Auflassungsvormerkung*), and (iv) the building permit (*Baugenehmigung*) has been obtained (or it has been confirmed that a building permit is not required). In practice, real estate developers often face significant delays when dealing with the land register authorities. As a result, the process of registering of such priority notice of conveyance (*Auflassungsvormerkung*) may be delayed significantly. In such case, the real estate developer can request instalment payments subject to issuing to the purchaser a surety covering the respective pre-payment amount ("**MaBV Aval**"). Once either all of the above conditions are met or a corresponding MaBV Aval has been issued, the real estate developer is entitled to request the instalment payments under the agreed payment schedule from the relevant purchaser.

Liability for Environmental Contamination

Liability for environmental contamination and hazardous soil contamination may arise under public law and civil law provisions. Liability under public law cannot be excluded by contract. Civil law warranty liability, by contrast, can be limited or excluded by contract. See "*We may incur environmental liabilities, for example, from residual pollution including wartime ordnance, soil conditions, asbestos and contaminants in building materials, as well as from possible building code violations.*"

Environmental Liability Under Public Law

Soil Contamination

Pursuant to the Federal Soil Protection Act (*Bundesbodenschutzgesetz*), the parties responsible for environmental contamination include, among others, the party that caused the contamination, its legal successor, the owner of the contaminated property and each previous owner of the contaminated property (if such former owner transferred the property after the entering into force of the Federal Soil Protection Act on March 1, 1999 and knew or should have known about the contamination), as well as the person with actual control over the property. With regard to these potentially liable parties, there is no general ranking as to which of the parties is primarily liable. It is within the discretion of the relevant local authority to decide which party shall be held liable. The party most likely to be held liable is the current owner of the contaminated site, because it is legally entitled to carry out the required remedial measures. Furthermore, the liability of the entities and persons who can be held liable by the authorities for remediation does not require a showing of negligence or intent on the part of the liable parties.

The Federal Soil Protection Act (*Bundesbodenschutzgesetz*) authorizes the local authorities to require risk inspections, investigations, remedial measures, and other necessary measures for the protection against hazardous soil changes or residual environmental contamination.

The Federal Soil Protection Act contains a statutory indemnity obligation on the part of the responsible parties that, irrespective of an official order, allocates liability among the parties in accordance with their respective contribution to the cause of the contamination. The indemnity obligation may be waived or transferred by express contractual agreement.

Groundwater Contamination

According to the Federal Water Resources Act (*Wasserhaushaltsgesetz*) and related provisions of the federal and the state environmental protection and water laws the parties responsible for any contamination of water can be held liable for the required remedial measures by the authorities.

If the contamination of water has detrimental effects on the property of third parties, the polluters may be held liable for the resulting damage. Such liability exists independently of any potential action taken by the public authorities.

Asbestos

German law imposes obligations to remediate asbestos contamination under certain circumstances. Under the asbestos guidelines (*Asbest-Richtlinien*) of the German Federal States, the standard for determining a remediation obligation is the presence of any health threat. The law distinguishes between friable asbestos, which is capable of releasing asbestos fibers into the air as it ages or breaks, and non-friable asbestos, from which asbestos fibers are usually not released and which, therefore, poses a limited risk to human health. Except in the event of structural alterations, there is generally no obligation to remove non-friable asbestos under the asbestos guidelines.

Friable asbestos is generally found in construction materials that provide fire safety, noise abatement, moisture protection, heat insulation and thermal protection. The asbestos guidelines set out criteria used in assessing the urgency of remedying contamination, ranging from immediate action (including demolition, removal or coating of the asbestos) to risk assessments at intervals of no more than five years. The removal and disposal of asbestos-containing materials requires specific safety measures and may trigger elevated costs.

In the case of asbestos contamination, a tenant may also assert a right of rent reduction or, in extreme circumstances, termination for good cause. German courts have held that a landlord may be presumed to be in breach of its statutory obligations if the existence of a health threat cannot be excluded. Accordingly, the courts have granted the right to rent reduction even in cases where the asbestos guidelines do not require immediate remediation. Tenants may also claim compensatory damages if the defect was present at the time the contract was concluded, and they may claim compensation for personal suffering (*Schmerzensgeld*). Finally, tenants also have the right, subject to certain conditions, to remedy the defect on their own and require that their reasonable expenses be reimbursed.

Pentachlorophenol (“PCP”), *Lindane*, *Dichlorodiphenyltrichloroethane* (“DDT”), and *Polychlorinated Biphenyl* (“PCB”)

Due to negative effects on human health, the use of PCP is prohibited. However, PCP may still exist in buildings, such as in wood preservatives, synthetic materials, insulations, or joints as it was used as a fungicide against mold. DDT and Lindane are synthetic pesticides which were also used in wood preservatives, and which are suspected to have serious negative effects on human health. Their use is prohibited. The use of PCB is generally prohibited. However, it has been widely used as a softener in synthetic materials as well as a fire-retardant component in the past and may also negatively affect human health.

The existence of PCP, Lindane, DDT and PCB in buildings may, under certain circumstances, entitle the tenant to reduce the rent or to claim damages. Moreover, the remediation of rooms or buildings may be required where PCP, Lindane, DDT and PCB concentrations exceed certain thresholds.

In particular with regard to PCB, the owner of a building may be required to remedy PCB sources through the elimination or sealing of construction elements that contain PCB. Remediation measures may become necessary if the PCB concentration in rooms which are designed for human use exceeds 300 nanograms per 1 cubic meter of air.

With regard to PCP, further investigations are required if with regard to rooms permanently used for residential purposes the PCP concentration in dust and wood exceeds defined thresholds. If further investigations then show that the PCP concentration exceeds 0.1 microgram per 1 cubic meter of air, further medical tests are required with regard to the residents. Depending on defined thresholds for a maximum PCP concentration a remediation may then be necessary.

War Ordnance

In Germany, the federal states are responsible for the clearance of ordnance and other remnants of war. In most states, public services are responsible for the clearance of war ordnance, while other states commission private specialized firms. All states assume, and dispose of, unexploded ordnance themselves. However, the extent to which a private investor or an owner of contaminated real estate incurs liabilities in connection with the clearing of remnants of war or ordnance, including preparatory measures like the disposal of plants and layers of soil or preventive search measures, where the initial suspicions prove unfounded, varies from state to state.

Environmental Liability Under Civil Law

Civil liability for environmental contamination can arise under contractual warranty obligations and under statutory obligations. Warranty claims can generally be waived or limited by contractual provisions. The statutory claims can oblige the party causing contamination of the soil or water to pay damages or to remedy the contamination and its consequences. We could be subject to such liability for damages or remediation if a property in our portfolio has detrimental effects on the property of third parties. This civil liability exists independent of any official action taken in accordance with the provisions of the Federal Soil Protection Act.

Restitution rights and transfer approval

Under the Law on the Settlement of Open Property Issues (*Gesetz zur Regelung offener Vermögensfragen*), former owners of properties who were dispossessed either by the national socialist government between January 30, 1933 and May 8, 1945 or by the former German Democratic Republic (*Deutsche Demokratische Republik*) can demand the restitution of such properties. If return of the properties is impossible due to a valid sale to a third party, the former owners have compensation claims under the German Restitution Act (*Entschädigungsgesetz*). The German Asset Allocation Law (*Vermögenszuordnungsgesetz*) provides for similar regulations.

With regard to properties located in the former German Democratic Republic (*Deutsche Demokratische Republik*), the German Real Estate Transfer Ordinance (*Grundstücksverkehrsordnung*) generally requires owners of properties to obtain approval from the competent authorities prior to disposing of any properties, unless such approval was previously granted for a transfer of the property completed after September 28, 1990. If any restitution claims have been filed for a property, such approval will not be granted until the claim has been settled.

SHAREHOLDER STRUCTURE

As of the date of this Offering Memorandum, the Company's share capital amounts to €129,934.55, divided into 104,785,930 ordinary shares in dematerialized form with no nominal value. To the knowledge of the Company and based on the shareholding notifications received by the Company as of the date of this Offering Memorandum, the following shareholders held an interest (direct or indirect) of at least 5% in the Company's shares as of the date of this Offering Memorandum. The percentage values shown in the table below are the shares of voting rights last notified to the Company in relation to the Company's share capital as of the date of the respective notification. It should be noted that the number and share of voting rights last notified may have changed since the respective notification was submitted to the Company given that there is no obligation to notify unless the voting rights reached, exceeded or fell below notifiable thresholds:

<u>Name of the Shareholder⁽¹⁾</u>	<u>Voting Rights (in %)⁽²⁾</u>
Aggregate Holdings S.A. ⁽³⁾	22.50
Fairwater Multi-Strategy Investment ICAV ⁽⁴⁾	5.63
Fortitudo Capital SPC ⁽⁵⁾	5.16
Free float	66.72
Total	100.00

- (1) The information in relation to the individual shareholder is based on the shareholding notifications received by the Company as of the date of this Offering Memorandum.
- (2) The percentage of voting rights was calculated on the basis of the Company's registered share capital as of the date of this Offering Memorandum.
- (3) The voting rights held by Aggregate Holdings S.A. are indirectly attributable to the ultimate shareholder Günter Walcher.
- (4) Direct shareholding of Fairwater Multi-Strategy Investment ICAV, managed by Mirabella Malta Limited and acting as AIFM holding the shares in and acting in respect of the sub-fund Fairwater Real Estate Opportunities Fund.
- (5) Direct and indirect shareholding of Fortitudo Capital SPC, who, on behalf and for the account of Fortitudo Real Estate Opportunities Segregated Portfolio, holds the shares and has appointed Mezzanine IX Investors S.A. and Pruss GmbH, a wholly-owned subsidiary of Mezzanine IX Investors S.A., respectively, to exercise voting rights over the shares. These entities can vote at their own discretion.

Subject to any limitations imposed by Luxembourg laws, each share in the Company confers one vote at the General Meeting. The Company is neither directly nor indirectly owned nor controlled by any other company or person. There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control in the Company.

GENERAL INFORMATION ON THE COMPANY AND THE ADO PROPERTIES GROUP

Formation and Incorporation, History and Development, Commercial Name

On November 13, 2007, the Company was incorporated as a private limited liability company in Cyprus with the Cyprus Department of Registrar of Companies and Official Receiver under the legal name “Swallowbird Trading & Investments Limited” and with its registered office at 48 Inomenon Ethnon, Guricon House, Ground floor, Flat/office D, 6042, Larnaca, Cyprus, registered number HE212131.

The Company moved its registered office and central administration to Luxembourg by decision of the General Meeting dated June 8, 2015 and adopted the form of a private limited liability company under Luxembourg law (*société à responsabilité limitée*) and changed its legal name to “ADO Properties S.à r.l.” The Company was subsequently converted to a public limited liability company under Luxembourg law (*société anonyme*) by decision of the General Meeting dated June 16, 2015 and changed its legal name to “ADO Properties S.A.”.

On June 11, 2015, the Company was registered with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under registration number B197554. Deletion of the Company’s registration in Cyprus was completed on June 8, 2015.

On July 23, 2015, the Company completed its initial public offering and all of its shares are traded on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the sub-segment thereof with additional post-admission obligations (Prime Standard).

The Company’s commercial name is “ADO Properties”.

Legal and Commercial Name, Address and LEI

The legal name of the Company is ADO Properties S.A. and the Company operates under its commercial name ADO Properties.

The Company, with Legal Entity Identifier (LEI) 391200OYYFJ3DWAMEC69, has its business address at 1B, Heienhaff, L-1736 Senningerberg, Luxembourg, and is registered in the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B 197554.

The Company is a public limited liability company incorporated and operating under Luxembourg law (*société anonyme*).

Corporate Purpose, Registered Office, Fiscal Year and Duration

As a Luxembourg public limited liability company (*société anonyme*), the Company is governed by the laws of the Grand Duchy of Luxembourg and in particular the Luxembourg Companies Law.

Pursuant to Article 4 of the Articles of Association, the Company’s corporate purpose is as follows:

- The Company’s corporate purpose is the long-term creation of value by investment in and development of real estate properties and immovable property as well as the purchase, rental and disposal of such properties. It may also carry out real estate management for its own purposes and any other activity whatsoever in the real estate sector.
- The Company may realize that corporate purpose either directly or through the creation of companies, the acquisition, holding or acquisition of interests in any companies or partnerships, membership in any associations, consortia and joint ventures.
- The Company may also acquire by purchase, subscription or in any other manner as well as transfer by sale, exchange or in any other manner shares, bonds, debt securities, warrants and other securities and instruments of any kind.
- The Company may borrow in any form including by way of public offer of securities. It may issue, shares, notes, bonds and debentures and any kind of debt and/or equity securities. The Company may lend funds including the proceeds of any borrowings and/or issuances of debt

securities to affiliated and group companies. It may also give guarantees and grant securities in favor of third parties to secure its obligations or the obligations of its affiliated and group companies. The Company may further pledge, transfer, encumber or otherwise create security over all or over some of its assets.

- The Company may engage independent attorneys, accountants, consultants, advisors, appraisers, and such other persons as the Company may deem necessary or advisable.
- The Company may employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against credit, currency exchange, interest rate risks and other risks.
- The Company may carry out any commercial and/or financial transactions with respect to the direct or indirect investments in movable and immovable property, including real estate property and including but not limited to acquiring, owning, hiring, letting, leasing, renting, dividing, draining, reclaiming, developing, improving, cultivating, building on, selling or otherwise alienating, mortgaging, pledging or otherwise encumbering movable or immovable property, and it may otherwise deal in the assets or businesses underlying the Company's direct or indirect investments and engage in all such activities and transactions as the Company may deem necessary, advisable or incidental to the carrying out of any of the foregoing objects and purposes.
- The above description is to be understood in the broadest senses and the above enumeration is not limiting.

The Company's registered office is at 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg (telephone: +352 278 456 710). The Company's website is www.ado.properties. The information contained on this website does not constitute a part of this Offering Memorandum.

The Company's fiscal year begins on January 1 of each year and terminates on December 31 of the same year.

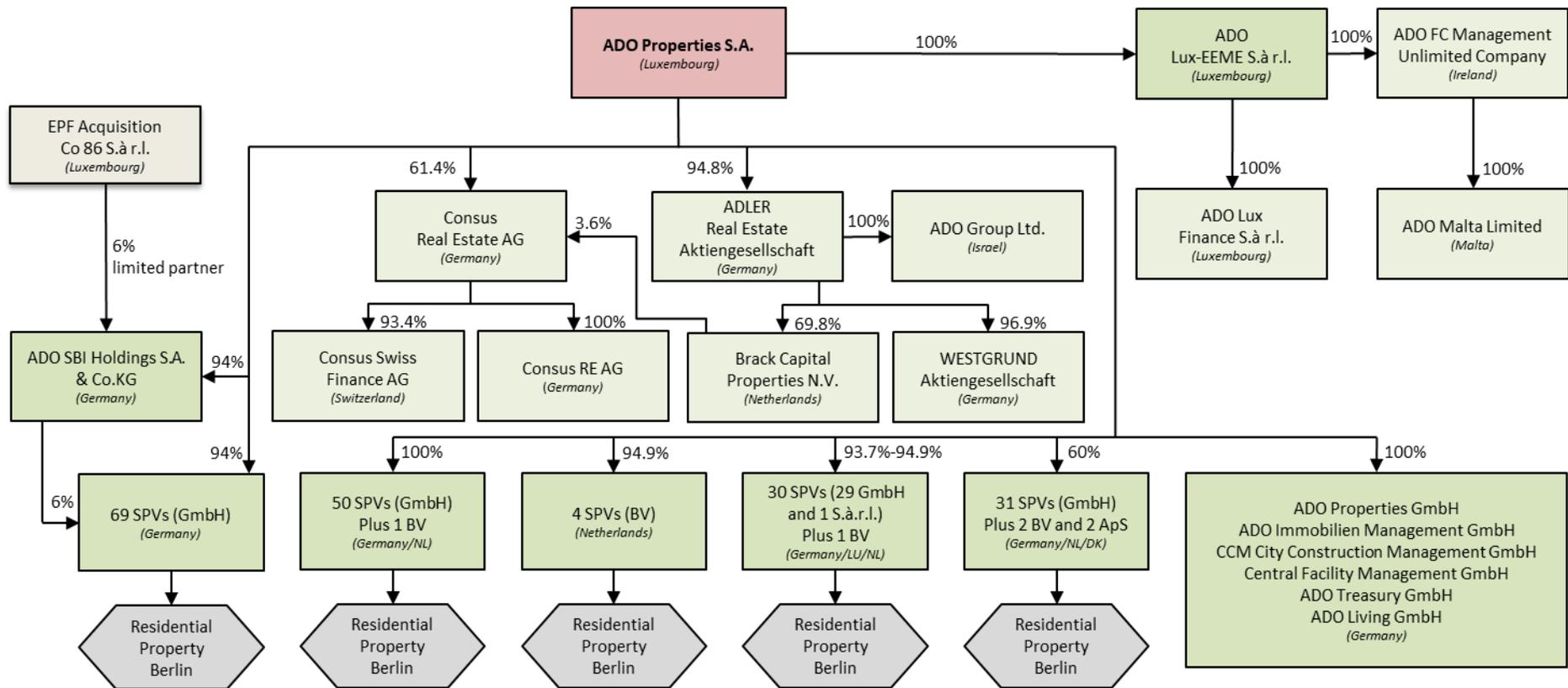
The Company is established for an unlimited period of time.

Group Structure

The Company is the holding company of the ADO Properties Group. The Company's business is primarily conducted by the relevant operating subsidiaries. The ADO Properties Group's consolidated financial statements include all material subsidiaries whose financial and business policy can be controlled, either directly or indirectly, by the Company and the equity interests of the material subsidiaries whose financial and business policy can be influenced by the ADO Properties Group to a significant extent. As of March 31, 2020, the ADO Properties Group comprises 199 subsidiaries. On April 9, 2020, the ADLER Group was consolidated into the ADO Properties Group. Accordingly, as of the date of this Offering Memorandum, the ADO Properties Group comprises 434 subsidiaries.

The Company has concentrated certain group managerial and administrative functions, such as controlling, legal, tax, treasury, public relations, investor relations and human resources, at the level of the Company. In doing so, the Company has entered into service agreements with the majority of the ADO Properties Group companies.

The following organization chart sets forth an overview (in simplified form) of the Company's significant subsidiaries as of the date of this Offering Memorandum taking into account the relevant successive interests (*durchgerechneter Beteiligungsanteil*). The ADO Properties Group's limited partnerships (*Kommanditgesellschaften*) are held through third-party companies. The shareholdings presented below are rounded to whole numbers (unless otherwise stated).



The Company's Subsidiaries

The Company is the holding company of the ADO Properties Group. The following table shows the Company's subsidiaries held directly or indirectly as of March 31, 2020, except as otherwise indicated, with a book value representing at least:

- (i) 5% of the fair value of our total real estate portfolio as of March 31, 2020;
- (ii) 5% of our consolidated rental income for the period January 1, 2018-March 31, 2020; or
- (iii) which are significant for our business.

The figures are taken from the Company's internal accounting records. The Company's equity holdings correspond to its voting rights in each of the Company's significant subsidiaries. The shareholdings below are rounded to two decimal points.

Company name	Country of incorporation	Share of equity and voting rights (in %)			
		As of March 31,		As of December 31,	
		2020	2019	2018	2017
ADO Properties GmbH	Germany	100.00	100.00	100.00	100.00
ADO Immobilien Management GmbH	Germany	100.00	100.00	100.00	100.00
Central Facility Management GmbH	Germany	100.00	100.00	100.00	100.00
CCM City Construction Management GmbH	Germany	100.00	100.00	100.00	100.00
ADO FC Management Unlimited Company	Ireland	100.00	100.00	100.00	100.00
ADO Lux-EEME S.à r.l.	Luxembourg	100.00	100.00	–	–
ADO Malta Limited	Malta	100.00	100.00	–	–
ADO Sonnensiedlung S.à r.l.	Luxembourg	94.90	94.90	94.90	94.90
RVB Angerburgerallee B.V.	Netherlands	94.00	94.00	94.00	–

The only material tangible, fixed assets that the Company owns (including leased properties) are residential properties, the majority of which are pledged against mortgage bank loans.

As a result of the settlement of the ADLER Offer on April 9, 2020, ADLER Real Estate became a consolidated subsidiary of the Company. Following the settlement of the Consus Real Estate Acquisition on July 6, 2020, Consus Real Estate became a consolidated subsidiary of the Company.

Statutory Auditor

The Company's statutory auditor (*réviseur d'entreprises agréé*) is KPMG Luxembourg, *Société cooperative* ("KPMG"), 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*). KPMG has audited the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017, prepared in accordance with IFRS and included in this Offering Memorandum, and issued an unqualified auditor's report in each case.

DESCRIPTION OF THE GOVERNING BODIES OF THE COMPANY

Overview

The governing bodies of the Company are the Board of Directors and the General Meeting. The powers of these governing bodies are defined in the Luxembourg Companies Law and the Articles of Association. The Board of Directors together with the Senior Management manages the Company in accordance with applicable laws (see “*Corporate Governance*”).

Board of Directors

The management of the Company is vested in the Board of Directors. The Articles of Association provide that the Board of Directors must comprise at least one member if there is only one shareholder and if there is more than one shareholder, the Board of Directors shall comprise at least three members.

The Board of Directors convenes whenever required by the Company’s affairs. The meetings are called by the chairman of the Board of Directors (the “**Chairman**”). Furthermore, the Board of Directors is convened if so requested by any member of the Board of Directors. The Chairman presides at meetings of the Board of Directors.

The meetings of the Board of Directors shall be held in Luxembourg at the location and the time indicated in the convening notice unless the meetings need to be held abroad for exceptional reasons. Except in an instance of urgency or for regularly scheduled meetings, the meetings of the Board of Directors shall be announced in writing at least five days in advance. A convening notice may be dispensed with if all members of the Board of Directors consent. The meetings of the Board of Directors and its committees may be held by using means of telecommunication (e.g. video or telephone conference) which are continuously on-line, enabling the identification of the members taking part in the meeting and enabling all persons taking part to communicate.

A majority of the members of the Board of Directors present or represented at a meeting of the Board of Directors constitutes a quorum, and resolutions are adopted by the simple majority vote of the members of the Board of Directors present or represented. The Board of Directors may also take decisions by means of circular resolutions in writing signed by all directors. Each member of the Board of Directors can mandate another member of the Board of Directors in writing to represent him. Each member of the Board of Directors can represent one or more other members of the Board of Directors.

The General Meeting elects members of the Board of Directors who may, but do not have to, be shareholders and decides their respective terms which may not exceed six years. Directors may be re-elected. The General Meeting may dismiss one or more directors at any time, with or without cause, by a resolution passed by simple majority vote, irrespective of the number of the Company’s shares present at such General Meeting. If the Board of Directors has a vacancy, the remaining directors have the right to appoint a replacement until the next General Meeting.

The business address of all members of the Board of Directors is that of the Company’s registered office: 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg.

Duties of a Member of the Board of Directors under Luxembourg Law

The members of the Board of Directors are liable towards the Company, in accordance with general Luxembourg law, for the execution of the mandate given to them and for any misconduct in the management of the Company’s business. They are jointly and severally liable towards the Company as well as to any third party for damages resulting from any violation of the law or the Articles of Association, but they may be discharged from such liability in the case of a violation in which they did not participate, provided no misconduct is attributable to them and they have reported any violation to the next General Meeting after having been made aware of it.

The responsibility of members of the Board of Directors may be asserted in the name of the Company following a decision by the General Meeting.

It is possible for minority shareholders and holders of beneficial parts to commence judicial proceedings against members of the Board of Directors for the account of the Company. Such proceedings may be brought by one or several shareholders or owners of beneficial parts that hold at least 10% of votes attaching to instruments

conferring the right to vote at any General Meeting that has decided on a discharge of members of the Board of Directors.

One or more shareholders representing at least 10% of the issued capital or 10% of the votes attaching to all existing instruments giving voting rights, either individually or as a group, may put questions relating to one or several operations of the Company, as well as any affiliated companies controlled by the Company within the meaning of Article 1711-1 of the Luxembourg Companies Law, to the Board of Directors in writing. In the latter case, the request has to be considered in the light of the interests of the companies that are consolidated. A copy of the response is furnished to the auditor of the Company. If no response is received within one month, the shareholders may ask the president of the district court to nominate one or several experts to establish a report on the operations that form the basis of the written request. If the request is accepted, the judge will determine the experts' powers and the extent of their mission. It may charge the related costs to the Company. The judge decides whether the report should be published.

Power and Duties of the Board of Directors

The Board of Directors is vested with the broadest powers to take any action necessary or useful to fulfill the Company's corporate objective with the exception of the actions reserved, by law or by the Articles of Association, to the General Meeting.

According to the Articles of Association, the Board of Directors 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. Within the limits provided for by law, the Board of Directors may delegate to one or more persons the daily management of the Company and the authority to represent the Company (a "**Daily Manager**"). The Board of Directors may revoke any such delegation of any one or more Daily Managers at any time. As of the date of this Offering Memorandum, Thierry Beaudemoulin (co-chief executive officer of the Company) and Maximilian Rienecker (co-chief executive officer of the Company) are each appointed as a Daily Manager.

The Board of Directors is empowered by the Articles of Association to elect a Chairman, an Executive Vice Chairman and one or more deputy chairmen.

The Board of Directors' duties, responsibilities and internal rules of procedures are described in the Company's rules of procedure (the "**Rules of Procedure**") as adopted by the Board of Directors' on April 28, 2020. The Board of Directors may amend the Rules of Procedure from time to time.

Representation Towards Third Parties

The Company shall be bound by (i) the joint signatures of two members of the Board of Directors or (ii) by the sole or joint signature(s) of any person or persons to whom such signatory power shall have been delegated by the Board of Directors.

Each Daily Manager represents the Company *vis-à-vis* third parties in respect of matters of the daily management.

Composition of the Board of Directors

As of the date of this Offering Memorandum, the Board of Directors is composed of seven members. The Board of Directors intends to recommend to the General Meeting to increase the membership in the Board of Directors from seven to ten members and intends to propose to the General Meeting the appointment of Claus Jorgensen, Thilo Schmid and Thomas Zinnöcker as additional members of the Board of Directors.

<u>Name</u>	<u>Position</u>	<u>Start of Appointment</u>	<u>End of Appointment</u>
	Independent		
Dr. Peter Maser ⁽¹⁾	Director, Chairman	December 10, 2019	For a term until the Annual General Meeting held in 2020
Thierry Beaudemoulin ⁽¹⁾	Director	December 10, 2019	For a term until the Annual General Meeting held in 2020
Maximilian Rienecker ⁽¹⁾	Director	April 28, 2020	For a term until the Annual General Meeting held in 2020
Dr. Ben Irle ⁽¹⁾	Director	December 10, 2019	For a term until the Annual General Meeting held in 2020
Dr. Michael Bütter	Independent Director	June 20, 2019	For a term until the Annual General Meeting held in 2020
Arzu Akkemik ⁽¹⁾	Independent Director	December 10, 2019	For a term until the Annual General Meeting held in 2020
Jörn Stobbe	Independent Director	June 20, 2019	For a term until the Annual General Meeting held in 2020

- (1) Appointed pursuant to Art. 8 of the Articles of Association, which provides that in the event of a vacancy in the office of a member of the Board of Directors, the remaining members of the Board of 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 member of the Board of Directors.

Dr. Peter Maser is qualified to practice law in Germany and obtained his doctorate in law at the University of Tübingen, Germany. Between 1989 and 1995, he held various positions at audit firms and trust agencies and at Mediagroup Ebner. As of 1992, Dr. Maser practices as an attorney-at-law and was a partner at a law firm in Freiburg im Breisgau, Germany. Since 2003, he is a partner at Deloitte Legal Rechtsanwalts-gesellschaft mbH.

Thierry Beaudemoulin graduated from the Institut d'Etudes Politiques de Paris, France in 1993 and obtained a master's degree in real estate and urban planning from the same institution in 1995. From 1996 to 1998, Mr. Beaudemoulin was special advisor to the chief executive officer of Batigere. Between 1998 and 2000, he was head of property management at Foncia and held positions as asset manager and managing director France at ING REIM (Europe) between 2000 and 2004. From 2004 to 2006, Mr. Beaudemoulin was managing director for the Paris region at Batigere. Between 2006 and October 2019 he was chief executive officer at Covivio Germany and member of the executive board at Covivio.

Maximilian Rienecker holds a Master of Science in Management (with distinction) from the University of Nottingham. Between 2008 and 2013, he worked for ING Investment Management in Hong Kong and SMB Offshore in Monaco. Thereafter, between 2013 and 2017, he worked as a financial analyst for a multi-family office based in the United Kingdom. In February 2017, Mr. Rienecker joined ADLER Real Estate as the head of corporate finance and strategy, where he was appointed co-chief executive officer in 2018. In the same year, he became chief executive officer of WESTGRUND Aktiengesellschaft in Germany.

Dr. Ben Irle completed an apprenticeship as a publisher at Gruner & Jahr in Hamburg, Germany and London, United Kingdom, following which he completed his legal studies at the University of Hamburg and Birmingham, United Kingdom, including post-graduate studies in business law in Hamburg and an LL.M. degree from the University of Birmingham. Moreover, Dr. Irle holds a doctorate in law from the University of Hamburg. Between 2005 and 2011, he was founding partner at a law firm in Berlin, Germany. Thereafter, in 2012 and 2013, he was managing partner at Irle Kalckreuth LLP and as of 2014, managing partner at Irle Moser Rechtsanwälte PartG in Berlin. Since 2017, Dr. Irle is chairman of the supervisory board of Focus Hören AG (Hamburg) and since 2019, Dr. Irle is member of the board of directors of ADO Group Ltd. in Israel.

Arzu Akkemik holds a degree in international finance and accounting from the London School of Economics in London, United Kingdom. Ms. Akkemik started her career as an analyst at Barings Securities in London in 1993. From 1994 onwards, Ms. Akkemik worked in the practice areas of corporate finance and fund management in London. From 2005 to 2013, she was a director/senior fund manager at Rexiter Capital Management in London. In 2013, she founded Cornucopia Advisors Limited and Cornucopia Asset Management Limited.

Dr. Michael Bütter is qualified to practice law in Germany, holds a doctorate in law and graduated with a Master of Studies from the University of Oxford, England. Between 2001 and 2008, he worked at various law firms. From 2005 to 2008, Dr. Bütter was a partner at Hogan Lovells LLP. Between 2008 and 2013, he was, among others, the general counsel and chief compliance officer at Deutsche Annington SE (now Vonovia SE). From

2015 to 2018, he was a member of the executive board of Scout24 AG and chief executive officer of Immobilien Scout GmbH. Between 2016 and 2018, Dr. Bütter was a member of the advisory board and chief executive officer of Corestate Capital S.A.

Jörn Stobbe studied law at the University of Kiel, Germany, and completed his German law state examinations in 1995. Mr. Stobbe started his career at Landgesellschaft Schleswig-Holstein mbH in 1995. From 2000 to 2013, he worked at Clifford Chance. From 2013 to 2017, Mr. Stobbe was employed at RREEF Management GmbH. In 2017, he joined Union Investment Real Estate GmbH, where he currently serves as a member of the management board and Union Investment Institutional Property GmbH, where he also serves as a member of the management board.

Directorships Held by Members of the Board of Directors

Except as set forth below, no member of the Board of Directors has held any directorship at any company (other than companies in the ADO Properties Group and companies that are subsidiaries of companies of which the respective member of the Board of Directors is or was a member of its board of directors or other governing body) or partnerships within the last five years:

<u>Name</u>	<u>Entity</u>	<u>Position</u>	<u>Until</u>
Dr. Peter Maser	Volksbank Stuttgart eG	Vice chairman of the supervisory board	Ongoing
	BF.direkt AG	Chairman of the supervisory board	Ongoing
	EURAM Bank AG	Chairman of the supervisory board	Ongoing
	The Grounds Real Estate Development AG	Vice chairman of the supervisory board	Until August 2019
	DEMIRE Deutsche Mittelstands Real Estate AG	Vice chairman of the supervisory board	Until February 2017
Thierry Beaudemoulin Maximilian Rienecker	Covivio SA	Member of the executive board	Until October 2019
	ADLER Real Estate Aktiengesellschaft	Member of the management board, co-chief executive officer	Ongoing
	WESTGRUND Aktiengesellschaft	Chief executive officer, chief executive officer	Ongoing
Dr. Ben Irle	ADO Group Ltd.	Member of the board of directors	Ongoing
	Focus Hören AG	Chairman of the supervisory board	Ongoing
Dr. Michael Bütter	ASSMANN BERATEN+PLANEN AG	Deputy chairman of the supervisory board	Ongoing
	RICS Germany	Member of the management board	Ongoing
	Realconnect.com	Chairman of the advisory board	Ongoing
	Bots4YouGmbH	Member of the advisory board and stakeholder	Ongoing
	TLG Immobilien AG	Deputy chairman of the supervisory board	Until 2019
	Corestate Capital S.A.	Member of the advisory board and chief executive officer	Until 2018
	Scout 24 AG	Member of the executive board	Until 2018
	Immobilien Scout GmbH	Chief executive officer	Until 2018
Jörn Stobbe	Union Investment Real Estate GmbH	Member of the management board	Ongoing
	Union Investment Institutional Properties GmbH	Member of the management board	Ongoing
	1. FC Köln KGaA	Chairman of the advisory board	Ongoing
	Geneba Properties N.V.	Member of the advisory board	Until 2018
	RREEF Management GmbH	Member of the management board	Until 2017

Other than the above-mentioned directorships, no member of the Board of Directors performs any other activities outside of the Company which are significant with respect to the Company.

Compensation and Shareholdings of Members of the Board of Directors

Compensation of the members of the Board of Directors is determined by the General Meeting. At the Annual General Meeting held in 2019, the General Meeting approved a fixed annual remuneration of €50,000 for each member of the Board of Directors (except Mr. Rabin Savion and Mr. David Daniel), and an additional €1,500 per attendance at a meeting of the Board of Directors or any committee of the Board of Directors (in each case except Mr. Rabin Savion and Mr. David Daniel). Mr. Rabin Savion only received payment in relation to his former position as chief executive officer of the Senior Management. Mr. David Daniel only received payment in relation to his position as a Daily Manager (irrespective of the fact that the General Meeting had previously approved remuneration to be paid to Mr. David Daniel for his position as a member of the Board of Directors).

The current members of the Board of Directors will receive a fixed annual remuneration of €50,000, and an additional €1,500 per attendance at a meeting of the Board of Directors or any committee of the Board of Directors until the next General Meeting. In the fiscal year ended December 31, 2019, no remuneration was paid to the current chairman of the Board of Directors.

All members of the Board of Directors are reimbursed for their reasonable out-of-pocket expenses incurred in connection with attending meetings of the Board of Directors and meetings of committees. The respective fixed annual remuneration for members of the Board of Directors shall be paid pro rata for the days served as a member of the Board of Directors during each respective year. In addition, the Company has included the members of the Board of Directors in a D&O group insurance (see “*Insurance Coverage*”).

With the exception of the service agreements entered into with Mr. Thierry Beaudemoulin and Mr. Maximilian Rienecker in respect of their respective roles as co-chief executive officers of the Company and as Daily Managers, respectively (see “*Compensation and Shareholdings of the Senior Management of the Company and its Subsidiaries*”), no service contracts that provide for benefits after the termination of the employment relationship exist between members of the Board of Directors and the Company or a subsidiary within ADO Properties Group.

As of the date of this Offering Memorandum, no member of the Board of Directors directly holds any shares in the Company or options on shares in the Company.

Committees

The Board of Directors may from time to time create one or several committees composed of members of the Board of Directors and/or external persons and to which it may delegate powers and roles as appropriate. At the date of this Offering Memorandum, the Company has established three committees: the Audit Committee, the Nomination and Compensation 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 and the Ad-Hoc Committee as adopted by the Board of Directors’ on April 28, 2020 (the “**Committees Rules of Procedure**”). According to the Committees Rules of Procedure to which the committees are subject, the committees convene whenever required by the Company’s affairs. The meetings are called by the chairman of the relevant committee. Furthermore, the committee is convened if so requested by any committee member. The meetings of the committees shall be held in Luxembourg at the location and the time indicated in the convening notice unless the meetings need to be held abroad for exceptional reasons. Except in an instance of urgency or for regularly scheduled meetings, the meetings of the committees shall be announced in writing at least five days in advance. A convening notice may be dispensed with if all members of the respective committee consent. The meetings of the committees may be held by using means of telecommunication (e.g. video or telephone conference) which are continuously on-line, enabling the identification of the members taking part in the meeting and enabling all persons taking part to communicate. A majority of the committee members present or represented at a committee meeting constitutes a quorum, and resolutions are adopted by the simple majority vote of the committee members present or represented. Each committee member can mandate another committee member in writing to represent him. Each committee member can represent one or more other committee members.

Audit Committee

The purpose of the Audit Committee is (i) to assist the Board of Directors 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. It 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 of Directors 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 the committee. The Audit Committee reports periodically to the Board of Directors on its activities. For the avoidance of doubt, the Audit Committee has an internal function only. No decision making powers or powers of representation have been delegated to the Audit Committee. The chairman of the Audit Committee must be independent from the Company. The members of the Audit Committee are Dr. Michael Bütter (chairman), Dr. Peter Maser and Jörn Stobbe. The Committee's Rules of Procedure do not provide for a fixed membership term.

Nomination and Compensation Committee

The purpose of the Nomination and Compensation Committee is to review the compensation policy, make proposals as to the remuneration of the Senior Management, and advise on any benefit or incentive schemes. It further assists the Board of Directors with respect to matters relating to the nomination of candidates for the Board of Directors and the committees. The Nomination and Compensation Committee decides on the qualifications of potential candidates and recommends candidates to the Board of Directors 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 members of the Nomination and Compensation Committee are Dr. Peter Maser (chairman), Jörn Stobbe and Arzu Akkemik. The Committee's Rules of Procedure do not provide for a fixed membership term.

Ad Hoc Committee

The purpose of the Ad Hoc Committee is to resolve on the disclosure of information by the Company to meet its obligation under MAR. 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 obligation under MAR have been delegated by the Board of Directors to the Ad Hoc Committee. The members of the Ad Hoc Committee are Thierry Beaudemoulin (chairman), Maximilian Rienecker and Florian Sitta. The Committee's Rules of Procedure do not provide for a fixed membership term.

Senior Management of the ADO Properties Group

The Company's objective is the long-term creation of value by investment in and development of real estate properties as well as real estate management for its own purposes. The Company's real estate is held by operational subsidiaries which are led by the Senior Management, which, as of the date of this Offering Memorandum, comprises each of Thierry Beaudemoulin and Maximilian Rienecker as co-chief executive officer, respectively. The Senior Management of the ADO Properties Group is integral to the management of the Company's subsidiaries and is responsible for the day-to-day management of the business of such subsidiaries. Thierry Beaudemoulin and Maximilian Rienecker are each a member of the Senior Management and a member of the Board of Directors.

Directorships Held by Members of the Senior Management of the ADO Properties Group

No member of the Senior Management holds any directorship of any company (other than companies within the ADO Properties Group and companies that are subsidiaries of companies of which the member of the Senior Management is or was a member of the Senior Management) or partnerships. Furthermore, no member of the Senior Management performs any other activities outside of the ADO Properties Group that are significant with respect to the Company.

Compensation and Shareholdings of the Senior Management of the Company and its Subsidiaries

Pursuant to a service agreement between the Company and Thierry Beaudemoulin entered into with effect from December 10, 2019 and as amended and restated on April 6, 2020 (the “**TB Service Agreement**”), Thierry Beaudemoulin shall receive a fixed gross annual remuneration in the amount of €600,000, payable in 12 equal installments at the end of each calendar month.

Pursuant to (i) a service agreement between the Company and Maximilian Rienecker and (ii) a managing director’s service agreement between ADO Properties GmbH and Maximilian Rienecker, (collectively, the “**MR Service Agreements**” and together with the TB Service Agreement, the “**Service Agreements**”), Maximilian Rienecker shall receive a fixed gross annual remuneration in the amount of €600,000, payable in 12 equal installments at the end of each calendar month.

Compensation of the members of the Senior Management further includes a performance-related annual variable cash payment in the form of a short-term incentive (“**STI**”) (see “*Description of the Governing Bodies of the Company—Senior Management of the ADO Properties Group—Short-Term Incentive Program (STI)*”) and a performance-related variable cash or share payment in the form of a long-term incentive (“**LTI**”) (see “*Description of the Governing Bodies of the Company—Senior Management of the ADO Properties Group—Long-Term Incentive Program (LTI)*”).

In addition to the fixed and the variable remuneration, under the Service Agreements, the Board of Directors may, in its reasonable discretion, grant each member of the Senior Management, individually, an additional bonus for outstanding performances without a prior agreement. A legal claim to such a discretionary bonus does however not exist. Furthermore, each member of the Senior Management is entitled to benefits such as the continued payment of the fixed remuneration for a certain period of time in the event of an incapacity to perform services due to illness, payment of contributions to a health insurance (capped at an amount of €1,500 per month), usage of a company car for business and private use (or, if no company car is provided, a monthly payment of €2,000 in lieu thereof), an annual payment of up to €3,000 for purposes of health care as well as reimbursements of out-of-pocket expenses, including travel expenses, reasonably incurred in the course of the services as a member of the Senior Management in accordance with the applicable policies of the Company.

Further, under the Service Agreements, the Board of Directors may, in its reasonable discretion, grant an additional bonus to each member of the Senior Management for outstanding performances, whereas a legal claim to such discretionary bonus does not exist.

During the term of the Service Agreements, each member of the Senior Management is prohibited from working for a company that is a direct or indirect competitor of the Company and prohibited from establishing, acquiring or directly or indirectly investing in such a competitor. However, it is permissible to invest in a competitor to the extent that the interest in such company does not enable the member of the Senior Management to exert any influence on its business activities and does, in any case, not exceed 5% of the share capital of such company. The member of the Senior Management is obligated to notify the Company of any such investments. Furthermore, each member of the Senior Management has agreed to a post-contractual prohibition of competition for a term of three months. During such period, the member of the Senior Management will receive a compensation for each month in the amount of 50% of their most recent total monthly remuneration, whereas the compensation may be reduced under certain circumstances. Additionally, the Company may, prior to termination, waive its rights under the post-contractual non-competition clause, in which case the Company does not have an obligation to pay the compensation. The terms of the service agreement between the member of the Senior Management and the Company began with effect as of the date on which the appointment as member of the Senior Management became effective and runs with a fixed term until December 9, 2023. In the event of a re-appointment as member of the Senior Management, the terms of the service agreement of the member of the Senior Management extend accordingly.

The term of the Service Agreements expires on December 9, 2023. In the event of a re-appointment as Daily Manager, the term of the Service Agreements shall be extended accordingly.

The Service Agreements shall terminate in the event that the member of the Senior Management is removed or resigns from the position as Daily Manager. The Service Agreements may be terminated by the Company at any time and without prior notice in the event of a material breach of duty of the member of the Senior Management. Furthermore, the Service Agreements may be terminated by written notice, subject to a notice period of 90 days. During such notice period, the Company is entitled to release the member of the Senior Management from his duties.

In the event of a termination of the Service Agreements by the Company for reasons other than those for which the member of the Senior Management is responsible, the member of the Senior Management is entitled to a severance payment which may not exceed the lower of (i) two annual remunerations (including entitlements under its STI and LTI) and (ii) the remuneration that would be due for the remaining term under the Service Agreements.

In the event that a permanent invalidity is preventing the member of the Senior Management from performing his duties, the Service Agreements automatically expire at the end of the calendar quarter in which such a determination was made.

In the event that a change of control occurs or in the event that the member of the Senior Management is removed from his position on the Board of Directors by the general meeting of the Company, the member of the Senior Management may terminate the Service Agreements with a notice period of three months at the end of a calendar month, provided that the termination is submitted to the Company within a period of six months from the day on which the member of the Senior Management becomes aware of the change of control or the loss of the position on the Board of Directors, as applicable. A change of control occurs if one or more third parties acting jointly, and in each case not affiliated with the Company, acquire more than 30% of the stock in the Company and the position as a member of the Senior Management is more than insignificantly affected as a result thereof (for the avoidance of doubt, ADO Group Ltd. and ADLER Real Estate are not deemed to be third parties in this respect). The position of the member of the Senior Management is in particular deemed to be more than insignificantly affected in case of a material (i) change in the strategy of the Company or (ii) change in the position of the member of the Senior Management, or (iii) relocation of the place of work (e.g. abroad or more than 500 km from the current place of work). Upon such a termination of the Service Agreements as a result of a change of control, the member of the Senior Management is, subject to certain conditions, entitled to a severance payment which may not exceed the lower of (i) two annual remunerations (including entitlements under STI and LTI) and (ii) the remuneration that would be due for the remaining term under the Service Agreements.

As set forth in the Service Agreements, the Company has included the member of the Senior Management in a D&O group insurance (see *Insurance Coverage*).

In addition, the Company had entered into service agreements with previous members of the Senior Management and one former member of the Board of Directors in respect of his role as a Daily Manager, which also contained LTIs. The respective service agreements with the former member of the Board of Directors and the former members of the Senior Management have been terminated.

In the fiscal year ended December 31, 2019, the Company issued a total of 63,850 shares with no nominal value free of charge to Mr. Rabin Savion (the former chief executive officer of the Company), Mr. Florian Goldgruber (the former chief financial officer of the Company) and Mr. Eyal Horn (the former chief operating officer of the Company), in each case based on their respective LTI plan.

Short-Term Incentive Program (STI)

The Service Agreements include an STI, which is subject to achieving certain STI-targets and the respective weighting of each STI-target. The STI-targets shall be composed of targets relating to the development of (i) net rental income, (ii) FFO 1, (iii) the residential vacancy rate (each of (i) through (iii) with a weighting of 30%), and (iv) a discretionary bonus of up to 10% of the maximum STI based on a decision of the Board of Directors. The STI-targets shall be agreed by the parties of the Service Agreements by the end of the month of April for the respective calendar year or, if no such agreement can be reached between the parties to the Service Agreements, shall be set by the Company at its reasonable discretion. Payments under the STI range from a minimum target achievement of 50% for each STI-Target up to a maximum target achievement of 100% for each STI-target, calculated on a linear basis. The Board of Directors has the discretion to adjust the weighting of each STI target. The STI is capped at €350,000 per calendar year.

Subject to certain conditions, in the event of an extraordinary event resulting in a significant change in the bonus parameters, the Board of Directors, under the Service Agreements, may adjust each STI-target to an appropriate extent which, ultimately, may result in an increase in the variable remuneration thereunder.

Long-Term Incentive Program (LTI)

The Service Agreements also include an LTI, which is subject to achieving two LTI-targets, each weighted 50%, and based on the development of the EPRA NAV and the development of the Company's share price in relation to the EPRA Germany index, respectively. Payments under the LTI can be made in cash or shares and range from a minimum target achievement of 50% up to a maximum target achievement of 100%. The LTI is capped at €350,000 per calendar year.

Subject to certain conditions, in the event of extraordinary events that result in a significant change of the LTI parameters, the Board of Directors, under the Service Agreements, may adjust each LTI-target to reflect such events.

Certain Information on the Members of the Board of Directors, Audit Committee, Nomination and Compensation Committee, Ad Hoc Committee and Senior Management of the ADO Properties Group

No member of the Board of Directors or Senior Management has, within the past five years, been convicted of any fraudulent offenses, publicly incriminated and/or sanctioned by statutory or regulatory authorities (including professional associations) or, acting in the capacity of a member of the administrative, management or supervisory entity or as a founder of a company, been associated with any bankruptcies and/or insolvencies, receiverships, liquidations or companies put into administration.

No member of the Board of Directors or Senior Management has, within the past five years, been deemed by a court to be unfit for membership in an administrative, management or supervisory entity of a company or to be unfit to exercise management duties or to manage the business of a company.

None of the members of the Board of Directors or Senior Management are related to one another by blood or marriage.

The Company has not granted any members of the Board of Directors any loans, nor has it assumed any guarantees or sureties on their behalf. The members of the Board of Directors have not been and are not now involved in any business outside the scope of the Company's corporate purpose as defined in its Articles of Association or in any other transactions of the Company considered unusual with respect to their form or substance.

As of the date of this Offering Memorandum, there is no arrangement or understanding between any of the members of the Board of Directors or members of the Senior Management with major shareholders, customers, suppliers or others, pursuant to which any of these respective members were selected to their respective positions.

Conflicts Of Interest

Four members of the Board of Directors are independent.

None of the members of the Board of Directors have any conflicts of interest between their duties to the Company and their private interests or other duties.

General 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 at, the General Meeting. Any duly constituted General Meeting represents all the shareholders of the Company. The General Meeting is empowered with the widest powers to order, implement or ratify all acts connected with the Company's operations that were not conferred on the Board of Directors.

Convening of General Meetings (other than the Annual General Meeting) and Location

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

The convening notice is to be published at least thirty days before the day of the meeting in the Official Gazette of Luxembourg (*Recueil électronique des sociétés et associations*), a Luxembourg newspaper and 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 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 thirty-day period is reduced to a seventeen-day period.

The 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.

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 and (b) have the right to table draft resolutions for items included or to be included on the agenda of the General Meeting. Those rights shall be exercised by a request in writing, which shall be 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 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 not later than on the twenty-second day prior to the date of the General Meeting.

Subject to restrictions under applicable laws, each shareholder is entitled to attend the General Meeting, in person or by proxy, and to exercise voting rights in accordance with the Articles of Association and each of the Company's shares (excluding any of the Company's shares held by the Company) entitles its holder to one vote.

The record date for General Meetings is the fourteenth day at midnight (24:00 hours) (Luxembourg time) before the date of the General Meeting (the "**Record Date**"). Shareholders are entitled to attend the General Meetings and exercise their rights only if they hold the Company's shares at the latest at the Record Date. Shareholders must notify the Company of their intention to participate in the General Meeting in writing by post or electronic means no later than the day, which may not be earlier than the Record Date, indicated in the convening notice.

Chairman, Quorum and Majority

General Meetings are chaired by the Chairman. In the absence of the Chairman, the General Meeting is presided over by the most senior member of the Board of Directors present.

At any General Meeting, other than an extraordinary General Meeting convened for the purpose of amending the Articles of Association or voting on resolutions whose adoption is subject to the quorum and majority requirements for amendment of the Articles of Association, no quorum is required and resolutions shall be adopted, irrespective of the number of Company's shares represented, by a simple majority of votes cast.

At any extraordinary General Meeting for the purpose of amending the Articles of Association or voting on resolutions whose adoption is subject to the quorum and majority requirements for amendment of the Articles of Association, the quorum must be at least on half of all of the Company's shares issued and outstanding. If a quorum is not reached at a first General Meeting, a second General Meeting may be convened at which there is no quorum requirement. In order for the proposed resolutions to be adopted at a General Meeting, and save as otherwise provided by law, a two-thirds majority of the votes of the shareholders present or represented and voting is required at any such General Meeting.

In the event that all the shareholders are present or represented at a General Meeting and declare that they have been informed of the agenda of the General Meeting, the General Meeting may be held without prior notice of meeting.

Annual General Meeting

The Annual General Meeting shall, in principle, be held in accordance with Luxembourg law within six months of the end of the Company's fiscal year at the Company's registered office or at any other place in the Grand

Duchy of Luxembourg indicated in the convening notice. Pursuant to the Luxembourg law of 22 May 2020, due to the implications of the Coronavirus, the period for holding the Annual General Meeting in 2020 is extended to nine months as of the end of the Company's financial year. The agenda of the Annual General Meeting, the reports and the documents required for such meeting are published on the Company's website. Following the approval of the annual accounts and consolidated accounts, the Annual General Meeting shall decide by special vote on the discharge of the liability of the members of the Board of Directors.

Corporate Governance

The Company's corporate governance practices are governed by Luxembourg law, particularly the Luxembourg Companies Law and the Company's Article of Association. As a Luxembourg company listed solely on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is not subject to any specific mandatory corporate governance rules. In particular, the Company is currently not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to declare whether they comply with the recommendations of German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), the latter of which are only applicable to listed companies incorporated in Germany.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, *inter alia*, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included in the Company's audited financial statements as consolidated companies. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Board of Directors. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Board of Directors and close members of their families, as well as those entities over which the members of the Board of Directors or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

During the three-month period ended March 31, 2020, the fiscal years ended December 31, 2019, 2018 and 2017, as well as during the period from March 31, 2020 up to and including the date of this Offering Memorandum, there have been no relevant related-party transactions except as described in this section. Further information of related party transactions, including quantitative amounts, are contained in the notes to the respective Consolidated Financial Statements, which are incorporated by reference into this Offering Memorandum.

On December 15, 2019, the Company and ADLER Real Estate entered into a BCA to combine the business of the ADLER Group with the business of the ADO Properties Group (see "*Description of the Transactions—Business Combination Agreement*".)

The transactions between the Company and its related parties are set forth in the following tables:

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
	(unaudited) (in €thousand)	(audited) (in €thousand)		
Current assets				
ADO Group Ltd.	—	—	280	—
Current liabilities				
ADO Group Ltd.	61	63	5	42
Other financial liabilities	1,535	1,535	1,535	867
Interest payable	279	82	83	—
Non-current liabilities				
Other financial liabilities	998	46,416	40,492	27,238
Convertible bond	59,984	(59,782)	58,940	—
Derivative	574	(1,294)	5,182	—
Other loans and borrowings	23,899	23,634	22,600	21,610

	For the three- month period ended March 31,	For the year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in €thousand)	(audited) (in €thousand)		
Consolidated statement of profit or loss				
Services and management fee charges	7	87	46	64
Interest expense payable to ADO Group Ltd.	400	1,584	165	—
Interest expense payable to Harel Insurance Company Ltd	265	1,035	990	946

On November 16, 2018, the Company placed senior, unsecured convertible bonds in a total nominal amount of €165 million. ADO Group Ltd. was allocated bonds reflecting its *pro rata* shareholding in the Company at the time of the placement of the bonds.

Under IAS 24, key management personnel includes persons having authority and responsibility for planning, directing and controlling, directly or indirectly, the activities of the relevant entity, including any executive or non-executive director, and close members of the key management personnel's families.

With respect to the Company, the individuals in key positions pursuant to IAS 24 include the Board of Directors. Compensation and benefits to key management personnel that are employed by the ADO Properties Group:

	For the three-month period ended March 31,	For the year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
Short-term employee benefits	188	849	800	955
Share-based payments	63	108	335	350
Other compensation	5	2,132	279	—
Total	256	3,089	1,414	1,305

The emoluments granted to the members of supervisory bodies in that capacity for the relevant periods are as follows:

	For the three-month period ended March 31,	For the year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
Directors fee granted to the members of the Board of Directors	155	1,165	608	714
One-time termination payment	—	1,515	279	—
Total	155	2,680	887	714

The emoluments granted to the members of the Senior Management are as follows:

	For the three-month period ended March 31,	For the year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
Fixed salary	125	936	662	662
Short-term cash incentive	63	329	349	343
Long-term incentive to be paid in shares or cash	63	1,724	376	387
Office rent	5	3	—	—
One-time termination payment	—	3,241	—	—
Total	255	6,233	1,390	1,392

Apart for the Board of Directors remuneration, no remuneration was paid to such related parties in the 3M 2020, the Fiscal Year 2019, the Fiscal Year 2018 or the Fiscal Year 2017.

All transactions with related parties are executed at arm's length on the basis of international methods of price comparison in accordance with IAS 24.

The rules of procedure for related parties' transactions are governed by the Company's specific rules of procedure for related parties' transactions as adopted by the Board of Directors' on April 28, 2020 (the "**Specific Rules of Procedure**").

TAXATION

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF LUXEMBOURG, GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS. THE RESPECTIVE RELEVANT TAX LEGISLATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES.

SUBSCRIPTION AND SALE OF THE NOTES

Subscription

The Issuer and J.P. Morgan Securities plc, Barclays Bank PLC and Deutsche Bank Aktiengesellschaft (together, the “**Joint Bookrunners**”) and Banco Santander, S.A. and Natixis (together, the “**Co-Managers**”) will enter into a subscription agreement to be dated on or about August 3, 2020 (the “**Subscription Agreement**”). Under the Subscription Agreement, the Issuer has agreed to issue and sell to the Joint Bookrunners and the Co-Managers, and the Joint Bookrunners and the Co-Managers have agreed, subject to certain customary closing conditions, to subscribe and pay for the Notes on August 5, 2020. The Issuer has agreed to pay certain fees to the Joint Bookrunners and the Co-Managers and to reimburse the Joint Bookrunners and the Co-Managers for certain expenses incurred in connection with the issuance of the Notes. Proceeds to the Issuer will be net of commissions payable to the Joint Bookrunners and the Co-Managers. Under certain circumstances, the Joint Bookrunners and the Co-Managers may terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Bookrunners and the Co-Managers against certain liabilities it may incur in connection with the offer and sale of the Notes.

Each of the Joint Bookrunners and the Co-Managers and their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Issuer and/or its affiliates for which they would have received customary fees and commissions. Each of the Joint Bookrunners and the Co-Managers and their respective affiliates may provide such services to the Issuer and/or its affiliates in the future. In particular, the Issuer and J.P. Morgan Securities plc, J.P. Morgan AG, J.P. Morgan Europe Limited, Barclays Bank PLC and Deutsche Bank Luxembourg S.A. entered into a bridge facility agreement under which €85,470,000 have been drawn as of the date of this Offering Memorandum. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Issuer and/or its affiliates, or impose incremental pricing or collateral requirements with respect to such facility or credit arrangements, in the ordinary course of business. In addition, such lenders may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies; a typical hedging strategy would include these lenders or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s shares.

The Joint Bookrunners and the Co-Managers or companies affiliated with the Joint Bookrunners and the Co-Managers have engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. They may from time to time enter into business relationships with companies of the ADO Properties Group, or perform services on their behalf as part of their normal course of business including such relating to lending and asset-backed securities transactions. In the ordinary course of the Joint Bookrunners’ and the Co-Managers’ trading, brokerage, asset management, and financing activities, each of the Joint Bookrunners and the Co-Managers may at any time deal as principal or agent for more than one party in, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of the Issuer, its affiliates or other entities that may be involved in or connected with the transactions contemplated hereby, including in connection with the Offering. Accordingly, references in this document to the Notes being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, placing or dealing by each of the Joint Bookrunners and the Co-Managers and any of their affiliates acting as investors for their own accounts. Accordingly, the Joint Bookrunners and the Co-Managers and companies affiliated with the Joint Bookrunners and the Co-Managers may in the future face conflicts of interests with shareholders in the Issuer. In addition, certain of the Joint Bookrunners and the Co-Managers or their affiliates may enter into financing arrangements (including swaps, contracts for difference and margin loans) with investors in connection with which such Joint Bookrunners and the Co-Managers (or their affiliates) may from time to time acquire, hold or dispose of securities of the Issuer. Except as required by applicable law or regulation, the Joint Bookrunners and the Co-Managers do not propose to make any public disclosure in relation to such transactions. There are no other interests or (potential) conflicts of interest that could be material to the Offering.

Selling Restrictions

General

The distribution of this Offering Memorandum and the sale of the Notes may be restricted by law in certain jurisdictions. No action has been or will be taken by the Issuer or the Joint Bookrunners or the Co-Managers to permit an offer to the public of the Notes, the possession or distribution of this Offering Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose may be required.

Accordingly, neither this Offering Memorandum nor any advertisement or any other offer material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum comes are required to inform themselves about and observe any such restrictions, including those set out in these sections. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Each of the Joint Bookrunners and each of the Co-Managers has represented, warranted and agreed that it will comply in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes. They will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Issuer will not have any responsibility for, and the Joint Bookrunners and the Co-Managers will obtain any consent, approval or permission required by it for, the sale of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. The Joint Bookrunners and the Co-Managers are not authorized to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in, or which is consistent with, the Offering Memorandum.

United States of America

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority or any state or other jurisdiction in the United States, and may not be offered, sold, delivered, pledged or otherwise transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes will not be offered or sold in this Offering within the United States and are being offered and sold in this Offering only outside the United States pursuant to Regulation S under the Securities Act. Each of the Joint Bookrunners and each of the Co-Managers has represented, warranted and agreed that they have not offered or sold, and agree that they will not offer or sell, any Notes constituting part of their respective allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither they, their affiliates, nor any third party acting on their behalf, have engaged, or will engage, in any “directed selling efforts” as defined in Regulation S under the Securities Act with respect to the Notes. The Company has not registered, and does not intend to register, either the Offering or any portion of the Offering in the United States or to conduct an offer to the public of Notes in the United States.

In addition, the Joint Bookrunners and the Co-Managers have represented, warranted and agreed that, except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (the “**D Rules**”):

- (a) they have not offered or sold Notes, and during the 40-day restricted period shall not offer or sell Notes, directly or indirectly to a United States person or to a person who is within the United States or its possessions, and they have not delivered and shall not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) they have and throughout the restricted period they shall have in effect procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a United States person or to a person who is within the United States or its possessions, except as permitted by the D Rules;
- (c) if they are a United States person, they are acquiring the Notes for purposes of resale in connection with their original issuance and not for the purpose of resale directly or indirectly to a United States person or a person within the United States or its possessions and they shall acquire or retain Notes for their

own account only in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6);

- (d) with respect to each affiliate that acquires Notes from them for the purpose of offering or selling such Notes during the restricted period, they either (i) repeat and confirm the representations contained in clauses (a), (b) and (c) of this paragraph on behalf of such affiliate or (ii) agree that they shall obtain from such affiliate for the benefit of the Issuer the representations contained in Clauses (a), (b) and (c) of this paragraph; and
- (e) they shall obtain for the benefit of the Issuer the representations and agreements contained in clauses (a), (b), (c) and (d) of this paragraph from any person other than their affiliate with whom they enter into a written contract, as defined in U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D)(4), for the offer or sale of Notes during the restricted period.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and Treasury Regulations thereunder, including the D Rules.

European Economic Area and United Kingdom

Furthermore, each of the Joint Bookrunners and each of the Co-Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA and the UK. For the purposes of this paragraph the expression “retail investor” means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or
- a customer within the meaning of Directive 2016/97/EU, as amended (“**IMD**”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- not a qualified investor as defined in the Prospectus Regulation; and
- the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United Kingdom

Sales in the United Kingdom are also subject to restrictions. Each of the Joint Bookrunners and each of the Co-Managers vhas represented, warranted and agreed that it:

- (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) has complied and will comply with all applicable provisions of FSMA with respect to all activities already undertaken by each of them or will undertake in the future in relation to the Notes in, from, or otherwise involving the United Kingdom.

Republic of Singapore ("Singapore")

The Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, nor may the Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore, as amended or modified (the “**SFA**”)) pursuant to Section 274 of the SFA;

- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and where applicable in accordance with the conditions in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Product classification requirements in Singapore: *The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

GENERAL INFORMATION

Authorization and Issue Date

The issuance of the Notes was approved by a resolution of the Board taken on July 26, 2020 and a confirmation of a delegate of the Board taken on July 30, 2020. The Issue Date of the Notes is expected to be August 5, 2020.

Use of Proceeds

The net proceeds from the issuance of the Notes, estimated by the Issuer to be approximately €391,084,000 million, will be used to refinance existing short-dated indebtedness, mainly in the form of amounts drawn under the Bridge Facility.

Delivery of Notes

Delivery and payment of the Notes will be made on or around the Issue Date, which is expected to be on August 5, 2020. The Notes so purchased will be delivered via book-entries through the Clearing System and their depository banks against payment of the issue price thereof.

Costs and Expenses Relating to the Purchase of Notes

The Issuer will not charge any costs, expenses or taxes directly to any investor in connection with the Notes. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

Listing and Admission to Trading of the Notes

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF.

Listing Expenses

The expenses related to the admission to trading of the Notes on the Euro MTF are expected to total approximately €4,100 and will be borne by the Company.

Clearing Systems and Security Codes

The Notes will be accepted for clearance through:

Clearstream Banking S.A.
42 Avenue JF Kennedy
1855 Luxembourg
The Grand Duchy of Luxembourg

and

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
1210 Brussels
Kingdom of Belgium

The Notes are intended upon issue to be deposited with, or on behalf of, a Common Safekeeper for Euroclear and CBL and therefore are intended to be eligible collateral for the Eurosystem monetary policy. However, this does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

The Notes have the following securities codes:

International Securities Identification Number (ISIN)	XS2010029663
Common Code	201002966

Ratings of the Notes and the Issuer

On issue, the Notes are rated BB+ by Standard & Poor's Global Ratings Europe Ltd. ("**S&P**").

The Company is assigned a long-term issuer credit rating of "BB" with a stable outlook by S&P as of April 23, 2020. S&P has a registered office in the United Kingdom and has been validly registered by ESMA pursuant to Regulation (EC) 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended.

The Company is assigned a "Ba2" rating with a stable outlook by Moody's Investors Service Ltd. ("**Moody's**") as of June 30, 2020. Moody's has a registered office in the United Kingdom and has been validly registered by ESMA pursuant to Regulation (EC) 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization (see: "*Risk Factors—Risks related to the ADO Properties Group's Financial Situation—A downgrade or a withdrawal of the Company's current credit rating may impact our ability to obtain financing or issue further debt and may have a negative impact on our debt costs and on the market price of the Notes.*").

The following statements are based on the information (in English) on the websites of S&P (standardandpoors.com) and Moody's (moody.com) as of the date of this Offering Memorandum.

An S&P Global Ratings issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. Issuer credit ratings can be either long-term or short-term. The long-term issuer credit rating categories awarded by S&P range from the highest rating "AAA", which is defined as an extremely strong capacity of an obligor to meet its financial commitments to the lowest rating "D", which is defined as a default on all or substantially all of an obligor's financial obligations as they come due, whether long- or short-term, including rated and unrated obligations but excluding hybrid instruments classified as regulatory capital or in nonpayment according to terms. S&P define a "BB" rating for a long-term issuer as follows: An obligor rated "BB" is regarded as having significant speculative characteristics but is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Moody's defines credit risk as the risk that an entity may not meet its contractual financial obligations as they come due and any estimated financial loss in the event of default or impairment. Issuers are assigned long-term ratings. The global long-term rating scales awarded by Moody's range from the highest rating "Aaa" defined as obligations of the highest quality, subject to the lowest level of credit risk to the lowest rating "C" defined as the lowest rated obligations and typically in default, with little prospect for recovery of principal or interest. Moody's defines a "Ba" rating as follows: Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Indication of Yield

The yield of the Notes is 3.500% per annum. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) method and based on the issue price. The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis.

Appraiser

The independent, external valuer CBRE GmbH, Hausvogteiplatz 10, 10117 Berlin, Germany (“**CBRE**”), has prepared a condensed valuation report (the “**CBRE Valuation Report**”) on the fair value of the ADO Properties Group’s properties with a valuation date as of December 31, 2019 pursuant to IAS 40 in conjunction with IFRS 13 under the International Financial Reporting Standards, as adopted by the European Union (“**IFRS**”), which is reprinted in this Offering Memorandum on pages V-2 *et seqq.* For more information on CBRE’s independence, see “1.9 Compliance with Valuation Standards” on page V-8 of the CBRE Valuation Report. CBRE employs members of the Royal Institution of Chartered Surveyors (RICS), as well as real estate experts certified in the area of valuations by HypZert GmbH. CBRE has consented to the inclusion of the CBRE Valuation Report in this Offering Memorandum in the unmodified form in which it is presented.

The independent, external valuer Savills Advisory Services Germany GmbH & Co. KG, Taunusanlage 18, 60325 Frankfurt, Germany (“**Savills**”), has prepared condensed valuation reports on the fair value of the residential rental units of the ADLER Group (including non-core properties) (excluding the ADO Properties Group) (the “**Savills ADLER Valuation Report**”) and on the fair value of the residential rental units owned by Brack German Properties B.V. (“**BGP**”), a wholly-owned subsidiary of Brack Capital Properties N.V. (“**BCP**”), in which ADLER Real Estate holds a 69.81% stake (the “**Savills BGP Valuation Report**”) and, together with the Savills ADLER Valuation Report, the “**Savills Valuation Reports**”), in each case with a valuation date as of December 31, 2019 in conjunction with IFRS 13. The Savills ADLER Valuation Report is reprinted in this Offering Memorandum on pages V-32 *et seqq.* The Savills BGP Valuation Report is reprinted in this Offering Memorandum on pages V-105 *et seqq.* For more information on Savills’ independence, see “*Declaration of Independence & Status of Valuer*” on pages V-43 and V-115, respectively, of the Savills Valuation Reports. Savills employs members of the Royal Institution of Chartered Surveyors (RICS). Savills has consented to the inclusion of the Savills Valuation Reports in this Offering Memorandum in the unmodified form in which it is presented.

The independent, external valuer apollo valuation & research GmbH, Große Eschenheimer Str. 13, 60313 Frankfurt am Main, Germany (“**NAI Apollo**”), has prepared a condensed valuation report (the “**NAI ADLER Valuation Report**”) on the fair value of residential rental units of the ADLER Group (excluding the ADO Properties Group) and on the fair value of the ADLER Group’s development projects (excluding the ADO Properties Group) with a valuation date as of December 31, 2019 on the basis of the *RICS Valuation – Professional Standards 2017 (RICS Red Book)* published by the Royal Institution of Chartered Surveyors and in accordance with IVSC International Valuation Standards 2017 (11th edition), which is reprinted in this Offering Memorandum on pages V-83 *et seqq.* For more information on NAI Apollo’s independence, see “1.9 Independence and Objectivity” on page V-86 of the NAI ADLER Valuation Report.

NAI Apollo has also prepared a condensed valuation report (the “**NAI Consus Valuation Report**”) and, together with the CBRE Valuation Report, the Savills Valuation Report and the NAI ADLER Valuation Report, the “**Valuation Reports**”) on the fair value of the investment properties of the Consus Real Estate AG (“**Consus Real Estate**”) and, together with its consolidated subsidiaries, the “**Consus Group**”) with a valuation date as of February 29, 2020 on the basis of the *RICS Valuation – Professional Standards 2020 (RICS Red Book)* published by the Royal Institution of Chartered Surveyors and in accordance with IVSC International Valuation Standards 2020 (12th edition), which is reprinted in this Offering Memorandum on pages V-157 *et seqq.* For more information on NAI Apollo’s independence, see “1.9 Independence and Objectivity” on page V-160 of the NAI Consus Valuation Report.

NAI Apollo employs members of the Royal Institution of Chartered Surveyors (RICS). NAI Apollo has consented to the inclusion of the NAI Consus Valuation Report and the NAI ADLER Valuation Report in this Offering Memorandum in the unmodified forms in which they are presented.

The Company affirms that, as of the date of this Offering Memorandum and other than as a result of the transactions described under “*DESCRIPTION OF THE TRANSACTIONS—Description of the Consus Group*”, no material change in the value of the properties appraised in the Valuation Reports has occurred since the valuation dates as of December 31, 2019 and February 29, 2020, respectively.

Sources of Market Data

In this Offering Memorandum, the Company relies on and refers to information regarding its business and the markets in which it operates and competes. Certain economic and industry data, market data and market

forecasts set forth in this Offering Memorandum were extracted from the following market research, governmental and other publicly available information and independent industry publications.

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- Statistisches Bundesamt (Destatis) (German Federal Statistical Office), Entwicklung der Privathaushalte bis 2040 – Ergebnisse der Haushaltsvorausberechnung 2020, available at: <https://www.destatis.de/DE/Themen/Gesellschaft-Umwelt/Bevoelkerung/Haushalte-Familien/Publikationen/Downloads-Haushalte/entwicklung-privathaushalte-5124001209004.html>, extracted on May 15, 2020 (“**Federal Statistical Office—Entwicklung der Privathaushalte bis 2040**”);
- Statistisches Bundesamt (Destatis) (German Federal Statistical Office), 45 million persons in employment in 2018, Press release No. 036 of 31 January 2019, available at: https://www.destatis.de/EN/Press/2019/01/PE19_036_132.html, extracted on May 15, 2020 (“**Federal Statistical Office—Unemployment**”);
- Statistisches Bundesamt (Destatis) (German Federal Statistical Office), Charts, Residential rental price index, available at: https://www-genesis.destatis.de/genesis/online/logon?sequenz=tabelleErgebnis&selection_name=6_11110004&sachmerkmal=CC98A4&sachschluessel=CC04*,CC05*&zeitscheiben=3, extracted on May 15, 2020 (“**Federal Statistical Office—Residential Rental Price Index**”);
- Statistisches Bundesamt (Destatis) (German Federal Statistical Office), Tabellen, Vorausberechneter Bevölkerungsstand: Bundesländer, Stichtag, Varianten der Bevölkerungsvorausberechnung, available at: <https://www-genesis.destatis.de/genesis/online/data?operation=table&code=12421-0003&levelindex=1&levelid=1577805558756>, extracted on May 15, 2020 (“**Federal Statistical Office—Vorausberechnete Bevölkerung Berlin**”);
- United Nations, Department of Economic and Social Affairs, Population Dynamics, World Urbanization Prospects 2018, available at: <https://population.un.org/wup/Download>, extracted on May 15, 2020 (“**United Nations—World Urbanization Prospects**”); and
- Vonovia, Company Profile, available at: <https://investoren.vonovia.de/websites/vonovia/English/1009/company-profile.html>, extracted on May 15, 2020 (“**Vonovia**”).

None of the information has been separately verified by the Company.

Where information in this Offering Memorandum has been specifically identified as having been extracted from third party documents, the Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Company has no reason to believe that any of this information is inaccurate in any material respect, the Company has not independently verified the competitive position, market share, market size, market growth or other data provided by third parties or by industry or other publications. The Company does not make any representation as to the accuracy of such information.

This Offering Memorandum also contains estimates of market data and information derived from these estimates that would not be available from publications issued by market research firms or from any other independent sources. This information is based on internal estimates of the Company and, as such, may differ from the estimates made by competitors of the Company or from data collected in the future by market research firms or other independent sources. In addition, the Company assumes no obligation, except as required by law, to give updates of these figures.

Documents Available

- For the duration of the validity of this Offering Memorandum, copies of the following documents will be available free of charge for inspection during regular business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company at 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg:
- the Company's articles of association (the "**Articles of Association**");
- the Company's unaudited condensed consolidated interim financial statements prepared in accordance with IFRS (IAS 34) as of and for the three-month period ended March 31, 2020;
- the Company's audited consolidated annual financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2019;
- the Company's audited consolidated annual financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2018;
- the Company's audited consolidated annual financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2017; and
- the Offering Memorandum (including the Valuation Reports).

The abovementioned documents are also available on the Company's website at www.ado.properties.

This Offering Memorandum contains certain references to websites. The information on these websites does not form part of the Offering Memorandum (unless information is incorporated by reference).

The Company's future consolidated financial statements and condensed interim consolidated financial statements will be available from the Company on its website and from the paying agent under the Notes.

INCORPORATION BY REFERENCE

The following documents are incorporated by reference into this Offering Memorandum:

The English-language unaudited condensed consolidated interim financial statements (IFRS) of the Group as of and for the three-month period ended March 31, 2020:

- Report of the *Réviseur d'Enterprises agréé* on the Review of Interim Financial Information (p. 46)
- Condensed Consolidated Statement of Financial Position (p. 48),
- Condensed Consolidated Statement of Statement of Profit or Loss (p. 50),
- Condensed Consolidated Statement of Comprehensive Income (p. 51),
- Condensed Consolidated Statement of Cash Flows (p. 52),
- Condensed Consolidated Statement of Changes in Equity (p. 54), and
- Notes to the Condensed Consolidated Financial Statements (p. 57).

The English-language audited consolidated annual financial statements (IFRS) of the Group as of and for the fiscal year ended December 31, 2019 as contained in the Annual Report 2019:

- Report of the *Réviseur d'Enterprises agréé* on the Audit of the Consolidated Financial Statements (p. 66),
- Consolidated Statement of Financial Position (p. 72),
- Consolidated Statement of Statement of Profit or Loss (p. 74),
- Consolidated Statement of Comprehensive Income (p. 75),
- Consolidated Statement of Cash Flows (p. 76),
- Consolidated Statement of Changes in Equity (p. 78), and
- Notes to the Consolidated Financial Statements (p. 81).

The English-language audited consolidated annual financial statements (IFRS) of the Group as of and for the fiscal year ended December 31, 2018 as contained in the Annual Report 2018:

- Consolidated Statement of Financial Position (p. 102),
- Consolidated Statement of Statement of Profit or Loss (p. 104),
- Consolidated Statement of Comprehensive Income (p. 105),
- Consolidated Statement of Cash Flows (p. 106),
- Consolidated Statement of Changes in Equity (p. 108),
- Notes to the Consolidated Financial Statements (p. 111), and
- Report of the *Réviseur d'Enterprises agréé* on the Audit of the Consolidated Financial Statements (p. 125).

The English-language audited consolidated annual financial statements (IFRS) of the Group as of and for the fiscal year ended December 31, 2017 as contained in the Annual Report 2017:

- Consolidated Statement of Financial Position (p. 98),
- Consolidated Statement of Statement of Profit or Loss (p. 100),

- Consolidated Statement of Comprehensive Income (p. 101),
- Consolidated Statement of Cash Flows (p. 102),
- Consolidated Statement of Changes in Equity (p. 104),
- Notes to the Consolidated Financial Statements (p. 107), and
- Report of the *Réviseur d'Enterprises agréé* on the Audit of the Consolidated Financial Statements (p. 92).

The English-language unaudited condensed consolidated interim financial statements (IFRS) of ADLER Real Estate Aktiengesellschaft as of and for the three-month period ended March 31, 2020:

- Consolidated Balance Sheet (p. 38-39),
- Consolidated Statement of Comprehensive Income (p. 40-41),
- Consolidated Statement of Cash Flows (p. 42-44),
- Consolidated Statement of Changes in Equity (p. 44-46),
- Notes to the Consolidated Financial Statements (p. 47-64), and

The English-language audited consolidated annual financial statements (IFRS) of ADLER Real Estate Aktiengesellschaft as of and for the fiscal year ended December 31, 2019 as contained in the Annual Report 2019:

- Consolidated Balance Sheet (p. 80-81),
- Consolidated Statement of Comprehensive Income (p. 82-83),
- Consolidated Statement of Cash Flows (p. 84-85),
- Consolidated Statement of Changes in Equity (p. 86-87),
- Notes to the Consolidated Financial Statements (p. 89-223), and
- Auditor's Report (p.225-233).

The English-language unaudited condensed consolidated interim financial statements (IFRS) of Consus Real Estate AG as of and for the three-month period ended March 31, 2020:

- Consolidated Statement of Comprehensive Income (p. 21-22),
- Consolidated Statement of Financial Position (p. 23-24)
- Consolidated Statement of Changes in Equity (p. 25-26),
- Consolidated Statement of Cash Flows (p. 27-28), and
- Notes to the Consolidated Financial Statements (p. 29-50).

The English-language audited consolidated annual financial statements (IFRS) of Consus Real Estate AG as of and for the fiscal year ended December 31, 2019 as contained in the Annual Report 2019:

- Consolidated Statement of Comprehensive Income (p. 54-55),
- Consolidated Statement of Financial Position (p. 56-57)
- Consolidated Statement of Changes in Equity (p. 58-59),
- Consolidated Statement of Cash Flows (p. 60-61),

- Notes to the Consolidated Financial Statements (p. 62-127), and
- Auditor's Report (p.128-133).

As long as any Notes are admitted to trading on the Euro MTF, the documents incorporated by reference herein are available on the Company's website (www.ado.properties) and may be inspected and are available free of charge during normal business hours at 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg (tel. +352 269467760).

VALUATION REPORTS

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VALUATION REPORT

in the form of a condensed valuation report (“Valuation Report”) of the determination of Fair Value carried out by CBRE in accordance with the International Financial Reporting Standards (IFRS), the International Standards for the Valuation of Real Estate for Investment Purposes (“International Valuation Standards”) and the RICS Valuation – Global Standards (2017 - Red Book) der Royal Institution of Chartered Surveyors, that relates to the issuance of fixed rate notes by **ADO Properties S.A.** (the “Company”¹). The valuation report comprises a total of 423 valuation units as at 31 December 2019. With the exception of two valuation units in Oranienburg and one valuation unit in Nuthetal all valuation units are located in the city of Berlin. The majority of the 423 valuation units in the portfolio are residential buildings with less than 20% commercial use (336 valuation units). The remainder comprises mixed-use buildings with more than 20% and up to 80% commercial use (72 valuation units), 14 commercial buildings with more than 80% commercial use and one parking unit without area. In total, the portfolio consists of 16,220 residential units (of which 443 are under public rent control), 1,486 commercial units, 585 miscellaneous units and 4,744 parking lots. The total lettable area of the portfolio adds up to 1,235,117 sq m. The area is split into 1,063,446 sq m residential area and 171,670 sq m commercial area.

Date of Valuation: 31 December 2019

Date of Valuation Report: 28 July 2020

Valuer:

CBRE

CBRE GmbH
Große Gallusstraße 18
60312 Frankfurt/Main
Deutschland
“CBRE“

Addressees:

ADO Properties S.A.
1B Heienhaff
L1736 Senningerberg
Luxembourg

and

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Deutsche Bank Aktiengesellschaft
Mainzer Landstraße 11-17
60323 Frankfurt am Main
Federal Republic of Germany

Barclays Bank plc
5 The North Collonade
Canary Wharf
London E14 4BB
United Kingdom

Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar, planta baja
28660, Boadilla del Monte
Madrid
Spain

Natixis
30, avenue Pierre Mendès-France
75013 Paris
France

¹ The “Company” herein referred to as “ADO”.

CBRE is a "Gesellschaft mit beschränkter Haftung" (limited liability company), registered under commercial law in Germany under the company registration number 13347. The German company CBRE GmbH was established on April 3, 1973 and has its registered office at Große Gallusstraße 18, 60312 Frankfurt/Main, Germany.

CBRE is not a company that is regulated by any regulatory authority; however, in its valuation department it employs amongst other members of the Royal Institution of Chartered Surveyors (RICS), and valuers certified by HypZert GmbH.

MARKET INSTABILITY

Residential Sector – capping of rents of new leases & Berlin law for rent control

On 1st of June 2015, the rent control of new leases (“Mietpreisbremse”) was enacted, which enables the federal states to establish individual decrees. The law limits rent increases (“MietNovG”) upon re-letting of existing residential units, completed before the 1st of October 2014, in regions with low supply and allows an increase of rent up to local rental table level plus 10 per cent only.

Becoming effective most likely the 1st of April 2020, there are some more adoptions of the federal legal framework for housing: the federal states and municipals will have the right until the end of 2020 to define whether the “Mietpreisbremse” will be prolonged for another five years until the end of 2025.

Albeit the legal framework is defined and clear, there remains uncertainty if and when the individual federal states and/or municipalities will prolongate or implement the rent control of new leases.

Since the beginning of 2019, there have been public discussions about a rental freeze proposition for rental apartments in Berlin. The Berlin Parliament (“Berliner Abgeordnetenhaus”) finally enacted the law for rent control in the housing sector (“MietenWoG Bln”) as at the 30th of January 2020. The law came into force as at the 23rd of February 2020 by publishing it in the Berlin bulletin for legislation (“Berliner Gesetzes- und Verordnungsblatt”).

At the date of valuation, 31 December 2019, the endurance of the Berlin Rental Freeze law was totally unclear. There is a debate among the advocates whether the free market rental law is exclusively ruled by federal legislation (as “Baugesetzbuch”, “Mietpreisbremse”) or if individual laws or decrees can be passed by a federal state parliament. A check of compatibility of this rental freeze act with constitutional law in front of the Berlin Constitutional Court (“Verfassungsgerichtshof Berlin”) or the Federal Constitutional Court in Karlsruhe (“Bundesverfassungsgericht”) will be pursued by members of parliament from the political parties CDU/CSU und FDP in the next couple of months.

Until there is no final legal decision, there is some uncertainty with regards to rental cashflow which can have some impact on market pricing and thus valuation results. We therefore recommend observing the behavior of market participants and of the credit procedures of the financing banks constantly.

As we are not legal experts, we cannot forecast if or when this check of compatibility will take place, how long it takes and what the conclusion finally will be. From our perspective it is very likely that there will be long-term legal disputes on this controversial law.

At the date of valuation, 31 December 2019, the process of enacting and the endurance of the Berlin Rental Freeze law, as for today, was totally unclear. For this present valuation, we therefore neither have incorporated any changes in cashflow modelling nor have observed any material changes in market pricing and thus impact on valuation results.

Important Warning - The effect of Novel Coronavirus on the real estate market

Since the valuation date, the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets, with travel restrictions being implemented by many countries. This has resulted in an unprecedented set of circumstances on which to base a judgement. Although transaction volumes provided a sufficient amount of up-to-date comparable market evidence upon which to base opinions of value as at the valuation date, as at the date of this report, in Germany in residential real estate, market activity is now being impacted in many sectors. Consequently, if we were requested to undertake a revaluation of this portfolio as at the date of this report, we would need to report subject to ‘material valuation uncertainty’, as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject portfolio under frequent review. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above would not mean that the valuation could not be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation

SUMMARY OF THE VALUATION CONCLUSIONS

Upon the assumption that, after reasonable inquiry of the Company, there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values (net) of the freehold / ground-leasehold interests in the assets in the portfolio, rounded on asset-to-asset basis, as at 31 December 2019 and held as at that date, is:

3,669,323,000 EUR

(three billion six-hundred-sixty-nine million and three-hundred-twenty-three thousand Euros)

The unrounded net capital value is 3,669,369,688 EUR. The unrounded gross capital value is 3,970,552,543 EUR including 301,182,855 EUR purchaser's costs (8.2%).

The assessment of the Fair Value was carried on asset-to-asset basis. The aggregate of the individual Fair Values presented here takes account of the marketing period and the transaction costs of the individual assets and does not reflect any discounts or premiums on the sales of the whole portfolio or if part of the portfolio were to be marketed simultaneously or in lots.

CBRE has not been engaged to update the CBRE valuation for the purpose of the Prospectus, has no obligation to do so and has not updated the CBRE valuation after the date of valuation, 31 December 2019.

The following table shows aggregated key asset data for the portfolio:

Fair Value	3,669,323,000 EUR
Total lettable area:	1,235,117 sq m
Average Fair Value per sq m lettable area:	2,971 EUR
Current annual rental income (gross):	112,681,468 EUR
Potential annual rental income (gross):	116,636,669 EUR
Annual market rent (gross):	137,502,541 EUR
Multiplier (based on current rent):	32.6 times
Multiplier (based on potential rent):	31.5 times
Multiplier (based on market rent):	26.7 times
Net initial yield (based on current rent):	2.38%
Net initial yield (based on potential rent):	2.50%
Net initial yield (based on market rent):	3.03%

Our opinion of "Fair Value" is based upon the scope of work and valuation assumptions as detailed in Part 3 "Explanation of Valuation" and Part 4 "Valuation Conclusions" of this Valuation Report and has been derived mainly using recent comparable market evidence on arm's length terms.

1 Basis of Valuation

1.1 Preamble

CBRE has been valuing the ADO portfolio for the Company since 2015 for accounting purposes. CBRE provides semi-annual update valuations with full valuation reports.

1.2 Instruction

CBRE has been appointed to undertake a Fair Value valuation of the Company's assets held as at 31 December 2019 and to prepare a valuation report.

The valuation is based on the information provided for previous valuations (see preamble) and on current data provided by the Company as at 31 December 2019 (date of rent roll: 30 November 2019).

1.3 Purpose of Valuation

We acknowledge that our Valuation Report will be used by the Company as one of many sources for the determination of the Fair Value of its properties as part of the prospectus that relates to the placement of fixed rate notes by ADO Properties S.A and the listing of such notes on the Euro MTF segment of the Luxembourg stock exchange.

The Valuation Report complies with the legal requirements, in particular the European Commission Regulation (EC) 2017/1129 dated 14 June 2017 and paragraphs 128 to 130 of the European Securities and Market Authority (ESMA), update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

1.4 Addressees

The present Valuation Report is addressed to:

- ADO Properties S.A., - Luxembourg; 1B Heienhaff, L1736 Senningerberg, Luxembourg;
- J.P. Morgan Securities plc, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom;
- Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60323 Frankfurt am Main, Federal Republic of Germany;
- Barclays Bank plc, 5 The North Collonade, Canary Wharf, London E14 4BB, United Kingdom;
- Banco Santander, S.A., Ciudad Grupo Santander, Avenida de Cantabria s/n, Edificio Encinar, planta baja, 28660, Boadilla del Monte, Madrid, Spain;
- Natixis, 30, avenue Pierre Mendès-France, 75013 Paris, France;

1.5 Publication

CBRE acknowledges and agrees that the Valuation Report will be published in an unabbreviated form in the Prospectus and will be referred to in marketing and other materials prepared in the context of the placement of fixed rate notes by ADO Properties S.A. and the listing of such notes on the Euro MTF segment of the Luxembourg stock exchange. The Prospectus will be accessible to potential Investors on the Company's website. Apart from that, neither the whole nor any part of our Valuation Report nor any references thereto may be included in any published document, circular statement nor published in any way without our prior written approval of the form and context in which it will appear.

1.6 Date of Valuation

The valuation date is 31 December 2019.

1.7 Subject Assets

In accordance with the valuation instructions, the subject of the valuation is ADO's assets held as at 31 December 2019. The valuation report comprises a total of 423 valuation units as at 31 December 2019. With the exception of two valuation units in Oranienburg and one valuation unit in Nuthetal all valuation units are located in the city of Berlin. The majority of the 423 valuation units in the portfolio are residential buildings with less than 20% commercial use (336 valuation units). The remainder comprises mixed-use buildings with more than 20% and up to 80% commercial use (72 valuation units), 14 commercial buildings with more than 80% commercial use and one parking unit without area.

In total, the portfolio consists of 16,220 residential units (of which 443 are under public rent control), 1,486 commercial units, 585 miscellaneous units and 4,744 parking lots. The total lettable area of the portfolio adds up to 1,235,117 sq m. The area is split into 1,063,446 sq m residential area and 171,670 sq m commercial area.

1.8 Tenure

1.8.1 Freehold

Of the 423 valuation units 421 valuation units are freehold-equivalent. Furthermore, 76 of the 421 freehold-equivalent valuation units are separated into condominiums according to German Condominium Act ("WEG").

In addition, there is an owner's heritable building right in the valuation unit VU_7011b. The property is split up according to WEG (Wohnungseigentumsgesetz). The commercial units (ground floor) are not part of the owner's heritable building right. Furthermore, there is a further owner's heritable building right in the valuation unit VU_1606.

1.8.2 Heritable Building Right

With reference to the land register extracts provided by the Company, the two valuation units VU_8611 and VU_4802b are subject to heritable building rights.

1.9 Compliance with Valuation Standards

This valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017, (Red Book), published by the Royal Institution of Chartered Surveyors. The property details on which each valuation is based are as set out in this report.

The guidelines of the International Valuation Standards Council (IVSC) correspond to the guidelines of the RICS with respect to the definition and interpretation of market value.

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation(s) competently.

Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

This Valuation is a professional opinion and is expressly not intended to serve as a guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject property as at the valuation date.

1.10 Capital Values

The valuation has been prepared on the basis of "Fair Value" according to IAS 40 in connection with IFRS 13.9 of the "International Financial Reporting Standards" which has been published by the "International Accounting Standards Board" (IASB) and is defined as:

“The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.”

“Fair Value” is effectively the same as “Market Value” according to Valuation Practise Statements (VPS) 4 of the Valuation Global Standards (2017 – Red Book) of the Royal Institution of Chartered Surveyors (RICS), London which is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

1.11 Currency

The currency used in the Valuation Report is Euro (EUR).

1.12 Documents and Information provided

CBRE has assumed that it was provided with all information and documents that were relevant to CBRE in carrying out this appraisal report. We have assumed that the information and documentation had unrestricted validity and relevance as at the date of valuation.

1.13 Deleterious Material etc.

Since no information to the contrary has been brought to our attention, we have assumed that there are no building materials or structures and no characteristics of the site that could endanger or have a deleterious effect on either the fitness of the subject properties for its purpose or the health of its occupiers and users. Common examples include high alumina cement concrete, calcium chloride, asbestos and wood wool as permanent shuttering.

1.14 Site Conditions

We did not carry out investigations on site in order to determine the suitability of ground conditions and services, nor did we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our valuations were carried out on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances.

In the case of a property which may have redevelopment potential, we have assumed that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems. Furthermore, we have assumed in such circumstances that no unusual costs will be incurring in the demolition and removal of any existing structure on the property.

1.15 Environmental Contamination

We have neither carried out nor evaluated any environmental impact assessment, which may indicate a real or potential environmental impact. Furthermore, we have not undertaken any investigation into the past or present uses of either the properties or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists.

Based on the information provided by the Company, the following 65 of the 423 valuation units are listed in the register of potentially contaminated sites.

Valuation Unit	City	Postal Code	Address
VU_3801	Berlin	13359	Drontheimer Str. 20
VU_1014	Berlin	10559	Birkenstr. 56
VU_1093	Berlin	10553	Huttenstr. 6, 7; Rostocker Str. 47-50, 52
VU_1094	Berlin	10553	Huttenstr. 8, 9
VU_1101	Berlin	10559	Rathenower Str. 25
VU_1701	Berlin	10559	Turmstr. 24; Lübecker Str. 52
VU_2101	Berlin	13357	Pankstr. 46
VU_2201	Berlin	13055	Große-Leege-Str. 97, 98
VU_2901	Berlin	13347	Oudenarder Str. 22
VU_3401	Berlin	13349	Müllerstr. 59b
VU_3901	Berlin	10551	Birkenstr. 47
VU_4601	Berlin	12439	Brückenstr. 27
VU_4702	Berlin	13089	Prenzlauer Promenade 47-48; Treskowstr. 30-34
VU_4807	Berlin	13353	Föhler Str. 3, 4, 5; Buchstr. 9
VU_5401	Berlin	10551	Putlitzstr. 14
VU_5402	Berlin	13349	Müllerstr. 118
VU_5902	Berlin	10777	Regensburger Str. 10a
VU_6201	Berlin	13359	Koloniestr. 28
VU_6202	Berlin	10553	Huttenstr. 30
VU_6402	Berlin	13347	Reinickendorfer Str. 120
VU_7001	Berlin	14193	Friedrichsruher Str. 33, 33 a-c; Cunostr. 52, 52a
VU_7003	Berlin	14193	Friedrichsruher Str. 14, 15, 17, 18, 20, 21, 23
VU_7023	Berlin	13359	Gotenburger Str. 1, 3, 5; Prinzenallee 65, 66
VU_7024	Berlin	13359	Osloer Str. 33; Drontheimer Str. 1; Koloniestr. 143
VU_7061	Berlin	12043	Karl-Marx-Str. 170, 172; Mittelweg 10, 12, 14, 16
VU_7094	Berlin	14059	Stülpnagelstr. 7, 9, 11, 11a, 13
VU_7096	Berlin	12103	Burgemeisterstr. 30, 32, 34, 36; Friedrich-Wilhelm-Str. 52, 54, 54a, 54b
VU_8011	Berlin	13359	Wollankstr. 32-39
VU_8181	Berlin	13347	Schulstr. 52-53, Martin-Opitz-Str. 8-9
VU_8191	Berlin	13351	Otawistr. 3, 5
VU_8221	Berlin	13351	Kameruner Str. 9
VU_8231	Berlin	12307	Schichauweg 56, 60, 62, 64
VU_8241	Berlin	12099	Alt-Tempelhof 5, 7; Götzstr. 11, 11a, 11b
VU_8354	Berlin	13351	Transvaalstr. 13
VU_8362	Berlin	13353	Seestr. 23
VU_8371	Berlin	12049	Hermannstr. 44, 45; Selchower Str. 35
VU_8604	Berlin	12161	Bundesallee 64, 65
VU_8905	Berlin	14059	Sophie-Charlotten-Str. 24
VU_9021	Berlin	10119	Alte Schönhauser Str. 13
VU_9031	Berlin	13403	Auguste-Viktoria-Allee 45-47; Antonienstr. 51
VU_9055	Berlin	10247	Frankfurter Allee 51; Samariterstr. 1
VU_9044	Berlin	14199	Hohenzollerndamm 53
VU_9033	Berlin	13353	Müllerstr. 138d
VU_9015	Berlin	10559	Perleberger Str. 17
VU_7062	Berlin	10783	Potsdamer Str. 203; Steinmetzstr. 39, 39a, 39b
VU_8974	Berlin	12045	Sonnenallee 77
VU_7043	Berlin	10553	Beusselstr. 31
VU_9121	Berlin	10707	Olivaer Platz 8, 9, 10
VU_9131	Berlin	13353	Sprengelstr. 39
VU_9167	Berlin	10589	Kaiserin-Augusta-Allee 40
VU_9182	Berlin	13357	Hochstr. 33
VU_1606	Berlin	12559	Salvador-Allende-Str. 76 a-u
VU_9281	Berlin	10997	Wrangelstr. 64
VU_9301	Berlin	12347	Buschrosensteig 5-7
VU_1603	Berlin	13595	Adamstr. 11 /Földerichstr. 40,42
VU_2203	Berlin	12109	Mariendorfer Damm 88-90
VU_9411	Berlin	13359	Koloniestr. 27

VU_9431	Berlin	13357	Pankstr. 80
VU_9531	Berlin	13583	Seegefelder Str. 59 / Staakener Str. 7
VU_9461	Berlin	13409	Ritterlandweg 40
VU_9372	Berlin	12309	Groß-Ziethener Str. 84-104, Nahariyastr. 40, Skarbinastr. 78-88 (Ringo II)
VU_9194	Berlin	10315	Alt-Friedrichsfelde 86
VU_7102	Berlin	12555	Kiekebuschstr. 9
VU_9222	Berlin	12487	Louis-Bleriot-Str. 5; Sportfliegerstr. 9
VU_9571	Berlin	13347	Liebenwalder Str. 41

Currently there is no indication that the above-mentioned sites pose a threat to public health or unacceptable conditions due to substances hazardous to the environment. We must point out that findings of contaminations might lead to an effect on value in the event of future structural alterations; these have not been taken into account in the present valuation. We assume there is no effect on value and that the information provided by the local authority is correct and up-to-date. Furthermore, we assume that the current use of the properties will continue to be viable in the medium to long term and therefore that no construction works will be necessary. For the purposes of this valuation, we therefore assume that the suspected contamination would not have a significant effect on value.

Furthermore, there are six valuation units which are not listed but also named in the information of the local authority, due to the former commercial use.

Valuation Unit	City	Postal Code	Address
VU_6401	Berlin	12051	Emser Str. 40
VU_9192	Berlin	12459	Tabbertstr. 34
VU_9195	Berlin	13347	Lindower Str. 23
VU_9381	Berlin	10551	Emdener Str. 29
VU_9441	Berlin	10553	Wittstocker Str. 19
VU_9493	Berlin	10555	Jagowstr. 18

For 60 of the 423 valuation units we have not been provided with an extract of the register of potentially contaminated sites. For these and all other valuation units, for the purposes of our valuation we have assumed that the subject properties are free from contamination and that the present and previous uses do not indicate a substantial potential for contamination.

1.16 Legal Requirements / Consents and Authorisation for the Use of the Property

An investigation of the compliance of the properties with legal requirements (including (permanent) planning consent, building permit, acceptance, restrictions, building, fire, health and safety regulations etc.) or with any existing private-law provisions or agreements relating to the existence and use of the site and building has not been carried out.

In preparing our valuation, we have assumed that all necessary consents and authorisations for the use of the properties and the processes carried out at the properties are in existence, will continue to subsist and are not subject to any onerous conditions.

1.17 Taxes, Contributions, Charges

We have assumed that all public taxes, contributions, charges etc. which could have an effect on value will have been levied and paid as at the date of valuation.

1.18 Insurance Policy

We have assumed that the subject properties are covered by a valid insurance policy that is adequate both in terms of the sum assured and the types of potential loss covered.

1.19 Town Planning and Road Proposals

We have not undertaken planning enquiries but have relied upon the information provided where appropriate. For the purposes of our valuation we assumed that there are no adverse town planning, highways or other schemes or proposals that will have a detrimental effect on our valuations.

1.20 Statements by Public Officials

In accordance with established legal practice, we have not regarded statements by public officials, particularly regarding factual information, as binding. We do not assume any liability for the application of any such statements or information in the subject appraisal report.

1.21 Assumptions regarding the Future

For the purpose of determining the Fair Value of the subject properties, we have assumed that the existing business will continue (as regards both manner and extent of usage of the subject properties) for the remainder of the useful life determined for the buildings, or that comparable businesses would be available to take over the use of the subject properties.

1.22 Tenants

No investigations have been carried out concerning either the status of payments of any contractually agreed rent or ground rent at the date of valuation, or of the creditworthiness of any tenant(s). Since no information to the contrary has been brought to our attention, we have assumed that there are no outstanding rental payments and that there are no reservations concerning the creditworthiness of any of the tenants.

1.23 Pending Litigation, Legal Restrictions (Easements on Real Estate, Rent Regulation etc.)

Since no information to the contrary has been brought to our attention, we have assumed that the properties are free from any pending litigation, that the ownership is unencumbered and that there are no other legal restrictions such as easements on real estate, rent regulations, restrictive covenants in leases or other outgoings which might adversely affect value. Further information on existing easements can be found under the heading 3.4.16.

Important: Should any of the information or assumptions on which the valuation is based be subsequently found incorrect or incomplete, our calculations may need to be amended and the valuation figure may also be incorrect and should be re-evaluated. We therefore cannot accept any liability for the correctness of this assessment or for any loss or damage resulting there from.

1.24 Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our valuation statement and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the properties reflecting current market conditions, there are certain risks, which may be or may become uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

1.25 Conflict of Interest

We hereby confirm that we have no existing potential conflict of interest in providing the valuation report, either with the Company or with the properties.

Furthermore, we confirm that we will not benefit (other than from receipt of the valuation fee) from this valuation instruction.

1.26 Assignment of Rights

The Addressee of the Valuation Report is not entitled to assign its rights - either in whole or in part - to third parties.

1.27 Place of Performance and Jurisdiction

German law applies. The place of performance and jurisdiction is Frankfurt am Main. For the avoidance of doubt, the German-speaking version has priority over the English-speaking version of this report.

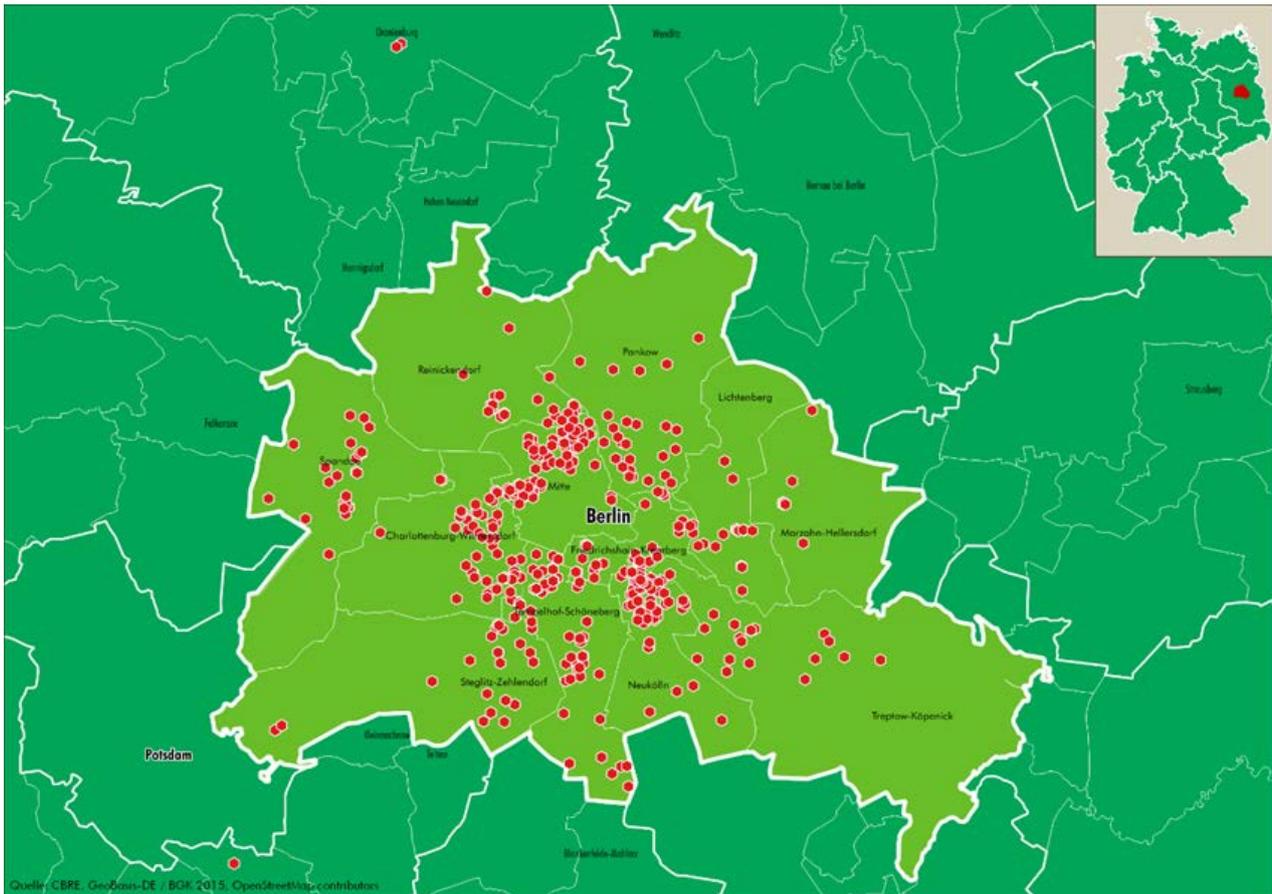
2 Asset Holdings

The geographical distribution of the valuation units as well as the proportional distribution of the lettable area, rental income and reported values by location, are shown in the following parts. The locations are divided into the districts of Berlin and into the locations Oranienburg and Nuthetal.

2.1 Geographic Allocation

With the exception of two valuation units in Oranienburg and one valuation unit in Nuthetal all valuation units are located in the city of Berlin.

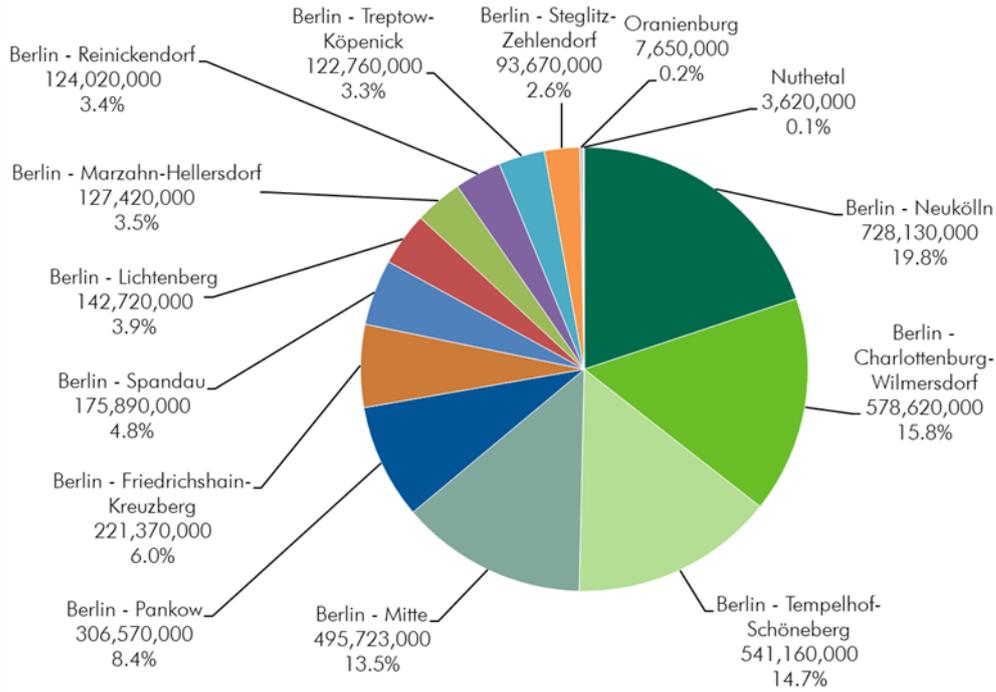
The following map shows the allocation of the 423 valuation units within the districts of Berlin as well as in Oranienburg and Nuthetal.



Source: GeoBasis-DE / BGK 2020, OpenStreetMap contributors

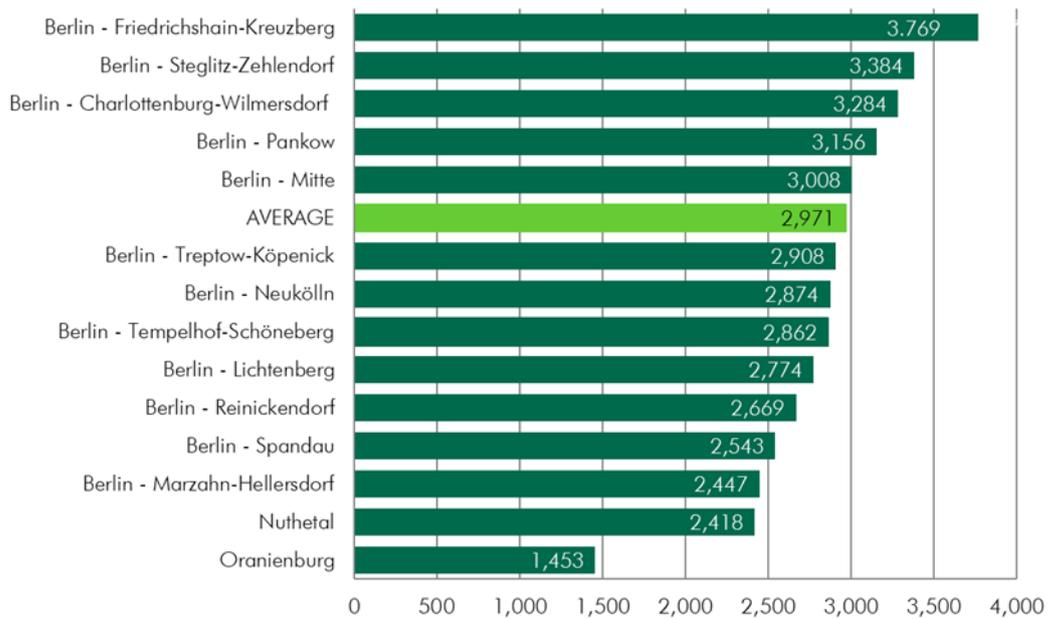
2.2 Fair Value (EUR) by Location

The total Fair Value of the valuation subject amounts to 3,669,323,000 EUR. The district Neukölln has the largest proportion (19.8%) with a Fair Value of 728,130,000 EUR. It is followed by the districts Charlottenburg-Wilmersdorf with 578,620,000 EUR (15.8%), Tempelhof-Schöneberg with 541,160,000 EUR (14.7%), Mitte with 495,723,000 EUR (13.5%) and Pankow with 306,570,000 EUR (8.4%). These five locations represent more than two-thirds of the total portfolio Fair Value. The smallest proportion has Nuthetal with 0.1% (3,620,000 EUR).



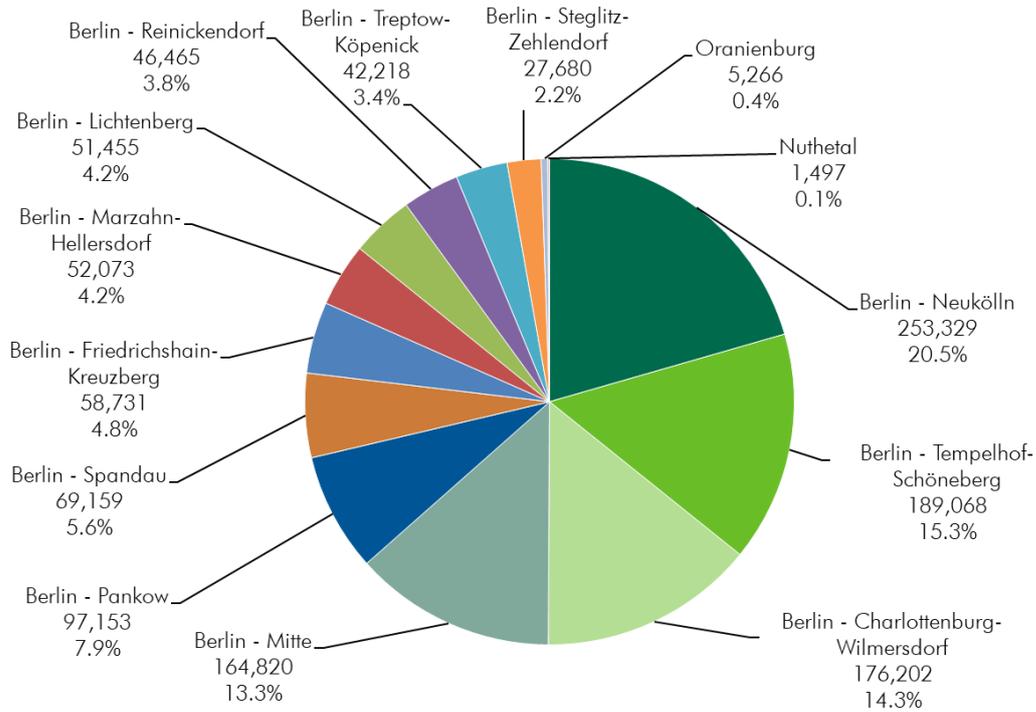
2.3 Fair Value per Lettable Area (EUR per sq m) by Location

The chart below shows the Fair Value per sq m lettable area by location. The average Fair Value per sq m of the portfolio amounts to 2,971 EUR. The highest average Fair Value per sq m (3,769 EUR) was determined in the district Friedrichshain-Kreuzberg. Oranienburg is the location with the lowest average Fair Value per sq m (1,453 EUR).



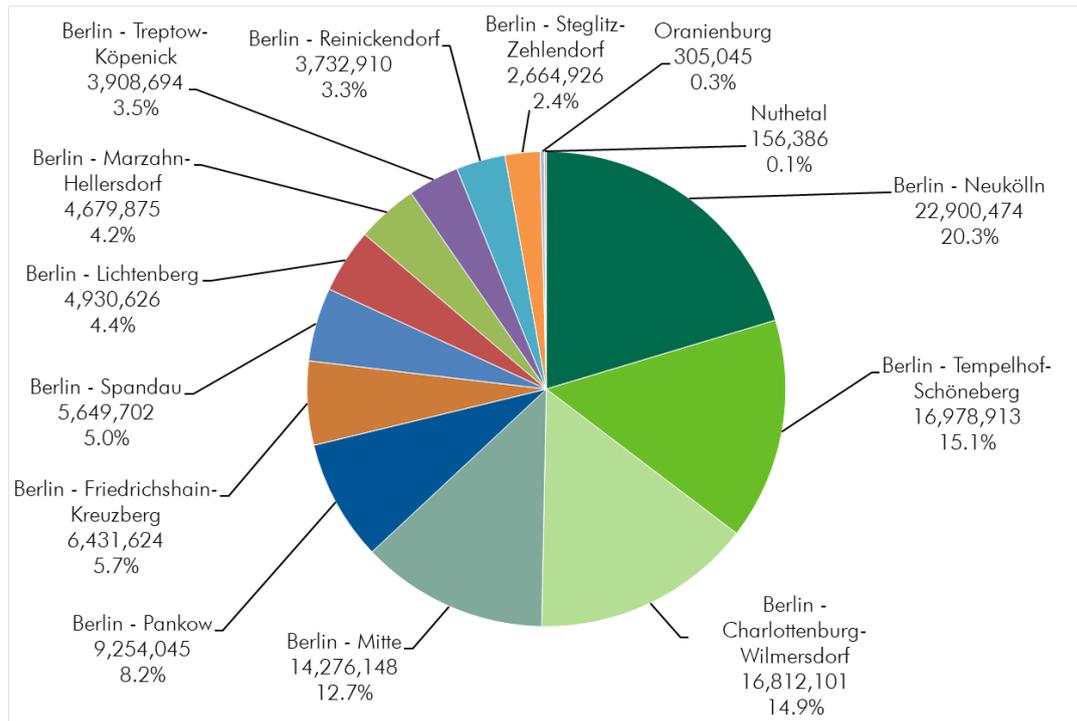
2.4 Total Lettable Area (sq m) by Location

The valuation subject has a total lettable area of 1,235,117 sq m. With 253,329 sq m the valuation units located in the district Neukölln have the largest proportion, representing 20.5% of the total portfolio area. Approximately 15.3% of the total area is located in the district Tempelhof-Schöneberg (189,068 sq m), 14.3% in the district Charlottenburg-Wilmersdorf (176,202 sq m), 13.3% in the district Mitte (164,820 sq m) and 7.9% in the district Pankow (97,153 sq m). These five biggest locations by area represent more than two-thirds of the total portfolio. The smallest proportion of the total portfolio area has Nuthetal with 0.1% (1,497 sq m).



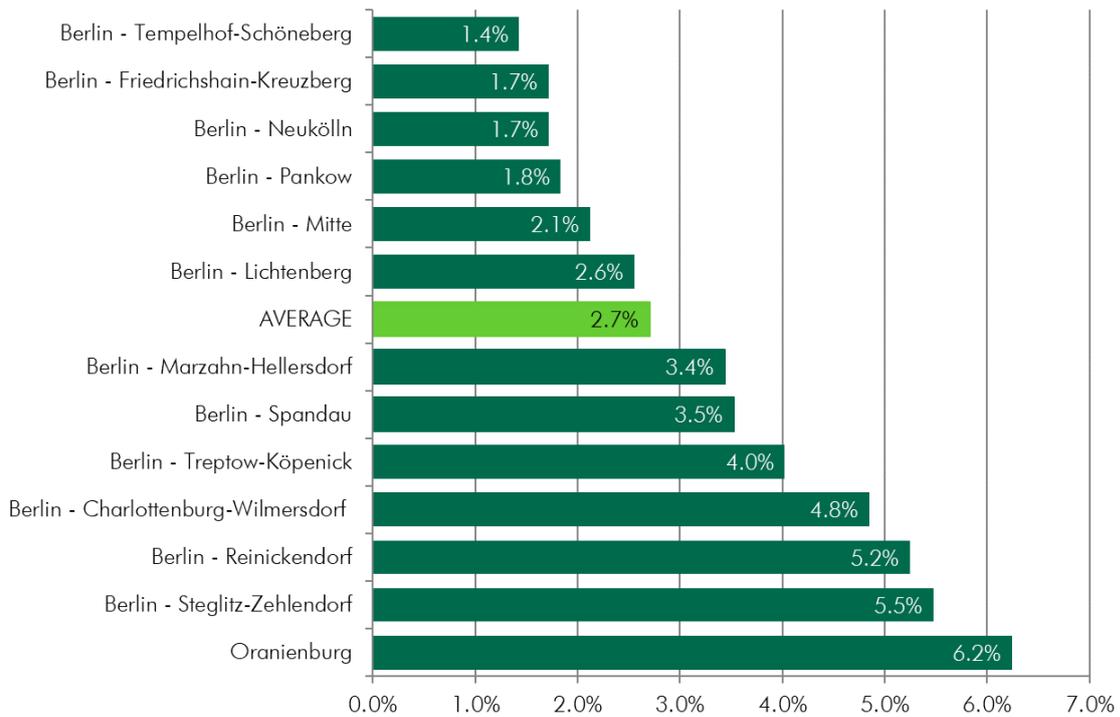
2.5 Current Gross Rental Income (EUR p.a.) by Location

The current annual gross rental income of the portfolio (current annual rent per month according to tenant list x 12) amounts to 112,681,468 EUR. The properties located in the district Neukölln have the highest proportion of the current gross rental income of all locations (22,900,474 EUR). The district Tempelhof-Schöneberg represents the location with the second largest proportion of the gross rental income (16,978,913 EUR), followed by the district Charlottenburg-Wilmersdorf (16,812,101 EUR), the district Mitte (14,276,148 EUR) and the district Pankow (9,254,045 EUR). These five biggest locations represent more than two-thirds of the total portfolio's GRI.



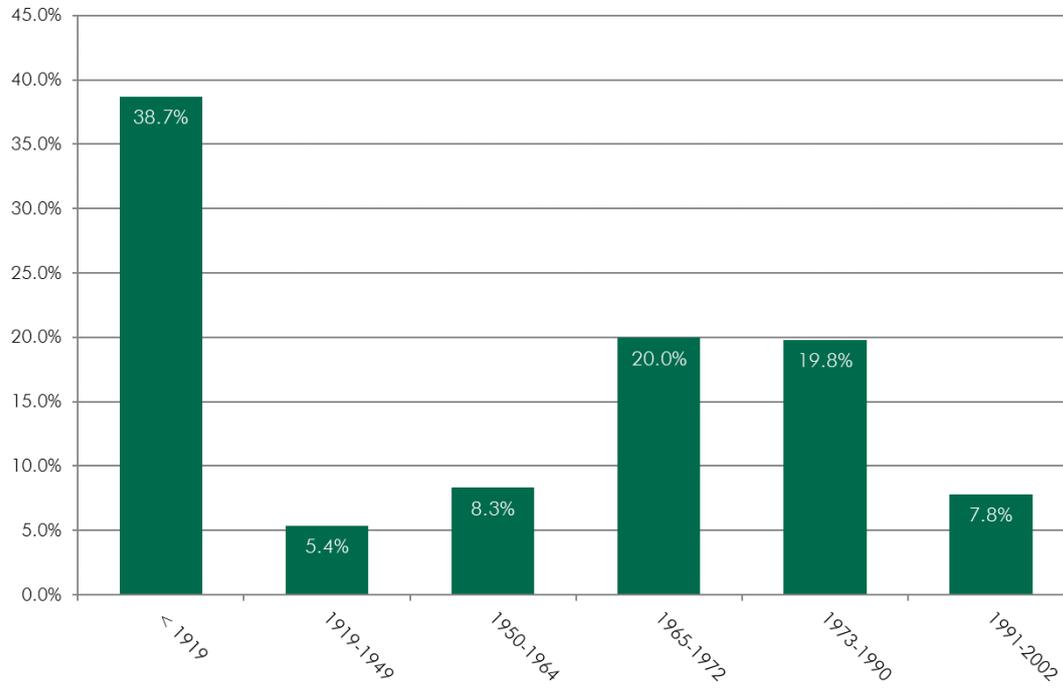
2.6 Vacancy Rate by Location

The average vacancy rate of the portfolio is 2.7%. The valuation units located in the district Tempelhof-Schöneberg have the lowest average vacancy rate of all locations with 1.4%. The valuation units located in Oranienburg (Brandenburg; in total 5,266 sq m) have the highest average vacancy rate (6.2%). The valuation units located in the district Neukölln, the location with the biggest proportion of Fair Value, have an average vacancy rate of 1.7%.



2.7 Lettable Area by Period of Construction

The construction years of the valuation units within the portfolio are broadly diversified. Buildings with the date of construction before 1919 (38.7% of the lettable area) have the largest proportion of the portfolio. Buildings with construction dates between 1965-1972 (20.0% of the total lettable area) have the second largest and buildings with construction dates between 1973-1990 (19.8% of the total lettable area) have the third largest proportion of the portfolio.



2.8 Portfolio Breakdown

The following table shows the breakdown of the valuation results by location (districts of Berlin, Oranienburg and Nuthetal).

Borough	Residential Units	Commercial Units	Total Area m ²	Vacancy Rate %	GRI on Current EUR	GRI on Market EUR	Market Value Total EUR	Market Value per sq m EUR/sq m
Berlin - Neukölln	3,549	192	253,329	1.7%	22,900,474	27,418,128	728,130,000	2,874
Berlin - Charlottenburg-Wilmersdorf	2,184	162	176,202	2.6%	16,812,101	21,050,577	578,620,000	3,284
Berlin - Tempelhof-Schöneberg	2,308	181	189,068	2.1%	16,978,913	20,861,865	541,160,000	2,862
Berlin - Mitte	2,322	187	164,820	1.7%	14,276,148	18,442,433	495,723,000	3,008
Berlin - Pankow	1,071	199	97,153	1.8%	9,254,045	10,816,429	306,570,000	3,156
Berlin - Friedrichshain-Kreuzberg	823	75	58,731	5.2%	6,431,624	7,746,719	221,370,000	3,769
Berlin - Spandau	920	42	69,159	3.5%	5,649,702	6,966,805	175,890,000	2,543
Berlin - Lichtenberg	886	201	51,455	5.5%	4,930,626	5,484,371	142,720,000	2,774
Berlin - Marzahn-Hellersdorf	553	130	52,073	1.4%	4,679,875	5,095,998	127,420,000	2,447
Berlin - Reinickendorf	610	37	46,465	4.0%	3,732,910	4,969,313	124,020,000	2,669
Berlin - Treptow-Köpenick	514	58	42,218	0.0%	3,908,694	4,749,115	122,760,000	2,908
Berlin - Steglitz-Zehlendorf	375	15	27,680	6.2%	2,664,926	3,309,521	93,670,000	3,384
Oranienburg	90	0	5,266	3.4%	305,045	426,546	7,650,000	1,453
Nuthetal	15	7	1,497	4.8%	156,386	164,721	3,620,000	2,418
AVERAGE	16,220	1,486	1,235,117	2.7%	112,681,468	137,502,541	3,669,323,000	2,971

3 EXPLANATION OF VALUATION

3.1 Inspections

In accordance with the instructions, the valuation of the properties was carried out on an individual level.

As part of the previous valuations (see preamble), since 2015 all properties were fully inspected (internal and external inspection) at least once. As part of the half-year and year-end valuations, CBRE conducted again external inspections of the entire portfolio.

3.2 Method of Valuation

3.2.1 Discounted Cash Flow (DCF)

The determination of the Fair Value of the individual assets has been carried out using the internationally recognised Discounted Cash Flow (DCF) method. This method, which is based on dynamic investment calculations, allows valuation parameters to be reflected explicitly and, therefore, combines a transparent arithmetical determination of Market Value with comparison elements (in relation to market rents, costs, Fair Value etc.). In the DCF method, the future income and expenditure flows associated with the subject asset are explicitly forecasted over a 10-year period of detailed consideration, assuming a letting scenario which is not taking into account any potential privatisations of individual apartments. The cash flows calculated for the period of detailed consideration are discounted, monthly in advance, to the date of valuation, allowing the effect on the current Market Value of the receipts and payments at varying dates during the 10-year period to be properly reflected.

The discount rate chosen reflects not only the market situation, location, condition and letting situation of the asset and the yield expectations of a potential investor but also the level of security of the forecast future cash flows. As the discounting process means that the effect of future cash flows reduces in importance while at the same time the uncertainty of forecasting tends to increase over time, it is usual in real estate investment considerations for the sustainable net rental income after a ten-year time horizon (the period of detailed consideration) to be capitalised, using a growth-implicit yield, and then discounted to the date of valuation.

The assumptions adopted in the valuation model reflect the average estimates based on comparable data (if available) that would be made at the respective date of valuation by investors active in the market. The result of the DCF method is, therefore, the price that a relevant investor in the market would be prepared to pay for the asset at the respective date of valuation, in order to achieve a return from the proposed investment that is in line with present asset market expectations.

3.2.2 Rental Values

Rental values indicated in this report are those which have been adopted by us as appropriate in assessing the capital value or the letting potential of the properties, subject to market conditions that are either current or expected in the short term. They are mainly based on recent lease agreements within the properties, our experience of the markets and our knowledge of actual comparable market activity.

3.2.3 Berlin Rental Freeze Proposition

In its plenary session January, 30th, 2020, the Berlin Parliament (“Abgeordnetenhaus”) has officially enacted the Rental Freeze Proposition for Berlin (“Berliner Mietendeckel”). The rent level of existing and new leases of residential apartments completed before 2014 and with exception of publicly subsidized apartments will remain stable for five years at the level as at June, 18th, 2019. Furthermore, starting from October, 1st, 2020 the key regulation will be as follows:

- Existing rents (plus, if applicable, individual adjustments) will have to be decreased to the rent level in accordance with the local rental table 2013 plus 20%
- Rents of re-lettings (plus, if applicable, individual adjustments) will have to be decreased to the rent level in accordance with the local rental table 2013 plus 13.5% (compensation for inflation)

From a valuation perspective, as at 31st December 2019 however, the endurance of it and some details are still unclear. There is a debate among the advocates whether the free market rental law is exclusively ruled by federal building legislation (“Baugesetzbuch”, “Mietpreisbremse”) or if individual laws or decrees can be passed by a federal state parliament. A check of compatibility of this rental freeze act with constitutional law in front of the Berlin Constitutional Court (“Verfassungsgerichtshof Berlin”) or the Federal Constitutional Court (“Bundesverfassungsgericht”) will be pursued by members of parliament from the political parties CDU/CSU und FDP in the next couple of months.

So far, as at 31st December 2019, we do not incorporate any changes in the cashflow of our DCF model as there is no acknowledged and approved legal framework for it. Our assessment of the market rent, independent from the valuation methodology, is carried out based on the existing federal legislation of the capping of rents of new leases (“Mietpreisbremse”).

In terms of market sentiment from the direct investors’ side, we so far haven’t seen any decreases in pricing. Investors are just more cautious and transaction processes are on hold. At the end of January 2020, we carried out a survey based on real transaction prices from the local land valuation board and asking prices, both for multifamily houses, as well as portfolio transactions of multifamily houses in Berlin. By comparing the second half with the first half of 2019 the result of our analysis is that all sources of information indicate stable to slightly increasing prices despite the announcement of the rental freeze proposition. Therefore, our discount and exit cap rates as for today remain stable.

As we are not legal experts, we cannot forecast how this rent freeze proposition will finally end up. From our perspective it is for sure that there will be a long-term legal dispute, as even the legal experts have different opinions on this subject in detail.

3.3 General Valuation Assumptions

3.3.1 The Property

Landlord’s fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations. Tenant-specific process plant and machinery, tenants’ fixtures and specialist trade fittings have been excluded from our valuations.

3.3.2 Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the properties. We are unable, therefore, to give any assurance that the properties are free from defect.

- a. In the absence of any information to the contrary, we have assumed that:
- b. there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the properties;
- c. the properties are free from rot, infestation, structural or latent defect;
- d. no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the properties; and
- e. the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

3.3.3 Floor Areas

If not otherwise stated, we have not measured the properties but have relied upon the schedules of area that were provided to us within the tenancy lists and the technical due diligence assessment. In undertaking our work, we have assumed that these floor areas are correct.

3.3.4 Title, Tenure, Planning and Lettings

Unless stated otherwise within this Report and in the absence of any information to the contrary, we have assumed that:

- a. the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- b. all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- c. the Property is not adversely affected by town planning or road proposals;
- d. all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- e. there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- f. tenants will meet their obligations under their leases;
- g. there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- h. where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- i. vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

3.3.5 Infrastructure and Services

It is assumed that all the sites are serviced within the meaning of paragraph 123 of the German statutory building code (Baugesetzbuch § 123) i.e. that they are connected to the road system, service mains (water, electricity, gas and district heat) and sewers (for both waste and surface water) and that refuse collection was provided.

3.3.6 Taxes, Insurance

In undertaking our valuation, we have assumed that:

- a. all public taxes, contributions, charges etc. which could have an effect on value will have been levied and paid as at the date of valuation.
- b. the subject properties are covered by a valid insurance policy that is adequate both in terms of the sum assured and the types of potential loss covered.

3.3.7 Purchaser's Costs

Notary and legal fees: The allowance for each individual property of 0.30% to 1.10% is in line with average costs for notarizing a purchase contract (compulsory under German law), land registry costs and miscellaneous legal charges and depends on the volume of the individual property.

Agent's fees: In the German market it is common for the purchaser to be responsible for paying all or at least part of the agent's fees. We have therefore adopted a level for each individual property of 1.00% to 3.00%.

Land transfer tax: Under German tax law, a transfer tax based on the purchase price has to be paid on property purchase. This is generally paid by the purchaser. The tax rate is different in each of the German federal states. At the date of valuation, the tax rate is 6,00% for the federal state Berlin and 6,50% for the federal state Brandenburg.

3.4 Valuation Parameters

The assessment of Fair Value is based on future cash flows, which reflect normal market expectations taking into account past figures from the subject assets or comparable investments. The valuation parameters have been assessed by CBRE, using its best judgement, based on the information provided by the Company.

Under German law, neither management nor maintenance costs are transferable to residential tenants. We have applied our considerable property management experience for the purposes of this valuation. The amounts reflected depend on the number of properties or, in the case of maintenance, the age and condition of the buildings.

3.4.1 Non-Recoverable Management Costs

Residential leases generally involve non-recoverable management costs. For the purposes of this valuation and on the basis of experience of CBRE and an analysis of costs of public and private housing associations, non-recoverable management costs have been allowed for at between 200 EUR and 350 EUR per residential unit p.a. (depending on the number of residential units in the individual building and the assumed expense).

The weighted average non-recoverable management costs amount to 236 EUR per residential unit p.a.

For the commercial units we have allowed non-recoverable management costs of 3% of the gross rental income on potential rent.

For parking we have allowed non-recoverable management costs of 37 EUR per year per unit.

3.4.2 Non-recoverable Costs for regular Maintenance

The annual costs per square metre of the lettable area adopted for the purposes of this valuation are average figures for the types of use concerned, arrived at on the basis of experience by CBRE and the analysis of costs of similar buildings by third-party firms. They take into account the necessary cost inputs for long-term operation of the assets. The maintenance and repair costs allowed for in the valuation are between 8.00 EUR per sq m p.a. to 12.75 EUR per sq m p.a, with a weighted average of 10.17. These figures reflect the age and the state of repair of the subject properties. The existence of a lift system is taken into account with an additional 1.25 EUR per sq m p.a. For listed monuments we assumed an increase of ongoing maintenance costs of 10%. For internal parking (garages/underground parking) we have assumed 70 EUR per year per unit and for external parking spaces 30 EUR per year per unit.

3.4.3 Non-recoverable Costs for Tenant Improvements

Under German law, it is frequently the tenant's responsibility to carry out decorative and minor repairs.

Upon a change in tenants, however, additional expenses for basic repairs and renovation of the interior of the individual rental units must be incurred, e.g. in the bathrooms and kitchens of residential space, to facilitate renewed letting.

For each of the valuation units we have adopted an amount, based on current market experience, for initial refurbishments or in case of tenant fluctuation as follows:

- 45 EUR per sq m on to 150 EUR per sq m for residential space (Ø approx. 88 EUR per sq m)
- 30 EUR per sq m for retail space
- 60 EUR per sq m on to 115 EUR per sq m for office space
- 20 EUR per sq m on to 85 EUR per sq m for other commercial space

Average maintenance costs and costs for tenant improvement for residential area sum up to approximately 17.24 EUR per sq m p.a.

3.4.4 Non-recoverable Service Charges on vacant Space

This heading refers to a book reserve for costs such as charges that would normally be borne by the tenant such as heating costs, property tax but due to the vacancy cannot be recovered. Based on the analysis of the German Tenant Association (“Deutscher Mieterbund”) a level of 24.00 EUR per sq m per year has been adopted for vacant residential accommodation. For commercial units, a level of 12.00 EUR per sq m per year has been chosen.

3.4.5 Void Period for currently vacant Space/ Future Void Periods on Re-Letting

Currently, the portfolio has a weighted average vacancy rate of 2.7% (weighted by area). On re-letting of rental units currently occupied as well as for future vacant accommodation, a void period of one to six months for residential units (average of approximately 1.8 months) has been assumed. Our assumptions are based on experience of the local property market and depend on the quality of situation, the respective condition of the individual property and the current rental situation.

Depending on the quality of situation and the respective property, the current rental situation and the local vacancy rate we have assumed an initial downtime until structural vacancy of six to twelve months for commercial space. For future vacant accommodation, a void period of three months for commercial units has been assumed.

3.4.6 Deferred Maintenance Costs (structural Costs)

In addition to the non-recoverable ancillary costs, which are deducted monthly from the gross rental income during the period of detailed consideration, capital expenditure on repair and maintenance work already planned at the date of valuation has also been reflected. CBRE has not undertaken technical surveys.

Based on our inspections and the information which we were provided with, it is our opinion that the overall condition of the buildings and its technical equipment has been regularly maintained.

The calculations of outstanding, structural maintenance costs in year one are mainly based on the information provided by the Company. In total, we have adopted an amount for deferred maintenance costs of 2,934,671 EUR in this valuation.

3.4.7 Structural Vacancy

Currently, the average vacancy rate (weighted by area) for residential area of the portfolio is 2.7% (Ø vacancy rate residential area 2.6%). We are assuming that the weighted average vacancy rate for residential area of the portfolio has the potential to decrease to a structural vacancy rate of approx. 0.52% with a range of 0.25% to 3.00% at asset level.

Commercially-occupied units were not subject to this modelling process. The cash flow from the commercially-occupied units is oriented on the lease data. If these were not available, CBRE resumed a remaining lease term by 31 December 2022.

3.4.8 Fluctuation Rate

We have done an analysis of about 1,000,000 records based on our database. As a result, we found out that there are different fluctuation rates in Germany. Therefore, we have developed a table with different fluctuation rates (range between 8.0% - 12.0%) for all German cities and districts. For the valuation, we have assumed a fluctuation rate of 8.0% for Berlin and Nuthetal and a fluctuation rate of 9.75% for Oranienburg.

The only exception is valuation unit VU_8031 (Löwenberger Str. 2, 4). Due to the fact that there are almost entirely small apartments with a higher fluctuation rate we have assumed a fluctuation rate of 15.0%.

3.4.9 Credit Loss

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants. In the absence of information to the contrary, we have assumed that there are no significant rent arrears.

3.4.10 Inflation and Rental Growth

Taking explicitly into account inflation, we have assumed annual rates of 1.60% in the first year and 2.00% in the following years. The sources are Consensus Forecast and EZB.

Growth of the residential market rent has been explicitly reflected on a regional basis for all of Germany in eight segments with rates ranging between 0.3% and 3.0% in year 1 to 5 and with rates ranging between 0.25% and 2.0% in year 6 to 10 reflecting the

- household trend in the last 12 years (source: official statistics)
- household forecast 2025 (source: official statistics)
- purchasing power index, latest available figures (source: gfk Nürnberg)
- GDP per capita, latest available figures (source: official statistics)
- Prognos Sustainability Rating
- Vacancy Index, latest available figures (source: CBRE-empirica)
- Residential rental forecast, latest available figures (source: BulwienGesa AG)
- CBRE Rental Database with more 6 million entries

The base case has been individually adjusted considering the respective situation and property condition.

3.4.11 Selection of Discount Rate and Capitalization Rate

The Capitalisation Rate is derived from the average Net Initial Yield ("NIY") achieved in comparable transactions involving residential properties that were observed by CBRE and reflects the market situation as well as the yield expectations of a potential investor. It includes rental growth assumptions implicitly. The Discount Rate, which explicitly reflects rental growth in the cash flows, is derived from the Capitalisation Rate plus the average rental growth.

The Discount Rate and Capitalisation Rate are adjusted individually for each local market to be valued, in accordance with the following criteria:

- Quality of the location
- Demand and levels of value in the relevant local real estate market
- The prospects for the local market
- Development of rents and prices (yield compression)

The assessment of the Discount Rate and Capitalisation Rate for the individual property involves several components. Starting from a basic rate for each location, additions and deductions are made according to various criteria specific to the buildings concerned:

Adjustment for commercial proportion		
Commercial proportion up to	5%	0.00%
Commercial proportion up to	20%	0.25%
Commercial proportion up to	50%	0.50%
Commercial proportion up to	50%	1.00%
Adjustment for quality of situation		
Very good residential area	1	-0.50%
Good residential area	2	-0.25%
Medium residential area	3	0.00%
Modest residential area	4	0.25%
Adjustment for size of building		
No. of storeys: up to	4	0.00%
No. of storeys: up to	6	0.10%
No. of storeys: more than	7	0.20%
Adjustment for type of building		
Detached house	1	-1.00%
Duplex/semi-detached/terraced house	2	-0.75%
Apartment building	3	0.00%
Other adjustments		
Addition for stove heating		0.40%
Addition for ground lease		0.25%
Deduction for new buildings		-0.50%

Additionally, the Discount Rate and Capitalisation Rate can be adjusted individually in accordance with the following criteria:

- The current letting situation in the property as regards vacancy, over-rented or under-rented status, the quality of the tenancy structure, the remaining lease term(s) and (for commercial leases) the indexation provisions and extension options
- The nature of the property, its age, size and condition
- Additional risk adjustments to take into account uncertainties in the forecasting of future cash flows

For example, the limited risk of a lower subsidised rent compared to rents on market level can be reflected in a reduced Discount Rate and/or Capitalisation Rate. On the other hand, a current rent above market level implies the risk that the current rent cannot be achieved in the future; to reflect this a risk premium is appropriate and required.

The Capitalisation Rate is used to capitalise the net rental income after the cashflow period (“Exit Value”). This net rental income comprises the assumed rental income at that time less the non-recoverable operating costs.

The cash flows and the Exit Value are discounted using the selected Discount Rate, monthly in advance.

The resulting net present values were checked against our analysis of comparable transactions (if available) from the sale price data collected by the relevant local valuation committee (Gutachterausschuss) and an analysis of the internal lease and sale database of the CBRE Valuation Department. If necessary, in the absence of transaction data, asking prices for comparable assets on offer at empirica systeme were also considered. If, in particular instances, results of our DCF calculations were found not to reflect the Fair Value of an individual building, the calculation was adjusted by means of a change in the discount rate and Capitalisation Rate using expert and experienced judgement.

For the subject properties we have adopted a Discount Rate of 3.45% to 5,95% (Ø 4.61%) and an Exit Cap Rate of 1.45% to 4.15% (Ø 2.68%).

3.4.12 Market Rent (ERV)

The market rents adopted for properties which are not applicable for the capping of rents of new leases (“Mietpreisbremse”) are in accordance with the results of the recent lease agreements (12 months), our internal CBRE rental data base and other internal sources, the internet data base empirica systeme GmbH (asking rents) and the local rental tables (Mietspiegel) for residential rents, if available.

Since 1 June 2015 the capping of rents of new leases is in force, which enables the federal states to establish individual decrees. The new law limiting rent increases (MietNovG) upon re-letting of existing residential units in regions with low supply only allows an increase of rent up to local rental table level plus 10%. This law applies for five years. There are, however, exceptions: residential units completed after 1 October 2014 are not affected as well as rent increases reflecting modernisation works, pursuant to § 559 section 1 to 3 BGB (German civil code). In such cases, 11% of the total CapEx may still be recouped from the tenant each year. This new law also does not apply for the small market segment of furnished apartments.

The city states Berlin, Bremen and Hamburg were joined by more than 300 local authorities in the federal states of Baden-Württemberg, Bavaria, Brandenburg, Hesse, Lower Saxony, Mecklenburg-Western Pomerania, North Rhine-Westphalia, Rhineland-Palatinate, Schleswig-Holstein and Thuringia in introducing the Mietpreisbremse (capping of rents on re-letting). However, according to CBRE research, neither Bremen nor approx. 200 of these local authorities have either a simple or qualified rent index (as of 31 December 2019).

In our valuation, for the determination of the market rent of properties located in cities where the brake on rents has already been implemented we have adopted the following approach:

1. The upper end of market rents (rents upon re-letting) is determined on rental unit level. An auxiliary calculation provides an overview of market rents on property level based on the weighted floor areas of the individual residential units.
2. In cases where the Company’s rents upon re-letting are not aligned with the Local Rental Table (Mietspiegel), we have calculated the maximum rents upon re-letting, which can be adopted, as follows:
(Local Rental Table Average plus Local Rental Table Maximum) / 2 + 10%
3. Additional Check: if the last rent of an apartment is higher than the calculated rent upon re-letting, then the last rent is taken into consideration
4. Should the determined upper end of the market rent exceed the rent achieved by documented recent leases, we then do not adopt the higher rent by default but the actually achievable rent.
5. For locations where the capping of rents of new leases applies without any existing local rental table we determine the market rent as before the introduction of the capping.

3.4.13 Hereditary Building Rights

With reference to the land register extracts provided by the Company, the two valuation units VU_8611 and VU_4802b are subject to heritable building rights. The affected valuation units, the ground rents and the individual expiration dates are shown in the table below.

Valuation unit	Address	Postal Code	City	Ground Rent	Expiration Date
				EUR p.a.	
VU_4802b	Soldiner Str. 104	13359	Berlin	3,170	2051-06-30
VU_8611	Kantstr. 38; Leibnizstr. 35a	10625	Berlin	0	2067-12-31

In addition, there is an owner's heritable building right in the valuation unit VU_7011b. The property is split up according to WEG (Wohnungseigentumsgesetz). Only the commercial units (ground floor) are not part of the owner's heritable building right.

Furthermore, there is a further owner's heritable building right in the valuation unit VU_1606.

3.4.14 Public Subsidies

A number of the residential units were subject to rent control as at the valuation date. Instead of the rent increase method of the BGB (*Bürgerliches Gesetzbuch*) the subsidized residential units are subject to an economic rent (*Kostenmiete*). For these valuation units, we have calculated with a rental growth of 0.5%, based on our experience.

According to the information provided by the Company 14 of the 423 valuation units are completely or partly under public rent control.

The subsidised valuation units including their expiration date are shown in the following table:

Valuation Unit	City	Postal Code	Address	Expiration Date
VU_4802a	Berlin	13359	Freienwalder Str. 28, 29	2022-12-31
VU_4803	Berlin	10551	Oldenburger Str. 35	2022-12-31
VU_4804	Berlin	10781	Goltzstr. 50	2022-12-31
VU_4805	Berlin	10967	Hasenheide 88	2022-12-31
VU_4806	Berlin	13409	Sommerstr. 10; Nordbahnstr. 15	2022-12-31
VU_9011	Berlin	13583	An der Kappe 128, 128A	2024-12-31
VU_9013	Berlin	10437	Dunckerstr. 70, 70a	2019-12-31
VU_9166	Berlin	10553	Huttenstr. 39	2022-09-02
VU_9164	Berlin	10587	Lohmeyerstr. 25; Otto-Suhr-Allee 141; Kaiser-Friedrich-Str. 105	2021-12-31
VU_1606	Berlin	12559	Salvador-Allende-Str. 76 a-u	2029-12-31
VU_9301	Berlin	12347	Buschrosensteig 5-7	2032-12-31
VU_9321	Berlin	12439	Schnellerstr. 23	2020-11-30
VU_2203	Berlin	12109	Mariendorfer Damm 88-90	2045-12-31
VU_7103	Berlin	12105	Kurfürstenstr. 84, 86, 87, 90, 92	2028-03-31

3.4.15 Listed Buildings

Based on our internet research on the website of the Berlin Senate Department for Urban Development and the Environment (<http://www.stadtentwicklung.berlin.de/denkmal/>) 19 of the 423 valuation units are completely or partly listed as ancient monuments.

Valuation Unit	City	Postal Code	Address
VU_1041	Berlin	13629	Wernerwerkdamm 25; Hefnersteig 1-4; Ohmstr. 7-9
VU_1051	Berlin	12043	Karl-Marx-Str. 12, 12a
VU_1802	Berlin	10245	Seumestr. 11
VU_2101	Berlin	13357	Pankstr. 46
VU_5302	Berlin	10437	Milastr. 2
VU_7011b	Berlin	13597	Carl-Schurz-Str. 49, 49a
VU_7081	Berlin	13507	Buddestr. 5; Veitstr. 1-4b; Berliner Str. 85
VU_8801	Berlin	10967	Kottbusser Damm 72; Lenastr. 1
VU_9021	Berlin	10119	Alte Schönhauser Str. 13
VU_9083	Berlin	10119	Max-Beer-Str. 7
VU_9042	Berlin	12209	Parallelstr. 11
VU_9077	Berlin	10999	Wiener Str. 8
VU_8971	Berlin	12055	Karl-Marx-Str. 194
VU_9122	Berlin	10965	Friesenstr. 11
VU_9161	Berlin	10245	Mainzer Str. 15 / Boxhagener Str. 98
VU_9251	Berlin	12159	Schnackenburgstr. 4
VU_1611	Berlin	10829	Kolonnenstr. 10,11 / Leberstr. 1,3
VU_2203	Berlin	12109	Mariendorfer Damm 88-90
VU_9191	Berlin	12105	Prühßstr. 26 / Richterstr. 33

3.4.16 Land Register Section II

With reference to the land register extracts provided by the Company, for 207 of the 423 valuation units encumbrances or easements are entered in land register section II. The majority of the entries are common agreements in terms of infrastructure provision of the properties or adjacent properties. Based on the inspections as well as in consideration of the entry dates, we have assumed that there are no entries, information or circumstances that could have an impact on Fair Values (including any easements, restrictions, or similar restrictions and encumbrances). We reserve the right to amend our valuation should any such factors be found to exist.

One notable exception is the valuation unit VU_1061 (Steglitzer Damm 42-46; Kellerstr. 3, 12169 Berlin). There is a limited personal easement which specifies a right of residence (“Wohnrecht”). In our valuation, we have therefore determined the period of loss of rent with the aid of the mortality table and considered a deduction of 68,424 EUR for the valuation unit.

3.4.17 Public Land Charges

According to the information provided by the Company, 26 of the 423 valuation units have entries in the public land register. The entries are common agreements. We have assumed that they are in line with the actual condition and use of the properties.

We do not have any information that the actual condition and use of the properties do not comply with the admissibility under building law. Taking into account the existing development, there is no influence on values in these cases.

Valuation Unit	City	Postal Code	Address
VU_1093	Berlin	10553	Huttenstr. 6, 7; Rostocker Str. 47-50, 52
VU_1094	Berlin	10553	Huttenstr. 8, 9
VU_1096	Berlin	10963	Hedemannstr. 10
VU_1097	Berlin	10963	Wilhelmstr. 15
VU_7022	Berlin	13359	Stockholmer Str. 1-3
VU_7023	Berlin	13359	Gotenburger Str. 1, 3, 5; Prinzenallee 65, 66
VU_7081	Berlin	13507	Buddestr. 5; Veitstr. 1-4b; Berliner Str. 85
VU_7095	Berlin	10999	Wiener Str. 46
VU_7096	Berlin	12103	Burgemeisterstr. 30, 32, 34, 36; Friedrich-Wilhelm-Str. 52, 54, 54a, 54b
VU_8231	Berlin	12307	Schichauweg 56, 60, 62, 64
VU_8251	Berlin	13593	Gruberzeile 89
VU_8381	Berlin	12165	Schmidt-Ott-Str. 5a, 5b
VU_9021	Berlin	10119	Alte Schönhauser Str. 13
VU_9061	Berlin	13189	Berliner Str. 69
VU_7055	Berlin	13587	Hakenfelder Str. 9, 9A
VU_7033	Berlin	12685	Fichtelbergstr. 5-15; Allee der Kosmonauten 151-151 a-h
VU_8993	Berlin	12057	Dieselstr. 3, 5, 7, 9, 11, 13, 15
VU_9121	Berlin	10707	Olivaer Platz 8, 9, 10
VU_1606	Berlin	12559	Salvador-Allende-Str. 76 a-u
VU_1603	Berlin	13595	Adamstr. 11 /Földerichstr. 40,42
VU_9193	Berlin	12355	Alt Rudow 68
VU_9351	Berlin	13589	Falkenseer Chaussee 167-171
VU_9591	Berlin	14055	Angerburger Allee 35-55
VU_9601	Berlin	12437	Ligusterweg 24, 26
VU_7104	Berlin	12109	Mariendorfer Damm 48
VU_7109	Berlin	12107	Lankwitzer Str. 44

For 165 of the 423 valuation units we were not provided with an extract of the register of public land charges.

3.4.18 Potential for additional floor space

According to the information provided by the Principal 4 of the 423 valuation units have potential for additional floor space. The potential for additional floor space was considered as “Other influences” in the valuation and materializes in the following properties:

Valuation Unit	Address	Postal Code	City	Type	Influence on Value in EUR
VU_2903	Schwartzstr. 5, 7	13409	Berlin	Extension of the attic floor	243,438
VU_5302	Milastr. 2	10437	Berlin	Conversion of the vacant theatre in the backyard to office units	4,114,950
VU_7061	Karl-Marx-Str. 170, 172 / Mittelweg 10, 12, 14, 16	12043 / 12053	Berlin	Construction of new residential units	4,486,320
VU_9125	Reinbeckstr. 1 / Wilhelminenhofstr. 82A	12459	Berlin	Extension of the attic floor	71,377

4 VALUATION CONCLUSIONS

Upon the assumption that, after reasonable inquiry of the Company, there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Fair Values (net) of the freehold / ground-leasehold interests in the assets in the portfolio, rounded on asset-to-asset basis, as at 31 December 2019 and held as at that date, is:

3,669,323,000 EUR

(three billion six-hundred-sixty-nine million and three-hundred-twenty-three thousand Euros)

The unrounded net capital value is 3,669,369,688 EUR. The unrounded gross capital value is 3,970,552,543 EUR including 301,182,855 EUR purchaser's costs (8.2%).

The assessment of the Fair Value was carried on asset-to-asset basis. The aggregate of the individual Fair Values presented here takes account of the marketing period and the transaction costs of the individual assets and does not reflect any discounts or premiums on the sales of the whole portfolio or if part of the portfolio were to be marketed simultaneously or in lots.

CBRE has not been engaged to update the CBRE valuation for the purpose of the Prospectus, has no obligation to do so and has not updated the CBRE valuation after the date of valuation, 31 December 2019.

The following table shows aggregated key asset data for the portfolio:

Fair Value	3,669,323,000 EUR
Total lettable area:	1,235,117 sq m
Average Fair Value per sq m lettable area:	2,971 EUR
Current annual rental income (gross):	112,681,468 EUR
Potential annual rental income (gross):	116,636,669 EUR
Annual market rent (gross):	137,502,541 EUR
Multiplier (based on current rent):	32.6 times
Multiplier (based on potential rent):	31.5 times
Multiplier (based on market rent):	26.7 times
Net initial yield (based on current rent):	2.38%
Net initial yield (based on potential rent):	2.50%
Net initial yield (based on market rent):	3.03%

Our opinion of "Fair Value" is based upon the scope of work and valuation assumptions as detailed in Part 3 "Explanation of Valuation" and Part 4 "Valuation Conclusions" of this Valuation Report and has been derived mainly using recent comparable market evidence on arm's length terms.

5 VALUATION KEY DEFINITIONS

Lettable area

The lettable area in this valuation is defined by the entry in the Company's rent roll provided.

Total lettable area

Total lettable area in square metres – sum of residential and commercial floor area – and excluding land; as at 31 December 2019

Residential units

Residential units - number of residential premises excluding internal and external parking units and other units; as at 31 December 2019

Commercial units

Commercial units - number of commercial and special premises; excluding internal and external parking units and other units; as at 31 December 2019

Internal/ External Parking units (Parking lots)

Internal/ External Parking units - number of internal and external parking spaces; as at 31 December 2019

Other units

Other units – e.g. number of antennas; as at 31 December 2019

Current annual rental income (gross):

The current gross rental income represents the rent paid for the units let on contractual agreements as at 31 December 2019, before deducting non-recoverable operating costs and VAT, multiplied by 12. Rent-free periods have been taken into account.

Potential annual rental income (gross):

The potential rent is the sum of the current monthly gross rental income and the market rent of vacant units – irrespective of any vacancy – as at 31 December 2019, multiplied by 12.

Annual market rent (gross):

The (monthly) market rent of all units as at 31 December 2019 (irrespective of any vacancy), multiplied by 12.

Multiplier (based on current rent):

Net capital value divided by current rental income (gross)

Multiplier (based on potential rent):

Net capital value divided by potential rental income (gross)

Multiplier (based on market rent):

Net capital value divided by market rent (gross)

Net initial yield (based on current rent):

Current rental income (net) divided by gross capital value

Net initial yield (based on potential rent):

Potential rental income (net) divided by gross capital value

Net initial yield (based on market rent):

Market rental income (net) divided by gross capital value

Note: the valuation keys above are defined in accordance with the gif Gesellschaft für Immobilienwirtschaftliche Forschung e.V. Arbeitskreis Real Estate Investment Management.

Freehold or freehold-equivalent refers to *Eigentum* title.

Ground lease/leasehold refers to *Erbbaurecht* title.

ppa. Michael Schlatterer, MRICS

Residential Valuation Germany
Senior Director
CBRE GmbH

ppa. Sandro Höselbarth

Head of Residential Valuation Germany
Managing Director
CBRE GmbH

Valuation Report

in the form of a condensed valuation report

("Valuation Report")

"ADO Properties S.A. – Prospectus"



Residential Portfolio

ADLER Real Estate AG

Opinion of Market Value

as at

31 December 2019

on behalf of

ADO Properties S.A.

1B, Heienhaff

1736 Senningerberg

Grand Duchy of Luxembourg

prepared by

Savills Advisory Services Germany GmbH & Co. KG

Taunusanlage 18

60325 Frankfurt am Main

Date of Report: 27 July 2020

Glossary

ADLER	Adler Real Estate AG
ADO	ADO Properties S.A.
BauGB	German Building Code
Capex	Capital expenditures
CSSF	Commission de Surveillance du Secteur Financier, Luxembourg
DCF	Discounted Cash Flow
ECB	European Central Bank
Empirica	Online Database for Real Estate Research
EPRA	European Public Real Estate Association
ERV	Estimated Rental Value
GDP	Gross Domestic Product
gif	Society of Property Researchers, Germany
GPV	Gross Present Value
GRI	Gross Rental Income
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS 13	International Financial Reporting Standard 13
IVS	International Valuation Standards
MV	Market Value
NIY	Net Initial Yield
NOI	Net Operating Income
NPV	Net Present Value
Q&A	Question and answer process
RICS	Royal Institution of Chartered Surveyors
RIWIS	Regionales Immobilien-Wirtschaftliches Informations System (Database)
Savills	Savills Advisory Services Germany GmbH & Co. KG
Sqm	square meters

VAT	Value added tax
VPS	Valuation Practice Statement
WAULT	Weighted Average Unexpired Lease Term
WiGeoGis	Provider of geomarketing and market data

A. Summary Overview

Type of Report

This report has been conducted in the form of a condensed Valuation Report (hereinafter referred to as "Valuation Report") for the determination of Market Value carried out by Savills Advisory Services Germany GmbH & Co. KG. The valuation is in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors ("Red Book") and the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards").

The report has been carried out for inclusion in a securities prospectus intended to be used in connection with the placement of fixed rate notes of ADO Properties S.A. (the "Notes") and the listing of the Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the "Offering").

Savills consents in principle to the Valuation Report being included in the investor materials in connection with the Offering on the terms as set out in this Valuation Report and in its Instruction Letter.

Subject of this Valuation Report is the residential real estate portfolio of Adler consisting of 1,375 subject properties as at Date of Valuation.

The Market Value determined by Savills is consistent with the Fair Value in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

Date of Valuation

31 December 2019

Subject Portfolio

According to the information provided by Adler the subject portfolio comprises 1,347 residential or residentially dominated subject properties, 10 commercial and mixed-use properties, 15 parking properties and 3 other-use properties. In total the portfolio consists of 1,375 subject properties.

Portfolio Overview by Property Type

	No. Properties	Lettable Area sqm	Vacancy Rate %	Vacancy Rate %	Current Rent EUR p.a.	WAULT * years
Residential - Multi-family house	1,296	1,882,268	7.1%	6.5%	111,670,044	0.5
Residential - High-rise building	3	32,231	3.5%	4.4%	2,439,701	2.7
Residential - One-/ two-family house	5	868	-	-	46,509	0.1
Residential - Apartment house	1	424	11.8%	12.7%	25,828	0.2
Residentially dominated property	41	72,738	11.4%	9.3%	4,515,509	2.1
Commercially dominated property	9	11,206	10.3%	9.4%	1,074,213	2.1
Mixed-use property	1	349	-	-	25,247	0.5
Commercial Park	1	30,707	46.3%	22.5%	608,194	5.3
Infrastructure - Garage	13	-	-	18.2%	72,135	0.1
Infrastructure - Parking space	2	-	-	36.3%	17,516	0.1
Other	3	612	56.8%	41.3%	35,032	0.2
Total	1,375	2,031,403	7.8%	6.7%	120,529,927	1.1

**Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements [Verlängerungsoptionen])*

1,361 of the 1,375 subject properties are considered as properties producing sustainable rental income, whereas the remaining 14 properties are subject to liquidation (0.15% of the lettable area respectively 0.003% of the Market Value).

Tenure

In total, 1,247 properties are held on the German equivalent of freehold title. The other 128 properties are held on leasehold title.

Summary of Valuation Results

Upon the assumption that there are no onerous restrictions or unusual costs of which we have no knowledge and based on the provided information, specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Market Value of the freehold interests and the leasehold of the subject properties of the Subject Portfolio, rounded at asset level, as at 31 December 2019 is:

Market Value including Leaseholds

EUR 2,030,827,000

(TWO BILLION THIRTY MILLION EIGHT HUNDRED TWENTY SEVEN THOUSAND EURO)

Our opinion of Market Value (including liquidation properties) is equivalent to:

Market Value per sqm	1,000 EUR
Gross Multiplier on Current Rent	16.85 fold
Gross Multiplier on Market Rent	14.15 fold
Net Initial Yield (NIY) on Current Rent	4.23%
Net Initial Yield (NIY) on Market Rent	5.36%

* The yields have been derived without the liquidation properties.

The following table shows aggregated data of the 1,361 properties with a sustainable cash-flow (excluding 14 Liquidation Properties) which represent 99.99% of the total Market Value:

Market Value per sqm	1,001 EUR
Gross Multiplier on Current Rent	16.85 fold
Gross Multiplier on Market Rent	14.15 fold

Market Value excluding Leaseholds

EUR 2,047,518,000

(TWO BILLION FORTY SEVEN MILLION FIVE HUNDRED EIGHTEEN THOUSAND EURO)

The following refers to all valuation results:

The Market Value of the Subject Portfolio reported is the aggregate total of the individual properties and not necessarily a figure that could be achieved if the Subject Portfolio were to be sold as a whole (Individual valuation principle).

Savills has been informed by Adler that there have not been material changes to the building stock of the subject portfolio between the date of valuation 31 December 2019 and the date of this Valuation Report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Report date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Due to the material change caused by COVID-19 to the global economy, financial markets and almost all aspects of life, a valuation of the subject portfolio as of the date of this Valuation Report would have been reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to such valuation than would normally be the case. Given the unknown current and future impact that COVID-19 might have on the real estate market we recommend that you keep the valuation as of 31 December 2019 of the subject properties under frequent review.

We are therefore not in a position to make a statement as to whether the market conditions and movements of the respective real estate markets in which the subject properties are located have led to a change or in fact a material change between 31 December 2019 and the date of this Report.

Regarding changes to the real estate market conditions caused by Covid-19 we refer to chapters “F. Material Changes” and “G. I COVID-19 Commentary”.

Please note that this valuation has been carried out on the basis of partly limited documentation, in particular we have been provided with land register lists for all 1,375 subject properties, but not with all land register excerpts. So we have been provided with land register PDF files for 1,315 of the 1,375 subject properties (ca. 96%). Savills compared more than 10% (140) of the provided PDF land register excerpts with the excel files. This comparison did not reveal any relevant differences. We assume that the information contained in these excel files are correct. Please refer to chapter B II.

Breakdown of Market Value by Type of Use

Portfolio Overview													
No. Properties	Lettable Area	Vacancy Rate (Area)	Vacancy Rate (EPRA)	Current Rent	Market Value	Market Value (Share of Total)	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT *	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold				years
Residential	1,305	1,915,791	7.1%	6.4%	114,182,082	1,923,110,000	94.7%	1,004	16.84	14.15	4.24%	5.36%	0.6
Mixed-use property	51	84,292	11.2%	9.3%	5,614,969	102,386,000	5.0%	1,215	18.23	15.36	3.91%	4.95%	2.1
Commercial Park	1	30,707	46.3%	22.5%	608,194	3,230,000	0.2%	105	5.31	4.25	11.86%	16.74%	5.3
Infrastructure	15	0	22.3%		89,651	1,370,000	0.1%		15.28	11.46	3.94%	5.94%	0.1
Other	3	612	56.8%	41.3%	35,032	731,000	0.0%	1,194	20.87	11.49	2.65%	6.71%	0.2
Total	1,375	2,031,403	7.8%	6.7%	120,529,927	2,030,827,000		1,000	16.85	14.15	4.23%	5.36%	1.1

*Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements (Verlängerungsoptionen))

Breakdown of Market Value by Property Type

Portfolio Overview by Property Type													
No. Properties	Lettable Area	Vacancy Rate	Vacancy Rate	Current Rent	Market Value	Market Value (Share of Total)	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT *	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold				years
Residential - Multi-family house	1,296	1,882,268	7.1%	6.5%	111,670,044	1,878,340,000	92.5%	998	16.82	14.11	4.23%	5.36%	0.5
Residential - High-rise building	3	32,231	3.5%	4.4%	2,439,701	43,540,000	2.1%	1,351	17.85	15.63	4.40%	5.17%	2.7
Residential - One-/ two-family house	5	868	-	-	46,509	750,000	0.0%	864	16.13	14.69	4.37%	4.92%	0.1
Residential - Apartment house	1	424	11.8%	12.7%	25,828	480,000	0.0%	1,132	18.58	14.53	3.72%	5.19%	0.2
Residentially dominated property	41	72,738	11.4%	9.3%	4,515,509	82,516,000	4.1%	1,134	18.27	15.24	3.82%	4.93%	2.1
Commercially dominated property	9	11,206	10.3%	9.4%	1,074,213	19,470,000	1.0%	1,738	18.12	15.90	4.28%	5.05%	2.1
Mixed-use property	1	349	-	-	25,247	400,000	0.0%	1,146	15.84	15.63	4.72%	4.80%	0.5
Commercial Park	1	30,707	46.3%	22.5%	608,194	3,230,000	0.2%	105	5.31	4.25	11.86%	16.74%	5.3
Infrastructure - Garage	13	-	-	18.2%	72,135	1,071,000	0.1%	-	14.85	11.59	4.35%	6.08%	0.1
Infrastructure - Parking space	2	-	-	36.3%	17,516	299,000	0.0%	-	17.07	11.03	2.50%	5.41%	0.1
Other	3	612	56.8%	41.3%	35,032	731,000	0.0%	1,194	20.87	11.49	2.65%	6.71%	0.2
Total	1,375	2,031,403	7.8%	6.7%	120,529,927	2,030,827,000		1,000	16.85	14.15	4.23%	5.36%	1.1

*Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements (Verlängerungsoptionen))

Breakdown of Market Value by Federal State

Geographical Portfolio Distribution by Market Value													
No. Properties	Lettable Area	Vacancy Rate (Area)	Vacancy Rate (EPRA)	Current Rent	Market Value	Market Value (Share of Total)	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT *	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold				years
Lower Saxony	435	934,137	4.5%	4.3%	59,062,629	1,014,098,000	49.9%	1,086	17.17	14.63	4.25%	5.23%	0.6
Saxony	344	295,735	15.5%	14.4%	15,071,258	268,670,000	13.2%	908	17.83	14.12	3.78%	5.34%	0.1
North Rhine-Westphalia	198	217,188	11.0%	5.9%	11,578,408	175,660,000	8.6%	809	15.17	12.84	4.60%	5.76%	2.8
Brandenburg	116	183,032	5.7%	4.8%	10,159,125	154,971,000	7.6%	847	15.25	12.76	4.62%	5.84%	0.1
Saxony-Anhalt	161	168,558	13.3%	12.0%	8,884,086	137,912,000	6.8%	818	15.52	12.81	4.42%	5.83%	0.6
Thuringia	65	84,025	10.8%	10.5%	5,242,831	97,036,000	4.8%	1,155	18.51	15.16	3.84%	5.02%	0.2
Rhineland Palatinate	18	37,247	4.2%	4.5%	3,268,857	61,980,000	3.1%	1,664	18.96	17.21	4.01%	4.53%	2.4
Mecklenburg Western Pomerania	12	48,812	3.6%	3.8%	2,768,214	44,970,000	2.2%	921	16.25	13.95	4.55%	5.52%	0.1
Hesse	8	16,129	3.2%	2.8%	1,503,995	29,310,000	1.4%	1,817	19.49	17.69	4.09%	4.59%	1.8
Bremen	9	27,575	3.6%	3.4%	1,639,080	25,500,000	1.3%	925	15.56	12.73	3.83%	5.19%	1.2
Schleswig Holstein	8	18,037	3.2%	3.1%	1,291,485	18,580,000	0.9%	1,030	14.39	11.34	5.07%	6.80%	1.6
Baden-Württemberg	1	929	38.5%	39.1%	59,959	2,140,000	0.1%	2,305	35.69	22.90	2.00%	3.62%	0.2
Total	1,375	2,031,403	7.8%	6.7%	120,529,927	2,030,827,000		1,000	16.85	14.15	4.23%	5.36%	1.1

*Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements (Verlängerungsoptionen))

Breakdown of Market Value by Tenure

Portfolio overview by Tenure													
No. Properties	Lettable Area	Vacancy Rate (Area)	Vacancy Rate (EPRA)	Current Rent	Market Value	Market Value (Share of Total)	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT *	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold			years	
Freehold	1247	1,801,266	8.2%	6.8%	106,530,746	1,831,031,000	90.2%	1,017	17.19	14.36	4.20%	5.33%	1.1
Leasehold	128	230,137	5.3%	5.4%	13,999,181	199,796,000	9.8%	868	14.27	12.44	4.56%	5.58%	1.2
Total	1,375	2,031,403	7.8%	6.7%	120,529,927	2,030,827,000		1,000	16.85	14.15	4.23%	5.36%	1.1

* Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements [Verlängerungsoptionen])

Breakdown of Market Value by Ratio

Within the Subject Portfolio, there are no properties with a Market Value share of nearly 5.0% (or more) of the overall Portfolio Market Value.

B. Instructions and Sources of Information

I. Scope of Instruction

Preamble

ADLER Real Estate AG ("Adler") is a real estate company listed on the Frankfurt Stock Exchange. Savills Advisory Services Germany GmbH & Co. KG ("Savills"). ADO Properties S.A. ("ADO Properties") holds the majority of shares in Adler. This Valuation Report has been prepared pursuant to a framework agreement dated 1 May 2020 between Savills Advisory Services Germany GmbH & Co. KG ("Savills"), Brack German Properties B.V. ("BGP"), Brack Capital Properties N.V. ("BCP"), Adler and ADO Properties on the valuation of the Adler portfolio (the "Framework Agreement").

Savills hereby confirms that as at the date of this Valuation Report there is no existing or potential conflict of interest in relation to the properties to be valued as at the Valuation Date or Report Date.

As instructed, we compiled and delivered for the given purpose this condensed report, which is a summary of the full Valuation Report (the "Original Report") and which will be incorporated in a prospectus prepared in connection with the Offering.

Instruction

Savills carried out a determination of Market Value of the respective freehold interests of the properties in the subject portfolio (as defined below). For the purposes of this Valuation Report references to a "subject property" or "subject properties" shall mean a reference to any property or properties within the Adler portfolio.

The valuation is in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors ("Red Book") and the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards").

The Market Value is consistent with the "Fair Value" in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB).

Please note that Savills has already carried-out previous valuations of parts of the subject portfolio for Adler as at 31 December 2017, 31 March 2018, 30 June 2018, 30 September 2018, 31 December 2018 and 30 June 2019.

Subject Portfolio

The subject portfolio comprises 1,375 mainly residential properties that are located throughout Germany. Please refer to the table below for an overview of the subject properties by property type:

Portfolio Overview						
	No. Properties	Lettable Area	Vacancy Rate (Area)	Vacancy Rate (EPRA)	Current Rent	WAULT *
		sqm	%		EUR p.a.	years
Residential	1,305	1,915,791	7.1%	6.4%	114,182,082	0.6
Mixed-use property	51	84,292	11.2%	9.3%	5,614,969	2.1
Commercial Park	1	30,707	46.3%	22.5%	608,194	5.3
Infrastructure	15	0		22.3%	89,651	0.1
Other	3	612	56.8%	41.3%	35,032	0.2
Total	1,375	2,031,403	7.8%	6.7%	120,529,927	1.1

**Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements [Verlängerungsoptionen])*

1,361 of the 1,375 subject properties are considered as properties producing sustainable rental income, whereas the remaining 14 properties are subject to liquidation (0.15% of the lettable area respectively 0.003% of the Market Value).

Scope of Work Carried Out

- In the assessment of the Market Value of the Subject Portfolio, inter alia, the following procedures were carried out:
- Analysis and interpretation of the portfolio information provided by the Instructing Party, e.g. tenancy and property schedules, data room information and other data materials relevant to the valuation,
- Site inspections of all 1,375 subject properties in the years 2018 and 2019 in the course of the previous update valuations of Adler,
- Analysis of market, location and situation for each of the subject properties,
- Determination of Market Value at property level.

Instructing Party

ADO Properties S.A.

1B, Heienhaff

1736 Senningerberg

Grand Duchy of Luxembourg (Hereinafter referred to as „Instructing Party“)

Addressees

The Valuation Report is addressed to and only for the use of

- the Instructing Party (as issuer of the Notes to be used in the Offering)

and the following banks:

- J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom
- Deutsche Bank Aktiengesellschaft
Mainzer Landstraße 11-17
60323 Frankfurt am Main
Federal Republic of Germany
- Barclays Bank PLC
5 The North Collonade
Canary Wharf
London E14 4BB
United Kingdom
- Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar, planta baja
28660, Boadilla del Monte
Madrid
Spain
- Natixis
30, avenue Pierre Mendès-France
75013 Paris
France

(each of them hereinafter referred to as an „Addressee“ and all of them together as „Addressees“), provided that, in relying on this Valuation Report, each of the Addressees acknowledges and agrees that:

(a) this Valuation Report refers to the position at the date the Original Report was originally issued and, unless otherwise confirmed by us in writing, Savills has taken no action to review or update the Valuation Report since the date it was originally issued;

(b) Savills aggregate liability to any one or more or all of the Addressees in respect of the Valuation Report and the Original Report shall be limited to EUR70million; and

(c) the Valuation Report is subject to the terms and conditions set out in the Framework Agreement as varied by the terms contained in the Valuation Report

The Valuation Report was prepared on the basis of the Framework Agreement between Adler and Savills. Savills is liable for contractual demands to the Addressees of the Report only.

If the Instructing Party suffers loss as a result of Savills' breach of contract or negligence, Savills' liability to the Instructing Party shall be limited to the lesser of the limitation of liability set out above or a just and equitable proportion of its loss having regard to the extent of responsibility of any other party.

Valuer

Savills Advisory Services Germany GmbH & Co. KG

Taunusanlage 18

60325 Frankfurt am Main

Germany

(Hereinafter referred to as „Savills“)

Purpose of Valuation

This Valuation Report is for inclusion in a securities prospectus (the "Prospectus") intended to be used in connection with the placement of fixed rate notes of ADO Properties S.A. (the "Notes") and the listing of the Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the "Offering").

Savills prepared this Valuation Report only and accepts no responsibility for any other part of the Prospectus prepared in connection with the Offering.

Savills consents in principle to the Valuation Report being included in the investor materials in connection with the Offering on the terms as set out in our instruction letter dated 24 June 2020 and until such time as Savills have first approved the form and context in which the Valuation Report appears.

Liability

Savills aggregate liability to any one, or more, or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Valuation Report or the Original Report, under or in connection with this agreement and the Valuation Report, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to EUR70million.

For the avoidance of doubt, the Addressees (including the addressees of the Original Report) agree that the total aggregate liability of Savills in respect of both the Valuation Report and Original Reports shall be EUR 70,000,000, and this liability cap shall apply across both the Valuation Report and the Original Reports

The limitation on Savills aggregate liability to the all of the Addressees of both the Original Report and the Valuation Report shall be apportioned by them amongst them. No Addressee shall dispute or challenge the validity, enforceability or operation of this clause on the ground that no such apportionment has been so agreed or that the agreed share of the limitation amount apportioned to any Addressee is unreasonably low. For the avoidance of doubt, this liability cap shall apply in respect of both the Original Report and the Valuation Report.

Date of Valuation

31 December 2019

Report Date

The report date is 27 July 2020. The Valuation Report refers to the position as at the date it was originally issued and Savills has taken no action, nor is it obliged to take any action, to review or to update the Valuation Report since the date it was originally issued.

Currency

The relevant currency for this valuation is EUR.

Interest Valued / Tenure

In total, 1,247 properties are held on the German equivalent of freehold title. The other 128 properties are held on leasehold title.

Publication / Disclosure

Savills acknowledges and agrees that this Valuation Report will be published in unchanged form in the Prospectus for the purpose of the Offering.

With the exception of the above, neither the whole nor any part of our Valuation Report nor any reference thereto (except references used in the Prospectus) may be included in any other published document, circular statement nor published in any way without our prior written approval of the disclosure and the form and context in which it will appear.

The Valuation Report may subject to the terms of the Framework Agreement be disclosed by the Addressees on a strictly non-reliance and without liability basis (i) to their legal advisors, (ii) to their consultants who are bound by professional codes of conduct, (iii) to banks in connection with a current or intended financing in relation to the Subject Portfolio, (iv) to competent authorities (i.e. the CSSF), (v) as well as to other pre-named parties to whom disclosure is required in connection with the Offering. Any other disclosure requires Savills's prior written consent at its sole discretion.

Nature and Source of Information relied on

The valuation has been substantially and mainly based upon the information supplied to us by Adler. Please refer to Section II "Sources of Information and Inspection" for a more detailed list of the information Savills has relied upon for the purposes of preparing this Valuation Report.

Definition of Market Value

Our valuation has been carried out in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors ("Red Book").

We have been instructed to value the subject properties on the basis of Market Value in accordance with RICS Global Valuation Standards 2020 (the "Red Book") which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The "Market Value" is consistent with the "Fair Value" in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), which is defined as follows:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The assessment of Market Value has been carried out by Savills in accordance with the guidelines of the International Financial Reporting Standards (IFRS), the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution of Chartered Surveyors (Red Book) and in accordance with the relevant prospectus regulations applicable in Germany, including the CESR recommendations for the consistent implementation of the Committee of European Securities Regulators on prospectus 20 March 2013 (ESMA Update of the CESR recommendations).

For the avoidance of doubt, a valuation complying with the "Red Book" requirements is compliant with the International Valuation Standards (IVS) and the Market Value pursuant to § 194 BauGB (German Building Code).

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently.

Place of Performance & Jurisdiction

German law applies. The place of performance and jurisdiction is Frankfurt/Main, Germany.

Assignment of Rights

The Addressees of this Valuation Report are not entitled to assign their rights under or in respect of the Framework Agreement and this Valuation Report – either whole or in parts – to any third parties.

Declaration of Independence & Status of Valuer

Savills hereby confirms to the best of its knowledge and belief that it has prepared this Valuation Report in its capacity as external valuer (as defined in the "Red Book") and independent expert.

We further confirm that Savills is not aware of any actual or potential conflict of interest that might have influenced its independent status.

The total fees, earned by Savills Germany from Adler (or other companies forming part of the same group of companies), is less than 5% of the total German revenues earned by Savills Germany in the financial year 2017, 2018, 2019 or 2020.

II. Sources of Information and Inspection

Information Sources

For the purpose of this Valuation Report we have mainly relied on the following information, provided to us by Adler via data room access:

- Rent roll regarding December 2019 as at 10 January 2020
- Updated Capex by figures by Adler as at 23 December 2019
- Updated file regarding ground rents of leaseholds as at 13 December 2019
- Rent overview of rent free periods as at 15 January 2020
- Actual planning figures of the project developments in Göttingen and Wolfsburg as at 13 December 2019
- Excel lists prepared by Adler containing the land register information of all 1,376 subject properties (partially, the land registers were also provided as PDF excerpts)
- Excel overview regarding historical listings
- Previous valuation reports for Adler as at 31 December 2017, 31 March 2018, 30 June 2018, 30 September 2018, 31 December 2018 and 30 June 2019

We have also included following sources into our valuation:

- Savills Research
- Local Land Valuation Boards and other local authorities
- Empirica online-database
- RIWIS online database
- WiGeoGis
- Google Maps

Individual questions and inconsistencies within the data could be clarified with the Instructing Party via a Q&A (question & answer) template & process.

Inspection

In accordance with our instruction, we did not carry out any inspections for this valuation as all 1,375 subject properties have been inspected in the years 2018 and 2019 for the previous valuations for Adler. The Instructing Party agreed that a second inspection is not necessary for the valuation as at 31 December 2019.

In total, for 546 properties full-inspections were carried-out and 829 subject properties were inspected on a drive-by basis. Drive-by basis means that we did not had access to the inside of the properties. We inspected the properties only externally. In some cases we also had no access to the rear of the properties.

In the course of this update valuation we did not inspect these properties again. We assumed that no material changes to the subject properties took place between the last inspection dates and the date of valuation 31 December 2019.

All conclusions made by Savills with regard to the condition and the actual characteristics of the land and buildings have been based on our inspection of the subject properties and on the documents and information provided (please see above).

In the event that only partial internal inspections were possible, it will be assumed that the parts that were inspected are typical of the remainder.

For the avoidance of doubt, Savills did not carry out any building or structural surveys of the subject properties nor tested any of the electrical, heating or other services.

The properties were not measured as part of Savills' inspection, nor were the services or other installations tested.

All Savills' conclusions resulting from the inspections are based purely on visual investigations without any assertion as to their completeness.

Furthermore, investigations that might cause damage to the subject properties have not been carried out. Statements about parts of the structure or materials that are covered or otherwise inaccessible are based on the information or documents provided (or on assumptions, respectively).

C. Portfolio Overview

Short Portfolio Profile

Subject to this Condensed Report are 1,375 subject properties. Thereof 1,346 are mainly residential properties with ca. 32,000 apartments which are located all over Germany. The other 29 properties are commercial (11), parking (15) and other properties (3). The largest property clusters are in Lower Saxony (435) and Saxony (344). According to the provided rent roll the lettable area amounts to ca. 2,031,403 sqm with a Current Rent of EUR 120,529,927 p.a. as at valuation date 31 December 2019.



Tenure

In total, 1,247 properties are held on the German equivalent of freehold title. The other 128 properties are held on leasehold title.

Portfolio Composition

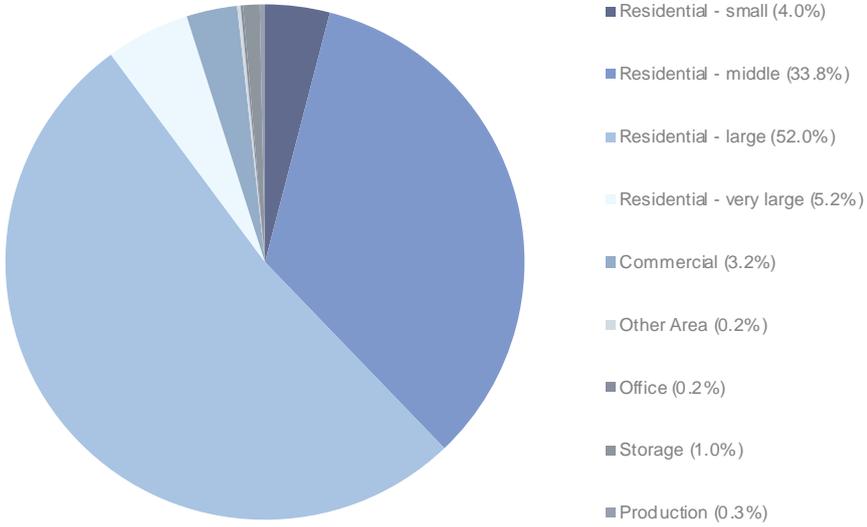
The portfolio is comprised of the following types of space and units:

Portfolio overview by use *					
	Lettable area	Vacancy	Current rental income	Average remaining lease term	Current rental income with lease expiry
	sq m		EUR p.a.	years	
Residential - small	81,838	9.3%	5,582,216	0.14	5.5%
Residential - middle	687,032	6.9%	40,408,160	0.13	3.3%
Residential - large	1,057,166	6.4%	62,301,037	0.14	3.1%
Residential - very large	106,370	7.1%	6,002,608	0.12	2.8%
Commercial	64,170	19.0%	4,040,457	2.56	30.7%
Other Area	4,435	63.5%	16,703		-
Office	3,107	96.0%	4,500	1.83	100.0%
Storage	20,673	53.7%	322,056	1.48	30.5%
Production	6,611	-	222,777	6.84	100.0%
Subtotal	2,031,403	7.8%	118,900,512	1.00	4.5%
	Lettable units	Vacancy	Current rental income	Average remaining lease term	Current rental income with lease expiry
	number		EUR p.a.	years	
Internal Parking	2,491	24.7%	787,257	0.09	3.3%
External Parking	3,254	44.2%	492,301	3.51	5.5%
Other Unit	332	34.0%	349,856	5.13	35.5%
Subtotal	6,077	35.6%	1,629,415	4.15	10.9%
Total			120,529,927	1.11	4.6%

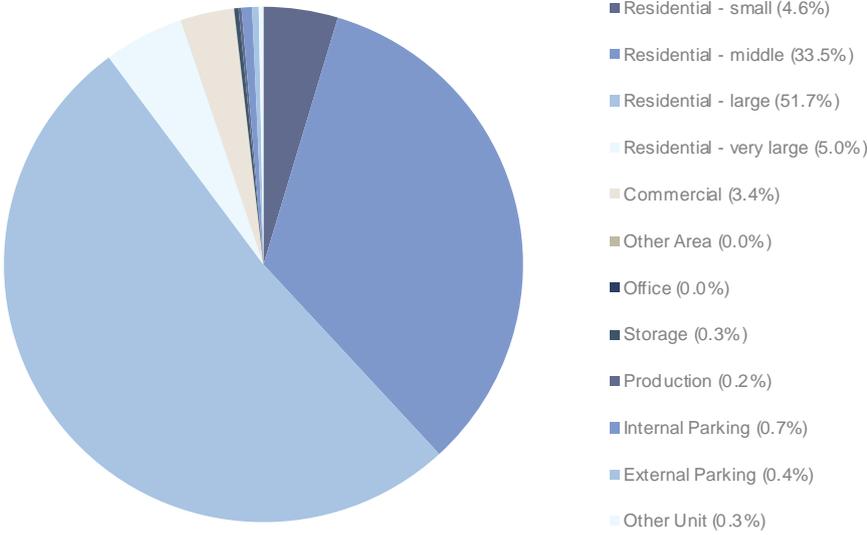
* As at date of valuation; not including future lease contracts

Residential small: < 40 sqm, Residential middle: 40 sqm to < 60 sqm, Residential large: 60 sqm to < 90 sqm, Residential very large: 90 sqm and more

Distribution of lettable area per use



Distribution of current rental income per use



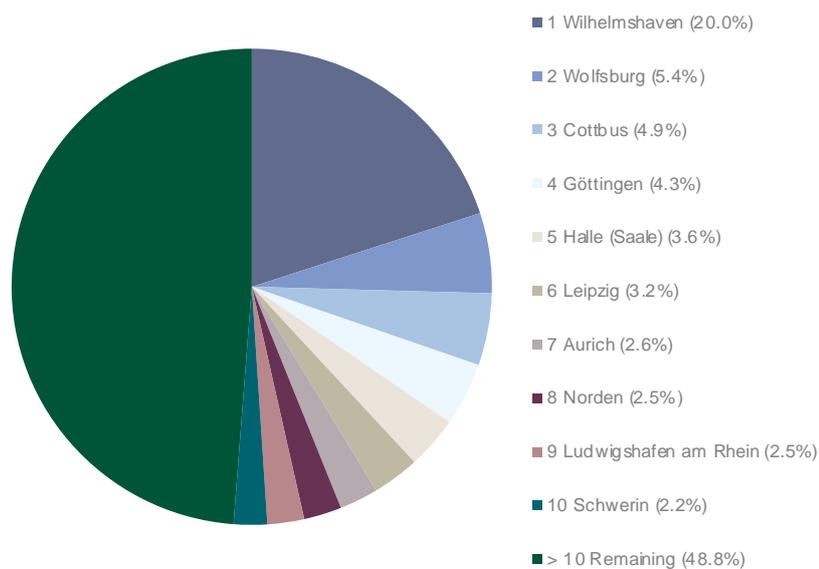
Location Analysis

The total gross rental income is diversified over many different municipalities of the portfolio. The largest cluster is Wilhelmshaven with ca. 20.0% of the total gross rental income followed by Wolfsburg with ca. 5.4%.

Top 10 municipalities by current rental income

#	Municipality	Lettable area	Lettable units	Current rental income
		sq m	number	EUR p.a.
1	Wilhelmshaven	407,953	1,082	24,097,357
2	Wolfsburg	87,623	50	6,556,682
3	Cottbus	110,045	96	5,901,936
4	Göttingen	76,141	265	5,165,773
5	Halle (Saale)	80,476	33	4,280,808
6	Leipzig	67,337	94	3,823,760
7	Aurich	52,489	97	3,144,145
8	Norden	46,701	35	3,062,807
9	Ludwigshafen am Rhein	34,128	174	2,987,015
10	Schwerin	48,021	23	2,709,367
> 10	Remaining	1,020,488	4,128	58,800,278

Top 10 municipalities by current rental income



D. Valuation Considerations

In this chapter we comment on our individual considerations in order to arrive at our Opinion of Market Value.

Please note that our opinion of value is carried out on the basis of a number of assumptions. In the absence of any information to the contrary in the Report, our Opinion of Value is based on, and subject to, the General Valuation Assumptions as described in section H.I of this Report together with the specific assumptions as stated in this report (including without limitation this section D).

In case of any discrepancies the specific assumptions as described in the following will prevail over the General Assumptions. If any of the aforementioned assumptions (General Assumptions or specific assumptions or other) are subsequently found to be incorrect or invalid, our Opinion of Value may need to be reconsidered.

I. Method of Valuation

General Valuation Procedure

The valuation has been carried out on a single property basis. Each property has been valued individually.

Valuation Model

For the 1,361 long-term income-generating properties, we have used a Discounted Cash Flow (DCF) model.

Properties with buildings in a very bad technical condition that do not allow for sustainable revenue generation have been valued according to a Liquidation Value Method (land value less demolition costs and, if applicable, including remaining net operating income). We applied this approach for 14 subject properties.

For more details about the DCF model and the underlying definitions of the key parameters, please refer to Chapter H "General Valuation Assumptions and Applied Definitions" of this Valuation Report.

II. Portfolio Considerations

1. Constituents of the Subject Properties

Fixtures in the subject properties, such as passenger and goods lifts, other conveyor installations, central heating installations and other technical installations have been regarded as integral parts of the subject properties and have, therefore, been reflected in our determination of Market Value. Tenant's fixtures and fittings that would normally be the property of the tenant have not been reflected in our valuation.

2. Legal Aspects

Land Register

Savills has been provided with land register lists in excel for all 1,375 subject properties and land register PDF files for 1,315 subject properties (ca. 96%). Savills compared more than 10% (140) of the provided PDF land register excerpts with the excel files. This comparison did not reveal any relevant differences. We assume that the information contained in these excel files are correct.

According to the provided information 1,247 valuation units are held on freehold title and 128 on leasehold title. The total ground rent of the 128 leasehold properties of the portfolio amounts to EUR 801,206 p.a. which we accordingly considered in our valuations.

In the provided land register excel files are several encumbrances regarding the subject properties like transformer station rights, pipeline way leaves, cable rights, right of ways and restricted personal easements. Based on the information available to us we did not find any indication that the use of the properties is directly affected by the encumbrances and restrictions registered under Section II. Therefore we have assumed no direct impact on value in these regards.

Further Legal and Environmental Aspects

We asked the Instructing Party for the following documents:

- Public encumbrances
- Soil contamination
- Building contamination
- Planning law
- Building permits
- Area restrictions
- Other third party rights

Adler currently does not have all documents complete and structured due to the large number of subject properties. Thus, these demanded documents were mainly not provided to Savills.

In this regard Savills made the assumption that possible issues have no direct material impacts on the subject property values.

Furthermore, Savills made the assumption that possible but usually not material value influences by legal aspects balance each other out at subject portfolio level.

Public Encumbrances

We received information on public encumbrances for 176 valuation properties by Adler which equals ca. 13% of the portfolio. The analysis of these files did not show any value effecting encumbrances. For the remaining, we assume that further public encumbrances have no impact on value.

Soil Contamination

Adler provided information on contaminated sites from the authorities for 86 subject properties which all were analysed by Savills. There is a potential contaminated site risk for 13 properties. We have not received precise cost estimates. We do not anticipate an impact on value if the current use is maintained.

Furthermore, Savills received information on the commercial park in Brilon (1026.001) where contaminations were detected. These were considered in the valuation accordingly.

Historical Monuments

Adler has provided an Excel overview that shows for almost all properties whether they are listed or not. Apart from that Adler provided documents by the respective authorities for 182 subject properties regarding historical listings. Accordingly, the portfolio contains 88 monuments. No information was available for 4 properties. The remaining 1283 properties are no monuments according to Adler.

Subsidies

As at valuation date 24 subject properties are affected by rent restrictions. For 22 of these properties we considered the rent restriction in the Current Rent and for re-lettings until the expiration date of the subsidy and applied the respective unrestricted Market Rent for re-letting afterwards.

We were not provided with the information on the rent restrictions (and subsidy expiries) for two properties (A1019.001 and A1019.002) for the valuation as at 31 December 2019. The expiry dates were provided by Adler following the valuation. The Market Value of the two properties equals 0.18% of the Total Portfolio Value.

3. Technical Aspects

We have been provided with information regarding planned capex measures by the Instructing Party for the years 2020 until 2024. We considered all Capex numbers \geq EUR 10,000.

Overall the (undiscounted) Capex amount to ca. EUR 74.07m (ca. EUR 36 per sqm) for the whole subject portfolio over the next 4 years.

Please note that Savills has not been instructed to perform any technical due diligence and does not possess the necessary detailed technical information.

4. Tenancy Aspects

Rent Roll Information

Our valuation is based on the rent roll for December 2019 of the subject properties received by the Instructing Party as at 10 January 2020.

A full verification of the provided tenancy schedule and the available lease agreements was not part of the scope of this Instruction. Savills therefore relied on the content of the tenancy schedule provided and assumed that the provided document reflects the status quo of all tenancies as at the Date of Valuation 31 December 2019 to a true and comprehensive extent. Please note that Savills cannot verify the accuracy or the completeness of the information of subject tenancies provided to Savills.

Overdue rent payments

Savills has not checked the status of contractually agreed rent payments as at the Date of Valuation. Provided that Savills had no information to the contrary, we have assumed that there are no overdue rent payments.

Lettable Area

In our valuation approach we have generally assumed that the provided information regarding lettable area is in line with the "Richtlinie der Gesellschaft für Immobilienwirtschaftliche Forschung e.V." (gif). We recommend a measurement of all properties according to gif to eliminate current uncertainties.

Please note that it may turn out in a formal measurement that the assumed size or split of lettable areas differs from the correct lettable areas per type of use. In this case our assumptions and valuation results have to be reconsidered and may have to be adjusted.

Structural Vacancy

Please note, we considered ca. 18,193 sqm as structurally vacant which is 0.9% of the total portfolio and affects 59 subject properties. Approx. the half of the structurally vacant area refers to the commercial park in Brilon (1026.001) with 9,122 sqm. Another 2,872 sqm refer to the 10 liquidation properties. The remaining 6,199 sqm refer to 48 subject properties with rather small shares of structurally vacant areas (129 sqm on average).

5. Environmental Aspects

Adler provided information on contaminated sites from the authorities for 86 subject properties which all were analysed by Savills. There is a potential contaminated site risk for 13 properties. We have not received precise cost estimates. We do not anticipate an impact on value if the current use is maintained.

Furthermore, Savills received information on the commercial park in Brilon (1026.001) where contaminations were detected. These were considered in the valuation accordingly.

Please note that Savills has not been instructed to perform any environmental due diligence and does not possess the necessary detailed technical information. Therefore, Savills assumes without verification the accuracy and completeness of the provided information to Savills in this context. Should it subsequently turn out that additional contamination exists at the properties this may have a detrimental effect on the value reported.

6. Properties Subject to Liquidation

The portfolio includes 14 liquidation properties which are either undeveloped plots of land or do not generate a sustainable rental income or the underlying land value exceeds the value of the properties in their current use. For these properties, the land value less any assumed demolition costs for the existing buildings is determined.

In case there are existing lease agreements subject to these properties, the assumed liquidation takes place after expiry of the last lease agreement. Up to this point, the net operating income from the buildings is discounted and finally added to the discounted future liquidation value.

Liquidation Properties													
Adler WE- Code	Portfolio	Postal Code	Municipality	Lettable Area sq m	Vacant Area sq m	Vacancy	Gross Current Rent EUR	Gross Market Rent EUR	Market Value EUR	Market Value EUR per sq m	Tenure	Liquidation Date	Land Area sq m
2150.206	Magnus III	6449	Ascherleben	296	205	69.1%	4,277	-	-	-	Freehold	30/06/2021	356
2150.207	Magnus III	6449	Ascherleben	261	261	100.0%	-	-	-	-	Freehold	30/06/2021	583
2150.208	Magnus III	6449	Ascherleben	285	147	51.8%	7,912	-	-	-	Freehold	30/06/2021	518
2150.209	Magnus III	6449	Ascherleben	309	260	84.1%	2,580	-	-	-	Freehold	30/06/2021	290
2150.210	Magnus III	6449	Ascherleben	263	205	78.1%	3,321	-	-	-	Freehold	30/06/2021	294
2150.211	Magnus III	6449	Ascherleben	305	252	82.5%	1,944	-	-	-	Freehold	30/06/2021	690
2150.212	Magnus III	6449	Ascherleben	285	285	100.0%	-	-	-	-	Freehold	30/06/2021	697
2150.213	Magnus III	6449	Ascherleben	269	269	100.0%	-	-	-	-	Freehold	30/06/2021	778
2150.214	Magnus III	6449	Ascherleben	308	201	65.3%	4,992	-	-	-	Freehold	30/06/2021	756
2380.040	Senftenberg	1968	Senftenberg	373	291	78.0%	2,952	-	20,000	11	Freehold	01/01/2020	1,875
				2,954	2,376	80.4%	28,673	1,260	67,000	8			7,971

III. Basic Cash Flow Considerations

Preamble

The following summaries of the valuation assumptions and parameters relate to the 1,375 subject properties. In the following section, we seek to comment on all input parameters in our valuation model. Besides a general description of each parameter, the applied ranges of those parameters will be stated, too. The considered parameters result in a value of the individual properties, which were verified by means of appropriate comparable transactions.

Consideration of Rental Cap Law ("Mietpreisbremse")

On June 1 2015, the new federal Tenancy Law Amendment Act on rent control entered into force in Germany. The act authorises individual German federal states to enact regulations in form of temporary rent caps. Besides others, many German cities as Berlin, Hamburg and Munich as well as many large cities in North-Rhine-Westphalia use the rental cap and regulate the residential market today.

The "brake of rents" ("Mietpreisbremse") prohibits landlords in areas designated as "tight housing markets" from charging a rent that is more than 10% above the local average rent for a comparable property (Civil Code § 556d).

However, this prohibition only applies to new leases. If the rent charged to the last tenant was above the 10% limit, a landlord is allowed to demand from a new tenant a rent up to the amount charged in the last lease (§ 556e BGB). The average rents for comparable properties are generally defined in local qualified rent indices ("qualifizierte Mietspiegel"). Nevertheless, existing leases already faced a rent cap ("Kappungsgrenze") of not more than 20% of the average local rent charged within a three-year period (§ 558 BGB). Some cities have reduced the rent cap to 15%. Furthermore, exclusions apply to properties built after October 1, 2014, or to apartments that have been fully modernised (§ 556f BGB). An apartment is considered fully modernised if the extent of the modernisations is comparable to a new property.

In our valuation, the rent cap law was considered for 29 properties or valuation units (VU), as the case may be, altogether. Please note that the rent cap law was only considered in areas which advise a qualified rent index ("qualifizierter Mietspiegel").

Consequently, the local average rent for a comparable property as stated in the locally qualified rent index + 10% was applied as the market rent in our valuation for properties which are subject to both the Tenancy Law Amendment Act and a qualified rent index. However, if the current rent was already above the local average rent + 10%, the current rent was further applied in the valuation. For other properties, the applied market rents were based on contractual and asking comparables "on a free market" as available in Savills' database and through empirica.

Berlin's New Rental Cap ("Berliner Mietendeckel")

The law to limit rents in housing in Berlin (MietenWoG Bln) was passed by the Berlin House of Representatives on 30 January 2020 and came into force on 23 February 2020.

Since the subject portfolio does not contain any properties in Berlin, no further explanation of this law is given here.

Estimated Rental Value (ERV)

Estimated rental values ("market rents") indicated in this report are those which have been adopted by us as appropriate in assessing the capital value or the letting potential of the properties, being subject to market conditions that are either current or are expected in the short term. They are based on our experience in the markets and our knowledge of actual comparable market activity.

For the purpose of comparison, we considered market evidence by assessment of actual lettings of units with the same or a closest comparable use, where applicable and available. Applied ERVs range as follows in the subject properties:

Market rent			
	Minimum	Maximum	Average *
	EUR per	EUR per	EUR per
	sq m p.m.	sq m p.m.	sq m p.m.
Residential - small	4.25	15.00	6.95
Residential - middle	4.00	15.00	5.85
Residential - large	3.75	10.42	5.86
Residential - very large	3.50	9.25	5.51
Commercial	0.50	22.00	6.07
Other Area	-	15.00	1.82
Office	3.00	3.00	3.00
Storage	2.75	2.75	2.75
Production	2.75	2.75	2.75
Internal Parking	-	130.00	35.51
External Parking	-	500.00	20.88
Other Unit	-	1,020.00	169.65

* weighted by sq m / units

Non-Recoverable Costs

Ancillary costs of a property are generally costs of

- ongoing maintenance,
- management and
- other non-recoverable costs.

These costs can generally be allocated to the responsibility of tenants in commercial leases – at least to a very high degree of total costs - whereas there are much stricter regulations for residential leases. Residential tenants may only be obliged to bear services charges as defined in the Ordinance of Services Charges (*Betriebskostenverordnung*) but must never – by law – be made responsible for costs of maintenance or management.

For the purpose of valuing the subject properties, we did not receive details of the amount of non-recoverable costs which remains to be borne by the owner. Therefore, we applied common appropriate assumptions in our valuation.

Costs of Ongoing Maintenance

For costs of ongoing maintenance we have assumed the following for the respective types of use:

Maintenance			
	Minimum	Maximum	Average *
	EUR per sq m p.a.	EUR per sq m p.a.	EUR per sq m p.a.
Residential - small	6.00	11.00	8.59
Residential - middle	6.00	11.00	8.63
Residential - large	6.00	11.00	8.38
Residential - very large	6.00	11.00	8.62
Commercial	2.00	9.50	6.88
Other Area	-	4.00	2.62
Office	6.00	6.00	6.00
Storage	3.00	3.00	3.00
Production	3.00	3.00	3.00
Internal Parking	25.00	50.00	49.96
External Parking	10.00	50.00	24.93
Other Unit	-	50.00	0.15

* weighted by sq m /units

Our approach considers both, that commercial tenants bear a considerable portion of maintenance costs, i.e. in their units and of all fixtures and fittings, but that it is also likely that the owner shall bear costs of maintaining the roof and structure ("Dach und Fach"). We assume the applied cost estimation to be sufficient to at least maintain the respective property in the current condition.

All costs include annual inflation which will be adjusted each year of the DCF term.

Management Costs

For the subject properties we have allowed management costs as costs per unit or as a percentage of the annual market rent:

Management costs			
	Minimum	Maximum	Average *
	EUR per unit	EUR per unit	EUR per unit
	p.a.	p.a.	p.a.
Residential - small	200	300	220
Residential - middle	200	325	227
Residential - large	200	350	227
Residential - very large	200	350	238
Commercial	-	4,940	183
Other Area	-	149	16
Office	-	1,031	171
Storage	-	1,671	205
Production	561	4,270	2,182
Internal Parking	50	50	50
External Parking	50	50	50
Other Unit	-	50	50

* weighted by number of units

For the residential units we applied Management Costs per unit between EUR 200 and EUR 350 p.a.

For office, storage and production use we applied 3.0% on average of the Market Rent. For other commercial uses we considered 2.0% of the Market Rent on average.

Our approach is to reflect a common level of management costs under consideration of the type and complexity of the asset and relevant utilisation(s). We generally assumed the subject asset to require a normal management effort.

Please note all costs include annual inflation which will be adjusted each year of the DCF term.

Non-Recoverable Costs on Vacancy

These are generally non-recoverable service charges, for example any operational costs, which may need to be borne by the landlord should a tenant become unable to pay for any reason (e.g. insolvency) or in the general case of vacancy. These costs are incurred in addition to the regular non-recoverable ancillary costs as explained above.

In the absence of more detailed information of actual non-recoverable costs in the case of vacancy, we considered non-recoverable ancillary costs per sqm p.m. for vacant area as follows:

Vacancy costs			
	Minimum	Maximum	Average *
	EUR per	EUR per	EUR per
	sq m p.m.	sq m p.m.	sq m p.m.
Residential - small	1.00	1.00	1.00
Residential - middle	1.00	1.00	1.00
Residential - large	1.00	1.00	1.00
Residential - very large	1.00	1.00	1.00
Commercial	0.25	1.00	1.00
Other Area	-	0.50	0.45
Office	0.75	0.75	0.75
Storage	0.25	0.25	0.25
Production	0.25	0.25	0.25
Internal Parking	-	-	-
External Parking	-	-	-
Other Unit	-	-	-

* weighted by sq m /units

Please note that these costs will only be applied to vacant space and only for the assumed duration of vacancy.

The vacancy costs are only relevant after the expiry of the current lease contracts and initial vacancy.

Void Periods for Current Vacancy and Void Periods after Expiry of Leases

Voids generally represent the time period between the expiry of a lease and the start date of a new lease.

There is currently some initial vacancy in the subject properties. For these units, we have estimated 'Void Periods of Current Vacancy' which are starting at the beginning of the next full month following the reference date of this valuation (the 'projection date').

We have assumed the following void periods for current vacancy:

Void period of current vacancy			
	Minimum	Maximum	Average *
	months	months	months
Residential - small	3.00	10.00	3.35
Residential - middle	3.00	15.00	3.83
Residential - large	2.00	15.00	3.88
Residential - very large	2.00	12.00	3.47
Commercial	9.00	9.00	9.00
Other Area	9.00	9.00	9.00
Office	9.00	9.00	9.00
Storage	9.00	9.00	9.00
Production			
Internal Parking	9.00	9.00	9.00
External Parking	9.00	9.00	9.00
Other Unit	9.00	9.00	9.00

* weighted by market rent

Those units which are currently let and which become vacant in the future will be subject to the 'Void Periods after Expiry of Leases'. For all units where leases expire in the future and during the upcoming DCF term of 10 years, we considered the following void periods:

Void Period after expiry of leases			
	Minimum	Maximum	Average *
	months	months	months
Residential - small	2.00	6.00	3.00
Residential - middle	2.00	6.00	3.00
Residential - large	2.00	6.00	3.08
Residential - very large	2.00	6.00	2.99
Commercial	3.00	9.00	6.01
Other Area	-	12.00	6.55
Office	12.00	12.00	12.00
Storage	12.00	12.00	12.00
Production	12.00	12.00	12.00
Internal Parking	2.00	12.00	5.78
External Parking	2.00	12.00	5.68
Other Unit	2.00	12.00	6.29

* weighted by market rent

Leasing Commissions

German law does not restrict the charging of agency fees on lettings for commercial properties. In the event that the administration is not able to recover some of the letting costs, book allowances have been made at this level to reflect

the management expenses incurred in letting, e.g. meetings to negotiate lease terms, newspaper adverts etc. For residential lettings, agency fees are limited to two months' rent by law.

For the purpose of this valuation, we generally have assumed that letting fees equivalent to

- 2 months' rent for residential units and
- 0 to 3 months' rent for commercial units

would be incurred by the landlord on re-letting for all types of re-lettable units.

Costs of Unit Refurbishment ("Tenant Improvements")

It is frequently the tenant's responsibility to redecorate and to carry out at least minor repairs. When there is a change of tenant, however, additional expenses for basic repairs and a more comprehensive renovation of the unit must normally be allowed for in order to assist marketing and re-letting.

In our DCF model, we differ between costs of "First Time Tenant Improvements" and of "Continuing Tenant Improvements". First time refurbishment costs will be applied to units which are currently vacant and to units which are now let but will become vacant for the first time during the applied DCF term. 'Continuing tenant improvements' will accordingly be applied to remaining cases, i.e. units where there is a second lease expiration during the applied DCF term.

Our DCF model generally considers these costs of refurbishment at the end of the assumed letting void.

We have allowed the following first-time refurbishment costs:

First-time refurbishment costs			
	Minimum	Maximum	Average *
	EUR per sq m	EUR per sq m	EUR per sqm
Residential - small	30	180	62
Residential - middle	-	180	76
Residential - large	-	180	76
Residential - very large	-	180	68
Commercial	-	120	99
Other Area	-	10	8
Office	50	50	50
Storage	10	10	10
Production	10	10	10
Internal Parking	-	-	-
External Parking	-	-	-
Other Unit	-	-	-

* weighted by sq m / units

We have allowed the following continuing refurbishment costs:

Continuing refurbishment costs

	Minimum EUR per sq m	Maximum EUR per sq m	Average * EUR per sq m
Residential - small	30	50	32
Residential - middle	30	50	32
Residential - large	30	50	33
Residential - very large	30	50	34
Commercial	15	30	30
Other Area	-	10	8
Office	50	50	50
Storage	10	10	10
Production	10	10	10
Internal Parking	-	-	-
External Parking	-	-	-
Other Unit	-	-	-

* weighted by sq m / units

Average Lease Term for new Lettings

Under German law, residential tenancies are usually agreed for an indeterminate period. Commercial tenancies in Germany are usually agreed for a fixed period of 5 or 10 years, sometimes longer.

For the purpose of this valuation and based on our experience, we have applied the following lengths of tenancy for any potential new letting in the subject asset:

Duration of new lease

	Minimum years	Maximum years	Average * years
Residential - small	5.50	9.00	7.04
Residential - middle	5.50	9.00	6.94
Residential - large	5.50	10.00	7.40
Residential - very large	5.50	10.00	7.26
Commercial	5.00	5.00	5.00
Other Area	5.00	6.50	5.04
Office	5.00	5.00	5.00
Storage	5.00	5.00	5.00
Production	5.00	5.00	5.00
Internal Parking	5.00	7.00	6.99
External Parking	5.00	7.00	6.85
Other Unit	5.00	7.00	5.00

* weighted by market rent

Applied Growth Assumptions

We have commonly applied the following growth parameters in our DCF calculations according to the research institute “focus economics”:

- 2020: 1.40%
- 2021: 1.50%
- 2022: 1.70%
- 2023: 1.80%
- 2024: 1.90%
- The ongoing annual inflation onwards was assessed at 2.00%.

Furthermore, regarding rental growth, we have assumed the following:

Rental growth: Current rents grow according to actual indexation terms, while market rents grow between 60% and 120% of the assumed inflation rates.

Rates in DCF Calculations

We applied the following range of rates for the individual assets:

Internal yields and rates			
	Minimum	Maximum	Average *
Discount Rate	2.00%	11.00%	4.58%
Exit Capitalisation Rate	3.00%	15.00%	5.24%

* Discount Rate weighted by Gross Present Value
Exit Capitalisation Rate weighted by Exit Value

Please note that Discount Rates and Exit Cap Rates are related to the underlying cash-flow assumptions made for each property. To back-up our valuation results, we have considered comparable transactions and/or market databases.

Costs of Transaction

We applied costs of transaction as follows:

- Real Estate Transfer Tax: 3.50% - 6.50% depending on the federal state
- Notary fees 0.50% - 2.00%
- Agency fees 0.50% - 2.00%

These costs are chosen as they are common in ordinary course of business, i.e. in an asset deal, and for the subject type of property. Costs of transaction may, however, differ in the actual individual case – depending on the type of transaction.

E. Valuation Results

I. Total Secured Rental Income (“Current Rent”)

According to the provided tenancy schedule, the current rental income as at 31 December 2019 amounts to:

EUR 120,529,927 p.a.

(ONE HUNDRED TWENTY MILLION FIVE HUNDRED TWENTY NINE THOUSAND NINE HUNDRED TWENTY SEVEN EURO)

II. Opinion of Net Estimated Rental Value (ERV)

The estimated rental value as at 31 December 2019 amounts to:

EUR 143,553,880 p.a.

(ONE HUNDRED FORTY THREE MILLION FIVE HUNDRED FIFTY THREE THOUSAND EIGHT HUNDRED EIGHTY EURO)

III. Opinion of Market Value including Leaseholds

We are of the opinion that the Market Value including Leaseholds of the subject properties as at 31 December 2019 is:

EUR 2,030,827,000

(TWO BILLION THIRTY MILLION EIGHT HUNDRED TWENTY SEVEN THOUSAND EURO)

Our opinion of Market Value (including liquidation properties) is equivalent to:

Market Value per sqm	1,000 EUR
Gross Multiplier on Current Rent	16.85 fold
Gross Multiplier on Market Rent	14.15 fold
Net Initial Yield (NIY) on Current Rent	4.23%
Net Initial Yield (NIY) on Market Rent	5.36%

* The yields have been derived without the liquidation properties.

The following table shows aggregated data of the 1,361 properties with a sustainable cash-flow (excluding 14 Liquidation Properties) which represent 99.99% of the total Market Value:

Market Value per sqm	1,001 EUR
Gross Multiplier on Current Rent	16.85 fold
Gross Multiplier on Market Rent	14.15 fold

IV. Market Value excluding Leaseholds

We are of the opinion that the Market Value excluding Leaseholds of the subject properties as at 31 December 2019 is:

EUR 2,047,518,000

(TWO BILLION FORTY SEVEN MILLION FIVE HUNDRED EIGHTEEN THOUSAND EURO)

V. Comment on all Valuations Results

The Market Value of the Subject Portfolio reported is the aggregate total of the individual properties and not necessarily a figure that could be achieved if the Subject Portfolio were to be sold as a whole (Individual valuation principle).

Savills has been informed by Adler that there have not been material changes to the building stock of the subject portfolio between the date of valuation 31 December 2019 and the date of this Valuation Report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Report date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Due to the material change caused by COVID-19 to the global economy, financial markets and almost all aspects of life, a valuation of the subject portfolio as of the date of this Valuation Report would have been reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to such valuation than would normally be the case. Given the unknown current and future impact that COVID-19 might have on the real estate market we recommend that you keep the valuation as of 31 December 2019 of the subject properties under frequent review.

We are therefore not in a position to make a statement as to whether the market conditions and movements of the respective real estate markets in which the subject properties are located have led to a change or in fact a material change between 31 December 2019 and the date of this Report.

Regarding changes to the real estate market conditions caused by Covid-19 we refer to chapters "F. Material Changes" and "G. I COVID-19 Commentary".

Please note that this valuation has been carried out on the basis of partly limited documentation, in particular we have been provided with land register lists for all 1,375 subject properties, but not with all land register excerpts. So we have been provided with land register PDF files for 1,315 of the 1,375 subject properties (ca. 96%). Savills compared more than 10% (140) of the provided PDF land register excerpts with the excel files. This comparison did not reveal any relevant differences. We assume that the information contained in these excel files are correct. Please refer to chapter B II.

F. Material Changes

Savills hereby confirms that as at the date of this Valuation Report:

- Savills has been informed by Adler that there have not been material changes to the building stock of the subject portfolio between the date of valuation 31 December 2019 and the date of this Valuation Report.
- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.
- Market activity is being impacted in many sectors. As at the Report date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Due to the material change caused by COVID-19 to the global economy, financial markets and almost all aspects of life, a valuation of the subject portfolio as of the date of this Valuation Report would have been reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to such valuation than would normally be the case. Given the unknown current and future impact that COVID-19 might have on the real estate market we recommend that you keep the valuation as of 31 December 2019 of the subject properties under frequent review.
- We are therefore not in a position to make a statement as to whether the market conditions and movements of the respective real estate markets in which the subject properties are located have led to a change or in fact a material change between 31 December 2019 and the date of this Report.
- Regarding changes to the real estate market conditions caused by Covid-19 we refer to the chapter “G. I COVID-19 Commentary” immediately below.



For and on behalf of

Savills Advisory Services Germany GmbH & Co. KG

Klaus Trautner MRICS, CIS HypZert (F)

RICS Registered Valuer

Draženko Grahovac MRICS

RICS Registered Valuer

G. Market Commentaries

I. COVID-19 Impact on European Real Estate

Economy

As the number of new coronavirus cases continues to fall on a weekly basis across Europe, new signs of a return to business and consumer activity are beginning to shine through in monthly data, as society adjusts to the "new norm".

Eurozone consumer confidence readings recovered from -22 to -18.8 between April and May, above consensus forecasts which could provide the first sign that the U-shaped recovery will be less damaging than previously feared. However, this remains at the lowest level ever recorded by some distance.

Consumer trends will be reflected in unemployment rate numbers which we only expect to surface later in the year once furlough schemes are lifted. Bloomberg estimates that 40 million workers have been furloughed across Europe's largest six economies, Germany, UK, France, Italy, Spain and Netherlands, following Covid-19's outbreak. Temporary job subsidies are unlikely to prevent increases in unemployment rates after Europe's furlough schemes are wound up towards the end of 2020. Eurozone (EZ) unemployment is expected to peak at around 11-12 per cent by year end, up from the current level of 7.3 per cent.

The European Central Bank's (ECB) main refinancing rate remains at zero, leaving no further room to lower rates, providing investors with cheap debt (although lending to real estate has become more stretched since Covid-19's outbreak). Southern European economies with higher levels of debt will find servicing existing debt eats into government spending plans unless central aid can be offered.

The ECB must also avoid fears of a deflationary spiral. EZ inflation is expected to have fallen to 0.1 per cent during May 2020, the lowest rate since 2016 due to falling energy demand. The ECB intends to stimulate demand using the Pandemic Emergency Purchase Programme (PEPP), recently increased from €750bn to €1.35tn, to return back to the 2 per cent inflation target, which equity markets welcomed.

Meanwhile, the European Commission's planned €750bn recovery fund is intended to help some of the worst-hit and heavily indebted European economies bounce back from the imminent economic downturn.

Germany's temporary VAT cut from 19 per cent to 16 per cent will also help to stimulate consumer demand for the remainder of 2020. The larger European economies will be able to stomach the additional debt burden more easily in the short term. Yet, closer attention will be paid to whether this has a positive impact on the marginal propensity to consume, or will simply increase household savings ratios. When business activity stabilises in the longer term, governments may opt to increase corporate taxes, which could impact multinational occupiers' decision making.

It is likely that planned infrastructure spending will be put on hold in the short-medium term to service markedly increased debt repayment costs. Countries which have been least affected by Covid-19 will ultimately have more capital to invest in expansionary infrastructure schemes including green energy initiatives and urban cycle routes which have come to the forefront during lockdown periods. However, green policies will remain on the agenda. Germany has announced increased incentives for buying electric vehicles, a welcome boost for the automotive sector which will stabilise logistics demand levels both nationally and throughout neighbouring countries.

Eurozone GDP growth confirmed a 3.8% slump during Q1 2020, and given the depth of decline in the Purchasing Managers Indices (PMIs) during the second quarter, GDP forecasts appear varied. However, the latest Focus Economics consensus forecasts indicate -12% Eurozone GDP growth during Q2, marking -5.9% economic growth for the full year 2020.

Residential

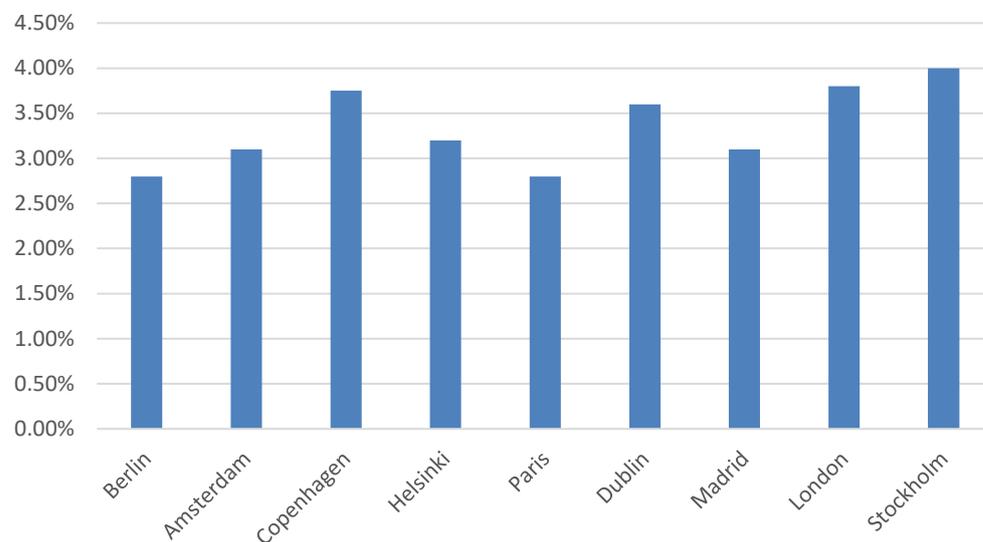
Multifamily

Multifamily investment activity in the first quarter of 2020 was close to €11.5bn for the 12 markets that we monitor, already 27% of last year's total, which was the second strongest year on record, at €43.2bn. Multifamily investment accounted for 23% of total activity. In Germany it was the largest sector, 1.1 times above offices. Germany was once again the largest market, capturing 71% of the total with over €8.2bn of transactions, followed by the UK (€947m) and Sweden (€699m).

Despite the slowdown of investment activity during the second quarter, resulting from strict lockdown measures across Europe that aimed to control the spread of Covid-19, we anticipate at least another €10.3bn to have been deployed in the multifamily sector by the end of June, with half of the countries expected to achieve significantly higher volumes compared to the previous quarter.

The average prime net yield has remained stable on a quarterly basis at 3.35% and 50bps below the prime office yield. Yields are stabilising in most markets, after a significant inward yield shift trend over the past five years. In Q1 2020 prime yields moved in only in Dublin from 3.75% to 3.6%. Prime achievable yields for newly built income producing assets are the highest in Stockholm (4.0%) and London (3.8%). Prime net yields in Amsterdam have moved slightly out to 3.1% (10bps).

Prime net multifamily yield



Impact on pricing has been minimal but rental growth expectations have to be postponed

The minimal impact of the health crisis on investor appetite for multifamily is supported by the strong fundamentals of the sector: rising urbanisation, smaller households, unaffordable house prices and rising occupier demand for flexibility and services. Additionally housing is a basic need and therefore demand for rental remains stable or even rises in periods of economic uncertainty. Supply of this type of product is low in most markets, and construction activity is restricted by high land values and construction costs, as well as limited labour availability.

The main considerations for multifamily investors following the health crisis are expected to be around affordability and real rental growth prospects. The ability of low income households to meet their rental obligations will be tested over the next few months as government support measures start phasing out. This will eliminate positive rental growth expectations for this year and next, while some moderate downward rent adjustments may also occur.

Investment Markets

Investment transactions

RCA's latest data indicates that EMEA investment transactions to 10th June 2020 fell 6% compared to the same stage last year, reaching a total of €100bn, although this is below the 18% fall in the Americas and 45% fall in Asia-Pacific. What's more, much of this volume was boosted by larger transactions and portfolios. On a deal count basis, investment transactions have fallen by 41% on the same stage last year.

Investment activity for March to May shows Germany and UK investment transaction volumes have held fairly firm so far this year, representing a shift to core markets, however, nearly all markets recorded between 30% to 50% falls in the number of transactions changing hands during this period.

By sector, offices accounted for the largest share of transactions during March-May period, however marking large falls on last year. Apartment transactions actually represented a small increase on the previous year as investors show evidence of a shift to core markets, with a number of large portfolios changing hands.

Grocery anchored retail continues to remain on investors' wish lists, with over 120 monthly transactions over €5m during the months of February and March, more than any other sector and we expect grocery anchored retail to continue to pique investor interest throughout the year.

A number of the largest completed deals for week commencing 8th June indicate a shift to residential and alternative portfolios according to Property EU data from across the core European markets, including Patrizia's forward purchase of a care home portfolio, and L&G's acquisition of 213 residential units in Wembley Park.

Our indication for European investment transactions for the full year 2020 is a fall of between 34% and 52% on the level recorded in 2019 to between €125bn and €170bn. This marks a smaller reduction from the 54% investment transactions decline during the global financial crisis.

Yields

Average prime industrial yields remained unchanged during Q1 2020 and 22 bps below last year's levels at 4.93%. Rotterdam (4.25%), Oslo (4.55%) and Dublin (4.75%) experienced a 25bps inward yield shift compared to the previous quarter, while prime yields moved out by 25bps in Amsterdam (4.5%) and Prague (4.5%).

Prime shopping centre yields have moved out by 28bps on average across Europe during the first quarter and by 39bps compared to last year to 5.1% and are now higher than prime logistics for the first time. The most significant yield softening in one quarter was noted in Czech Republic (75bps to 5.75%), Netherlands (50 bps to 5.5%), Ireland and Norway (50bps to 5.0%) and Sweden (50bps to 4.75%).

Given that lockdown only started towards the end of Q2, we expect any price movement to become evident in the second quarter's figures.

Outlook

We expect investment transaction volumes to recede over the course of the year, particularly as there remains a shortage of openly marketed stock and the bidding process becomes less competitive than in 2019. Bans on travel and self-

isolation guidance have made inspecting assets and conducting technical due diligence more difficult in the short term, although some country borders are slowly being reopened. Domestic investors are clearly at an advantage here. Ultimately, we would expect European institutions to be more active in the second half of the year.

With equity still committed and ready to invest across Europe, there appears to be a mismatch in pricing expectations for core product. Vendors have no immediate need to sell and redeploy capital, whilst buyers are seeking 5-10% "COVID chips" on transactions – and a shortage of investment transactions is making repricing difficult.

The majority of the debt market remains in pause mode. Clearing banks in the UK are focused heavily on managing their existing granular loan books. The most active parts of the lending market across Europe are the German banks as well as Insurance companies, with this debt being secured against core product. LTVs have reduced from 60+% to 55%.

Nevertheless, there remains a weight of money available as debt (particularly as many multi-strategy investors see this as a way to diversify their exposure) and, once appetite and pricing becomes clearer in the coming months, we anticipate the return of investment banks, debt funds and private equity to the market.

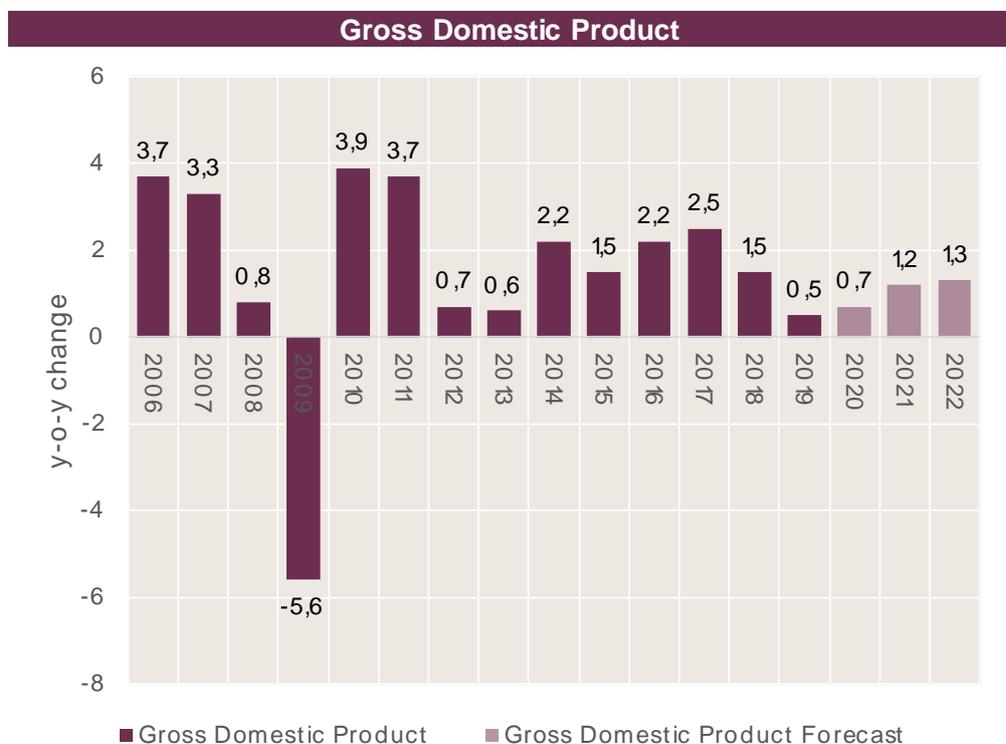
As part of a shift to core, we expect the proportion of cross border activity to decline compared to previous years, particularly from Asia-Pacific capital where we have observed unprecedented levels of investment in recent years. We anticipate that this will affect the Southern European and Central and Eastern European (CEE) markets which are more heavily dependent on cross border capital, relatively more than those in Western Europe.

Core-plus and value-add investors are viewing the pandemic as a chance to count stock on their existing office portfolios. Part of this stems from the fact that pricing in these risk profiles is usually more heavily influenced by strong macro fundamentals. At the other end of the scale, we can expect to see US private equity investors seeking distressed Southern European opportunities offering price chips of 50 bps or more.

II. General Economy and Financial Markets as at 31 December 2019

Economic growth has weakened

Following the Global Financial Crisis of 2008/2009, the German economy developed quite substantially and has been in a stable upswing since 2010. Not even the Euro Crisis of 2012/2013 was able to dampen the positive growth. However, in the last quarter of 2018 there were increasing signs that the economic outlook would deteriorate as a result of ongoing global uncertainties. This led to a decline in GDP growth by 100 basis points in both 2018 and 2019. In 2019, GDP growth amounted to no more than 0.5 percent. However, the forecast for 2020 already foresees a trend reversal with 0.7 percent growth. It is also assumed that the upward trend will continue in 2021 and 2022. Growth of 1.2 percent is expected in 2021 and 1.3 percent in 2022.

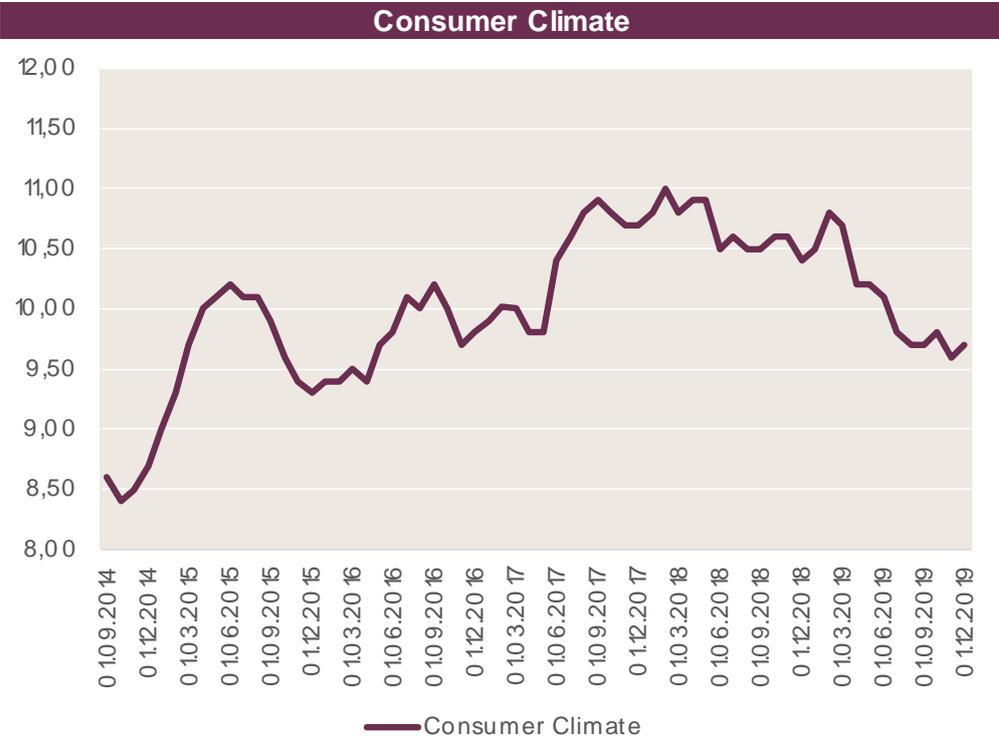


Source: Statistisches Bundesamt, Focus Economics

The positive outlook for 2020 and the two following years is fuelled in particular by expectations that the USA and China will settle their customs dispute and that the EU will agree with the United Kingdom on a Brexit withdrawal treaty, following the Brexit election in 2016. These two uncertainties shaped the years 2018 and 2019 and contributed significantly to the slump in GDP growth after 2017. At present, it looks as if both sources of uncertainty could be resolved in 2020. However, should a resolution of the conflicts become more distant again, fears of recession could also return.

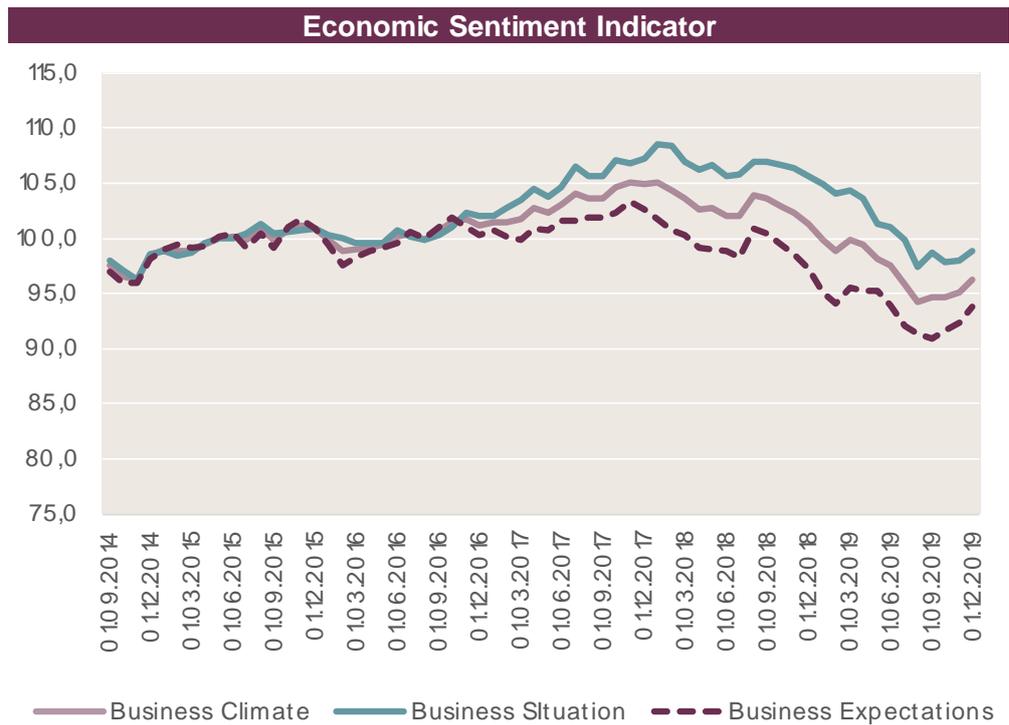
Private and public spending is major economic pillar, but business expectations are worsening

Despite the weakening economy, consumer sentiment remains positive and at a high level of 9.7 points. Domestic demand is thus acting as an important pillar of the economy. One reason for this is that the unemployment rate continued to fall in 2019 and currently lies at 5 percent. The lowest level since the German reunification. The ongoing increase in the number of employees has a positive effect on the buying mood of German households. This continuing buying mood balances out the weaknesses in the industry sector. The latter is currently negatively influenced by the automotive sector that is suffering from difficult world market conditions. Furthermore, the automotive sector undergoes a transformation process towards a higher share of electric mobility.



Source: GfK

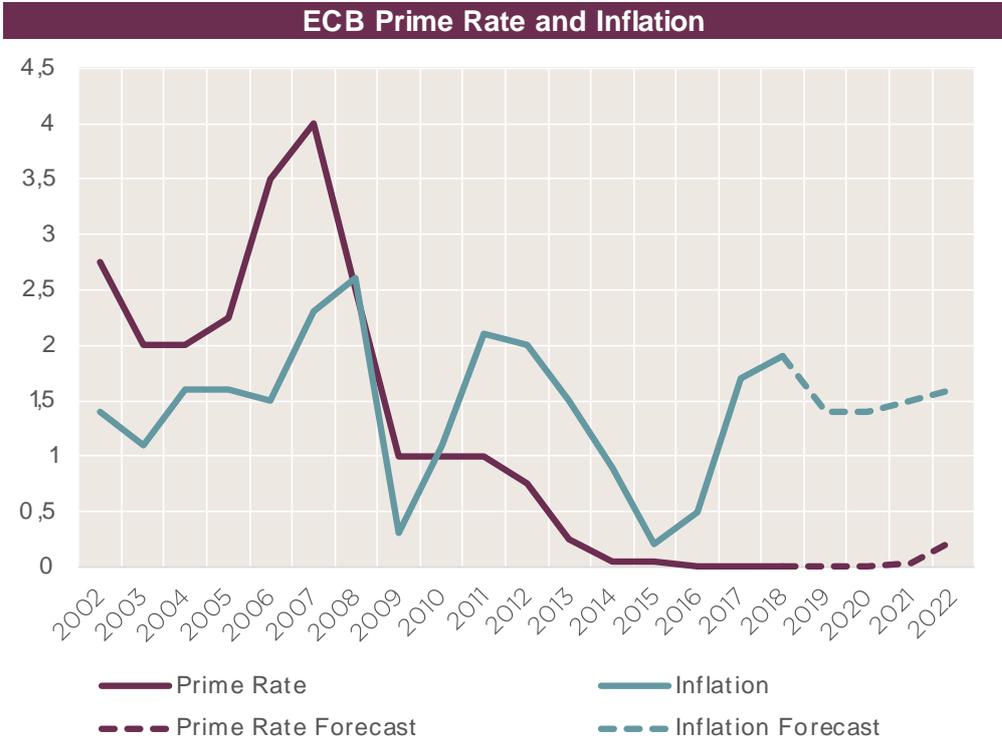
The confidence of German companies remains quite high. The business climate index compiled by the ifo Institute has been at a high level for several years. However, the trend in the business climate, business situation and business expectations has been pointing downwards since 2018. This development underlines the fact that the economic outlook has become noticeably gloomier than in 2016 and 2017. Since August 2019, however, the business climate has recovered slightly from 94.3 to 96.3 points and the business situation from 97.4 to 98.8 points. This led to a brightening of the mood in German companies, which is also reflected by an increase in business expectations.



Source: CESifo

Monetary policy becomes more expansionary again

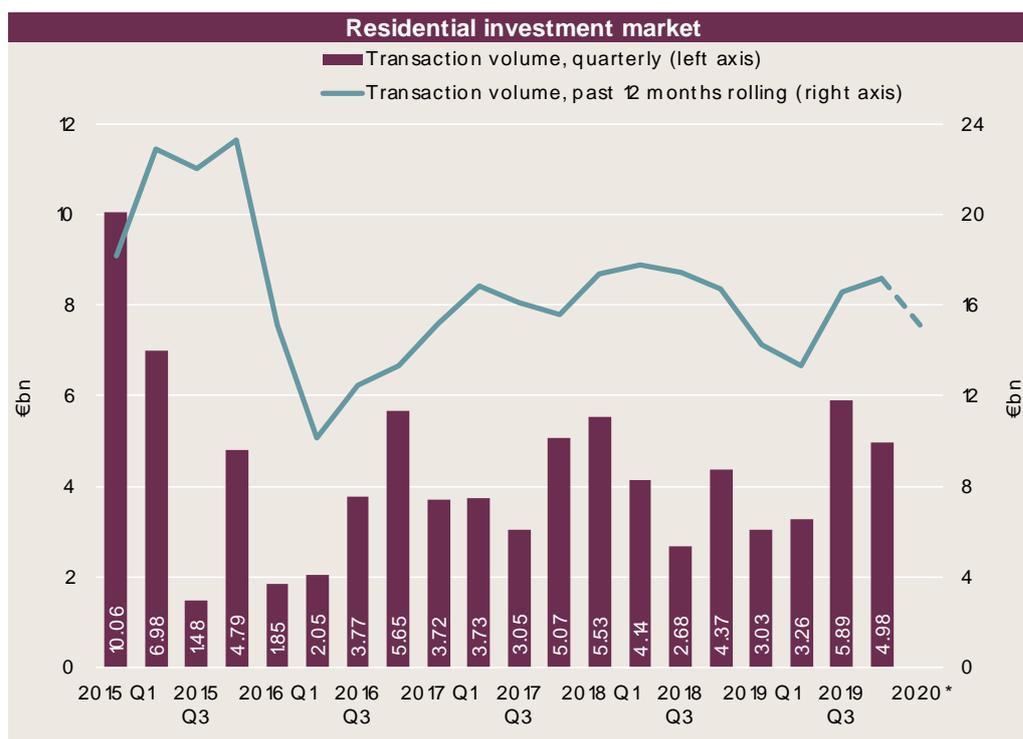
In September 2019, the ECB resumed its net purchase program of securities for various asset classes. The key interest rate remains at 0 percent, but the monetary authority has lowered the deposit rate at which banks at the ECB can store money from -0.4 to -0.5 percent. Monetary policy has thus become more expansionary again. The central bank decided for this step because of lower inflation expectations due to the deteriorating economic outlook in the euro zone. The turnaround in interest rates is thus likely to be postponed beyond 2020 for the time being. Monetary policy is not expected to normalize until inflation expectations reach the target level of 2 percent. These are expected to be just above 1.5 percent in 2021.



Source: Statistisches Bundesamt, Deutsche Bundesbank, Consensus Economics

III. Germany Residential Real Estate Investment Market as at 31 December 2019

On the German residential investment market (transactions of 50 apartments or more), real estate for around €17.2bn was traded in 2019. This corresponds to an increase of 3% compared to the previous year. In total, almost 118,000 apartments changed hands (-11% compared to 2018). The number of transactions also declined (-18%), but their average size increased by 22% to about €71m.



Source: Savills / * forecast

The two most active buyer groups last year were open-ended special funds and residential real estate companies. These investor groups accounted for around half of the transaction volume. The past year, however, was marked by a much stronger commitment by the public sector. In total, municipalities and federal states or their housing companies acquired around 22,700 apartments for around €3.2bn. This was more than two and a half times as high (+269%) as in 2018, with around 84% of the volume being accounted for by the purchase of existing apartments. In the public debate about more affordable housing, the expansion of municipal housing stocks is on the agenda in many places. Although this goal can be achieved more quickly by purchasing existing apartments, this does not change the shortage of supply. With the roughly €2.7bn that the public sector has spent on the purchase of existing apartments in 2019, the construction of probably more than 25,000 apartments on municipal land could have been initiated. This would undoubtedly make a greater contribution to relieving the housing markets.

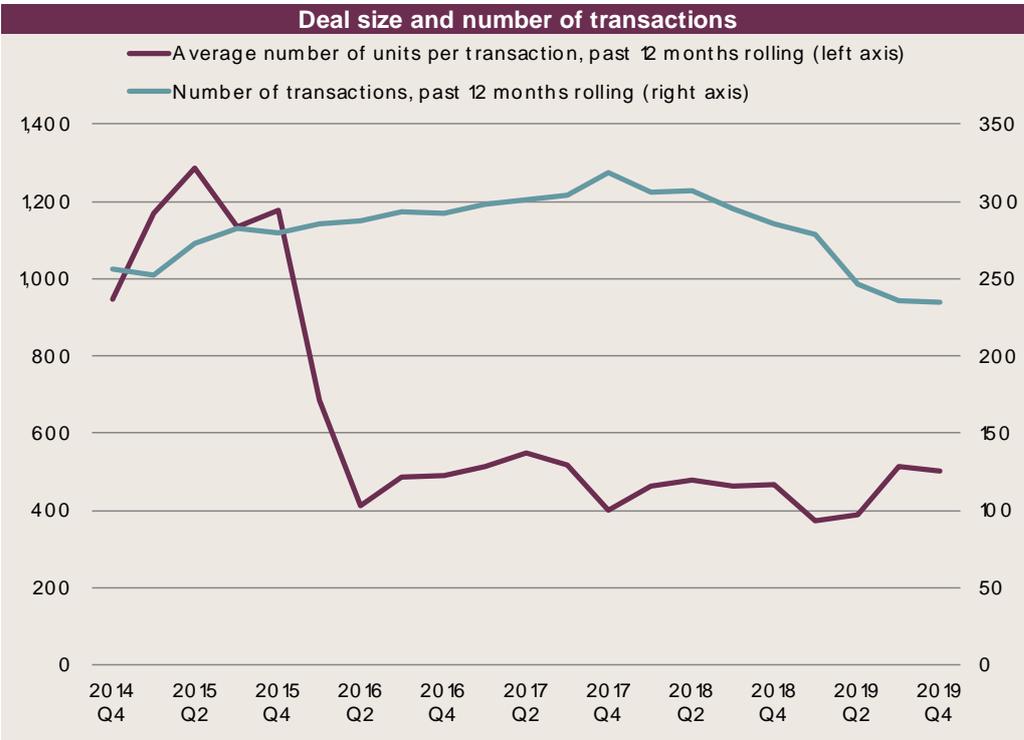
For the third time in a row, the transaction volume exceeded the €15bn mark. In addition to the further increase in capital values, an above-average proportion of the top 7 cities contributed to this. Almost 39% of all apartments sold were located in one of these cities. While additional regulations, especially in Berlin, have caused great uncertainty among

private investors, the public sector has recently made massive purchases. This has also ensured that the previous year's result on the investment market has been exceeded.



Source: Savills

With a share of more than 90% of the transaction volume, German investors were once again responsible for the bulk of market activity. Compared to the previous year (78% of the volume was accounted for by German buyers), they even increased their market share significantly once again. The regulations in place, which vary in part from state to state or even from municipality to municipality, are likely to make it more difficult for international investors to enter the market. This gives local investors and those familiar with the market an advantage.



Source: Savills

With regard to the structure of the transactions, it is striking that the number of portfolio transactions fell by 45%. The number of purchases of project developments remained constant, but these transactions accounted for a significant proportion of the volume. In total, purchases such as the acquisition of the Kleyer Quarter in Frankfurt or the Düsseldorf Glassmakers' Quarter accounted for around €4.7bn or around 27% of the transaction volume. Large-volume quarter developments in particular are currently a kind of trend topic on the German property market. Such larger residential quarters with complementary uses attempt to meet the demands of today's urban living with short distances and a mix of uses. They are therefore likely to be in demand as residential locations in the long term and are therefore increasingly sought after by investors".

The investment turnover with residential student and micro-residential complexes amounted to approximately €940m, which is 60% above the previous year's value. The number of students reached a new high in the winter semester 2019 and the number of single-person households continues to rise. The demand for smaller apartments is therefore still high, particularly in the large and university cities, which is why the fundamental data for these niche segments of the housing market remain positive.

H. General Valuation Assumptions and Applied Definitions

In the following chapter, we comment on the applied method in arriving at our opinion of value as defined in the scope of this Instruction.

I. General Valuation Assumptions

In the absence of any information to the contrary in the Valuation Report (in particular in section D containing specific valuation assumptions and considerations), this valuation has been carried out on the basis of the following assumptions (the "General Assumptions"). If any of these assumptions are subsequently found to be incorrect or invalid, the valuation result(s) in our Valuation Report may need to be reconsidered.

1. Information of Adler

The Instructing Party (and any third parties acting on request of the Instructing Party) has provided Savills with complete, correct and current information and documents as requested by Savills or which are reasonably relevant to Savills in carrying out the agreed Services (in particular the preparation of the Valuation). The Instructing Party did not retain any material facts which may impact the valuation of the real estate (ground) and buildings valued in our Valuation (collectively the "Properties", each a "Property"). Unless otherwise stated in the Valuation, Savills has not verified the information submitted (in particular, but not limited to, where it is stated in the Valuation Report that Savills has "assumed" or "relied" on information). Savills has not requested any information from public authorities, registers or courts.

2. Title

Unless otherwise stated in the Valuation Report, we have valued the 1,247 freehold interests of the Properties and 128 leasehold properties.

It is assumed that the freehold interest is not subject to any restrictions and encumbrances contained in Section II of the land register and that no claims or obligations are present in this regard.

Further, the Valuation of Savills does not consider any mortgages or land charges contained in Section III of the land register.

3. Buildings

The buildings are structurally sound. There are no structural (latent or other) material defects (including rot) which may have influence on the valuation.

In the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, wood wool slabs used as permanent shuttering or comparable materials. There are no dangers to health of occupants or tenants resulting from the actual condition of the buildings (for example resulting from contamination with asbestos or mold). Savills has not carried out any investigations concerning these matters.

4. Land

Savills assumes that the site is appropriate and has load bearing capacity suitable for the realized or anticipated form of development, that no abnormal ground conditions exist and no additional or unusual expenditure on, for example, foundations or drainage systems are required. The ground does not contain any archaeological remains. There are no underground mineral or other workings, noxious substances or any other matters that may cause additional costs or delay.

5. Services

The Properties are connected, or capable of being connected, without undue expense, to the public services of gas, electricity, water, telecommunications, sewerage and district heat, where available.

6. Contamination of Land and Buildings

Unless otherwise stated in this Valuation Report, the properties (land and buildings) are not contaminated, and each Property is not and never has been subject to any contaminating or potentially contaminating uses, nor is it likely to become contaminated in the foreseeable future.

Savills has not carried out any investigations with respect to potentially existing environmental contaminations or in order to identify any such contamination.

7. Legal Matters

The buildings were erected in accordance with construction permits, and every building complies with all statutory or local authority requirements. All necessary consents and authorizations for the use of the Properties and the processes carried out at the Properties (in particular to be issued by public authorities, neighbours or other third parties) are in existence, will continue to subsist and are not subject to any onerous conditions.

It is assumed that there are no unusual restrictions with respect to the occupation of the Properties or the level of rent.

8. Lease Agreements; Other Agreements

The tenants are creditworthy and capable of meeting their obligations. There are no arrears of rent or breaches of covenants. It is assumed by Savills that lease agreements and any other agreements provided to Savills are valid, meet the legal requirements of the written form, and no facts do exist which would entitle a party to terminate or cancel such agreements prior to expiry of the agreed term, e.g. by early termination, rescission or likewise.

9. Taxes, Public Contributions, Development Charges

Unless otherwise stated in this Valuation Report, all public taxes, charges and contributions levied by public authorities with respect to the site development, have entirely been levied and paid as at the Date of Valuation. In particular it is assumed that no public infrastructure contributions or similar contributions will be levied in the future.

10. Public Encumbrances; Monumental Protection; (Re)-Development Areas and likewise

The Properties are not subject to any public encumbrances which may give reason for a reduction of the valuation.

None of the Properties to be valued is subject to monumental protection.

None of the Properties is located in a redevelopment area pursuant to Sec. 136 et seq. of the German Federal Building Code or within the scope of any other urban development measure, e.g. refurbishment, redistribution or preservation statutes.

It is assumed that none of the Properties is adversely affected, nor is it likely to become adversely affected, by any highway, town planning or other schemes or proposals.

Savills did not undertake any investigations (for example local searches, enquiries or review of any statutory notices) in order to identify matters adversely affecting the present or future value of the Properties.

11. Subsidies

Unless otherwise stated in this Valuation Report, all valuations are given without consideration of subsidies or grants, received or potentially receivable, and any obligations or limitations in this coherence which could influence the value of the Properties.

12. Statements by Officials

Oral statements by public officials, particularly involving factual information, cannot be regarded as legally binding. Savills assumes such oral statements to be correct; however, Savills is unable to accept any liability for the application of any such statements or information in the Valuation Report.

13. Insurance

The Properties are covered by a valid adequate and appropriate insurance policy as regards the sum assured and the types of potential loss covered.

14. Taxation

Unless otherwise stated in the Valuation Report, no allowance has been made for expenses or taxation that might arise on a disposal. Exceptions may result from standardized valuation methods.

Further, our valuations are exclusive of VAT.

15. Fixtures and Fittings

Excluded from our valuations is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present/future occupiers.

16. Valuation of Portfolios (Aggregation)

Unless otherwise stated in the Valuation Report, each Property – even if it is part of a portfolio – has been valued individually.

17. Insolvency

Savills does not take account of any possible effect that the appointment of either an insolvency administrator or an administrative receiver or a compulsory auction might have on the perception of the properties in the market and their subsequent valuation, or the ability to realize the value of the properties in either of these scenarios

II. Rents, Income and Vacancy

1. Current Rent

Definition

In our valuations, the current rental income (or current rent) is defined as the rent passing as at the Date of Valuation. It reflects the rental payments after deducting recoverable costs (e.g. costs for heating, electricity) but before deducting non-recoverable costs. Also, the current rent is excluding VAT.

Method of Determination

If not stated otherwise in the report, we have considered the current rent for each lettable unit as stated in the rent roll provided by the Instructing Party or its advisors.

In case that the date of the rent roll is prior to the valuation date, there may be minor differences in the actual rent and vacancy rates when comparing the rent roll and our valuation.

Among other reasons, this is the result of leases which expire between these dates. In the event that the lease end of lettable area is prior to the valuation date, we consider this as vacant in our valuation as of the valuation date (even if these are rented according to the rent roll).

The rent roll has been checked with the original lease contracts on a sample basis. However, in accordance with the Instruction, Savills did not carry out a full due diligence.

2. Estimated Rental Value (ERV) / Market Rent

Definition

Our opinion of Market Rent is equivalent to the Market Rent as defined in the RICS Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards) (the “Red Book”) published by the Royal Institution of Chartered Surveyors. The definition is in line with the IVS 104 paragraph 40.1.

“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market rent is excluding VAT.

Method of Determination

We research comparable rents by taking into consideration key aspects such as property location, condition and the fit-out standard of rental units as well as common marketing incentives by the landlords (e.g. tenant improvements or rent free periods). With our in-house database, we analyze comparable lease transactions and currently available offers of space to rent. Furthermore, we analyze all leases which were recently closed in the subject asset(s) ("recent lease agreements").

An overview of the selected rental comparables can be found in the appendix to the report "market and location analysis - rental comparables".

In addition, we have also analyzed all recent lease agreements for the subject properties, and a corresponding overview can be found in the appendix to the report "market and location analysis - rental comparables".

Based on this procedure, we estimate rental values with reference to the individual asset, which are then revised in consultations with our agents and under consideration of third-party research, where reliable, appropriate and possible.

3. Potential Rent

Definition

The potential rent expresses the rent that should be achievable in a short time period by leasing vacant areas at our opinion of Market Rent. The potential rent is excluding VAT.

Method of Determination

The potential rent as displayed in our valuations is a "mixed" figure which considers the current rent for all units let and the market rent for all units currently vacant but potentially lettable.

4. Net Operating Income (NOI)

Definition

The net operating income (NOI) is defined as the passing rent after deducting all non-recoverable costs. It is the net cash-flow generated by a property at a point in time or in a time period.

Method of Determination

Generally, the following periodical non-recoverable costs will be deducted from the passing rent:

- Management Costs
- Maintenance Costs
- Non recoverable service charges
- Ground Rents (if applicable)

Furthermore, the following event related non-recoverable costs will be deducted from the passing rent within the cash-flow term:

- Costs for Tenant Improvements
- Capex for Deferred Maintenance (if applicable)
- Vacancy Costs
- Leasing Commissions

5. Vacancy Rates

In this report, two following different vacancy rates are displayed:

- The area vacancy rate is defined by vacant space (in sqm) divided by the total lettable space (in sqm).
 - The EPRA vacancy rate is expressed as a percentage being the estimated rental value (in EUR) of vacant space divided by the estimated rental value ERV of the whole property.
-

III. Values and Results

1. Market Value

Definition

Our Valuation has been carried out in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors (the “Red Book”). We have been instructed to value the properties within the Subject Portfolio on the basis of Market Value. The definition is in line with the IVS 104 paragraph 30.1.

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

For the avoidance of doubt, a Market Value complying with the “Red Book” is compliant with the International Valuation Standards (IVS) and the market value pursuant to § 194 BauGB (German Building Code).

Method of Calculation: Discounted Cash Flow (DCF)

For the valuation of long-term income-based properties, we have applied a DCF approach.

The DCF method is a two-stage financial mathematical model to determine the cash value of the future yield of the properties, which is viewed as its present value. In this coherence, a detailed forecast computation of the revenue and expenditures for a “holding period” of usually 10 years is compiled.

Accordingly, our DCF model involves a period-by-period estimation of gross income, i.e. rental income, and of any expenditure which shall not be recovered by third parties. Any estimation for the aforementioned will explicitly be taking into account a range of variables. For example, the estimation of income is substantially and mainly based on the existing contractual agreements as well as market development forecasts. Expenditures, on the other hand, may occur regularly in each period, i.e. costs of management, ongoing maintenance and non-recoverable service charges.

However, one-off costs for anticipated renovations as well as costs during periods of vacancy will also be deducted but considering a specified scheduled time of expenditure in the future.

As a result, the net operating income (NOI) will be calculated for each period, reflecting the anticipated development of the properties over the applied time period. Secondly, the hypothetical sales price at the assumed time of exit will be calculated. Generally, the sales price will be based upon the NOI at market level of the future year after the holding period. Hence, the NOI at market level will be capitalized with the exit capitalization rate in perpetuity in order to derive the Gross Exit Value. However, if fixed leases expire after the holding period, the Gross Exit Value will be adjusted by the capital value of a (potential) over-/ under-rented situation. Please note that in our model those capital value adjustments will be displayed as adjustments to the NOI (calculated in perpetuity). Finally, transaction costs will be deducted from the Gross Exit Value to arrive at the Net Exit Value / sales price.

Finally, both main results of the two-step calculation, i.e. the sum of all NOI and the hypothetical purchase price - will be discounted at the discount rate effective at the Date of Valuation. The result of this step is the Gross Present Value (GPV)

as at that date. The GPV is then reduced by the common costs of a transaction, i.e. stamp duty land purchase tax, agent fee, notary fee, which results in the Net Present Value (NPV).

The applied rates are normally set by comparing money market rates (i.e. interest rate for risk-minimized investments) and allowing for the relative disadvantages of real estate ownership. These are generally considered as adjustments to the base rate due to the risks revolving from the specific type of property, due to the risks of illiquidity (marketing periods, costs of transaction etc.) and due to the potential of additional costs of portfolio management.

These risks are evaluated according to the following categories for each property, e.g. by conducting a structured property rating:

- Quality of the macro location (i.e. image, socio-demographics, economy, etc.)
- Quality of the micro location (i.e. local image, local supplier market adequacy for the specific property use, infrastructure, etc.)
- Quality of the building (i.e. age and condition of building, concept of areas/ architecture, fit-out, alternative usability, energy management, plot characteristics, etc.)
- Quality of cash flow (i.e. letting concept, length of lease terms, agreements on ancillary costs, covenant of the tenant, current vacancy, ability for re-letting)

The exit capitalization rate is the reciprocal of the multiplier on potential rent less non-recoverable costs at the end of the cash flow period and is mainly derived from the quality of the location (including the land value) and the building quality.

Method of Calculation: Liquidation Approach

Developed properties, whose developments do not allow for sustainable revenue generation, are valued according to liquidation value method. The liquidation value is also based upon the DCF method as described above. However the following modifications were necessary:

- Holding Period:
 - The holding period is usually until the time that the last current lease contract or assumed option period expires. During the holding period, non-recoverable costs are deducted from the current gross rental income. As a result, the net operating income (NOI) will be calculated for each period. The NOI is discounted with the same approach as defined in the discounted cash-flow for the re-letting scenario.
- Capital Expenditures:
 - During the holding period, we do not apply any capital expenditures as we assume that until the liquidation of the property, the costs for ongoing maintenance are sufficient.
- Exit Value:
 - At the end of the time horizon, we assume that the property is demolished and the land is sold (liquidation value). The liquidation value is the land value adjusted by the inflation rate minus the inflation adjusted demolition costs.
- Discount Rate:
 - As the liquidation value is considered, we have chosen a discount rate which reflects the different risk profile of the Subject Property. This discount rate is set by the rating's sub criteria, namely macro and micro location.

2. Valuation of Land Values

According to the Valuation Law (*Bewertungsgesetz*), the land value may be defined as the value of the land as if it was free of any construction.

Method of Calculation: Land Values

Basically, the purchase prices of comparable property are to be considered in the determination of the value of land (land value). Pursuant to cf. §§ 193 of the Town and Country Planning Code (*BauGB*), the determination of the land value may also be based - in addition to, or instead of, the purchase prices - on suitable recommended land values determined by responsible land valuation boards in consideration of purchase price surveys.

Features, which influence the value, have to be allowed for as increases or reductions or in other appropriate ways. Such features to be considered include in particular: the location, size and layout of the site, the type and extent of the possible uses stipulated by building laws and the actual use, the type and nature of ingresses, the most important commercial and transport connections, possibilities of connections to services, sewers and drains, the recoupment charge for local public infrastructure still to be incurred, and, existing reference values and comparable prices. Once



comparable transaction values are verified and adjusted to the Subject Property, the determined price per sqm will be applied to the total area of the site which will result in the total land value.

IV. Yields and Multipliers

1. Gross Multipliers

A gross multiplier expresses the ratio of the market value to the rental income of a property. In our report, we state three different kinds of gross multipliers:

- Gross Multiplier on Current Rent = Market Value / Current Rent
- Gross Multiplier on Market Rent = Market Value / Market Rent
- Gross Multiplier on Potential Rent = Market Value / Potential Rent

Please note that the Gross Multiplier on Current Rent can be misleading if the property is currently let at rents considerably below average or has significant vacancies. In those cases, we suggest also to consider multipliers and yields on market or potential rent.

2. Net Initial Yields

A Net Initial Yield expresses the ratio of the Net Operating Income (Rental income as of Date of Valuation reduced by management costs, ongoing maintenance, costs for vacancy and further non recoverable costs) to the Gross Present Value (Market Value including acquisition costs).

In our report, we state three different kinds of Net Initial Yields:

- Net Initial Yield on Current Rent = Net Operating Income derived from Current Rent / Market Value + Acquisition costs
- Net Yield on Market Rent = Net Operating Income derived from Market Rent / Market Value + Acquisition costs
- Net Yield on Potential Rent = Net Operating Income derived from Potential Rent / Market Value + Acquisition costs

Please note that the Net Initial Yield on Current Rent can be misleading if the property is currently let at rents considerably below average or has significant vacancies. In those cases we suggest also to consider multipliers and yields on market or potential rent.

Condensed Valuation Report

NAI apollo

1. Assignment

1.1. Principal

ADLER Real Estate AG

Joachimsthaler Str. 34

10719 Berlin

Germany

(hereafter: 'the Principal')

1.2. Addresses

ADO Properties S.A.

1B, Heienhaff

L-1736 Senningerberg

Grand Duchy of Luxembourg

J.P. Morgan Securities plc

25 Bank Street

Canary Wharf

London E14 5JP

United Kingdom

Deutsche Bank Aktiengesellschaft

Mainzer Landstraße 11-17

60323 Frankfurt am Main

Federal Republic of Germany

Barclays Bank PLC

5 The North Collonade

Canary Wharf

London E14 4BB

United Kingdom

Banco Santander, S.A.

Ciudad Grupo Santander

Avenida de Cantabria s/n

Edificio Encinar, planta baja

28660, Boadilla del Monte

Madrid

Spain

Natixis

30, avenue Pierre Mendès-France

75013 Paris

France

1.3. Contractor

apollo valuation & research GmbH

Große Eschenheimer Str. 13

60313 Frankfurt am Main

Germany

(hereafter: 'NAI apollo' or 'the Contractor')

The contractor is a limited liability company, registered under commercial law in Germany under the registration number 92507. NAI apollo employs publicly appointed and sworn-in appraisers, members of the Royal Institution of Chartered Surveyors (RICS) as well as real estate valuers certified by HypZert GmbH according to DIN EN/ISO 17024.

1.4. Subject of Valuation

The portfolio to be valued (hereinafter: "the subject of valuation") consisted of existing properties and project developments.

In total, 500 existing economic units with a total lettable area of around 912,964 sqm were valued. Detailed information on these properties is attached as Annex A to the report.

Further, nine project developments (properties) with a planned lettable area of approx. 79,500 sqm (were available) were valued, whereby as per instruction, it was assumed that no unit had been sold by the valuation date. For further information, please refer to Annex B of this report.

The subject of valuation were the aforementioned plots of land, including the building structure considered essential components in accordance with section 94 BGB (German Civil Code) and excluding accessories in accordance with section 97 BGB.

1.5. Scope of Work and Purpose of Valuation

1.5.1. *Scope of Work*

On 20 November 2019, the Contractor was instructed as an independent valuer by the Principal to determine the market value of the properties mentioned in section 1.3 of this report on the basis of the RICS Valuation – Professional Standards 2017 ('RICS Red Book') published by the Royal Institution of Chartered Surveyors and in accordance with IVSC International Valuation Standards 2017 (11th edition).

As per instructions, the updated valuation as per 31 December 2019 was based on a desktop analysis without conducting new property inspections. According to information provided by the Principal, the existing properties are in comparable conditions as found in the last inspections in regard to their main structural features. The nine project developments were inspected anew in July resp. December 2019.

According to VPS 2 paragraph 1.8 RICS Red Book the valuer should consider whether the information, supplied by a party other than the valuer, is credible and may be relied on. Information on construction costs for the project developments, development times and compensated services/progress of construction were provided by the owner. These were compared e.g. with BKI Baukosten in accordance with the planned standard.

The market value was determined at individual property level without taking into account the fact that the properties were part of a portfolio. Therefore, no portfolio discounts or premiums were taken into account. The market value of the portfolio thus corresponds to the sum of the individual market values of the properties to be valued.

Furthermore, the Contractor was instructed to prepare a condensed valuation report (hereinafter referred to as 'the report') on 02 April 2020.

1.5.2. Purpose of Valuation

The purpose of this condensed valuation report is to provide the Principal's Management Board with information on the market value of the subject of valuation as of the valuation date.

The report shall further be appended to a prospectus (hereinafter referred to as 'the prospectus') intended to be used in connection with the placement of fixed rate notes of ADO Properties S.A. (the 'Notes ') and the listing of the Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the 'Offering ').

1.6. Valuation Methodology

NAI apollo used different approaches to the valuation depending on the respective property status:

1.6.1. Existing Properties

NAI apollo used a discounted cash flow (DCF) model to estimate the market value of the subject properties. The cash flows are projected according to the above structure for a holding period of 10 years and subsequently discounted to the dates of valuation.

At the end of the holding period, a sale of the asset is assumed to estimate the present value of the cash flow beyond the holding period. The terminal value, or sometimes referred to as 'exit value', is also discounted to the valuation date to determine its present value.

The sum of all present values adds up to the gross capital value (GCV) of the investment. By deducting usual transaction costs that a potential investor will face in an asset deal (as the RICS definition of 'market value' assumes an asset to be traded at the valuation date), NAI apollo arrives at the net capital value (NCV). The rounded NCV is the market value.

1.6.2. *Development Properties*

The valued properties are project developments which are valued according to the residual value method, based on the progress of the development of the project as of the valuation date.

The residual value method is a common approach to calculating the value of project developments. It is a deductive method for deriving the value of an undeveloped land plot or of development projects based on their respective development progress. The approach is based on the assumption that the market value of a project development can be derived from the future notional market value of the completed project less the services that still need to be considered for realisation.

NAI apollo's residual value model has the following structure:

In the first step the fictitious (gross) market value of the completed project was determined. Since this is a value that can only be realised in the future, it was discounted over the development period. In the next step, the estimated market value of the finished project value was adjusted by usual development discounts, project developer risks, marketing costs as well as the still necessary completion expenses (remaining construction and financing costs). Information

provided by the project developer was used to estimate the development times and completion costs (budget and construction progress). The information was reviewed. Finally, the resulting (gross) residual value was adjusted by the transaction costs to be borne by a buyer.

In the event of completion and discontinuation of project-specific discounting and services, the residual value model used here is converted to an income value model (known as the initial yield method).

Properties where no definite development was planned by the Principal and/or no building permission was available were valued in a land valuation ("Dresden-Trachau" and "Stiege"). If necessary, we accounted for demolition costs for existing building structure.

1.7. Date of Valuation

The valuations were conducted as per 31 December 2019.

1.8. Qualification

The valuation mandate was led by experienced valuers who have sufficient knowledge of the German real estate market and the necessary professional qualifications to carry out the valuation mandate competently.

1.9. Independence and Objectivity

Within this mandate NAI apollo acted as external advisor in a service relationship for the Principal. The valuation was made impartially, without directives, without consideration of unusual or personal circumstances and without own interest in the result to the best of our knowledge and belief with objective scrutiny.

Neither NAI apollo, nor the experts working within the scope of the mandate and who are permanently employed at NAI apollo have a direct or indirect personal or business relationship to the subject of valuation or to the Principal, which could lead to a potential conflict of interest. The Contractor does not profit from this assignment in any other way than by collecting the agreed fee. The amount of this fee was fixed before the start of the project and was in no way dependent on the valuation result.

1.10. Service Delimitation

1.10.1. Collection and Evaluation of Information

In the course of preparing our valuation, unless provided by the Principal, we – as instructed – did not specifically procure land register excerpts, public easement register excerpts or site contamination information for the reviewed properties, but have relied on lists and information referring to such documents provided by the Principal. The relevant documents were analysed in the valuation process and examined randomly for plausibility. If there were no obvious inconsistencies, the submitted documents were assumed to be correct and valid as of the valuation date regardless of their date; the Principal confirmed to us that the provided documents reflected the current status.

1.10.2. Measurement

The preparation of an area survey was not part of the assignment. The area and unit information provided by the Principal was roughly checked for plausibility during the inspections and, if no major differences were identified, were assumed to be correct.

1.10.3. Structural Defects and Damages

A structural analysis and/or a damage assessment of the buildings were not part of this assignment. Destructive examinations and tests of the functionality of technical facilities (especially sanitary, electrical, and heating installations) were not carried out. Thus, the valuation only includes such building damages/defects that could be unequivocally identified in a non-destructive way through a normal visual inspection. In this valuation, the impact of any possible building defects and building damage on the value of the properties is only taken into account in very general terms. Hence reference to building defects within this valuation does not exclude the presence of other defects. In this respect, this report does not represent a specialist survey on building defects and damage.

1.10.4. Pests and Contaminants

Surveys to determine the presence of plant-based or animal pests were not carried out. Also, not carried out were tests on materials that limit the long-term serviceability of the valuation property or which present a danger to third parties or the environment or on contaminated sites as stipulated by the German Soil Protection law ('Bundesbodenschutzgesetz').

1.10.5. Subsoil

Soil investigations were not performed. The local soil situation was considered in the valuation as far as it is included in comparative purchase prices or the standard land value. Should a soil survey provide different results, these are to be taken into account in the result of this valuation. Unless explicitly noted otherwise, the soil is assumed to be of a normal load-bearing capacity.

1.10.6. Building Law

An examination of permissibility under planning and building law were not included in the mandate. The valuation was carried out on the basis of the completed project. The conformance of the completed project with architectural drawings, the building permit and building law and the binding development plan were not checked. Within the scope of this valuation, the material legality of the (planned) structural works and uses was assumed.

1.10.7. Taxes, Public Charges and Financial Charges

Tax liabilities and costs resulting from the purchase or sale of a property were taken into account to the extent that they were implicitly included in the market data used. Land transfer taxes were explicitly taken into account in the valuation. Any repayments of government or other subsidies or tax benefits to be made as a result of the sale were not taken into account.

The market rents of commercial units and areas stated in the report were stated in euros (€) excluding the applicable statutory value-added tax.

Obligations that may have been recorded in section III of the land registers were not taken into account in this valuation. It was assumed that any outstanding debts would be deleted upon sale or offset by a reduction in the sale price.

2. Portfolio Analysis

2.1. Portfolio Composition

At the time of the valuation, the subject of the valuation comprised a total of 500 existing economic units located in Germany. Detailed information on these properties is attached as Annex A to the report.

Further, the subject of valuation included nine project developments, respectively plots of land. Detailed information on these developments is attached as Annex B to the report.

2.2. Ownership

According to information provided by the Principal, all properties which were part of the subject of valuation were owned by the Principal or a subsidiary at the date of valuation. 492 existing economic units and all nine development properties are held in freehold ownership. Owner leasehold rights have been granted for a further eight existing economic units (WIE 2040.039 – 2040.046).

2.3. Geographical Distribution

The existing economic units are spread across nine federal states, whereof North Rhine-Westphalia ranks first with a share of 38 % of the economic units (191). Saxony (99) and Lower Saxony (96) are second and third with 20 % and 19 %. The shares of the remaining states do not exceed the 10 %-mark.

The nine development properties are situated in North Rhine-Westphalia (3; 33 %), Berlin (2; 22 %), Brandenburg, Hesse, Saxony and Saxony-Anhalt (each 1 resp. 11 %).

2.4. Lettable Area

The existing properties comprise a total lettable area of 912,964 sqm. Thereof, around 28,410 sqm (3.1 %) is commercial rental space, while the remaining 884,554 sqm (96.9 %) are used for residential purposes.

With a share of 28 % (259,242 sqm) Duisburg is the largest location amongst the existing assets, followed by Berlin (18 %, 163,752 sqm) and Helmstedt (8 %, 70,630 sqm). Schöningen (5 %, 50,192 sqm) and Düsseldorf (4 %, 38,209 sqm) ranked 4th and 5th.

2.5. Vacancy

The existing properties displayed a vacancy rate of 10.8 % as of the valuation date. The majority of the existing vacancies were regarded to be temporary. Only around 0.3 % of the lettable area was treated as structurally vacant.

2.6. Current Rent and Market Rent

The existing properties included in the valuation had an actual net cold rent of around € 57,247,690 p.a. as of the valuation date. The market rent for the properties (assuming full occupancy incl. temporary vacancies) was determined at approx. € 77,856,642 p.a.

3. Valuation Results

3.1. Definition of Market Value

In VPS 4, section 4, the RICS Red Book 2017 adopts the following definition of the market value set by the International Valuation Standards Council (IVSC):

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

3.2. Market Value

NAI apollo has determined the market value of the properties described in section 1.3 and Annex A and Annex B of this report as per the date of valuation 31 December 2019 with:

1,726,872,000 EUR

(One Billion Seven Hundred Twenty-Six Million Eight Hundred Seventy-Two Thousand Euro)

The above value corresponds to the sum of the individual market values of the properties to be valued. This assessment is based on the assumptions, caveats and comments made in this report as well as on the assumption that there are no unusual circumstances which were unknown to NAI apollo at the time of preparing this report.

Frankfurt am Main, 27 July 2020

Stefan Mergen
Managing Partner
for and on behalf of
apollo valuation & research GmbH

Dr. Peter Stark MRICS, RICS Registered Valuer
Director - Valuation
for and on behalf of
apollo valuation & research GmbH

Annex A: Overview of key information of existing properties

Annex B: Overview of key information of development properties

Annex A Overview of key information of existing properties

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2050.001	Steinbacher Str. 13-19b	01157	Dresden	48	3,410
2050.002	Hebbelplatz 1-5	01157	Dresden	39	2,544
2050.003	Hörigstr. 20	01157	Dresden	17	1,119
2050.004	Werkstättenstr. 1	01157	Dresden	11	611
2050.005	Werkstättenstr. 4	01157	Dresden	11	603
2050.006	Flensburger Str. 12	01157	Dresden	5	360
2050.007	Gambrinusstr. 7	01159	Dresden	24	1,555
2050.008	Grillparzer Str. 30	01157	Dresden	8	538
2050.009	Hubertusstr. 10	01129	Dresden	8	395
2050.010	Tharandter Str. 134	01187	Dresden	8	368
2050.011	Weimarische Str. 32, 34	01127	Dresden	20	1,206
2050.017	Cöllner Str.8/ Kurt-Hein-Str. 28	01662	Meißen	17	1,122
2050.018	Gabelsberger Str. 1, 3	01662	Meißen	12	893
2050.019	Gartenstr. 10/12	01662	Meißen	14	1,040
2050.020	Gartenstr.13/15	01662	Meißen	15	1,203
2050.021	Gartenstr.14/16	01662	Meißen	14	1,054
2050.022	Gustav-Graf-Str. 13/Wolyniezstr. 5	01662	Meißen	22	1,238
2050.023	Gustav-Graf-Str. 18	01662	Meißen	6	386

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2050.024	Gustav-Graf-Str. 20-26	01662	Meißen	25	1,321
2050.025	Gustav-Graf-Str. 28- 32	01662	Meißen	21	1,402
2050.026	Hirschbergstr. 5	01662	Meißen	8	345
2050.027	Hirschbergstr. 12	01662	Meißen	9	429
2050.028	Höroldtstr. 1, Wilhelm-Walkhoff-Platz 8, 9	01662	Meißen	21	1,410
2050.029	Kalkberg 3, 5	01662	Meißen	12	892
2050.030	Köhlerstr. 6	01662	Meißen	6	375
2050.031	Köhlerstr. 7-9	01662	Meißen	18	1,221
2050.032	Köhlerstr. 10, Ossietzkystr. 5, 6, 7	01662	Meißen	24	1,477
2050.033	Melzerstr. 18, 20, 22	01662	Meißen	27	1,908
2050.034	Ossietzkystr. 54-57	01662	Meißen	24	1,014
2050.035	Ossietzkystr. 58	01662	Meißen	6	270
2050.036	Ringstr. 23	01662	Meißen	9	513
2050.037	Weinberggasse 9	01662	Meißen	5	330
2050.038	Am Hang 37, 39, 41	01589	Riesa	24	1,429
2050.039	Amselweg 2, 4	01589	Riesa	18	876
2050.043	Franz-Stephan-Str. 45, 47	07549	Gera	20	1,073
2050.044	Andreas-Tentzel-Str. 4-6	99718	Greußen	24	1,268

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2050.045	Andreas-Tentzel-Str. 10-12	99718	Greußen	24	1,244
2050.046	Friedrich-von-Hardenberg-Str.1-3	99718	Greußen	24	1,228
2050.047	Nordhäuser Str. 12, 14 ,16	99718	Greußen	18	903
2050.048	Hermann-Hesse-Str. 7-9	99718	Greußen	24	1,376
2340.001	Breitenbachplatz 10	14195	Berlin	11	1,383
2170.002	Kalver Landweg 1-5	58511	Lüdenscheid	21	1,482
2170.003	Leifringhauser Str. 8-16	58511	Lüdenscheid	46	3,235
2170.004	Brunestraße 2	58511	Lüdenscheid	8	576
2170.005	Dickestraße 2-6	58511	Lüdenscheid	28	1,996
2170.015	Ottostraße 13-17	59067	Hamm	24	1,372
2170.017	Knapper Straße 40-42	58507	Lüdenscheid	16	1,173
2170.018	Am Hohen Graben 6-8	58097	Hagen	10	927
2170.022	St.-Anton-Straße 99-105	47798	Krefeld	29	1,370
2170.024	Virchowstraße 19-23	59077	Hamm	37	2,589
2170.026	Gutenbergstraße 17	58089	Hagen	10	552
2170.027	Bergstr. 32	58095	Hagen	11	732
2170.029	Boeler Str. 40	58097	Hagen	9	546
2170.031	Friedensstraße 110	58097	Hagen	10	822

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2170.032	Inrather Strasse 566-570	47803	Krefeld	18	1,285
2170.033	Gerber Strasse 26-28	47798	Krefeld	10	490
2170.034	Moerser Strasse 2-4, Ostwall 251	47798	Krefeld	40	1,871
2170.035	Lohstrasse 186-188, Nordwall 42-44	47798	Krefeld	44	1,934
2170.036	Vennfelder Strasse 37	47805	Krefeld	7	507
2170.037	Gartenstraße 100	47798	Krefeld	15	798
2170.038	Hülser Straße 129/131	47803	Krefeld	9	556
2170.039	Neue Linner Str. 40	47799	Krefeld	7	444
2170.040	St.-Anton-Strasse 152	47798	Krefeld	5	402
2170.041	Hülser Straße 462	47803	Krefeld	8	400
2170.042	Hubertusstrasse 144	47798	Krefeld	11	713
2170.043	Viersener Str. 8.10,12	47805	Krefeld	20	1,128
2170.044	Geldernsche Straße 77	47798	Krefeld	7	318
2170.045	Bergerstraße 152-158	50321	Brühl	24	1,479
2170.046	Hufelandstraße 1	58097	Hagen	10	649
2170.048	Auf dem Wichterbruch 2	58135	Hagen	8	450
2170.050	Selbecker Str. 70	58091	Hagen	6	243
2180.001	Zwickauer Str. 2-6	44139	Dortmund	43	2,893

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2180.003	Rückertstraße 30-32	44147	Dortmund	16	778
2180.005	Robertstraße 9-15	44145	Dortmund	19	996
2180.006	Humperdinckstr. 2-6	44147	Dortmund	23	1,288
2180.007	Dürener Straße 6-7	44145	Dortmund	14	741
2180.009	Auf der Höchte 2-18, Kampstraße 1-27	46117	Oberhausen	312	23,546
2180.012	Fastenrathstr. 1	42853	Remscheid	10	1,370
2180.013	Franzstr. 1, Hastener Str. 95/97	42855	Remscheid	24	1,317
2180.015	Wellinghofer Str. 67	44263	Dortmund	12	726
2180.016	Hörder Bruch 1, Phönixstraße 29-33	44263	Dortmund	32	1,939
2180.017	Berliner Str. 141-143	42277	Wuppertal	27	2,725
2180.018	Alter Hellweg 81-83	44379	Dortmund	16	899
2180.019	Oestermärsch 83	44145	Dortmund	14	934
2180.020	Neumühler Straße 25-27	46149	Oberhausen	16	1,111
2180.023	Fritz-Reuter-Straße 24	44147	Dortmund	10	600
2180.024	Johanna-Melzer-Str. 15	44147	Dortmund	11	658
2180.025	Düsseldorfer Straße 49	42115	Wuppertal	8	424
2180.027	Querstraße 14	42119	Wuppertal	9	455
2180.028	Nettenberg 37-39	42349	Wuppertal	15	928

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2180.029	Rheinische Straße 139	44147	Dortmund	15	790
2180.030	Roonstraße 5-7	45476	Mülheim an der Ruhr	11	593
2180.031	Borsigstr. 60	44145	Dortmund	7	460
2180.032	Schlosserstr. 40	44145	Dortmund	10	685
2180.033	Steigerstraße 13	44145	Dortmund	8	493
2180.034	Nohlstraße 16	46045	Oberhausen	7	450
2180.035	Robert-Koch-Straße 51	44143	Dortmund	9	628
2180.036	Wambeler Straße 1	44145	Dortmund	8	580
2180.037	Dickswall 102	45468	Mülheim an der Ruhr	10	636
2180.038	Kesselstraße 50	44147	Dortmund	9	489
2180.039	Limburgstraße 9	45476	Mülheim an der Ruhr	7	485
2180.040	Schürbankstraße 72	44287	Dortmund	9	540
2310.001	Bröndbystr. 42 -44	12207	Berlin	18	1,399
2310.002	Waldhornstraße 7	13469	Berlin	9	816
2310.003	Heideläuferweg 4	12353	Berlin	10	683
2060.001	Am Wall 1-7	46286	Dorsten	57	4,120
2030.001	Weststraße 42-52	58509	Lüdenscheid	40	2,983
2030.002	Werdohler Straße 175,179,191,193	58511	Lüdenscheid	30	1,414

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2030.003	Am Steilhang 7-11a	58509	Lüdenscheid	42	2,395
2030.004	Corneliusstraße 11/13, Thünenstraße 5	58511	Lüdenscheid	15	866
2030.005	Hochstraße 90	58511	Lüdenscheid	7	369
2030.006	Vollmerstraße 93	58511	Lüdenscheid	9	614
2030.007	Lösenbacherstraße 25	58511	Lüdenscheid	7	414
2270.001	Forstweg 44	08280	Aue	4	234
2270.002	Gabelsberger Straße 42	08280	Aue	6	477
2270.003	Krügerstraße 8	09131	Chemnitz	6	286
2270.004	Alberodaer Straße 40	08280	Aue	6	435
2270.005	Alberodaer Straße 42	08280	Aue	6	435
2270.006	Neumarkt 3	08280	Aue	8	592
2270.007	Auer Straße 70	08315	Lauter-Bernsbach	11	769
2270.008	Schwarzenberger Straße 7	08280	Aue	1	35
2270.009	Albrechtstraße 29	09130	Chemnitz	8	512
2270.010	Bornaer Straße 80/80a	09114	Chemnitz	12	686
2270.011	Franz-Wiesner-Straße 15	09131	Chemnitz	9	471
2270.012	Lichtenwalder Straße 7	09131	Chemnitz	8	694
2270.013	Matthesstraße 16	09113	Chemnitz	12	508

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2270.014	Zeißstraße 56	09131	Chemnitz	11	612
2270.015	An der Alten AWG 68a	08294	Lößnitz	1	48
2270.016	Friedrich-Engels-Straße 23	08523	Plauen	6	392
2270.017	Moritzstraße 55	08523	Plauen	9	645
2270.018	Fröbelstraße 15	08412	Werdau	6	384
2270.019	Kopernikusstraße 14	08056	Zwickau	12	628
2270.020	Leonhardtstraße 3	09112	Chemnitz	20	1,438
2270.021	R.-Breitscheid-Straße 51-51b	09366	Stollberg	21	1,324
2270.022	Vertrauenssachtstraße 6-10e	09385	Lugau	23	1,450
2270.023	Stadionallee 2a/2b	08393	Meerane	20	1,293
2270.024	Jölllenbecker Str. 1a/b, Sachsenallee 9a-f	08371	Glauchau	59	4,532
2270.025	Bernsdorfer Str. 90	09126	Chemnitz	14	1,052
2270.026	Fliederweg 2	08112	Wilkau-Haßlau	10	687
2270.027	Fliederweg 6/10	08112	Wilkau-Haßlau	20	1,226
2270.028	Fliederweg 8/12	08112	Wilkau-Haßlau	19	1,230
2270.029	Am Hexenberg 29	09224	Chemnitz	8	543
2270.030	Riesenweg 11	09224	Chemnitz	12	704
2270.032	Riesenweg 15	09224	Chemnitz	12	808

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2270.034	Riesenweg 19	09224	Chemnitz	12	808
2270.036	Schumannstr. 07	08056	Zwickau	4	500
2270.037	Am Hexenberg 29, Riesenw. 11-21	09224	Chemnitz	0	0
2070.001	Kaiserstr. 44-48b, Markgrafenstr. 11, Moltkestr.31	58332	Schwelm	197	14,906
2240.001	Brunnenstr. 5	25524	Itzehoe	162	8,810
2240.002	Feldschmiedekamp 4	25524	Itzehoe	176	8,735
2240.003	Feldschmiedekamp 2/4	25524	Itzehoe	0	0
2280.001	Stellbrinkstr. 3a -15	23566	Lübeck	36	2,584
2280.002	Scharhörstr. 14-16	23554	Lübeck	19	864
2280.003	Beckergrube 30	23552	Lübeck	5	459
2280.004	Herweghstr. 18	18055	Rostock	4	340
2280.005	Waldemarstr. 1	18057	Rostock	4	360
2280.006	Hospitalstr. 5a	18057	Rostock	8	379
2280.007	Friesenstr. 3	18057	Rostock	15	597
2280.008	Anklamer Str. 2	18057	Rostock	8	567
2280.009	Borwinstr. 8	18057	Rostock	5	316
2280.010	Budapester Str. 57	18057	Rostock	14	1,038
2280.011	Drostenstr. 5a	18147	Rostock	4	421

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2280.012	Friesenstr. 11	18057	Rostock	14	706
2280.013	Oberhalb des Gerberbruches 3	18055	Rostock	1	372
2280.014	Humboldtstr. 4	18057	Rostock	3	351
2280.015	St.-Georg-Str. 100	18055	Rostock	22	470
2280.016	Ulmenstr. 37	18057	Rostock	5	308
2280.017	Borwinstr. 5	18057	Rostock	10	493
2280.018	Elisabethstr. 23	18057	Rostock	10	413
2280.019	Fährstr. 22	18147	Rostock	5	328
2280.020	Fritz-Reuter-Str. 39	18057	Rostock	4	398
2280.021	Jahnstr. 6	18057	Rostock	13	508
2280.022	Landreiterstr. 5	18147	Rostock	6	708
2280.023	Pressentinstr. 12	18147	Rostock	5	342
2280.024	Waldemarstr. 48	18057	Rostock	10	412
2280.026	Rahnstädter Weg 42/43	18069	Rostock	11	629
2280.027	Fahnenstr. 1	18057	Rostock	10	580
2280.028	Parkstr. 59	18057	Rostock	7	751
2280.031	Weißenburgstr. 48	24116	Kiel	10	455
2280.032	Weißenburgstr. 50	24116	Kiel	13	859

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2280.033	Eckernförder Str. 16	24103	Kiel	11	667
2280.034	Harmsstr. 47	24114	Kiel	10	432
2280.036	Westring 277	24116	Kiel	12	1,150
2290.001	Dresdner Str. 39	01156	Dresden	6	398
2290.002	Dresdner Str. 41	01156	Dresden	6	591
2290.005	Bernhardstr. 33	04315	Leipzig	19	1,094
2290.008	Königsbrücker Landstr. 55	01109	Dresden	10	694
2290.009	Mügelner Str. 14/14a	01237	Dresden	22	1,060
2290.010	Paulinenstr.16	04315	Leipzig	13	997
2290.011	Ungerstr. 11	04318	Leipzig	12	788
2290.012	Moritzstr. 16	08056	Zwickau	5	383
2290.013	Moritzstr. 18	08056	Zwickau	5	382
2290.015	Leipzigiger Str. 3	08412	Werdau	6	376
2290.016	Leipzigiger Str. 5	08412	Werdau	4	221
2290.018	Dieskaustr. 43	04229	Leipzig	16	687
2290.019	Schönlebestr. 38	09599	Freiberg	8	471
2290.020	Schönlebestr. 42	09599	Freiberg	8	506
2290.021	Humboldtstr. 56	09599	Freiberg	10	604

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2290.022	Humboldtstr. 35	09599	Freiberg	8	481
2290.023	Edisonstr. 4	09116	Chemnitz	11	749
2290.024	Agricolastr. 6	09112	Chemnitz	21	774
2290.025	Straße der Nationen 108	09111	Chemnitz	6	706
2290.026	Zietenstr. 79	09130	Chemnitz	7	737
2290.027	Annaberger Str. 107	09120	Chemnitz	11	880
2290.028	Straße der Nationen 110	09111	Chemnitz	7	527
2290.029	Solbrigstr. 15	09120	Chemnitz	8	477
2290.030	Frankenbergerstr. 208	09131	Chemnitz	12	867
2290.031	Moritzstr. 29	08056	Zwickau	12	833
2290.032	Friedrich-Engels-Str. 61	08058	Zwickau	9	503
2290.033	Döhnerstr. 12-14	08058	Zwickau	9	477
2290.034	Talstr. 8b	08066	Zwickau	7	637
2290.035	Schönlebestr. 10	09599	Freiberg	8	492
2290.036	Schönlebestr. 40	09599	Freiberg	8	462
2290.037	Königsbrücker Str. 32	01099	Dresden	13	938
2300.003	Dreieckstr. 2/2b	58097	Hagen	16	1,656
2300.005	Hochstr. 97b	58095	Hagen	8	635

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2300.006	Körnerstr. 81-83	58095	Hagen	30	2,396
2300.007	Körnerstr. 71	58095	Hagen	8	539
2300.008	Wittekindstr. 26	58097	Hagen	8	470
2300.009	Frankfurter Str. 26	51065	Köln	7	748
2300.011	Friedrich-Engels-Allee 296	42285	Wuppertal	12	792
2300.014	Heerstr. 49-57	47053	Duisburg	36	2,451
2300.015	Neue Fruchtstr. 9-11	47057	Duisburg	34	1,471
2300.018	Frankenweg 26-50, Keltenweg 7, Sachsenring 8	44867	Bochum	61	4,840
2300.020	Ewaldstr. 16	42859	Remscheid	7	376
2300.023	Unterstr. 46	45359	Essen	4	280
2300.024	Hauskampstr. 5	45476	Mülheim an der Ruhr	6	666
2300.025	In der Heide 5	45881	Gelsenkirchen	7	324
2300.026	Devenstr. 36	45899	Gelsenkirchen	5	261
2300.027	Lindener Str. 82	44879	Bochum	7	482
2300.028	Sonnenwall 62	47051	Duisburg	15	944
2300.030	Franklinstr. 60	40479	Düsseldorf	17	1,050
2300.031	Geistenstr. 28	40476	Düsseldorf	12	721
2300.032	Graf-Adolf-Str. 98	40210	Düsseldorf	10	1,045

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2300.033	Heerstr. 68	40227	Düsseldorf	10	521
2300.034	Helmholtzstr. 12	40215	Düsseldorf	15	1,089
2300.035	Höherweg 61	40233	Düsseldorf	15	1,318
2300.036	Josefstr. 25	40227	Düsseldorf	19	864
2300.037	Langerstr. 57	40233	Düsseldorf	9	543
2300.038	Lindenstr. 186	40233	Düsseldorf	10	823
2300.039	Mintropstr. 28	40215	Düsseldorf	24	924
2300.040	Oberbilker Allee 266	40227	Düsseldorf	11	597
2300.041	Eckampstr. 2, Rather Broich 57	40472	Düsseldorf	21	1,382
2300.042	Scheurenstr. 27	40215	Düsseldorf	13	858
2300.043	Suitbertusstr. 95	40223	Düsseldorf	13	560
2300.044	Brunnenstr. 2a	40223	Düsseldorf	17	1,231
2420.001	Am Delft 13, 14	26721	Emden	15	1,813
2420.002	Am Delft 22_23	26721	Emden	9	551
2420.003	Hansastraße 12/12a	26723	Emden	28	1,809
2420.004	Liekeweg 19,21,23	26725	Emden	28	1,872
2420.005	Warfenweg 14,16,20	26506	Norden	48	3,516
2330.001	Potsdamer Str. 117/ 119	10783	Berlin	72	2,097

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2080.001	Tangermuehlenweg 44-56	38350	Helmstedt	55	3,034
2080.002	Conringstr. 17-21, Friedrichstr. 22	38350	Helmstedt	50	2,526
2080.003	Friedrichstr. 23, Virchowweg 1-5	38350	Helmstedt	50	2,514
2080.004	Friedrichstr. 24-28, Meibomstr. 23	38350	Helmstedt	45	2,412
2080.005	An den Luebbensteinen 1-10, Dammgarten 1-6	38350	Helmstedt	94	4,904
2080.006	Maschweg 13	38350	Helmstedt	1	73
2080.007	An den Luebbensteinen 7/8	38350	Helmstedt	18	883
2080.008	Tangermuehlenweg 35-45	38350	Helmstedt	48	2,583
2080.009	Beethovenstr. 1-9, Joh.-Seb.-Bach-Str. 2-20, Masch	38350	Helmstedt	236	13,288
2080.010	Rich.-Wagner-Straße	38350	Helmstedt	0	0
2080.011	Mozartstraße	38350	Helmstedt	0	0
2080.012	Harbker Weg 21	38350	Helmstedt	1	77
2080.013	Rich.-Wagner-Platz 5	38350	Helmstedt	29	1,969
2080.014	Herm.-Loens-Weg 1-10, Lessingstr. 21-40, Moerikestr	38350	Helmstedt	198	11,886
2080.015	Glockbergstr. 23-27, Heinr.-Kremp-Str. 47-61	38350	Helmstedt	44	2,727
2080.016	Th.-Storm-Weg 10/12	38350	Helmstedt	12	736
2080.017	Langer Kamp 24B/C	38350	Helmstedt	12	706
2080.018	Heinr.-Kremp-Str. 44/46	38350	Helmstedt	12	804

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2080.019	Mosheimstr. 6/8/12	38350	Helmstedt	12	706
2080.020	Heinr.-Kremp-Str. 42	38350	Helmstedt	6	402
2080.021	Glockbergstr. 29-33, Mosheimstr. 10	38350	Helmstedt	16	942
2080.022	Cranachweg 1, Feuerbachweg 1, Glockbergstr. 4-14	38350	Helmstedt	44	2,759
2080.023	Duererplatz 1-6, Gruenewaldweg 1, Rembrandtstr. 1-	38350	Helmstedt	40	2,508
2080.024	Mozartstraße	38350	Helmstedt	0	0
2080.025	Duererplatz 2-3	38350	Helmstedt	22	1,244
2080.026	Langer Kamp 24A	38350	Helmstedt	4	234
2080.027	Heinr.-Kremp-Str. 48-50, Mosheimstr. 14-18	38350	Helmstedt	20	1,168
2080.028	Glockbergstr. 35-39	38350	Helmstedt	12	855
2080.029	Beethovenstraße, Rich.-Wagner-Platz	38350	Helmstedt	0	0
2080.030	Beethovenstr., Dammgarten, Glockenbergstr. Heinr.-	38350	Helmstedt	0	0
2080.031	Elzweg 50-58, Glockbergstr. 39A/B	38350	Helmstedt	24	1,530
2080.032	Elzweg 50-58, Glockbergstr. 39A/B	38350	Helmstedt	18	1,148
2080.033	Brandenburger Str. 26, Stendaler Str. 25	38350	Helmstedt	47	2,980
2080.034	Brandenburger Str. 26, Genthiner Str. 1	38350	Helmstedt	48	3,030
2080.035	A. d. Lübbenst., Beethovenstr., Dammgarten, Elzw	38350	Helmstedt	0	0
2080.036	Brandenburger Straße	38350	Helmstedt	0	0

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2080.037	Langer Kamp, Wilh.-Busch-Str.	38350	Helmstedt	0	0
2080.038	Th.-Storm-Weg	38350	Helmstedt	0	0
2080.039	In der Gehrenbreite	38350	Helmstedt	0	0
2080.040	In der Gehrenbreite	38350	Helmstedt	0	0
2080.041	Joh.-Seb.-Bach-Straße	38350	Helmstedt	0	0
2080.042	D.-Bonhoeffer-Straße	38350	Helmstedt	0	0
2080.043	Lessingstraße	38350	Helmstedt	0	0
2080.044	Thomas Mann Straße	38350	Helmstedt	0	0
2080.045	Lessingstraße	38350	Helmstedt	0	0
2080.046	Herderstraße	38350	Helmstedt	0	0
2080.047	Elzweg	38350	Helmstedt	0	0
2080.048	Heinrich-Kremp-Strasse 42	38350	Helmstedt	0	0
2080.049	Heinrich-Kremp-Strasse 44	38350	Helmstedt	0	0
2080.051	Burgstr. 10-22, Eichendorffstr. 5-26	38364	Schöningen	147	7,679
2080.052	Eichendorffstr. 29/42, Goetheplatz 1-6, Schillerst	38364	Schöningen	100	5,635
2080.053	Gerhart-Hauptmann-Straße	38364	Schöningen	0	0
2080.054	Clausfeldstr. 11-22, Mueller-Muehlenbein-Str. 4-6,	38364	Schöningen	16	1,079
2080.055	Gerhart-Hauptmann-Straße	38364	Schöningen	0	0

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2080.056	Clausfeldstr. 11-22, Mueller-Muehlenbein-Str. 4-6,	38364	Schöningen	76	4,405
2080.057	Salinentrift 1a-c, Weinbergstr. 7-10, Windmuelenwe	38364	Schöningen	135	7,957
2080.058	Windmuehlenweg 2/4/18	38364	Schöningen	18	1,109
2080.059	Schuettestr. 13/13a	38364	Schöningen	8	471
2080.060	Ludwig-Uhland-Str. 1-5, Wilhelm-Busch-Str. 24-44	38364	Schöningen	56	3,387
2080.061	Wilhelm-Busch-Str. 46-60	38364	Schöningen	28	1,648
2080.062	Wilhelm-Busch-Str. 56	38364	Schöningen	4	235
2080.063	Cunostr. 1-29	38364	Schöningen	40	2,355
2080.064	Cunostr. 13	38364	Schöningen	6	353
2080.065	Stettiner Str. 20-34	38364	Schöningen	46	2,901
2080.066	Stettiner Str. 20-34	38364	Schöningen	14	883
2080.067	Am Brauerteiche 3-9	38364	Schöningen	42	2,648
2080.068	Cunostr., Gottfried-Keller-Str., Ringstr., Schille	38364	Schöningen	0	0
2080.069	Saarstr. 6	38364	Schöningen	6	434
2080.070	Am Brauerteiche 10-11	38364	Schöningen	12	765
2080.071	Am Brauerteiche, Clausfeldstr., Cunostr., Gottfried	38364	Schöningen	0	0
2080.072	Brandenburger Str. 8-12, Voelpker Str. 2-6	38364	Schöningen	36	2,422
2080.073	Voelpker Str. 8-14	38364	Schöningen	32	2,138

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2080.074	Voelpker Straße	38364	Schöningen	0	0
2080.075	Voelpker Str. 1-5	38364	Schöningen	24	1,687
2080.076	Voelpker Straße	38364	Schöningen	0	0
2080.077	Gerhart-Hauptmann-Straße	38364	Schöningen	0	0
2080.078	Clausfeldstraße, Cunostraße	38364	Schöningen	0	0
2080.079	Burgstrasse 36	38364	Schöningen	0	0
2080.080	Schäferbreite	38364	Schöningen	0	0
2080.081	Voelpker Straße	38364	Schöningen	0	0
2080.082	Gerhart-Hauptmann-Straße	38364	Schöningen	0	0
2080.083	Windmühlenweg	38364	Schöningen	0	0
2080.084	Herderstraße	38364	Schöningen	0	0
2080.085	Ludwig-Uhland-Straße	38364	Schöningen	0	0
2080.086	Stettiner Straße	38364	Schöningen	0	0
2080.087	Stettiner Straße	38364	Schöningen	0	0
2080.088	Glueckaufstr. 6/8, Klausbreite 1-5	38364	Esbeck	25	1,400
2080.089	Klausbreite	38364	Esbeck	0	0
2080.090	Kurze Str. 1-5	38364	Esbeck	12	706
2080.091	Am Eschenbach 2-12	38364	Esbeck	25	1,471

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2080.092	Am Alten Tore 2/4	38364	Esbeck	8	467
2040.001	Beethovenstr. 15-17	47226	Duisburg	63	3,152
2040.002	Neustr. 32-36	47228	Duisburg	48	3,333
2040.003	Beethovenstr. 1-7	47239	Duisburg	64	4,953
2040.004	Brahmsstr. 2-46	47226	Duisburg	182	10,626
2040.005	Albert-Schweitzer-Str. 1-3, Enge Gasse 4, Robert-K	47229	Duisburg	7	706
2040.006	In den Bänden 38-42	47229	Duisburg	15	1,099
2040.007	Beguinenstr. 46	47228	Duisburg	3	229
2040.008	Atroper Str. 56/58, Erzstr. 1-5, Industriestr. 42-	47226	Duisburg	36	2,978
2040.009	Werthausen Str. 48-68	47226	Duisburg	44	2,365
2040.010	Werthausen Str. 72, 74	47226	Duisburg	8	555
2040.011	Werthausen Str. 76-90	47226	Duisburg	31	2,210
2040.012	Werthausen Str. 110, 114	47226	Duisburg	7	441
2040.013	Werthausen Str. 95-113	47226	Duisburg	43	2,232
2040.014	Werthausen Str. 123, 125	47226	Duisburg	10	446
2040.015	Gillhausenstr. 10/12, Kreuzstr. 20-26	47226	Duisburg	17	1,634
2040.016	Klausstr. 2-12	47226	Duisburg	28	1,812
2040.017	Margarethenstr. 21-25, Andreasstr. 33	47226	Duisburg	12	756

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2040.018	Atroper Str. 39-43, Magarethenstr. 2-4, Barbarastr	47226	Duisburg	20	1,092
2040.019	Atroper Str. 45	47226	Duisburg	4	209
2040.020	Schwarzenberger Str. 1-3, Atroper Str. 60-64	47226	Duisburg	18	1,201
2040.021	Atroper Str. 74-76, Industriestr. 1	47226	Duisburg	10	526
2040.022	Friedrich-Alfred-Str. 107-109, Eisenstr. 28-30	47226	Duisburg	11	639
2040.023	Beethovenstr. 1-7	47239	Duisburg	0	0
2040.024	Beethovenstr. 5a, Brahmsstr. 2	47226	Duisburg	1	29
2040.025	Neustr. 32-36	47228	Duisburg	0	0
2040.026	Albert-Schweitzer-Str. 1-3, Enge Gasse 4	47229	Duisburg	0	0
2040.027	Gillhausenstr. 10	47226	Duisburg	0	0
2040.028	Erzstr. 1-3	47226	Duisburg	0	0
2040.029	Benrodestr. 54	40597	Düsseldorf	6	398
2040.030	Am Wald 7	40597	Düsseldorf	2	112
2040.031	Haydnstr. 32, 34	40593	Düsseldorf	2	235
2040.032	Jagenbergstr. 33, 35	40597	Düsseldorf	4	184
2040.033	Steinhauerstr. 16, 18	40597	Düsseldorf	12	776
2040.034	Zoppoter Str. 6-18, Bromberger Str. 9/11, Am Wald	40597	Düsseldorf	40	2,056
2040.035	Capitostr.20-22	40597	Düsseldorf	12	570

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2040.036	Zoppoter Str. 34,36	40599	Düsseldorf	12	586
2040.037	Jagenbergstr. 35	40597	Düsseldorf	0	0
2040.038	Hospitalstr. 34-41, Melanchthonstr. 1-9, Weststr.	40597	Düsseldorf	121	7,387
2040.039	Bismarckstr. 153-161, Erlinghagenplatz 1-8	47229	Duisburg	69	3,791
2040.040	Franz-Schubert-Str. 2-24	47226	Duisburg	72	4,258
2040.041	Mozartstr. 2-32	47226	Duisburg	96	5,500
2040.042	Mozartstr. 1-15	47226	Duisburg	64	3,656
2040.043	Mozartstr. 36-52	47226	Duisburg	72	4,584
2040.044	Franz-Schubert-Str. 26/28, Richard-Wagner-Str. 1-1	47226	Duisburg	184	11,546
2040.045	Richard-Wagner-Str. 13-17	47226	Duisburg	24	1,529
2040.046	Richard-Wagner-Str. 19-25	47226	Duisburg	32	2,686
2040.047	Beethovenstr. 1-9, Brahmsstr. 1-27, Friedrich-Alfr	47226	Duisburg	521	30,783
2040.048	Lortzingstr.1-30, Beethovenstr. 11-13, Brucknerstr	47226	Duisburg	315	16,420
2040.049	Beethovenstr. 2-14, Schwarzenberger Str. 29-37	47226	Duisburg	186	9,866
2040.050	Lessingstr. 5-23, Lindenallee 14-34, Krefelder Str	47226	Duisburg	174	10,719
2040.051	Händelstr. 1-21	47226	Duisburg	88	5,596
2040.052	Gerhart-Hauptmann-Str. 1-25, Hölderlinstr. 1-24, L	47226	Duisburg	343	23,576
2040.053	Gudrunstr. 1-7, Hochfelder Str. 3	47226	Duisburg	60	4,209

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2040.054	Wagnerstr. 2-6	47239	Duisburg	48	3,378
2040.055	Graf-Bernadotte-Str. 1-6	47228	Duisburg	36	2,621
2040.056	Graf-Bernadotte-Str. 7-17	47228	Duisburg	48	3,589
2040.057	Eichenstr. 33-35	47228	Duisburg	12	903
2040.058	Joseph-Haydn-Str. 5-28, Lindenallee 15-17	47229	Duisburg	168	11,881
2040.059	Joseph-Haydn-Str. 1-12, Lindenallee 13, Gluckstr.	47229	Duisburg	72	5,520
2040.060	Behringstr. 33-37, Joseph-Haydn-Str. 2-6, Lindenal	47229	Duisburg	88	6,698
2040.061	Werthausen Str. 123-137	47226	Duisburg	45	2,964
2040.062	Hochfelder Str. 72-74	47226	Duisburg	16	1,161
2040.063	Gerhart-Hauptmann-Str. 2-6	47226	Duisburg	60	4,519
2040.064	Gerhart-Hauptmann-Str. 8-12	47226	Duisburg	60	4,519
2040.065	Hugo-Bansen-Str. 2	47229	Duisburg	19	1,267
2040.066	Friedrich-Alfred-Str. 108-116	47226	Duisburg	24	1,947
2040.067	Brückenstr. 1-23, Margarethenstr. 27-37	47226	Duisburg	70	4,326
2040.068	Gillhausenstr. 14-44, Kreuzstr. 37/39	47226	Duisburg	73	4,115
2040.069	Gillhausenstr. 9-35, Kreuzstr. 33/35	47226	Duisburg	66	3,670
2040.070	Margarethenstr. 52-64	47226	Duisburg	22	1,472
2040.071	Margarethenstr. 48-50	47226	Duisburg	4	231

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
2040.072	Hochfelder Str. 13-19, Rosastr. 15-27	47226	Duisburg	46	2,359
2040.073	Atroper Str. 47-57, Hochfelder Str. 1	47226	Duisburg	39	2,422
2040.074	Werthausen Str. 114-116	47226	Duisburg	34	1,894
2040.075	Schwarzenbergerstr. 38-40	47226	Duisburg	8	572
2040.076	Friedrich-Alfred-Str. 167-171	47226	Duisburg	8	406
2040.077	Beethovenstr. 7	47226	Duisburg	0	0
2040.078	Lortzingstr. 25/26	47226	Duisburg	0	0
2040.079	Robert-Koch-Str. 10-20	47229	Duisburg	0	0
2040.080	Friedrich-Alfred-Str. 108-116	47226	Duisburg	0	0
2040.081	Kreuzstr. 26	47226	Duisburg	0	0
2040.082	Capitostr. 3-31	40597	Düsseldorf	18	960
2040.083	Capitostr. 13-15	40597	Düsseldorf	12	830
2040.084	Flenderstr. 10/10a	40597	Düsseldorf	8	408
2040.085	Hochfelder Str., Werthausen Str.,Erzstr.,Industrie	47226	Duisburg	0	0
2350.001	Kasseler Str. 2	99089	Erfurt	137	8,047
2360.001	Mainzer Str. 21	99089	Erfurt	137	8,043
1005.008	Garagenpachtfläche	15517	Fürstenwalde	0	0
1005.009	Ring der Freundschaft 1 - 4	15517	Fürstenwalde	24	1,513

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
1005.010	Ring der Freundschaft 5 - 6	15517	Fürstenwalde	13	949
1005.011	Ring der Freundschaft 7 - 8	15517	Fürstenwalde	12	966
1005.012	Ring der Freundschaft 9 - 11	15517	Fürstenwalde	18	1,140
1005.013	Ring der Freundschaft 12 - 14	15517	Fürstenwalde	18	1,139
1005.014	Ring der Freundschaft 15 - 17	15517	Fürstenwalde	18	1,128
1005.015	Ring der Freundschaft 18 - 20	15517	Fürstenwalde	18	1,137
1005.016	Ring der Freundschaft 21 - 23	15517	Fürstenwalde	12	762
1005.017	Ring der Freundschaft 24 - 26	15517	Fürstenwalde	18	1,332
1005.018	Ring der Freundschaft 26a - 26c	15517	Fürstenwalde	12	932
1005.019	Ring der Freundschaft 27a - 31	15517	Fürstenwalde	20	843
1005.020	Ring der Freundschaft 32 - 33a	15517	Fürstenwalde	16	841
1005.021	Straße der Einheit 1	15517	Fürstenwalde	6	288
1005.022	Straße der Einheit 2	15517	Fürstenwalde	6	299
1005.023	Straße der Einheit 3, 5	15517	Fürstenwalde	12	519
1005.024	Straße der Einheit 4, 6	15517	Fürstenwalde	12	496
1005.025	Straße der Einheit 40, 42, 44	15517	Fürstenwalde	24	958
1005.026	Straße der Einheit 46, 48	15517	Fürstenwalde	10	605
1005.027	Platz der Republik 1 - 2	15517	Fürstenwalde	12	506

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
1005.028	Platz der Republik 3 - 5	15517	Fürstenwalde	24	947
1005.029	Platz der Republik 6 - 7	15517	Fürstenwalde	10	597
1005.030	Puschkinplatz 1 - 2a	15517	Fürstenwalde	12	667
1005.031	Puschkinplatz 3 - 5	15517	Fürstenwalde	27	1,326
1005.032	Puschkinplatz 6 - 9, Platz der Solidarität 1 - 4	15517	Fürstenwalde	16	686
1005.033	Platz der Solidarität 5 - 7	15517	Fürstenwalde	27	1,300
1005.034	Platz der Solidarität 8 - 8b	15517	Fürstenwalde	12	667
1005.035	Platz des Gedenkens 1 - 3	15517	Fürstenwalde	27	1,310
1005.036	Platz des Gedenkens 4 - 7a	15517	Fürstenwalde	16	686
1005.037	Splettstößer Straße 1 - 3	15517	Fürstenwalde	12	765
1005.038	Szymanowski Straße 1-1a, 3-3a, 5 -5a, 7 - 7a, 9 -	15517	Fürstenwalde	20	843
1005.039	Carl-Maria-von Weber Straße 1, 3, Szymanowski Stra	15517	Fürstenwalde	16	841
1005.040	Carl-Maria-von Weber Straße 12, 14, Lortzingstraße	15517	Fürstenwalde	16	841
1005.041	Lortzingstraße 2, 2a, 4, 4a	15517	Fürstenwalde	16	841
1005.042	Carl-Maria-von Weber Straße 2, 4, 6, 8, 10, Lortzi	15517	Fürstenwalde	20	843
1005.043	Smetana Straße 1 -5a, Smetana Straße 1 -5a	15517	Fürstenwalde	20	843
1005.044	Platz der Solidarität 9	15517	Fürstenwalde	1	210
1005.045	Heizstationen	15517	Fürstenwalde	0	0

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
1005.046	Pachtfläche Gartenverein	15517	Fürstenwalde	0	0
1005.001	Alte Heerstraße 230-234	06132	Halle (Saale)	59	3,204
1005.002	Alte Heerstraße 235-240	06132	Halle (Saale)	60	3,284
1005.003	Hanoier Str. 39-48	06132	Halle (Saale)	100	5,546
1005.004	Hanoier Str. 58-66	06132	Halle (Saale)	90	4,959
1005.006	Tangermünder Straße 69/Zerbster Straße 2-46	12627	Berlin	270	16,138
1005.005	Zerbster Str. 48-78	12627	Berlin	180	11,419
1006.001	Pillnitzer Weg 10-32, Loschwitzer Weg 5	13593	Berlin	315	22,134
1006.002	Pillnitzer Weg 25-41, Cosmarweg 33-47	13593	Berlin	468	32,608
1006.003	Heerstr. 428, 430	13593	Berlin	39	2,546
1006.004	Cosmarweg 49-59	13591	Berlin	171	11,703
1006.005	Loschwitzer Weg 4	13593	Berlin	99	6,081
1006.006	Loschwitzer Weg 6	13593	Berlin	1	209
2320.001	Beusselstr. 44 R / Sickingenstr. 1	10553	Berlin	36	2,518
6115.001	Heidestraße 19, 19a, 20/Hedwig-Porschütz-Straße 32	10557	Berlin	217	7,111
6110.001	Heidestraße 21-24/ Hedwig-Porschütz-Straße 22-30	10557	Berlin	149	10,870
6100.001	Hedwig-Porschütz-Straße 5-13	10557	Berlin	93	6,514
6125.001	Otto-Weidt-Platz 1-5, 17, 17a/ Hedwig-Porschütz-S	10557	Berlin	97	7,423

WIE	Address	ZIP	City	Residential and com- mercial units <i>[amnt]</i>	Lettable area <i>[sqm]</i>
6120.001	Heidestraße 7-13/ Hedwig-Porschütz-Straße 8-14	10557	Berlin	135	11,894
6105.001	Hedwig-Porschütz-Straße 16-18	10557	Berlin	40	3,319
6115.002	Heidestraße 19, 19a, 20/ Tiefgarage (A)WrWn	10557	Berlin	0	0
6110.002	Heidestraße 21-24/ Tiefgarage	10557	Berlin	0	0
6125.002	Otto-Weidt-Platz 7-13, 17, 17a/ Hedwig-Porschütz-S	10557	Berlin	0	0
6120.002	Heidestraße 7-13/ Hedwig-Porschütz-Straße 8-14/ Ti	10557	Berlin	0	0
n.a.	Hohenzollernallee 53, 55; Walter-Eucken-Str. 101	40235	Düsseldorf	16	1,291
n.a.	Hohenzollernallee 53, 55; Walter-Eucken-Str. 101; Röpkestraße 100	40235	Düsseldorf	54	4,016
n.a.	Walter-Eucken-Str. 103-109 ungerade	40235	Düsseldorf	42	3,511
n.a.	Hohenzollernallee 18 (Kita)	40235	Düsseldorf	1	1,363
n.a.	Hans-Thoma-Str. 5-6a	14467	Potsdam	35	3,222
n.a.	Behlertstr. 37	14467	Potsdam	8	744
n.a.	Röbellweg 2, 8	13125	Berlin	18	1,815
n.a.	Röbellweg 4, 6, 8a, 10, 10a	13125	Berlin	35	3,069

Annex B Overview of key information of development properties

Project	Address	ZIP	City	Planned residential and commercial units <i>[amnt]</i>	Planned lettable area <i>[sqm]</i>
Wasserstadt - TF8	Heidestraße	10557	Berlin	n.a.	2,456
Wasserstadt - TF3	Heidestraße	10557	Berlin	n.a.	8,606
Grafenberg	Ernst-Poensgen-Allee	40629	Düsseldorf	84	13,760
Grafental II_sozial	Hohenzollernallee u.a.	40235	Düsseldorf	206	14,804
Grafental III_sozial	Hohenzollernallee u.a.	40235	Düsseldorf	256	18,384
Potsdam	Behlertstraße	14467	Potsdam	29	2,855
Eurohaus	Lyoner Str. 24-26	60528	Frankfurt	436	18,657
Dresden-Trachau	Hufewiesen Dresden-Trachau	01139	Dresden	n.a.	n.a.
Stiege	Grundstücksareal „Albrechtshaus“	38899	Oberharz am Brocken / OT Stiege	n.a.	n.a.

Valuation Report

in the form of a condensed valuation report

("Valuation Report")

"ADO Properties S.A. – Prospectus"

The Savills logo consists of the word "savills" in a lowercase, sans-serif font. The letters are white and are set against a solid yellow rectangular background.

Residential Portfolio

Brack German Properties B.V. and ADLER Real Estate AG

Opinion of Market Value

as at

31 December 2019

on behalf of

ADO Properties S.A.

1B, Heienhaff

1736 Senningerberg

Grand Duchy of Luxembourg

prepared by

Savills Advisory Services Germany GmbH & Co. KG

Taunusanlage 18

60325 Frankfurt am Main

Date of Report: 27 July 2020

Glossary

Adler	ADLER Real Estate AG
ADO Properties	ADO Properties S.A.
BauGB	German Building Code
BGP	Brack German Properties B.V.
Capex	Capital expenditures
CSSF	Commission de Surveillance du Secteur Financier, Luxembourg
DCF	Discounted Cash Flow
ECB	European Central Bank
Empirica	Online Database for Real Estate Research
EPRA	European Public Real Estate Association
ERV	Estimated Rental Value
GDP	Gross Domestic Product
gif	Society of Property Researchers, Germany
GPV	Gross Present Value
GRI	Gross Rental Income
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS 13	International Financial Reporting Standard 13
IVS	International Valuation Standards
MV	Market Value
NIY	Net Initial Yield
NOI	Net Operating Income
NPV	Net Present Value
Q&A	Question and answer process
RICS	Royal Institution of Chartered Surveyors
RIWIS	Regionales Immobilien-Wirtschaftliches Informations System
Savills	Savills Advisory Services Germany GmbH & Co. KG

Sqm	square meters
VAT	Value added tax
VPS	Valuation Practice Statement
WAULT	Weighted Average Unexpired Lease Term

A. Summary Overview

Type of Report

This report has been conducted in the form of a condensed Valuation Report (hereinafter referred to as "Valuation Report") for the determination of Market Value carried out by Savills Advisory Services Germany GmbH & Co. KG. The valuation is in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors ("Red Book") and the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards").

The report has been carried out for inclusion in a securities prospectus intended to be used in connection with the placement of fixed rate notes of ADO Properties S.A. (the "Notes") and the listing of the Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the "Offering").

Savills consents in principle to the Valuation Report being included in the investor materials in connection with the Offering on the terms as set out in this Valuation Report and in its Instruction Letter.

Subject of this Valuation Report is the residential real estate portfolio of BGP consisting of 325 subject properties as at Date of Valuation.

The Market Value determined by Savills is consistent with the Fair Value in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

Date of Valuation

31 December 2019

Subject Portfolio

According to the information provided by BGP and Adler, the subject portfolio comprises 325 residential or residentially dominated subject properties.

All 325 subject properties are considered as properties producing sustainable rental income.

Tenure

All properties are held on the German equivalent of freehold title except for one property (4120.001 in Hannover) which is a leasehold.

Summary of Valuation Results

Upon the assumption that there are no onerous restrictions or unusual costs of which we have no knowledge and based on the provided information, specific comments and assumptions set out in this Valuation Report, we are of the opinion that the aggregate of the individual Market Value of the freehold interests and the leasehold of the subject properties of the Subject Portfolio, rounded at asset level, as at 31 December 2019 is:

Market Value including Leaseholds

EUR 995,754,000

(NINE HUNDRED NINETY FIVE MILLION SEVEN HUNDRED FIFTY FOUR THOUSAND EURO)

Our opinion of Market Value is equivalent to:

Market Value per sq m	1,412 EUR
Gross Multiplier on Current Rent	19.11 fold
Gross Multiplier on Market Rent	16,06 fold
Net Initial Yield (NIY) on Current Rent	3.99%
Net Initial Yield (NIY) on Market Rent	4.93%

Market Value excluding Leaseholds

EUR 995,754,000

(NINE HUNDRED NINETY FIVE MILLION SEVEN HUNDRED FIFTY FOUR THOUSAND EURO)

The following refers to all valuation results:

The Market Value of the Subject Portfolio reported is the aggregate total of the individual properties and not necessarily a figure that could be achieved if the Subject Portfolio were to be sold as a whole (Individual valuation principle).

Savills has been informed by BGP/Adler that there have not been material changes to the building stock of the subject portfolio between the date of valuation 31 December 2019 and the date of this Valuation Report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Report date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Due to the material change caused by COVID-19 to the global economy, financial markets and almost all aspects of life, a valuation of the subject portfolio as of the date of this Valuation Report would have been reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to such valuation than would normally be the case. Given the unknown current and future impact that COVID-19 might have on the real estate market we recommend that you keep the valuation as of 31 December 2019 of the subject properties under frequent review.

We are therefore not in a position to make a statement as to whether the market conditions and movements of the respective real estate markets in which the subject properties are located have led to a change or in fact a material change between 31 December 2019 and the date of this Report.

Regarding changes to the real estate market conditions caused by Covid-19 we refer to chapters "F. Material Changes" and "G. I COVID-19 Commentary".

Breakdown of Market Value by Type of Use

Portfolio Overview													
No. Properties	Lettable Area	Vacancy Rate (Area)	Vacancy Rate (EPRA)	Current Rent	Market Value	Market Value (Share of Total)	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold				years
Residential	265	604,896	3.5%	3.7%	43,523,123	823,320,000	82.7%	1,361	18.92	15.80	4.01%	5.00%	
Mixed-use property	57	100,207	4.6%	4.4%	8,393,008	169,474,000	17.0%	1,691	20.19	17.55	3.88%	4.60%	
Infrastructure	3	0		10.3%	188,950	2,960,000	0.3%		15.67	12.98	4.39%	5.60%	
Total	325	705,104	3.7%	3.8%	52,105,081	995,754,000		1,412	19.11	16.06	3.99%	4.93%	

Breakdown of Market Value by Property Type

Portfolio Overview by Property Type													
No. Properties	Lettable Area	Vacancy Rate	Vacancy Rate	Current Rent	Market Value	Market Value	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold				years
Residential - Multi-family house	262	592,030	3.5%	3.6%	42,547,273	806,710,000	81.0%	1,363	18.96	15.83	4.00%	4.99%	
Residential - High-rise building	2	12,729	2.0%	5.8%	967,150	16,480,000	1.7%	1,295	17.04	14.22	4.48%	5.57%	
Residential - One-/ two-family house	1	137	-	5.2%	8,700	130,000	0.0%	949	14.94	14.16	4.95%	5.29%	
Residentially dominated property	55	91,709	5.0%	4.8%	7,243,309	150,614,000	15.1%	1,642	20.79	17.78	3.71%	4.50%	
Commercially dominated property	2	8,498	0.5%	1.9%	1,149,699	18,860,000	1.9%	2,219	16.40	15.91	5.17%	5.35%	
Infrastructure - Garage	2	-	-	10.1%	130,451	1,910,000	0.2%	-	14.64	11.86	4.30%	5.75%	
Infrastructure - Parking space	1	-	-	10.8%	58,499	1,050,000	0.1%	-	17.95	15.68	4.56%	5.31%	
Total	325	705,104	3.7%	3.8%	52,105,081	995,754,000		1,412	19.11	16.06	3.99%	4.93%	

Breakdown of Market Value by Federal State

Geographical Portfolio Distribution by Market Value													
No. Properties	Lettable Area	Vacancy Rate (Area)	Vacancy Rate (EPRA)	Current Rent	Market Value	Market Value (Share of Total)	Market Value per sq m	Gross Multiplier on Current Rent	Gross Multiplier on Market Rent	NIY on Current Rent	NIY on Market Rent	WAULT	
	sqm	%	%	EUR p.a.	EUR	%	EUR per sqm	fold	fold				years
Lower Saxony	27	56,150	1.9%	2.4%	5,377,754	111,900,000	11.2%	1,993	20.81	19.00	3.82%	4.25%	
Saxony	98	184,870	3.1%	3.2%	13,625,899	305,420,000	30.7%	1,652	22.41	18.29	3.44%	4.40%	
North Rhine-Westphalia	117	290,473	4.1%	4.3%	20,060,361	333,094,000	33.5%	1,147	16.60	13.76	4.47%	5.65%	
Saxony-Anhalt	28	36,467	11.1%	10.9%	2,248,003	47,700,000	4.8%	1,308	21.22	16.45	3.35%	4.70%	
Bremen	32	65,760	3.8%	4.6%	4,736,689	81,540,000	8.2%	1,240	17.21	14.06	4.41%	5.65%	
Schleswig Holstein	23	71,384	0.8%	1.2%	6,056,375	116,100,000	11.7%	1,626	19.17	17.80	4.11%	4.48%	
Total	325	705,104	3.7%	3.8%	52,105,081	995,754,000		1,412	19.11	16.06	3.99%	4.93%	

Breakdown of Market Value by Tenure

In total, 324 of 325 subject properties are held on the German equivalent of freehold title which amount to ca. 99.65% of the Portfolio Market Value. Only one property (4120.001) is held as leasehold which amounts to ca. 0.35% of the Portfolio Market Value.

Breakdown of Market Value by Ratio

Within the Subject Portfolio, there are no properties with a Market Value share of nearly 5.0% (or more) of the overall Portfolio Market Value.

Breakdown of Market Value by Value (Positive/Negative)

In our valuation of the Subject Portfolio, we assessed no properties to have a negative value.

B. Instructions and Sources of Information

I. Scope of Instruction

Preamble

Brack German Properties B.V. (“BGP”) is a 100% subsidiary of Brack Capital Properties NV which is listed on the Tel Aviv stock exchange and which has its headquarters in the Netherlands. ADLER Real Estate AG (“ADLER”) holds an interest in Brack Capital Properties N.V.

This Valuation Report has been prepared pursuant to the framework agreement signed on 5 July 2019 with four supplements (1st as at 12 August 2019, 2nd as at 10 October 2019, as at 3rd 24 February 2020 and 4th as at 5 March 2020) between Savills Advisory Services Germany GmbH & Co. KG (“Savills”), BGP and Adler (the “Framework Agreement”).

ADLER is a real estate company listed on the Frankfurt Stock Exchange. Savills and ADLER have a separate valuation agreement under which Savills determined the market value of ADLER’s real estate as of 31 December 2019.

Savills hereby confirms that as at the date of this Valuation Report there is no existing or potential conflict of interest in relation to the properties to be valued as at the Valuation Date or Report Date.

As instructed, we compiled and delivered for the given purpose this condensed report, which is a summary of the full Valuation Report and which will be incorporated in a prospectus prepared in connection with the Offering.

Instruction

Savills carried out a determination of Market Value of the respective freehold interests of the properties in the subject portfolio (as defined below). For the purposes of this Valuation Report references to a “subject property” or “subject properties” shall mean a reference to any property or properties within the BGP portfolio.

The valuation is in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors (“Red Book”) and the International Standards for the Valuation of Real Estate for Investment Purposes (“International Valuation Standards”).

The Market Value is consistent with the “Fair Value” in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB).

Please note that Savills has already carried-out previous valuations of the subject portfolio for Adler/BGP as at 31 March 2018, as at 30 June 2018, 30 September 2018, 31 December 2018 and 30 June 2019. And as Adler has been the majority owner of BGP since April 2018, there is no conflict of interest for Savills in relation to the subject portfolio to act as an independent valuer on behalf of the Instructing Party.

Subject Portfolio

The subject portfolio comprises 325 mainly residential properties that are located throughout Germany. Please refer to the table below for an overview of the subject properties by property type:

Portfolio Overview

	No. Properties	Lettable Area sqm	Vacancy Rate (Area) %	Vacancy Rate (EPRA)	Current Rent EUR p.a.	WAULT years
Residential	265	604,896	3.5%	3.7%	43,523,123	
Mixed-use property	57	100,207	4.6%	4.4%	8,393,008	
Infrastructure	3	0		10.3%	188,950	
Total	325	705,104	3.7%	3.8%	52,105,081	

All 325 are considered as properties producing sustainable rental income.

Scope of Work Carried Out

In the assessment of the Market Value of the Subject Portfolio, inter alia, the following procedures were carried out:

- Analysis and interpretation of the portfolio information provided by the Instructing Party, e.g. tenancy and property schedules, data room information and other data materials relevant to the valuation,
- Site inspections of the subject properties (last inspection of all 325 subject properties between 6 August 2018 and 9 October 2018 in the course of the quarterly valuations of ADLER and BGP)
- Analysis of market, location and situation for each of the subject properties,
- Determination of Market Value at property level.

Instructing Party

ADO Properties S.A.

1B, Heienhaff

1736 Senningerberg

Grand Duchy of Luxembourg (Hereinafter referred to as „Instructing Party“)

Addressees

The Valuation Report is addressed to and only for the use of

- the Instructing Party (as issuer of the Notes to be used in the Offering)

and the following banks:

- J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom
 - Deutsche Bank Aktiengesellschaft
Mainzer Landstraße 11-17
60323 Frankfurt am Main
Federal Republic of Germany
 - Barclays Bank PLC
5 The North Collonade
Canary Wharf
London E14 4BB
United Kingdom
 - Banco Santander, S.A.
Ciudad Grupo Santander
Avenida de Cantabria s/n
Edificio Encinar, planta baja
28660, Boadilla del Monte
Madrid
Spain
 - Natixis
30, avenue Pierre Mendès-France
-

75013 Paris

France

(each of them hereinafter referred to as an „Addressee“ and all of them together as „Addressees“), provided that, in relying on this Valuation Report, each of the Addressees acknowledges and agrees that:

- (a) this Valuation Report refers to the position at the date the Original Report was originally issued and, unless otherwise confirmed by us in writing, Savills has taken no action to review or update the Valuation Report since the date it was originally issued;
- (b) Savills aggregate liability to any one or more or all of the Addressees in respect of the Valuation Report and the Original Report shall be limited to EUR30million; and
- (c) the Valuation Report is subject to the terms and conditions set out in the Framework Agreement as varied by the terms contained in the Valuation Report

The Valuation Report was prepared on the basis of the Framework Agreement between BGP, Adler and Savills. Savills is liable for contractual demands to the Addressees of the Report only.

If the Instructing Party suffers loss as a result of Savills' breach of contract or negligence, Savills' liability to the Instructing Party shall be limited to the lesser of the limitation of liability set out above or a just and equitable proportion of its loss having regard to the extent of responsibility of any other party.

Valuer

Savills Advisory Services Germany GmbH & Co. KG

Taunusanlage 18

60325 Frankfurt am Main

Germany

(Hereinafter referred to as „Savills“)

Purpose of Valuation

This Valuation Report is for inclusion in a securities prospectus (the "Prospectus") intended to be used in connection with the placement of fixed rate notes of ADO Properties S.A. (the "Notes") and the listing of the Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the "Offering").

Savills prepared this Valuation Report only and accepts no responsibility for any other part of the Prospectus prepared in connection with the Offering.

Savills consents in principle to the Valuation Report being included in the investor materials in connection with the Offering on the terms as set out in our instruction letter dated 24 June 2020 and until such time as Savills have first approved the form and context in which the Valuation Report appears.

Liability

Savills aggregate liability to any one, or more, or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Valuation Report or the Original Report, under or in connection with this agreement and the Valuation Report, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to EUR30million.

For the avoidance of doubt, the Addressees (including the addressees of the Original Report) agree that the total aggregate liability of Savills in respect of both the Valuation Report and Original Reports shall be EUR 30,000,000, and this liability cap shall apply across both the Valuation Report and the Original Reports

The limitation on Savills aggregate liability to the all of the Addressees of both the Original Report and the Valuation Report shall be apportioned by them amongst them. No Addressee shall dispute or challenge the validity, enforceability or operation of this clause on the ground that no such apportionment has been so agreed or that the agreed share of the limitation amount apportioned to any Addressee is unreasonably low. For the avoidance of doubt, this liability cap shall apply in respect of both the Original Report and the Valuation Report.

Date of Valuation

31 December 2019

Report Date

The report date is 27 July 2020. The Valuation Report refers to the position as at the date it was originally issued and Savills has taken no action, nor is it obliged to take any action, to review or to update the Valuation Report since the date it was originally issued.

Currency

The relevant currency for this valuation is EUR.

Interest Valued / Tenure

All properties are held on the German equivalents of freehold title except for one property (4120.001 in Hannover) which is a leasehold.

Publication / Disclosure

Savills acknowledges and agrees that this Valuation Report will be published in unchanged form in the Prospectus for the purpose of the Offering.

With the exception of the above, neither the whole nor any part of our Valuation Report nor any reference thereto (except references used in the Prospectus) may be included in any other published document, circular statement nor published in any way without our prior written approval of the disclosure and the form and context in which it will appear.

The Valuation Report may subject to the terms of the Framework Agreement be disclosed by the Addressees on a strictly non-reliance and without liability basis (i) to their legal advisors, (ii) to their consultants who are bound by professional codes of conduct, (iii) to banks in connection with a current or intended financing in relation to the Subject Portfolio, (iv) to competent authorities (i.e. the CSSF), (v) as well as to other pre-named parties to whom disclosure is required in connection with the Offering. Any other disclosure requires Savills's prior written consent at its sole discretion.

Nature and Source of Information relied on

The valuation has been substantially and mainly based upon the information supplied to us by BGP and Adler. Please refer to Section II "Sources of Information and Inspection" for a more detailed list of the information Savills has relied upon for the purposes of preparing this Valuation Report.

Definition of Market Value

Our valuation has been carried out in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors ("Red Book").

We have been instructed to value the subject properties on the basis of Market Value in accordance with RICS Global Valuation Standards 2020 (the "Red Book") which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The "Market Value" is consistent with the "Fair Value" in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), which is defined as follows:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The assessment of Market Value has been carried out by Savills in accordance with the guidelines of the International Financial Reporting Standards (IFRS), the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution of Chartered Surveyors (Red Book) and in accordance with the relevant prospectus regulations applicable in Germany, including the CESR

recommendations for the consistent implementation of the Committee of European Securities Regulators on prospectus 20 March 2013 (ESMA Update of the CESR recommendations).

For the avoidance of doubt, a valuation complying with the "Red Book" requirements is compliant with the International Valuation Standards (IVS) and the Market Value pursuant to § 194 BauGB (German Building Code).

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently.

Place of Performance & Jurisdiction

German law applies. The place of performance and jurisdiction is Frankfurt/Main, Germany.

Assignment of Rights

The Addressees of this Valuation Report are not entitled to assign their rights under or in respect of the Framework Agreement (signed on 5 July 2019) and this Valuation Report – either whole or in parts – to any third parties.

Declaration of Independence & Status of Valuer

Savills hereby confirms to the best of its knowledge and belief that it has prepared this Valuation Report in its capacity as external valuer (as defined in the "Red Book") and independent expert.

We further confirm that Savills is not aware of any actual or potential conflict of interest that might have influenced its independent status.

The total fees, earned by Savills Germany from BGP and Adler (or other companies forming part of the same group of companies), is less than 5% of the total German revenues earned by Savills Germany in the financial year 2017, 2018, 2019 or 2020.

II. Sources of Information and Inspection

Information Sources

For the purpose of this Valuation Report we have mainly relied on the following information, provided to us by BGP and Adler via data room access:

- Rent roll in MS Excel as at December 2019 regarding all 325 residential properties received via e-mail on 10 January 2019
- Land register excerpts for all 325 subject properties
- Subsidy details / agreements regarding six properties in Hannover (5) and Oberhausen (1)
- Excel overview regarding historical listings

We have also included following sources into our valuation:

- Savills Research
- Local Land Valuation Boards and other local authorities
- Empirica online-database
- RIWIS online database
- WiGeoGis (provider of geomarketing and market data)
- Google Maps

Individual questions and inconsistencies within the data could be clarified with the Instructing Party via a Q&A (question & answer) template & process.

Inspection

In accordance with our instruction, we did not carry out any inspections for this valuation as all 325 subject properties have been inspected between 6 August 2018 and 9 October 2018 for the quarterly valuations of the Instructing Party. The Instructing Party agreed that a second inspection is not necessary for the valuation as at 31 December 2019.

All inspections in 2018 have been carried out on a drive-by basis. This means that we did not have access to the inside of the properties. We inspected the properties only externally. In some cases we also had no access to the rear of the properties.

In the course of this update valuation we did not inspect these properties again. We assumed that no material changes to the subject properties (building stock and condition) took place between the last inspection dates and the date of valuation 31 December 2019.

All conclusions made by Savills with regard to the condition and the actual characteristics of the land and buildings have been based on our inspection of the subject properties and on the documents and information provided (please see above).

In the event that only partial internal inspections were possible, it will be assumed that the parts that were inspected are typical of the remainder.

For the avoidance of doubt, Savills did not carry out any building or structural surveys of the subject properties, nor tested any of the electrical, heating or other services.

The properties were not measured as part of Savills' inspection, nor were the services or other installations tested.

All Savills' conclusions resulting from the inspections are based purely on visual investigations without any assertion as to their completeness.

Furthermore, investigations that might cause damage to the subject properties have not been carried out. Statements about parts of the structure or materials that are covered or otherwise inaccessible are based on the information or documents provided (or on assumptions, respectively).

C. Portfolio Overview

Short Portfolio Profile

Subject to this Condensed Report are 325 residential valuation properties (ca. 11,800 apartments which are located all over Germany). The largest clusters are in Leipzig and North-Rhine-Westphalia. According to the provided rent roll the lettable area amounts to ca. 705,104 sqm.



Tenure

All properties are held on the German equivalents of freehold title except for one property (4120.001 in Hannover) which is held on leasehold title.

Portfolio Composition

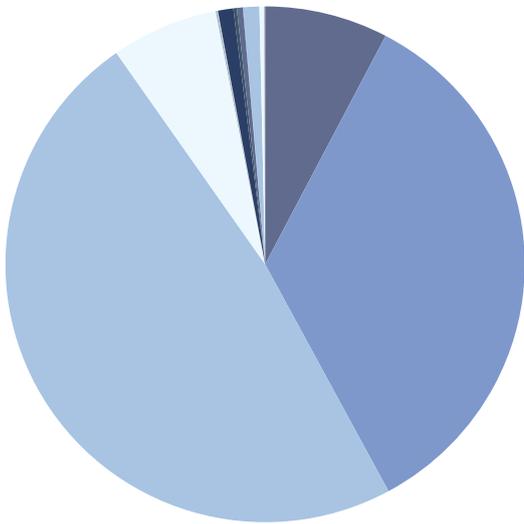
The portfolio is comprised of the following types of space and units:

Portfolio overview by use *			
	Lettable area	Vacancy	Current rental income
	sq m		EUR p.a.
Residential - small	54,148	3.1%	5,082,416
Residential - middle	242,833	2.6%	17,958,345
Residential - large	339,654	4.1%	23,396,827
Residential - very large	46,999	4.4%	3,061,236
Commercial	445	19.2%	29,048
Other Area	505	10.3%	29,610
Office	6,725	6.0%	375,260
Storage	1,507	9.8%	55,348
Gastronomy	2,617	3.2%	343,659
Production	271	-	11,701
Retail	6,922	13.6%	647,058
Surgery	2,089	-	167,103
Leisure	388	14.4%	48,552
Subtotal	705,104	3.7%	51,206,162
	Lettable units	Vacancy	Current rental income
	number		EUR p.a.
Internal Parking	1,707	25.4%	459,997
External Parking	1,061	35.3%	216,067
Advertisement	3	-	4,260
Other Unit	184	23.4%	218,416
Open Space	10	80.0%	177
Subtotal	2,965	29.0%	898,919
Total			52,105,081

* As at date of valuation; not including future lease contracts

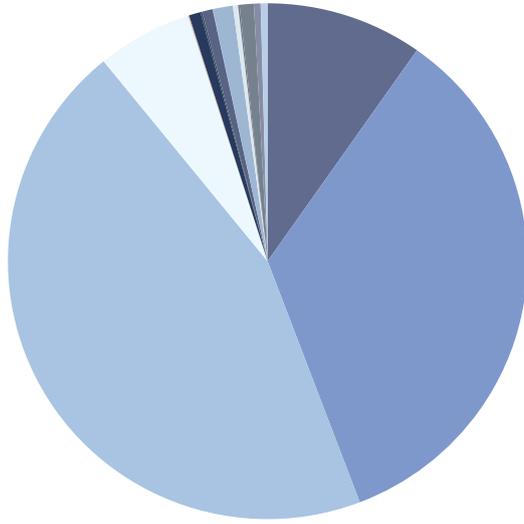
Residential small: < 40 sqm, Residential middle: 40 sqm to < 60 sqm, Residential large: 60 sqm to < 90 sqm, Residential very large: 90 sqm and more

Distribution of lettable area per use



- Residential - small (7.7%)
- Residential - middle (34.4%)
- Residential - large (48.2%)
- Residential - very large (6.7%)
- Commercial (0.1%)
- Other Area (0.1%)
- Office (1.0%)
- Storage (0.2%)
- Gastronomy (0.4%)
- Production (0.0%)
- Retail (1.0%)
- Surgery (0.3%)
- Leisure (0.1%)

Distribution of current rental income per use



- Residential - small (9.8%)
- Residential - middle (34.5%)
- Residential - large (44.9%)
- Residential - very large (5.9%)
- Commercial (0.1%)
- Other Area (0.1%)
- Office (0.7%)
- Storage (0.1%)
- Gastronomy (0.7%)
- Production (0.0%)
- Retail (1.2%)
- Surgery (0.3%)
- Leisure (0.1%)
- Internal Parking (0.9%)
- External Parking (0.4%)
- Advertisement (0.0%)
- Other Unit (0.4%)
- Open Space (0.0%)

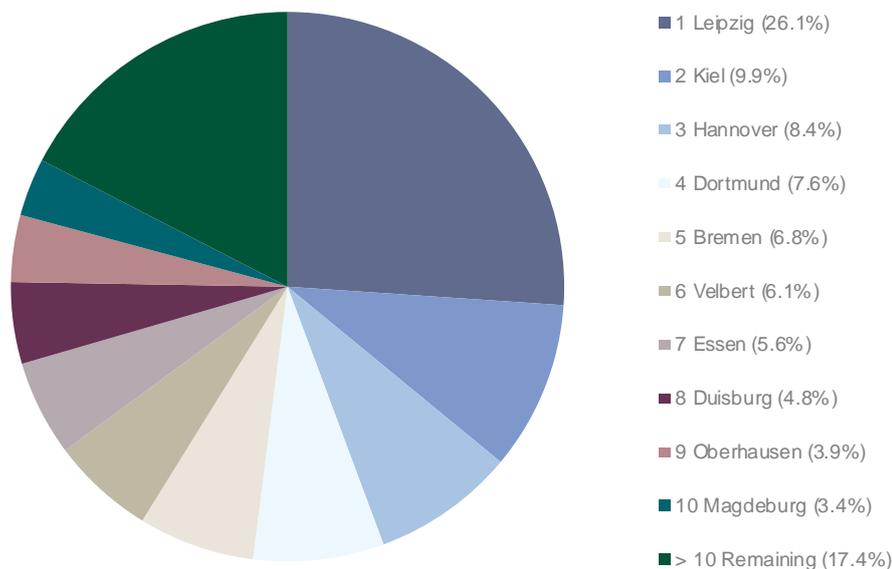
Location Analysis

The total gross rental income is diversified over many different municipalities of the portfolio. The largest cluster is Leipzig with ca. 26.1% of the total gross rental income followed by Kiel with ca. 9.9%.

Top 10 municipalities by current rental income

#	Municipality	Lettable area	Lettable units	Current rental income	Average remaining lease term	Current rental income with lease expiry
		sq m	number	EUR p.a.	years	
1	Leipzig	184,037	377	13,584,232	-	-
2	Kiel	63,205	202	5,177,730	-	-
3	Hannover	47,053	212	4,350,900	-	-
4	Dortmund	50,511	130	3,982,301	-	-
5	Bremen	44,577	371	3,539,368	-	-
6	Velbert	48,041	182	3,156,347	-	-
7	Essen	39,446	392	2,930,132	-	-
8	Duisburg	36,505	126	2,499,722	-	-
9	Oberhausen	37,250	262	2,052,609	-	-
10	Magdeburg	27,522	141	1,770,140	-	-
> 10	Remaining	126,959	570	9,061,600	-	-

Top 10 municipalities by current rental income



D. Valuation Considerations

In this chapter we comment on our individual considerations in order to arrive at our Opinion of Market Value.

Please note that our opinion of value is carried out on the basis of a number of assumptions. In the absence of any information to the contrary in the Report, our Opinion of Value is based on, and subject to, the General Valuation Assumptions as described in section H.I of this Report together with the specific assumptions as stated in this report (including without limitation this section D).

In case of any discrepancies the specific assumptions as described in the following will prevail over the General Assumptions. If any of the aforementioned assumptions (General Assumptions or specific assumptions or other) are subsequently found to be incorrect or invalid, our Opinion of Value may need to be reconsidered.

I. Method of Valuation

General Valuation Procedure

The valuation has been carried out on a single property basis. Each property has been valued individually.

Valuation Model

We have used a Discounted Cash Flow (DCF) model for all 325 subject properties.

For more details about the DCF model and the underlying definitions of the key parameters, please refer to Chapter H “General Valuation Assumptions and Applied Definitions” of this Valuation Report.

II. Portfolio Considerations

1. Constituents of the Subject Properties

Fixtures in the subject properties, such as passenger and goods lifts, other conveyor installations, central heating installations and other technical installations have been regarded as integral parts of the subject properties and have, therefore, been reflected in our determination of Market Value. Tenant's fixtures and fittings that would normally be the property of the tenant have not been reflected in our valuation.

2. Legal Aspects

Land Register

Savills has analysed the provided PDF land register excerpts for all 325 subject properties.

According to the provided information 324 of the valuation units are held on freehold title and only one on leasehold title (4120.001: multifamily house in Hannover).

In the provided land registers there are several encumbrances regarding the subject properties like transformer station rights, pipeline way leaves, cable rights, right of ways and restricted personal easements. Based on the information available to us we did not find any indication that the use of the properties is affected by the encumbrances and restrictions registered under Section II. Therefore we have assumed no impact on value in these regards.

Apart from that, we identified further entries such as building restrictions, (temporary) apartment occupation rights (16 properties) and redevelopment areas (16 properties). We asked for further information on these topics. As we were not provided with further details, we assumed in our valuation that these entries have no impact on value.

The registered annual ground rent of the leasehold property "4120.001" (Hannover) only amounts to ca. EUR 0.04 per sqm site area (ca. EUR 95 p.a.) and therefore we did not consider this ground rent in our valuation separately as the impact on value is negligible.

Finally we identified a waiver of inferior mining damages regarding "4155.014" (Essen). We did not receive further information on this topic. Thus, we considered no impact on value in this regard.

Further legal Aspects

We asked for the Instructing Party for the following documents:

- Public encumbrances
- Soil contamination
- Building contamination
- Planning law
- Building permits
- Area restrictions
- Other third party rights

Adler and BGP currently do not have all documents complete and structured due to the large number of subject properties. Thus, these demanded documents were mainly not provided to Savills.

In this regard Savills made the assumption that possible issues have no direct material impacts on the subject property values.

Furthermore, Savills made the assumption that possible but usually not material value influences by legal aspects balance each other out at subject portfolio level.

Historical Monuments

Adler/BGP has provided an Excel overview that shows for all 325 properties whether they are listed or not. Accordingly, the portfolio contains 60 monuments. The remaining 265 properties are no monuments according to Adler/BGP.

Subsidies

As at valuation date six properties are affected by rent restrictions (4110.001, 4120.009, 4210.001, 4210.002, 4210.003 and 4210.004). For these properties we considered the rent restrictions in the Current Rent and for relettings until the expiration date of the subsidy in 2026. We applied the unrestricted Market Rents for reletting after the respective restriction expiry date.

Rental Cap Law ("Mietpreisbremse")

In total 46 subject properties are affected by the so called "Mietpreisbremse". Please see section C. II. Basic Cash Flow Considerations for more detailed information on the rental cap law and how it was considered in our valuation.

3. Technical Aspects

We were not provided by an actual Technical Due Diligence or Capex list for this valuation.

For the previous valuations for the Instructing Party we have been provided with Capex-overviews on sub-portfolio level dated between 2010 and 2016 but mainly from 2014 and 2015. These costs were divided into short-term, mid-term and long-term Capex. As these Capex-overviews are out-dated we did not consider these Capex numbers separately in our valuation.

When assessing the maintenance costs we were taking into account our impressions from our drive-by inspections and the construction/modernisation years. Thus, we assumed that all damages can be repaired with the regular ongoing maintenance budgets.

Please note that Savills has not been instructed to perform any technical due diligence and does not possess the necessary detailed technical information.

4. Tenancy Aspects

Rent Roll Information

Our valuation is based on the rent roll by BGP as at December 2019 received on 10 January 2020 for the subject properties.

A full verification of the provided tenancy schedule and the available lease agreements was not part of the scope of this Instruction. Savills therefore relied on the content of the tenancy schedule provided and assumed that the provided document reflects the status quo of all tenancies as at the Date of Valuation 31 December 2019 to a true and comprehensive extent. Please note that Savills cannot verify the accuracy or the completeness of the information of subject tenancies provided to Savills.

Overdue rent payments

Savills has not checked the status of contractually agreed rent payments as at the Date of Valuation. Provided that Savills had no information to the contrary, we have assumed that there are no overdue rent payments.

Lettable Area

In our valuation approach we have generally assumed that the provided information regarding lettable area is in line with the "Richtlinie der Gesellschaft für Immobilienwirtschaftliche Forschung e.V." (gif). We recommend a measurement of all properties according to gif to eliminate current uncertainties.

Please note that it may turn out in a formal measurement that the assumed size or split of lettable areas differs from the correct lettable areas per type of use. In this case our assumptions and valuation results have to be reconsidered and may have to be adjusted.

Structural Vacancy

Please note, we considered ca. 112 sqm as structurally vacant which refer to one subject property (4105.028, Duisburg, Moltkestr. 6). This equals a share of 0.02% of the total lettable area.

5. Environmental Aspects

We were not provided with excerpts from the register of soil contamination for the 325 subject properties.

Savills assumes that no contaminations exist and considered no impact on value in this regard.

Please note that Savills has not been instructed to perform any environmental due diligence and does not possess the necessary detailed technical information. Therefore, Savills assumes without verification the accuracy and completeness of the provided information to Savills in this context. Should it subsequently turn out that additional contamination exists at the properties this may have a detrimental effect on the value reported.

6. Properties Subject to Liquidation

The portfolio includes no liquidation properties.

III. Basic Cash Flow Considerations

Preamble

The following summaries of the valuation assumptions and parameters relate to the 325 subject properties. In the following section, we seek to comment on all input parameters in our valuation model. Besides a general description of each parameter, the applied ranges of those parameters will be stated, too. The considered parameters result in a value of the individual properties, which were verified by means of appropriate comparable transactions.

Consideration of Rental Cap Law ("Mietpreisbremse")

On June 1 2015, the new federal Tenancy Law Amendment Act on rent control entered into force in Germany. The act authorises individual German federal states to enact regulations in form of temporary rent caps. Besides others, many German cities as Berlin, Hamburg and Munich as well as many large cities in North-Rhine-Westphalia use the rental cap and regulate the residential market today.

The "brake of rents" ("Mietpreisbremse") prohibits landlords in areas designated as "tight housing markets" from charging a rent that is more than 10% above the local average rent for a comparable property (Civil Code § 556d).

However, this prohibition only applies to new leases. If the rent charged to the last tenant was above the 10% limit, a landlord is allowed to demand from a new tenant a rent up to the amount charged in the last lease (§ 556e BGB). The average rents for comparable properties are generally defined in local qualified rent indices ("qualifizierte Mietspiegel"). Nevertheless, existing leases already faced a rent cap ("Kappungsgrenze") of not more than 20% of the average local rent charged within a three-year period (§ 558 BGB). Some cities have reduced the rent cap to 15%. Furthermore, exclusions apply to properties built after October 1, 2014, or to apartments that have been fully modernised (§ 556f BGB). An apartment is considered fully modernised if the extent of the modernisations is comparable to a new property.

In our valuation, the rent cap law was considered for 50 properties or valuation units (VU), as the case may be, altogether. Please note that the rent cap law was only considered in areas which advise a qualified rent index ("qualifizierter Mietspiegel").

Consequently, the local average rent for a comparable property as stated in the locally qualified rent index + 10% was applied as the market rent in our valuation for properties which are subject to both the Tenancy Law Amendment Act and a qualified rent index. However, if the current rent was already above the local average rent + 10%, the current rent was further applied in the valuation. For other properties, the applied market rents were based on contractual and asking comparables "on a free market" as available in Savills' database and through empirica.

Berlin's New Rental Cap ("Berliner Mietendeckel")

The law to limit rents in housing in Berlin (MietenWoG Bln) was passed by the Berlin House of Representatives on 30 January 2020 and came into force on 23 February 2020.

Since the subject portfolio does not contain any properties in Berlin, no further explanation of this law is given here.

Estimated Rental Value (ERV)

Estimated rental values ("market rents") indicated in this report are those which have been adopted by us as appropriate in assessing the capital value or the letting potential of the properties, being subject to market conditions that are either current or are expected in the short term. They are based on our experience in the markets and our knowledge of actual comparable market activity.

For the purpose of comparison, we considered market evidence by assessment of actual lettings of units with the same or a closest comparable use, where applicable and available. Applied ERVs range as follows in the subject properties:

Market rent			
	Minimum	Maximum	Average *
	EUR per	EUR per	EUR per
	sq m p.m.	sq m p.m.	sq m p.m.
Residential - small	5.50	14.75	9.32
Residential - middle	5.00	13.00	7.36
Residential - large	4.25	12.00	6.83
Residential - very large	4.25	10.00	6.27
Commercial	5.00	8.75	6.50
Other Area	4.00	9.00	5.88
Office	-	11.10	5.54
Storage	-	18.00	3.65
Gastronomy	4.00	17.00	11.15
Production	3.50	3.75	3.69
Retail	3.50	25.00	8.07
Surgery	3.70	12.00	6.68
Leisure	1.00	18.00	10.35
Internal Parking	-	80.00	33.81
External Parking	-	60.00	24.97
Advertisement	3.20	304.20	119.13
Other Unit	-	1,035.30	135.75
Open Space	-	-	-

* weighted by sq m / units

Non-Recoverable Costs

Ancillary costs of a property are generally costs of

- ongoing maintenance,
- management and
- other non-recoverable costs.

These costs can generally be allocated to the responsibility of tenants in commercial leases – at least to a very high degree of total costs - whereas there are much stricter regulations for residential leases. Residential tenants may only be obliged to bear services charges as defined in the Ordinance of Services Charges (*Betriebskostenverordnung*) but must never – by law – be made responsible for costs of maintenance or management.

For the purpose of valuing the subject properties, we did not receive details of the amount of non-recoverable costs which remains to be borne by the owner. Therefore, we applied common appropriate assumptions in our valuation.

Costs of Ongoing Maintenance

For costs of ongoing maintenance we have assumed the following for the respective types of use:

Maintenance			
	Minimum	Maximum	Average *
	EUR per sq m p.a.	EUR per sq m p.a.	EUR per sq m p.a.
Residential - small	6.50	10.00	8.39
Residential - middle	6.50	10.00	8.59
Residential - large	6.50	10.00	8.19
Residential - very large	6.50	10.00	8.09
Commercial	7.00	7.00	7.00
Other Area	3.00	3.00	3.00
Office	-	7.00	6.65
Storage	3.00	4.00	3.99
Gastronomy	5.00	7.00	6.95
Production	7.00	7.00	7.00
Retail	6.00	6.00	6.00
Surgery	7.00	7.00	7.00
Leisure	4.00	5.00	4.50
Internal Parking	50.00	50.00	50.00
External Parking	25.00	25.00	25.00
Advertisement	-	-	-
Other Unit	-	-	-
Open Space	-	-	-

* weighted by sq m /units

Our approach considers both that commercial tenants bear a considerable portion of maintenance costs, i.e. in their units and of all fixtures and fittings, but that it is also likely that the owner shall bear costs of maintaining the roof and

structure ("Dach und Fach"). We assume the applied cost estimation to be sufficient to at least maintain the respective property in the current condition.

All costs include annual inflation which will be adjusted each year of the DCF term.

Management Costs

For the subject properties we have allowed management costs as costs per unit or as a percentage of the annual market rent:

Management costs			
	Minimum	Maximum	Average *
	EUR per unit	EUR per unit	EUR per unit
	p.a.	p.a.	p.a.
Residential - small	200	250	226
Residential - middle	200	250	235
Residential - large	200	250	229
Residential - very large	200	250	227
Commercial	60	233	116
Other Area	10	166	89
Office	-	575	110
Storage	-	504	66
Gastronomy	102	3,565	417
Production	50	190	120
Retail	6	2,372	292
Surgery	55	458	223
Leisure	13	605	321
Internal Parking	50	50	50
External Parking	50	50	50
Advertisement	50	50	50
Other Unit	50	50	50
Open Space	-	10	9

* weighted by number of units

For the residential units we applied Management Costs per unit between EUR 200 and EUR 250 p.a.

For commercial uses (such as office, retail, storage, etc.) we applied between 2.0% - 3.0% (mainly 2.0%) of the Market Rent.

Our approach is to reflect a common level of management costs under consideration of the type and complexity of the asset and relevant utilisation(s). We generally assumed the subject asset to require a normal management effort.

Please note all costs include annual inflation which will be adjusted each year of the DCF term.

Non-Recoverable Costs on Vacancy

These are generally non-recoverable service charges, for example any operational costs, which may need to be borne by the landlord should a tenant become unable to pay for any reason (e.g. insolvency) or in the general case of vacancy. These costs are incurred in addition to the regular non-recoverable ancillary costs as explained above.

In the absence of more detailed information of actual non-recoverable costs in the case of vacancy, we considered non-recoverable ancillary costs per sqm p.m. for vacant area as follows:

Vacancy costs			
	Minimum	Maximum	Average *
	EUR per	EUR per	EUR per
	sq m p.m.	sq m p.m.	sq m p.m.
Residential - small	1.00	1.00	1.00
Residential - middle	1.00	1.00	1.00
Residential - large	1.00	1.00	1.00
Residential - very large	1.00	1.00	1.00
Commercial	1.00	1.00	1.00
Other Area	0.50	0.50	0.50
Office	-	1.00	0.95
Storage	0.50	1.00	0.99
Gastronomy	1.00	1.00	1.00
Production	1.00	1.00	1.00
Retail	1.00	1.00	1.00
Surgery	1.00	1.00	1.00
Leisure	1.00	1.00	1.00
Internal Parking	-	-	-
External Parking	-	-	-
Advertisement	-	-	-
Other Unit	-	-	-
Open Space	-	-	-

* weighted by sq m /units

Please note that these costs will only be applied to vacant space and only for the assumed duration of vacancy. The vacancy costs are only relevant after the expiry of the current lease contracts and initial vacancy.

Void Periods for Current Vacancy and Void Periods after Expiry of Leases

Voids generally represent the time period between the expiry of a lease and the start date of a new lease.

There is currently some initial vacancy in the subject properties. For these units, we have estimated 'Void Periods of Current Vacancy' which are starting at the beginning of the next full month following the reference date of this valuation (the 'projection date').

We have assumed the following void periods for current vacancy:

Void period of current vacancy			
	Minimum	Maximum	Average *
	months	months	months
Residential - small	3.00	5.00	3.37
Residential - middle	3.00	5.00	3.17
Residential - large	3.00	5.00	3.41
Residential - very large	3.00	5.00	3.40
Commercial	9.00	9.00	9.00
Other Area	9.00	9.00	9.00
Office	9.00	9.00	9.00
Storage	9.00	9.00	9.00
Gastronomy			
Production			
Retail	9.00	9.00	9.00
Surgery			
Leisure	9.00	9.00	9.00
Internal Parking	9.00	9.00	9.00
External Parking	4.00	9.00	8.59
Advertisement			
Other Unit	9.00	9.00	9.00
Open Space	9.00	9.00	

* weighted by market rent

Those units which are currently let and which become vacant in the future will be subject to the 'Void Periods after Expiry of Leases'. For all units where leases expire in the future and during the upcoming DCF term of 10 years, we considered the following void periods:

Void Period after expiry of leases			
	Minimum	Maximum	Average *
	months	months	months
Residential - small	3.00	3.00	3.00
Residential - middle	3.00	3.00	3.00
Residential - large	3.00	3.00	3.00
Residential - very large	3.00	3.00	3.00
Commercial	6.00	6.00	6.00
Other Area	6.00	6.00	6.00
Office	6.00	6.00	6.00
Storage	6.00	6.00	6.00
Gastronomy	6.00	6.00	6.00
Production	6.00	6.00	6.00
Retail	6.00	6.00	6.00
Surgery	6.00	6.00	6.00
Leisure	6.00	6.00	6.00
Internal Parking	6.00	6.00	6.00
External Parking	3.00	6.00	5.37
Advertisement	6.00	6.00	6.00
Other Unit	-	6.00	4.47
Open Space	6.00	6.00	

* weighted by market rent

Leasing Commissions

German law does not restrict the charging of agency fees on lettings for commercial properties. In the event that the administration is not able to recover some of the letting costs, book allowances have been made at this level to reflect the management expenses incurred in letting, e.g. meetings to negotiate lease terms, newspaper adverts etc. For residential lettings, agency fees are limited to two months' rent by law.

For the purpose of this valuation, we generally have assumed that letting fees equivalent to

- 2 months' rent for residential units and
- 0 to 3 months' rent for commercial units

would be incurred by the landlord on re-letting for all types of relettable units.

Costs of Unit Refurbishment ("Tenant Improvements")

It is frequently the tenant's responsibility to redecorate and to carry out at least minor repairs. When there is a change of tenant, however, additional expenses for basic repairs and a more comprehensive renovation of the unit must normally be allowed for in order to assist marketing and re-letting.

In our DCF model, we differ between costs of "First Time Tenant Improvements" and of "Continuing Tenant Improvements". First time refurbishment costs will be applied to units which are currently vacant and to units which are now let but will become vacant for the first time during the applied DCF term. 'Continuing tenant improvements' will accordingly be applied to remaining cases, i.e. units where there is a second lease expiration during the applied DCF term.

Our DCF model generally considers these costs of refurbishment at the end of the assumed letting void.

We have allowed the following first-time refurbishment costs:

First-time refurbishment costs			
	Minimum	Maximum	Average *
	EUR per	EUR per	EUR per
	sq m	sq m	sqm
Residential - small	30	180	58
Residential - middle	30	180	77
Residential - large	30	180	80
Residential - very large	30	180	72
Commercial	100	100	100
Other Area	10	10	10
Office	-	100	93
Storage	-	10	10
Gastronomy	30	50	49
Production	100	100	100
Retail	50	50	50
Surgery	100	100	100
Leisure	10	50	24
Internal Parking	-	-	-
External Parking	-	-	-
Advertisement	-	-	-
Other Unit	-	-	-
Open Space	-	-	-

* weighted by sq m / units

We have allowed the following continuing refurbishment costs:

Continuing refurbishment costs

	Minimum EUR per sq m	Maximum EUR per sq m	Average * EUR per sq m
Residential - small	30	30	30
Residential - middle	30	30	30
Residential - large	30	30	30
Residential - very large	30	30	30
Commercial	30	30	30
Other Area	10	10	10
Office	-	50	46
Storage	-	10	10
Gastronomy	30	30	30
Production	30	30	30
Retail	30	30	30
Surgery	50	50	50
Leisure	10	10	10
Internal Parking	-	-	-
External Parking	-	-	-
Advertisement	-	-	-
Other Unit	-	-	-
Open Space	-	-	-

* weighted by sq m / units

Average Lease Term for new Lettings

Under German law, residential tenancies are usually agreed for an indeterminate period. Commercial tenancies in Germany are usually agreed for a fixed period of 5 or 10 years, sometimes longer.

For the purpose of this valuation and based on our experience, we have applied the following lengths of tenancy for any potential new letting in the subject asset:

Duration of new lease			
	Minimum	Maximum	Average *
	years	years	years
Residential - small	8.00	8.00	8.00
Residential - middle	8.00	8.00	8.00
Residential - large	8.00	8.00	8.00
Residential - very large	7.00	8.00	8.00
Commercial	5.00	5.00	5.00
Other Area	5.00	5.00	5.00
Office	5.00	5.00	5.00
Storage	5.00	5.00	5.00
Gastronomy	5.00	5.00	5.00
Production	5.00	5.00	5.00
Retail	5.00	5.00	5.00
Surgery	5.00	5.00	5.00
Leisure	5.00	5.00	5.00
Internal Parking	7.00	7.00	7.00
External Parking	7.00	7.00	7.00
Advertisement	5.00	5.00	5.00
Other Unit	5.00	5.00	5.00
Open Space	5.00	5.00	5.00

* weighted by market rent

Applied Growth Assumptions

We have commonly applied the following growth parameters in our DCF calculations according to the research institute "focus economics":

- 2020: 1.40%
- 2021: 1.50%
- 2022: 1.70%
- 2023: 1.80%
- 2024: 1.90%
- The ongoing annual inflation onwards was assessed at 2.00%.

Furthermore, regarding rental growth, we have assumed the following:

Rental growth: Current rents grow according to actual indexation terms, while market rents grow between 55% and 115% of the assumed inflation rates.

Rates in DCF Calculations

We applied the following range of rates for the individual assets:

Internal yields and rates			
	Minimum	Maximum	Average *
Discount Rate	3.25%	8.40%	4.65%
Exit Capitalisation Rate	3.45%	8.00%	5.06%

* Discount Rate weighted by Gross Present Value
Exit Capitalisation Rate weighted by Exit Value

Please note that Discount Rates and Exit Cap Rates are related to the underlying cash-flow assumptions made for each property. To back-up our valuation results, we have considered comparable transactions and/or market databases.

Costs of Transaction

We applied costs of transaction as follows:

- Real Estate Transfer Tax: 3.50% - 6.50% depending on the federal state
- Notary fees 0.50% - 2.00%
- Agency fees 0.50% - 2.00%

These costs are chosen as they are common in ordinary course of business, i.e. in an asset deal, and for the subject type of property. Costs of transaction may, however, differ in the actual individual case – depending on the type of transaction.

E. Valuation Results

I. Total Secured Rental Income (“Current Rent”)

According to the provided tenancy schedule, the current rental income as at 31 December 2019 amounts to:

EUR 52,105,081 p.a.

(FIFTY TWO MILLION ONE HUNDRED FIVE THOUSAND EIGHTY ONE EURO)

II. Opinion of Net Estimated Rental Value (ERV)

The estimated rental value as at 31 December 2019 amounts to:

EUR 62,009,947 p.a.

(SIXTY TWO MILLION NINE THOUSAND NINE HUNDRED FORTY SEVEN EURO)

III. Opinion of Market Value

We are of the opinion that the Market Value of the subject properties as at 31 December 2019 is:

EUR 995,754,000

(NINE HUNDRED NINETY FIVE MILLION SEVEN HUNDRED FIFTY FOUR THOUSAND EURO)

Our opinion of Market Value is equivalent to:

Market Value per sq m	1,412 EUR
Gross Multiplier on Current Rent	19.11 fold
Gross Multiplier on Market Rent	16,06 fold
Net Initial Yield (NIY) on Current Rent	3.99%
Net Initial Yield (NIY) on Market Rent	4.93%

IV. **Market Value excluding Leaseholds**

EUR 995,754,000

(NINE HUNDRED NINETY FIVE MILLION SEVEN HUNDRED FIFTY FOUR THOUSAND EURO)

V. **Comment on all Valuations Results**

The Market Value of the Subject Portfolio reported is the aggregate total of the individual properties and not necessarily a figure that could be achieved if the Subject Portfolio were to be sold as a whole (Individual valuation principle).

Savills has been informed by Adler that there have not been material changes to the building stock of the subject portfolio between the date of valuation 31 December 2019 and the date of this Valuation Report.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Report date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Due to the material change caused by COVID-19 to the global economy, financial markets and almost all aspects of life, a valuation of the subject portfolio as of the date of this Valuation Report would have been reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to such valuation than would normally be the case. Given the unknown current and future impact that COVID-19 might have on the real estate market we recommend that you keep the valuation as of 31 December 2019 of the subject properties under frequent review.

We are therefore not in a position to make a statement as to whether the market conditions and movements of the respective real estate markets in which the subject properties are located have led to a change or in fact a material change between 31 December 2019 and the date of this Report.

Regarding changes to the real estate market conditions caused by Covid-19 we refer to chapters “F. Material Changes” and “G. I COVID-19 Commentary”.

F. Material Changes

Savills hereby confirms that as at the date of this Condensed Report:

- Savills has been informed by Adler that there have not been material changes to the building stock of the subject portfolio between the date of valuation 31 December 2019 and the date of this Valuation Report.
- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.
- Market activity is being impacted in many sectors. As at the Report date we consider that we can attach less weight to previous market evidence for comparison purposes to fully inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- Due to the material change caused by COVID-19 to the global economy, financial markets and almost all aspects of life, a valuation of the subject portfolio as of the date of this Valuation Report would have been reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – would have been attached to such valuation than would normally be the case. Given the unknown current and future impact that COVID-19 might have on the real estate market we recommend that you keep the valuation as of 31 December 2019 of the subject properties under frequent review.
- We are therefore not in a position to make a statement as to whether the market conditions and movements of the respective real estate markets in which the subject properties are located have led to a change or in fact a material change between 31 December 2019 and the date of this Report.
- Regarding changes to the real estate market conditions caused by Covid-19 we refer to the chapter “G. I COVID-19 Commentary” immediately below.



For and on behalf of

Savills Advisory Services Germany GmbH & Co. KG

Klaus Trautner MRICS, CIS HypZert (F)

RICS Registered Valuer

Draženko Grahovac MRICS

RICS Registered Valuer

G. Market Commentaries

I. COVID-19 Impact on European Real Estate

Economy

As the number of new coronavirus cases continues to fall on a weekly basis across Europe, new signs of a return to business and consumer activity are beginning to shine through in monthly data, as society adjusts to the "new norm".

Eurozone consumer confidence readings recovered from -22 to -18.8 between April and May, above consensus forecasts which could provide the first sign that the U-shaped recovery will be less damaging than previously feared. However, this remains at the lowest level ever recorded by some distance.

Consumer trends will be reflected in unemployment rate numbers which we only expect to surface later in the year once furlough schemes are lifted. Bloomberg estimates that 40 million workers have been furloughed across Europe's largest six economies, Germany, UK, France, Italy, Spain and Netherlands, following Covid-19's outbreak. Temporary job subsidies are unlikely to prevent increases in unemployment rates after Europe's furlough schemes are wound up towards the end of 2020. Eurozone (EZ) unemployment is expected to peak at around 11-12 per cent by year end, up from the current level of 7.3 per cent.

The European Central Bank's (ECB) main refinancing rate remains at zero, leaving no further room to lower rates, providing investors with cheap debt (although lending to real estate has become more stretched since Covid-19's outbreak). Southern European economies with higher levels of debt will find servicing existing debt eats into government spending plans unless central aid can be offered.

The ECB must also avoid fears of a deflationary spiral. EZ inflation is expected to have fallen to 0.1 per cent during May 2020, the lowest rate since 2016 due to falling energy demand. The ECB intends to stimulate demand using the Pandemic Emergency Purchase Programme (PEPP), recently increased from €750bn to €1.35tn, to return back to the 2 per cent inflation target, which equity markets welcomed.

Meanwhile, the European Commission's planned €750bn recovery fund is intended to help some of the worst-hit and heavily indebted European economies bounce back from the imminent economic downturn.

Germany's temporary VAT cut from 19 per cent to 16 per cent will also help to stimulate consumer demand for the remainder of 2020. The larger European economies will be able to stomach the additional debt burden more easily in the short term. Yet, closer attention will be paid to whether this has a positive impact on the marginal propensity to consume, or will simply increase household savings ratios. When business activity stabilises in the longer term, governments may opt to increase corporate taxes, which could impact multinational occupiers' decision making.

It is likely that planned infrastructure spending will be put on hold in the short-medium term to service markedly increased debt repayment costs. Countries which have been least affected by Covid-19 will ultimately have more capital to invest in expansionary infrastructure schemes including green energy initiatives and urban cycle routes which have come to the forefront during lockdown periods. However, green policies will remain on the agenda. Germany has announced increased incentives for buying electric vehicles, a welcome boost for the automotive sector which will stabilise logistics demand levels both nationally and throughout neighbouring countries.

Eurozone GDP growth confirmed a 3.8% slump during Q1 2020, and given the depth of decline in the Purchasing Managers Indices (PMIs) during the second quarter, GDP forecasts appear varied. However, the latest Focus Economics consensus forecasts indicate -12% Eurozone GDP growth during Q2, marking -5.9% economic growth for the full year 2020.

Residential

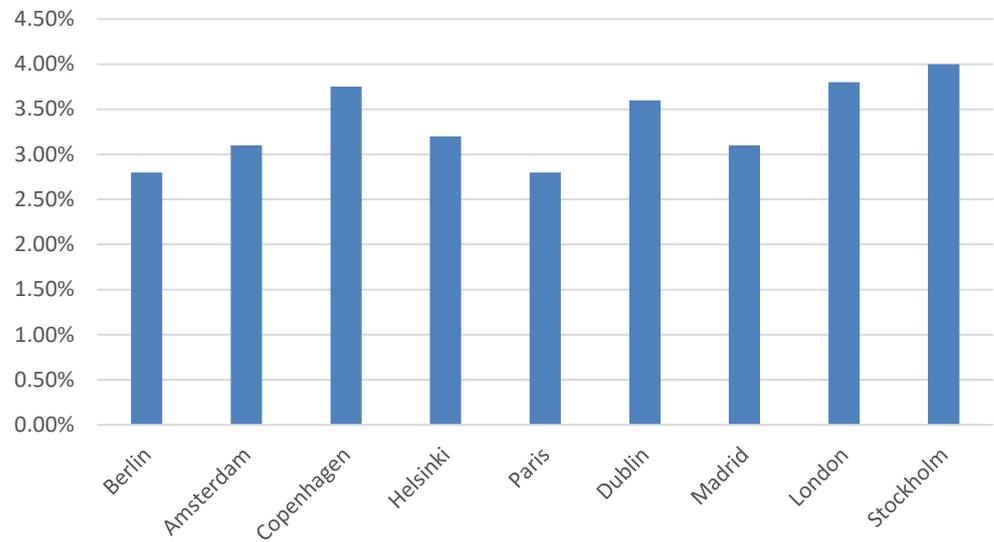
Multifamily

Multifamily investment activity in the first quarter of 2020 was close to €11.5bn for the 12 markets that we monitor, already 27% of last year's total, which was the second strongest year on record, at €43.2bn. Multifamily investment accounted for 23% of total activity. In Germany it was the largest sector, 1.1 times above offices. Germany was once again the largest market, capturing 71% of the total with over €8.2bn of transactions, followed by the UK (€947m) and Sweden (€699m).

Despite the slowdown of investment activity during the second quarter, resulting from strict lockdown measures across Europe that aimed to control the spread of Covid-19, we anticipate at least another €10.3bn to have been deployed in the multifamily sector by the end of June, with half of the countries expected to achieve significantly higher volumes compared to the previous quarter.

The average prime net yield has remained stable on a quarterly basis at 3.35% and 50bps below the prime office yield. Yields are stabilising in most markets, after a significant inward yield shift trend over the past five years. In Q1 2020 prime yields moved in only in Dublin from 3.75% to 3.6%. Prime achievable yields for newly built income producing assets are the highest in Stockholm (4.0%) and London (3.8%). Prime net yields in Amsterdam have moved slightly out to 3.1% (10bps).

Prime net multifamily yield



Impact on pricing has been minimal but rental growth expectations have to be postponed

The minimal impact of the health crisis on investor appetite for multifamily is supported by the strong fundamentals of the sector: rising urbanisation, smaller households, unaffordable house prices and rising occupier demand for flexibility and services. Additionally housing is a basic need and therefore demand for rental remains stable or even rises in periods of economic uncertainty. Supply of this type of product is low in most markets, and construction activity is restricted by high land values and construction costs, as well as limited labour availability.

The main considerations for multifamily investors following the health crisis are expected to be around affordability and real rental growth prospects. The ability of low income households to meet their rental obligations will be tested over the next few months as government support measures start phasing out. This will eliminate positive rental growth expectations for this year and next, while some moderate downward rent adjustments may also occur.

Investment Markets

Investment transactions

RCA's latest data indicates that EMEA investment transactions to 10th June 2020 fell 6% compared to the same stage last year, reaching a total of €100bn, although this is below the 18% fall in the Americas and 45% fall in Asia-Pacific. What's more, much of this volume was boosted by larger transactions and portfolios. On a deal count basis, investment transactions have fallen by 41% on the same stage last year.

Investment activity for March to May shows Germany and UK investment transaction volumes have held fairly firm so far this year, representing a shift to core markets, however, nearly all markets recorded between 30% to 50% falls in the number of transactions changing hands during this period.

By sector, offices accounted for the largest share of transactions during March-May period, however marking large falls on last year. Apartment transactions actually represented a small increase on the previous year as investors show evidence of a shift to core markets, with a number of large portfolios changing hands.

Grocery anchored retail continues to remain on investors' wish lists, with over 120 monthly transactions over €5m during the months of February and March, more than any other sector and we expect grocery anchored retail to continue to pique investor interest throughout the year.

A number of the largest completed deals for week commencing 8th June indicate a shift to residential and alternative portfolios according to Property EU data from across the core European markets, including Patrizia's forward purchase of a care home portfolio, and L&G's acquisition of 213 residential units in Wembley Park.

Our indication for European investment transactions for the full year 2020 is a fall of between 34% and 52% on the level recorded in 2019 to between €125bn and €170bn. This marks a smaller reduction from the 54% investment transactions decline during the global financial crisis.

Yields

Average prime industrial yields remained unchanged during Q1 2020 and 22 bps below last year's levels at 4.93%. Rotterdam (4.25%), Oslo (4.55%) and Dublin (4.75%) experienced a 25bps inward yield shift compared to the previous quarter, while prime yields moved out by 25bps in Amsterdam (4.5%) and Prague (4.5%).

Prime shopping centre yields have moved out by 28bps on average across Europe during the first quarter and by 39bps compared to last year to 5.1% and are now higher than prime logistics for the first time. The most significant yield softening in one quarter was noted in Czech Republic (75bps to 5.75%), Netherlands (50 bps to 5.5%), Ireland and Norway (50bps to 5.0%) and Sweden (50bps to 4.75%).

Given that lockdown only started towards the end of Q2, we expect any price movement to become evident in the second quarter's figures.

Outlook

We expect investment transaction volumes to recede over the course of the year, particularly as there remains a shortage of openly marketed stock and the bidding process becomes less competitive than in 2019. Bans on travel and self-

isolation guidance have made inspecting assets and conducting technical due diligence more difficult in the short term, although some country borders are slowly being reopened. Domestic investors are clearly at an advantage here. Ultimately, we would expect European institutions to be more active in the second half of the year.

With equity still committed and ready to invest across Europe, there appears to be a mismatch in pricing expectations for core product. Vendors have no immediate need to sell and redeploy capital, whilst buyers are seeking 5-10% "COVID chips" on transactions – and a shortage of investment transactions is making repricing difficult.

The majority of the debt market remains in pause mode. Clearing banks in the UK are focused heavily on managing their existing granular loan books. The most active parts of the lending market across Europe are the German banks as well as Insurance companies, with this debt being secured against core product. LTVs have reduced from 60+% to 55%.

Nevertheless, there remains a weight of money available as debt (particularly as many multi-strategy investors see this as a way to diversify their exposure) and, once appetite and pricing becomes clearer in the coming months, we anticipate the return of investment banks, debt funds and private equity to the market.

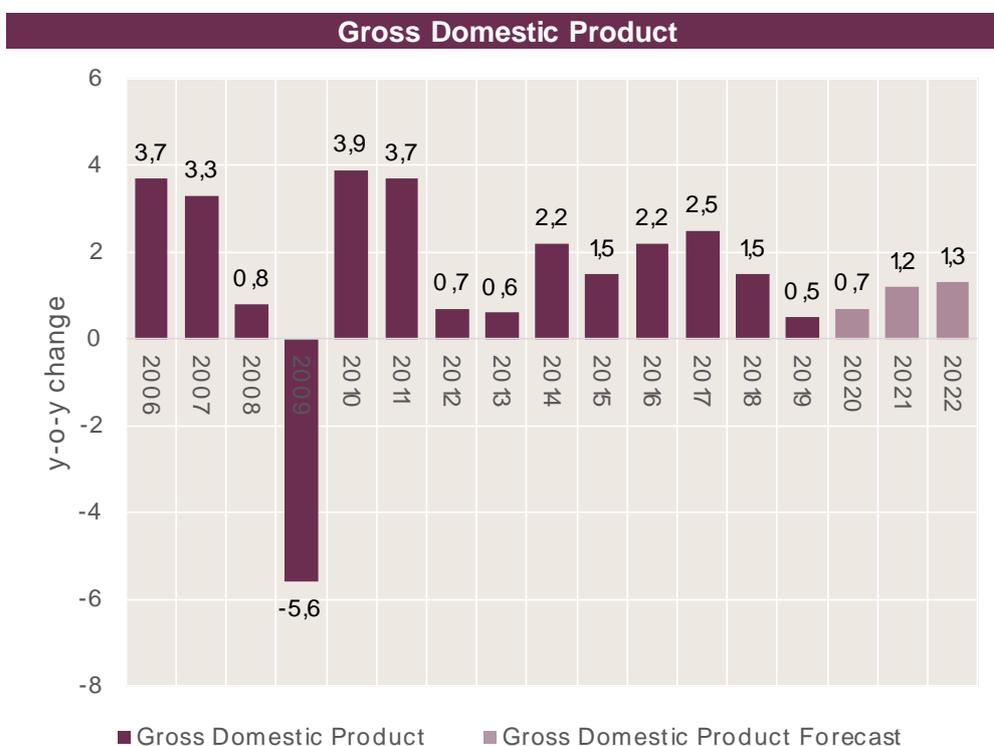
As part of a shift to core, we expect the proportion of cross border activity to decline compared to previous years, particularly from Asia-Pacific capital where we have observed unprecedented levels of investment in recent years. We anticipate that this will affect the Southern European and Central and Eastern European (CEE) markets which are more heavily dependent on cross border capital, relatively more than those in Western Europe.

Core-plus and value-add investors are viewing the pandemic as a chance to count stock on their existing office portfolios. Part of this stems from the fact that pricing in these risk profiles is usually more heavily influenced by strong macro fundamentals. At the other end of the scale, we can expect to see US private equity investors seeking distressed Southern European opportunities offering price chips of 50 bps or more.

II. General Economy and Financial Markets as at 31 December 2019

Economic growth has weakened

Following the Global Financial Crisis of 2008/2009, the German economy developed quite substantially and has been in a stable upswing since 2010. Not even the Euro Crisis of 2012/2013 was able to dampen the positive growth. However, in the last quarter of 2018 there were increasing signs that the economic outlook would deteriorate as a result of ongoing global uncertainties. This led to a decline in GDP growth by 100 basis points in both 2018 and 2019. In 2019, GDP growth amounted to no more than 0.5 percent. However, the forecast for 2020 already foresees a trend reversal with 0.7 percent growth. It is also assumed that the upward trend will continue in 2021 and 2022. Growth of 1.2 percent is expected in 2021 and 1.3 percent in 2022.

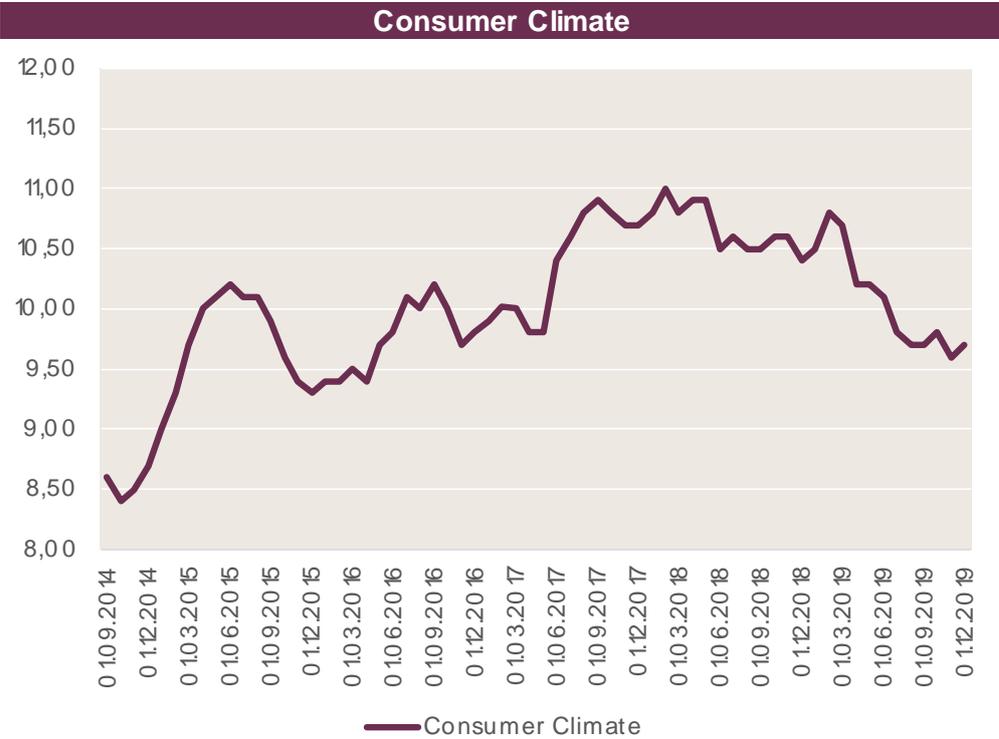


Source: Statistisches Bundesamt, Focus Economics

The positive outlook for 2020 and the two following years is fuelled in particular by expectations that the USA and China will settle their customs dispute and that the EU will agree with the United Kingdom on a Brexit withdrawal treaty, following the Brexit election in 2016. These two uncertainties shaped the years 2018 and 2019 and contributed significantly to the slump in GDP growth after 2017. At present, it looks as if both sources of uncertainty could be resolved in 2020. However, should a resolution of the conflicts become more distant again, fears of recession could also return.

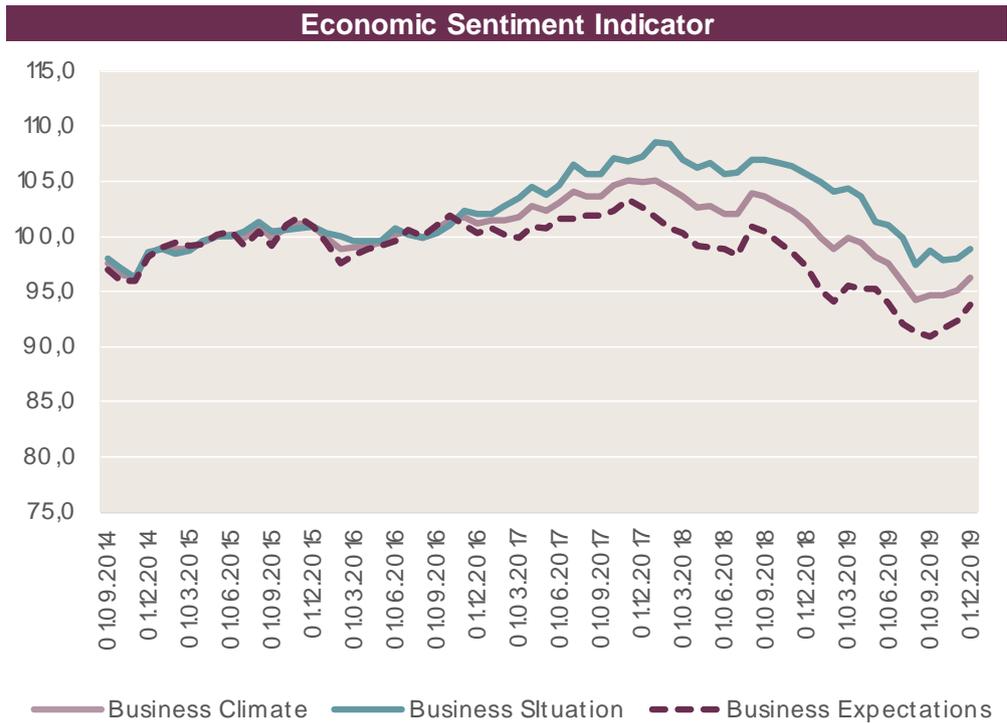
Private and public spending is major economic pillar, but business expectations are worsening

Despite the weakening economy, consumer sentiment remains positive and at a high level of 9.7 points. Domestic demand is thus acting as an important pillar of the economy. One reason for this is that the unemployment rate continued to fall in 2019 and currently lies at 5 percent. The lowest level since the German reunification. The ongoing increase in the number of employees has a positive effect on the buying mood of German households. This continuing buying mood balances out the weaknesses in the industry sector. The latter is currently negatively influenced by the automotive sector that is suffering from difficult world market conditions. Furthermore, the automotive sector undergoes a transformation process towards a higher share of electric mobility.



Source: GfK

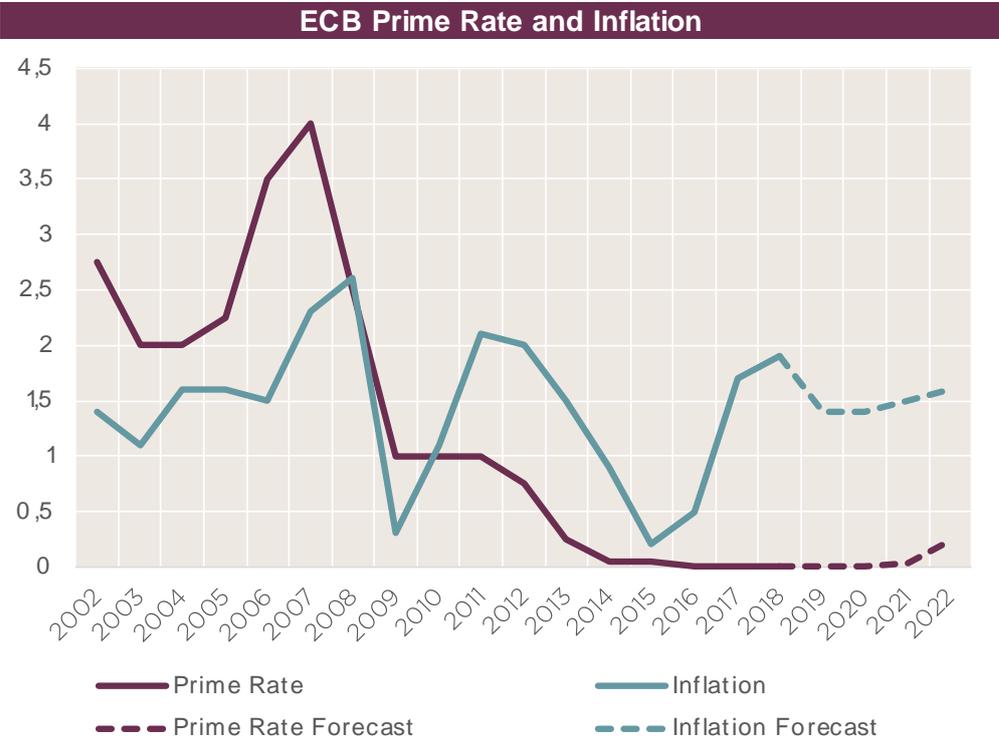
The confidence of German companies remains quite high. The business climate index compiled by the ifo Institute has been at a high level for several years. However, the trend in the business climate, business situation and business expectations has been pointing downwards since 2018. This development underlines the fact that the economic outlook has become noticeably gloomier than in 2016 and 2017. Since August 2019, however, the business climate has recovered slightly from 94.3 to 96.3 points and the business situation from 97.4 to 98.8 points. This led to a brightening of the mood in German companies, which is also reflected by an increase in business expectations.



Source: CESifo

Monetary policy becomes more expansionary again

In September 2019, the ECB resumed its net purchase program of securities for various asset classes. The key interest rate remains at 0 percent, but the monetary authority has lowered the deposit rate at which banks at the ECB can store money from -0.4 to -0.5 percent. Monetary policy has thus become more expansionary again. The central bank decided for this step because of lower inflation expectations due to the deteriorating economic outlook in the euro zone. The turnaround in interest rates is thus likely to be postponed beyond 2020 for the time being. Monetary policy is not expected to normalize until inflation expectations reach the target level of 2 percent. These are expected to be just above 1.5 percent in 2021.



Source: Statistisches Bundesamt, Deutsche Bundesbank, Consensus Economics

III. Germany Residential Real Estate Investment Market as at 31 December 2019

On the German residential investment market (transactions of 50 apartments or more), real estate for around €17.2bn was traded in 2019. This corresponds to an increase of 3% compared to the previous year. In total, almost 118,000 apartments changed hands (-11% compared to 2018). The number of transactions also declined (-18%), but their average size increased by 22% to about €71m.



Source: Savills / * forecast

The two most active buyer groups last year were open-ended special funds and residential real estate companies. These investor groups accounted for around half of the transaction volume. The past year, however, was marked by a much stronger commitment by the public sector. In total, municipalities and federal states or their housing companies acquired around 22,700 apartments for around €3.2bn. This was more than two and a half times as high (+269%) as in 2018, with around 84% of the volume being accounted for by the purchase of existing apartments. In the public debate about more affordable housing, the expansion of municipal housing stocks is on the agenda in many places. Although this goal can be achieved more quickly by purchasing existing apartments, this does not change the shortage of supply. With the roughly €2.7bn that the public sector has spent on the purchase of existing apartments in 2019, the construction of probably more than 25,000 apartments on municipal land could have been initiated. This would undoubtedly make a greater contribution to relieving the housing markets.

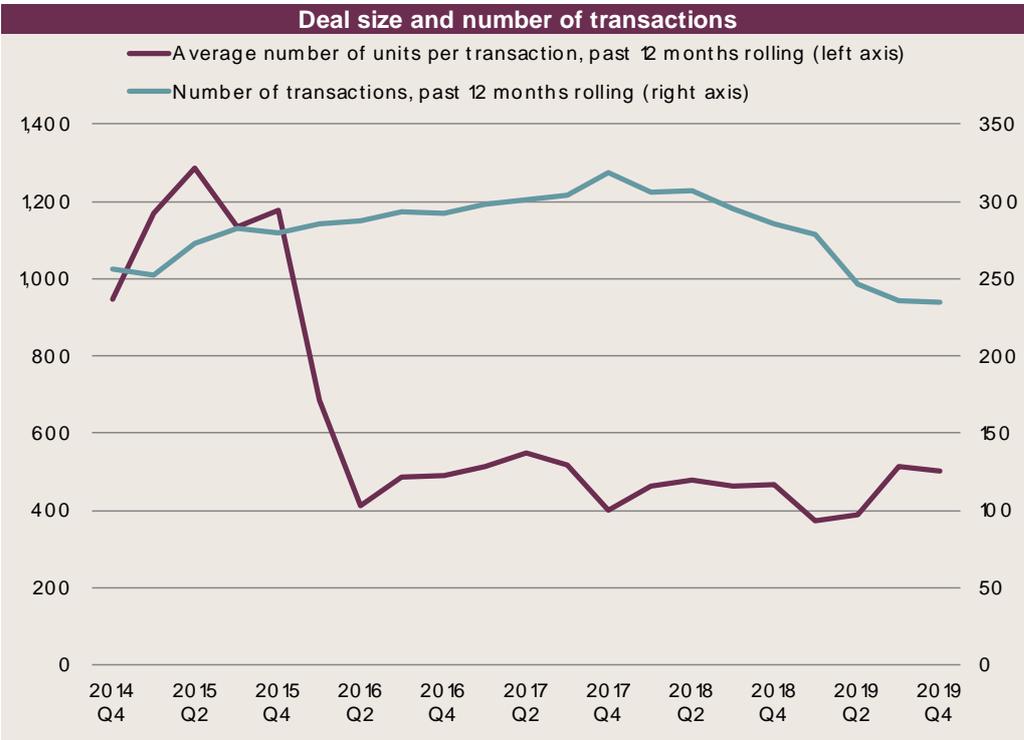
For the third time in a row, the transaction volume exceeded the €15bn mark. In addition to the further increase in capital values, an above-average proportion of the top 7 cities contributed to this. Almost 39% of all apartments sold were located in one of these cities. While additional regulations, especially in Berlin, have caused great uncertainty among

private investors, the public sector has recently made massive purchases. This has also ensured that the previous year's result on the investment market has been exceeded.



Source: Savills

With a share of more than 90% of the transaction volume, German investors were once again responsible for the bulk of market activity. Compared to the previous year (78% of the volume was accounted for by German buyers), they even increased their market share significantly once again. The regulations in place, which vary in part from state to state or even from municipality to municipality, are likely to make it more difficult for international investors to enter the market. This gives local investors and those familiar with the market an advantage.



Source: Savills

With regard to the structure of the transactions, it is striking that the number of portfolio transactions fell by 45%. The number of purchases of project developments remained constant, but these transactions accounted for a significant proportion of the volume. In total, purchases such as the acquisition of the Kleyer Quarter in Frankfurt or the Düsseldorf Glassmakers' Quarter accounted for around €4.7bn or around 27% of the transaction volume. Large-volume quarter developments in particular are currently a kind of trend topic on the German property market. Such larger residential quarters with complementary uses attempt to meet the demands of today's urban living with short distances and a mix of uses. They are therefore likely to be in demand as residential locations in the long term and are therefore increasingly sought after by investors".

The investment turnover with residential student and micro-residential complexes amounted to approximately €940m, which is 60% above the previous year's value. The number of students reached a new high in the winter semester 2019 and the number of single-person households continues to rise. The demand for smaller apartments is therefore still high, particularly in the large and university cities, which is why the fundamental data for these niche segments of the housing market remain positive.

H. General Valuation Assumptions and Applied Definitions

In the following chapter, we comment on the applied method in arriving at our opinion of value as defined in the scope of this Instruction.

I. General Valuation Assumptions

In the absence of any information to the contrary in the Valuation Report (in particular in section D containing specific valuation assumptions and considerations), this valuation has been carried out on the basis of the following assumptions (the "General Assumptions"). If any of these assumptions are subsequently found to be incorrect or invalid, the valuation result(s) in our Valuation Report may need to be reconsidered.

1. Information of BGP and Adler

The Instructing Party (and any third parties acting on request of the Instructing Party) has provided Savills with complete, correct and current information and documents as requested by Savills or which are reasonably relevant to Savills in carrying out the agreed Services (in particular the preparation of the Valuation). The Instructing Party did not retain any material facts which may impact the valuation of the real estate (ground) and buildings valued in our Valuation (collectively the "Properties", each a "Property"). Unless otherwise stated in the Valuation, Savills has not verified the information submitted (in particular, but not limited to, where it is stated in the Valuation Report that Savills has "assumed" or "relied" on information). Savills has not requested any information from public authorities, registers or courts.

2. Title

Unless otherwise stated in the Valuation Report, we have valued the 324 freehold interests of the Properties and one leasehold property.

It is assumed that the freehold interest is not subject to any restrictions and encumbrances contained in Section II of the land register and that no claims or obligations are present in this regard.

The registered annual ground rent of the leasehold property "4120.001" (Hannover) only amounts to ca. EUR 0.04 per sqm site area (ca. EUR 95 p.a.) and therefore we did not consider this ground rent in our valuation separately as the impact on value is negligible.

Further, the Valuation of Savills does not consider any mortgages or land charges contained in Section III of the land register.

3. Buildings

The buildings are structurally sound. There are no structural (latent or other) material defects (including rot) which may have influence on the valuation.

In the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, wood wool slabs used as permanent shuttering

or comparable materials. There are no dangers to health of occupants or tenants resulting from the actual condition of the buildings (for example resulting from contamination with asbestos or mold). Savills has not carried out any investigations concerning these matters.

4. Land

Savills assumes that the site is appropriate and has load bearing capacity suitable for the realized or anticipated form of development, that no abnormal ground conditions exist and no additional or unusual expenditure on, for example, foundations or drainage systems are required. The ground does not contain any archaeological remains. There are no underground mineral or other workings, noxious substances or any other matters that may cause additional costs or delay.

5. Services

The Properties are connected, or capable of being connected, without undue expense, to the public services of gas, electricity, water, telecommunications, sewerage and district heat, where available.

6. Contamination of Land and Buildings

The Properties (land and buildings) are not contaminated, and each Property is not and never has been subject to any contaminating or potentially contaminating uses, nor is it likely to become contaminated in the foreseeable future.

Savills has not carried out any investigations with respect to potentially existing environmental contaminations or in order to identify any such contamination.

7. Legal Matters

The buildings were erected in accordance with construction permits, and every building complies with all statutory or local authority requirements. All necessary consents and authorizations for the use of the Properties and the processes carried out at the Properties (in particular to be issued by public authorities, neighbours or other third parties) are in existence, will continue to subsist and are not subject to any onerous conditions.

It is assumed that there are no unusual restrictions with respect to the occupation of the Properties or the level of rent.

8. Lease Agreements; Other Agreements

The tenants are creditworthy and capable of meeting their obligations. There are no arrears of rent or breaches of covenants. It is assumed by Savills that lease agreements and any other agreements provided to Savills are valid, meet the legal requirements of the written form, and no facts do exist which would entitle a party to terminate or cancel such agreements prior to expiry of the agreed term, e.g. by early termination, rescission or likewise.

9. Taxes, Public Contributions, Development Charges

Unless otherwise stated in this Valuation Report, all public taxes, charges and contributions levied by public authorities with respect to the site development, have entirely been levied and paid as at the Date of Valuation. In particular it is assumed that no public infrastructure contributions or similar contributions will be levied in the future.

10. Public Encumbrances; Monumental Protection; (Re)-Development Areas and likewise

The Properties are not subject to any public encumbrances which may give reason for a reduction of the valuation.

None of the Properties to be valued is subject to monumental protection.

None of the Properties is located in a redevelopment area pursuant to Sec. 136 et seq. of the German Federal Building Code or within the scope of any other urban development measure, e.g. refurbishment, redistribution or preservation statutes.

It is assumed that none of the Properties is adversely affected, nor is it likely to become adversely affected, by any highway, town planning or other schemes or proposals.

Savills did not undertake any investigations (for example local searches, enquiries or review of any statutory notices) in order to identify matters adversely affecting the present or future value of the Properties.

11. Subsidies

Unless otherwise stated in this Valuation Report, all valuations are given without consideration of subsidies or grants, received or potentially receivable, and any obligations or limitations in this coherence which could influence the value of the Properties.

12. Statements by Officials

Oral statements by public officials, particularly involving factual information, cannot be regarded as legally binding. Savills assumes such oral statements to be correct; however, Savills is unable to accept any liability for the application of any such statements or information in the Valuation Report.

13. Insurance

The Properties are covered by a valid adequate and appropriate insurance policy as regards the sum assured and the types of potential loss covered.

14. Taxation

Unless otherwise stated in the Valuation Report, no allowance has been made for expenses or taxation that might arise on a disposal. Exceptions may result from standardized valuation methods.

Further, our valuations are exclusive of VAT.

15. Fixtures and Fittings

Excluded from our valuations is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present/future occupiers.

16. Valuation of Portfolios (Aggregation)

Unless otherwise stated in the Valuation Report, each Property – even if it is part of a portfolio – has been valued individually.

17. Insolvency

Savills does not take account of any possible effect that the appointment of either an insolvency administrator or an administrative receiver or a compulsory auction might have on the perception of the properties in the market and their subsequent valuation, or the ability to realize the value of the properties in either of these scenarios.

II. Rents, Income and Vacancy

1. Current Rent

Definition

In our valuations, the current rental income (or current rent) is defined as the rent passing as at the Date of Valuation. It reflects the rental payments after deducting recoverable costs (e.g. costs for heating, electricity) but before deducting non-recoverable costs. Also, the current rent is excluding VAT.

Method of Determination

If not stated otherwise in the report, we have considered the current rent for each lettable unit as stated in the rent roll provided by the Instructing Party or its advisors.

In case that the date of the rent roll is prior to the valuation date, there may be minor differences in the actual rent and vacancy rates when comparing the rent roll and our valuation.

Among other reasons, this is the result of leases which expire between these dates. In the event that the lease end of lettable area is prior to the valuation date, we consider this as vacant in our valuation as of the valuation date (even if these are rented according to the rent roll).

The rent roll has been checked with the original lease contracts on a sample basis. However, in accordance with the Instruction, Savills did not carry out a full due diligence.

2. Estimated Rental Value (ERV) / Market Rent

Definition

Our opinion of Market Rent is equivalent to the Market Rent as defined in the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors (the "Red Book") which is defined as follows:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market rent is excluding VAT.

Method of Determination

We research comparable rents by taking into consideration key aspects such as property location, condition and the fit-out standard of rental units as well as common marketing incentives by the landlords (e.g. tenant improvements or rent free periods). With our in-house database, we analyze comparable lease transactions and currently available offers of space to rent. Furthermore, we analyze all leases which were recently closed in the subject asset(s) ("recent lease agreements").

An overview of the selected rental comparables can be found in the appendix to the report "market and location analysis - rental comparables".

In addition, we have also analyzed all recent lease agreements for the subject properties, and a corresponding overview can be found in the appendix to the report "market and location analysis - rental comparables".

Based on this procedure, we estimate rental values with reference to the individual asset, which are then revised in consultations with our agents and under consideration of third-party research, where reliable, appropriate and possible.

3. Potential Rent

Definition

The potential rent expresses the rent that should be achievable in a short time period by leasing vacant areas at our opinion of Market Rent. The potential rent is excluding VAT.

Method of Determination

The potential rent as displayed in our valuations is a "mixed" figure which considers the current rent for all units let and the market rent for all units currently vacant but potentially lettable.

4. Net Operating Income (NOI)

Definition

The net operating income (NOI) is defined as the passing rent after deducting all non-recoverable costs. It is the net cash-flow generated by a property at a point in time or in a time period.

Method of Determination

Generally, the following periodical non-recoverable costs will be deducted from the passing rent:

- Management Costs
- Maintenance Costs
- Non recoverable service charges
- Ground Rents (if applicable)

Furthermore, the following event related non-recoverable costs will be deducted from the passing rent within the cash-flow term:

- Costs for Tenant Improvements
- Capex for Deferred Maintenance (if applicable)
- Vacancy Costs
- Leasing Commissions

5. Vacancy Rates

In this report, two following different vacancy rates are displayed:

- The area vacancy rate is defined by vacant space (in sqm) divided by the total lettable space (in sqm).
- The EPRA vacancy rate is expressed as a percentage being the estimated rental value (in EUR) of vacant space divided by the estimated rental value ERV of the whole property.

III. Values and Results

1. Market Value

Definition

Our Valuation has been carried out in accordance with the RICS Global Valuation Standards effective since 31 January 2020 of the Royal Institution of Chartered Surveyors (the “Red Book”). We have been instructed to value the properties within the Subject Portfolio on the basis of Market Value. The definition is in line with the IVS 104 paragraph 30.1.

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

For the avoidance of doubt, a Market Value complying with the “Red Book” is compliant with the International Valuation Standards (IVS) and the market value pursuant to § 194 BauGB (German Building Code).

Method of Calculation: Discounted Cash Flow (DCF)

For the valuation of long-term income-based properties, we have applied a DCF approach.

The DCF method is a two-stage financial mathematical model to determine the cash value of the future yield of the properties, which is viewed as its present value. In this coherence, a detailed forecast computation of the revenue and expenditures for a “holding period” of usually 10 years is compiled.

Accordingly, our DCF model involves a period-by-period estimation of gross income, i.e. rental income, and of any expenditure which shall not be recovered by third parties. Any estimation for the aforementioned will explicitly be taking into account a range of variables. For example, the estimation of income is substantially and mainly based on the existing contractual agreements as well as market development forecasts. Expenditures, on the other hand, may occur regularly in each period, i.e. costs of management, ongoing maintenance and non-recoverable service charges.

However, one-off costs for anticipated renovations as well as costs during periods of vacancy will also be deducted but considering a specified scheduled time of expenditure in the future.

As a result, the net operating income (NOI) will be calculated for each period, reflecting the anticipated development of the properties over the applied time period. Secondly, the hypothetical sales price at the assumed time of exit will be calculated. Generally, the sales price will be based upon the NOI at market level of the future year after the holding period. Hence, the NOI at market level will be capitalized with the exit capitalization rate in perpetuity in order to derive the Gross Exit Value. However, if fixed leases expire after the holding period, the Gross Exit Value will be adjusted by the capital value of a (potential) over-/ under-rented situation. Please note that in our model those capital value adjustments will be displayed as adjustments to the NOI (calculated in perpetuity). Finally, transaction costs will be deducted from the Gross Exit Value to arrive at the Net Exit Value / sales price.

Finally, both main results of the two-step calculation, i.e. the sum of all NOI and the hypothetical purchase price - will be discounted at the discount rate effective at the Date of Valuation. The result of this step is the Gross Present Value (GPV)

as at that date. The GPV is then reduced by the common costs of a transaction, i.e. stamp duty land purchase tax, agent fee, notary fee, which results in the Net Present Value (NPV).

The applied rates are normally set by comparing money market rates (i.e. interest rate for risk-minimized investments) and allowing for the relative disadvantages of real estate ownership. These are generally considered as adjustments to the base rate due to the risks revolving from the specific type of property, due to the risks of illiquidity (marketing periods, costs of transaction etc.) and due to the potential of additional costs of portfolio management.

These risks are evaluated according to the following categories for each property, e.g. by conducting a structured property rating:

- Quality of the macro location (i.e. image, socio-demographics, economy, etc.)
- Quality of the micro location (i.e. local image, local supplier market adequacy for the specific property use, infrastructure, etc.)
- Quality of the building (i.e. age and condition of building, concept of areas/ architecture, fit-out, alternative usability, energy management, plot characteristics, etc.)
- Quality of cash flow (i.e. letting concept, length of lease terms, agreements on ancillary costs, covenant of the tenant, current vacancy, ability for re-letting)

The exit capitalization rate is the reciprocal of the multiplier on potential rent less non-recoverable costs at the end of the cash flow period and is mainly derived from the quality of the location (including the land value) and the building quality.

IV. Yields and Multipliers

1. Gross Multipliers

A gross multiplier expresses the ratio of the market value to the rental income of a property. In our report, we state three different kinds of gross multipliers:

- Gross Multiplier on Current Rent = $\text{Market Value} / \text{Current Rent}$
- Gross Multiplier on Market Rent = $\text{Market Value} / \text{Market Rent}$
- Gross Multiplier on Potential Rent = $\text{Market Value} / \text{Potential Rent}$

Please note that the Gross Multiplier on Current Rent can be misleading if the property is currently let at rents considerably below average or has significant vacancies. In those cases, we suggest also to consider multipliers and yields on market or potential rent.

2. Net Initial Yields

A Net Initial Yield expresses the ratio of the Net Operating Income (Rental income as of Date of Valuation reduced by management costs, ongoing maintenance, costs for vacancy and further non recoverable costs) to the Gross Present Value (Market Value including acquisition costs).

In our report, we state three different kinds of Net Initial Yields:

- Net Initial Yield on Current Rent = $\text{Net Operating Income derived from Current Rent} / \text{Market Value} + \text{Acquisition costs}$
- Net Yield on Market Rent = $\text{Net Operating Income derived from Market Rent} / \text{Market Value} + \text{Acquisition costs}$
- Net Yield on Potential Rent = $\text{Net Operating Income derived from Potential Rent} / \text{Market Value} + \text{Acquisition costs}$

Please note that the Net Initial Yield on Current Rent can be misleading if the property is currently let at rents considerably below average or has significant vacancies. In those cases we suggest also to consider multipliers and yields on market or potential rent.

Condensed Valuation Report

NAI apollo

1. Assignment

1.1. Principal

ADO Properties S.A.

1B Heienhaff

L-1 736 Senningerberg

Grand Duchy of Luxembourg

(hereafter: 'the Principal')

1.2. Addresses

J.P. Morgan Securities plc

25 Bank Street

Canary Wharf

London E14 5JP

United Kingdom

Deutsche Bank Aktiengesellschaft

Mainzer Landstraße 11-17

60323 Frankfurt am Main

Federal Republic of Germany

Barclays Bank PLC

5 The North Collonade

Canary Wharf

London E14 4BB

United Kingdom

Banco Santander, S.A.

Ciudad Grupo Santander

Avenida de Cantabria s/n

Edificio Encinar, planta baja

28660, Boadilla del Monte

Madrid

Spain

Natixis

30, avenue Pierre Mendès-France

75013 Paris

France

1.3. Contractor

apollo valuation & research GmbH

Große Eschenheimer Str. 13

60313 Frankfurt am Main

Germany

(hereafter: 'NAI apollo' or 'the Contractor')

The contractor is a limited liability company, registered under commercial law in Germany under the registration number 92507. NAI apollo employs publicly appointed and sworn-in appraisers, members of the Royal Institution of Chartered Surveyors (RICS) as well as real estate valuers certified by HypZert GmbH according to DIN EN/ISO 17024.

1.4. Subject of Valuation

In general the portfolio to be valued (hereinafter: "the subject of valuation") consisted of project developments (properties) with a planned lettable area of approx. 1,295,000 sqm (approx. 58% residential space). Detailed information on these properties is attached as Annex A to the report and in 2.3.

The subject of valuation were the aforementioned plots of land, including the building structure considered essential components in accordance with section 94 BGB (German Civil Code) and excluding accessories in accordance with section 97 BGB.

1.5. Scope of Work and Purpose of Valuation

1.5.1. Scope of Work

On 11 March 2020, the Contractor was instructed as an independent valuer by the Principal to determine the market value of the properties mentioned in section 1.4 of this report on the basis of the RICS Valuation – Professional Standards 2020 ('RICS Red Book') published by the Royal Institution of Chartered Surveyors and in accordance with IVSC International Valuation Standards 2020 (12th edition) with a valuation date being 29 February 2020.

Due to the travel restrictions that have arisen and the requirements to limit personal contacts, the otherwise obligatory external and internal inspections of the properties were only partially possible.

The properties to be valued consisted of projects for portfolio management as well as properties already sold in a forward deal or as condominiums. The forward deals or condominiums were partly financed by the buyer by means of advance payments. No financing costs were considered for these projects. Information on the payment status was not available. These were not taken into account for the determination of the market value in accordance with our agreement.

According to VPS 2 paragraph 1.8 RICS Red Book the valuer should consider whether the information, supplied by a party other than the valuer, is credible and may be relied on. Information on construction costs for the project developments, development times and compensated services/progress of construction were provided by the owner. These were compared e.g. with BKI Baukosten in accordance with the planned standard.

The market value was determined at individual property level without taking into account the fact that the properties were part of a portfolio. Therefore, no portfolio discounts or premiums were taken into account. The market value of the portfolio thus corresponds to the sum of the individual market values of the properties to be valued.

Furthermore, the Contractor was instructed to prepare a condensed valuation report (hereinafter referred to as 'the report').

1.5.2. *Purpose of Valuation*

The purpose of this condensed valuation report is to provide the Principal's Management Board with information on the market value of the subject of valuation as of the valuation date.

The report shall further be appended to a prospectus (hereinafter referred to as 'the prospectus') intended to be used in connection with the placement of fixed rate notes of ADO Properties S.A. (the 'Notes') and the listing of the Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the 'Offering').

1.6. **Valuation Methodology**

NAI apollo used different approaches to the valuation depending on the respective property status:

1.6.1. *Existing Properties*

NAI apollo used a discounted cash flow (DCF) model to estimate the market value of the subject properties. The cash flows are projected according to the above structure for a holding period of 10 years and subsequently discounted to the dates of valuation.

At the end of the holding period, a sale of the asset is assumed to estimate the present value of the cash flow beyond the holding period. The terminal value, or sometimes referred to as 'exit value', is also discounted to the valuation date to determine its present value.

The sum of all present values adds up to the gross capital value (GCV) of the investment. By deducting usual transaction costs that a potential investor will face in an asset deal (as the RICS

definition of 'market value' assumes an asset to be traded at the valuation date), NAI apollo arrives at the net capital value (NCV). The rounded NCV is the market value.

1.6.2. *Development Properties*

The valued properties are project developments which are valued according to the residual value method, based on the progress of the development of the project as of the valuation date. The portfolio includes project developments that have been sold by way of forward agreements.

The residual value method is a common approach to calculating the value of project developments. It is a deductive method for deriving the value of an undeveloped land plot or of development projects based on their respective development progress. The approach is based on the assumption that the market value of a project development can be derived from the future notional market value of the completed project less the services that still need to be considered for realisation.

NAI apollo's residual value model has the following structure:

In the first step the fictitious (gross) market value of the completed project was determined. In the case of projects already marketed as forward deals, the (gross) sales price agreed in the purchase contract and plausibly verified by NAI apollo was used. Since this is a value that can only be realised in the future, it was discounted over the development period. In the next step, the estimated market value of the finished project value was adjusted by usual development discounts, project developer risks, marketing costs as well as the still necessary completion expenses (remaining construction and financing costs). Information provided by the project devel-

oper was used to estimate the development times and completion costs (budget and construction progress). The information was reviewed. Finally, the resulting (gross) residual value was adjusted by the transaction costs to be borne by a buyer.

In the event of completion and discontinuation of project-specific discounting and services, the residual value model used here is converted to an income value model (known as the initial yield method).

1.7. Date of Valuation

The valuations were conducted as per 29 February 2020.

1.8. Qualification

The valuation mandate was led by experienced valuers who have sufficient knowledge of the German real estate market and the necessary professional qualifications to carry out the valuation mandate competently.

1.9. Independence and Objectivity

Within this mandate NAI apollo acted as external advisor in a service relationship for the Principal. The valuation was made impartially, without directives, without consideration of unusual or personal circumstances and without own interest in the result to the best of our knowledge and belief with objective scrutiny.

Neither NAI apollo, nor the experts working within the scope of the mandate and who are permanently employed at NAI apollo have a direct or indirect personal or business relationship to the subject of valuation or to the Principal, which could lead to a potential conflict of interest.

The Contractor does not profit from this assignment in any other way than by collecting the

agreed fee. The amount of this fee was fixed before the start of the project and was in no way dependent on the valuation result.

1.10. Service Delimitation

1.10.1. Collection and Evaluation of Information

In the course of preparing our valuation, unless provided by the Principal, we – as instructed – did not specifically procure land register excerpts, public easement register excerpts or site contamination information for the reviewed properties, but have relied on lists and information referring to such documents provided by the Principal. The relevant documents were analysed in the valuation process and examined randomly for plausibility. If there were no obvious inconsistencies, the submitted documents were assumed to be correct and valid as of the valuation date regardless of their date; the Principal confirmed to us that the provided documents reflected the current status.

1.10.2. Measurement

The preparation of an area survey was not part of the assignment. The area and unit information provided by the Principal was roughly checked for plausibility and, if no major differences were identified, were assumed to be correct.

1.10.3. Structural Defects and Damages

A structural analysis and/or a damage assessment of the buildings were not part of this assignment. Destructive examinations and tests of the functionality of technical facilities (especially sanitary, electrical, and heating installations) were not carried out. In this valuation, the impact of any possible building defects and building damage on the value of the properties is only

taken into account in very general terms. Hence reference to building defects within this valuation does not exclude the presence of other defects. In this respect, this report does not represent a specialist survey on building defects and damage.

1.10.4. Pests and Contaminants

Surveys to determine the presence of plant-based or animal pests were not carried out. Also, not carried out were tests on materials that limit the long-term serviceability of the valuation property or which present a danger to third parties or the environment or on contaminated sites as stipulated by the German Soil Protection law ('Bundesbodenschutzgesetz').

1.10.5. Subsoil

Soil investigations were not performed. The local soil situation was considered in the valuation as far as it is included in comparative purchase prices or the standard land value. Should a soil survey provide different results, these are to be taken into account in the result of this valuation. Unless explicitly noted otherwise, the soil is assumed to be of a normal load-bearing capacity.

1.10.6. Building Law

An examination of permissibility under planning and building law were not included in the mandate. The valuation was carried out on the basis of the completed project. The conformance of the completed project with architectural drawings, the building permit and building law and the binding development plan were not checked. Within the scope of this valuation, the material legality of the (planned) structural works and uses was assumed.

1.10.7. Taxes, Public Charges and Financial Charges

Tax liabilities and costs resulting from the purchase or sale of a property were taken into account to the extent that they were implicitly included in the market data used. Land transfer taxes were explicitly taken into account in the valuation. Any repayments of government or other subsidies or tax benefits to be made as a result of the sale were not taken into account.

Obligations that may have been recorded in section III of the land registers were not taken into account in this valuation. It was assumed that any outstanding debts would be deleted upon sale or offset by a reduction in the sale price.

2. Portfolio Analysis

2.1. Portfolio Composition

In general the portfolio to be valued consisted of project developments (properties) with a planned lettable area of approx. 1,295,000 sqm (approx. 58% is residential space). A further (besides 2.3.) overview of the properties is attached as Annex A to the report.

2.2. Geographical Distribution

The properties are spread across 12 cities in Germany, whereof Düsseldorf ranks first with a share of approx. 21 % of the planned lettable area. Stuttgart, Berlin, Hamburg and Frankfurt am Main are second, third (Berlin and Hamburg) and fourth with approx. 17 %, each approx. 15% and approx. 9 %.

2.3. Property Descriptions

Project	Description
Four Living VauVau	<p>The property is part of new developments/revitalisation along Prager Strasse, a central arterial road in the south-eastern district of the Saxon city of Leipzig. With a population of around 600,000, Leipzig is the largest city of the Freistaat Sachsen and one of the economically strongest-performing cities of the new federal states.</p> <p>The valuation property is the project development of the revitalization of the city's former Technisches Rathaus as residential units according to the concept of Vertical Village Apartments (VauVau concept). For the conversion, the 9-storey building will be divided into four similar towers. The lower floors will be used for commercial purposes and the upper floors are planned for living space according to the VauVau concept. The basement level contains an underground car park.</p>
Cologne Apart VauVau	<p>The property is located in the district Altstadt-Nord in the urban municipality Cologne. Cologne is the largest city in the federal state of North Rhine-Westphalia and the fourth largest city in Germany. The city is an integral part of both the Cologne / Bonn conurbation and the Rhine-Ruhr metropolitan</p>

Project	Description
	<p>region. The metropolis on the Rhine is one of the five most important economic centres in Germany.</p> <p>The valuation property is an existing building. Within the scope of the reconstruction the building will be extended by a 6th floor. Around 200 residential units are to be developed in the building. The ground floor will continue to be used for commercial purposes.</p>
<p>MaryAnn Apartments VauVau</p>	<p>The property belongs to the new developments south of the Postplatz in the Saxon state capital Dresden. Together with the "Zwinger" to the north, the square forms the western edge of the historic old town or city centre of the state capital. The city is the second largest city in the Saxony with just over 550,000 inhabitants. The city is one of the most dynamic regions in the new federal states.</p> <p>The valuation Property is a new development according to the concept of the Vertical Village Apartments (VauVau concept). The development will have 6 storeys with basement. The use will include residential use on the upper floors and commercial use with offices, retail and gastronomy on the ground floor. An underground car park is located in the basement.</p>
<p>UpperNord Tower VauVau</p>	<p>The property is located in the district Flörsberg in the urban municipality Düsseldorf. Düsseldorf is the state capital of North Rhine-Westphalia and, with a population of around 645,000, the second largest city in the federal state after Cologne. In Germany, Düsseldorf is the seventh largest city in terms of population. Düsseldorf is part of the Rhine-Ruhr metropolitan region with around ten million inhabitants.</p> <p>The plan is to build a new 120 m high residential tower with 36 floors. Gastronomy areas are planned on the ground floor and on the 36. floor, an underground car park is planned in the basement. On the 1. to 3. floors, office space (including co-working) is planned. From the 4. to the 10. floor there will be affordable housing, from the 10. to the 35. floor residential units according to the VauVau- resp. Vertical Village concept.</p>
<p>NewFrankfurt Towers VauVau / Vitopia-Kampus Kaiserlei Residential</p>	<p>The property is located in the district Kaiserlei of the city of Offenbach am Main. Kaiserlei is one of 21 districts of the city of Offenbach. Kaiserlei is bordered by the Main River to the north, the Frankfurt Mainufer with the district of Frankfurt-Ostend and the Frankfurt Osthafen to the opposite, Kaiserlei is in the west and southwest in the direct vicinity of the Frankfurt district of Frankfurt-Oberrad, and the Offenbach Westend to the south.</p> <p>The two developments consist of two existing buildings completed by three new buildings. The eye-catchers of the spacious quarter are the two 19- and 22-storey towers of the former Siemens power plant division, which will be completely refurbished. Around them, residential buildings with six to seven</p>

Project	Description
	floors are planned. In addition, areas for local supply, services, a hotel and a daycare facility for children are to be developed.
Residenz am Ernst-Reuter Platz	<p>The property is a project development in a side street of Ernst-Reuter-Platz in the centre of the former West Berlin district of Charlottenburg-Willmersdorf. The capital Berlin is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The valuation property is the new construction of an apartment building in the Fraunhoferstraße, about 300 m north of the central Ernst-Reuter-Platz of the district in direct neighbourhood to the TU-Campus Berlin. The building itself is an 8-storey building with underground parking.</p>
Carré Sama Riga	<p>The property is a project development in the Samariter-Viertel in the Berlin district of Friedrichshain. The capital Berlin is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The valuation property is a development consisting of two renovated existing buildings and three new buildings for redensification in Rigaer Straße north of the district's "Kiez". The buildings are 5- to 6-storey buildings including an underground car park. The usage includes residential use in the front and partially renovated rear buildings and office use in the eastern building stock. Furthermore, a kindergarten is located in the commercially used part.</p>
Ostforum / Ostplatz	<p>The property is part of the new developments/revitalisation along Prager Strasse, a central arterial road in the south-eastern district of the Saxon city of Leipzig. With a population of around 600,000, Leipzig is the largest city of the Freistaat Sachsen and one of the economically strongest-performing cities of the new federal states.</p> <p>The valuation property is a new ensemble consisting of three buildings. The buildings comprise up to 10 storeys and a central underground car park. The two buildings facing Prager Strasse are planned for office use on the upper floors and retail and gastronomy use on the ground floor. The rear building will be a residential building.</p>
Quartier Hoym	<p>The property is a new development in the historic old town of the Saxon state capital Dresden. The property is located east of the Neumarkt with the Frauenkirche. The city is the second largest city in the Free State of Saxony with just over 550,000 inhabitants. The city is one of the most dynamic regions in the new federal states.</p> <p>The valuation property is a new development as a reconstruction of the Palais Hoym, which was destroyed in the last world war. Due to the exposed</p>

Project	Description
	location, an architectural competition was held. The results are several building elements that are integrated into the historic old town in a creative way around an inner courtyard with a substructure with a common underground car park. In addition to a residential use with retail, office, a hostel and gastronomy, the project includes various commercial uses.
Dessauer/ Hamburger Straße	<p>The property is the project "Magnolia" at the intersection of Dessauer-/Hamburger Strasse in the Eutritzsch district of the Saxon city of Leipzig, to the north of the city centre. With a population of around 600,000, Leipzig is the largest city of the Freistaat Sachsen and one of the economically strongest-performing cities of the new federal states.</p> <p>The valuation property is a new construction project consisting of two 6-storey building ensembles along Dessauer Strasse and Hamburger Strasse. The use comprises various residential concepts with a shared underground car park.</p>
Cologneo I Part 1	<p>The property is located in the district Mülheim in the urban municipality Cologne. Cologne is the largest city in the federal state of North Rhine-Westphalia and the fourth largest city in Germany. The city is an integral part of both the Cologne / Bonn conurbation and the Rhine-Ruhr metropolitan region. The metropolis on the Rhine is one of the five most important economic centres in Germany.</p> <p>The valuation property is part of the former factory premises of Klöckner-Humboldt-Deutz AG. A new residential, office, retail and hotel quarter with underground parking is to be developed here.</p>
Königshöfe im Barockviertel	<p>The property is part of the development, consisting of the revitalization of the listed building of the former "Königlichen Brandversicherungsanstalt" for condominiums and a subsequent new development "Königshöfe" on Palaisplatz in the historic baroque quarter of the Saxon state capital Dresden. The city is the second largest city in the Free State of Saxony with just over 550,000 inhabitants. The city is one of the most dynamic regions in the new federal states.</p> <p>The new buildings comprise a total of nine 7- to 9-storey apartment buildings with green inner courtyards, some of which are built in a closed construction. The property will have an underground car park, which will include parking spaces for adjacent plots of land, including the condominiums on the neighbouring plot.</p>
Steglitzer Kreisel Tower	The property is part of the project to revitalise the "Steglitzer Kreisel" at the south-western end of the Schloßstraße shopping street in the centre of the Berlin district of Steglitz. The capital Berlin is the centre of the metropolitan

Project	Description
	<p>region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The valuation property is a complex consisting of the commercially used base building with a multi-storey car park and a 120 m tower. Furthermore, the central bus station is integrated in the complex. The valuation property is the revitalisation of the 28-storey tower building for condominiums as well as a refurbishment of the associated base part for commercial use. The parking spaces will be provided in the adjacent parking garage.</p>
<p>Palatium (Palaisplatz Altbau)</p>	<p>The property is part of the development, consisting of the revitalization of the listed building of the former "Königlichen Brandversicherungsanstalt" for condominiums and a subsequent new development "Königshöfe", of the CG group on Palaisplatz in the historic baroque quarter of the Saxon state capital Dresden. The city is the second largest city in the Free State of Saxony with just over 550,000 inhabitants. The city is one of the most dynamic regions in the new federal states.</p> <p>The valuation property is the part of the revitalization of the building of the former "Royal Fire Insurance Institution". The building is a 5-storey listed building with a neo-baroque sandstone facade and numerous art nouveau elements from the Wilhelminian style. Parking spaces are provided in the underground car park of the neighbouring development "Königshöfe".</p>
<p>Westend Ensemble - Grand Ouest</p>	<p>The property is located in the city of Frankfurt am Main in the federal state of Hesse. Frankfurt is classified as a regional centre. Frankfurt is the largest city in Hesse and the fifth largest in Germany. It also forms the centre of the Frankfurt/Rhine-Main conurbation.</p> <p>The valuation property is the Westend Ensemble project development, consisting of the Grand Quest (component A) and Upper West (component B) projects. The Grand Quest is an existing listed building; the development of condominiums on six floors is planned. A total of around 165 units and an underground car park are to be built.</p>
<p>Westend Ensemble - Upper West</p>	<p>The property is located in the city of Frankfurt am Main in the federal state of Hesse. Frankfurt is classified as a regional centre. Frankfurt is the largest city in Hesse and the fifth largest in Germany. It also forms the centre of the Frankfurt/Rhine-Main conurbation.</p> <p>The valuation property is the Westend Ensemble project development, consisting of the Grand Quest (component A) and Upper West (component B) projects. The Upper West is an existing office building, which is being extensively refurbished and converted into a mixed quarter with apartments, offices and other commercial units as well as an underground car park.</p>

Project	Description
COL III (Windmühlenquartier)	<p>The property is located in the district Kalk in the urban municipality Cologne. Cologne is the largest city in the federal state of North Rhine-Westphalia and the fourth largest city in Germany. The city is an integral part of both the Cologne / Bonn conurbation and the Rhine-Ruhr metropolitan region. The metropolis on the Rhine is one of the five most important economic centres in Germany.</p> <p>The valuation property is part of the former factory premises of Klöckner-Humboldt-Deutz AG. A mix of office building and hotel with currently 123 rooms and approx. 365 condominiums is planned for this development area.</p>
Steglitzer Kreisel Parkhaus & Sockel	<p>The property is part of the project to revitalise the "Steglitzer Kreisel" at the south-western end of the Schloßstraße shopping street in the centre of the Berlin district of Steglitz. The capital Berlin is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The "Steglitzer-Kreisel" is a complex consisting of the commercially used base building with a multi-storey car park and a 120 m tower. Furthermore, the central bus station is integrated in the complex. The valuation property is the revitalisation of the up to 7-storey base building for mixed commercial use as well as the multi-storey car park. With retail, office and hotel space as well as commercial living, a broad mix of uses is being planned.</p>
Forum Pankow / Staytion	<p>The property is the project development of "Forum Pankow" in the old centre of the Pankow district to the northeast of the city. The capital Berlin Stadt is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The valuation property comprises the demolition of existing buildings and new development. The new development is to comprise a total of five apartment buildings as well as two office and one retail section. Most of the existing buildings, including a rehabilitation clinic and a specialty shopping centre, are currently still let.</p>
Ostend	<p>The property is located in the city of Frankfurt am Main in the federal state of Hesse. Frankfurt is classified as a regional centre. Frankfurt is the largest city in Hesse and the fifth largest in Germany. It also forms the centre of the Frankfurt/Rhine-Main conurbation.</p> <p>Five new buildings with underground parking will be constructed on the site of the former telecommunications office as part of a project development. Depending on the building, 6 to 12 full floors plus staggered floors are planned. 173 free financed apartments and 77 subsidized apartments as well as around 16,200 sqm of office space are to be developed.</p>

Project	Description
UpperNord Quartier	<p>The property is located in the district Flingern in the urban municipality Düsseldorf. Düsseldorf is the state capital of North Rhine-Westphalia and, with a population of around 645,000, the second largest city in the federal state after Cologne. In Germany, Düsseldorf is the seventh largest city in terms of population. Düsseldorf is part of the Rhine-Ruhr metropolitan region with around ten million inhabitants.</p> <p>The plan is to build a residential quarter with free financed rental apartments, affordable and social housing as well as condominiums in modern villas, a daycare facility for children and an underground car park.</p>
Böblingen	<p>The property is located in the city of Böblingen in the federal state of Baden-Württemberg and, together with Sindelfingen, forms a medium-sized centre. Böblingen is located about 20 kilometers southwest of Stuttgart and is one of the most important industrial locations in Germany.</p> <p>The property comprises the development of a mix-used complex. The new complex will comprise 4 residential buildings with a common base for commercial and communal areas on the ground floor and basement and an underground car park. All pedestrian accesses will be at ground level and barrier-free from the respective terrain level.</p>
Schwabenland Tower	<p>The property is located in the east of the city of Fellbach. Fellbach is a town in Baden-Württemberg on the north-eastern city limits of Stuttgart. It is part of both the Stuttgart region and the Stuttgart European metropolitan region. It is the second largest town in the Rems-Murr district after the city of Waiblingen and, together with Waiblingen, forms a medium-sized centre for the surrounding municipalities.</p> <p>The property comprises the development of a high-rise residential building with around 190 apartments and a hotel with currently 168 rooms. The high-rise building will have 34 floors and a height of around 107 m. In addition, a mobility concept with the city for the surrounding area is to be planned.</p>
Ostplatz - FLI Mensa	<p>The property is part of the new developments/revitalisation along Prager Strasse, a central arterial road in the south-eastern district of the Saxon city of Leipzig. With a population of around 600,000, Leipzig is the largest city of the Freistaat Sachsen and one of the economically strongest-performing cities of the new federal states.</p> <p>The valuation property is the 2-storey former canteen and event building for the former "Technisches Rathaus" (currently being revitalised as a residential project). The property is vacant at the valuation date.</p>
Kreuzstraße	<p>The property is the project "Graphisches Viertel" on Kreuzstraße in the district of Zentrum-Ost of the Saxon city of Leipzig, located northeast of the city centre. With a population of around 600,000, Leipzig is the largest city of the</p>

Project	Description
	<p>Freistaat Sachsen and one of the economically strongest-performing cities of the new federal states.</p> <p>The project development is a mixture of old buildings to be revitalized and new buildings on the edge of a block. The existing building along the Lange Straße and the two commercial buildings inside the Carré will be revitalised into residential properties. On the southern (Kreuzstraße) and eastern (Ludwig-Erhard-Straße) boundaries, two new building blocks will be constructed with commercial use on the ground floor and residential use on the upper floors including an underground car park.</p>
Benrather Gärten	<p>The property is located in the district Benrath in the urban municipality Düsseldorf. Düsseldorf is the state capital of North Rhine-Westphalia and, with a population of around 645,000, the second largest city in the federal state after Cologne. In Germany, Düsseldorf is the seventh largest city in terms of population. Düsseldorf is part of the Rhine-Ruhr metropolitan region with around ten million inhabitants.</p> <p>In this district development, an attractive mix of modern, family-friendly residential buildings with subsidised, affordable and free financed residential units is planned. A daycare facility for children, primary school and other social facilities as well as local supply options are also planned. The commercial part will include a hotel, a multi-storey car park as well as production, logistics and service areas.</p>
Arthur Hoffmann Str	<p>The property is a new building at the intersection of Arthur-Hoffmann- / Arno-Nitzsche-Strasse in the district of Connewitz in the Saxon city of Leipzig, located to the south of the city centre. With a population of around 600,000, Leipzig is the largest city of the Freistaat Sachsen and one of the economically strongest-performing cities of the new federal states.</p> <p>The project development is a new multi-family house for redensification. The building is planned as a 6-storey building with basement.</p>
Franklinstrasse 26	<p>The property is a new development of an office property in the commercially used northern part of the former West Berlin district of Charlottenburg. The capital Berlin is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The valuation property is a new office building on Franklinstraße, a commercial location that has been upgraded in recent years by various new commercial developments. The building will have 6 storeys plus a staggered storey with an underground car park.</p>
No.1	<p>The property is located directly at the main railway station in Mannheim in the federal state of Baden-Württemberg. Mannheim is the third largest city</p>

Project	Description
	<p>in the state with a population of just under 310,000. Mannheim is situated directly in the border triangle with Baden-Württemberg, Rhineland-Palatinate and Hesse.</p> <p>The valuation property is a development of a multifunctional building with an underground car park. The building consists of a low-rise building with five upper floors and a 14-storey office tower built on top of the low-rise building. The intended uses are hotel, retail, gastronomy and office.</p>
Bundesallee (incl. MOMENTE)	<p>The property is the new development of the "Quartier Bundesallee" in the north-east of the former West Berlin district of Wilmersdorf. The capital Berlin is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science.</p> <p>The valuation property is a new development on the retained underground car park of a former office building from the 70's, which was used by the BfA (Federal Insurance Institution for Employees). The new development consists of 7 up to 10-storey building sections. The three northern sections will be developed as offices, the three southern sections as residential buildings and the rear section for condominiums.</p>
Wohnen an der Villa Berg	<p>The property is located in the district Berg, which belongs to the city centre of Stuttgart. The city of Stuttgart is the capital of the federal state of Baden-Württemberg and is its largest city. It forms the centre of the Stuttgart metropolitan region with around 5.3 million inhabitants.</p> <p>The property is an advanced project development of a condominium complex consisting of 3 buildings with 16 apartments each and an underground car park.</p>
2stay	<p>The property is located in the city of Frankfurt am Main in the federal state of Hesse. Frankfurt is classified as a regional centre. Frankfurt is the largest city in Hesse and the fifth largest in Germany. It also forms the centre of the Frankfurt/Rhine-Main conurbation.</p> <p>The valuation property is an existing office building. The existing building is divided into a 13-storey high-rise and the 7-storey building sections adjoining to the west and south. The entire building, with the exception of the basement floors, will be completely refurbished and will be used primarily for office purposes.</p>
Holsten Quartiere	<p>The property is located in the district Altona-Nord of the city of Hamburg. With approx. 1.8 million inhabitants, Hamburg is the second largest city in the Federal Republic of Germany. The city has the largest cargo port in Germany and the third largest in Europe.</p>

Project	Description
	The project development called Holsten Quartier is planned on the site of the former Holsten brewery. The development will focus on residential use, which will be based on the so-called one-third mix of the Hanseatic city - 1/3 subsidised housing, 1/3 free financed housing and 1/3 condominiums. In addition, a mix of commercial, gastronomic and socio-cultural uses will be developed.
Neues Korallusviertel	The property is located in the district Wilhelmsburg of the city of Hamburg. With approx. 1.8 million inhabitants, Hamburg is the second largest city in the Federal Republic of Germany. The city has the largest cargo port in Germany and the third largest in Europe. The development will focus on residential use. A total of approximately 112 condominiums, 262 free financed and 87 subsidised apartments are to be built. Furthermore, a day-care centre for children, a smaller commercial unit and an underground car park are planned.
VAI Campus	The property is located in the district Vaihingen. The city of Stuttgart is the capital of the federal state of Baden-Württemberg and is its largest city. It forms the centre of the Stuttgart metropolitan region with around 5.3 million inhabitants. On the approx. 14.5 hectare site, around the listed "Eiermann Ensemble", a new mixed-use urban district comprising residential, office and other commercial units with an area of around 195,000 m ² is to be planned. Several kindergartens and a school are also to be built in the quarter, which will be built to state-of-the-art building standards.
The Wilhelm	The property is the project development "The Wilhelm" in an exclusive central location in Berlin Mitte close to the "Brandenburger Tor" and the British Embassy. The capital Berlin is the centre of the metropolitan region Berlin/Brandenburg (6 million inhabitants) and is considered an international metropolis of culture, politics, media and science. The valuation property is a very exclusive residential development for an upscale international clientele. The building is planned as a 5-storey building with staggered storeys and an underground car park of the highest quality. The internationally renowned architect Ramsa of the architectural office Robert a.M. Stern Architects was commissioned for the development. Commercial use is planned on the ground floor.
Weg beim Jäger	The property is located in the district Fuhlsbüttel of the city of Hamburg, vis-à-vis Hamburg Airport. With approx. 1.8 million inhabitants, Hamburg is the second largest city in the Federal Republic of Germany. The city has the largest cargo port in Germany and the third largest in Europe. The valuation property is a split-level parking garage.

Project	Description
Berliner Straße	<p>The property is located in Falkensee, a city with about 44,000 inhabitants in the east of the district of Havelland. It is a medium-sized centre in Brandenburg. Falkensee is situated on the north-western edge of Berlin.</p> <p>The valuation property is a city villa, which includes 9 condominiums.</p>

3. Valuation Results

3.1. Definition of Market Value

In VPS 4, section 4, the RICS Red Book 2020 adopts the following definition of the market value set by the International Valuation Standards Council (IVSC):

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

3.2. Market Value

NAI apollo has determined the market value of the properties described in section 1.4, 2.3 and Annex A of this report as per the date of valuation 29 February 2020 with:

2,810,200,000 EUR

(Two Billion Eight Hundred Ten Million Two Hundred Thousand Euro)

The above value corresponds to the sum of the individual market values of the properties to be valued. This assessment is based on the assumptions, caveats and comments made in this report as well as on the assumption that there are no unusual circumstances which were unknown to NAI apollo at the time of preparing this report.

Frankfurt am Main, 27 July 2020

Stefan Mergen
Managing Partner
for and on behalf of
apollo valuation & research GmbH

Dr. Peter Stark MRICS, RICS Registered Valuer
Director - Valuation
for and on behalf of
apollo valuation & research GmbH

Annex A: Overview of key information of the properties

Annex A Overview of key information of the properties

Project	Address	ZIP	City	Residential space (planned/existing)	Commercial space (planned/existing)
				[sqm]	[sqm]
Four Living VauVau	Pragerstr. 20-28	04103	Leipzig	16,042	4,250
Cologne Apart VauVau	Stolkgasse 4	50672	Cologne	10,841	13,104
MaryAnn Apartments VauVau	Annenstr. 5	01067	Dresden	11,054	3,439
UpperNord Tower VauVau	Mercedesstraße 2 et. al.	40470	Düsseldorf	24,124	1,516
NewFrankfurt Towers VauVau	Berliner Straße 295-299 et. al	63067	Offenbach am Main	31,533	6,207
Vitopia-Kampus Kaiserlei Residential	Berliner Straße 295-299 et. al	63067	Offenbach am Main	13,838	338
Residenz am Ernst-Reuter Platz	Fraunhoferstr. 29	10587	Berlin	10,897	157
Carré Sama Riga	Rigaer Str. 71 - 73	10247	Berlin	9,420	2,708
Ostforum / Ostplatz	Pragerstr. 20-28	04103	Leipzig	3,180	14,598
Quartier Hoym	Rampische str. / Landhausstr	01067	Dresden	18,923	8,731
Dessauer/ Hamburger Straße	Dessauer Str. 42, Hamburger Str. 11	04129	Leipzig	10,464	0
Cologneo I Part 1	Deutz-Mülheimer-Straße 127-133	51063	Cologne	33,744	20,059
Königshöfe im Barockviertel	Wallgässchen 1, Theresienstr. 4	01099	Dresden	15,309	168
Steglitzer Kreisel Tower	Albrechtstraße 1-3 u.a.	12165	Berlin	24,113	3,197
Palatium (Palaisplatz Altbau)	Palaisplatz 2a - 2d	01099	Dresden	4,982	0
Westend Ensemble - Grand Ouest	Ludwig-Erhard-Anlage 2-8	60325	Frankfurt am Main	9,107	0
Westend Ensemble - Upper West	Ludwig-Erhard-Anlage 2-8	60325	Frankfurt am Main	14,804	5,039
COL III (Windmühlenquartier)	Deutz-Mülheimer-Straße 216	51063	Cologne	16,742	7,484

Project	Address	ZIP	City	Residential space (planned/existing)	Commercial space (planned/existing)
				[sqm]	[sqm]
Steglitzer Kreisel Parkhaus & Sockel	Albrechtstraße 1-3 u.a.	12165	Berlin	5,921	47,330
Forum Pankow / Staytion	Hadlichstr. 19 / Damerowstr. 8	13187	Berlin	19,519	20,034
Ostend	Danziger Platz 12	60314	Frankfurt am Main	26,280	16,282
UpperNord Quartier	Mercedesstraße 2 et. al.	40470	Düsseldorf	23,752	1,944
Böblingen	Bahnhofstraße 11 et. al	71034	Böblingen	6,961	2,380
Schwabenland Tower	Schorndorfer Str. 60	70736	Stuttgart	11,512	5,088
Ostplatz - FLI Mensa	Pragerstr. 20-28	04103	Leipzig	0	3,084
Kreuzstraße	Kreuzstraße 21–31, Lange Straße 22–24	04103	Leipzig	11,659	949
Benrather Gärten	Hildener Straße	40597	Düsseldorf	95,042	120,473
Arthur Hoffmann Str	Arthur-Hoffmann-Str./Arno-Nietzsche-Str.	04277	Leipzig	1,809	0
Franklinstrasse 26	Franklinstraße 26A	10587	Berlin	0	11,492
No.1	Glücksteinallee 1	68163	Mannheim	0	19,054
Bundesallee (incl. MOMENTE)	Bundesallee 204 bis 206	10717	Berlin	6,969	21,699
Wohnen an der Villa Berg	Sickstraße 145 -149	70190	Stuttgart	4,358	0
2stay	Mainzer Landstraße 23, 23a	60329	Frankfurt am Main	0	41,144
Holsten Quartiere	Holstenstraße 214, Holstenstraße 224, Haubachstraße 93, u.a.	22765	Hamburg	89,351	60,681
Neues Korallusviertel	Thielenstraße 8A, Korallusstraße 15, u.a.	21109	Hamburg	33,938	4,081
VAI Campus	Pascalstraße 100	70569	Stuttgart	115,311	80,395

Project	Address	ZIP	City	Residential space (planned/existing)	Commercial space (planned/existing)
				<i>[sqm]</i>	<i>[sqm]</i>
The Wilhelm	Wilhelmstraße 56 bis 59	10117	Berlin	16,502	1,285
Weg beim Jäger	Weg beim Jäger 206	22335	Hamburg	multi-storey car park	
Berliner Straße	Berliner Straße 61	14612	Falkensee	531	0

RECENT DEVELOPMENTS AND OUTLOOK

Recent Developments

Except for the developments mentioned below, no significant changes in our financial performance, financial position or results of operations have occurred between March 31, 2020 and the date of this Offering Memorandum.

The ADLER Offer and the Integration of ADLER Real Estate

On December 15, 2019, the Company announced its decision to make a voluntary public takeover offer for all shares of ADLER Real Estate in the form of the ADLER Offer, which launched on February 7, 2020 and expired on March 25, 2020. 92.51% of ADLER Real Estate shareholders accepted the ADLER Offer.

On March 30, 2020, the Board of Directors appointed Maximilian Rienecker, the co-chief executive officer of ADLER Real Estate, as a co-chief executive officer of the Company, as a member of the Senior Management and as Daily Manager, in each case with effect as of April 9, 2020.

On March 31, 2020, a duly appointed delegate of the Board of Directors resolved to increase the share capital by 27,651,006 shares as a result of the ADLER Offer. Settlement of the ADLER Offer occurred on and ADLER Real Estate was consolidated into the ADO Properties Group with effect from April 9, 2020. As a result of the completion of the ADLER Offer, the Company held, directly and indirectly, 25.75% of the share capital of Consus Real Estate.

On April 28, 2020, Florian Sitta resigned from the Board of Directors. Maximilian Rienecker was appointed as a member of the Board of Directors as of the same date.

On April 28, 2020, the Board of Directors resolved to initiate a domination agreement pursuant to Sections 291 *et seq.* of the German Stock Corporation Act (*Aktiengesetz*) between the Company (as controlling entity) and ADLER Real Estate (as controlled entity) (the “**ADLER Domination Agreement**”) in order to further pursue the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the ADLER Domination Agreement is subject to further steps, among others, the approval of the general meeting of ADLER Real Estate. If the ADLER Domination Agreement is concluded, the minority shareholders of ADLER Real Estate would be entitled to a guaranteed dividend in cash (*Garantiedividende*) for the duration of the ADLER Domination Agreement and would also be able to demand that the Company acquire their shares in ADLER Real Estate for a cash compensation or shares in the Company.

To enable the participation in the ADLER Offer after Completion of an investor, whose acceptance of the ADLER Offer was not completed earlier due to technical reasons, the Company implemented a further capital increase. By resolution of the Board of Directors dated April 28, 2020 and by the resolution of the delegate of the Board of Directors dated May 13, 2020, the Company’s share capital was increased, (against a contribution in kind) in an amount of €16.79, from €89,088.56 to €89,305.35, represented by 72,020,446 ordinary shares in dematerialized form with no nominal value.

Takeover and Delisting Offer for WESTGRUND Aktiengesellschaft

On March 25, 2020, the Company announced its decision to make a voluntary public takeover offer to all shareholders of WESTGRUND, for the acquisition of all ordinary bearer shares of WESTGRUND against payment of a cash consideration. On April 17, 2020, the Company announced its decision to, simultaneously with the takeover offer, combine the takeover offer with a delisting offer to delist the WESTGRUND shares from the regulated market (*Regulierter Markt*) of the Düsseldorf Stock Exchange (*Börse Düsseldorf*).

On May 6, 2020, the Company published the voluntary public takeover offer and delisting tender offer, pursuant to which it offers a cash consideration of €1.74 per WESTGRUND share. On June 22, 2020, in the publication required pursuant to Section 23 para. 1 sentence 1 no. 2 of the German Takeover and Acquisition Act, the Company announced that 1.36% of WESTGRUND shareholders have tendered their shares into the Company’s voluntary public takeover offer and delisting tender offer. As a result, the Company holds 78,178,448 WESTGRUND Shares (corresponding to 98.24% of the share capital and voting rights in WESTGRUND) as of the date of this Offering Memorandum.

Due to the fact that the Company indirectly holds 98.24% of the shares in WESTGRUND, pursuant to section 39c of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz - WpÜG*), the minority shareholders in WESTGRUND have the right to demand that the Company acquires their respective shares in WESTGRUND within a further tender period from June 23, 2020 to September 22, 2020.

Consus Real Estate Acquisition and the Consus Offer

On May 26, 2020, the Company received the merger control clearance pursuant to Section 39 of the German Act Against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen – GWB*) in anticipation of a potential exercise of the call option under the Call/Put-Option Agreement.

On June 29, 2020, the Company, by way of a resolution of a delegate authorized by the Board of Directors, exercised the call option under the Call/Put-Option Agreement. The Consus Real Estate Call Option Exercise occurred by transfer of newly issued shares in the Company and transfer of the Company's treasury shares previously indirectly held by ADLER Real Estate.

On June 29, 2020, in connection with the Consus Real Estate Call Option Exercise, the Company increased its share capital against a contribution in kind in an amount of €2,413.16, from €89,305.35 to €91,718.51 represented by 73,966,539 ordinary shares in dematerialized form with no nominal value.

On June 29, 2020, the Company further announced its intention to initiate proceedings to potentially conclude a domination agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (*Aktiengesetz*) between the Company (as controlling entity) and Consus Real Estate (as controlled entity) (the “**Consus Domination Agreement**”) in order to further pursue the integration. A conclusion of the Consus Domination Agreement would require, among others, the appointment of a valuer to perform the required IDW S1 company valuation. Furthermore, the conclusion of the Consus Domination Agreement is subject to additional steps, among others, the approval of the general meeting of Consus Real Estate. If the Consus Domination Agreement is concluded, the minority shareholders of Consus Real Estate would be entitled to a guaranteed dividend in cash (*Garantiedividende*) for the duration of the Consus Domination Agreement and would also be able to demand that the Company acquire their shares in Consus Real Estate for a cash compensation or shares in the Company.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct the Consus Offer. The Consus Offer is based on an exchange ratio, adjusted for the results of the Rights Issue, of one share in Consus Real Estate for 0.272 newly issued shares in the Company as consideration.

€450 Million Rights Offering

On July 2, 2020, the Company published a prospectus in relation to a €450 million subscription rights offer, pursuant to which 30,819,391 new ordinary shares in dematerialized form with no nominal value of the Company and full dividend entitlements from January 1, 2019 (the “**New Shares**”) will be offered to the Company's shareholders and holders of subscription rights to the New Shares for subscription at a ratio of 5:12 (that is, 12 existing shares of the Company entitle their holder to subscribe for 5 New Shares) (the “**Subscription Offer**”). The subscription period under the Subscription Offer commenced on July 6, 2020 and ended on July 20, 2020. Commencement of trading in the New Shares by inclusion in the Company's current stock quotation on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment thereof with additional post-admission obligations (Prime Standard) occurred on July 24, 2020.

Dividends

The Board of Directors resolved to recommend to the General Meeting to make no distribution of dividends to shareholders for the fiscal year ended December 31, 2019.

Outlook

We expect the development of real property prices, the dynamic uptrend in rents, higher purchase prices in Germany (especially in major cities), and strong population growth to continue contributing to the strong fundamentals of the German residential real estate market. Measures to counteract increasing rent levels, such

as the “*Mietendeckel*” (rent cap) in Berlin, have negatively affected the real estate market, even though strict rental limitations and controls have already existed in Germany for some time. The immediate future of the Berlin real estate market will be challenging for property owners but, outside of Berlin, certain market fundamentals, such as the housing deficit, population growth, negative interest rates, and cheap mortgages, continue to be intact.

The Coronavirus has resulted in a deterioration of the political, socio-economic and financial situation in Germany. Even though the rapid expansion of the Coronavirus in Germany has been stopped by various governmental counter-measures, the negative impact on our business cannot be adequately determined or reliably quantified as of the date of this Offering Memorandum.

Following a successful Integration, the Combined Group will implement the strategy pursued with the business combination and consolidate its position as one of the leading German residential real estate companies with improved governance and leverage the expected synergies (see “*Description of the Transactions—Economic and Strategic Reasons for the Transactions*”). Moreover, the Combined Group intends to expand its operational strategy and increase the share of real estate development in its overall business operations. Also, the Combined Group will streamline its property portfolio by making opportunistic divestments at attractive sales prices and in cases where, in its estimation, the affected property does not promise to add value to the existing portfolio. Furthermore, the Combined Group will seek to opportunistically use attractive refinancing possibilities, including through the issuance of bonds.

Under the Call/Put-Option Agreement, the Company undertakes to, following the Consus Real Estate Call Option Exercise, conduct a voluntary tender offer in the form of an exchange offer to acquire the remaining shares of Consus Real Estate (save for any applicable RETT-Blocker). The consideration for one share in Consus Real Estate will, in each case, be 0.272 newly issued shares in the Company, provided that this ratio will be adjusted to any dividends paid and equity raises done by the Company or Consus Real Estate.

In connection with the Consus Offer, the Company has received irrevocable undertakings by minority shareholders of Consus Real Estate in relation to 25,750,000 shares in Consus Real Estate. By way of various share purchase agreements, dated on or around July 31, 2020, these shareholders have undertaken to transfer their respective shares in Consus Real Estate to the Company in connection with a capital increase against contribution in kind, whereby one share in Consus Real Estate is contributed for 0.272 newly issued shares in the Company. The capital increase is expected to be implemented on or around August 4, 2020 and expected to be settled on or around August 7, 2020, thereby increasing the Company’s shareholding in Consus Real Estate to 80.91%.

It is intended that Tomas de Vargas Machuca, who currently serves as co-CEO and chairman of the executive committee of ADLER Real Estate, replaces Dr. Ben Irle as a member of the Board of Directors. Furthermore, the Board of Directors intends to recommend to the General Meeting to increase the membership in the Board of Directors from seven to ten members and proposes to appoint Claus Jorgensen, Thilo Schmid and Thomas Zinnöcker.

Furthermore, the Board of Directors currently intends to propose to the General Meeting to change the Company’s legal name to ADLER Real Estate Group S.A. or ADLER Real Estate S.A.

The Company has issued a profit forecast as set out under “*Profit Forecast*”. Assuming the ADLER Group had been consolidated as of January 1, 2020, we would expect our FFO 1 to range between €120 million and €140 million and our net rental income to range between €340 million and €360 million for the fiscal year ending December 31, 2020, subject to the assumptions set out under “*Profit Forecast*”.

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