

Not for distribution in the United States of America

# ADLER GROUP

(incorporated in Luxembourg as a public limited liability company)

**€700,000,000 1.875% Fixed Rate Notes due 2026**  
ISIN XS2283224231, WKN A287MU Common Code: 228322423  
Issue Price: 98.826%

**€800,000,000 2.250% Fixed Rate Notes due 2029**  
ISIN XS2283225477, WKN A287MT Common Code: 228322547  
Issue Price: 98.207%

ADLER Group S.A. (Legal Entity Identifier (“LEI”) 391200OYFJ3DWAMEC69), a public limited liability company (*société anonyme*) (the “**Issuer**” or “**Company**” and, together with its consolidated subsidiaries, “**we**”, “**us**”, “**our**” or the “**ADLER 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 January 14, 2021 €700,000,000 1.875% fixed rate notes in bearer form due 2026 (the “**Tranche 1 Notes**”) and €800,000,000 2.250% fixed rate notes in bearer form due 2029 (the “**Tranche 2 Notes**”) and together with the Tranche 1 Notes, the “**Notes**” and each, a “**Series of Notes**”) with a denomination of €100,000 each. Each Series of Notes is governed by the laws of the Federal Republic of Germany (“**Germany**”).

The Tranche 1 Notes will bear interest at a rate of 1.875% per annum, and the Issuer will pay interest on the Tranche 1 Notes annually in arrear on January 14, commencing on January 14, 2022 (as set forth in the terms and conditions of the Tranche 1 Notes, the “**Tranche 1 Terms and Conditions**”).

The Tranche 2 Notes will bear interest at a rate of 2.250% per annum, and the Issuer will pay interest on the Tranche 2 Notes annually in arrear on January 14, commencing on January 14, 2022 (as set forth in the terms and conditions of the Tranche 2 Notes, the “**Tranche 2 Terms and Conditions**” and together with the Tranche 1 Terms and Conditions, the “**Terms and Conditions**”).

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 Tranche 1 Notes and Tranche 2 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 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.

*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 or the Joint Bookrunners to produce a prospectus for such offers. None of the Issuer or the Joint Bookrunners 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 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**

*The date of this Offering Memorandum is January 11, 2021*

## CERTAIN INFORMATION WITH REGARD TO THE OFFERING

### RESPONSIBILITY STATEMENT

ADLER Group 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 AG, Barclays Bank Ireland PLC and Deutsche Bank Aktiengesellschaft (each a “**Joint Bookrunner**” and together, the “**Joint Bookrunners**”, 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 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. The Joint Bookrunners have not 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, 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 “NIS” 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 is 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 or the Joint Bookrunners 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 or the Joint Bookrunners 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 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 in respect of which German is the legally binding language.

### **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

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. 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.

### **IMPORTANT – UK RETAIL INVESTORS**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**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 Directive 2014/65/EU as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### **MiFID II PRODUCT GOVERNANCE / TARGET MARKET**

Solely for the purposes of the product approval process of J.P. Morgan AG, Barclays Bank Ireland PLC and Deutsche Bank Aktiengesellschaft (each, a “**manufacturer**”), the target market assessment in respect of each Series of 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 manufacturers’ 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 manufacturers’ 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.

## **UK MIFIR PRODUCT GOVERNANCE**

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); 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 (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

## **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 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 ADLER Group’s future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which the ADLER 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 ADLER 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*", "*Markets and Competition*", "*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 ADLER 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 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 ADLER Group S.A. (the “Issuer” or the “Company” and, together with its consolidated subsidiaries, “we”, “us”, “our” or the “ADLER 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 ADLER 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 ADLER 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.*

*The Company changed its legal name from “ADO Properties S.A.” to “ADLER Group S.A.” by decision of the general meeting dated September 29, 2020. Any reference to “ADO Properties S.A.” in the documents incorporated by reference shall be deemed to have been made to “ADLER Group S.A.”.*

### **Risks related to the ADLER Group’s Business Activities and Industry**

***Our business is significantly dependent on our ability to generate rental income. Our rental income and funds from operations could particularly be negatively affected by a potential increase in vacancy rates.***

We rely significantly on rental income. In the nine-month period ended September 30, 2020, 63.8% of our revenue was derived from rental activities (including facility services), and our funds from operations (from rental activities) (“**FFO 1**”) amounted to €74,738 thousand (compared to 89.9% and €50,419 thousand in the nine-month period ended September 30, 2019, respectively). Our rental income is impacted predominantly by the size of our portfolio, which consisted of 70,741 units (including ground floor commercial units and excluding developments, the commercial portfolio of Brack Capital Properties N.V. and inventories) (with a total lettable area of 4,461,057 sqm) of which 68,580 were residential units (with a total lettable area of 4,211,038 sqm) as well as rent levels, which amounted to €6.25 per sqm on average (all figures as of September 30, 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 September 30, 2020, the average vacancy level of our residential portfolio (in % per sqm) was at 3.8% (or 161,521 sqm) and of our commercial portfolio at 5.6% (or 14,088 sqm), after 4.1% (or 203,980 sqm) and 6.9% (or 19,329 sqm), respectively, as of September 30, 2019.

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 and refurbishment work, this could have an adverse effect on our financial results relative to our business plan. In addition to lost rental income, additional fixed and ancillary costs incurred for the maintenance of vacant residential units could reduce our operating profit. Furthermore, a longer period of high vacancy levels could generally lead to lower levels of income from rental activities and make it more difficult to increase average rental levels. As our income from rental activities (including facility services) represents 63.8% of the revenue generated in the nine-month period ended September 30, 2020 (compared to 89.9% in the nine-month period ended September 30, 2019), our ability to reduce vacancy levels or increase rents will significantly contribute to future growth of our revenue.

***Our ability to operate our business successfully relies on assumptions that may prove to be incorrect and circumstances that may be unfavorable, in part or as a whole, in particular due to unexpected liabilities, an incomplete or inaccurate assessment of a market, 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 or generate significantly lower 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 achieve further growth. In addition, we may not be able to pass on the costs for these modernization measures to our tenants due to legal constraints or if the tenants would be 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 ability to increase rent levels through modernizing our existing real estate portfolio and real estate properties that we acquire as well as our ability to estimate and control the costs of such modernizations. During the nine-month period ended September 30, 2020, we incurred maintenance and capital expenditures of €18.2 per sqm (compared to €31.4 per sqm in the nine-month period ended September 30, 2019), whereas our average like-for-like rental growth of the residential portfolio during the nine-month period ended September 30, 2020 amounted to 1.4%. In the fiscal year ended December 31, 2019, maintenance and capital expenditures amounted to €36.3 per sqm (compared to €39.2 per sqm in 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 investing a significant amount into modernization measures, particularly in residential markets that provide for significant rent upside for refurbished apartments. Due to the current Berlin rent freeze (*Mietendeckel*), this is not the case for our property portfolio located in Berlin. There is no assurance that the targeted rent upside can be realized. Even if the existing real estate portfolio and the real estate properties that we may acquire can be repositioned, modernized and refurbished, such measures could prove to be unsuccessful or ineffective and not result in targeted rent levels. Further, our assumptions in relation to achievable rental levels, rental increases, vacancy rates, modernization costs, personnel (including in-house facility management personnel), overhead expenses, maintenance and capital expenditures may prove to be partially or entirely inaccurate. Furthermore, unforeseen issues or risks could materialize that could result in substantially increased maintenance and capital expenditures, in particular, due to changes in applicable laws and regulations; or we may be unable to resolve such issues or risks at all or not in an economically reasonable manner. Regarding environmental matters relevant to modernizations 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 regulation, may be detrimental to us.*” and “*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.*”.

In the event that a building is subject to historic preservation laws, compliance with the respective historic preservation requirements could significantly delay the refurbishment or modernization process and could result in significantly higher expenses for the particular project. Consequently, we may be unable to perform our obligations to a tenant, which could result in rent to be deferred or not due at all. In addition, legal requirements relating to our properties could become more stringent or onerous, particularly with respect to construction and environmental requirements; similarly, requirements might be imposed to increase the availability of handicapped-accessible and adapted housing.

The realization of any of these risks could 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 acquisition opportunities in order to implement 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 complement our existing portfolio and our current management platform. Between January 1, 2017 and September 30, 2020, we have acquired 4,650 residential real estate units with a total residential area of 322 thousand sqm. Through the completion of the takeover offer for ADLER Real Estate Aktiengesellschaft (“**ADLER Real Estate**” and, together with its consolidated subsidiaries, the “**ADLER Real Estate Group**”), we acquired an additional 58,007 residential real estate units with a total residential area of 3,494,017 sqm. The units we have acquired or will acquire may generate less than the originally calculated rental income or operating profit 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 addressed 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 that 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 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 properties 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 applicable planning laws and building code 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 which may weaken the structural foundations of our acquired properties. In addition, we may not have been able or may be unable to undertake (or obtain results for) all searches (including title and collateral 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, 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 and the closing of the relevant acquisition. Accordingly, such risks can arise despite a thorough due diligence.

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 rental income in relation to an acquired property can develop differently than projected.

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 September 30, 2020, our real estate portfolio comprised 70,741 units (including ground floor commercial units and excluding developments, the commercial portfolio of Brack Capital Properties N.V. and inventories) (excluding parking spaces and other units) units, of which 68,580 were residential units, with a portfolio value of €7.8 billion (excluding developments and sales portfolio (Germany III)). Prior to the completion of the takeover offer for ADLER Real Estate, all of the real estate that ADLER Group S.A. (formerly ADO Properties S.A.) directly and indirectly owned was located in Berlin, and Berlin continues to represent a significant part of our portfolio. 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 September 30, 2020, 27.1% of the total number of residential units owned by the ADLER Group 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.

***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 event of a forced sale, for example, if creditors realize 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 September 30, 2020, 3.9% (by sqm) of our residential units (excluding the properties held for sale) were subject to rent-restrictions that stem from public subsidies. In the nine-month period ended September 30, 2020, rental income from such residential units amounted to €8.5 million (or 3.4% 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 September 30, 2020, approximately 31% (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*). 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 rental income in line with our strategy.

***In the future, the geographic and/or asset type composition of our property portfolio could change due to further acquisitions or divestitures.***

The geographic distribution of our property portfolio has changed in the past year and could further change in the future. The completion (the “**Completion**”) of the combination of the business of ADLER Real Estate AG and its consolidated subsidiaries with the business of ADO Properties S.A. (renamed to ADLER Group S.A.) and its consolidated subsidiaries (the “**Business Combination**”) following the voluntary takeover offer by the Company for all shares in ADLER Real Estate in the form of an exchange offer, as published on February 7, 2020, (the “**ADLER Offer**”) allowed the Company to consolidate the ADLER Real Estate Group's property portfolio in the Company's consolidated financial statements. The geographic distribution of our residential property portfolio as of September 30, 2020 was as follows: Berlin: 19,193 units (51% of gross asset value), Lower-Saxony: 15,631 (15% of gross asset value), North Rhine Westphalia: 12,165 units (13% of gross asset value), Saxony: 9,617 units (9% of gross asset value) with the remainder located in various other federal states.

In addition, we follow an opportunistic approach regarding acquisitions and focus on real estate property that we believe has potential for value increase. 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 may meet our investment criteria. Therefore, 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. As of September 30, 2020, the value of our real estate portfolio was €11.4 billion. In the nine-month period ended September 30, 2020, we derived 63.8% of our revenue from rental activities (including facility services). The success of our business therefore significantly depends on the development of the residential real estate market in Germany.

The average German disposable income per capita increased from €22,334 in 2017 to €23,706 in 2019 (*source: Volkswirtschaftliche Gesamtrechnung der Länder*) and unemployment decreased from 3.8% to 3.1% over the same period (*source: Eurostat—Unemployment*), while our weighted average monthly rent for residential properties decreased from €6.42 (per sqm) in the fiscal year ended December 31, 2017, to €6.25 (per sqm) in the nine-month period ended September 30, 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 €21,689 in Berlin in 2019 and therefore below the national average of €23,779 (*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 were 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 (the “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 could have a negative impact on our business. Any widespread health crisis, including the Coronavirus and future pandemics, could result in our tenants being unable to pay their rents when due or at all, 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.

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 September 30, 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.

Further 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 September 30, 2020, 3.9% (by sqm) of our residential units (excluding the properties held for sale) 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 become increasingly common 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 of 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 as well as force majeure incidents such as the Coronavirus. 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 properties, 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 September 30, 2020, 3.9% (by sqm) of our residential units (excluding the properties held for sale), with a total of 165,191 sqm of residential area, which accounted for 3.4% of the rental income generated over the nine-month period ended September 30, 2020, were subject to certain contractual restrictions, including rent restrictions that stem from public subsidies. 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 services.***

We have implemented a multi-faceted human resource approach to enable flexible management of service volumes by contracting with a large number 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. In connection therewith, we incurred costs of approximately €141.2 million for the nine-month period ended September 30, 2020. 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 approximately 1,843 employees (full-time equivalent) (“FTE”) as of the date of this Offering Memorandum, of which approximately 39 FTE, 1,045 FTE and 287 FTE 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 further services in order to benefit from their expertise and support in the respective areas. 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 for 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 property portfolio contains some commercial units, which are subject to different risks than our residential rental units.***

As of September 30, 2020, 5.6% (by sqm) of our properties contain a total of 2,161 commercial units with a total lettable area of 250,019 sqm, which also includes 15 purely commercial properties with a cumulative lettable commercial area of 18,617 sqm. The commercial portion of our portfolio accounted for 8.0% of our rental income as of September 30, 2020 (compared to approximately 7.6% of our rental income as of December 31, 2019). 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 a dubious 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 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 are required to comply with changing legal or market requirements (e.g. with regard to energy saving), we may be burdened with substantial additional expenses. In Germany, rent increases to compensate for these expenses may only be introduced under certain conditions and rent increases for all modernization projects announced as from January 1, 2019 must not exceed 8% of the total costs incurred in connection with the modernization measures and are 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 per 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 social welfare (*Arbeitslosengeld II, Hartz IV*) and housing subsidies (*Wohngeld*), as is the case for a part of our tenants, to afford these increased rents or otherwise.

During the nine-month period ended September 30, 2020, our maintenance and capital expenditures – on average – amounted to €18.2 per sqm to our overall portfolios, amounting to total costs of approximately €88.5 million in that period. During the nine-month period ended September 30, 2019 these expenditures averaged €31.4 per sqm (corresponding to total costs of approximately €51.8 million during that period). In comparison, our average maintenance and capital expenditures for the fiscal year ended December 31, 2019 amounted to €36.3 per sqm (corresponding to total costs of approximately €58.6 million during that period), which was a decrease compared to average maintenance and capital expenditures of €39.2 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. 63.4% of our residential units were built between 1950 and 2013 and 31.4% were built prior to 1950 (calculated on the basis of the fair value of our residential units as of September 30, 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. Moreover, due to the current Berlin rent freeze (*Mietendeckel*), we have significantly decreased our maintenance and capital expenditure in relation to our property portfolio located in Berlin, which could, in the future, weaken the structural condition of our residential properties at that location.

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 63.8% of our revenue from rental activities (including facility services) in the nine-month period ended September 30, 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 nine-month period ended September 30, 2020, generated 8.0% of our rental income (compared to 7.6% 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 fail.***

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 ADLER 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, as well as certain of our group companies, are subject to certain obligations and restrictions due to the respective listing.***

As of the date of this Offering Memorandum, the Company's shares and ADLER Real Estate's shares are admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard); the shares of WESTGRUND Aktiengesellschaft are included to trading on the open market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and admitted to trading on the regulated market segment (*Primärmarkt*) of the Düsseldorf Stock Exchange (*Börse Düsseldorf*); and the shares of Consus Real Estate AG are included to trading in the Scale segment of the open market segment (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and in the m:access segment of the open market segment (*Freiverkehr*) of the Munich Stock Exchange (*Börse München*). 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*), the Düsseldorf Stock Exchange (*Börse Düsseldorf*) and the Munich Stock Exchange (*Börse München*). These stock listings impose obligations and restrictions 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. Any violation or breach of these laws and regulations could affect the overall reputation of the Company and the Group and, depending on the case, expose the Company, ADLER Real Estate, WESTGRUND Aktiengesellschaft and Consus Real Estate AG to administrative or judicial proceedings, which could result in adverse judgments and administrative fines.

***The 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. On December 24, 2020, the European Union and the United Kingdom reached an agreement in principle on the EU-UK trade and cooperation agreement (the "**Trade and Cooperation Agreement**"). The European Commission proposed Council decisions on the signature and provisional application, and on the conclusion of the Trade and Cooperation Agreement. The European Council, acting by the unanimity of all 27 Member States, will then need to adopt a decision authorizing the signature of the Trade and Cooperation Agreement and its provisional application as of January 1, 2021. There is no certainty that the Trade and Cooperation Agreement will be adopted provisionally or at all. Even with a provisional or final Trade and Cooperation Agreement, the member states of the EU may face 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 ADLER Group's Financial Situation**

*Property valuation is inherently subjective and is based on assumptions that 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 write-down 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. The ADLER Group records 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. The investment properties of the ADLER Group are generally appraised as of June 30 and December 31 of each year. The fair value of the investment properties of the ADLER Group (without the ADLER Real Estate Group) was determined based on valuations undertaken by the external valuer (as defined by the Royal Institution of Chartered Surveyors, RICS Valuation – Professional Standards 2020) CBRE GmbH (“**CBRE**”) as of June 30, 2020 and amounted to €3.7 billion.

The fair value of certain residential rental units owned by the ADLER Real Estate Group, excluding a portfolio held for disposal, certain properties located in Berlin and the residential units of 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 as of September 30, 2020, was determined based on valuations undertaken by CBRE as of September 30, 2020 and amounted to €2.5 billion. The fair value of certain portfolios held for disposal and certain properties located in Berlin owned by the ADLER Real Estate Group was determined based on valuations undertaken by CBRE as of June 30, 2020 and amounted to €1.2 billion. The fair value of the residential rental units of BGP was determined based on valuations undertaken by CBRE as of September 30, 2020 and amounted to €1.1 billion.

Moreover, the fair value of the development projects of the ADLER Real Estate Group as of June 30, 2020 was determined based on valuations undertaken by the external valuer (as defined by the Royal Institution of Chartered Surveyors, RICS Valuation – Professional Standards 2020) apollo valuation & research GmbH (“**NAI Apollo**”) as of June 30, 2020 and amounted to €0.1 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**”), excluding the “Covent Garden” development property, was determined based on valuations undertaken by NAI Apollo as of June 30, 2020 and amounted to €3.0 billion.

Valuations are based on assumptions that could subsequently turn out to be 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 September 30, 2020, the EPRA NAV of our real estate properties amounted to €4,744 million. With effect as from January 1, 2020, EPRA developed new ratios to reflect changes in the regulatory framework in Europe. As a result of these changes, EPRA NAV will be replaced by, among others, a ratio that highlights the value of net assets on a long-term basis, where assets and liabilities that are not expected to crystallize in normal circumstances, such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are excluded and where, in an effort to reflect the value required to rebuild the company, related costs, including real estate transfer taxes, are included (“**EPRA NRV**”). We believe that a significant difference between EPRA NAV and EPRA NRV involves the real estate transfer tax of the properties held. While real estate transfer tax was deducted for property valuation purposes under EPRA NAV, real estate transfer tax is included for property valuation purposes under EPRA NRV in an effort to reflect the low likelihood of property sales in the current market environment. For purposes of comparability, the ADLER Group intends to continue to report EPRA NAV for the fiscal year ending December 31, 2020. As of September 30, 2020, the EPRA NRV of our real estate properties amounted to €5,602 million.

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 be erroneous. In particular, there can be no certainty regarding the potential economic effects and outcomes of the Berlin rent freeze (*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 nine-month period ended September 30, 2020, we recognized a profit due to a change in fair value of investment properties of €189 million, while profit recognized due to a change in fair value of investment properties amounted to €462 million in the fiscal year ended December 31, 2019.

The valuation of real estate is based on multiple 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 will be achieved upon a sale (or purchase) of the properties valued, even where any such transaction occurs 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 could materially impact 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. Due to the current Berlin rent freeze (*Mietendeckel*), we have significantly decreased our maintenance and capital expenditure in relation to our property portfolio located in Berlin, which could lead to higher capex and maintenance expenses in the future in order to safeguard or reestablish the quality of the affected properties and could lead to a decrease of the fair value of our Berlin property portfolio.

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 ADLER 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 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.***

As of September 30, 2020, the total of our existing financial liabilities amounted to €8,291 million. As of the same date, the weighted average interest rate payable for the nominal amount of our financial liabilities was at 3.45% and the weighted average maturity term was 3.1 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 September 30, 2020, more than half of our 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 financings 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 equity or 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 a stable outlook by Moody's Investors Service Ltd. ("**Moody's**"). Consus Real Estate is assigned a long-term issuer credit rating of "BB-" 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 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 Consus Real Estate Acquisition (as defined below) 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 financings 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 and 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 September 30, 2020, the total of our existing financial liabilities amounted to €8,291 million. As of the same date, the weighted average interest rate payable for the nominal amount of our financial liabilities was at 3.45% and the weighted average maturity term was 3.1 years. As of the same date, €3,606 million of this amount was due until the end of 2022, €2,544 million between 2023 and the end of 2024, and €2,021 million from 2025. As of the date of the Offering Memorandum, €370,786,980 are drawn under the Bridge Facility (as defined below). Additionally, on August 3, 2020, the Company issued €400 million 3.25% fixed rate senior unsecured notes maturing on August 5, 2025 and, on November 13, 2020, the Company issued €400 million 2.75% fixed rate senior unsecured notes maturing on November 13, 2026. We are currently negotiating various debt maturity extensions and any failure to achieve such extensions could require us to seek other financing sources. We may also 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 September 30, 2020, the total of our existing financial liabilities amounted to €8,291 million. As of the same date, the weighted average interest rate payable for the nominal amount of our financial liabilities was at 3.45% and the weighted average maturity term was 3.1 years. As of the same date, €3,606 million of this amount was due until the end of 2022, €2,544 million between 2023 and the end of 2024, and €2,021 million from 2025. As of September 30, 2020, our LTV-Ratio was 54.1%, compared to a LTV-Ratio of 23.0% as of September 30, 2019, with the increase 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**”) and the first-time consolidation of ADLER Real Estate. 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 September 30, 2020, 63.1% 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 September 30, 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 no coverage for losses that are excluded and limited coverage for losses 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 limitations 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 properties could be financed by taking on additional debt or by issuing new shares or by a combination thereof. If we are unable to obtain the necessary financing on reasonable terms, we may be unable to make further acquisitions or may be able to do so only to a limited extent. We may take on a significant amount of additional debt in connection with future acquisitions. As of September 30, 2020, the EPRA NRV of our real estate portfolio amounted to €5,602 million and the LTV-Ratio was 54.1%. Any additional debt incurred in connection with future acquisitions could have a significant negative impact on our performance indicators EPRA NRV 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 required 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 September 30, 2020, a part of our loans that carried a variable interest rate, totaling a book value of €122 million, was 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 an indication 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 Company has recorded substantial goodwill, which could be subject to impairments.***

As of September 30, 2020, the ADLER Group has recorded goodwill in the amount of €574 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. The Company's first-time allocation of goodwill to cash generating units has not yet been completed due to the ongoing integration of Consus Real Estate. The first annual impairment testing is expected to be performed in 2021. For purposes of impairment testing following an acquisition, goodwill is allocated to a cash-generating unit (usually a country or a region) that is expected to benefit from the synergies of the acquisition. In testing goodwill, economic factors play an important role, including the global economic development or interest rates. Any negative development in relation to economic factors could necessitate an impairment test and require us 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 or the occurrence of other significant events or changes in circumstances will not result in a significant goodwill impairment.

***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 were 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 September 30, 2020, 3.9% (by sqm) of our residential units (excluding the properties held for sale) were subject to rent restrictions that stem from public subsidies, accounting for 3.4% 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 and reduce rents in Berlin to a certain rental price limit by introducing new laws applicable 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 "**Berlin Rent Limitation Law**") which entered into force on February 23, 2020. The Berlin Rent Limitation Law requires that the rents for living space in Berlin (except for subsidized and newly built living space) are capped at the level of the rents as of the reference date on June 18, 2019. Moreover, as of November 23, 2020 rents for existing leases have to be reduced by the landlords to the applicable rent limitation under the Berlin Rent Limitation Law. Furthermore, the Berlin Rent Limitation Law stipulates, among other things, that the administration can take action *ex officio* against landlords in the event of violations of the permitted rent amount. An application by the tenant to lower the rent to the permissible level is not required. Furthermore, violations of the rent freeze in connection with existing rents and future rent increases, insofar as these exceed the limits permitted by the rent freeze constitute administrative offenses. Such violations already occur when the landlord accepts a rent that exceeds the amount permitted under the Berlin Rent Limitation Law. Such administrative offenses are punishable by fines of up to €500,000 per individual case. In case we have agreed on provisions in individual or a multitude of cases in connection with our approximately 16,875 existing leases as of September 30, 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 ADLER Group and the ADLER Real Estate Group combined generated approximately €203 million rental income in the nine-month period September 30, 2020, or 28.8% of its total net rental income in the nine-month period ended September 30, 2020, exposed to the "*Mietendeckel*" regulation. We expect the combined impact of such regulation to result in a decrease of rental income in the amount of approximately €1.2 million for 2020 and €9.4 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 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 German Building Energy Act (*Gebäudeenergiegesetz*) 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. Furthermore, the German Federal Parliament (*Bundestag*) is currently in the process of implementing the German Building Electromobility Infrastructure Act (*Gebäude-Elektromobilitätsinfrastruktur-Gesetz*) (the "GEIG") to implement the EU Building Directive 2018/844 into national law. According to the GEIG, new residential buildings or existing residential buildings that undergo a significant renovation (*i.e.*, a renovation that affects over 25% of the surface of the building shell) and that have more than ten parking spaces, must ensure that such parking spaces are equipped with electric charging capabilities.

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. This regulation expired on March 13, 2020, but was renewed on the same date. 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 within seven years following the conversion. 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, 64 areas of Berlin are defined as milieu protection areas (*Milieuschutzgebiete*), within which 6,239 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 September 30, 2020, we have cumulatively entered into approximately 170,000 lease agreements with more than 188,000 parties and, as a result thereof, have 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 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 September 30, 2020, 2,158 units of our real estate portfolio, accounting for 7.6% 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 September 30, 2020, we are the lessor under approximately 84,000 lease agreements with our 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 September 30, 2020, 4.5% of our residential real estate units (by sqm) and 4.1% of our commercial real estate units (by sqm) were identified as containing 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 “—*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.*”), 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. 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 nine-month period ended September 30, 2020 and the fiscal year ended December 31, 2019, we have sold 20 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 and responded to 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 ADLER 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 group 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 €69.5 million for trade tax (“**TT**”) purposes. The aggregate amount of Tax Losses for 193 group companies for the fiscal year ended December 31, 2018 was €149 million for CIT purposes and €90.7 million for TT purposes. Final data regarding Tax Losses following the fiscal year ended December 31, 2018 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, 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) and Israel. 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) and Israel. 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. For example, due to the Coronavirus, the managing directors of ADO Group Ltd. were residing in Germany and could not travel to Israel. Therefore, all management decisions were taken in Germany and not Israel during that period and the Israeli tax authority may come to the conclusion that this circumstance may trigger an Israeli exit-tax. Furthermore, we are required to file tax declarations in Luxembourg, Germany and further countries of the European Union as well as Israel, 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 ADLER 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 was announced at the end of 2019 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. It is currently unclear if and to which extent such changes will enter into force at a later stage potentially with retroactive effect.

Moreover, we are currently implementing certain corporate restructuring measures in light of the proposed changes to the RETT laws in Germany. However, there can be no assurance that we will be able to implement these measures as intended. In addition, we may incur additional costs and be exposed to transactional and legal risks as a result of the implementation of such measures.

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**

*The integration of the ADLER Real Estate Group into the ADLER 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 Real Estate Group is being integrated into the ADLER Group (the “**Integration**”). We expect the Integration to be a multi-year process that requires significant human and financial resources. The successful integration of the existing workforces, IT systems, corporate cultures and corporate structures and the introduction of joint processes 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 Real Estate Group. We and the ADLER Real Estate Group could be confronted with a variety of difficulties during the process of the Integration, including, among others:

- The administration of a significantly larger 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;
- 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;
- 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 Real Estate 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 ADLER 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 ADLER 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 ADLER Group. In addition to operational synergies, the Company expects certain financing synergies in relation to ADLER Real Estate's current indebtedness. In addition, synergies and economies of scale could also be realized by implementing certain corporate measures and intra-group transactions, including a debt-to-equity swap at the level of ADLER Real Estate Group as announced on October 2, 2020. However, such measures and transactions could be challenged by the Company's shareholders or third parties. As a result, there is no assurance that the Company will be able to implement such corporate measures and transactions as originally planned or at all. For example, on October 15, 2020, the Company received a copy of a letter by a certain minority shareholder of ADLER Real Estate to the local court (*Amtsgericht*) of Charlottenburg, arguing that the announced debt-to-equity swap should, in its view, not be implemented. The local court has delayed such implementation to give the minority shareholder an opportunity to file an action for declaratory relief, which may be barred by the applicable statute of limitations for such actions. Additionally, the costs incurred with the realization of these synergies could be higher than currently estimated by the Company. 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.

***Shareholders of ADLER Real Estate that did not accept the ADLER Offer may take measures to delay or prevent future plans or measures to facilitate 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 4.9% 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 (see also “—*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.*”). 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.

***The Pro Forma Consolidated Financial Information of the ADLER Group is only provided for assessment purposes and is no indicator for the future business-, asset-, financial- and earnings situation of the ADLER 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 ADLER Group. The *Pro Forma* Consolidated Financial Information is based on historical consolidated financial statements of the Company and, *inter alia*, on the historical 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 ADLER Offer, the Business Combination and the Consus Real Estate Acquisition (as defined below) and a €450 million rights issue of the Company (the “**Rights Issue**”) had taken place as of January 1, 2019. Additionally, the *Pro Forma* Consolidated Financial Information is in part based on estimates of costs that the Company is incurring 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, there are adjustments, assumptions and estimates underlying the *Pro Forma* Consolidated Financial Information that could prove incorrect or inaccurate.

### **Risks related to the Consus Real Estate Acquisition**

*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.*

The Company acquired a majority stake in Consus Real Estate in several steps: 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, increased to 25.75% due to the fact that ADLER Real Estate held 3.57% in Consus Real Estate prior to the Completion. On June 29, 2020, the Company exercised its call option under the 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 settlement of the call option exercise under the Call/Put-Option Agreement occurred by transfer of the newly issued shares in the Company and transfer of the Company’s existing shares previously indirectly held by ADLER Real Estate (the “**Consus Real Estate Acquisition**”).

On December 13, 2020, the Company announced that it has resolved to further increase its stake in Consus Real Estate, which, at that time, amounted to approximately 65.0%. As part of a capital increase against contribution in kind, the Company acquired shares in Consus Real Estate from certain other shareholders of Consus Real Estate at an exchange ratio of 0.272 new shares of the Company for each share of Consus Real Estate by way of contributing 46,780,535 shares of Consus Real Estate in exchange for 12,724,303 new shares of the Company (the “**Consus Increase**”). Following the completion of the Consus Increase, ADLER held a stake of approximately 94.0% in Consus Real Estate. Against this background, the Company had decided to currently not pursue the voluntary public tender offer in the form of an exchange offer to all Consus shareholders. However, the Company may seek to further increase its shareholding in Consus going forward.

The Consus Real Estate Acquisition and the Consus Increase is 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 that is 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 will be realized in full or at all. Prior to the Consus Real Estate 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 its internal business operations and financial reporting, 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 Increase. 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 purchase its participation in the joint venture in a multi-step procedure. In connection therewith, we could incur additional costs and be exposed to transactional and legal risks.

*The Consus Real Estate Acquisition exposes us 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. The Company may overestimate the value of and/or the business



opportunities of or associated with the Consus Real Estate Acquisition 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 and profitability is the ability to identify and, at financially attractive 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. 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, lack of availability and increases in the costs of building materials, adverse events affecting contractors and sub-contractors (e.g. their employees not being granted entry into Germany due to the Coronavirus or their insolvency), increases in the costs of professional service providers, unidentified property defects, and unforeseen technical and ground conditions. In particular, higher building costs than expected may arise due to the current 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, negatively affect 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. Such forward sales can, in general, be delayed due to economic uncertainty and the willingness of institutional purchasers to invest may decline in an economic environment shaped by the Coronavirus. If Consus Real Estate is unable to enter into forward sale agreements, even after letters of intent were negotiated or agreed, or fulfill its obligations under the forward sale agreements by completing the respective project development as planned, that would permit it to refinance the acquisition costs and finance the development of a project, 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. Institutional purchasers are generally entitled to withdraw from the forward sale agreement if Consus Real Estate does not meet the agreed milestones, irrespective of the reasons, including delays related to the Coronavirus. For example, in October 2020, Consus Real Estate was notified that one institutional purchaser withdrew from its purchase of 205 residential apartments in the Vitopia-Campus Kaiserlei due to construction delays. 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 the 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 the 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 to be generated from the portfolio.

***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 other 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 September 30, 2020, Consus Real Estate's total financing liabilities amounted to €3,007 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.

***We may face additional legal risks in relation to development projects in connection with the Consus Real Estate 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. Adapting to future regulations could require implementing extensive modernization measures which, in turn, may require the grant of building permits to be 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 Consus Real Estate Acquisition could have led 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*) 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 "*Risks related to the ADLER Group's Tax Structure—We are subject to the tax environment in Luxembourg, Germany and further countries of the European Union (Netherlands, Denmark, Malta and Ireland) and Israel. 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 “—Risks related to the ADLER Group’s Tax Structure—We are exposed to real estate transfer taxes (RETT).”.*

***The synergies expected as a result of the Consus Real Estate Acquisition and the integration of the Consus Group into the ADLER Group could not be fully realized or not realized at all.***

Following the Consus Real Estate Acquisition, the ADLER Group will seek to benefit from various synergy effects in connection therewith, e.g., a combined management organization, combined back office, streamlined local operations and reduced overhead costs. In connection with the Consus Real Estate Acquisition, the current expectation of an illustrative development FFO contribution for 2020 is between €50 million and €80 million before cumulative financing synergies of €77 million to €86 million by the end of 2021, by way of significant reduction of mezzanine and junior debt, and operating synergies of €13 million to €18 million within the next 12 to 24 months (following the Consus Real Estate Acquisition), resulting in total cumulative synergies of €90 million to €104 million by the end of 2021 with a corresponding positive effect on our pre-tax FFO. 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 approximately €130 million (annualized interest expense of €80 million adjusted for €11 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 ADLER 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 ADLER 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.

***Holder of Notes ("Holder") 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.

***Holder 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.

***Holder 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 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. 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 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 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. 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.***

Each Series of 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 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 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, 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 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 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 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 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 TRANCHE 1 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 (ISIN: XS2283224231) (die „<b>Schuldverschreibungen</b>“) der ADLER Group 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 „<b>Emittentin</b>“), wird am 14. Januar 2021 (der „<b>Begebungstag</b>“) im Gesamtnennbetrag von € 700.000.000 (in Worten: siebenhundert Millionen Euro) in einer Stückelung von € 100.000 (die „<b>Festgelegte Stückelung</b>“) 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 „<b>Vorläufige Globalurkunde</b>“) ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die „<b>Dauerglobalurkunde</b>“) und, zusammen mit der Vorläufigen Globalurkunde, die „<b>Globalurkunden</b>“) 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 (ISIN: XS2283224231) (the “<b>Notes</b>”) of ADLER Group 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 “<b>Issuer</b>”), is being issued in the aggregate principal amount of €700,000,000 (in words: seven hundred million Euro) in a denomination of €100,000 each (the “<b>Specified Denomination</b>”) on January 14, 2021 (the “<b>Issue Date</b>”).</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 “<b>Temporary Global Note</b>”) without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the “<b>Permanent Global Note</b>”) and, together with the Temporary Global Note, the “<b>Global Notes</b>”) 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.

(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.

(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 Gesamtnennbetrags der durch die Globalurkunde verbrieften

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) 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 40<sup>th</sup> 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) *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 represented by the Global Note and, for these purposes, a statement issued by an ICSD

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 Staaten**“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich

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**“ 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,

Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und den Northern Mariana Islands).

American Samoa, Wake Island and Northern Mariana Islands).

## § 2 STATUS

## § 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.

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 NEGATIVVERPFLICHTUNG

## § 3 NEGATIVE PLEDGE

(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 Verbriefter 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.

(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
- (3) *Provision of Security.* Whenever the Issuer becomes obligated to secure (or procure that a Material Subsidiary secures) the Notes



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.

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 14. Januar 2021 (der „**Verzinsungsbeginn**“) (einschließlich) mit 1,875 % p.a. bis zum Fälligkeitstag (ausschließlich). Die Zinsen sind jährlich nachträglich am 14. Januar zahlbar (jeweils ein „**Zinszahlungstag**“). Die erste Zinszahlung erfolgt am 14. Januar 2022.
- (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 Verzugszins<sup>1</sup> verzinst. Die Geltendmachung eines weitergehenden Schadens im Falle eines Zahlungsverzugs ist nicht ausgeschlossen.
- (3) *Berechnung der Zinsen.* Sind Zinsen für einen Zeitraum zu berechnen, der kürzer ist als die Zinsperiode (wie in diesem Absatz (3) definiert), werden die Zinsen auf Grundlage

#### § 4 INTEREST

- (1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of 1.875% *per annum* from (and including) January 14, 2021 (the “**Interest Commencement Date**”) to (but excluding) the Maturity Date. Interest shall be payable annually in arrear on January 14 (each such date, an “**Interest Payment Date**”). The first payment of interest shall be made on January 14, 2022.
- (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 law<sup>2</sup>. Claims for further damages in case of late payment are not excluded.
- (3) *Calculation of Interest.* 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

<sup>1</sup> 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.

<sup>2</sup> 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.

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.

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).

„**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

- (1) *Zahlung von Kapital und Zinsen.* 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).
- (2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften werden auf die Schuldverschreibungen fällige Zahlungen in Euro geleistet.
- (3) *Erfüllung.* Die Emittentin wird durch Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.
- (4) *Geschäftstag.* 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 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

## § 5 PAYMENTS

- (1) *Payment of Principal and Interest.* 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).
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in euro.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (4) *Business Day.* 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 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

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 14. Januar 2026 (dem „Fälligkeitstag“) zurückgezahlt. Der „Rückzahlungsbetrag“ einer jeden Schuldverschreibung entspricht dabei ihrem Nennbetrag.
- (2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen 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

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

- (1) *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 January 14, 2026 (the “Maturity Date”). The “Final Redemption Amount” in respect of each Note shall be its principal amount.
- (2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment 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,

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.

(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 14. Oktober 2025 (der „Erste

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) *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 October 14, 2025 (the “**First Call Date**”) to the Maturity Date at

**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 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

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 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.

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 45 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.

„**Referenzanleihe**“ ist die Euro Referenz-Anleihe der Bundesrepublik Deutschland fällig im Oktober 2025 mit ISIN DE0001141828 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.

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 45 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.

“**Benchmark Security**” means the euro denominated benchmark debt security of the Federal Republic of Germany due October 2025, carrying ISIN DE0001141828, 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.

„**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

(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

„**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) 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*

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 des ADLER Konzerns).

„**ADLER Konzern**“ bezeichnet ADLER Group 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) (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)).

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 ADLER Group) acting in concert otherwise acquires Control.

“**ADLER Group**” means ADLER Group 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.

- (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) 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 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.
- (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.
- (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
- (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

Schuldverschreibungen insgesamt, aber nicht teilweise, zum Nennbetrag zuzüglich bis zum tatsächlichen Rückzahlungstag (ausschließlich) nicht gezahlter, aufgelaufener Zinsen zurückzuzahlen.

**§ 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  
Luxemburg

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 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

unpaid interest accrued to (but excluding) the date of actual redemption.

**§ 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 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.

- (3) *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

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
  - (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
  - (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

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
  - (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) 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 (*Einkommensteuergesetz*) or any future successor provision of that

Nachfolgeregelung zu dieser Vorschrift anfallen; d.h. in diesem Fall sind keine Zusätzlichen Beträge zu zahlen); oder

- (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
- (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 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

section, i.e. no Additional Amounts shall be payable in this case), or

- (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) 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 (*Relibi Law*)), or
- (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

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

- (g) die Nachlasssteuern, Erbschaftsteuern, Schenkungsteuern, Umsatzsteuern, Verbrauchsteuern, Verkehrsteuern, 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.

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

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

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) 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),

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

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.

berechtigt gewesen wäre, wenn er selbst Gläubiger der Schuldverschreibungen wäre.

*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.

- (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 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.

*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) *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 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.

## § 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

## § 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

### 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**”:

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   | (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) 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  | (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, <i>Bürgerliches Gesetzbuch</i> ) thereof in the manner set forth in paragraph (2) from a Holder to perform such obligation; or   |
| (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 | (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 |
| (d) die Emittentin gibt ihre Zahlungsunfähigkeit bekannt oder stellt ihre Zahlungen generell ein; oder  | (d) the Issuer announces its inability to meet its financial obligations or ceases its payments generally; or  |

- |   |   |
|---|---|
| <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>(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>Kündigungserklärungen.</i> Eine Erklärung eines Gläubigers (i) gemäß Absatz (1)(b) oder (ii) zur Kündigung seiner Schuldverschreibungen gemäß diesem § 10 (eine „<b>Kündigungserklärung</b>“) 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.</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 “<b>Termination Notice</b>”) shall be made by means of a declaration made in text form (section 126b of the German Civil Code, <i>Bürgerliches Gesetzbuch</i>) 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.</p> |
| <p>(3) <i>Heilung.</i> 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.</p>   | <p>(3) <i>Cure.</i> 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.</p>  |
| <p>(4) <i>Quorum.</i> 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.</p>   | <p>(4) <i>Quorum.</i> 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.</p>  |

**§ 11  
VERPFLICHTUNGSERKLÄRUNGEN**

- (1) *Beschränkungen für das Eingehen von Finanzverbindlichkeiten.* Die Emittentin verpflichtet sich, nach dem Begebungstag

**§ 11  
COVENANTS**

- (1) *Limitations on the Incurrence of Financial Indebtedness.* The Issuer undertakes that it will not, and will procure that none of its



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 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

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 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

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 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
- (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, (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

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

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

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| <p>(2) <i>Berichte.</i> Solange Schuldverschreibungen ausstehen, veröffentlicht die Emittentin die folgenden Angaben auf ihrer Internetseite:</p> <p>(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</p> <p>(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</p> | <p>(2) <i>Reports.</i> For so long as any Notes are outstanding, the Issuer shall post on its website,</p> <p>(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</p> <p>(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</p> |
|---|---|

Übereinstimmung mit den Anforderungen der Frankfurter Wertpapierbörse.

## § 12 ERSETZUNG

- (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 mit den Schuldverschreibungen einzusetzen, vorausgesetzt, dass:
- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin im Zusammenhang mit den Schuldverschreibungen rechtswirksam übernimmt;
  - (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;
  - (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

the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

## § 12 SUBSTITUTION

- (1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal 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:*
- (a) the Substitute Debtor, in a manner legally effective, assumes all obligations of the Issuer in respect of the Notes;
  - (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) 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

- sein, die in dem Land erhoben werden, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz hat oder steuerlich ansässig ist;
- (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;
- (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
- of the payment obligations arising under the Notes;
- (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) 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

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 Garantie aus irgendeinem Grund unwirksam ist oder wird.

- (4) *Weitere Ersetzungen.* 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.

### § 13 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

- (1) *Begebung weiterer Schuldverschreibungen.* 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.
- (2) *Ankauf.* 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,

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.

- (4) *Further Substitution.* 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 *provided that* all the provisions specified in paragraphs (1) to (3) above shall apply, *mutatis mutandis*, 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, *provided that* in no event shall any substitution under this § 12 have the effect of releasing the Issuer from any of its obligations under its Guarantee.

### § 13 FURTHER ISSUES, PURCHASES AND CANCELLATION

- (1) *Further Issues.* 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) *Purchases.* 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,

weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden.

- (3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

#### § 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

be held, resold or surrendered to the Paying Agent for cancellation.

- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

#### § 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

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 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

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 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*



Versammlung gilt Absatz (4) Satz 3 entsprechend.

- (7) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der „**Gemeinsame 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.adler-group.com](http://www.adler-group.com) 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

*mutandis* to the Holders' registration for a second meeting.

(7) *Holder's Representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative (the “**Holder's Representative**”), the duties and responsibilities and the powers of such Holder's Representative, the transfer of the rights of the Holders to the Holder's Representative and a limitation of liability of the Holder's Representative. Appointment of a Holder's Representative may only be passed by a Qualified Majority if such Holder's 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.adler-group.com](http://www.adler-group.com) 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.

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 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.
- (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 (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 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.

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

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

„**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-

„**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).

„**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

<p>Fazilitäten, die der Emittentin oder einer Tochtergesellschaft von Finanzinstituten gewährt werden oder gewährt werden sollen 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>available by financial institutions to the Issuer or a Subsidiary under which the Issuer or the respective Subsidiary may request the 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>„<b>Garantie</b>“ hat die diesem Begriff in § 12(1)(e) zugewiesene Bedeutung.</p>	<p>„<b>Guarantee</b>“ has the meaning assigned to such term in § 12(1)(e).</p>
<p>„<b>Garantin</b>“ hat die diesem Begriff in § 12(1)(e) zugewiesene Bedeutung.</p>	<p>„<b>Guarantor</b>“ has the meaning assigned to such term in § 12(1)(e).</p>
<p>„<b>Gemeinsamer Vertreter</b>“ hat die diesem Begriff in § 14(7) zugewiesene Bedeutung.</p>	<p>„<b>Holders’ Representative</b>“ has the meaning assigned to such term in § 14(7).</p>
<p>„<b>Geschäftstag</b>“ hat die diesem Begriff in § 5(4) zugewiesene Bedeutung.</p>	<p>„<b>Business Day</b>“ has the meaning assigned to such term in § 5(4).</p>
<p>„<b>Gläubiger</b>“ hat die diesem Begriff in § 1(6) zugewiesene Bedeutung.</p>	<p>„<b>Holder</b>“ has the meaning assigned to such term in § 1(6).</p>
<p>„<b>Gläubiger-Ausübungserklärung</b>“ hat die diesem Begriff in § 6(5)(c) zugewiesene Bedeutung.</p>	<p>„<b>Put Notice</b>“ has the meaning assigned to such term in § 6(5)(c).</p>
<p>„<b>Gläubiger-Rückzahlungswahlrecht</b>“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.</p>	<p>„<b>Put Option</b>“ has the meaning assigned to such term in § 6(5)(a).</p>
<p>„<b>Gläubigerwahl-Rückzahlungsereignis-Mitteilung</b>“ hat die diesem Begriff in § 6(5)(b) zugewiesene Bedeutung.</p>	<p>„<b>Put Event Notice</b>“ has the meaning assigned to such term in § 6(5)(b).</p>
<p>„<b>Globalurkunden</b>“ hat die diesem Begriff in § 1(3)(a) zugewiesene Bedeutung.</p>	<p>„<b>Global Notes</b>“ has the meaning assigned to such term in § 1(3)(a).</p>
<p>„<b>Gruppe</b>“ bezeichnet die Emittentin und ihre Tochtergesellschaften.</p>	<p>„<b>Group</b>“ means the Issuer together with its Subsidiaries.</p>

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

„**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 aufgenommener 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“ 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

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

„**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” (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).

(jeweils vorbehaltlich der Bestimmungen in diesen Anleihebedingungen).

„**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 Wirkung) oder im Rahmen der gewöhnlichen Geschäftstätigkeit entstehen;

„**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;

- |       |   |       |  |
|-------|---|-------|--|
| (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.

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

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

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



„**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.

“**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.
- (2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.
- (3) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, ist nicht ausschließlicher

## § 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) *Place of Performance.* Place of performance is Frankfurt am Main, Federal Republic of Germany.
- (3) *Place of Jurisdiction.* Subject to any mandatory jurisdiction for specific proceedings under the SchVG, the courts of Frankfurt am Main, Federal Republic of

Gerichtsstand für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren Frankfurt am Main, Bundesrepublik Deutschland.

- (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 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

Germany, will have non-exclusive jurisdiction for any actions or other legal proceedings arising out of or in connection with the Notes.

- (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.

**§ 18  
LANGUAGE**

These Terms and Conditions are written in the German language and provided with an English

ist beigefügt. Nur die deutsche Fassung ist rechtlich bindend. Die englische Übersetzung ist unverbindlich.

language translation. The German version shall be the only legally binding version. The English translation is for convenience only.

## TERMS AND CONDITIONS OF THE TRANCHE 2 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 (ISIN: XS2283225477) (die „<b>Schuldverschreibungen</b>“) der ADLER Group 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 „<b>Emittentin</b>“), wird am 14. Januar 2021 (der „<b>Begebungstag</b>“) im Gesamtnennbetrag von € 800.000.000 (in Worten: achthundert Millionen Euro) in einer Stückelung von € 100.000 (die „<b>Festgelegte Stückelung</b>“) 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 „<b>Vorläufige Globalurkunde</b>“) ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die „<b>Dauerglobalurkunde</b>“) und, zusammen mit der Vorläufigen Globalurkunde, die „<b>Globalurkunden</b>“) 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 (ISIN: XS2283225477) (the “<b>Notes</b>”) of ADLER Group 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 “<b>Issuer</b>”), is being issued in the aggregate principal amount of €800,000,000 (in words: eight hundred million Euro) in a denomination of €100,000 each (the “<b>Specified Denomination</b>”) on January 14, 2021 (the “<b>Issue Date</b>”).</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 “<b>Temporary Global Note</b>”) without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the “<b>Permanent Global Note</b>”) and, together with the Temporary Global Note, the “<b>Global Notes</b>”) 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.

(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.

(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 Gesamtnennbetrags der durch die Globalurkunde verbrieften

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) 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 40<sup>th</sup> 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) *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 represented by the Global Note and, for these purposes, a statement issued by an ICSD

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 Staaten**“ die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich

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**“ 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,

Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und den Northern Mariana Islands).

American Samoa, Wake Island and 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.

## § 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 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 Verbriefter 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.

## § 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
- (3) *Provision of Security.* Whenever the Issuer becomes obligated to secure (or procure that a Material Subsidiary secures) the Notes



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.

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 14. Januar 2021 (der „**Verzinsungsbeginn**“) (einschließlich) mit 2,250 % p.a. bis zum Fälligkeitstag (ausschließlich). Die Zinsen sind jährlich nachträglich am 14. Januar zahlbar (jeweils ein „**Zinszahlungstag**“). Die erste Zinszahlung erfolgt am 14. Januar 2022.
- (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 Verzugszins<sup>3</sup> verzinst. Die Geltendmachung eines weitergehenden Schadens im Falle eines Zahlungsverzugs ist nicht ausgeschlossen.
- (3) *Berechnung der Zinsen.* Sind Zinsen für einen Zeitraum zu berechnen, der kürzer ist als die Zinsperiode (wie in diesem Absatz (3) definiert), werden die Zinsen auf Grundlage

#### § 4 INTEREST

- (1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of 2.250% *per annum* from (and including) January 14, 2021 (the “**Interest Commencement Date**”) to (but excluding) the Maturity Date. Interest shall be payable annually in arrear on January 14 (each such date, an “**Interest Payment Date**”). The first payment of interest shall be made on January 14, 2022.
- (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 law<sup>4</sup>. Claims for further damages in case of late payment are not excluded.
- (3) *Calculation of Interest.* 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

<sup>3</sup> 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.

<sup>4</sup> 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.

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.

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).

„**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

- (1) *Zahlung von Kapital und Zinsen.* 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).
- (2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften werden auf die Schuldverschreibungen fällige Zahlungen in Euro geleistet.
- (3) *Erfüllung.* Die Emittentin wird durch Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.
- (4) *Geschäftstag.* 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 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

## § 5 PAYMENTS

- (1) *Payment of Principal and Interest.* 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).
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in euro.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (4) *Business Day.* 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 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

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 14. Januar 2029 (dem „Fälligkeitstag“) zurückgezahlt. Der „Rückzahlungsbetrag“ einer jeden Schuldverschreibung entspricht dabei ihrem Nennbetrag.
- (2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen 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

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 January 14, 2029 (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 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,

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.

(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 14. Oktober 2028 (der „Erste

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) *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 October 14, 2028 (the “**First Call Date**”) to the Maturity Date at

**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 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

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 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.

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.

„**Referenzanleihe**“ ist die Euro Referenz-Anleihe der Bundesrepublik Deutschland fällig im August 2028 mit ISIN DE0001102457 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.

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.

“**Benchmark Security**” means the euro denominated benchmark debt security of the Federal Republic of Germany due August 2028, carrying ISIN DE0001102457, 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.

„**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

(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

„**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) 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*

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 des ADLER Konzerns).

„**ADLER Konzern**“ bezeichnet ADLER Group 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) (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)).

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 ADLER Group) acting in concert otherwise acquires Control.

“**ADLER Group**” means ADLER Group 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.

- (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) 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 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.
- (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.
- (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
- (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

Schuldverschreibungen insgesamt, aber nicht teilweise, zum Nennbetrag zuzüglich bis zum tatsächlichen Rückzahlungstag (ausschließlich) nicht gezahlter, aufgelaufener Zinsen zurückzuzahlen.

**§ 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 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

unpaid interest accrued to (but excluding) the date of actual redemption.

**§ 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 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.

- (3) *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

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
  - (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
  - (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

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
  - (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) 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 (*Einkommensteuergesetz*) or any future successor provision of that

Nachfolgeregelung zu dieser Vorschrift anfallen; d.h. in diesem Fall sind keine Zusätzlichen Beträge zu zahlen); oder

- (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
- (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 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

section, i.e. no Additional Amounts shall be payable in this case), or

- (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) 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 (*Relibi Law*)), or
- (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

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

- (g) die Nachlasssteuern, Erbschaftsteuern, Schenkungsteuern, Umsatzsteuern, Verbrauchsteuern, Verkehrsteuern, 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.

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

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

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) 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),

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

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.

berechtigt gewesen wäre, wenn er selbst Gläubiger der Schuldverschreibungen wäre.

*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.

- (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 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.

*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) *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 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.

## § 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

## § 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

### 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**”:

verlangen. Jedes der folgenden Ereignisse stellt einen „Kündigungsgrund“ dar:

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| (a) Die Emittentin zahlt auf die Schuldverschreibungen fällige Kapital- oder Zinsbeträge oder sonstige Beträge nicht innerhalb von 20 Tagen nach Fälligkeit; oder   | (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) 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  | (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, <i>Bürgerliches Gesetzbuch</i> ) thereof in the manner set forth in paragraph (2) from a Holder to perform such obligation; or   |
| (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 | (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 |
| (d) die Emittentin gibt ihre Zahlungsunfähigkeit bekannt oder stellt ihre Zahlungen generell ein; oder  | (d) the Issuer announces its inability to meet its financial obligations or ceases its payments generally; or  |

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| <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>(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>Kündigungserklärungen.</i> Eine Erklärung eines Gläubigers (i) gemäß Absatz (1)(b) oder (ii) zur Kündigung seiner Schuldverschreibungen gemäß diesem § 10 (eine „<b>Kündigungserklärung</b>“) 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.</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 “<b>Termination Notice</b>”) shall be made by means of a declaration made in text form (section 126b of the German Civil Code, <i>Bürgerliches Gesetzbuch</i>) 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.</p> |
| <p>(3) <i>Heilung.</i> 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.</p>   | <p>(3) <i>Cure.</i> 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.</p>  |
| <p>(4) <i>Quorum.</i> 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.</p>   | <p>(4) <i>Quorum.</i> 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.</p>  |

**§ 11  
VERPFLICHTUNGSERKLÄRUNGEN**

- (1) *Beschränkungen für das Eingehen von Finanzverbindlichkeiten.* Die Emittentin verpflichtet sich, nach dem Begebungstag

**§ 11  
COVENANTS**

- (1) *Limitations on the Incurrence of Financial Indebtedness.* The Issuer undertakes that it will not, and will procure that none of its



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 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

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 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

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 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
- (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, (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

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

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

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| <p>(2) <i>Berichte.</i> Solange Schuldverschreibungen ausstehen, veröffentlicht die Emittentin die folgenden Angaben auf ihrer Internetseite:</p> <p>(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</p> <p>(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</p> | <p>(2) <i>Reports.</i> For so long as any Notes are outstanding, the Issuer shall post on its website,</p> <p>(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</p> <p>(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</p> |
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Übereinstimmung mit den Anforderungen der Frankfurter Wertpapierbörse.

## § 12 ERSETZUNG

- (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 mit den Schuldverschreibungen einzusetzen, vorausgesetzt, dass:
- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin im Zusammenhang mit den Schuldverschreibungen rechtswirksam übernimmt;
- (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;
- (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

the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

## § 12 SUBSTITUTION

- (1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal 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:*
- (a) the Substitute Debtor, in a manner legally effective, assumes all obligations of the Issuer in respect of the Notes;
- (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) 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

- sein, die in dem Land erhoben werden, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz hat oder steuerlich ansässig ist;
- (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;
- (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
- of the payment obligations arising under the Notes;
- (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) 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

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 Garantie aus irgendeinem Grund unwirksam ist oder wird.

- (4) *Weitere Ersetzungen.* 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.

### § 13 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

- (1) *Begebung weiterer Schuldverschreibungen.* 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.
- (2) *Ankauf.* 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,

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.

- (4) *Further Substitution.* 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 *provided that* all the provisions specified in paragraphs (1) to (3) above shall apply, *mutatis mutandis*, 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, *provided that* in no event shall any substitution under this § 12 have the effect of releasing the Issuer from any of its obligations under its Guarantee.

### § 13 FURTHER ISSUES, PURCHASES AND CANCELLATION

- (1) *Further Issues.* 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) *Purchases.* 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,

weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden.

- (3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

#### § 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

be held, resold or surrendered to the Paying Agent for cancellation.

- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

#### § 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

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 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

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 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*



Versammlung gilt Absatz (4) Satz 3 entsprechend.

- (7) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss die Bestellung oder Abberufung eines gemeinsamen Vertreters (der „**Gemeinsame 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.adler-group.com](http://www.adler-group.com) 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

*mutandis* to the Holders' registration for a second meeting.

- (7) *Holder's Representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative (the “**Holder's Representative**”), the duties and responsibilities and the powers of such Holder's Representative, the transfer of the rights of the Holders to the Holder's Representative and a limitation of liability of the Holder's Representative. Appointment of a Holder's Representative may only be passed by a Qualified Majority if such Holder's 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.adler-group.com](http://www.adler-group.com) 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.

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 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.
- (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 (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 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.

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

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

„**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-

„**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).

„**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

<p>Fazilitäten, die der Emittentin oder einer Tochtergesellschaft von Finanzinstituten gewährt werden oder gewährt werden sollen 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>available by financial institutions to the Issuer or a Subsidiary under which the Issuer or the respective Subsidiary may request the 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>„<b>Garantie</b>“ hat die diesem Begriff in § 12(1)(e) zugewiesene Bedeutung.</p>	<p>“<b>Guarantee</b>” has the meaning assigned to such term in § 12(1)(e).</p>
<p>„<b>Garantin</b>“ hat die diesem Begriff in § 12(1)(e) zugewiesene Bedeutung.</p>	<p>“<b>Guarantor</b>” has the meaning assigned to such term in § 12(1)(e).</p>
<p>„<b>Gemeinsamer Vertreter</b>“ hat die diesem Begriff in § 14(7) zugewiesene Bedeutung.</p>	<p>“<b>Holders’ Representative</b>” has the meaning assigned to such term in § 14(7).</p>
<p>„<b>Geschäftstag</b>“ hat die diesem Begriff in § 5(4) zugewiesene Bedeutung.</p>	<p>“<b>Business Day</b>” has the meaning assigned to such term in § 5(4).</p>
<p>„<b>Gläubiger</b>“ hat die diesem Begriff in § 1(6) zugewiesene Bedeutung.</p>	<p>“<b>Holder</b>” has the meaning assigned to such term in § 1(6).</p>
<p>„<b>Gläubiger-Ausübungserklärung</b>“ hat die diesem Begriff in § 6(5)(c) zugewiesene Bedeutung.</p>	<p>“<b>Put Notice</b>” has the meaning assigned to such term in § 6(5)(c).</p>
<p>„<b>Gläubiger-Rückzahlungswahlrecht</b>“ hat die diesem Begriff in § 6(5)(a) zugewiesene Bedeutung.</p>	<p>“<b>Put Option</b>” has the meaning assigned to such term in § 6(5)(a).</p>
<p>„<b>Gläubigerwahl-Rückzahlungsereignis-Mitteilung</b>“ hat die diesem Begriff in § 6(5)(b) zugewiesene Bedeutung.</p>	<p>“<b>Put Event Notice</b>” has the meaning assigned to such term in § 6(5)(b).</p>
<p>„<b>Globalurkunden</b>“ hat die diesem Begriff in § 1(3)(a) zugewiesene Bedeutung.</p>	<p>“<b>Global Notes</b>” has the meaning assigned to such term in § 1(3)(a).</p>
<p>„<b>Gruppe</b>“ bezeichnet die Emittentin und ihre Tochtergesellschaften.</p>	<p>“<b>Group</b>” means the Issuer together with its Subsidiaries.</p>

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

„**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 aufgenommener 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“ 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

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

„**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” (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).

(jeweils vorbehaltlich der Bestimmungen in diesen Anleihebedingungen).

„**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

„**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

(viii) in Abteilung 2 eines deutschen Grundbuchs eingetragenen Belastungen;

(ix) 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;

(x) Sicherungsrechte, für die dem maßgeblichen Mitglied der Gruppe eine unbedingte Löschungsbewilligung übermittelt wurde;

(xi) Sicherungsrechte, die kraft Gesetzes (oder kraft einer Vereinbarung mit derselben Wirkung) oder im Rahmen der gewöhnlichen Geschäftstätigkeit entstehen;

(viii) any encumbrance registered in department 2 of the German land register;

(ix) 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;

(x) any lien in respect of which an unconditional deletion consent has been delivered to the relevant member of the Group;

(xi) any lien arising by operation of law (or by agreement having the same effect) or in the ordinary course of business;

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

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

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

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



„**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.

“**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.
- (2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.
- (3) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, ist nicht ausschließlicher

## § 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) *Place of Performance.* Place of performance is Frankfurt am Main, Federal Republic of Germany.
- (3) *Place of Jurisdiction.* Subject to any mandatory jurisdiction for specific proceedings under the SchVG, the courts of Frankfurt am Main, Federal Republic of

Gerichtsstand für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren Frankfurt am Main, Bundesrepublik Deutschland.

- (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 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

Germany, will have non-exclusive jurisdiction for any actions or other legal proceedings arising out of or in connection with the Notes.

- (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.

#### § 18 LANGUAGE

These Terms and Conditions are written in the German language and provided with an English

ist beigefügt. Nur die deutsche Fassung ist rechtlich bindend. Die englische Übersetzung ist unverbindlich.

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 “**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 nine-month period ended September 30, 2020 (the “**9M 2020**”), including comparative figures as of and for the nine-month period ended September 30, 2019 (the “**9M 2019**”). These audited consolidated annual financial statements and the unaudited condensed consolidated interim financial statements were 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 are 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 section “Management’s Discussion and Analysis of Net Assets, Financial Condition and Results of Operations”, 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 nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(audited) (in € thousand)		
Revenue.....	416,882	119,625	156,520	154,853	128,852
Cost of operations .....	(221,637)	(32,573)	(44,011)	(41,996)	(36,174)
<b>Gross profit</b> .....	<b>195,245</b>	<b>87,052</b>	<b>112,509</b>	<b>112,857</b>	<b>92,678</b>
General and administrative expenses.....	(66,872)	(14,666)	(25,050)	(18,451)	(12,762)
Other expenses .....	(51,638)	(10,815)	(13,188)	—	—
Other income.....	90,744	—	78,132	—	—
Changes in fair value of investment properties.....	189,084	342,766	461,517	404,936	383,638
<b>Results from operating activities</b> .....	<b>356,563</b>	<b>404,337</b>	<b>613,920</b>	<b>499,342</b>	<b>463,554</b>
Finance income .....	62,325	6,561	102,475	1,399	1,602
Finance costs .....	(275,200)	(23,983)	(32,375)	(32,915)	(29,609)
<b>Net finance income (costs)</b> .....	<b>(212,875)</b>	<b>(17,422)</b>	<b>70,100</b>	<b>(31,516)</b>	<b>(28,007)</b>
Net income from investments in associated companies .....	(1,373)	—	—	—	—
<b>Profit before tax</b> .....	<b>142,315</b>	<b>386,915</b>	<b>684,020</b>	<b>467,826</b>	<b>435,547</b>
Income tax income (expense).....	(42,566)	(58,843)	(77,096)	(70,362)	(68,035)
<b>Profit for the period</b> .....	<b>99,749</b>	<b>328,072</b>	<b>606,924</b>	<b>397,464</b>	<b>367,512</b>

## Selected Consolidated Statements of Financial Position Data

	As of September 30,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited)		
	(in € thousand)		(in € thousand)		
<b>Certain Assets</b>					
Advances in respect of investment properties.....	1,612	6,300	6,300	6,300	34,425
Investment properties .....	9,760,923	3,504,062	3,624,453	4,044,023	3,271,298
Trading properties .....	23,360	27,882	25,860	35,028	42,961
<b>Total assets.....</b>	<b>14,599,021</b>	<b>4,587,554</b>	<b>4,396,465</b>	<b>4,170,173</b>	<b>3,518,263</b>
<b>Certain Liabilities</b>					
Other loans and borrowings (non-current).....	3,242,772	743,477	740,212	1,040,909	953,955
<b>Non-current liabilities.....</b>	<b>7,720,613</b>	<b>1,574,317</b>	<b>1,568,306</b>	<b>1,897,902</b>	<b>1,563,910</b>
Other loans and borrowings (current).....	1,375,763	34,267	37,605	17,064	72,768
<b>Current liabilities.....</b>	<b>2,447,749</b>	<b>526,007</b>	<b>111,711</b>	<b>74,989</b>	<b>122,860</b>

## Selected Consolidated Cash Flow Statement Data

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited)		
	(in € thousand)		(in € thousand)		
Net cash from operating activities .....	192,050	62,529	88,764	103,933	86,313
Net cash used in investing activities.....	(391,559)	(44,909)	269,061	(334,034)	(494,499)
Net cash from financing activities .....	11,173	11,601	1,767	136,537	346,295
Change in cash and cash equivalents during the period.....	(188,336)	29,221	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
Net cash and cash equivalents acquired as a result of the business combination	178,379	—	—	—	—
Cash and cash equivalents at the end of the period.....	377,601	57,186	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 ADLER Group's business. 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 ADLER Group's cash requirements, nor whether any such measure is indicative of the ADLER 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.

We expect the performance measures EBITDA from rental activities, EBITDA from rental activities margin, EBITDA Total, EBITDA Total margin, FFO 1 (from rental activities), FFO 2 (including disposal results and development activities), AFFO (from rental activities), EPRA NAV and EPRA NRV to be of use for potential investors. We believe that the performance measures are useful in evaluating the ADLER Group's operating performance, the net value of the ADLER Group's property portfolio, the level of the ADLER Group's indebtedness and of cash flow generated by the ADLER Group's business, because a number of companies, in particular companies in the real estate business, also publish these figures as key performance indicators.

With effect as from January 1, 2020, EPRA developed new ratios to reflect changes in the regulatory framework in Europe. As a result of these changes, EPRA NAV will be replaced by, among others, a ratio that highlights the value of net assets on a long-term basis, where assets and liabilities that are not expected to crystallize in normal circumstances, such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are excluded and where, in an effort to reflect the value required to rebuild the company, related costs, including real estate transfer taxes, are included. We believe that a significant difference between EPRA NAV

and EPRA NRV involves the real estate transfer tax of the properties held. While real estate transfer tax was deducted for property valuation purposes under EPRA NAV, real estate transfer tax is included for property valuation purposes under EPRA NRV in an effort to reflect the low likelihood of property sales in the current market environment. For purposes of comparability, the ADLER Group intends to continue to report EPRA NAV for the fiscal year ending December 31, 2020.

With effect as from September 30, 2020, the ADLER Group has adjusted its calculation method of the LTV-Ratio. As of September 30, 2019, December 31, 2019, 2018 and 2017, the Company calculated the LTV-Ratio as the ratio of bonds, other loans and borrowings and other financial liabilities less cash and cash equivalents to the fair value of properties (including investment properties and trading properties as well as advances paid in respect of investment properties and trading properties). As of September 30, 2020, the Company calculated the LTV-Ratio as the ratio of bonds, other loans and borrowings and other financial liabilities and convertible bonds less (i) cash and cash equivalents, (ii) selected financial assets, (iii) contract assets and (iv) assets and liabilities classified as held for sale to the fair value of properties as well as investments in real estate companies. The reason for this adjustment in the calculation method is that due to the Business Combination and the consolidation of ADLER Real Estate AG into ADO Properties S.A. (renamed to ADLER Group S.A.), the newly formed ADLER Group had to merge two distinct accounting systems, including calculation methodologies. The Company believes that the current presentation results in reliable and more relevant information on the financial performance.

Furthermore, with effect as from September 30, 2020, the ADLER Group has adjusted its calculation method of EBITDA Total and FFO 2 due to the consolidation of Consus Real Estate after the completion of the Consus Real Estate Acquisition. As of September 30, 2019, December 31, 2019, 2018 and 2017, the Company calculated (i) EBITDA Total as EBITDA from rental activities including net profit from privatizations and (ii) FFO 2 (including disposal results) as FFO 1 (from rental activities) plus net profit from privatizations. As from September 30, 2020, the Company calculates (i) EBITDA Total as revenue less the cost from rental activities, other operational costs from development and privatization sales, overhead costs from rental activities and other operational costs from development and privatization sales and (ii) FFO 2 (including disposal results and development activities) as EBITDA Total less net cash interest, current income taxes and interest of minority shareholders.

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

	As of and for the nine-month period ended September 30,		As of and for the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in € thousand, unless stated otherwise)		(in € thousand, unless stated otherwise)		
<b>Key performance measures</b>					
In-place rent (end of period, annualized).....	322,352	139,958	112,715	135,877	110,782
<i>of which residential</i> .....	290,031	118,130	91,529	114,711	93,806
<i>of which commercial</i> .....	25,941	19,118	18,829	18,509	14,808
<i>of which other &amp; parking</i> .....	6,380	2,709	2,357	2,657	2,168
In-place rent (per month in € per sqm) <sup>(1)</sup> .....	6.25	7.18	7.68	6.75	6.89
<i>residential</i> .....	6.07	6.89	7.39	6.73	6.42
<i>commercial</i> .....	9.28	9.66	10.04	9.42	8.94
EBITDA from rental activities <sup>(2)</sup> .....	133,771	72,433	91,997	93,777	77,090
EBITDA from rental activities margin (in %) <sup>(3)</sup> ..	65.8	71.2	68.6	73.3	74.6
EBITDA Total <sup>(4)</sup> .....	157,710	75,894	95,887	98,225	81,001
EBITDA Total margin (in %) <sup>(5)</sup> .....	37.8	63.4	61.3	63.4	62.9
FFO 1 (from rental activities) <sup>(6), (7)</sup> .....	74,738	50,419	63,173	66,777	54,345
FFO 2 (including disposal results and development activities) <sup>(6), (8)</sup> .....	73,670	52,168	64,982	71,225	58,256
AFFO (from rental activities) <sup>(7)</sup> .....	68,964	39,982	51,525	53,739	45,857
<b>Financing and financing position</b>					
LTV-Ratio (in %) <sup>(9)</sup> .....	54.1	23.0	23.2	39.4	39.5
Total portfolio value <sup>(10)</sup> .....	11,408,842	4,466,310	3,650,313	4,079,051	3,314,259
EPRA NAV <sup>(11)</sup> .....	4,744,040	2,760,725	2,905,699	2,429,544	1,988,757
EPRA NRV <sup>(12)</sup> .....	5,602,306	—	3,229,882	—	—
Average interest rate (in %) <sup>(13)</sup> .....	3.5	1.6	1.6	1.7	1.8
Average debt maturity (in years).....	3.1	4.1	4.3	4.7	5.4
<b>Portfolio measures</b>					
Number of units.....	70,741	23,615	17,637	23,658	21,970
<i>of which residential</i> .....	68,580	22,157	16,255	22,202	20,649
<i>of which commercial</i> .....	2,161	1,458	1,382	1,456	1,321
Vacancy rate at period end (in % of sqm) <sup>(13)</sup> .....	3.9	2.5	2.7	3.2	3.6

	As of and for the nine-month period ended September 30,		As of and for the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in € thousand, unless stated otherwise)		(in € thousand, unless stated otherwise)		
<i>of which residential</i> .....	3.8	2.5	2.7	3.2	3.6
<i>of which commercial</i> .....	5.6	4.5	3.6	4.6	4.9
Maintenance and capital expenditures (€ per sqm).....	18.2	31.4	36.3	39.2	29.1
<b>Certain per share information</b>					
FFO 1 (from rental activities) per share <sup>(14)</sup> (in €) .	1.06	1.14	1.43	1.51	1.23
FFO 2 (including disposal results and development activities) per share <sup>(15)</sup> (in €) .....	1.04	1.18	1.47	1.57	1.30

- (1) **In-place rent (per month in € per sqm)** is defined as 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 September 30, 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 net rental income and income from facility services and recharged utilities costs less cost from rental activities and overhead costs from rental activities. The following tables show the calculation of EBITDA from rental activities for the periods presented:

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited, unless stated otherwise)		
	(in € thousand)		(in € thousand)		
Net rental income.....	203,223	101,727	134,141	127,982	103,300
Income from facility services and recharged utilities costs.....	62,891	5,767	7,431	6,606	5,881
<b>Income from rental activities</b> .....	<b>266,114</b>	<b>107,494</b>	<b>141,572</b>	<b>134,588</b>	<b>109,181</b>
Cost from rental activities*.....	(101,916)	(23,903)	(32,953)	(26,179)	(20,414)
<b>Net operating income (NOI) from rental activities</b> .....	<b>164,197</b>	<b>83,591</b>	<b>108,619</b>	<b>108,409</b>	<b>88,767</b>
Overhead costs from rental activities**.....	(30,427)	(11,158)	(16,622)	(14,632)	(11,677)
<b>EBITDA from rental activities</b> .....	<b>133,771</b>	<b>72,433</b>	<b>91,997</b>	<b>93,777</b>	<b>77,090</b>

\* Cost from rental activities is the aggregate amount of (i) salaries and other expenses related to rental activities, (ii) net costs of utilities recharged and (iii) property operations and maintenance excluding one-off costs.

\*\* Overhead costs from rental activities represent general and administrative expenses excluding one-off costs and depreciation and amortization relating to rental activities. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash effective like impairment losses on trade receivables.

- (3) **EBITDA from rental activities margin** is defined as EBITDA from rental activities divided by net rental income. The following table shows the calculation of EBITDA from rental activities margin for the periods presented:

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited, unless stated otherwise)		
	(in € thousand, unless stated otherwise)		(in € thousand, unless stated otherwise)		
EBITDA from rental activities.....	133,771	72,433	91,997	93,777	77,090
Net rental income.....	203,223	101,727	134,141*	127,982*	103,300*
<b>EBITDA from rental activities margin (in %)</b> ..	<b>65.8</b>	<b>71.2</b>	<b>68.6</b>	<b>73.3</b>	<b>74.6</b>

\* Audited.

- (4) **EBITDA Total** is defined as revenue less cost from rental activities, other operational costs from development and privatization sales, overhead costs from rental activities and other operational costs from development and privatization sales. The following table shows the calculation of EBITDA Total for the periods presented:

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless stated otherwise)		(unaudited, unless stated otherwise) (in € thousand, unless stated otherwise)		
Revenue .....	416,882	119,625	156,520*	154,853*	128,852*
Cost from rental activities .....	(101,916)	(23,903)	(32,953)	(26,179)	(20,414)
Other operational costs from development and privatization sales	(111,920)	(8,670)	(11,058)	(15,817)	(15,760)
Overhead costs from rental activities	(30,427)	(11,158)	(16,622)	(14,632)	(11,677)
Overhead costs from development and privatization sales .....	(14,909)	—	—	—	—
<b>EBITDA Total .....</b>	<b>157,710</b>	<b>75,894</b>	<b>95,887</b>	<b>98,225</b>	<b>81,001</b>

\* Audited.

- (5) **EBITDA Total margin** is defined as the EBITDA Total divided by revenue. The following table shows the EBITDA Total margin for the periods shown:

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless stated otherwise)		(unaudited, unless stated otherwise) (in € thousand, unless stated otherwise)		
EBITDA Total .....	157,710	75,894	95,887	98,225	81,001
Revenue .....	416,882	119,625	156,520*	154,853*	128,852*
<b>EBITDA Total margin (in %) .....</b>	<b>37.8</b>	<b>63.4</b>	<b>61.3</b>	<b>63.4</b>	<b>62.9</b>

\* Audited.

- (6) **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 as well as interest of minority shareholders of BCP. FFO 2 (including disposal results and development activities) is defined as EBITDA Total less net cash interest, current income taxes and interest of minority shareholders (see footnotes (8) and (9) below).
- (7) **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 nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
EBITDA from rental activities <sup>(7a)</sup> .....	133,771	72,433	91,997	93,777	77,090
Net cash interest <sup>(7b)</sup> .....	(50,346)	(20,422)	(27,183)	(25,408)	(21,702)
Current income taxes <sup>(7c)</sup> .....	(4,688)	(1,592)	(1,641)	(1,592)	(1,043)
Interest of minority shareholders of BCP .....	(3,999)	—	—	—	—
<b>FFO 1 (from rental activities) .....</b>	<b>74,738</b>	<b>50,419</b>	<b>63,173</b>	<b>66,777</b>	<b>54,345</b>
Maintenance capital expenditure <sup>(7d)</sup> .....	(5,774)	(10,437)	(11,648)	(13,038)	(8,488)*
<b>AFFO (from rental activities) .....</b>	<b>68,964</b>	<b>39,982</b>	<b>51,525</b>	<b>53,739</b>	<b>45,857</b>

\* As adjusted for energetic modernization capital expenditures.

(7a) For a calculation of EBITDA from rental activities, see footnote (2) above.

(7b) **Net cash interest** refers to interest on other loans and borrowings and interest on bonds less interest income and certain adjustments. The following table shows the net cash interest for the periods presented:

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless stated otherwise) (in € thousand)		
Interest on other loans and borrowings .....	57,645	14,310	19,046*	19,214*	18,279*
Interest on bonds .....	56,441	7,985	10,670*	6,927*	2,824*
Interest income .....	(6,538)	—	—	—	—
Adjustments** .....	(57,202)	(1,873)	(2,533)	(733)	(599)
<b>Net cash interest .....</b>	<b>50,346</b>	<b>20,422</b>	<b>27,183</b>	<b>25,408</b>	<b>21,702</b>

\* Audited.

\*\* Including adjustments for interests on bonds for nominal interest and purchase price allocations.

(7c) Refers to current income taxes relating to rental activities only.



(7d) Refers to public area investments that are designed to preserve the value of the respective properties.

- (8) **FFO 2 (including disposal results and development activities)** is defined as EBITDA Total less net cash interest, current income taxes and interest of minority shareholders. The following table shows the calculation of FFO 2 (including disposal results and development activities) as of the dates shown:

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
EBITDA Total .....	157,710	75,894	95,887	98,225	81,001
Net cash interest .....	(68,173)	(20,422)	(27,183)	(25,408)	(21,702)
Current income taxes .....	(11,868)	(3,304)	(3,722)	(1,592)	(1,043)
Interest of minority shareholders .....	(3,999)	—	—	—	—
<b>FFO 2 (including disposal results and development activities) .....</b>	<b>73,670</b>	<b>52,168</b>	<b>64,982</b>	<b>71,225</b>	<b>58,256</b>

- (9) **LTV-Ratio** (in %) is defined as the ratio of bonds, other loans and borrowings and other financial liabilities and convertible bonds less (i) cash and cash equivalents, (ii) selected financial assets, (iii) contract assets and (iv) assets and liabilities classified as held for sale to the fair value of properties as well as investment in real estate companies. For the avoidance of doubt, for the period ending as of September 30, 2020, bonds, other loans and borrowings and other financial liabilities do not include the derecognized liability towards ADO Group Ltd. in the amount of €2.5 million as of September 30, 2020. The following tables show the calculation of the LTV-Ratio as of the dates shown:

	As of September 30,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless stated otherwise) (in € thousand)		
Bonds, other loans and borrowings and other financial liabilities .....	7,966,619	1,221,892	1,223,201	1,496,899	1,451,224
Convertible bonds .....	323,663	155,805	156,334	154,252	—
Cash and cash equivalents .....	(377,601)	(57,186)	(387,558)	(27,966)*	(121,530)*
Selected financial assets <sup>(9a)</sup> .....	(919,781)	(6,628)	(98,871)	(6,615)	(5,359)
Net contract assets .....	(410,237)	—	—	—	—
Assets and liabilities classified as held for sale .....	(351,877)	(496,114)	—	—	—
<b>Net financial liabilities .....</b>	<b>6,230,786</b>	<b>817,769</b>	<b>893,106</b>	<b>1,616,570*</b>	<b>1,324,335*</b>
Fair value of properties (including advances) <sup>(9b)</sup> ..	11,431,808	3,552,610	3,670,023	4,098,763*	3,355,623*
Investment in real estate properties <sup>(9c)</sup> .....	89,449	—	186,158	—	—
<b>Gross asset value .....</b>	<b>11,521,257</b>	<b>3,552,610</b>	<b>3,856,181</b>	<b>4,098,763</b>	<b>3,355,623</b>
<b>LTV-Ratio (in %) .....</b>	<b>54.1</b>	<b>23.0</b>	<b>23.2</b>	<b>39.4</b>	<b>39.5</b>

\* Audited.

- (9a) **Selected financial assets** includes other investments and other financial assets. The following table shows the selected financial assets for the periods presented:

	As of September 30,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
Loans granted .....	(416,536)	—	—	—	—
Other financial assets .....	(163,548)	(6,628)	(98,871)	(6,615)	(5,359)
Trade receivables from the sale of real estate investment .....	(339,697)	—	—	—	—
<b>Selected financial assets .....</b>	<b>(919,781)</b>	<b>(6,628)</b>	<b>(98,871)</b>	<b>(6,615)</b>	<b>(5,359)</b>

- (9b) **Fair value of properties (including advances)** include (i) investment properties and inventories at their fair value, (ii) advances paid in respect of investment properties and trading properties and (iii) advances paid in respect property, plant and equipment used for energy management services. The following table shows the fair value of properties and investments in real estate companies for the periods presented:

	As of September 30,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
Investment properties and inventories.....	11,408,842	3,531,944	3,650,313	4,079,051	3,314,259
Revaluation of inventories .....	12,658	14,366	13,410	13,412	6,939
Advances in respect of investment properties and trading properties.....	1,612	6,300	6,300	6,300*	34,425*
Advances in respect of property, plant and equipment used for energy management services.....	8,696	—	—	—	—
<b>Fair value of properties (including advances)....</b>	<b>11,431,808</b>	<b>3,552,610</b>	<b>3,670,023</b>	<b>4,098,763</b>	<b>3,355,623</b>

(9c) **Investments in real estate companies** includes investments in financial instruments and investments in associated companies. The following table shows the investments in real estate companies for the periods presented:

	As of September 30,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
Investment in Consus Real Estate .....	—	—	186,158	—	—
Investments in associated companies .....	89,449	—	—	—	—
<b>Investment in real estate companies .....</b>	<b>89,449</b>	<b>—</b>	<b>186,158</b>	<b>—</b>	<b>—</b>

(10) **Total portfolio value** is the sum of investment properties and inventories. For the avoidance of doubt, for the period ending on September 30, 2019, the total portfolio value includes the assets held for sale.

(11) **EPRA NAV** is used as an indicator of ADLER Group's long-term equity and is calculated based on the total equity attributable to owners 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:

	As of September 30,		As of December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited, unless stated otherwise) (in € thousand)		
Total equity attributable to owners of the Company .....	3,775,081	2,436,201	2,646,792*	2,150,679*	1,795,390*
Revaluation of trading properties <sup>(11a)</sup> .....	12,658	14,366	13,410	13,412	6,939
Fair value of derivative financial instruments.....	5,754	10,488	6,150*	16,339*	2,985*
Deferred tax liabilities.....	950,547	299,669	239,347*	249,114*	183,443*
<b>EPRA NAV .....</b>	<b>4,744,040</b>	<b>2,760,725</b>	<b>2,905,699</b>	<b>2,429,544</b>	<b>1,988,757</b>

\* Audited.

(11a) The difference between trading properties carried in the balance sheet at cost (IAS 2) and the fair value of those trading properties.

(12) **EPRA NRV** is used to highlight the value of net assets on a long-term basis and is calculated based on EPRA NAV increased by real estate transfer tax. The following table shows the calculation of the EPRA NRV as of the dates presented:

	As of September 30, 2020	As of December 31, 2019
	(unaudited) (in € thousand)	(unaudited) (in € thousand)
EPRA NAV .....	4,744,040	2,905,699
Real Estate transfer tax on investment properties* .....	858,266	324,183
<b>EPRA NRV .....</b>	<b>5,602,306</b>	<b>3,229,882</b>

\* Real estate transfer tax on investment properties is calculated based on the gross value as provided in the valuation certificate (i.e. the value prior to any deduction of purchasers' costs).

(13) **Vacancy rate at period end (in % of sqm)** is the sqm of vacant lettable 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 nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand, unless stated otherwise)		(unaudited) (in € thousand, unless stated otherwise)		
FFO 1 (from rental activities) .....	74,738	50,419	63,173	66,777	54,345
Number of shares (in thousand)* .....	70,565	44,151	44,163	44,101	44,100
<b>FFO 1 (from rental activities) per share (in €) .....</b>	<b>1.06</b>	<b>1.14</b>	<b>1.43</b>	<b>1.51</b>	<b>1.23</b>

\* The number of shares is calculated as weighted average for the related period. 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). On April 9, 2020, the Company issued 27,651,006 new shares in connection with the ADLER Offer and on May 13, 2020, the Company issued 174,833 new shares to an investor. Moreover, the calculation of shares does not take into account the Company's 14,692,889 treasury shares in the nine-month period ended September 30, 2020.

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

	For the nine-month period ended September 30,		For the fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in € thousand, unless stated otherwise)		(in € thousand, unless stated otherwise)		
FFO 2 (including disposal results and development activities) .....	73,670	52,168	64,982	71,225	58,256
Number of shares (in thousand)* .....	70,565	44,151	44,163	44,101	44,100
<b>FFO 2 (including disposal results and development activities) per share (in €) .....</b>	<b>1.04</b>	<b>1.18</b>	<b>1.47</b>	1.62	1.32

\* The number of shares is calculated as weighted average for the related period. On December 14, 2018, the Company issued 30,757 new shares to Mr. Shlomo Zohar, the former executive vice chairman of the Company's board of directors (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). On April 9, 2020, the Company issued 27,651,006 new shares in connection with the ADLER Offer and on May 13, 2020, the Company issued 174,833 new shares to an investor. Moreover, the calculation of shares does not take into account the Company's 14,692,889 treasury shares in the nine-month period ended September 30, 2020.

## 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 nine-month period ended September 30, 2020 (the "9M 2020"), including comparative figures as of and for the nine-month period ended September 30, 2019 (the "9M 2019"). These audited consolidated annual financial statements and the unaudited condensed consolidated financial interim financial statements have been prepared in accordance with IFRS (IAS 34).*

*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 comparability of the financial information of the Company as of and for the 9M 2020 and as of and for the 9M 2019 is affected as, as a result of the Completion, the consolidation of ADLER Real Estate as of April 9, 2020 and the consolidation of Consus Real Estate as of July 6, 2020, the financial condition and the operating results of ADLER Real Estate and Consus Real Estate are included in the financial statements of the Company as of and for the 9M 2020. Investors are advised to carefully consider, among others, the financial information of the Company as of and for the 9M 2020 together with the financial information of ADLER Real Estate and Consus Real Estate as of and for the nine-month period ended September 30, 2020, included elsewhere in this Offering Memorandum.*

*This section also includes selected financial information of ADLER Real Estate, which is taken from or derived from the audited consolidated financial statements of ADLER Real Estate as of and for the financial years ended December 31, 2019, December 31, 2018 and December 31, 2017 as well as the unaudited consolidated interim financial statements of ADLER Real Estate as of and for the nine-month period ended September 30, 2020, including comparative figures as of and for the nine-month period ended September 30, 2019.*

*Furthermore, this section also includes selected financial information of Consus Real Estate, which is taken from or derived from the audited consolidated financial statements of Consus Real Estate as of and for the financial years ended December 31, 2019, December 31, 2018 and December 31, 2017 as well as the unaudited consolidated interim financial statements of Consus Real Estate as of and for the nine-month period ended September 30, 2020, including comparative figures as of and for the nine-month period ended September 30, 2019.*

*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. Prior to the Business Combination, we focused on residential real estate located only in Berlin, Germany. After the Completion, we 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-generating multi-family residential real estate. The portfolio value of the ADLER Group as of September 30, 2020 was approximately €11.4 billion. As of September 30, 2020, the ADLER Group's property portfolio consisted of 68,580 residential units with a total lettable area of 4,211,038 sqm, 2,161 commercial units (retail, office and other commercial) with a total lettable area of 250,019 sqm, 14,953 parking spaces and spaces for storage, antennas, etc. As of September 30, 2020, the ADLER Group's vacancy rate was 3.8% and 5.6% for its residential units and commercial units, respectively. As of September 30, 2020, the average monthly net rent per sqm was €6.07 and €9.28 for its residential units and commercial units, respectively.

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 "*Business—Competitive Strengths*").

During the 9M 2020, the ADLER Group generated **income from rental activities** of €266,114 thousand (9M 2019: €107,494 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 €133,771 thousand (9M 2019: €72,433 thousand; Fiscal Year 2019: €91,997 thousand; Fiscal Year 2018: €93,777 thousand; Fiscal Year 2017: €77,090 thousand). **EBITDA Total** for the 9M 2020 was €157,710 thousand (9M 2019: €75,894 thousand; Fiscal Year 2019: €95,887 thousand; Fiscal Year 2018: €98,255 thousand; Fiscal Year 2017: €81,001 thousand). During the 9M 2020, the ADLER Group generated **FFO 1 (from rental activities)** of €74,738 thousand (9M 2019: €50,419 thousand; Fiscal Year 2019: €63,173 thousand; Fiscal Year 2018: €66,777 thousand; Fiscal Year 2017: €54,345 thousand), **FFO 2 (including disposal results and development activities)** of €73,670 thousand (9M 2019: €52,168 thousand; Fiscal Year 2019: €64,982 thousand; Fiscal Year 2018: €71,225 thousand; Fiscal Year 2017: €58,256 thousand) and **AFFO (from rental activities)** of €68,964 thousand (9M 2019: €39,982 thousand; Fiscal Year 2019: €51,525 thousand; Fiscal Year 2018: €53,739 thousand; Fiscal Year 2017: €45,857 thousand). As of September 30, 2020, the ADLER Group's **EPRA NRV** amounted to €5,602,306 thousand (December 31, 2019: €3,229,882 thousand). As of September 30, 2020, the ADLER Group's **EPRA NAV** amounted to €4,744,040 thousand (September 30, 2019: €2,760,725 thousand; December 31, 2019: €2,905,699 thousand; December 31, 2018: €2,429,544 thousand; December 31, 2017: €1,988,757 thousand). As of September 30, 2020, the ADLER Group's **LTV-Ratio** was 54.1%.

For a reconciliation of EBITDA from rental activities, EBITDA Total, EBITDA Total margin, FFO 1 (from rental activities), FFO 2 (including disposal results and development activities), 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*".

As of and for the 9M 2020, the ADLER Group achieved €6.25 of rent per square meter per month, like-for-like rental growth of 1.4%, a vacancy rate of 3.9% and an FFO 1 (from rental activities) of €74.7 million as well as an EPRA NRV of 5,602 million.

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

### **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 3.0% in 2019 which is higher than any other German federal state (*source: Volkswirtschaftliche Gesamtrechnung–Berlin*). 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–Berlin*). This is slightly higher than the average German per capita GDP of €41,358 as of 2019.

Disposable per capita income increased by 3.6% from an average of €20,249 in 2017 to €20,972 in 2018 (*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. As of November 23, 2020, rents have to be reduced to the price levels permitted under this bill. 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 ADLER Group's Business Activities and Industry—Our business is significantly dependent on our ability to generate rental income. Our rental income and funds from operations 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 nine-month period ended September 30,		As of and for the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
Number of units.....	70,741	23,615	17,637	23,658	21,970
of which residential.....	68,580	22,157	16,255	22,202	20,649
of which commercial.....	2,161	1,458	1,382	1,456	1,321
In-place rent (in € thousand).....	26,863	11,663	112,715	135,877	110,782
of which residential.....	24,169	9,844	91,529	114,711	93,806
of which commercial.....	2,162	1,593	18,829	18,509	14,808
of which other and parking.....	532	226	2,357	2,657	2,168
In-place rent (per month in € per sqm) <sup>(1)</sup> .....	6.25	7.18	7.68	6.75	6.89
of which residential.....	6.07	6.89	7.39	6.73	6.42
of which commercial.....	9.28	9.66	10.04	9.42	8.94
Vacancy rate at period end (in % of sqm) <sup>(2)</sup> .....	3.9	2.5	2.7	3.2	3.6
residential.....	3.8	2.5	2.7	3.2	3.6
commercial.....	5.6	4.5	3.6	4.6	4.9
Total portfolio value (in € thousand) <sup>(3)</sup> .....	11,408,842	4,466,310	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 September 30, 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 lettable 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 inventories. For the avoidance of doubt, for the period ending on September 30, 2019, the total portfolio value includes the assets held for sale.

**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 €920 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, EPRA NAV and EPRA NRV 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 and reduce 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. We achieved average in-place rents per square meter per month for our residential units of €6.42, €6.73 and €7.39 for the fiscal years ended December 31, 2017, 2018 and 2019, respectively, and, as a result of the Completion, €6.25 for the nine-month period ended September 30, 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 September 30, 2020, of approximately 3.9% (where residential vacancy is 3.8% and commercial vacancy is 5.6%).



**Subsidies:** As of September 30, 2020, 3.9% (by sqm) of our residential units (excluding the properties held for sale) were subject to rent restrictions that stem from public subsidies for, *inter alia*, 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 ADLER 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 €920 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 on the revenue regarding residential units sold by us in the periods under review:

	For the nine-month period ended		For the year ended		
	September 30,		December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
Income from selling of trading properties (in € thousand).....	4,724	12,131	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 ADLER Group’s income statement and can substantially affect the ADLER 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 nine-month period ended September 30,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(unaudited) (in € thousand)		
<b>Maintenance and Capital Expenditures</b>					
Maintenance .....	23,184	9,346	14,537	12,177	8,775
Capital Expenditures .....	65,278	42,537	44,140	51,266	30,561
<b>Total .....</b>	<b>88,462</b>	<b>51,882</b>	<b>58,677</b>	<b>63,443</b>	<b>39,336</b>

**Maintenance** comprises costs relating to smaller repairs and refurbishment work.

**Capital expenditures** relates to investments in our properties including individual units as well as public areas.

### **Cost of Financing**

We are currently benefitting from favorable financing conditions, in particular from low interest rates, which may increase in the future. As of September 30, 2020, our weighted average interest rate was 3.45% p.a. with a weighted average debt maturity of approximately 3.1 years. 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 ADLER 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 September 30, 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 ADLER 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 nine-month period ended September 30,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited)		
	(in € thousand)		(in € thousand)		
Revenue .....	416,882	119,625	156,520	154,853	128,852
Cost of operations .....	(221,637)	(32,573)	(44,011)	(41,996)	(36,174)
<b>Gross profit .....</b>	<b>195,245</b>	<b>87,052</b>	<b>112,509</b>	<b>112,857</b>	<b>92,678</b>
General and administrative expenses .....	(66,872)	(14,666)	(25,050)	(18,451)	(12,762)
Other expenses .....	(51,638)	(10,815)	(13,188)	—	—
Other income .....	90,744	—	78,132	—	—
Changes in fair value of investment properties .....	189,084	342,766	461,517	404,936	383,638
<b>Results from operating activities .....</b>	<b>356,563</b>	<b>404,337</b>	<b>613,920</b>	<b>499,342</b>	<b>463,554</b>
Finance income .....	62,325	6,561	102,475	1,399	1,602
Finance costs .....	(275,200)	(23,983)	(32,375)	(32,915)	(29,609)
<b>Net finance income (costs) .....</b>	<b>(212,875)</b>	<b>(17,422)</b>	<b>70,100</b>	<b>(31,516)</b>	<b>(28,007)</b>
Net income from investments in associated companies .....	(1,373)	—	—	—	—
<b>Profit before tax .....</b>	<b>142,315</b>	<b>386,915</b>	<b>684,020</b>	<b>467,826</b>	<b>435,547</b>
Income tax income (expense) .....	(42,566)	(58,843)	(77,096)	(70,362)	(68,035)
<b>Profit for the period .....</b>	<b>99,749</b>	<b>328,072</b>	<b>606,924</b>	<b>397,464</b>	<b>367,512</b>

## Comparison of the Nine-Month Periods Ended September 30, 2020 and September 30, 2019

### Revenue

The following table provides a breakdown of our revenue for the periods presented:

	For the nine-month period ended September 30,		Change (unaudited) (in %)
	2020	2019	
	(unaudited) (in € thousand)		
Net rental income .....	203,223	101,727	99.8
Income from charged costs of utilities.....	45,966	—	—
Income from property development .....	141,506	—	—
Selling of condominiums.....	4,724	12,131	(61.1)
Income from service, maintenance and management services	4,538	—	—
Income from facility services .....	16,925	5,767	193.5
<b>Revenue</b> .....	<b>416,882</b>	<b>119,625</b>	<b>248.5</b>

Revenue increased by 248.5% from €119,625 thousand in the 9M 2019 to €416,882 thousand in the 9M 2020 primarily due to the Business Combination, as a result of which the ADLER Real Estate Group contributed net rental income of €118,887 thousand, income from charged costs of utilities of €45,966 thousand, income from property development of €53,134 thousand and income from facility services of €12,467 thousand. In addition, following the consolidation of Consus Real Estate as of July 6, 2020, Consus Real Estate contributed net rental income of €1,626 thousand, income from charged costs of utilities of €4 thousand, income from property development of €88,373 thousand and income from service, maintenance and management activities of €4,534 thousand. This increase in revenue was partly off-set by the sale of a portfolio in 2019 and the impact of the rent cap (*Mietpreisbremse*) and the rent freeze (*Mietendeckel*) in Berlin.

#### *Cost of operations*

The following table provides a breakdown of our cost of operations for the periods presented:

	For the nine-month period ended September 30,		Change (unaudited) (in %)
	2020	2019	
	(unaudited) (in € thousand)		
Salaries and other expenses .....	23,531	9,551	146.4
Cost of apportionable utilities .....	53,157	—	—
Cost of utilities recharged, net.....	935	1,461	(36.0)
Costs of property development.....	111,533	—	—
Sale of condominiums – cost.....	3,631	8,670	(58.1)
Property operations and maintenance.....	28,850	12,891	123.8
<b>Cost of operations</b> .....	<b>221,637</b>	<b>32,573</b>	<b>580.4</b>

Cost of operations increased from €32,573 thousand in the 9M 2019 to €221,637 thousand in the 9M 2020 primarily due to the Business Combination, as a result of which the ADLER Real Estate Group contributed salaries and other expenses of €15,817 thousand, costs of apportionable utilities of €50,693 thousand, costs relating to property development of €40,590 thousand and costs for property operations and maintenance of €20,308 thousand. In addition, following the consolidation of Consus Real Estate as of July 6, 2020, Consus Real Estate contributed costs of apportionable utilities of €2,464 thousand and costs of property development of €70,160 thousand.

#### *Gross profit*

Gross profit increased by 124.3% from €87,052 thousand in the 9M 2019 to €195,245 thousand in the 9M 2020 primarily due to the Business Combination and the Consus Real Estate Acquisition.

#### *General and administrative expenses*

General and administrative expenses increased from €14,666 thousand in the 9M 2019 to €66,872 thousand in the 9M 2020 primarily due to the Business Combination, the Consus Real Estate Acquisition and costs related thereto.

### *Other expenses*

Other expenses in the amount of €51,638 thousand in the 9M 2020 were primarily due to the Business Combination and the Consus Real Estate Acquisition and related legal and consulting fees.

### *Other income*

Other income in the amount of €90,744 thousand in the 9M 2020 was primarily due to a preliminary purchase price allocation of ADLER Real Estate, which resulted in a gain from a bargain purchase of €74.8 million recognized as other income, as well as the reduction of existing liabilities and income from previous periods.

### *Changes in fair value of investment properties*

Changes in fair value of investment properties decreased by 44.8% from €342,766 thousand in the 9M 2019 to €189,084 thousand in the 9M 2020 primarily due to the impact of the rental freeze for properties located in Berlin, as a result of which the valuation of the ADLER Group's properties in Berlin remained stable, and COVID-19.

### *Results from operating activities*

Results from operating activities decreased by 11.8% from €404,337 thousand in the 9M 2019 to €356,563 thousand in the 9M 2020 primarily due to the decrease in changes in fair value of investment properties and the increase in general and administrative and other expenses, partially offset by the increase in other income and gross profit.

### *Finance income*

Finance income increased from €6,561 thousand in the 9M 2019 to €62,325 thousand in the 9M 2020 primarily due to the Business Combination and the Consus Real Estate Acquisition.

### *Finance costs*

Finance costs increased from €23,983 thousand in the 9M 2019 to €275,200 thousand in the 9M 2020 primarily due to an increase in interest on bonds, a decrease in fair value of investment in financial assets, an increase in interest on loans and borrowings, non-recurring refinancing costs and an increase in other finance expenses, all as a result of the Business Combination and the Consus Real Estate Acquisition.

### *Net finance costs*

Net finance costs increased from €17,422 thousand in the 9M 2019 to €212,875 thousand in the 9M 2020 primarily due to an increase in finance costs.

### *Profit before tax*

Profit before tax decreased by 63.2% from €386,915 thousand in the 9M 2019 to €142,315 thousand in the 9M 2020 primarily due to the decrease in results from operating activities and the increase in net finance costs.

### *Income tax expense*

Income tax expense decreased by 27.7% from €58,843 thousand in the 9M 2019 to €42,566 thousand in the 9M 2020 primarily due to decrease in profit before tax.

### *Profit for the period*

Profit for the period decreased by 69.6% from €328,072 thousand in the 9M 2019 to €99,749 thousand in the 9M 2020 primarily due to decrease in profit before tax, partially offset by the 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 (unaudited) (in %)
	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
<b>Revenue .....</b>	<b>156,520</b>	<b>154,853</b>	<b>1.1</b>

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 (unaudited) (in %)
	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
<b>Cost of operations .....</b>	<b>44,011</b>	<b>41,996</b>	<b>4.8</b>

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 €112,857 thousand in the Fiscal Year 2018 to €112,509 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 (unaudited) (in %)
	2018 (audited) (in € thousand)	2017	
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
<b>Revenue.....</b>	<b>154,853</b>	<b>128,852</b>	<b>20.2</b>

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 (unaudited) (in %)
	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
<b>Cost of operations.....</b>	<b>41,996</b>	<b>36,174</b>	<b>16.1</b>

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 €92,678 thousand in the Fiscal Year 2017 to €112,857 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 €51,900 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 for the nine-month period ended September 30, 2020, nine-month period ended September 30, 2019 and for the year ended December 31, 2019.

	As of and for the nine-month period ended September 30,		As of and for the year ended December 31,
	2020	2019	2019
	(unaudited)		(audited)
	(in € thousand)		(in € thousand)
Balance as at January 1 .....	3,624,453	4,044,023	4,044,023
Additions arising from business combination .....	5,938,708	—	—
Additions by way of acquiring assets .....	24,227	—	—
Capital expenditure .....	78,687	42,373	44,013
Transfer to investment properties from intangible assets .....	34,300	—	—
Investments in project development properties under construction (acquisition and building costs) .....	214,388	—	—
Transfer from investment properties to property, plant and equipment .....	(3,337)	(5,100)	(5,100)
Transfer from investment properties to assets of disposal groups classified as held for sale .....	(339,587)	(920,000)	—
Disposal of subsidiaries .....	—	—	(920,000)
Fair value adjustments .....	189,084	342,766	461,517
<b>Balance at the end of the reporting period .....</b>	<b>9,760,923</b>	<b>3,504,062</b>	<b>3,624,453</b>

Except as set forth in “*Recent Developments*”, we have not undertaken any additional investments since September 30, 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 September 30, 2020 were based on the valuation as of September 30, 2020 (except for a portfolio held for disposal, certain properties located in Berlin and the residential units of 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 as of September 30, 2020 which were based on valuations as of June 30, 2020) 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 September 30, 2020, the ADLER Group's portfolio also included 14,953 parking spaces and 1,320 other units. We lease some of our investment property under commercial tenancy or lease agreements. The commercial tenancy or lease agreements usually run for more than seven 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 part of our business strategy. The following table provides an overview of the ADLER Group's maintenance and capital expenditures for the periods presented:

	For the nine-month period ended September 30,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € per sqm)		(unaudited) (in € per sqm)		
<b>Maintenance and Capital Expenditures</b>					
Maintenance .....	4.8	5.7	9.0	7.5	6.5
Capital Expenditures .....	13.4	25.7	27.2	31.7	22.6
<b>Total .....</b>	<b>18.2</b>	<b>31.4</b>	<b>36.3</b>	<b>39.2</b>	<b>29.1</b>

The maintenance and capital expenditure cost per square meter of €18.2 in the 9M 2020 was in line with our expectations for our long-term average levels.

### **Liquidity and Capital Resources**

The ADLER 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 ADLER Group's cash flows for the periods presented:

	For the nine-month period ended September 30,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(audited) (in € thousand)		
<b>Cash flows from operating activities</b>					
Profit for the period .....	99,749	328,072	606,924	397,464	367,512
<u>Adjustments for:</u>					
Depreciation .....	6,922	1,065	1,488	527	452
Profit from selling portfolio.....	—	—	(78,132)	—	—

	For the nine-month period ended September 30,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited) (in € thousand)		(audited) (in € thousand)		
Change in fair value of investment properties .....	(189,084)	(342,766)	(461,517)	(404,936)	(383,638)
Non-cash other income and expense .....	(54,769)	—	—	—	—
Change in contract assets .....	(70,139)	—	—	—	—
Change in contract liabilities .....	(4,187)	—	—	—	—
Non-cash income from at-equity valued investment associates .....	1,373	—	—	—	—
Net finance costs .....	212,875	17,422	(70,100)	31,516	28,007
Income tax expense .....	42,566	58,843	77,096	70,362	68,035
Share-based payments .....	358	358	1,530	546	564
Change in short-term restricted bank deposits related to tenants .....	(44,203)	(1,904)	(2,142)	(1,624)	(4,727)
Change in long-term restricted bank deposits from condominium sales .....	(620)	(2,887)	(4,102)	(3,320)	(539)
Change in trade receivables .....	30,043	(536)	(2,959)	(2,926)	(3,148)
Change in other receivables .....	52,181	(2,408)	(2,931)	2,427	(3,742)
Change in inventories .....	48,543	7,146	9,168	13,585	12,830
Change in advances received .....	(22,995)	—	—	—	—
Change in advances on development projects .....	48,757	—	—	—	—
Change in trade payables .....	(55,501)	(1,714)	5,632	4,623	1,408
Change in other payables .....	94,509	8,925	15,896	(156)	4,163
Income tax paid .....	(4,328)	(7,087)	(7,087)	(4,155)	(864)
<b>Net cash flows from operating activities .....</b>	<b>192,050</b>	<b>62,529</b>	<b>88,764</b>	<b>103,933</b>	<b>86,313</b>
<b>Cash flows from investing activities</b>					
Purchase of and CAPEX on investment properties .....	(239,025)	(42,436)	(44,068)	(117,118)	(189,182)
Advances paid for investment property purchase .....	6,300	—	—	—	(33,975)
Grant of the long-term loans .....	(103,547)	—	—	—	—
Proceeds from disposals of investment properties .....	38,129	—	570,335	—	—
Investment in financial instrument .....	(40,159)	—	(254,342)	—	—
Purchase of and CAPEX on property, plant and equipment .....	(1,969)	(2,719)	(3,121)	(1,182)	(795)
Interest received .....	2,473	20	39	143	3
Proceeds from sale of financial instruments .....	11,058	—	—	—	—
Proceeds from sale of fixed assets .....	17	—	—	—	—
Acquisition of subsidiaries, net of acquired cash .....	(64,235)	—	—	(216,685)	(280,542)
Change in short-term restricted bank deposits, net .....	(601)	226	218	808	9,992*
<b>Net cash flows used in investing activities .....</b>	<b>(391,559)</b>	<b>(44,909)</b>	<b>296,061</b>	<b>(334,034)</b>	<b>(494,499)</b>
<b>Cash flows from financing activities</b>					
Acquisition of non-controlling interests .....	(20,220)	—	—	—	396,185
Issuance of ordinary shares .....	457,338	—	—	—	—
Repayment of bonds .....	(16,419)	—	—	163,740	—
Long-term loans received .....	1,376,821	79,427	79,427	121,637	114,606
Repayment of long-term loans .....	(1,895,956)	(13,173)	(15,876)	(93,283)	(116,061)
Proceeds from issuance of corporate bonds .....	390,601	—	—	673,000	—
Repayment of commercial papers .....	—	—	—	(673,000)	—
Short-term loans received .....	175,522	—	—	—	—
Repayment of short-term loans .....	(284,703)	—	—	(2,300)	(10,487)
Upfront fees paid for credit facilities .....	(217)	(443)	(702)	(1,377)	—
Interest paid .....	(115,703)	(20,561)	(26,427)	(24,873)	(18,103)
Payment of lease liabilities .....	(4,277)	(551)	(789)	—	—
Compensation fee payments in respect of other financial liabilities .....	—	—	(768)	(537)	—
Transaction cost .....	(25,137)	—	—	—	—
Prepaid costs of raising debt .....	(26,477)	—	—	—	—
Payment from settlement of derivatives .....	—	—	—	(10)	—
Dividend distributed .....	—	(33,098)	(33,098)	(26,460)	(19,845)
<b>Net cash from financing activities .....</b>	<b>11,173</b>	<b>11,601</b>	<b>1,767</b>	<b>136,537</b>	<b>346,295</b>
Change in cash and cash equivalents during the period .....	(188,336)	29,221	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
Net cash and cash equivalents acquired as a result of business combination .....	178,379	—	—	—	—
Cash and cash equivalents at the end of the period .....	377,601	57,186	387,558	27,966	121,530

\* Immaterial adjustment of comparative data.

### ***Comparison of the Nine-Month Periods Ended September 30, 2020 and September 30, 2019***

#### *Cash Flows from Operating Activities*

Cash flows from operating activities increased by 207.1% from €62,529 thousand in net cash generated from operating activities in the 9M 2019 to €192,050 thousand in net cash generated from operating activities in the 9M 2020 primarily due to the revenue contributions of ADLER Real Estate and Consus Real Estate which was partially offset by the Gewobag Sale and one-off costs relating to the business combinations with ADLER Real Estate and with Consus Real Estate.

#### *Cash Flows from Investing Activities*

Cash flows from investing activities increased from €44,909 thousand in net cash used in investing activities in the 9M 2019 to €391,559 thousand in net cash used in investing activities in the 9M 2020 primarily due to the investment in a majority stake in Consus Real Estate and other financial assets.

#### *Cash Flows from Financing Activities*

Cash flows from financing activities decreased from €11,601 thousand in net cash generated from financing activities in the 9M 2019 to €11,173 thousand in net cash generated from financing activities in the 9M 2020 primarily due to refinancing activities and cash contributions from the issuance of ordinary shares.

### ***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 €334,034 thousand in net cash used in investing activities in the Fiscal Year 2018 to €269,061 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 €86,313 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 €494,499 thousand in net cash used in investing activities in the Fiscal Year 2017 to €334,034 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 €346,295 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 €400.0 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, €370,786,980 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 September 30, 2020	As of December 31,		
	(unaudited) (in € thousand)	2019	2018	2017
Corporate bonds .....	3,348,084	397,433	396,899	396,396
Convertible bonds .....	323,663	156,334	154,252	—
Other loans and borrowings.....	4,618,535	777,817	1,057,973	1,026,723
Other financial liabilities.....	24,340	47,951	42,027	28,105
<b>Financial liabilities .....</b>	<b>8,314,622</b>	<b>1,379,535</b>	<b>1,651,151</b>	<b>1,451,224</b>

For further information on our main financings refer to “*Business—Material Agreements—Other Financing*”.

### *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 84,000 existing leases as of September 30, 2020. Accordingly, the ADLER 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:

	Carrying amount	Contractual cash flows	As of December 31, 2019			Due after three years
			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 <sup>(*)</sup> .....	2,766	2,295	163	375	194	1,563
<b>Total .....</b>	<b>1,444,471</b>	<b>1,546,977</b>	<b>129,457</b>	<b>140,400</b>	<b>77,029</b>	<b>1,200,091</b>

\* 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 ADLER Group's results or financial statements. Some of these estimates, assumptions and judgments are critical to the ADLER 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 ADLER Group's financial statements. Following is a summary of the ADLER 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 ADLER 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 ADLER 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 September 30, 2020, the balance of right-of-use assets amounted to €17,636 thousand, non-current lease liabilities of €26,486 thousand and current lease liabilities of €7,919 thousand. Furthermore, 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 €531 thousand interest costs from these leases. During the nine-month period ended September 30, 2020, we recognized €6,922 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.

The amendment to IAS 1 will not have a significant effect 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 AG, which has been consolidated into ADO Properties S.A. (renamed to ADLER Group S.A.) 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 and reduce rents in Berlin to a certain rental price limit by introducing new laws applicable 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 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 failed to pay rent during the period from April 1, 2020 to June 30, 2020, provided that such non-payment was caused by impacts related to the Coronavirus. Payments that became due during the period from 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. See "*Markets and Competition—Berlin Macroeconomic Situation, Demographic Drivers and Residential Real Estate Market*".

#### 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.

#### 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 (as defined below), resulting in an expected €27 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 ADLER Group level for 2020.

In addition, 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 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 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;
- the average costs of the Company’s overall 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 ADLER GROUP S.A.**

The following *pro forma* financial information present the expected effects on the results of operation of ADLER Group S.A. (formerly ADO Properties S.A.) (the “**Company**” and, together with its subsidiaries, the “**ADLER Group**”) of (i) a merger (the “**Merger**”) of ADLER Real Estate Aktiengesellschaft (“**ADLER Real Estate**” and together with its consolidated subsidiaries, the “**ADLER Real Estate Group**”) and ADO Group Ltd. (“**ADOG**”), (ii) a business combination (the “**Business Combination**”) of the Company and ADLER Real Estate as well as a €450 million rights offering (the “**Rights Offering**”) by the Company, and (iii) an acquisition (the “**Acquisition**” and together with the Merger and the Business Combination, the “**Transactions**”) by the Company of a majority stake in Consus Real Estate AG (“**Consus Real Estate**” and, together with its consolidated subsidiaries, the “**Consus Group**”).

### **Introduction**

On September 23, 2019, (i) ADLER Real Estate, (ii) LI Lorgen Ltd., Israel, a wholly-owned subsidiary of ADLER Real Estate, which was acquired solely for purposes of the Merger, and (iii) ADOG, whose only significant asset at that date was its 38.16% stake in the Company, entered into an agreement and plan of merger by way of reverse-triangular merger (the “**Merger Agreement**”). In accordance with the Merger Agreement, LI Lorgen Ltd. was merged into ADOG as the absorbing entity. As a consequence of the Merger, LI Lorgen Ltd. ceased to exist and ADOG 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 Israeli companies law. In accordance with a condition for the closing of the Merger, which occurred on December 10, 2019, ADOG sold 4.91% of its share capital and voting rights in the Company, thus effectively reducing its stake in the Company 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 businesses of the ADLER Real Estate Group and the ADLER Group. The Company offered 0.4164 shares in the Company for every one share in ADLER Real Estate. The offer period commenced on February 7, 2020 and expired on March 25, 2020. 91.93% of the shareholders of ADLER Real Estate accepted the offer.

On December 15, 2019, the Company also announced its intention to implement a €500 million rights issue to existing shareholders and new investors following the completion of the 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 fiscal year ended December 31, 2019.

Moreover, on December 15, 2019, the Company entered into various share purchase agreements with minority shareholders 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, as amended (the “**Call/Put-Option Agreement**”) with Aggregate Holdings S.A. for its 69,619,173 shares in Consus Group, whereby the consideration for one share in Consus Real Estate is 0.2390 newly issued shares in the Company, adjusted to any dividends paid and equity raise done by the Company or Consus Real Estate. On June 29, 2020, the Company resolved to exercise the call option under the Call/Put-Option Agreement. On July 6, 2020, the call option exercise was fully settled with a conversion ratio, adjusted for the Rights Offering, of one share in Consus Real Estate for 0.272 newly issued shares in the Company.

Since the Transactions have a material impact on the results of operations of the Company, 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 September 30, 2020 (the “**Pro Forma Consolidated Statement of Profit or Loss for the period from January 1, 2020 to September 30, 2020**”) as well as a *pro forma* consolidated statement of profit or loss for the period from January 1, 2019 to December 31, 2019 (the “**Pro Forma Consolidated Statement of Profit or Loss for the period from January 1, 2019 to December 31, 2019**”), and accompanying *pro forma* notes (the “**Pro Forma Notes**”).

As ADLER Group S.A consolidated the ADLER Real Estate Group (including ADOG) as well as the Consus Group as of September 30, 2020, a *Pro Forma* Consolidated Balance Sheet is not included in the *Pro Forma* Consolidated Financial Information.

The *Pro Forma* Consolidated Financial Information is not meaningful on a stand-alone basis. Rather, the purpose of the *Pro Forma* Consolidated Financial Information is to show the material effects that the Transactions would have had on the Company's consolidated statements of profit or loss for the periods from January 1, 2020 to September 30, 2020 as well as from January 1, 2019 to December 31, 2019 as if the ADLER Group had already existed as from January 1, 2019 in the structure created by the Transactions. The *Pro Forma* Consolidated Financial Information is based on assumptions and bears uncertainties and therefore does not represent the actual performance of the financial development of the ADLER Group. Furthermore, the *Pro Forma* Consolidated Financial Information should not be considered as an indicator for the future performance of the financial position of the ADLER Group and the results of its operations and its cash flows. 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 condensed consolidated interim financial statements as of and for the nine-month period ended September 30, 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).

### **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 nine-month period ended September 30, 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 nine-month period ended September 30, 2020, prepared in accordance with IFRS as adopted by the European Union (IAS 34) (the "**ADLER Interim Financials 2020**");
- ADOG's audited separate financial information as of and for the fiscal year ended December 31, 2019, prepared in accordance with Regulation 9C of the Israeli Securities Regulations (Periodic and Immediate Reports) – 1970 (annual) (the "**ADOG Financials 2019**");
- Consus 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 "**Consus Financials 2019**"); and
- Consus Real Estate's unaudited and published consolidated interim financial statements as of and for the nine-month period ended September 30, 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 for the fiscal year ended December 31, 2019 and for the nine-month period ended September 30, 2020.

The ADOG Financials 2019 are originally presented in Hebrew only and were translated into English solely for purposes of preparing the *Pro Forma* Consolidated Financial Information. Moreover, the ADOG 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 ADOG Financials 2019 are calculated from ILS to EUR 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. ADOG has prepared their separate financial statements in accordance with Regulation 9C of the Israeli 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 “10.7 Notes to the *Pro Forma* Consolidated Financial Information as of and for the nine-month period ended September 30, 2020” and in “10.9 Notes to the *Pro Forma* Consolidated Financial Information for the fiscal year ended December 31, 2019”.

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 the *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 ADLER Group.

The *Pro Forma* Consolidated Financial Information is presented in Euro. In addition, certain financial information regarding ADOG is presented in ILS. Unless stated otherwise, all figures have been rounded to the nearest EUR 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 was prepared on the assumption that (i) the Merger, (ii) the Business Combination and Rights Offering and (iii) the Acquisition had been successfully completed as of January 1, 2019. Accordingly, all acquired assets and assumed liabilities as well as any non-controlling interest in ADLER Real Estate and Consus Real Estate were recognized in 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 Merger, (ii) the Business Combination and Rights Offering and (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 ADOG and any third party (e.g. for financial liabilities) could not be conclusively assessed for purposes of the *Pro Forma* Consolidated Financial Information.

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 for utilities are recorded according to the agent method of the Company, services like cleaning, gardening and maintenance service are recorded according to the principal method. 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 was 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.

#### **Alignment of the historical financial information of ADOG, ADLER Real Estate and Consus Real Estate**

In order to present uniform historical financial information for purposes of the *Pro Forma* Consolidated Financial Information, the ADOG Financials 2019, the ADLER Interim Financials 2020, the ADLER Financials 2019, the Consus Interim Financials 2020 and the Consus Financials 2019 are adjusted to align with the accounting policies of the Company.

#### ***Accounting policy adjustments for the Consolidated Statement of Profit or Loss for the nine-month period ended September 30, 2020***

##### *ADLER Real Estate accounting policy adjustments for the Consolidated Statement of Profit or Loss for the nine-month period ended September 30, 2020*

The following table summarizes the accounting policy adjustments to the consolidated statement of profit or loss of ADLER Real Estate for the nine-month period ended September 30, 2020. As no accounting and valuation adjustments were identified, accounting policy adjustments refer to presentation adjustments only.

	<b>Accounting policy adjustments</b>			<b>Adjusted ADLER Real Estate</b>
	<b>Historical ADLER Real Estate</b>	<b>Presentation adjustments</b>	<b>Presentation note</b>	
	(in € thousand, unless stated otherwise)			
Revenue*	—	268,221	(i)	268,221
Gross rental income	268,221	(268,221)	(i)	0
Income from the sale of properties	490,312	(490,312)	(v)	0
Cost of operations	—	(108,854)	(ii)	(108,854)
Expenses from property lettings	(108,854)	108,854	(ii)	0
Expenses from the sale of properties	(475,775)	475,775	(v)	0
<b>Gross profit</b>	<b>173,904</b>	<b>—</b>		<b>173,904</b>
General and administrative expenses	—	(88,605)	(iii)	(88,605)
Personnel expenses	(32,706)	32,706	(iii)	0
Other operating income	5,746	(5,746)	(iii)	0
Other operating expenses	(57,594)	57,594	(iii)	0
Other income	—	14,537	(v)	14,537
Other expenses	—	—		—
Changes in fair value of investment properties	160,276	—		160,276
Depreciation and amortization	(4,051)	4,051	(iii)	0
<b>Result from operating activities</b>	<b>245,575</b>	<b>—</b>		<b>245,575</b>
Profits from investments accounted at equity	(1,102)	1,102	(iv)	—
Finance income	78,193	—		78,193
Finance cost	(119,439)	—		(119,439)
<b>Net finance costs</b>	<b>(42,348)</b>	<b>1,102</b>		<b>41,246</b>
Net income from investments in associated companies	—	(1,102)	(iv)	(1,102)
<b>Profit before tax</b>	<b>203,227</b>	<b>—</b>		<b>203,227</b>
Income tax expense	(66,329)	—		(66,329)
Profit for the period (continued operations)	136,898	—		136,898
Earnings after taxes from discontinued operations	(499,527)	—		(499,527)
<b>Profit for the period</b>	<b>(362,629)</b>	<b>—</b>		<b>(362,629)</b>
<b>Profit attributable to:</b>	<b>—</b>	<b>—</b>		<b>—</b>
Owners of the Company	(392,426)	—		(392,426)
Non-controlling interest	29,797	—		29,797
<b>Profit for the period</b>	<b>(362,629)</b>	<b>—</b>		<b>(362,629)</b>
Basic earnings per share (in €)	(5.57)	—		(5.57)
Diluted earnings per share (in €)	(4.89)	—		(4.89)

\* 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 nine-month period ended September 30, 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 item gross rental income. Accordingly, gross rental income (€268,221 thousand) was re-classified to revenue (€268,221 thousand).

(ii) Cost of operations

ADLER Real Estate does not separately disclose cost of operations, but instead discloses the item expenses from property lettings. Accordingly, expenses from property lettings (€108,854 thousand) was re-classified to cost of operations (€108,854 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 (€32,706 thousand), and depreciation and amortization (€4,051 thousand) were re-classified to general and administrative expenses. Additionally, ADLER Real Estate discloses other operating income in the amount of €5,746 thousand and other operating expenses in the amount of €57,594 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 profit from investments accounted for at equity in the amount of €1,102 thousand has been reclassified to net income from investments in associated companies.

(v) Other income and other expenses

ADLER Real Estate does not disclose other income and other expenses, but instead discloses income from the sale of properties, and expenses from sale of properties. Accordingly, income from the sale of properties (€490,312 thousand) and expenses from sale of properties (€475,775 thousand) were reclassified to other income (€14,537 thousand).

	Presentation adjustments				Subtotal presentation adjustments
	Gross rental income	Cost of operations	General and administrative expenses / Operating income & expenses	Net income from at-equity valued investment associates	
	(i)	(ii)	(iii)	(iv)	
Revenue.....	268,221	—	—	—	268,221
Gross rental income.....	(268,221)	—	—	—	(268,221)
Income from the sale of properties.....	—	—	—	—	—
Cost of operations .....	—	(108,854)	—	—	(108,854)
Expenses from property lettings.....	—	108,854	—	—	108,854
Expenses from the sale of properties.....	—	—	—	—	—
<b>Gross profit</b> .....	—	—	—	—	—
General administrative expenses .....	—	—	(88,605)	—	(88,605)
Personal expenses .....	—	—	32,706	—	32,706
Other operating income.....	—	—	(5,746)	—	(5,746)
Other operating expenses .....	—	—	57,594	—	57,594
Other income.....	—	—	—	—	—
Other expenses .....	—	—	—	—	—
Changes in fair value of investment properties.....	—	—	—	—	—
Depreciation and amortization .....	—	—	4,051	—	4,051
<b>Result from operating activities</b> .....	—	—	—	—	—
Profits from investments accounted for at equity .....	—	—	—	1,102	1,102
Finance income .....	—	—	—	—	—
Finance cost .....	—	—	—	—	—
<b>Net finance costs</b> .....	—	—	—	—	—
Net income from investments in associated companies .....	—	—	—	(1,102)	(1,102)
<b>Profit before tax</b> .....	—	—	—	—	—
Income tax expense .....	—	—	—	—	—
Profit for the period (continued operations).....	—	—	—	—	—
Earnings after taxes from discontinued operations.....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
<b>Profit attributable to:</b> .....	—	—	—	—	—
Owners of the Company.....	—	—	—	—	—
Non-controlling interest .....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
Basic earnings per share (in €) .....	—	—	—	—	—
Diluted earnings per share (in €) .....	—	—	—	—	—

	Presentation adjustments				Total presentation adjustments
	Other income	(in € thousand, unless stated otherwise)			
	(v)	()	()	()	
Revenue.....	—	—	—	—	268,221
Gross rental income.....	—	—	—	—	(268,221)
Income from the sale of properties.....	(490,312)	—	—	—	(490,312)
Cost of operations .....	—	—	—	—	(108,854)
Expenses from property lettings.....	—	—	—	—	108,854
Expenses from the sale of properties.....	475,775	—	—	—	475,775
<b>Gross profit</b> .....	—	—	—	—	—
General administrative expenses .....	—	—	—	—	(88,605)
Personal expenses .....	—	—	—	—	32,706
Other operating income.....	—	—	—	—	(5,746)
Other operating expenses .....	—	—	—	—	57,594
Other income.....	14,537	—	—	—	14,537
Other expenses .....	—	—	—	—	—
Changes in fair value of investment properties.....	—	—	—	—	—
Depreciation and amortization .....	—	—	—	—	4,051
<b>Result from operating activities</b> .....	—	—	—	—	—
Profits from investments accounted for at equity .....	—	—	—	—	1,102
Finance income .....	—	—	—	—	—
Finance cost .....	—	—	—	—	—
<b>Net finance costs</b> .....	—	—	—	—	—
Net income from investments in associated companies .....	—	—	—	—	(1,102)
<b>Profit before tax</b> .....	—	—	—	—	—
Income tax expense .....	—	—	—	—	—
Profit for the period (continued operations).....	—	—	—	—	—
Earnings after taxes from discontinued operations.....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
<b>Profit attributable to:</b> .....	—	—	—	—	—
Owners of the Company.....	—	—	—	—	—
Non-controlling interest .....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
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 nine-month period ended September 30, 2020*

The following table summarizes the accounting policy adjustments to the consolidated statement of profit or loss of Consus Real Estate for the nine-month period ended September 30, 2020.

	Accounting policy adjustments				
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Accounting policy adjustment	Adjusted Consus Real Estate
	(in € thousand, unless stated otherwise)				
Revenue*.....	—	705,553	(i)	—	705,553
Income from letting activities.....	9,990	(9,990)	(i)	—	0
Income from real estate inventory disposed of.....	344,601	(344,601)	(i)	—	0
Income from property development.....	306,189	(306,189)	(i)	—	0
Income from service, maintenance and management activities.....	44,773	(44,773)	(i)	—	0
Cost of operations .....	—	(451,306)	(ii), (v)	(99,281)	(550,587)
Change in project related inventory .....	(83,454)	(83,454)	(ii)	—	0
Expenses from letting activities .....	(5,584)	5,584	(ii)	—	0
Cost of materials .....	(362,268)	362,268	(ii)	—	0
<b>Gross profit</b> .....	<b>254,247</b>	<b>—</b>	<b>—</b>	<b>(99,281)</b>	<b>154,966</b>
General and administrative expenses .....	—	(103,060)	(iii)	—	(103,060)

	Accounting policy adjustments				
	Historical Consus Real Estate	Presentation adjustments	Presentation note	Accounting policy adjustment	Adjusted Consus Real Estate
	(in € thousand, unless stated otherwise)				
Other expenses .....	—	—		—	—
Net income from the remeasurement of investment properties .....	—	—		—	—
Other operating income .....	19,440	(19,440)	(ii)	—	0
Personnel expenses .....	(59,279)	59,279	(iii)	—	0
Other operating expenses .....	(55,971)	55,971	(iii)	—	0
Depreciation and amortization .....	(7,250)	7,250	(iii)	—	0
Changes in fair value of investment properties .....	—	—		—	—
<b>Result from operating activities .....</b>	<b>151,187</b>	<b>—</b>		<b>(99,281)</b>	<b>51,906</b>
Profits from investments accounted for at equity .....	—	—		—	—
Finance income .....	—	27,069	(iv)	—	27,069
Financial income .....	27,069	(27,069)	(iv)	—	0
Finance costs .....	—	(222,411)	(iv), (v)	99,281	(123,130)
Financial expenses .....	(222,411)	222,411	(iv)	—	0
<b>Net finance costs .....</b>	<b>(195,342)</b>	<b>—</b>		<b>—</b>	<b>(96,061)</b>
<b>Profit before tax .....</b>	<b>(44,155)</b>	<b>—</b>		<b>—</b>	<b>(44,155)</b>
Income tax expense .....	6,932	—		—	6,932
Profit for the period (continued operations) .....	(37,223)	—		—	(37,223)
Earnings after taxes from discontinued operations .....	—	—		—	—
<b>Profit for the period .....</b>	<b>(37,223)</b>	<b>—</b>		<b>—</b>	<b>(37,223)</b>
<b>Profit attributable to:</b> .....	<b>—</b>	<b>—</b>		<b>—</b>	<b>—</b>
Owners of the Company .....	(33,033)	—		—	(33,033)
Non-controlling interest .....	(4,190)	—		—	(4,190)
<b>Profit for the period .....</b>	<b>(37,223)</b>	<b>—</b>		<b>—</b>	<b>(37,223)</b>
Basic earnings per share (in €) .....	(0.23)	—		—	(0.23)
Diluted earnings per share (in €) .....	(0.23)	—		—	(0.23)

\* 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 nine-month period ended September 30, 2020*

(i) Revenue

Consus Real Estate does not disclose revenue as a separate line item, but instead discloses the items income from letting activities (€9,990 thousand), income from real estate inventory disposed of (€344,601 thousand), income from property development (€306,189 thousand), and income from service, maintenance and management activities (€44,773 thousand). Accordingly, these items were re-classified to revenue (€705,553 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 (€83,454 thousand) expenses from letting activities (€5,584 thousand) and cost of materials (€362,268 thousand). Accordingly, these items were re-classified to cost operations (€451,306 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 (€19,440 thousand), personnel expenses (€59,279 thousand), other operating expenses (€55,971 thousand), and depreciation and amortization (€7,250 thousand). Accordingly, these items were re-classified to general and administrative expenses (€103,060 thousand).

#### (iv) Finance costs and finance income

Consus Real Estate discloses financial income (€27,069 thousand) and financial expenses (€222,411 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 €99,281 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 (€99,281 thousand).

<b>Presentation &amp; accounting policy adjustments</b>						
	<b>Revenue</b>	<b>Cost of operations</b>	<b>General and administrative expenses / Operating income &amp; expenses</b>	<b>Finance costs/ Financial income</b>	<b>Finance cost</b>	<b>Total presentation adjustments</b>
	(i)	(ii)	(iii)	(iv)	(v)	
	(in € thousand, unless stated otherwise)					
Revenue.....	705,553	—	—	—	—	705,553
Income from letting activities.....	(9,990)	—	—	—	—	(9,990)
Income from real estate inventory disposed of.....	(344,601)	—	—	—	—	(344,601)
Income from property development ...	(306,189)	—	—	—	—	(306,189)
Income from service, maintenance and management activities.....	(44,773)	—	—	—	—	(44,773)
Cost of operations .....	—	(451,306)	—	—	(99,281)	(550,587)
Change in project related inventory ...	—	83,454	—	—	—	83,454
Expenses from letting activities .....	—	5,584	—	—	—	5,584
Cost of materials .....	—	362,268	—	—	—	362,268
<b>Gross profit</b> .....	—	—	—	—	—	—
General and administrative expenses .	—	—	(103,060)	—	—	(103,060)
Other income.....	—	—	—	—	—	—
Other expenses .....	—	—	—	—	—	—
Net income from the remeasurement of investment properties.....	—	—	—	—	—	—
Other operating income.....	—	—	(19,440)	—	—	(19,440)
Personnel expenses.....	—	—	59,279	—	—	59,279
Other operating expenses .....	—	—	55,971	—	—	55,971
Depreciation and amortization .....	—	—	7,250	—	—	7,250
Changes in fair value of investment properties .....	—	—	—	—	—	—
<b>Result from operating activities</b> .....	—	—	—	—	—	—
Profits from investments accounted for at equity .....	—	—	—	—	—	—
Finance income .....	—	—	—	27,069	—	27,069
Financial income .....	—	—	—	(27,069)	—	(27,069)
Finance costs .....	—	—	—	(222,411)	99,281	(123,130)
Financial expenses .....	—	—	—	222,411	—	222,411
<b>Net finance costs</b> .....	—	—	—	—	—	—
<b>Profit before tax</b> .....	—	—	—	—	—	—
Income tax expense .....	—	—	—	—	—	—
Profit for the period (continued operations) .....	—	—	—	—	—	—
Earnings after taxes from discounted operations.....	—	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—	—
<b>Profit attributable to:</b> .....	—	—	—	—	—	—
Owners of the Company.....	—	—	—	—	—	—
Non-controlling interest .....	—	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—	—
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, unless stated otherwise)				
Revenue*	—	370,362	(i)	370,362
Gross rental income	370,362	(370,362)	(i)	0
Income from the sale of properties	533,823	(533,823)	(v)	0
Cost of operations	—	(151,044)	(ii)	(151,044)
Expenses from property lettings	(151,044)	151,044	(ii)	0
Expenses from the sale of properties	(533,329)	533,329	(v)	0
<b>Gross profit</b>	<b>219,812</b>	<b>(494)</b>		<b>219,318</b>
General and administrative expenses	—	(113,442)	(iii)	(113,442)
Personnel expenses	(47,130)	47,130	(iii)	0
Other operating income	8,364	(8,364)	(iii)	0
Other operating expenses	(68,964)	68,964	(iii)	0
Other income	—	494	(v)	494
Other expenses	—	—		—
Changes in fair value of investment properties	362,638	—		362,638
Depreciation and amortization	(5,712)	5,712	(iii)	0
<b>Result from operating activities</b>	<b>469,008</b>	<b>—</b>		<b>469,008</b>
Net income from at-equity valued investment associates	(1,327)	1,327	(iv)	0
Finance income	10,190	—		10,190
Finance cost	(120,885)	(1,327)	(iv)	(122,212)
<b>Net finance costs</b>	<b>(112,022)</b>	<b>—</b>		<b>(112,022)</b>
<b>Profit before tax</b>	<b>356,986</b>	<b>—</b>		<b>356,986</b>
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
<b>Profit for the period</b>	<b>367,764</b>	<b>—</b>		<b>367,764</b>
<b>Profit attributable to:</b>				
Owners of the Company	238,338	—		238,338
Non-controlling interest	129,426	—		129,426
<b>Profit for the period</b>	<b>367,764</b>	<b>—</b>		<b>367,764</b>
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**

ADLER Real Estate does not disclose revenue as a separate line item, but instead discloses the item gross rental income. Accordingly, gross rental income (€370,362 thousand) was re-classified to revenue (€370,362 thousand).

**(ii) Cost of operations**

ADLER Real Estate does not separately disclose cost of operations, but instead discloses the item expenses from property lettings. Accordingly, expenses from property lettings (€151,044 thousand) was re-classified to cost of operations (€151,044 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.

### (v) Other income and other expenses

ADLER Real Estate discloses income from the sale of properties, and expenses from sale of properties. Accordingly, income from the sale of properties (€533,823 thousand) and expenses from sale of properties (€533,329 thousand) were reclassified to other income (€494 thousand).

	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	
	(i)	(ii)	(iii)	(iv)	
Revenue.....	370,362	—	—	—	370,362
Gross rental income.....	(370,362)	—	—	—	(370,362)
Income from the sale of properties.....	—	—	—	—	—
Cost of operations.....	—	(151,044)	—	—	(151,044)
Expenses from property lettings.....	—	151,044	—	—	151,044
Expenses from the sale of properties.....	—	—	—	—	—
<b>Gross profit</b> .....	—	—	—	—	—
General administrative expenses.....	—	—	(113,442)	—	(113,442)
Personnel expenses.....	—	—	47,130	—	47,130
Other operating income.....	—	—	(8,364)	—	(8,364)
Other operating expenses.....	—	—	68,964	—	68,964
Other income.....	—	—	—	—	—
Other expenses.....	—	—	—	—	—
Changes in fair value of investment properties.....	—	—	—	—	—
Depreciation and amortization.....	—	—	5,712	—	5,712
<b>Result from operating activities</b> .....	—	—	—	—	—
Profits from investments accounted for at equity.....	—	—	—	1,327	1,327
Finance income.....	—	—	—	—	—
Finance cost.....	—	—	—	(1,327)	(1,327)
<b>Net finance costs</b> .....	—	—	—	—	—
<b>Profit before tax</b> .....	—	—	—	—	—
Income tax expense.....	—	—	—	—	—
Profit for the period (continued operations).....	—	—	—	—	—
Earnings after taxes from discontinued operations.....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
<b>Profit attributable to:</b>					
Owners of the Company.....	—	—	—	—	—
Non-controlling interest.....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
Basic earnings per share (in €).....	—	—	—	—	—
Diluted earnings per share (in €).....	—	—	—	—	—



	Presentation adjustments				Total presentation adjustments
	Other income	(in € thousand, unless stated otherwise)			
	(v)	()	()	()	
Revenue.....	—	—	—	—	—
Gross rental income.....	—	—	—	—	—
Income from the sale of properties.....	(533,823)	—	—	—	(533,823)
Cost of operations .....	—	—	—	—	—
Expenses from property lettings.....	—	—	—	—	—
Expenses from the sale of properties	533,329	—	—	—	533,329
<b>Gross profit</b> .....	<b>(494)</b>	—	—	—	<b>(494)</b>
General administrative expenses .....	—	—	—	—	—
Personnel expenses.....	—	—	—	—	—
Other operating income.....	—	—	—	—	—
Other operating expenses .....	—	—	—	—	—
Other income	494	—	—	—	494
Other expenses .....	—	—	—	—	—
Changes in fair value of investment properties .....	—	—	—	—	—
Depreciation and amortization .....	—	—	—	—	—
<b>Result from operating activities</b> .....	—	—	—	—	—
Profits from investments accounted for at equity .....	—	—	—	—	—
Finance income .....	—	—	—	—	—
Finance cost .....	—	—	—	—	—
<b>Net finance costs</b> .....	—	—	—	—	—
<b>Profit before tax</b> .....	—	—	—	—	—
Income tax expense .....	—	—	—	—	—
Profit for the period (continued operations) .....	—	—	—	—	—
Earnings after taxes from discontinued operations.....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
<b>Profit attributable to:</b>					
Owners of the Company.....	—	—	—	—	—
Non-controlling interest .....	—	—	—	—	—
<b>Profit for the period</b> .....	—	—	—	—	—
Basic earnings per share (in €).....	—	—	—	—	—
Diluted earnings per share (in €).....	—	—	—	—	—

ADOG (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 ADOG 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	
	<i>(in € thousand, unless stated otherwise)</i>			
Revenue.....	—	24	(i)	24
Revenues from services provided to investee companies .....	24	(24)	(i)	0
Cost of operations.....	—	—		—
<b>Gross profit</b> .....	<b>24</b>	<b>—</b>		<b>24</b>
General and administrative expenses.....	(3,593)	—		(3,593)
Other income .....	—	—		—
Other expenses .....	—	—		—
Changes in fair value of investment properties.....	—	—		—
<b>Results from operating activities</b> .....	<b>(3,569)</b>	<b>—</b>		<b>(3,569)</b>
Profits from investee companies.....	223,606	(223,606)	(ii)	0
Finance income .....	938	223,606	(ii)	224,545
Finance costs .....	(15,380)	—		(15,380)
<b>Net finance costs</b> .....	<b>209,164</b>	<b>—</b>		<b>209,164</b>

	<b>Accounting policy adjustments</b>			
	<b>Historical ADO Group</b>	<b>Presentation adjustments</b>	<b>Presentation note</b>	<b>Adjusted ADO Group</b>
	<i>(in € thousand, unless stated otherwise)</i>			
<b>Profit before tax</b> .....	<b>205,595</b>	—		<b>205,595</b>
Income tax expense .....	(11,247)	—		(11,247)
Profit for the period (continued operations) .....	194,348	—		194,348
Earnings after taxes from discontinued operations .....	—	—		—
<b>Profit for the period</b> .....	<b>194,348</b>	—		<b>194,348</b>
<b>Profit attributable to:</b>				
Owners of the Company .....	194,348	—		194,348
Non-controlling interest .....	—	—		—
<b>Profit for the period</b> .....	<b>194,348</b>	—		<b>194,348</b>
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 ADOG (stand-alone) presentation adjustments for the statement of profit or loss for the fiscal year ended December 31, 2019

(i) Revenue

ADOG 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

ADOG 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.

	<b>Presentation adjustments</b>		
	<b>Revenues</b>	<b>Profits from investee companies</b>	<b>Total presentation adjustments</b>
	<i>(in € thousand, unless stated otherwise)</i>		
	(i)	(ii)	
Revenue .....	24	—	24
Revenues from services provided to investee companies .....	(24)	—	(24)
Cost of operations .....	—	—	—
<b>Gross profit</b> .....	—	—	—
General and administrative expenses .....	—	—	—
Other income .....	—	—	—
Other expenses .....	—	—	—
Changes in fair value of investment properties .....	—	—	—
<b>Results from operating activities</b> .....	—	—	—
Profits from investee companies .....	—	(223,606)	(223,606)
Finance income .....	—	223,606	223,606
Finance costs .....	—	—	—
<b>Net finance costs</b> .....	—	—	—
<b>Profit before tax</b> .....	—	—	—
Income tax expense .....	—	—	—
Profit for the period (continued operations) .....	—	—	—
Earnings after taxes from discontinued operations .....	—	—	—
<b>Profit for the period</b> .....	—	—	—
<b>Profit attributable to:</b>			
Owners of the Company .....	—	—	—
Non-controlling interest .....	—	—	—
<b>Profit for the period</b> .....	—	—	—
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.

	<b>Accounting policy adjustments</b>				
	<b>Historical Consus Real Estate</b>	<b>Presentation adjustments</b>	<b>Presentation note</b>	<b>Accounting policy adjustment</b>	<b>Adjusted Consus Real Estate</b>
		<i>(in € thousand, unless stated otherwise)</i>			
Revenue*	—	671,115	(i)	—	671,115
Income from letting activities	21,340	(21,340)	(i)	—	0
Income from real estate inventory disposed of	204,541	(204,541)	(i)	—	0
Income from property development	401,621	(401,621)	(i)	—	0
Income from service, maintenance and management activities	43,613	(43,613)	(i)	—	0
Cost of operations	—	(341,409)	(ii), (vi)	(129,833)	(471,242)
Change in project related inventory	192,700	(192,700)	(ii)	—	0
Expenses from letting activities	(8,894)	8,894	(ii)	—	0
Cost of materials	(525,215)	525,215	(ii)	—	0
<b>Gross profit</b>	<b>329,706</b>	<b>—</b>		<b>(129,833)</b>	<b>199,873</b>
General and administrative expense	—	(133,657)	(iii)	—	(133,657)
Other income	—	—		—	—
Other expenses	—	—		—	—
Net income from the remeasurement of investment properties	31,943	(31,943)	(iv)	—	0
Other operating income	20,360	(20,360)	(iii)	—	0
Personnel expenses	(67,024)	67,024	(iii)	—	0
Other operating expenses	(78,551)	78,551	(iii)	—	0
Depreciation and amortization	(8,443)	8,443	(iii)	—	0
Changes in fair value of investment properties	—	31,943	(iv)	—	31,943
<b>Result from operating activities</b>	<b>227,992</b>	<b>—</b>	(vi)	<b>(129,833)</b>	<b>98,159</b>
Profits from investments accounted for at equity	—	—		—	—
Finance income	—	28,160	(v)	—	28,160
Financial income	28,160	(28,160)	(v)	—	0
Finance costs	—	(114,833)	(v)	—	(114,833)
Financial expenses	(244,666)	114,833	(v), (vi)	129,833	—
<b>Net finance costs</b>	<b>(216,506)</b>	<b>—</b>		<b>129,833</b>	<b>(86,673)</b>
<b>Profit before tax</b>	<b>11,486</b>	<b>—</b>		<b>—</b>	<b>11,486</b>
Income tax expense	(16,521)	—		—	(16,521)
Profit for the period (continued operations)	(5,035)	—		—	(5,035)
Earnings after taxes from discounted operations	—	—		—	—
<b>Profit for the period</b>	<b>(5,035)</b>	<b>—</b>		<b>—</b>	<b>(5,035)</b>
<b>Profit attributable to:</b>					
Owners of the Company	(20,883)	—		—	(20,883)
Non-controlling interest	15,848	—		—	15,848
<b>Profit for the period</b>	<b>(5,035)</b>	<b>—</b>		<b>—</b>	<b>(5,035)</b>
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 (€671,115 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 (€114,833 thousand) which were re-classified to finance income and finance cost, respectively.

**Accounting policy adjustment**

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).

<b>Presentation and accounting policy adjustments</b>						
<b>Revenue</b>	<b>Cost of operations</b>	<b>General and administrative expenses</b>	<b>Changes in fair value of investment properties</b>	<b>Finance costs/ Finance income</b>	<b>Finance costs</b>	<b>Total presentation adjustments</b>
(i)	(ii)	(iii)	(iv)	(v)	(vi)	
<i>(in € thousand, unless stated otherwise)</i>						
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 development.....	(401,621)	—	—	—	—	(401,621)
Income from service, maintenance and management activities.	(43,613)	—	—	—	—	(43,613)
Cost of operations.....	—	(341,409)	—	—	—	(471,242)
Change in project related inventory .....	—	(192,700)	—	—	—	(192,700)
Expenses from letting activities.....	—	8,894	—	—	—	8,894
Cost of materials.....	—	525,215	—	—	—	525,215
<b>Gross profit.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(129,833)</b>
General and administrative expenses.....	—	—	(133,657)	—	—	(133,657)

**Presentation and accounting policy adjustments**

	<b>Revenue</b>	<b>Cost of operations</b>	<b>General and administrative expenses</b>	<b>Changes in fair value of investment properties</b>	<b>Finance costs/ Finance income</b>	<b>Finance costs</b>	<b>Total presentation adjustments</b>	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)		
			<i>(in € thousand, unless stated otherwise)</i>					
Other income .....	—	—	—	—	—	—	—	
Other expenses .....	—	—	—	—	—	—	—	
Net income from the remeasurement of investment properties ..	—	—	—	(31,943)	—	—	(31,943)	
Other operating income ..	—	—	(20,360)	—	—	—	(20,360)	
Personnel expenses .....	—	—	67,024	—	—	—	67,024	
Other operating expenses	—	—	78,550	—	—	—	78,550	
Depreciation and amortization .....	—	—	8,443	—	—	—	8,443	
Changes in fair value of investment properties ..	—	—	—	31,943	—	—	31,943	
<b>Result from operating activities .....</b>	—	—	—	—	—	<b>(129,833)</b>	<b>(129,833)</b>	
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	
<b>Net finance costs .....</b>	—	—	—	—	—	<b>129,833</b>	<b>129,833</b>	
<b>Profit before tax .....</b>	—	—	—	—	—	—	—	
Income tax expense .....	—	—	—	—	—	—	—	
Profit for the period (continued operations)	—	—	—	—	—	—	—	
Earnings after taxes from discounted operations ..	—	—	—	—	—	—	—	
<b>Profit for the period</b>	—	—	—	—	—	—	—	
<b>Profit attributable to:</b> ...								
Owners of the Company ..	—	—	—	—	—	—	—	
Non-controlling interest ..	—	—	—	—	—	—	—	
<b>Profit for the period</b>								
Basic earnings per share (in €) .....	—	—	—	—	—	—	—	
Diluted earnings per share (in €) .....	—	—	—	—	—	—	—	

**Pro Forma Consolidated Financial Information for the nine-month period ended September 30, 2020**

The following tables present the *Pro Forma* Consolidated Statement of Profit or Loss for the nine-month period ended September 30, 2020.

The financial information contained in column A of the *Pro Forma* Consolidated Statement of Profit or Loss for the nine-month period from January 1, 2020 to September 30, 2020 is taken from the ADOP Interim Financials 2020.

The financial information contained in column B of the *Pro Forma* Consolidated Statement of Profit or Loss for the nine-month period from January 1, 2020 to September 30, 2020 is taken from the ADLER Interim Financials 2020. The Consolidated Statement of Profit or Loss 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 Statement of Profit or Loss for the nine-month period from January 1, 2020 to September 30, 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 E1, E2, and E3 reflect the assumption that (i) the Merger, (i) the Business Combination and the Rights Offering and (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 nine-month period from January 1, 2020 to September 30, 2020 as if (i) the Merger, (ii) the Business Combination and the Rights Offering and (iii) the Acquisition were successfully completed as of January 1, 2019.

***Pro Forma Consolidated Statement of Profit or Loss for the period from January 1, 2020 to September 30, 2020***

	<b>Historical financial information</b>			
	<b>ADLER Group</b>	<b>ADLER Real Estate Group</b>	<b>Consus Group</b>	<b>Total</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D=A+B+C</b>
	<b>(in € thousand)</b>			
Revenue.....	416,882	268,221	705,553	1,390,656
Cost of operations .....	(221,637)	(108,854)	(550,587)	(881,078)
<b>Gross profit</b> .....	<b>195,245</b>	<b>159,367</b>	<b>154,966</b>	<b>509,578</b>
General and administrative expenses .....	(66,872)	(88,605)	(103,060)	(258,537)
Other income.....	90,744	14,537	—	105,281
Other expenses .....	(51,638)	—	—	(51,638)
Changes in fair value of investment properties ..	189,084	160,276	—	349,360
<b>Results from operating activities</b> .....	<b>356,563</b>	<b>245,575</b>	<b>51,906</b>	<b>654,044</b>
Profits from investments accounted for at equity	—	—	—	—
Finance income .....	62,325	78,193	27,069	167,587
Finance costs .....	(275,200)	(119,439)	(123,130)	(517,769)
<b>Net finance costs</b> .....	<b>(212,875)</b>	<b>(41,246)</b>	<b>(96,061)</b>	<b>(350,182)</b>
Net income from investments in associated companies .....	(1,373)	(1,102)	—	(2,475)
Profit before tax .....	142,315	203,227	(44,155)	301,387
Income tax expense .....	(42,566)	(66,329)	6,932	(101,963)
Profit for the period (continued operations) .....	99,749	136,898	(37,223)	199,424
Earnings after taxes from discontinued operations.....	—	(499,527)	—	(499,527)
Profit for the period.....	99,749	(362,629)	(37,223)	(300,103)
<b>Profit attributable to:</b>				
Owners of the Company.....	64,058	(392,426)	(33,033)	(361,401)
Non-controlling interests.....	35,691	29,797	(4,190)	61,298
<b>Profit for the period</b> .....	<b>99,749</b>	<b>(362,629)</b>	<b>(37,223)</b>	<b>(300,103)</b>
Basic earnings per share (in €) .....	0.91	(5.57)	(0.23)	n/a
Diluted earnings per share (in €) .....	0.91	(4.89)	(0.23)	n/a

	<b>Pro forma adjustments</b>					
	<b>Total</b>	<b>Ref.</b>	<b>Pro forma adjustments for the Merger</b>	<b>Pro forma adjustments for the Business Combination</b>	<b>Pro forma adjustments for the Acquisition</b>	<b>Total</b>
	<b>D=A+B+C</b>		<b>E1</b>	<b>E2</b>	<b>E3</b>	<b>F=D+E</b>
	<b>(in € thousand)</b>					
Revenue.....	1,390,656	(1), (14), (17)	(177,793)	—	(447,168)	765,715
Cost of operations .....	(881,078)	(1), (14), (17)	68,363	—	324,552	(488,163)
<b>Gross profit</b> .....	<b>509,578</b>	—	<b>(109,430)</b>	—	<b>(122,596)</b>	<b>277,552</b>
General and administrative expenses .....	(258,537)	(1), (14), (17)	55,530	—	16,998	(186,009)
Other income.....	105,281	(1)	(12,293)	—	—	92,988
Other expenses .....	(51,638)	(5)	—	25,213	—	(26,425)
Changes in fair value of investment properties .....	349,360	(1)	(170,610)	—	—	178,750
<b>Results from operating activities</b> .....	<b>654,044</b>	—	<b>(236,803)</b>	<b>25,213</b>	<b>(105,598)</b>	<b>336,856</b>

	<i>Pro forma adjustments</i>					<b>Total</b> <b>F=D+E</b>
	<b>Total</b> <b>D=A+B+C</b>	<b>Ref.</b>	<i>Pro forma</i> <b>adjustments</b> <b>for the</b> <b>Merger</b>	<i>Pro forma</i> <b>adjustments</b> <b>for the</b> <b>Business</b> <b>Combination</b>	<i>Pro forma</i> <b>adjustments</b> <b>for the</b> <b>Acquisition</b>	
			<b>E1</b>	<b>E2</b>	<b>E3</b>	
<b>(in € thousand)</b>						
Profits from investments accounted for at equity .....	—		—	—	—	—
Finance income .....	167,587 (517,769)	(1), (14), (17) (1), (2), (3), (4), (5), (6), (7), (14), (15), (17)	(44,615)	—	24,435	147,407
Finance costs .....			65,093	(25,161)	83,930	(393,907)
<b>Net finance costs</b> .....	<b>(350,182)</b>		<b>20,478</b>	<b>(25,161)</b>	<b>108,366</b>	<b>(246,499)</b>
Net income from investments in associated companies .....	(2,475)	(1)	1,373	—	—	(1,102)
<b>Profit before tax</b> .....	<b>301,387</b>	—	<b>(214,952)</b>	<b>52</b>	<b>2,767</b>	<b>89,254</b>
Income tax expense .....	(101,963)	(1), (14), (17)	57,323	—	11,523	(33,117)
Profit for the period (continued operations) .....	199,424	—	(157,629)	52	14,290	56,138
Earnings after taxes from discontinued operations.....	(499,527)	(1)	499,527	—	—	0
Profit for the period.....	<b>(300,103)</b>	—	<b>341,898</b>	<b>52</b>	<b>14,290</b>	<b>56,138</b>
<b>Profit attributable to:</b>						
Owners of the Company.....	(361,401)	—	369,680	52	12,523	20,854
Non-controlling interests.....	61,298	—	(27,781)	—	1,767	35,284
Profit for the period.....	<b>(300,103)</b>	—	<b>341,898</b>	<b>52</b>	<b>14,290</b>	<b>56,138</b>
Basic earnings per share (in €) ..	n/a	—	n/a	n/a	n/a	0.21
Diluted earnings per share (in €)	n/a	—	n/a	n/a	n/a	0.23

## Notes to the *Pro Forma* Consolidated Financial Information for the nine-month period ended September 30, 2020

In the following *Pro Forma* Notes, the *pro forma* adjustments in column E1, E2, and E3 are explained in detail in order to illustrate the effects on the *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2020 to September 30, 2020 as if (i) the Merger, (ii) the Business Combination and the Rights Offering and (iii) the Acquisition were successfully completed as of January 1, 2019. However, intercompany income and expenses between ADOG and the ADLER Group other than those explicitly referenced in note 10.7.8 have not been eliminated for purposes of the *Pro Forma* Consolidated Financial Information due to materiality considerations.

### *Pro forma adjustments relating to the merger of ADLER Real Estate and ADOG (column E1)*

#### *Reversal of Purchase Price Allocation of the Company*

As a result of the Business Combination, ADLER Real Estate became a subsidiary of ADLER Group S.A. as of April 9, 2020 and was consolidated for the first time on the same date. For the purposes of the *Pro Forma* Consolidated Financial Information, the Business Combination was assumed to have completed as of January 1, 2019. To include the financial results of the interim financial statement for the period January 1, 2020 to September 30, 2020, the result of ADLER Real Estate Group was added to the historical financial information (see table under “*Pro Forma* Consolidated Financial Information for the nine-month period ended September 30, 2020”), adjusted to exclude earnings after taxes from discounted operations attributable to ADLER Group S.A. in the amount of €2,000 thousand. To avoid double counting, the interim financials of the period April 1, 2020 to September 30, 2020 of the ADLER Real Estate Group were eliminated in the *Pro Forma* financial Statement of Profit or Loss. For the purpose of the *Pro Forma* Consolidated Financial Information, it was assumed that ADLER Real Estate became a subsidiary of and was consolidated into the Company on April 1, 2020, rather than on April 9, 2020, which does not have a material impact on the *Pro Forma* Consolidated Financial Information.

In summary, for purposes of the *Pro Forma* Consolidated Statement of Profit or Loss, the following adjustments were made to eliminate the results as included in the interim financial statement of ADLER Real Estate during the period from April 1, 2020 to September 30, 2020:

	<u>(in € thousand)</u>
Revenue.....	(177,793)
Cost of operations .....	68,363
<b>Gross profit</b> .....	<b>(109,430)</b>
General and administrative expenses .....	55,530
Other income.....	(12,293)
Changes in fair value of investment properties .....	(170,610)
<b>Result from operating activities</b> .....	<b>(236,803)</b>
Finance income .....	(44,615)
Finance costs.....	61,295
<b>Net finance costs</b> .....	<b>16,680</b>
Net income from investments in associated companies .....	1,373
<b>Profit before tax</b> .....	<b>(218,750)</b>
Income tax expense .....	57,323
<b>Profit for the period</b> .....	<b>(161,427)</b>
Earnings after taxes from discontinued operations.....	499,527
<b>Profit for the period</b> .....	<b>338,100</b>

As a result of the Acquisition, Consus Real Estate became a subsidiary of ADLER Group S.A. as of July 6, 2020 and was consolidated for the first time on the same date. For the purposes of the *Pro Forma* Consolidated Financial Information, the Acquisition was assumed to have completed as of January 1, 2019. To include the financial results of the interim financial statement for the period January 1, 2020 to September 30, 2020, the result of Consus Real Estate was added to the historical financial information (see table under “*Pro Forma* Consolidated Financial Information for the nine-month period ended September 30, 2020”). To avoid double counting, the interim financials of the period July 1, 2020 to September 30, 2020 of the Consus Real Estate were eliminated in the *Pro Forma* financial Statement of Profit or Loss.

For the purpose of the *Pro Forma* Consolidated Financial Information, it was assumed that Consus Real Estate became a subsidiary of and was consolidated into the Company on July 1, 2020, rather than on July 6, 2020, which does not have a material impact on the *Pro Forma* Consolidated Financial Information.

In summary, for purposes of the *Pro Forma* Consolidated Statement of Profit or Loss, the following adjustments were made to eliminate the results as included in the interim financial statement of ADLER Real Estate during the period from July 1, 2020 to September 30, 2020:

	<u>(in € thousand)</u>
Revenue.....	(91,923)
Cost of operations .....	64,228
<b>Gross profit</b> .....	<b>(27,695)</b>
General and administrative expenses .....	22,837
Other income.....	—
Changes in fair value of investment properties .....	—
<b>Result from operating activities</b> .....	<b>(4,858)</b>
Finance income .....	27,379
Finance costs.....	34,873
<b>Net finance costs</b> .....	<b>62,252</b>
Net income from investments in associated companies .....	—
<b>Profit before tax</b> .....	<b>57,394</b>
Income tax expense .....	(10,927)
<b>Profit for the period</b> .....	<b>46,467</b>
Earnings after taxes from discontinued operations.....	—
<b>Profit for the period</b> .....	<b>46,467</b>

### ***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 €19,644 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.

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 September 30, 2020). After taking into account the amount already recognized in the ADLER Interim Financials 2020, an adjustment in the amount of €591 thousand was made to financial costs in the *Pro Forma* Consolidated Statement of Profit or Loss.

	(in € thousand)
One-time fees for the bridge loan facility .....	19,644
Structuring Fee Bridge Loan Increase .....	875
	<u>20,519</u>

The adjustment to finance costs within column E1 is calculated as follows:

	(in € thousand)
<i>Pro Forma</i> amortization 9M 2020.....	8,794
Booked in 9M 2020.....	7,328
<b>Additional amortization for <i>pro forma</i> purposes 9M 2020 (increase in finance cost)</b> .....	<b>1,466</b>
Structuring fee bridge loan increase .....	(875)
<b>Total adjustment to finance cost</b> .....	<b><u>591</u></b>

### ***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. An adjustment in the amount of €175,000 thousand was made to other loans and borrowings and a corresponding adjustment in the amount of €175,000 thousand was made to cash and cash equivalents.

The Merger Bridge Facility was replaced by another bridge loan facility secured by the Company 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 €2,934 thousand was made to finance costs.

### ***Refinancing of ADOG Debt***

In order to avoid a breach of covenants resulting from the change of control event triggered by the Business Combination, ADOG repaid outstanding convertible and company bonds as follows:

	(in NIS)
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.

## Pro Forma Adjustments relating to the Business Combination and the Rights Offering with ADLER Real Estate (column E2)

### *Transaction costs related to the Business Combination and the Rights Offering*

The legal and advisory costs and other transaction costs directly attributable to the Business Combination and the Rights Offering are recognized by the Company in the amount of €14,600 thousand. 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 recognized in an amount of €26,277 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 September 30, 2020). Thus, the *Pro Forma* Consolidated Statement of Profit or Loss includes an adjustment in the amount of €6,257 thousand to finance costs. Legal and advisory costs in the amount of €25,213 thousand are recognized in the ADOP Interim Financials 2020 under 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 €25,213 thousand.

The adjustment to finance cost within column E2 is calculated as follows:

	<u>(in € thousand)</u>
One-time fees for the bridge loan facility .....	26,277
Amortization of bridge loan over 21 months/ per month.....	<b>11,262</b>
Booked amortization as of September 30, 2020	5,004
<b>Amortization for 9 months in 2020 .....</b>	<b>6,257</b>

### *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 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 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.

For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that besides the prepayment of bonds by ADOG 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 of July 29, 2020, and November 13, 2020 the Company issued corporate bonds in the amount of each €400,000 thousand (see note 7a and 7b). A part of the received cash was used for the repayment of the bridge loan facility. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the Business Combination Bridge Facility was drawn prior to January 1, 2019, and the fund was repaid on January 1, 2019. Therefore, the *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2020 to September 30, 2020 was adjusted to include interest expense calculated with an average effective interest rate of 3.15% p.a. to the outstanding balance (€370,000 thousand) in the amount of €1,767 thousand in finance costs.

### *Corporate Bonds*

On August 3, 2020, the Company issued a corporate bond due 2025 with a nominal amount of €400,000 thousand and a coupon of 3.25% (the “**2025 Bond**”). The issue price of the 2025 Bond was 98.871%. The Company paid transaction costs in an amount of €4,400 thousand. Therefore, the Company received net proceeds in the amount of €391,084 thousand from the 2025 Bond. Part of these net proceeds were made available for the repayment of a portion of the bridge loan facility in the amount of €265,000 thousand (see

note 6). The remaining part has been or will be used for the repayment of short-term maturities. Respective *Pro Forma* adjustments for additional refinancing activities are not recognized.

For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the 2025 Bond was issued prior to January 1, 2019. The effective interest expense for the 2025 Bond is recognized in the *Pro Forma* Consolidated Financial Information as of January 1, 2019. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the Company has to pay interest as of August 2020. Therefore, no interest payments in the seven-month period ended July 31, 2020 are recognized. Adjustments in the amount of €8,868 thousand were made to finance costs for the period January 1, 2020 to July 31, 2020. The remaining part for August and September is assumed to be already recorded.

On November 13, 2020, the Company issued a corporate bond due 2026 with a nominal amount of €400,000 thousand and a coupon of 2.75% (the “**2026 Bond**”). The issue price of the 2026 Bond was 98.646%. The Company paid transaction costs in an amount of €4,400 thousand. Therefore, the Company received net proceeds in the amount of €390,184 thousand from the 2026 Bond. Part of these net proceeds were made available for the repayment of a portion of the bridge loan facility in the amount of €250,000 thousand (see note 6). The remaining part has been or will be used for the repayment of short-term maturities. Respective *Pro Forma* adjustments for additional refinancing activities are not recognized.

For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the 2026 Bond was issued prior to January 1, 2019. The effective interest expense for the 2026 Bond is recognized in the *Pro Forma* Consolidated Financial Information as of January 1, 2019. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the Company has to pay interest as of November 2020. Therefore, no interest payments in the nine-month period ended September 30, 2020 are recognized. Adjustments in the amount of €8,269 thousand were made to finance costs for the period January 1, 2020 to September 30, 2020.

### **Pro Forma Adjustments relating to the Acquisition of Consus Real Estate (column E3)**

#### ***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 GmbH (formerly: 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 €690 million, subject to standard closing adjustments (the “**CG Divestment SPA**”). As of the date of this Offering Memorandum, several payments have been made under the CG Divestment SPA and the remaining payment obligations in the amount of approximately €125,000,000 have been assumed by Calm Storm Investments, Inc. This divestment has closed in November 2020.

On May 20, 2020, Consus RE GmbH (formerly: Consus RE AG), together with certain subsidiaries of Consus Real Estate, sold 8 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 under a share purchase agreement (the “**Ajos Divestment SPA**” and together with the CG Divestment SPA, the “**Consus Divestment SPAs**”). This divestment has closed in December 2020 except in relation to one development project which has been carved out from the divestment and is expected to be sold in the short to medium term.

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.

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 of Profit or Loss excluding the effects of the portfolio disposed of, the following adjustments were made:

	CG Divestment SPA	Ajos Divestment SPA (in € thousand)	Intercompany and <i>Pro Forma</i> Adjustments
Revenue.....	(13,547)	(1,981)	(339,697)
Cost of operations .....	299	(32,917)	292,942
General and administrative expenses .....	63,029	2,813	(71,681)
Finance income .....	(1,448)	(2,921)	1,425
Finance costs.....	13,250	34,776	2,441
Income tax expense .....	197	649	21,604
	<b>61,780</b>	<b>419</b>	<b>(92,965)</b>

### ***Exercise of Consus Call/Put-Option and Loss on Consus Investment***

The Company entered into the Call/Put-Option Agreement, which can be exercised until June 16, 2021. The consideration for one share in Consus Real Estate is 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 the Rights Offering, or Consus Real Estate, as relevant.

The Call/Put-Option Agreement was included in other financial assets in ADOP Interim Financials March 2020 and measured at fair value in the amount of €80,815 thousand (2019: €92,009 thousand). As of 29 June 2020, the Company has exercised the call option. The call option is presented as contingent forward transaction with a negative fair value of €2,039 thousand and is included in the other financial liabilities.

For purposes of the *Pro Forma* Consolidated Financial Statements it is assumed that the Call/Put-Option Agreement was exercised. Therefore, the change in fair value in the amount of €11,194 thousand was eliminated from the *Pro Forma* Consolidated Statement of Profit or Loss. The contingent forward transaction was eliminated from the other financial liabilities and the effect of exercise of the call option in the financial expenses was eliminated from 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 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 7,745 thousand was eliminated from finance costs in the *Pro Forma* Consolidated Statement of Profit or Loss. As Consus Real Estate is consolidated in the ADOP starting July 1, 2020 for the purpose of the *Pro Forma* Consolidated Financial Information, the *Pro Forma* Adjustment for the period January 1, 2020 to June 30, 2020 is still deemed necessary (see note 15b).

### **Additional notes**

#### ***Finance costs***

Financial costs for the period from January 1, 2020 to September 30, 2020:

	<b>(in € thousand)</b>
Finance costs ADLER Group S.A.....	(275,200)
Finance costs ADLER Real Estate.....	(119,439)
Finance costs Consus Real Estate .....	(123,130)
Subtotal .....	(517,769)
Reversal of purchase price allocation, see also note (1) .....	96,168
Amortization of transaction costs related to bridge loan, see also note (2) .....	(591)
Amortization of transaction costs related to bridge loan, see also note (5) .....	(6,257)
Financing bridge loan, see also note (6).....	(1,767)
Refinancing of ADOG finance cost, see also note (4).....	1,455
Financing ADOG acquisition, see also note (3).....	2,934
Disposal of development projects, see also note (14).....	50,467
Fair value change of other financial assets, see also note (15) .....	(1,410)
Finance cost corporate bond 2025, see also note (7a) .....	(8,868)
Finance cost corporate bond 2026, see also note (7b) .....	(8,269)
<b>Subtotal .....</b>	<b>123,862</b>
<b>Finance costs in accordance with <i>Pro Forma</i> Consolidated Statement of Profit or Loss for the nine-month period from January 1, 2020 to September 30, 2020 .....</b>	<b>(393,907)</b>

## Earnings per share

Earnings per share for the period from January 1, 2020 to September 30, 2020 are calculated as follows:

	<b>(in € thousand, unless stated otherwise)</b>
ADLER Group S.A. weighted number of subscribed shares (w/o Consus Real Estate Acquisition) .....	57,327
Adjustment Updated Acquisition of Consus Real Estate (weighted number).....	39,714
<i>Pro Forma weighted number of subscribed shares</i> .....	97,041
ADLER Group S.A. weighted number of subscribed shares (diluted) (w/o Consus Real Estate Acquisition).....	59,579
Adjustment Updated Acquisition of Consus Real Estate (weighted number) (diluted).....	32,991
<i>Pro Forma weighted number of subscribed shares (diluted)</i> .....	92,570
ADLER Group S.A. consolidated net profit to owners of the Company .....	64,058
ADLER Real Estate consolidated net profit to owners of the Company .....	(392,426)
Consus Real Estate consolidated net profit to owners of the Company.....	(33,033)
.....	(361,401)
<i>Pro Forma Adjustments Merger (equals column E1 in Pro Forma Consolidated Statement of Profit or Loss) attributable to owners of the Company</i> .....	369,680
<i>Pro Forma Adjustments Business Combination and Rights Offering (equals column E2 in Pro Forma Consolidated Statement of Profit or Loss) attributable to owners of the Company</i> .....	52
<i>Pro Forma Adjustments Acquisition (equals column E3 in Pro Forma Consolidated Statement of Profit or Loss) attributable to owners of the Company</i> .....	12,523
<i>Pro Forma Adjustments</i> .....	382,255
.....	20,854
<i>Pro Forma Basic earnings per share (in €)</i> .....	0.21
<i>Pro Forma Basic earnings per share (diluted) (in €)</i> .....	0.23

## 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 ADOG Financials 2019. The figures of ADOG 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 Merger, (ii) the Business Combination and the Rights Offering and (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 Merger, (ii) the Business Combination and the Rights Offering and (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					
	ADLER				Total E=A+B+C+D
	ADLER Group A	Real Estate Group B	ADOG (stand- alone) C	Consus Group D	
		(in € thousand, unless stated otherwise)			
Revenue.....	156,520	370,362	24	671,115	1,198,021
Cost of operations .....	(44,011)	(151,044)	—	(471,242)	(666,297)
<b>Gross profit</b> .....	<b>112,509</b>	<b>219,318</b>	<b>24</b>	<b>199,873</b>	<b>531,724</b>
General and administrative expenses .....	(25,050)	(113,442)	(3,593)	(133,657)	(275,742)
Other income.....	78,132	494	—	—	78,626
Other expenses .....	(13,188)	—	—	—	(13,188)
Changes in fair value of investment properties ....	461,517	362,638	—	31,943	856,098
<b>Results from operating activities</b> .....	<b>613,920</b>	<b>469,008</b>	<b>(3,569)</b>	<b>98,159</b>	<b>1,177,518</b>
Finance income .....	102,475	10,190	224,545	28,160	365,370
Finance costs .....	(32,375)	(122,212)	(15,380)	(114,833)	(284,800)
<b>Net finance costs</b> .....	<b>70,100</b>	<b>(112,022)</b>	<b>209,164</b>	<b>(86,673)</b>	<b>80,569</b>
<b>Profit before tax</b> .....	<b>684,020</b>	<b>356,986</b>	<b>205,595</b>	<b>11,486</b>	<b>1,258,087</b>
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
<b>Profit for the period</b> .....	<b>606,924</b>	<b>367,764</b>	<b>194,348</b>	<b>(5,035)</b>	<b>1,164,001</b>
<b>Profit attributable to:</b>					
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
<b>Profit for the period</b> .....	<b>606,924</b>	<b>367,764</b>	<b>194,348</b>	<b>(5,035)</b>	<b>1,164,001</b>
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 E=A+B+C+ D	Pro forma adjustments for the Business Combination and the Rights Offering				Total G=E+F
		Ref.	Pro forma adjustments for the Merger F1	F2	Pro forma adjustments for the Acquisition F3	
			(in € thousand, unless stated otherwise)			
Revenue.....	1,198,021	(5), (9)	—	(21,327)	(15,923)	1,160,771
Cost of operations .....	(666,297)	(9)	—	—	(21,328)	(687,625)
<b>Gross profit</b> .....	<b>531,724</b>		—	<b>(21,327)</b>	<b>(37,251)</b>	<b>473,146</b>
General and administrative expenses .....	(275,742)	(1), (5), (9)	1,319	(814)	3,874	(271,363)
Other income.....	78,626		—	—	—	78,626
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
<b>Results from operating activities</b> .....	<b>1,177,518</b>		<b>(191,778)</b>	<b>(151,041)</b>	<b>(47,309)</b>	<b>787,390</b>
Finance income .....	365,370	(8), (9), (10) (2), (3), (4), (5), (6), (7), (9),(10), (11),	—	(227,499)	(101,444)	36,426
Finance costs .....	(284,800)	(12)	9,531	(36,894)	69,129	(243,034)
<b>Net finance costs</b> .....	<b>80,569</b>		<b>9,531</b>	<b>(264,393)</b>	<b>(32,316)</b>	<b>(206,608)</b>
<b>Profit before tax</b> .....	<b>1,258,087</b>		<b>(182,247)</b>	<b>(415,434)</b>	<b>(79,625)</b>	<b>580,782</b>
Income tax expense .....	(186,095)	(5), (9)	—	13,299	9,736	(163,061)
Profit for the period (continued operations).....	1,071,992		(182,247)	(402,135)	(69,889)	417,721

	<i>Pro forma adjustments</i>				
	<b>Total</b>	<i>Pro forma adjustments for the Business Combination and the Rights Offering</i>			<b>Total</b>
		<i>Pro forma adjustments for the Merger</i>	<i>Pro forma adjustments for the Acquisition</i>	<i>Pro forma adjustments for the Acquisition</i>	
<b>E=A+B+C+D</b>	<b>Ref.</b>	<b>F1</b>	<b>F2</b>	<b>F3</b>	<b>G=E+F</b>
(in € thousand, unless stated otherwise)					
Earnings after taxes from discontinued operations.....	92,009	—	—	—	92,009
<b>Profit for the period .....</b>	<b>1,164,001</b>	<b>(182,247)</b>	<b>(402,135)</b>	<b>(69,889)</b>	<b>509,730</b>
<b>Profit attributable to:</b>					
Owners of the Company.....	1,013,677	(111,199)	(401,006)	(4,559)	496,913
Non-controlling interests.....	150,324	(71,047)	(1,129)	(65,330)	12,817
<b>Profit for the period .....</b>	<b>1,164,001</b>	<b>(182,247)</b>	<b>(402,135)</b>	<b>(69,889)</b>	<b>509,730</b>
Basic earnings per share (in €)...	n/a	n/a	n/a	n/a	5.12
Diluted earnings per share (in €)	n/a	n/a	n/a	n/a	5.37

### 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 to illustrate the effects on the *Pro Forma* Consolidated Statement of Profit or Loss for the period from January 1, 2019 to December 31, 2019 as if the Transactions were completed as of January 1, 2019. However, intercompany income and expenses between ADOG and ADLER Group other than those explicitly referenced in note 10.9.10 have not been eliminated for purposes of the *Pro Forma* Consolidated Financial Information due to materiality considerations.

#### *Pro Forma Adjustments relating to the Merger (column F1):*

##### *Sale of partnership interest in Glasmacherviertel GmbH & Co. KG (Project Gerresheim)*

On September 22, 2019, Brack Capital Properties N.V., as a 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 for the nine-month period ended September 30, 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.

##### *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:

	<u>(in € thousand)</u>
Legal and advisory costs .....	10,103
One-time fees for the bridge loan facility (and extension) .....	11,350
<b>Total transaction costs .....</b>	<b>21,453</b>

Legal and advisory costs in the amount of €10,103 thousand are recognized in the ADLER Financials 2019 under 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) are assumed to amortize over the duration of the entire *Pro Forma* Period (from January 1, 2019 to September 30, 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 €6,445 thousand was made to finance costs in the *Pro Forma* Consolidated Statement of Profit or Loss.

### ***Refinancing of the 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 the ADLER Group 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 €597 thousand was made to finance costs in order to exclude interest recognized for the Merger Bridge Facility in the ADLER Financials 2019.

### ***Refinancing of ADOG Debt***

In order to avoid a breach of covenants resulting from the change of control event triggered by the Business Combination, ADOG 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 the Rights Offering (column F2):**

### ***Share purchase agreement with GEWO BAG Wohnungsbau-Aktiengesellschaft Berlin***

On September 26, 2019, the Company 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 as described in detail in note (6) of the Notes to the *Pro Forma* Consolidated Financial Information and for the nine-month period ended September 30, 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 €131,053 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.

### ***Transaction costs related to the Business Combination and the Rights Offering***

Transaction costs directly attributable to the Business Combination and the 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
Total .....	<b>38,809</b>



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 September 30, 2020). Thus, the *Pro Forma* Consolidated Statement of Profit or Loss includes an adjustment in the amount of €7,891 thousand to finance costs.

### ***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 under which the Company may utilize the Business Combination Bridge Facility.

As it is assumed that the Business Combination Bridge Facility was drawn prior to 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 after repayment (€370,000 thousand) for the twelve-month period in the amount of €7,816 thousand in finance costs.

### ***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 ADOG'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 ADOG was eliminated and an adjustment in the amount of €3,893 thousand was made to finance income.

### ***Corporate Bonds***

On August 3, 2020, the Company issued a corporate bond due 2025 with a nominal amount of €400,000 thousand and a coupon of 3.25% (the "**2025 Bond**"). The issue price of the 2025 Bond was 98.871%. The Company paid transaction costs in an amount of €4,400 thousand. Therefore, the Company received net proceeds in the amount of €391,084 thousand from the 2025 Bond. Part of these net proceeds were made available for the repayment of a portion of the bridge loan facility in the amount of €265,000 thousand (see note 6). The remaining part has been or will be used for the repayment of short-term maturities. Respective *Pro Forma* adjustments for additional refinancing activities are not recognized.

For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the 2025 Bond was issued prior to January 1, 2019. The effective interest expense for the 2025 Bond is recognized in the *Pro Forma* Consolidated Financial Information as of January 1, 2019. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the Company has to pay interest as of August 2019. Therefore, no interest payments for the twelve-month period are recognized. Adjustments in the amount of €14,654 thousand were made to finance costs for the period January 1, 2019 to December 31, 2019.

On November 13, 2020, the Company issued a corporate bond due 2026 with a nominal amount of €400,000 thousand and a coupon of 2.75% (the "**2026 Bond**"). The issue price of the 2026 Bond was 98.646%. The Company paid transaction costs in an amount of €4,400 thousand. Therefore, the Company received net proceeds in the amount of €390,184 thousand from the 2026 Bond. Part of these net proceeds were made available for the repayment of a portion of the bridge loan facility in the amount of €250,000 thousand (see note 6). The remaining part has been or will be used for the repayment of short-term maturities. Respective *Pro Forma* adjustments for additional refinancing activities are not recognized.

For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the 2026 Bond was issued prior to January 1, 2019. The effective interest expense for the 2026 Bond is recognized in the *Pro Forma* Consolidated Financial Information as of January 1, 2019. For purposes of the *Pro Forma* Consolidated Financial Information, it is assumed that the Company has to pay interest as of November 2019. Therefore, no interest payments for the twelve-month period are recognized. Adjustments in the amount of €10,730 thousand were made to finance costs for the period January 1, 2019 to December 31, 2019.

## **Pro Forma Adjustments relating to the Acquisition (column F2):**

### ***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 GmbH (formerly: 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 €690 million, subject to standard closing adjustments. As of the date of this Offering Memorandum, several payments have been made under the purchase agreement and the remaining payment obligations in the amount of approximately €125,000,000 have been assumed by Calm Storm Investments, Inc. This divestment has closed in November 2020. A receivable reflecting the aforementioned transactions, including a cash component of €215 million, was recorded in trade receivables for purposes of the *Pro Forma* Consolidated Financial Information.

On May 20, 2020, Consus RE GmbH (formerly: Consus RE AG), together with certain subsidiaries of Consus Real Estate, sold 8 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. This divestment has closed in December 2020 except in relation to one development project which has been carved out from the divestment and is expected to be sold in the short to medium term.

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.

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 of Profit or Loss excluding the effects of the portfolio disposed of, the following adjustments were made:

	<b><u>CG Divestment SPA</u></b>	<b><u>Ajos Divestment SPA</u></b>	<b><u>Intercompany and Pro Forma Adjustments</u></b>
		<b>(in € thousand)</b>	
Revenue.....	(38,733)	(6,194)	29,004
Cost of operations.....	37,919	(45,769)	(13,477)
General and administrative expenses.....	(57,335)	7,734	53,475
Changes in fair value from investment properties .....	(13,932)	—	—
Finance income .....	(1,971)	(3,264)	(4,201)
Finance costs .....	13,925	51,712	2,127
Income tax expense .....	9,696	477	(438)
<b>Total.....</b>	<b><u>(50,431)</u></b>	<b><u>4,696</u></b>	<b><u>66,491</u></b>

### ***Elimination of Consus Call/Put-Option Agreement***

Pursuant to the Call/Put-Option Agreement, the consideration for one share in Consus Real Estate is 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 the Rights Offering 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 €92,009 thousand. The resulting change in fair value for the fiscal year ended December 31, 2019 in the amount of €92,009 thousand is included in finance income in ADOP Financials 2019.

For purposes of the *Pro Forma* Consolidated Financial Statements it is assumed that the Call/Put-Option Agreement was exercised. Therefore, the change in fair value in the amount of €92,009 thousand was eliminated from finance income in the *Pro Forma* Consolidated Statement of Profit or Loss as well as from earnings after taxes from discontinued operations where it was reported by ADLER Real Estate.

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:**

#### ***Finance costs***

Financial costs for the period from January 1, 2019 to December 31, 2019:

	<b>(in € thousand)</b>
Finance costs ADLER Group S.A. (formerly ADO Properties S.A.).....	(32,375)
Finance costs ADLER Real Estate .....	(122,212)
Finance costs ADOG.....	(15,380)
Finance costs Consus Group .....	(114,833)
<b>Subtotal .....</b>	<b>(284,800)</b>
Amortization of loans, refer to note (2).....	(6,445)
Financing ADOG acquisition, refer to note (3) .....	597
Excluding Gewobag, refer to note (5) .....	4,197
Amortization of transaction costs related to bridge loan, refer to note (6) .....	(7,891)
Financing bridge loan, refer to note (7).....	(7,816)
Refinancing of ADOG finance cost, refer to note (4).....	15,380
Finance cost relating to disposal of development projects in Consus Real Estate, refer to note (9).....	67,765
Excluding finance loss pertaining to the investment in Consus Real Estate, refer to note (10).....	1,364
Finance cost of 2025 Bond for the period January 1, 2019 to December 31, 2019, refer to note (11)	(14,654)
Finance cost of 2026 Bond for the period January 1, 2019 to December 31, 2019, refer to note (11)	(10,730)
Subtotal .....	41,766
<b>Finance costs in accordance with <i>Pro Forma</i> Consolidated Statement of Profit or Loss for the fiscal year ended December 31, 2019 .....</b>	<b>(243,034)</b>

#### ***Earnings per share***

Earnings per share for the period from January 1, 2019 to December 31, 2019 are calculated as follows:

	<b>(in € thousand, unless stated otherwise)</b>
ADLER Group S.A. weighted number of subscribed shares (w/o Consus Real Estate Acquisition) .....	57,327
Adjustment Updated Acquisition of Consus Real Estate (weighted number) .....	39,714
<i>Pro Forma weighted number of subscribed shares</i> .....	<b>97,041</b>
ADLER Group S.A. weighted number of subscribed shares (diluted) (w/o Consus Real Estate Acquisition).....	59,579
Adjustment Updated Acquisition of Consus Real Estate (weighted number) (diluted).....	32,991
<i>Pro Forma weighted number of subscribed shares (diluted)</i> .....	<b>92,570</b>
ADLER Group S.A. consolidated net profit to owners of the Company .....	601,874
ADLER Real Estate consolidated net profit to owners of the Company .....	238,338
ADOG consolidated net profit to owners of the Company.....	194,438
Consus Real Estate consolidated net profit to owners of the Company .....	(20,883)
	<b>1,013,677</b>
<i>Pro Forma Adjustments Merger (equals column F1 in Pro Forma Consolidated Statement of Profit or Loss) attributable to owners of the Company</i> .....	(111,199)
<i>Pro Forma Adjustments Business Combination and Rights Offering (equals column F2 in Pro Forma Consolidated Statement of Profit or Loss) attributable to owners of the Company</i> .....	(401,006)
<i>Pro Forma Adjustments Acquisition (equals column F3 in Pro Forma Consolidated Statement of Profit or Loss) attributable to owners of the Company</i> .....	(4,559)
<i>Pro Forma Adjustments</i> .....	<b>(516,764)</b>
	<b>496,912</b>
<i>Pro Forma Basic earnings per share (in €)</i> .....	5.12
<i>Pro Forma Basic earnings per share (diluted) (in €)</i> .....	5.37

## **Auditor’s report on the *Pro Forma* Consolidated Financial Information**

To the Board of Directors of  
ADLER Group S.A.  
1B, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

### **INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN AN OFFERING MEMORANDUM**

We have completed our assurance engagement to report on the compilation of pro forma financial information of ADLER Group S.A. (until September 29, 2020: ADO Properties S.A.) (the “Company”) by the board of directors of the Company (the “Board of Directors”). 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 September 30, 2020, and related pro forma notes as set out in “*PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ADLER GROUP S.A.*” of the offering memorandum issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Board of Directors 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 Financial Information.

The Pro Forma Financial Information has been compiled by the Board of Directors to illustrate the impact of (i) a merger (the “Merger”) of ADLER Real Estate Aktiengesellschaft (“ADLER Real Estate” and together with its consolidated subsidiaries, the “ADLER Real Estate Group”) and ADO Group Ltd. (“ADO Group”), (ii) a business combination (the “Business Combination”) of the Company and ADLER Real Estate as well as a €450 million rights offering (the “Rights Offering”) by the Company and (iii) an acquisition (the “Acquisition” and together with the Merger and the Business Combination, the “Transactions”), by the Company of a majority stake in Consus Real Estate AG (“Consus Real Estate” and together with its consolidated subsidiaries, the “Consus Group”) on

- the financial performance for the fiscal year ended December 31, 2019 as if the Transactions had been completed as of January 1, 2019 and
- the financial performance for the nine-month period ended September 30, 2020 as if the Transactions had been completed as of January 1, 2019.

As part of this process, information about the Company’s consolidated financial performance for the fiscal year ended December 31, 2019 has been extracted by the Board of Directors from the Company’s, ADLER Real Estate’s, ADO Group’s and Consus Real Estate’s consolidated financial statements for the fiscal year ended December 31, 2019, on which audit reports have been published, and from the Company’s, ADLER Real Estate’s, ADO Group’s and Consus Real Estate’s unaudited interim condensed consolidated financial statements as of and for the nine-month period ended September 30, 2020.

### **Responsibility for the Pro Forma Financial Information**

The Board of Directors 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 as of 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 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 offering memorandum 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 was issued in English language.

Luxembourg, January 11, 2021

KPMG Luxembourg  
Société cooperative  
Cabinet de révision agréé

Bobbi Jean Breboneria  
Partner

## DESCRIPTION OF THE TRANSACTIONS

### Business Combination with ADLER Real Estate

#### *Merger with ADO Group Ltd.*

On September 23, 2019, (i) ADLER Real Estate Aktiengesellschaft (“**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. (renamed to ADLER Group 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 Real Estate and its consolidated subsidiaries (the “**ADLER Real Estate Group**”) held 33.25% of the shares and voting rights in the Company.

#### *Business Combination Agreement*

On December 15, 2019, the Company and ADLER Real Estate AG entered into a business combination agreement (the “**BCA**”) to combine the business of the ADLER Real Estate Group with the business of ADO Properties S.A. (renamed to ADLER Group S.A.) and its consolidated subsidiaries (the “**Business Combination**”).

On December 15, 2019, the Company and ADLER Real Estate AG 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 ADLER Group with regard to portfolio diversification, the intended future governance structure for the ADLER 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 German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) (“**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.

### ***ADLER Offer***

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. 91.93% of ADLER Real Estate shareholders accepted the ADLER Offer. Settlement of the ADLER Offer occurred on and ADLER Real Estate was consolidated into ADO Properties S.A. (renamed to ADLER Group S.A.) with effect from April 9, 2020. On May 12, 2020, the Company bilaterally acquired additional shares corresponding to 0.58% of the share capital in ADLER Real Estate in exchange for newly issued shares in the Company at an exchange ratio corresponding to the exchange ratio of the ADLER Offer (the “**Additional Acquisition**”). The Additional Acquisition settled on May 20, 2020.

As a result of the completion of the Business Combination (the “**Completion**”), the Company held 66,404,915, or 91.93%, of shares in ADLER Real Estate. As a result of both the Completion and the Additional Acquisition, the Company held 66,824,783, or 92.53%, of shares in ADLER Real Estate.

As the Company owns more than 30% of the voting rights, it is considered to hold a controlling interest in ADLER Real Estate AG pursuant to the WpÜG. Moreover, as the Company holds more than 50% of the share capital as well as the voting rights in ADLER Real Estate AG, both form a “factual group” (*faktischer Konzern*). In the event that the Company continues to hold ADLER Real Estate throughout the fiscal year 2020, ADLER Real Estate AG 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 AG fall below 50%, the Company will only continue to hold a controlling interest in ADLER Real Estate AG 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*).

### ***WESTGRUND Offer***

On March 25, 2020, the Company announced its decision to make a voluntary public takeover offer to all shareholders of WESTGRUND Aktiengesellschaft (“**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 offered a cash consideration of €11.74 per WESTGRUND share. On June 25, 2020, 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 held 78,178,448 shares in WESTGRUND (corresponding to 98.24% of the share capital and voting rights in WESTGRUND). Pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*), the minority shareholders in WESTGRUND had the right to demand that the Company acquire their respective shares in WESTGRUND within a further tender period from June 23, 2020 to September 22, 2020. As a result, 5,799 further shares in WESTGRUND were tendered and, as of the date of this Offering Memorandum, the Company directly and indirectly holds 78,184,247 shares in WESTGRUND, corresponding to 98.25% of the share capital and the voting rights in WESTGRUND.

### ***Reasons for the Business Combination***

Through the Business Combination, the ADLER 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. The ADLER Group consolidates approximately €8.9 billion in residential assets. The original Berlin-only portfolio is complemented by ADLER Real Estate’s Germany-wide portfolio, focused on German cities with attractive yield potential.

The Company believes that through the Business Combination it will realize operating 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 may partially be



realized earlier than anticipated and currently expects €9 million of operating synergies to be realized in 2020. Furthermore, the Company intends to realize financing synergies on ADLER Real Estate's debt, which are expected to be between €10 million to €19 million per year in the medium-term.

## **Acquisition of Consus Real Estate**

### ***Share Purchase***

On December 15, 2019, the Company also entered into various share purchase agreements to acquire a 22.18% stake in Consus Real Estate AG ("**Consus Real Estate**") at an average price of €9.72 per share in Consus Real Estate. The aggregate purchase price amounted to approximately €294 million in cash and the acquisition closed on December 20, 2019 in relation to the share purchase agreements that were not subject to merger control clearances as a closing condition and on January 3, 2020 for one share purchase agreement that was 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.

### ***Strategic Cooperation***

On December 15, 2019, the Company and Consus Real Estate entered into a strategic cooperation agreement ("**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**").

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.

### ***Call Option Exercise***

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**"). The Consus Real Estate Call Option Exercise was settled on July 6, 2020 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 Increase***

On December 13, 2020, the Company announced that it has resolved to further increase its stake in Consus Real Estate, which, at that time, amounted to approximately 65.0%. As part of a capital increase against contribution in kind, the Company acquired shares in Consus Real Estate from certain other shareholders of Consus Real Estate at an exchange ratio of 0.272 new shares of the Company for each share of Consus Real Estate by way of contributing 46,780,535 shares of Consus Real Estate in exchange for 12,724,303 new shares of the Company (the "**Consus Increase**"). Following the completion of the Consus Increase, ADLER held a stake of

approximately 94.0% in Consus Real Estate. Against this background, the Company had decided to currently not pursue the voluntary public tender offer in the form of an exchange offer to all Consus shareholders. However, the Company may seek to further increase its shareholding in Consus going forward.

### ***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 Berlin, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart (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 €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, the current expectation of an illustrative development FFO contribution for 2020 is between €50 million and €80 million before cumulative financing synergies of €77 million to €86 million by the end of 2021, by way of significant reduction of mezzanine and junior debt, and operating synergies of €13 million to €18 million within the next 12 to 24 months (following the Consus Real Estate Acquisition), resulting in total cumulative synergies of €90 million to €104 million by the end of 2021 with a corresponding positive effect on our pre-tax FFO. As of September 30, 2020, and on an annualized basis, we realized approximately €50 million of financing synergies and €21 million of operational synergies resulting in €71 million of total synergies, i.e., synergies from the Business Combination and the Consus Real Estate Acquisition. Ultimately, these transactions allow us to capitalize on significant run-rate synergies with reduced debt.

## MARKETS AND COMPETITION

### The German Real Estate Market – Overview and Market Drivers

As of September 30, 2020, the Company owned 68,580 residential units held for rental to tenants. These are located exclusively in Germany. The Company's residential units are located in or in the vicinity of larger conurbations and offer affordable homes to tenants with medium to low incomes. The Company has focused its portfolio through the sale of approximately 5,900 residential units in the fourth quarter of 2019. The ADLER Group intends to maintain its strategic focus, grow its residential property portfolio and continue to serve the needs of its particular segment of the real estate market even more extensively. The ADLER Group's business is, therefore, largely dependent on the residential real estate market in Germany.

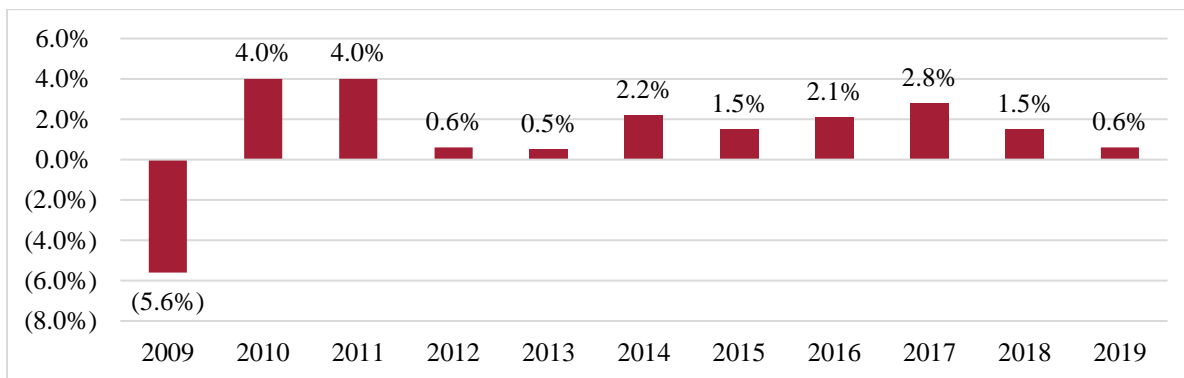
#### *Macroeconomic and Demographic Drivers Affecting the German Real Estate Market*

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:

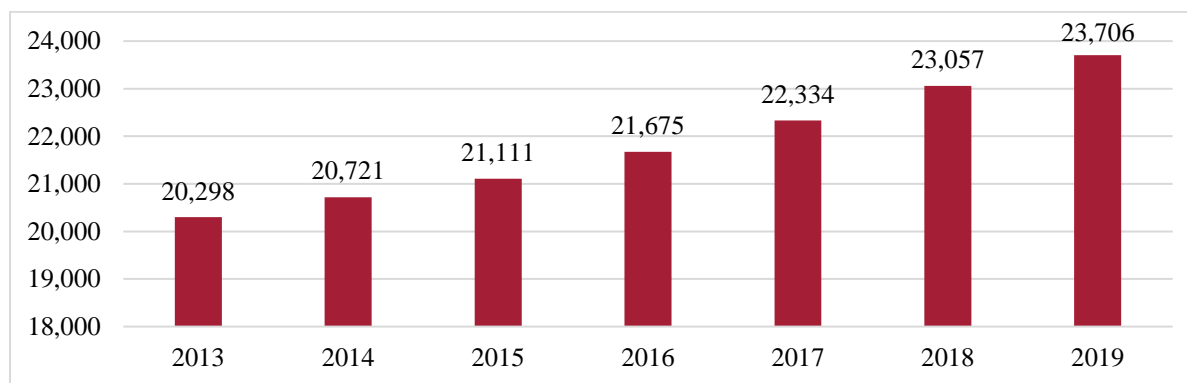
#### *GDP Growth (in %)*

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: Federal Statistical Office–Press Release 018*)

### Disposable income per capita in Germany (in €)



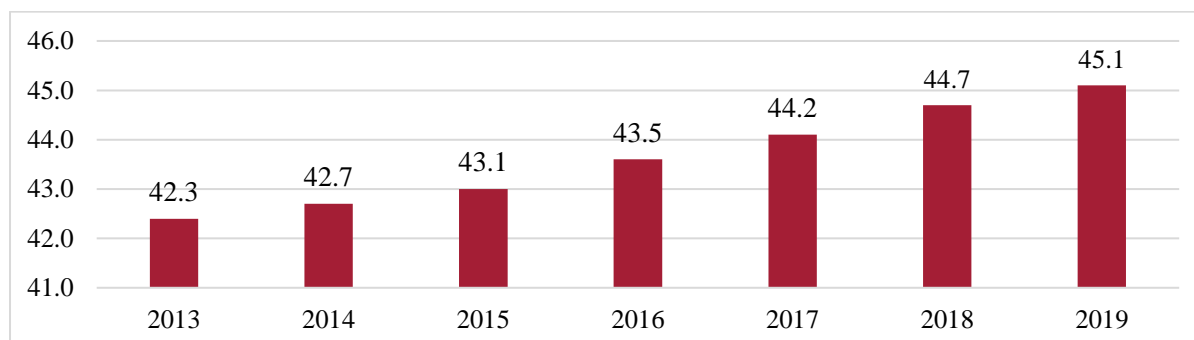
(source: Volkswirtschaftliche Gesamtrechnung der Länder)

While in 1996 living space per capita amounted to 37.2 sqm, it had gone up to 47.0 sqm in 2019 (source: Federal Statistical Office–Anzahl der Wohnungen). 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 the third quarter of 2020, roughly 44.7 million persons resident in Germany were in employment. Compared with the fourth quarter of 2019, the quarter before restrictions were imposed due to the corona pandemic in Germany, the number of persons in employment fell by a seasonally adjusted 1.5%, or 688,000, in the third quarter of 2020. (source: Federal Statistical Office–Press Release 457).

### Employment (in million people)



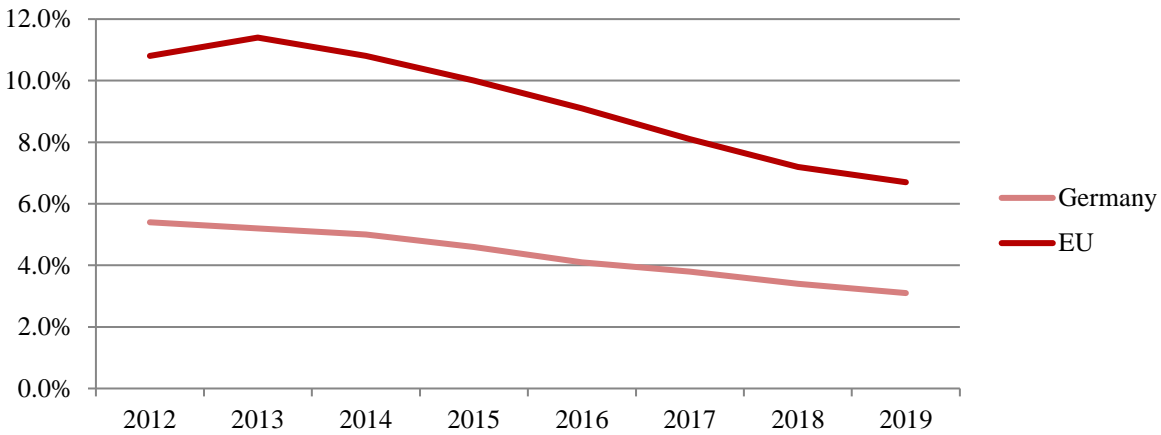
(source: Federal Statistical Office–Employment)

### 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)

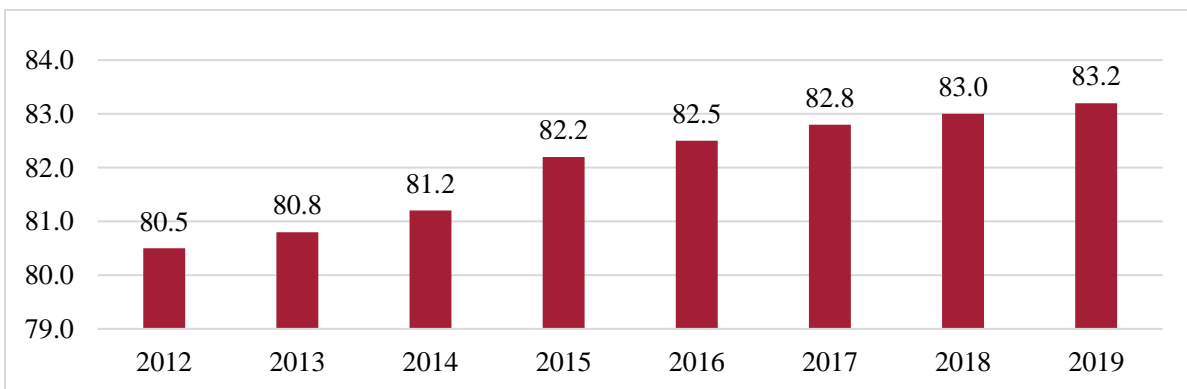
*Consumer Price Development*

The German economy experiences low inflation. In November 2020, the consumer price index is expected to show a decrease of 0.3% to November 2019 (source: Federal Statistical Office–Press Release 474). 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)

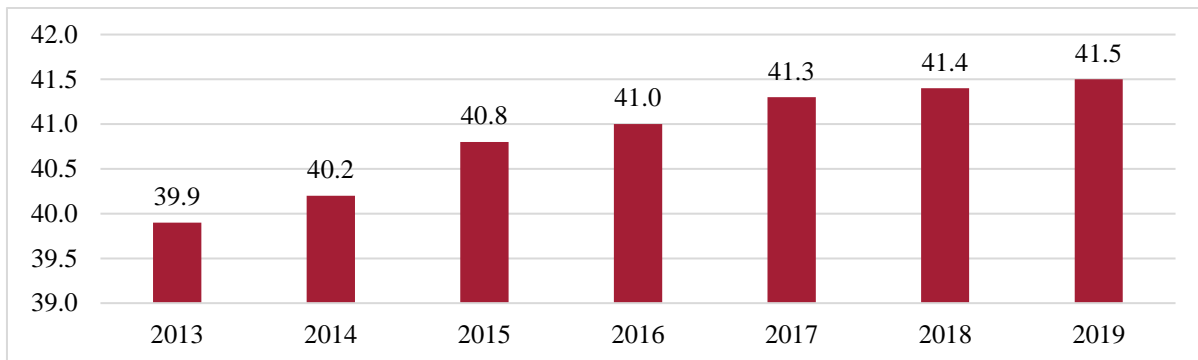
According to the latest forecast of Eurostat, the population in Germany will increase due to immigration to approximately 83 million until roughly 2030 and then steadily decline to approximately 82 million until the year 2080 (source: Eurostat–Population Forecast).

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 41.5 million in 2019, increasing from 41.4 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).

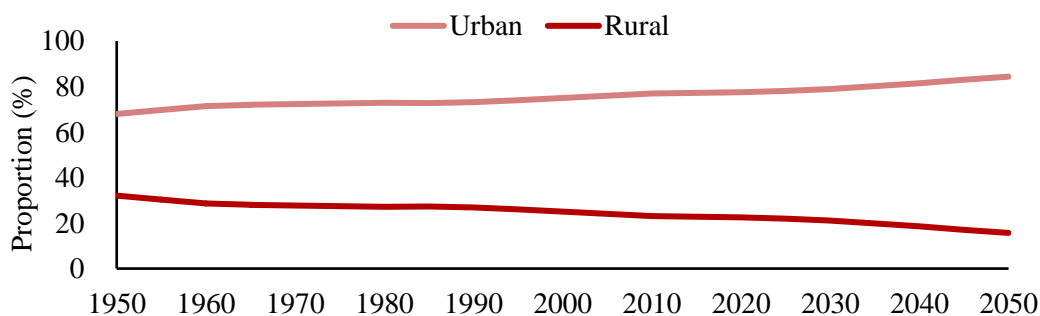
The Company believes that stable and solid growth, high employment, low inflation, a growing population and the continuing trend to single households are positive indicators for further growth in demand for residential space.

### 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 2009 to 2019).

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<sup>(1)</sup>



(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 €23.2 billion in October 2020 (source: Deutsche Bundesbank–Housing Loans to Households).

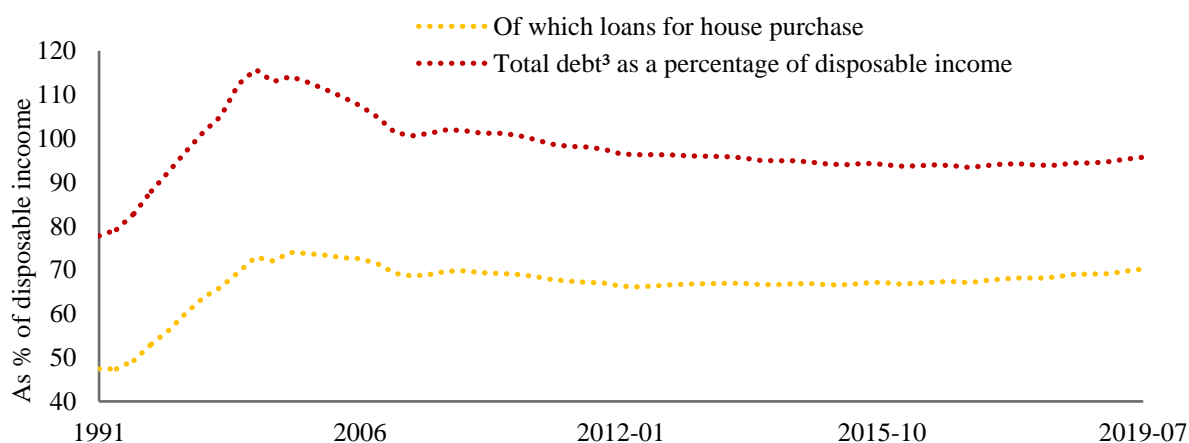
The ADLER Group finances its business activities with own equity and borrowed capital. Interest rates are closely linked to the main refinancing rate for Europe as determined by the European Central Bank (“**European Central Bank**”). Interest rates in Germany on real estate loans are currently at historically low levels and the ECB’s main refinancing rate is expected to remain persistently low 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<sup>(1)</sup>

(Annual averages<sup>(2)</sup>)



(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 6.2% from 2010 until 2019. Gross residential loans in Germany had an aggregate amount of approximately €245.0 billion at the end of 2019. The total of outstanding residential loans per capita has also increased with a CAGR of 3.0% from 2010 until 2019 and was at €22,045 at the end of 2019 (source: EMF Hypostat 2020). The EU average was at €16,165 at the end of 2019. As such,

there is increased mortgage activity in Germany driven by increase in home ownership and increased demand (source: EMF Hypostat 2020).

### 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 2019, the number of new dwellings completed was approximately 293,000, while the number of transactions was at 580,000 (source: EMF Hypostat 2020). The total sales value associated with the transactions rose by 9.0% 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 2020).

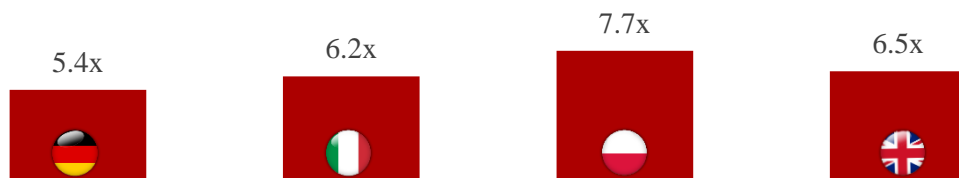
### Property Prices Evolution

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 0.5% 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%, 4.6%, 6.0%, 5.8%, 7.7% and 6.8% in 2014, 2015, 2016, 2017, 2018 and 2019, respectively (source: EMF Hypostat 2020 ).

### House Price Affordability

Housing in Germany is amongst the most affordable within the EU. The price to salary multiple in Germany stands at 5.4x. For the United Kingdom, the ratio is as high as 6.5x (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

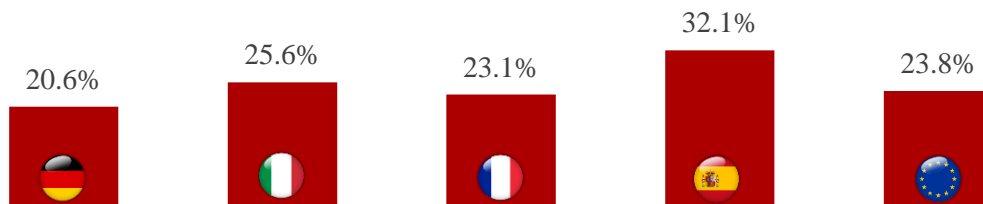


(source: Deloitte–Property Index)

(1) Bid price.

In Germany, the share of rent in disposable income is 20.6% as of 2019 and is therefore significantly lower than the EU average of 23.8% 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 (2019)



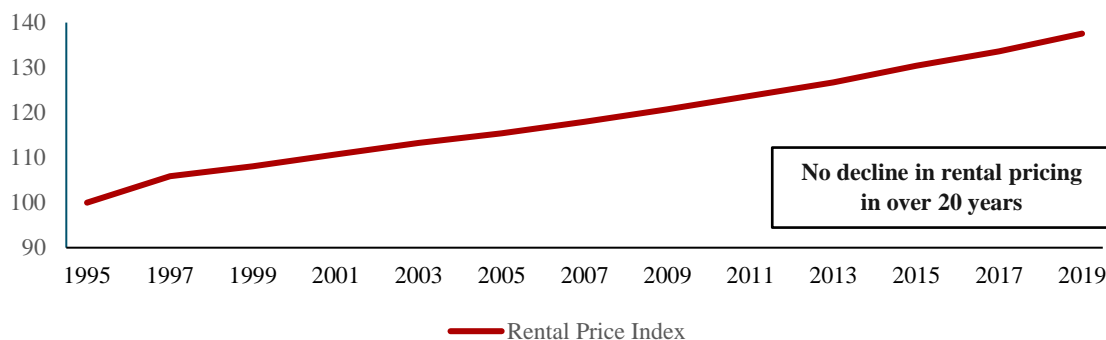
(source: Eurostat–Share of rent)



### 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

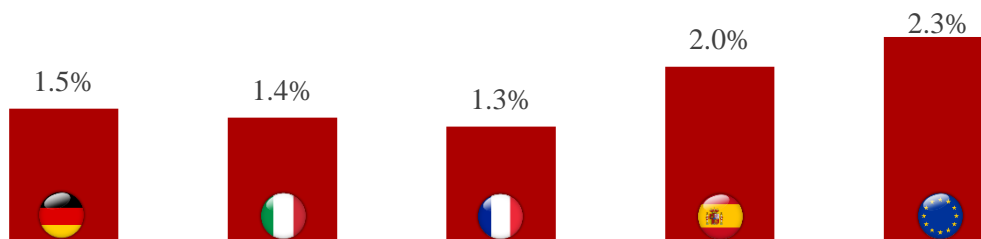


(source: Federal Statistical Office–Residential Rental Price Index)

### 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 1.5% in 2019 (source: EMF Hypostat 2020), 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 2019 across major Western European economies.

Comparison of average mortgage rates in Western Europe in 2019



(source: EMF Hypostat 2020)

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

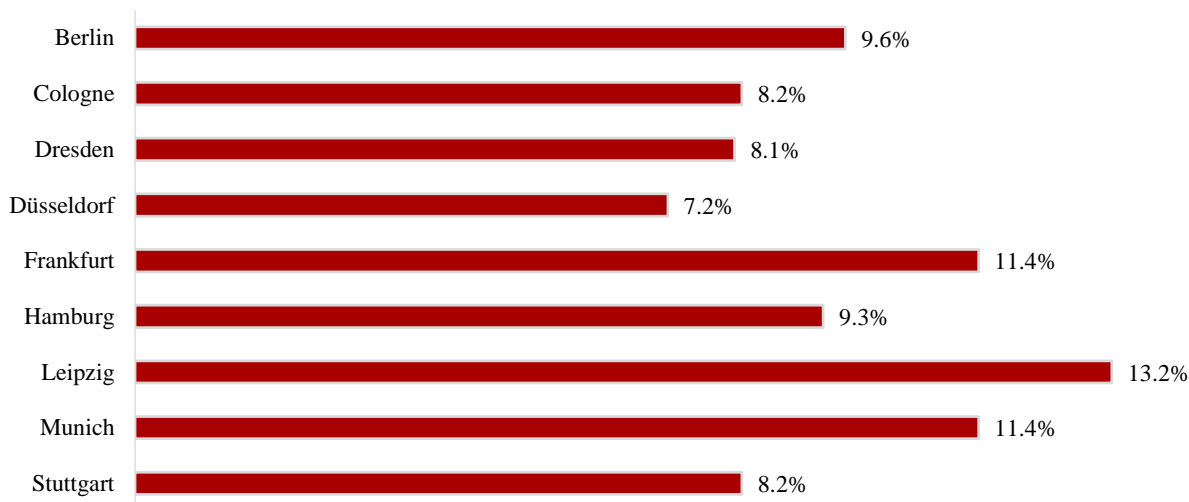
Generally, the LTV ratio describes the ratio of net debt to the fair value of investment properties and inventories. LTV ratios in Germany have consistently stayed above 70%, even after the financial crisis in the years of 2007 and 2008. In 2019, the typical LTV ratio was around 81% (source: EMF Hypostat 2020).

### Overview of Residential Real Estate–Top 9 Cities

#### Population

As of December 31, 2019, 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 556,000 and 636,000 (source: Federal Statistical Office–Bevölkerung Kreise).

*Expected population growth from 2017 until 2030 across all Top 9 Cities*



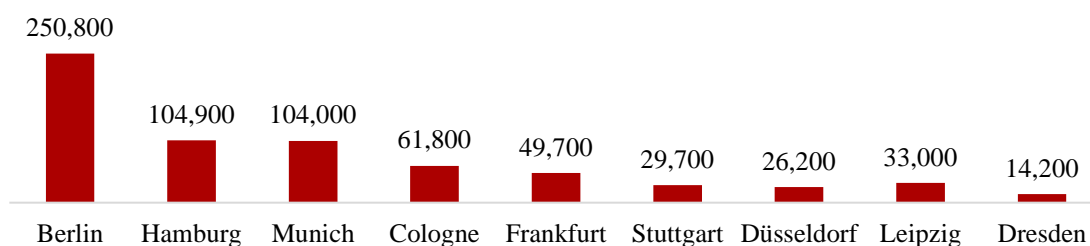
*(source: HWWI/Berenberg–30 größten Städte Deutschlands)*

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, Leipzig is expected to grow the most in the period between 2017 and 2030, with an expected growth rate of 13.2%, whereas Berlin is expected to grow at 9.6%, Düsseldorf at 7.2% and Cologne at 8.2%.

*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.

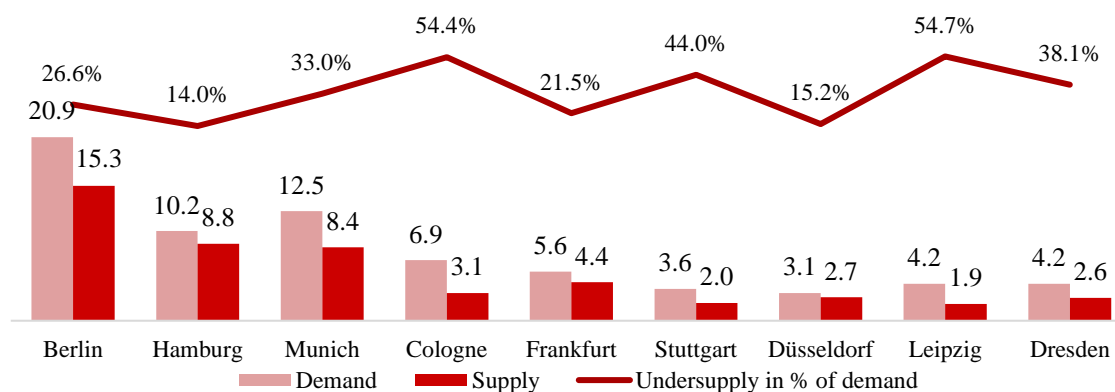
*Total shortage of apartments in the Top 9 Cities until 2030*



*(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. *(Source: IW Report 28/2019–Ist der Wohnungsbau auf dem richtigen Weg?)*

## Supply and demand of apartments across Germany's Top 9 Cities p.a. up to 2020



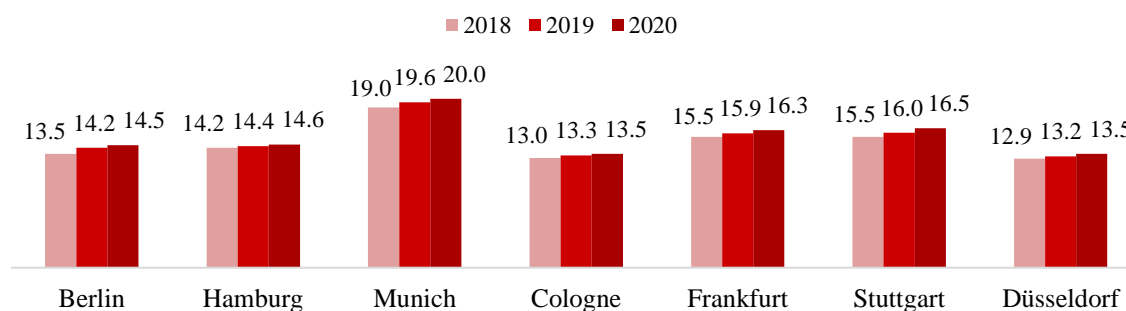
(source: IW Report 28/2019–Ist der Wohnungsbau auf dem richtigen Weg?)

## 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 ADLER Group with approximately 50% of gross asset value attributable to the city. As of September 30, 2020, the ADLER Group held a portfolio of 19,193 residential units in Berlin.

#### ***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*). However, Berlin reported a population decline of 7,039 for the first half of 2020 for the first time since 2003. The decline was driven by Coronavirus related restrictions as well as additional administrative efforts in relation to the registration of inhabitants (*source: Amt für Statistik Berlin-Brandenburg–Press release No. 206*).

The unemployment rate in Berlin was 7.8% in 2019 which represents a decrease of 0.3 percentage points compared to 2018. The unemployment rate has considerably decreased over recent years. In 2014, the city recorded an unemployment rate of 11.1%. Still, Berlin’s unemployment rate remains above the German average which stood at 3.1% in 2019 (*source: Eurostat–Unemployment; Statista–Unemployment rate Berlin*).

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–Berlin*). This is slightly higher than the average German per capita GDP of €41,358 as of 2019 (*source: Volkswirtschaftliche Gesamtrechnung – Berlin*).

Disposable per capita income increased by 3.6% from an average of €20,249 in 2017 to €20,972 in 2018 (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 2.034 million in 2018 compared to 2.028 million in 2017, an increase of 0.3% (*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 4,491 completed units in 2011. (*source: IW Report 28/2019–Ist der Wohnungsbau auf dem richtigen Weg?*)

The number of permits for newly build housing has increased as well. While the number of building permits for newly build apartments was 3,776 in 2010, this number increased to 19,499 in 2019. From 2018 to 2019, there was a decrease in permits by 7.5% (*source: Statistischer Bericht–Baugenehmigungen*).

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 H1 2019*).

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 €4,700 per square meter representing an increase of 8.4% year over year. The year-over-year asking price growth for new-built condominium apartments of 3.8% in H2 2019 was significantly lower than the five-year average growth rate of 10.3% (*source: JLL–Berlin Residential Profile H2 2019*).

The volume of real estate transactions in Berlin was €4,824 million in 2019, a decrease of 12.5% compared to 2018 (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 and reduce 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*), which entered into force on February 23, 2020. After the law came into force, rents were initially capped at the level of the rents as of June 18, 2019. As of November 23, 2020 rents for existing leases have to be reduced to the maximum limits as defined by the law. 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.

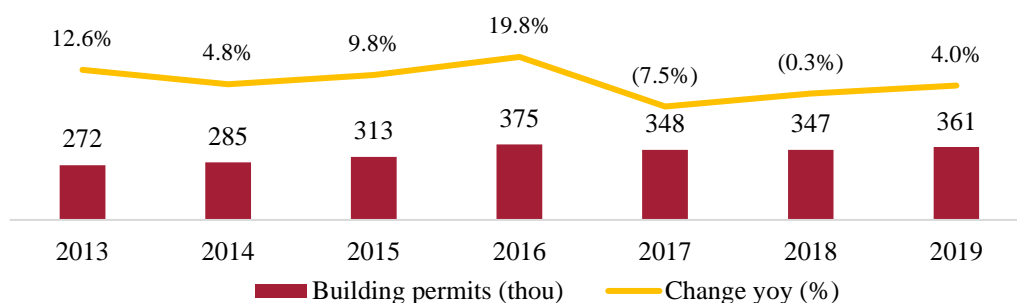
## ***The German Homebuilding Market***

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



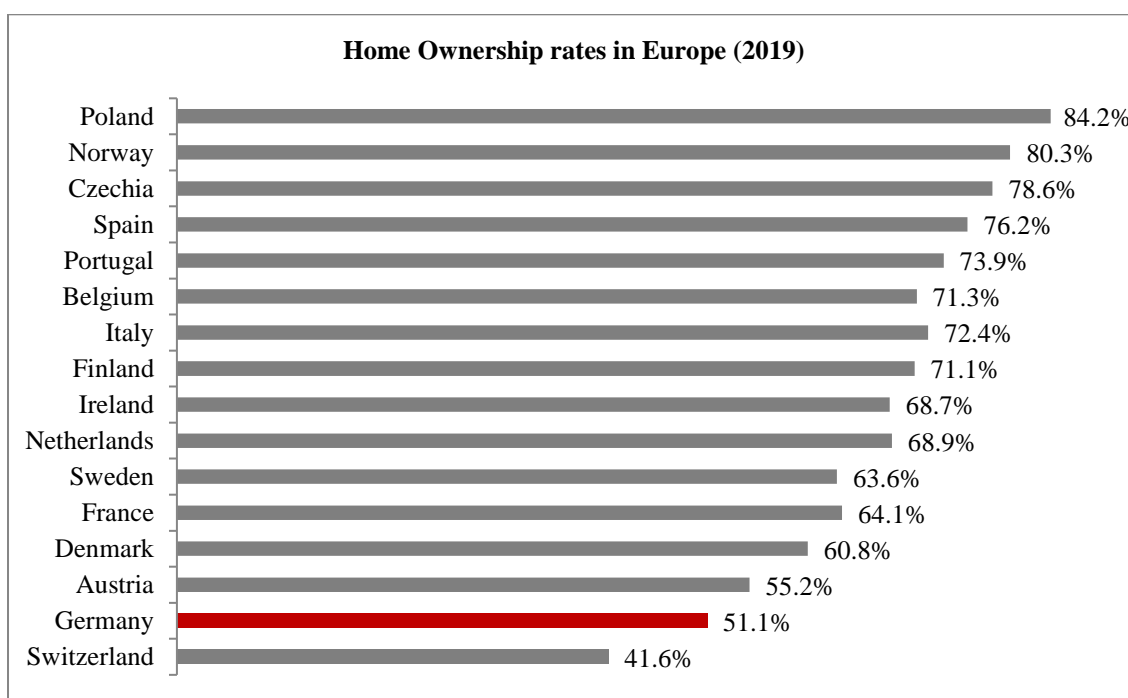
(source: Federal Statistical Office–Building Permits)

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 €16.3 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 €156,350. There is a positive outlook on the sector with projected transaction volumes of more than €15 billion (*source: CBRE–Wohninvestmentmarkt Deutschland*).

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 1.4% in 2017 and 1.5% in 2018 (*source: Federal Statistical Office–Press Release 019*). 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.

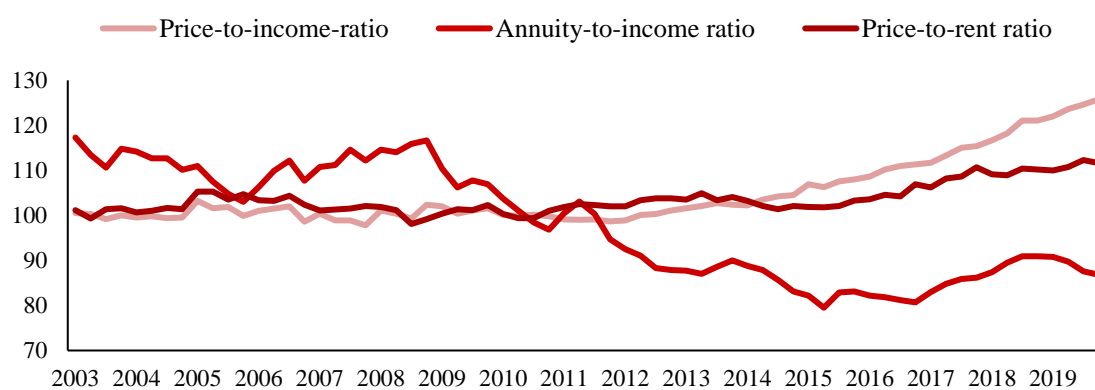
Rents for newly-built residential properties increased by 4.3% in 2019 in “D-cities” according to the property index of the analysis institute bulwiengesa (*source: Bulwiengesa–Property Market Index 2020*). In conurbations in Germany, demand for residential property is still larger than the supply. Regional 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) <sup>(1)</sup>



(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% in 2018. (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 2019, gross residential loans remained at a high level and amounted to €245.0 billion. The volume of residential loans outstanding totaled €1,530 billion, which corresponded to an increase of 5.8% on 2018 (source: EMF Hypostat 2020).

In 2019, mortgage interest rates in Germany were slightly lower than in the previous year. The average mortgage rate went down to 1.52% in 2019 from 1.87% in 2018 (source: EMF Hypostat 2020).

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 2019, 293,000 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 2020*).

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?*).

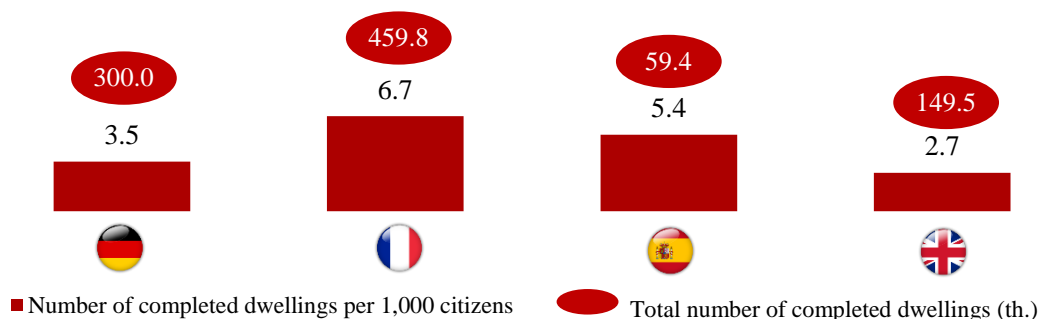
## Building Permits and Completed Housing Units in Germany

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 3.5 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 2019)



(*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 415,000 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 ADLER 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. Prior to the Business Combination, we focused on residential real estate located only in Berlin, Germany. After the Completion, we 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-generating multi-family residential real estate. The portfolio value of the ADLER Group as of September 30, 2020 was approximately €11.4 billion. As of September 30, 2020, the ADLER Group's property portfolio consisted of 68,580 residential units with a total lettable area of 4,211,038 sqm, 2,161 commercial units (retail, office and other commercial) with a total lettable area of 250,019 sqm, 14,953 parking spaces and spaces for storage, antennas, etc. As of September 30, 2020, the ADLER Group's vacancy rate was 3.8% and 5.6% for its residential units and commercial units, respectively. As of September 30, 2020, the average monthly net rent per sqm was €6.07 and €9.28 for its residential units and commercial units, respectively.

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 9M 2020, the ADLER Group generated **income from rental activities** of €266,114 thousand (9M 2019: €107,494 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 €133,771 thousand (9M 2019: €72,433 thousand; Fiscal Year 2019: €91,997 thousand; Fiscal Year 2018: €93,777 thousand; Fiscal Year 2017: €77,090 thousand). **EBITDA Total** for the 9M 2020 was €157,710 thousand (9M 2019: €75,894 thousand; Fiscal Year 2019: €95,887 thousand; Fiscal Year 2018: €98,255 thousand; Fiscal Year 2017: €81,001 thousand). During the 9M 2020, the ADLER Group generated **FFO 1 (from rental activities)** of €74,738 thousand (9M 2019: €50,419 thousand; Fiscal Year 2019: €63,173 thousand; Fiscal Year 2018: €66,777 thousand; Fiscal Year 2017: €54,345 thousand), **FFO 2 (including disposal results and development activities)** of €73,670 thousand (9M 2019: €52,168 thousand; Fiscal Year 2019: €64,982 thousand; Fiscal Year 2018: €71,225 thousand; Fiscal Year 2017: €58,256 thousand) and **AFFO (from rental activities)** of €68,964 thousand (9M 2019: €39,982 thousand; Fiscal Year 2019: €51,525 thousand; Fiscal Year 2018: €53,739 thousand; Fiscal Year 2017: €45,857 thousand). As of September 30, 2020, the ADLER Group’s **EPRA NRV** amounted to €5,602,306 thousand (December 31, 2019: €3,229,882 thousand). As of September 30, 2020, the ADLER Group’s **EPRA NAV** amounted to €4,744,040 thousand (September 30, 2019: €2,760,725 thousand; December 31, 2019: €2,905,699 thousand; December 31, 2018: €2,429,544 thousand; December 31, 2017: €1,988,757 thousand). As of September 30, 2020, the ADLER Group’s **LTV-Ratio** was 54.1%.

For a reconciliation of EBITDA from rental activities, EBITDA Total, EBITDA Total margin, FFO 1 (from rental activities), FFO 2 (including disposal results and development activities), 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*”.

As of and for the 9M 2020, the ADLER Group achieved €6.25 of rent per square meter per month, like-for-like rental growth of 1.4%, a vacancy rate of 3.9% and an FFO 1 (from rental activities) of €74.7 million as well as an EPRA NRV of 5,602 million.

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

## **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 €11.4 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 Real Estate 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 ADLER Group comprised of 68,580 residential units and 2,161 commercial units as of September 30, 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 65.8% for the nine-month period ended September 30, 2020 (71.2% for the nine-month period ended September 30, 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 expect to benefit from Consus Real Estate's market leading development platform.***

We expect to benefit from our 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 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 December 13, 2020, the Company announced that it has resolved to further increase its stake in Consus Real Estate, which, at that time, amounted to approximately 65.0%. As part of a capital increase against contribution in kind, the Company acquired shares in Consus Real Estate from certain other shareholders of Consus Real Estate at an exchange ratio of 0.272 new shares of the Company for each share of Consus Real Estate by way of contributing 46,780,535 shares of Consus Real Estate in exchange for 12,724,303 new shares of the Company (the "**Consus Increase**"). Following the completion of the Consus Increase, ADLER held a stake of approximately 94.0% in Consus Real Estate. Against this background, the Company had decided to currently not pursue the voluntary public tender offer in the form of an exchange offer to all Consus shareholders. However, the Company may seek to further increase its shareholding in Consus going forward.

The Consus Real Estate Acquisition, the SCA and the Consus Increase 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 ADLER Group has a conservative balance sheet with, as of September 30, 2020, a LTV-Ratio of 54.1% (51.3% excluding convertibles), approximately 3.45% cost of debt, an interest coverage ratio of 2.4, long-term financing with no major maturities (> 100m) before 2021 and a weighted average maturity of approximately 3.1 years.

With the sale of approximately 5,064 real estate and condominium assets to Peach Property Group (Deutschland) AG and certain of its group companies, we expect that the LTV-Ratio will be reduced by 200bps which is a further step to reach our medium-term target of an LTV-Ratio of below 50%. For further information on the transaction, please see “*Recent Developments*” below.

In 2020, we were able to reduce our financing costs and extend our maturity profile by obtaining secured financing in a volume of €677 million at 2.1% cost of debt with an average maturity of approximately 4.7 years. Furthermore, in November 2020, we successfully issued a €400 million bond with a fixed interest rate of 2.75% which reduced our average cost of debt to 3.45% as of the date of this Offering Memorandum. We were able to reduce our expensive debt and generate approximately €41 million in cost savings on interest costs as of November 30, 2020 by repaying the €479 million mezzanine loan with weighted average cost of debt at 12%.

Moreover, we intend to capitalize on our balanced debt structure which, 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 44% and 56% of unsecured and secured debt, respectively, and approximately 96% and 4% 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 €17 to €19 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 Real Estate 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, the acquisition of control over Consus Real Estate and our existing management operations. Through the Consus Real Estate Acquisition, the ADLER 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 €520 million to €540 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, the current expectation of an illustrative development FFO contribution for 2020 is between €50 million and €80 million before cumulative financing synergies of €77 million to €86 million by the end of 2021, by way of significant reduction of mezzanine and junior debt, and operating synergies of €13 million to €18 million within the next 12 to 24 months (following the Consus Real Estate Acquisition), resulting in total cumulative synergies of €90 million to €104 million by the end of 2021 with a corresponding positive effect on our pre-tax FFO. As of September 30, 2020, and on an annualized basis, we realized approximately €50 million of financing synergies and €21 million of operational synergies resulting in €71 million of total synergies, i.e., synergies from the Business Combination and the Consus Real Estate Acquisition. Ultimately, these transactions 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 ADLER 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 the date of this Offering Memorandum, we have 7,887 units that have been converted or are in the process of being converted into condominiums. We continuously identify additional units in our properties which can be converted into condominiums over the medium term and long term. We expect to sell converted properties 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.

## **Property Portfolio**

### ***Overview***

As of September 30, 2020, we held a real estate portfolio comprised of 68,580 residential units, 2,161 commercial units, 14,953 parking spaces and spaces for storage, antennas, etc. As of the same date, the aggregate residential area of our portfolio amounted to 4,211,038 sqm, with an average residential unit size of 63.1 sqm. An average unit consists of one or two rooms. As of September 30, 2020, we had leased 96.1% of our residential units and 93.6% of our commercial units and generated an average monthly net rent of €6.07 per sqm for our residential units and €9.28 per sqm for our commercial units. As of September 30, 2020, the vacancy rates for our residential units and commercial units were 3.8% and 5.6%, respectively.

As of September 30, 2020, the gross asset value of the ADLER Group was approximately €11.4 billion. As of the same date, our GAV split by sector was as follows: 73.2% residential, 12.0% forward- and condominium-sales, 10.8% build-to-hold and 4.0% non-strategic.

The ADLER Group's business activities focus on the Northern, Eastern and Western parts of Germany, where the ADLER Group holds most of its properties. As of September 30, 2020, the geographic distribution of the ADLER Group's property portfolio was as follows: Berlin: 19,193 units (51% of GAV), Lower-Saxony: 15,631 (15% of GAV), North Rhine Westphalia: 12,165 units (13% of GAV), Saxony: 9,617 units (9%) with the remainder located in various other federal states.

In 2018, we acquired 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. With the acquisition of BCP, 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 our properties 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 our view, 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, we also aim at having a certain portion of “A-locations” in our rental portfolio.

The following table sets forth certain key portfolio data of the ADLER Group:

	As of and for the nine-month period ended September 30,		As of and for the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(unaudited)		
	(in € thousand, unless stated otherwise)		(in € thousand, unless stated otherwise)		
In-place rent (end of period, annualized).....	322,352	139,958	112,715	135,877	110,782
<i>of which residential</i> .....	290,031	118,130	91,529	114,711	93,806
<i>of which commercial</i> .....	25,941	19,118	18,829	18,509	14,808
<i>of which other &amp; parking</i> .....	6,380	2,709	2,357	2,657	2,168
In-place rent (per month in € per sqm) <sup>(1)</sup> .....	6.25	7.18	7.68	6.75	6.89
<i>of which residential</i> .....	6.07	6.89	7.39	6.73	6.42
<i>of which commercial</i> .....	9.28	9.66	10.04	9.42	8.94
Total portfolio value <sup>(2)</sup> .....	11,408,842	4,466,310	3,650,313	4,079,051	3,314,259
Number of units.....	70,741	23,615	17,637	23,658	21,970
<i>of which residential</i> .....	68,580	22,157	16,255	22,202	20,649
<i>of which commercial</i> .....	2,161	1,458	1,382	1,456	1,321
Vacancy rate (in % of sqm) <sup>(3)</sup> .....	3.9	2.5	2.7	3.2	3.6
<i>of which residential</i> .....	3.8	2.5	2.7	3.2	3.6
<i>of which commercial</i> .....	5.6	4.5	3.6	4.6	4.9
Maintenance and capital expenditures (annualized) (€ per sqm) .....	18.2	31.4	36.3	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 September 30, 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 inventories. For the avoidance of doubt, for the period ending on September 30, 2019, the total portfolio value includes the assets held for sale.

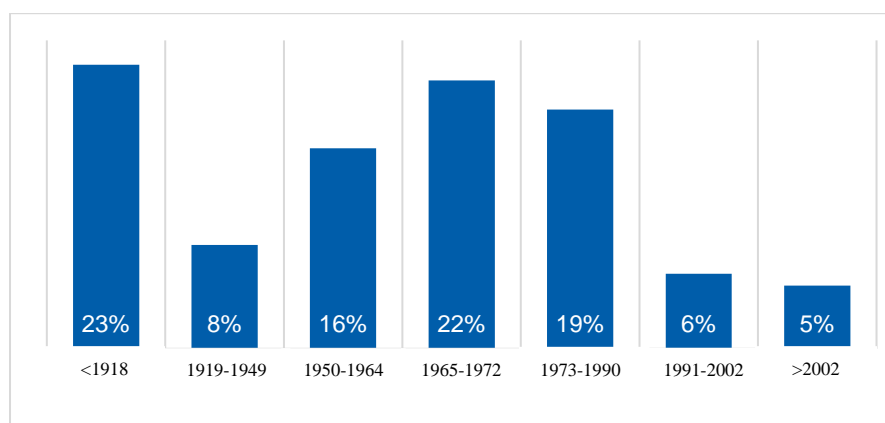
(3) **Vacancy rate at period end (in % of sqm)** is the sqm of vacant lettable units as of the respective period end, divided by the total sqm of units owned on the respective period end date.

## Geographical distribution

The following table provides an overview of the geographical distribution of our property portfolio as of September 30, 2020:

	Vacancy (in %)	Avg. in-place rent (in €/sqm/month)	Number of residential units	Gross Asset Value (in € million)
Berlin.....	1.4	7.53	19,193	3,947.5
Lower Saxony .....	3.3	5.67	15,631	1,174.4
North Rhine Westphalia .....	2.4	5.79	12,165	981.8
Saxony.....	8.7	5.56	9,617	707.6
Saxony-Anhalt.....	12.3	5.16	3,877	199.1
Brandenburg.....	4.4	5.07	3,703	207.2
Thuringia.....	12.1	5.89	1,938	131.7
Schleswig-Holstein.....	1.2	7.06	1,803	191.6
Bremen .....	3.3	5.90	1,516	113.2
Mecklenburg-Western-Pomerania.....	2.2	5.48	1,015	71.9
Hesse .....	4.2	8.19	253	35.7
<b>Total.....</b>	<b>3.9</b>	<b>6.25</b>	<b>70,741</b>	<b>7,766</b>

The following diagram shows the diversification of the ADLER Group's buildings across construction eras, as split by property value as of September 30, 2020:



source: Company

## Top locations

Below is an overview of the Top 13 locations (by number of units) of our residential portfolio as of September 30, 2020:

Location	Gross Asset Value (in € million)	Number of residential units	Lettable area (sqm)	NRI (€/million) (unaudited)	NRI (€/sqm/month)	Rental yield (in-place rent) (in %)	Vacancy rate (in %)
Berlin .....	3,948	19,193	1,330,653	116.7	7.5	3.0	1.4
Leipzig .....	444	4,746	254,629	17.6	6.0	4.0	3.0
Wilhelmshaven	393	6,890	405,194	23.8	5.2	6.1	4.3
Duisburg.....	339	4,923	305,003	19.8	5.6	5.8	1.9
Wolfsburg .....	150	1,301	87,614	6.5	6.4	4.3	2.2
Goettingen.....	144	1,377	85,238	6.1	6.1	4.3	1.5
Dortmund.....	139	1,769	102,251	7.1	5.9	5.2	1.8
Hanover.....	127	1,112	63,253	5.4	7.3	4.3	1.2
Kiel.....	120	970	66,768	5.5	7.1	4.6	1.3
Düsseldorf.....	114	577	36,719	3.5	8.2	3.1	1.7
Halle (Saale)....	94	1,858	105,892	5.5	5.0	5.8	11.2
Essen .....	91	1,043	66,341	4.5	5.9	5.0	2.1
Cottbus.....	86	1,868	110,045	6.0	4.8	6.9	5.7
<b>Top 13 total....</b>	<b>6,189</b>	<b>47,627</b>	<b>3,019,600</b>	<b>228.2</b>	<b>6.6</b>	<b>3.7</b>	<b>2.5</b>

<b>Location</b>	<b>Gross Asset Value (in € million)</b>	<b>Number of residential units</b>	<b>Lettable area (sqm)</b>	<b>NRI (€ /million) (unaudited)</b>	<b>NRI (€ /sqm / month)</b>	<b>Rental yield (in-place rent) (in %)</b>	<b>Vacancy rate (in %)</b>
Other locations	1,577	23,114	1,441,457	87.8	5.6	5.6	6.7
<b>Total<sup>(2)</sup> .....</b>	<b>7,766</b>	<b>70,741</b>	<b>4,461,057</b>	<b>316.0</b>	<b>6.3</b>	<b>4.1</b>	<b>3.9</b>

(1) Percentages are rounded according to recognized commercial standards.

(2) Residential portfolio including commercial units on the ground floor level.

The properties in ADLER Group's 13 most important towns and cities account for approximately 67.3% of ADLER Group's total portfolio in terms of units.

### *Average size of apartments*

Our portfolio 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 our 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 our view 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 September 30, 2020, 16.8% of the residential portfolio consists of apartments with a size of less than 45 sqm, 31.3% with a size from 45 sqm to less than 60 sqm, 32.2% with a size from 60 sqm to less than 75 sqm, 14.2% with a size from 75 sqm to less than 90 sqm and 5.6% with a size of 90 sqm and above.

### *Average rent and vacancy rate*

As of September 30, 2020, the average rent per sqm per month for our portfolio amounted to €6.25 (December 31, 2019: €7.68; December 31, 2018: €6.75; December 31, 2017: €6.89).

As of September 30, 2020, the vacancy rate for the property portfolio of the ADLER Group was 3.9% (December 31, 2019: 4.0%; December 31, 2018: 4.3%; December 31, 2017: 5.0%).

### *Public Subsidies*

As of September 30, 2020, 3.9% (by sqm) of the ADLER Group's residential units (excluding the properties held for sale) are under rent restrictions due to public subsidies.

### *Commercial portfolio*

The ADLER Group does not pursue a strategy of holding commercial properties. As of September 30, 2020, we held 2,161 commercial units, which accounted for 3.1% of our total units. We intend to sell a portion of the commercial assets held by BCP to third parties and which will, therefore, not be transferred to our rental portfolio.

### *Property Development*

We hold a number of land plots and properties under current assets which are at different stages of planning or completion. BCP, in which we hold a majority interest since 2018, has its own development department that currently works on five property developments in Düsseldorf and Aachen.

In addition, since the end of 2018, we have been investing in development projects for our 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.

Our 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 our own property portfolio. We support and encourage 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, we ensure that land is developed as required. If we plan to construct buildings, we first obtain the necessary building permits and ensure 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, we monitor each stage of the execution of the construction work to ensure turn-key buildings are completed on schedule. With regard to new constructions, we 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. We receive support from professional marketing organizations, brokers, and other intermediaries.

The portfolio of development projects currently under construction comprise the following properties as of September 30, 2020:

No.	Project Name	City	Construction period	Area ('000 sqm)	GDV <sup>(1)</sup> (€ million)	GAV (€ million)	Yield on cost (%)
1	Wasserstadt (Kornspeicher & Building 7)	Berlin	2018-2024	11.1	86.6	54.5	4.8%
2	Grafental II (WA 12 & WA 13 social)	Düsseldorf	2020-2023	29.1	109.2	14.5	3.5%
3	Schönefeld Nord (Residential) <sup>(2)</sup>	Berlin	2024-2030	121.2	606.8	85.5	5.0%
<b>Total</b>				<b>161.4</b>	<b>802.6</b>	<b>154.5</b>	<b>4.4%</b>

(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.

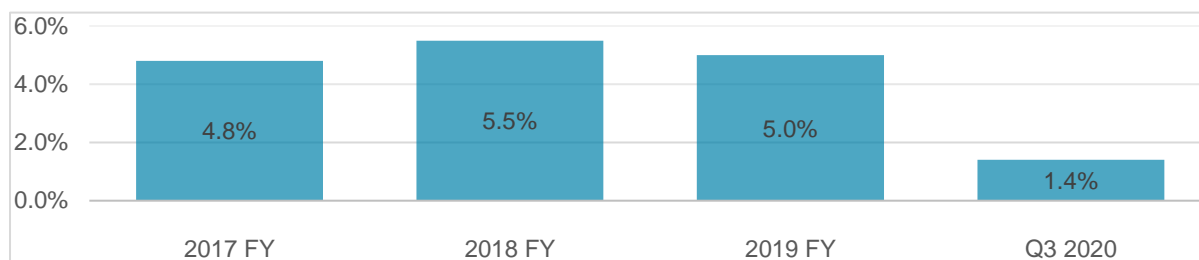
(2) Construction has not yet commenced.

The portfolio of undeveloped land for sale or development comprises the following properties as of September 30, 2020:

Project	Location	Lettable area (in sqm)	Expected construction costs (excl. land)	Status
			(in €/sqm)	
Grafenberg .....	Düsseldorf	13,674	5,540	Land development plan in proposal
Potsdam.....	Potsdam	6,800	1,560	Land development plan in proposal
Späthstraße .....	Berlin	19,035	2,170	Land development plan in proposal
Trachau .....	Dresden	34,326	2,352	Land development plan in proposal

### Like-for-Like Rental Growth

The diagram below shows the ADLER Group’s like-for-like rental growth for the periods presented in this Offering Memorandum:



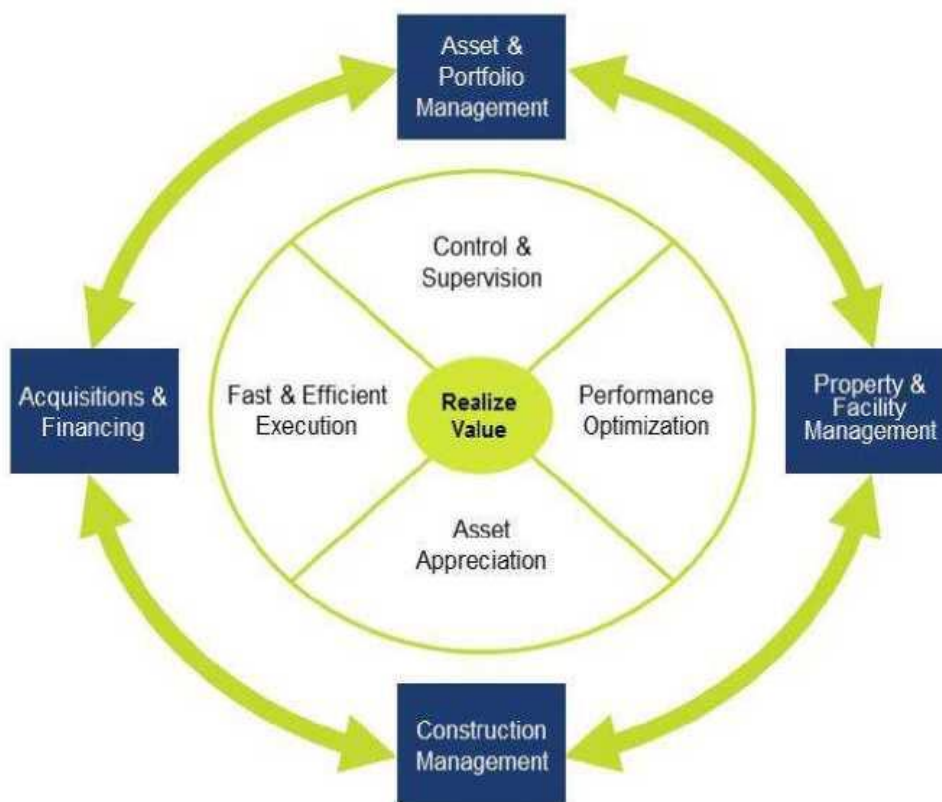
source: Company

### Business Operations

#### Overview

We consider residential real estate to be a business that requires strong local market intelligence and an in-depth knowledge about own assets and tenants in order to create value. The ADLER Group’s 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 way that enables us to make targeted investments, accretive add-on acquisitions and privatizations in various micro-locations.

The following chart depicts an overview of our operating model:



Our four business functions 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 asset and portfolio management focuses mainly on the purchase and management of income-generating real estate. It is the coordination and financial arm of our business. Based on its knowledge of the different

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, asset and portfolio management provides various support services, including bookkeeping, human resources administration and information technology services for and within the ADLER Group.

Our property and facility management provides property management and services to tenants, respectively. It 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. A distinct in-sourced team and brand provides immediate response to all kinds of facility management issues, including cleaning, janitor services and gardening. Our distinct facility management team has led to cost savings and increased tenant satisfaction because we exercise full control over these services.

Our construction management 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.

### ***Business Model***

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, we have developed a regional structure that allows for the management of all properties of the ADLER Group.

We take a similar approach in relation to our facility management, i.e. for craftsmen and caretaker services. The majority of these activities are integrated into the ADLER Group. To this end, we have developed a regional structure very similar to our property management. ADLER Energie Service GmbH (“AES”) manages energy-related activities in the ADLER Group. This includes the distribution of heat and energy as well as responsibility for all centralized heating systems within the ADLER Group. In the future, however, it is envisaged that AES will take over the management of all energy-related activities 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.

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.

## ***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.

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 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 the date of this Offering Memorandum, we have 7,887 units that have been converted or are in the process of being converted into condominiums.

## ***Property and Facility Management***

Our property and facility management function comprises all owner-related competencies, including tenancy-related administrative functions within the ADLER 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 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 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 nine-month period ended September 30, 2020, we amended approximately 8,921 residential letting contracts resulting in a reduced annualized net rent of approximately €0.1 million (compared to 3,762 residential letting contracts amended in the nine-month period ended September 30, 2019, which resulted in an additional annualized net rent of approximately €0.5 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 12.6% for the nine-month period ended September 30, 2020 (compared to 7.8% for the nine-month period ended September 30, 2019), 12.3% per year for the year ended December 31, 2019, 11.8% per year for the year ended December 31, 2018 and 11.9% 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**

The ADLER Group performs complete and comprehensive in-house construction management services. We continue to invest in our existing real estate portfolio. In the nine-month period ended September 30, 2020, we invested €18.2 per sqm in modernizations and refurbishments (compared to an investment of €21.8 per sqm in modernization and refurbishments in the nine-month period ended September 30, 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 €36.3 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 after asset and portfolio management, has reviewed and approved the capex application. As of September 30, 2020, our construction management consists of 265 FTE that are building engineers, architects, technicians and other craft specialists with a vast working experience in the real estate market. 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*” 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 ADLER Group’s logistical backbone for our operations and comprises the human resources, financial accounting and information technology functions of the ADLER Group. Third parties provide legal services and property valuation.

### ***Human Resources and Employees***

As of the date of this Offering Memorandum, our human resources department comprises 21.6 FTE, who manage payroll, recruitment, employment law measures, human resources controlling 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 ADLER Group has a team of approximately 1,843 FTE, 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 employees are located in Berlin and Hamburg. As of the date of this Offering Memorandum, approximately 39 FTE were assigned to asset and portfolio management, approximately 1,045 FTE were assigned to property and facility management and approximately 287 FTE were assigned to construction management. All of our real estate personnel are experts certified in their respective field of employment.

The following table shows the number of employees (full-time equivalent) of the ADLER Group as of the end of the respective period:

	As of September 30,	As of December 31,		
	2020	2019	2018	2017
Employees (FTE) .....	1,842.7	353.9	389.4	323.7

As of the date of this Offering Memorandum, within the ADLER Group, there are 12 employee workers’ councils (*Betriebsrat*) in place in our facility and property management subsidiaries. As of the same date, there are two employee union agreements (*Tarifvertrag*) in place.

### *Pension and Incentive Plans*

We do not provide a private pension plan for our employees.

Regarding incentive plans for the Board of Directors and the Senior Management, see “*Description of the governing bodies of the Company—Senior Management of the ADLER Group—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 ADLER 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 ADLER Group’s business are currently registered in favor of ADLER Real Estate AG:

- name “ADLER Real Estate” registered under number UM 18191785;
- word and figurative marks “ADLER Real Estate” registered under number DE 302017017886, UM 18191792, DE 302017017890, and UM 18191789, respectively;
- word and figurative mark “ADLER Wohnen Service” registered under number DE 302017017889;
- figurative marks “ADLER Real Estate AG” registered under number DE 302017017887 and UM18191788, respectively;
- word and figurative marks “ADLER” registered under number DE 302019’7020777 and UM 18191357, respectively;
- figurative marks “ADLER” registered under number DE 202017020775, UM 18191356, DE302010015077, UM 18191348, DE 302010015078, UM 18191353, DE 302010015079, and UM 18191352, respectively; and
- word and figurative marks “ADLER Trumpf Rennlimousine” registered under number 302017018859 and UM 18191348, respectively.

The following trademarks which are material for the ADLER Group’s business are currently registered in favor of subsidiaries of the ADLER Group:

- figurative mark “ADLER GROUP” registered under number DE 30 2020 025 149.4/36;
- word and figurative mark “ADLER” registered under number DE 30 2020 025 144.3/36;
- word and figurative mark “ADLER GROUP” registered under number DE 30 2020 025 145.1/36;
- word and figurative marks “ADLER GROUP – Mehr Zukunft per m2” registered under number DE 30 2020 025 147.8/36;
- wordmark “Mehr Zukunft per m2“ registered under number DE 18336726;

- word and figurative marks “ADLER GROUP – More future per m2” registered under number DE 30 2020 025 148.6/36; and
- wordmark “More future per m2” registered under number DE18336272.

The ADLER Group’s most significant internet domains are: www.adler.group, www.adler-group.com, www.adler-ag.com, www.adler-ag.de, www.ado.berlin, www.ado.immo, 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, the Senior Management, the management board and supervisory board of ADLER Real Estate AG and the board of directors of BCP N.V. A D&O basic insurance policy was entered into with XL Catlin Services SE, expiring on January 1, 2022, with a limit of annual coverage in the amount of €15 million. A D&O first excess loss insurance policy was entered into with Beazley Insurance DAC, expiring on January 1, 2022, extending the limit of annual coverage by €15 million and thereby increasing the annual coverage to a total of €30 million. A D&O second excess loss insurance policy was entered into with AIG Europe S.A., expiring on January 1, 2022, extending the limit of annual coverage by an additional €15 million and thereby increasing the annual coverage to a total of €45 million. A D&O third excess loss insurance policy was entered into with DUAL Deutschland GmbH, expiring on January 1, 2022, extending the limit of annual coverage by an additional €15 million and thereby increasing the annual coverage to a total of €60 million. A D&O fourth excess loss insurance policy was entered into with Swiss Re Europe S.A., expiring on January 1, 2022, extending the limit of annual coverage by an additional €15 million and thereby increasing the annual coverage to a total of €75 million. A D&O fifth excess loss insurance policy was entered into with a syndicate of insurers comprising Tokio Marine Europe S.A. / Markel Insurance SE, expiring on January 1, 2022, extending the limit of annual coverage by an additional €25 million and thereby increasing the annual coverage to a total of €100 million. Defense costs are covered up to the annual coverage limits both on as per claim and aggregate annual basis. Each D&O insurance policy covers financial losses arising from a breach of duty by the respective board member or manager in the course of its duties. All wrongful acts (based on negligence) are covered, but intentional acts (e.g., criminal or fraudulent acts) are not covered.

### ***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 ADLER Group’s business.

As of the date of this Offering Memorandum, other than the proceedings described herein, 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.

### ***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.

We are exposed to potential restitution proceedings in which shareholders and holders of convertible bonds issued by conwert may seek damages from us (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.

Eight damage claims of former shareholders of conwert with a cumulative dispute amount of approximately €8.5 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 €175 million at a conversion price of €16.50 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 €13.50 and more than €15.00. 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, we believe 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 expired mid-June 2020.

In addition, we were and, as of the date of this Offering Memorandum, are involved in certain administrative penal proceedings in relation to the Conwert Acquisition, none of which, however, we believe could have a material adverse effect on our business. We have 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, we are of the view that we have 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.

#### **Development Business**

The Company and Consus Real Estate form a "factual group" (*faktischer Konzern*) as the Company holds more than 50% of the share capital and voting rights in Consus Real Estate and, therefore, holds a controlling interest in Consus Real Estate. We acquired the majority stake in Consus Real Estate in several steps: On December 15, 2019, we 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, increased to 25.75% due to the fact that ADLER Real Estate held 3.57% in Consus Real Estate prior to the Completion. On June 29, 2020, we exercised the call option under the 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 settlement of the call option exercise under the Call/Put-Option Agreement occurred by transfer of newly issued shares in the Company and transfer of the Company's existing shares previously indirectly held by ADLER Real Estate (the "**Consus Real Estate Acquisition**"). Following the settlement of the Consus Real Estate Acquisition, the Company held 104,777,489 of Consus Real Estate's shares.

On December 13, 2020, the Company announced that it has resolved to further increase its stake in Consus Real Estate, which, at that time, amounted to approximately 65.0%. As part of a capital increase against contribution

in kind, the Company acquired shares in Consus Real Estate from certain other shareholders of Consus Real Estate at an exchange ratio of 0.272 new shares of the Company for each share of Consus Real Estate by way of contributing 46,780,535 shares of Consus Real Estate in exchange for 12,724,303 new shares of the Company (the “**Consus Increase**”). Following the completion of the Consus Increase, ADLER held a stake of approximately 94.0% in Consus Real Estate. Against this background, the Company had decided to currently not pursue the voluntary public tender offer in the form of an exchange offer to all Consus shareholders. However, the Company may seek to further increase its shareholding in Consus going forward.

In the event that the Company continues 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 fall below 50% following the settlement of the Consus Real Estate 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*).

### ***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 it primarily sells 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 *pro forma* €8.6 billion of GDV as of September 30, 2020 and strategically streamlined its development projects portfolio from 53 to 40 as of the same date. As of September 30, 2020 and after giving effect to the Consus May 2020 Divestments (as described below), its *pro forma* GDV was allocated in the Top 9 Cities as follows: Hamburg 19%, Düsseldorf 19%, Berlin 16%, Frankfurt/Offenbach 14%, Stuttgart/Mannheim 14%, Cologne 9%, Leipzig 3% and Dresden 3%.

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 39 and €8.0 billion, respectively. Both divestments have been closed in the fourth quarter of 2020. However, one development project has been carved out from the divestment and is expected to be sold in the short to medium term. 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 are located in the Top-9 Cities.

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 GmbH (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. As of September 30, 2020 and after giving effect to the Consus May 2020 Divestments, based on net floor area, its projects consist of approximately 63% residential units and 37% commercial and other units.

After giving effect to the Consus May 2020 Divestments, as of September 30, 2020, the Consus Group's forward- and condominium-sales portfolio consist of 21 projects and the non-strategic portfolio consist of 5 projects. Additionally, as of the same date, the Consus Group holds a core landbank of 8 projects with a GDV of approximately €4.3 billion 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 September 30, 2020, it had 780 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

Giving effect to the Consus May 2020 Divestments, the *pro forma* number of total development properties owned by the Consus Group amounts to 47, with a *pro forma* GDV of €8.6 billion and approximately 1.27 million sqm of net floor area. The following table provides an overview of selected key data relating to these 47 development properties of the Consus Group as of September 30, 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	2023
5	Consus RE	NewFrankfurt Towers VauVau	Frankfurt/ Offenbach	37,700	Forward sold	2021
6	Consus RE	Vitopia-Campus Kaiserlei Resi	Frankfurt/ Offenbach	14,200	Forward sold*	2023
7	Consus RE	Residenz am Ernst-Reuter Platz	Berlin	11,100	Forward sold	2020
8	Consus RE	Ostforum	Leipzig	17,800	Forward sold	2022
9	Consus RE	Quartier Hoym	Dresden	27,700	Forward sold	2023
10	Consus RE	Dessauer/Hamburger Straße	Leipzig	10,500	Forward sold	2021
11	Consus RE	Cologneo I Corpus Sireo	Cologne	53,800	Forward sold	2023
12	Consus RE	Königshöfe im Barockviertel	Dresden	15,500	Forward sold	2022
13	Consus Swiss Finance	Franklinstrasse 26	Berlin	11,300	Forward sold	2021
14	Consus Swiss Finance	No. 1	Mannheim	18,700	Forward sold	2020
15	Consus Swiss Finance	Bundesallee (incl. MOMENTE)	Berlin	28,700	Forward sold / Condominium sales	2021
16	Consus RE	Kreuzstraße	Leipzig	12,600	Forward sold	2022
17	Consus RE	Steglitzer Kreisel Tower	Berlin	27,300	Condominium sales	2024
18	Consus RE	Palatium (Palaisplatz Altbau)	Dresden	5,000	Condominium sales	2021
19	Consus RE	Miners	Cologne	2,800	Condominium sales	2020
20	Consus Swiss Finance	Wohnen an der Villa Berg	Stuttgart	4,400	Condominium sales	2021
21	Consus RE	Westend Ensemble— Grand Ouest Westend Ensemble—	Frankfurt	9,100	Condominium sales	2023
22	Consus RE	Upper West	Frankfurt	19,800		2023
23	Consus RE	COL III (Windmühlenquartier)	Cologne	23,900		2024
24	Consus RE	Forum Pankow	Berlin	39,600	FS in Neg.	2025

No.	Consus Subsidiary Entity	Project Name	City	Approx. Total Sellable Area (sqm)	Sale status	Targeted delivery date
25	Consus RE	Ostend	Frankfurt	42,600		2028
26	Consus RE	UpperNord Quartier	Düsseldorf	24,600	FS in Neg.	2023
27	Consus RE	Böblingen	Stuttgart	9,300	FS in Neg.	2022
28	Consus RE	Schwabenland Tower	Stuttgart	16,600	FS in Neg.	2021
29	Consus RE	Ostplatz—FLI Mensa	Leipzig	3,100		2025
	Consus Swiss					
30	Finance	2stay	Frankfurt	31,700		2023
	Consus Swiss					
31	Finance	Holsten Quartier	Hamburg	134,600	LOI signed	2026
	Consus Swiss					
32	Finance	Neues Korallusviertel	Hamburg	34,800		2024
	Consus Swiss					
33	Finance	VAI Campus	Stuttgart	185,400		2028
	Consus Swiss					
34	Finance	The Wilhelm	Berlin	17,200		2024
35	Consus RE	Benrather Gärten	Düsseldorf	210,800		2030
		Steglitzer Kreisel Parkhaus				
36	Consus RE	& Sockel	Berlin	46,500		2024
37	Consus RE	Arthur Hoffmann Straße	Leipzig	1,800		TBA
38	Consus RE	Grand Central	Düsseldorf	86,100		2025
	Consus Swiss					
39	Finance	Peschl Quartiere	Passau	26,800		2023
40	Consus RE	Cologne II	Cologne	73,600		2026
41	Consus RE	Vitopia-Kampus Kaiserlei Comm	Offenbach	31,900		2024
42	Consus RE	Neuländer Quarree	Hamburg	90,400		2025
43	Consus RE	Billwerder Neuer Deich	Hamburg	52,000		2026
44	Consus RE	NY	Hamburg	42,400		2026
45	Consus RE	GlockenGut	Bayreuth	19,800		2023
	Consus Swiss	Covent Garden	Munich			
46	Finance			29,300		2025
					Sold /not closed	
47	Consus RE	Hallesches Ufer BT 1—3	Berlin	25,500		2020
	<b>Total</b>			<b>1,712,500</b>		

\* In October 2020, Consus Real Estate received notification that the purchaser of this project development withdrew from the forward sale.

### Build-to-Hold Landbank Portfolio

Giving effect to the Consus May 2020 Divestments, the Consus Group holds a core landbank of 8 projects with a GDV of approximately €4.3 billion (or 54% of its portfolio by GDV) in attractive locations across Germany, all of which are suitable to form part of the Company's build-to-hold strategy over the long term.

We expect to incur capital expenditure requirements for our build-to-hold development projects in an amount of approximately €37 million in 2020, €185 million in 2021, €346 million in 2022, €381 million in 2023, €475 million in 2024 and €495 million in 2025. These capital expenditures for our build-to-hold development projects are expected to be funded on the relevant project level with an approximately 65% to 70% loan-to-cost ratio and through active capital recycling.

The following table provides an overview of selected key data relating to these 8 projects as of September 30, 2020 and after giving effect to the Consus May 2020 Divestments:

No.	Project Name	City	Construction period	Area ('000 sqm)	GDV <sup>(1)</sup> (€ million)	GAV (€ million)	Yield on cost <sup>(2)</sup> (%)
1	Schwabenland Tower (Residential)	Stuttgart	2019-2021	11.5	82.3	46.9	3.9%
2	Neues Korallusviertel	Hamburg	2020-2024	38.0	175.9	35.9	3.7%
3	COL III (Windmühlenquartier)	Cologne	2021-2024	24.2	136.8	36.2	5.0%
4	Holsten Quartiere	Hamburg	2021-2026	150.0	942.6	319.2	4.3%
5	Grand Central	Düsseldorf	2022-2025	78.5	565.3	180.0	3.7%
6	VAI Campus (without Eiermann) <sup>(3)</sup>	Stuttgart	2022-2028	163.4	952.3	205.9	4.5%
7	Benrather Gärten	Düsseldorf	2023-2030	215.5	1,128.1	115.3	5.0%
8	Ostend	Frankfurt	2026-2028	42.6	300.8	112.0	4.2%
	<b>Total</b>			<b>723.7</b>	<b>4284.1</b>	<b>1051.4</b>	<b>4.3%</b>

- (1) GDV is a metric, which indicates the capital and rental value of a property or development project after completion of all development works.  
(2) Yield on cost has been calculated based on underwriting ERV to expected total cost, including land.  
(3) GDV and GAV split based on corresponding area.

With the completion of the properties in our build-to-hold landbank portfolio and our other development projects and the full realization of their combined GDV of approximately €5.1 billion, we expect to increase our GAV

to €13.5 billion with the following geographical split by GAV: 38.9% in the Top 7 Cities (excluding Berlin), 36.8% in Berlin and 24.3% in other cities. Furthermore, we expect that the entire portfolio will consist entirely of residential properties as the existing forward- and condominium-sales and non-strategic portfolio will be disposed of in the future.

#### *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 as forward and upfront sales amounted to a GDV of approximately €3.2 billion as of September 30, 2020, corresponding to approximately 34% of the development portfolio by GDV as of September 30, 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 *pro forma* GDV of approximately €659.3 million as of September 30, 2020 and 9.1% 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 *pro forma* GDV of approximately €4.8 billion as of September 30, 2020, corresponding to 56% 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 €1.1 billion as of September 30, 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.

#### ***Governmental, Legal, Arbitration or Similar Proceedings of the Consus Group***

As of September 30, 2020, the Consus Group 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.



## Material Agreements

The following section provides an overview of material agreements to which any member of the ADLER Group is a party. The majority of the ADLER Group's bank loans secured by investment or trading properties have a non-recourse structure. Some bank loans are additionally secured by sureties and/or guarantees. In case of ADO Group Ltd., one bank loan is secured with a convertible bond held by ADO Group Ltd.

### *2021 Notes Tender Offer*

On January 6, 2021, ADLER Real Estate launched a cash tender offer (the “**Tender Offer**”) to purchase any and all of the EUR 500,000,000 1.50% notes due December 6, 2021 (the “**2021 Notes**”). For further information on the 2021 Notes please see “—*Other Financings—2021 Notes*” below. The Tender Offer is to be financed by using a partial amount from the net proceeds from the issuance of the Notes and will expire at 5 p.m. (CET) on January 12, 2021, unless extended or terminated earlier by ADLER Real Estate. The closing of the Tender Offer is subject to certain conditions, including the successful closing of the issuance of the Notes. The repurchase price for each validly tendered 2021 Note will be 101.212% of the outstanding amount of such note, plus accrued interest.

The Tender Offer is subject to the satisfaction or waiver of certain conditions as described in the tender offer memorandum dated January 6, 2021 (the “**Tender Offer Memorandum**”) being sent to the holders of the 2021 Notes through Clearstream Banking S.A. and Euroclear Bank SA/NV, including (i) the successful pricing of the issue of the Notes and the settlement of the Notes on terms reasonably acceptable to the Company, and (ii) certain other conditions, in each case as described in more detail in the Tender Offer Memorandum. If any of the conditions are not satisfied, ADLER Real Estate may (i) terminate the Tender Offer and return tendered 2021 Notes to the holders; (ii) waive unsatisfied conditions and accept for payment and purchase all validly tendered Notes; (iii) extend the Tender Offer or (iv) otherwise amend the Tender Offer.

ADLER Real Estate is not under any obligation to accept any tender of any of the 2021 Notes for purchase pursuant to the Tender Offer, and tenders of 2021 Notes may be rejected in the sole and absolute discretion of ADLER Real Estate for any reason. All 2021 Notes purchased pursuant to the Tender Offer will be cancelled. The complete terms and conditions of the Tender Offer are set forth in the Tender Offer Memorandum. In addition, ADLER Real Estate may redeem the remaining 2021 Notes (if any) in accordance with the terms and conditions of the 2021 Notes.

A holder of the 2021 Notes, who wishes to subscribe for Notes in addition to tendering its 2021 Notes for purchase pursuant to the Tender Offer, may be eligible to receive, at the sole and absolute discretion of the Company, priority in the allocation of the Notes. For further information on the allocation of the Notes please see “*General Information—Allocation of the Notes*”.

### *Call/Put-Option Agreement*

For a description of the Call/Put-Option Agreement, see “*Description of the Transactions—Acquisition of Consus Real Estate—Call Option Exercise*”.

### *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 €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.

#### *Acquisition of the Airportpark Schönefeld Nord*

In 2019, the ADLER Group acquired several undeveloped properties in Berlin-Schönefeld with a total property area of 210,000 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 the date of this Offering Memorandum, ADLER Real Estate has paid all three installments.

#### *Joint Venture Acquisition*

In 2019, 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 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.

#### *Apollo Joint Venture Transactions*

In 2018, 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.

Furthermore, on December 21 and December 22, 2018, companies within the ADLER Real Estate Group and WESTGRUND (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 €117.7 million and is subject to adjustments. The agreement was amended by notarial deeds on February 4, 2019 and on March 13, 2019.

As of September 30, 2020, the ADLER Group recognized receivables from the Apollo JV in an amount of €43.4 million.

#### *Acquisition of majority stake in Brack Capital Properties N.V.*

In 2018, ADLER Group 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 €555 million.

#### *Acquisition of the Angerburger Allee Portfolio*

In 2018, the ADLER 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 ADLER 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 ADLER 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 in which the ADLER 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.

#### *Acquisition of Project Riverside*

In 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 €117.6 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 €215.0 million for the purpose of financing the development project, secured by registered land charges over the Project Riverside properties. As of June 30, 2020, the total purchase price payable for the Riverside Companies was paid.

#### *Acquisition of the Compass Portfolio*

In 2017, the ADLER Group purchased 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 €131 million.

#### *Acquisition of the Asgard Portfolio*

In 2017, the ADLER 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 in which the ADLER Group acquired 94.9% of the shares in 17 German limited liability companies. The total consideration paid for the Asgard portfolio amounted to approximately €110 million.

#### *Acquisition of the Nox I Portfolio*

In 2017, the ADLER 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 in which the ADLER 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 ADLER 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 in which the ADLER 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.

### **Sale Agreements**

#### *Sale Agreement with Peach Property*

On September 18, 2020, certain companies of the ADLER Group entered into a sale and purchase agreement with Peach Property Group (Deutschland) AG and certain of its group companies to sell approximately 5,064 real estate and condominium assets in Baden-Württemberg, Lower Saxony, Rhineland Palatinate and North Rhine-Westphalia for a net sale price of €125.8 million and to sell 89.9% of shares in certain property holding companies for a preliminary sale price of €136,634,919. The sale has closed on December 31, 2020. The ADLER Group has received cash payments in the aggregate amount of €198 million and will receive a further cash payment in the amount of €75 million from an escrow account once all the post-closing conditions are met.

#### *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 ADLER Group entities owning 23 properties, consisting, in aggregate, of approximately 5,900 residential apartment units. The sale price for the shares amounted to €920 million, less €340 million of net debt of the sold ADLER Group entities. The sale closed on November 29, 2019.

#### *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 €213.8 million, payable in four installments. As of September 30, 2020, the transaction is not yet fully

closed, as a result of which ADLER Real Estate recognized receivables thereunder in an amount of €132.6 million and a shareholder loan in an amount of €63.7 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 €180.6 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 September 30, 2020, the sale of these eleven commercial properties was not yet fully closed, as a result of which ADLER Real Estate recognized no receivables thereunder.

#### *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. Initially, a partial payment of €16 million had to be made by December 1, 2020. However, the parties have agreed that such payment shall be made in two installments at later dates. The first installment in the amount of €11 million was received on December 30, 2020 and the second installment in the amount of €5 million shall be made by January 31, 2021.

#### *Sale of shares in ACCENTRO*

In 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 several times. As of September 30, 2020, €135.3 million was paid to ADLER Real Estate and the outstanding amount (€58.8 million including interest as of September 30, 2020) is due for payment by Brookline until December 31, 2020. As of the date of the Offering Memorandum, the parties are discussing an extension of the due date of the payment of the outstanding amount.

#### *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 an original 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. In November 2020, the Bridge Facility Agreement was partially repaid, in an amount of approximately €250 million. As of the date of this Offering Memorandum, €370,786,980 are 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 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 monthly in arrear. 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 3<sup>rd</sup> month after the date of the Bridge Facility Agreement, (c) 20% of the applicable margin during the 4<sup>th</sup> month after the date of the Bridge Facility Agreement, and (d) 30% of the applicable margin as from the 5<sup>th</sup> 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:

- (a) 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;
- (b) 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;

- (c) 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
- (d) 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:

- (a) the ratio of “Total Net Debt” to “Total Assets” (in each case, as defined in the Bridge Facility Agreement) does not exceed 60%; and
- (b) 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 ADLER Group’s current credit standing). Additionally, the Company is required to provide certain financial information and other information regarding the Company’s and the ADLER 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***

##### *2026 Notes*

On November 13, 2020, the Company issued notes in the aggregate principal amount of €400 million (the “**2026 Notes**”). The 2026 Notes were issued in a denomination of €100,000 and bear fixed interest at a rate of 2.750% p.a. Interest is payable annually in arrear on each November 13. The 2026 Notes will mature on November 13, 2026 (subject to early redemption). The 2026 Notes are subject to similar terms and conditions, including the provisions regarding a change of control, financial indebtedness and events of default, as the 2025 Notes. For further information on terms and conditions please see “—2025 Notes” below.

##### *2025 Notes*

On August 3, 2020, the Company issued notes in the aggregate principal amount of €400 million (the “**2025 Notes**”). The 2025 Notes were issued in a denomination of €100,000 and bear fixed interest at a rate of 3.250% p.a. Interest is payable annually in arrear on each August 5. The 2025 Notes will mature on August 5, 2025 (subject to early redemption).

Upon the occurrence of a change of control under the 2025 Notes, noteholders may require the Company to redeem the 2025 Notes held by them, in whole or in part, within 60 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 2025 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 2025 Notes are subject to the following events of default:

- failure to pay principal, interest, or other amounts due under the 2025 Notes within 20 days from the relevant due date;
- failure to perform any other material obligation under the 2025 Notes and such failure continues for 40 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 2025 Notes).

#### *ADLER Real Estate 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**”). 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 Real Estate 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 Real Estate 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 Real Estate Notes shall have the right to require ADLER Real Estate to redeem or purchase in whole or in part his ADLER Real Estate Notes, within 60 days after a put event notice has been published at 101% of the principal amount of such Note plus any unpaid accrued interest.

Under the terms and conditions of the ADLER Real Estate 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 Real Estate 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 Real Estate Notes are subject to the following events of default:

- failure to pay any principal due under the ADLER Real Estate Notes;
- failure to pay any interest due under the ADLER Real Estate Notes within 30 days from the relevant due date;
- failure to perform any other material obligation under the ADLER Real Estate 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 Real Estate 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.

### *2021 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% p.a. 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% p.a. 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 Real Estate Group as of the last reporting date for which the most recent consolidated financial statements of ADLER Real Estate were 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 Real Estate 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.

#### *2024 Notes*

On July 27, 2017, the Company issued notes in the aggregate principal amount of €400 million (the “**2024 Notes**”). The 2024 Notes were issued in a denomination of €100,000 and bear fixed interest at a rate of 1.500% p.a. Interest is payable annually in arrear on each July 26. The 2024 Notes will mature on July 26, 2024 (subject to early redemption).

Upon the occurrence of a change of control under the 2024 Notes, noteholders may require the Company to redeem the 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 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 2024 Notes are subject to the following events of default:

- failure to pay principal, interest, or other amounts due under the 2024 Notes within 30 days from the relevant due date;
- failure to perform any other material obligation under the 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 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% p.a. 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 €60.5690, which has, with effect as of June 19, 2019, been adjusted to a conversion price of €60.3444, 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).

### *2021 Convertible Bonds*

In July 2016, ADLER Real Estate issued up to 10,000,000 convertible bonds due July 19, 2021 (the “**2021 Convertible Bonds**”) with 7,135,501 outstanding as of the date of this Offering Memorandum. The 2021 Convertible Bonds bear interest at a rate of 2.50% p.a., 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 €12.5039 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.

*Debentures issued by Brack Capital Properties N.V.*

#### Brack Series B Debentures

BCP 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 were 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 nine-month period ended September 30, 2020, the outstanding par value balance under the Series B Debentures is NIS 180 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 September 30, 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 September 30, 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.

#### Brack Series C Debentures

BCP published a shelf prospectus on May 24, 2012 (as amended on May 9, 2013 and July 14, 2014), under which debentures were issued on July 22, 2014 and April 4, 2016, with an issue size of NIS 102,165,000 and NIS 58,015,000, respectively (the “**Series C Debentures**”). According to BCP’s consolidated financial statements as of and for the nine-month period ended September 30, 2020, the outstanding par value balance under the Series C Debentures is NIS 143.8 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 September 30, 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 September 30, 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.

#### *General Agreement (Commercial Paper Programme)*

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.

#### *2020 Revolving Credit Facilities Agreements*

On September 30, 2020, the Company entered into revolving credit facilities agreements with Deutsche Bank Luxembourg S.A. and J.P. Morgan Securities plc, respectively, each with an aggregate nominal amount of €50,000,000, and with terms and conditions, including covenants, representations and undertakings, materially similar to the terms and conditions of the Bridge Facility Agreement.

As of the date of this Offering Memorandum, no amount is outstanding under these revolving credit facilities agreements. Moreover, the Company may, in the future, decide to enter into further revolving credit facilities agreements with similar terms and conditions.

*2018 Revolving Facility Agreement 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 ADLER 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 ADLER Group’s financial condition.

As of the date of this Offering Memorandum, €125 million commitment were repaid and cancelled and €50 million remain outstanding under the Revolving Facility Agreement. The Revolving Facility Agreement has been extended and the remaining amount of €50.0 million will mature on March 9, 2022.

*2020 WESTGRUND Loan Agreement with DZ HYP*

On December 7, 2020, certain subsidiaries of WESTGRUND entered into a loan agreement as borrowers with DZ HYP AG (“**DZ HYP**”) as lender for optimization of the ADLER Group’s financing structure, certain refinancings as well as general corporate use (the “**DZ HYP WESTGRUND Loan Agreement**”). The DZ HYP WESTGRUND Loan Agreement provides for a loan facility in the amount of €130 million (the “**DZ HYP WESTGRUND Loan Facility**”). The DZ HYP WESTGRUND Loan Facility is repayable in annual installments of 2.0% p.a. of the initial loan amount (plus interest saved) and the interest rate is fixed at 1.16% p.a., whereas interest is payable monthly.

All claims in connection with the DZ HYP WESTGRUND Loan Facility are secured by land charges, pledges of rent payment claims from the properties that are charged, personal acknowledgements of debt (*persönliches Schuldanerkenntnis*) of the borrowers and the conclusion of subordination agreements in relation to shareholder loans. The DZ HYP WESTGRUND Loan Facility is subject to market-standard reporting and financial covenants, including the borrowers’ obligation to carry out certain modernization investments of the secured properties to maintain portfolio quality. 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 coverage of at least 114% and an LTV ratio not above 68%, in each case subject to customary cure provisions). The DZ HYP WESTGRUND Loan Facility is due for repayment on November 30, 2030.

As of December 10, 2020, €128,625 thousand was outstanding under the DZ HYP WESTGRUND Loan Facility. The borrowers may utilize the remaining €1,375 thousand of the DZ HYP WESTGRUND Loan Facility in the future.

### *2020 Loan Agreement with Landesbank Baden-Württemberg I*

On June 29, 2020, certain group companies of the ADLER Real Estate 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 Real Estate Loan Agreement**”). The LBBW ADLER Real Estate Loan Agreement provides for a loan facility in the amount of €106 million (the “**LBBW ADLER Loan Facility**”), 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 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 charges and pledges of rent payment bank accounts. Under the LBBW ADLER Real Estate Loan Agreement, the borrowers covenant to not incur any additional debt (with the exception of shareholder loans) and to 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 Real Estate 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 Real Estate 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.

As of September 30, 2020, €105.5 million (including interest) was outstanding under the LBBW ADLER Real Estate Loan Agreement.

### *2020 Loan Agreement with Landesbank Baden-Württemberg II*

On June 30, 2020, certain group companies of the ADLER 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 Loan Agreement**”). The LBBW Loan Agreement provides for a term loan facility in the amount of €272 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 1.75% p.a. for five years. The revolving facility bears a variable interest rate of three-month EURIBOR *plus* a 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 Loan Agreement, are secured by land charges and pledges of rent payment bank accounts. Under the LBBW 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 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.

As of September 30, 2020, €318.4 million (including interest) was outstanding under the LBBW Loan Agreement.

### *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 AG (“**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 is due on January 1, 2022, and an interest at a rate of 1.20% p.a. above the three-month EURIBOR (or a 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 September 30, 2020, €200.0 million (including interest) was outstanding under this loan agreement.

#### *2019 Loan Agreement 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 ADLER Group, as borrowers entered into several term loan agreements with Deutsche Kreditbank AG (“**DKB**”) 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% p.a. 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 DKB and payment of all property-related management costs and other necessary company costs.

As of September 30, 2020, €78.5 million (including interest) was outstanding under the DKB Agreement.

#### *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 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 September 30, 2020, €68.1 million (including interest) was outstanding under this loan agreement.

#### *2017 Loan Agreement with DZ HYP*

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 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 were 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 September 30, 2020, €53.4 million (including interest) was outstanding under this loan agreement.

#### *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 September 30, 2020, €47.1 million (including interest) was outstanding under the 2017 Natixis Loan.

#### *2017 Loan Agreement with Berlin-Hannoversche Hypothekbank 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 Hypothekbank 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 Hypothekbank AG, and for other purposes. 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% p.a. 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 center of main interest (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 75% until the end of the third year and 65% from the beginning of the fourth year and until maturity.

As of September 30, 2020, €84.0 million (including interest) was outstanding under the BerlinHyp1 Agreement.

#### *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 (Ludwigsfelde) 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 €130.0 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) €110.0 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 €110.0 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 a 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 (iv) initiated insolvency proceedings/requested enforcement or, (v) the sale of the collateral assets. The 2016 Helaba Loan is due for repayment at the end of September 2021.

As of September 30, 2020, €101.1 million (including interest) was outstanding under the 2016 Helaba Loan.

#### *2016 Loan Agreement with Berlin-Hannoversche Hypothekbank AG*

On June 22, 2016, as amended on June 29, 2016, 44 German limited liability companies of the ADLER Group entered into a German governed term loan agreement as borrowers with Berlin-Hannoversche Hypothekbank 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 Hypothekbank 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%.

As of September 30, 2020, €148.2 million (including interest) was outstanding under the BerlinHyp2 Agreement.

#### *2016 Loan Agreement with Berliner Sparkasse*

On January 20, 2016, ADO 9370 Grundstücks GmbH, a company within the ADLER 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%.

As of September 30, 2020, €55.3 million (including interest) was outstanding under the LBB Agreement.

#### *2015 Loan Agreement with LBBW*

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% p.a. for an amount of €49.4 million and 2.48% p.a. 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% p.a. 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 September 30, 2020, €56.5 million (including interest) was outstanding under the 2015 WESTGRUND Loan.

## *2014 Loan Agreement with LBBW*

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 €272.8 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 September 30, 2020, €192.9 million (including interest) was outstanding under this loan agreement.

### ***Domination Agreements***

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 – AktG*) 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.

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 – AktG*) 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.

### ***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 €8,350,000 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 and Gröner GbR (the “**CG Companies**”) entered into two share purchase agreements on May 8, 2020, as amended on June 19, 2020, June 9, 2020, July 23, 2020 and November 17, 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 payments totaling approximately €375,000,000 (“**CG Divestment SPA**”). As of the date of this Offering Memorandum, several payments have been made under the CG Divestment SPA and the remaining payment obligations in the amount of approximately €125,000,000 have been assumed by Calm Storm Investments, Inc. 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. 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 8 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. This divestment has closed in December 2020 except in relation to one development project which has been carved out from the divestment and is expected to be sold in the short to medium term. 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. The Consus 2024 Senior Secured Notes are secured by first-ranking pledges over shares in certain companies of the Consus Group as well as an assignment of intra-group receivables of the Consus Group, claims under a certain intra-group loan and claims of Consus Real Estate under the Acquisition Agreement. In connection therewith, Consus Real Estate entered into a security trust agreement for the benefit of the bondholders of the Consus 2024 Senior Secured Notes and the bondholders of the Consus 2022 Convertible Bonds (see also “—*Consus 2022 Convertible Bonds*”). Upon the occurrence of certain events constituting a change of control, Consus Real Estate may be required to make an offer to repurchase 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.

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 Consus 2024 Senior Secured Notes, no notes were validly tendered by the noteholders and, therefore, have been or will be accepted for repurchase.

As of September 30, 2020, €450.0 million remained outstanding under the Consus 2024 Senior Secured Notes.

#### 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%. Consus Real Estate entered into a security trust agreement for the benefit of the bondholders of the Consus 2022 Convertible Bonds and the bondholders of the Consus 2024 Senior Secured Notes (see also “—*Consus 2024 Senior Secured Notes*”). 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. However, under the terms and conditions of the Consus 2022 Convertible Bonds provide that, upon exercise of the conversion right by a bondholder, Consus Real Estate may (in its sole discretion) elect to pay a cash alternative amount instead of delivering shares. The exercise of the included termination right leads to a 100% repayment *plus* accrued interest.

The settlement of the Consus Real Estate Call Option Exercise triggered a change of control under the Consus 2022 Convertible Bonds. Therefore, holders of the Consus 2022 Convertible Bonds had the right to terminate all or part of their Consus 2022 Convertible Bonds that had not previously been converted or redeemed and require Consus Real Estate to redeem the Consus 2022 Convertible Bonds at the principal amount plus accrued interest thereon. Bondholders in the aggregate principal amount of €54,100,000 exercised this right.

As of September 30, 2020, €119.6 million remained outstanding under the Consus 2022 Convertible Bonds.

#### Financing of the Consus Group’s development projects and other financing arrangements

The Consus Group’s liabilities to financial institutions and financing liabilities from related parties (including cash and cash equivalents) amounted to €2,877 million as of September 30, 2020 and consisted of, *inter alia*, 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 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.

## 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 “*Business—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 ADLER 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 were 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 for our business.

### 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 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*) within the past six years 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 was introduced into the German parliament on January 8, 2020. 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 (*Wucher*) under Section 291 German Criminal Code (*Strafgesetzbuch*).

With lease agreements that are not regulated by fixed rent provisions (*Mietpreisbindung*) 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 not more than 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 see also information regarding limitations on our ability to increase rents under “*Risk Factors—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.*”

### ***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 were 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 failed to pay rent during the period of April 1, 2020 through June 30, 2020, provided that such non-payment was caused by impacts related to the Coronavirus. Therefore, the tenant must demonstrate that non-payment was caused by impacts related to the Coronavirus to avoid termination. Payments that became 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 of Germany (including, *inter alia*, Bavaria, Baden-Württemberg, Berlin, Hamburg, 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 a residential property 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 Buildings 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. This regulation was set to expire on March 13, 2020, but was renewed for five years on the same date. The owner of a rented apartment requires an exception permission by the relevant district to convert the apartment into a condominium. 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, the regulation may hinder the conversion and sale of single apartments. As of the date of this Offering Memorandum, 64 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 were issued by major cities in the federal states of Baden-Württemberg, Bavaria and Hesse as well as by the federal state of Hamburg.

The German Federal Government intends to restrict the conversion of buildings into condominiums in areas with a tight housing market. On November 4, 2020, a draft bill was published proposing that a permission from the relevant local authorities will be required for the conversion of a building into condominiums in areas with a tight housing market. The individual federal state governments shall have the authority to designate areas requiring such permission for a conversion. The proposed regulation would apply until the end of 2025. In order for this proposed law to come into force, the German Federal Parliament (*Bundestag*) has to pass the bill.

### ***Requirement for Energy Certificates and Energy Conservation Measures***

Generally, as part of the construction of a building and, under certain circumstances, 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.

On November 1, 2020, the German Building Energy Act (*Gebäudeenergiegesetz*) (the “**GEG**”) came into force and replaced the Energy Savings Regulation (*Energieeinsparverordnung*), the German Energy Act (*Energiegesetz*) and the German Renewable Energy Heat Act (*Erneuerbare-Energien-Wärmegesetz*). The GEG created a uniform, harmonized set of rules for the energy performance of new and existing buildings as well as for the use of renewable energies for the heating and cooling system of buildings. Its overall purpose is to reduce the energy consumption (*Verbrauch*) of buildings. New buildings must be constructed as low-energy buildings in compliance with specific energy efficiency requirements. Existing buildings (*Bestandsgebäude*) are also subject to energy efficiency requirements in the event of certain substantial renovations and subject to exchange and retrofitting requirements. For example, the GEG stipulates that gas and oil-heating boilers built-in or installed in 1991 or later may operate for no longer than 30 years. Heating boilers built-in or installed before January 1, 1991 may no longer be operated subject to certain exceptions. The GEG provides that the German Federal Government (*Bundesregierung*) may subsidize the use of renewable energy for heating and cooling and the use of especially energy efficient new buildings and the improvement of the energy efficiency of existing

buildings. As of 2021, European Union law requires that all private buildings must be built satisfying certain low-energy building standards.

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 (*Bundestag*) 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 electromobility infrastructure***

The German Federal Parliament (*Bundestag*) is currently in the process of implementing the German Building Electromobility Infrastructure Act (*Gebäude-Elektromobilitätsinfrastruktur-Gesetz*) (the "GEIG") to implement the EU Building Directive 2018/844 into national law, which aims to expand the charging infrastructure for electromobility in residential and non-residential buildings with a large amount of parking spaces. According to the GEIG, new residential buildings or existing residential buildings that undergo a significant renovation (*i.e.*, a renovation that affects over 25% of the surface of the building shell) and that have more than ten parking spaces, must ensure that such parking spaces are equipped with electric charging capabilities. In new non-residential buildings or existing non-residential buildings that undergo significant renovation with more than ten parking spaces, at the minimum 20% of all parking spaces must be equipped with electric charging cable infrastructure and at least one charging must be equipped. As from January 1, 2025, every non-residential building with more than twenty parking spaces must also be equipped with at least one loading point. By way of exception, the GEG is not applicable to existing buildings if the cost of the charging and pipe infrastructure exceeds 7% of the total cost of the significant renovation of the building. In case of violations of the GEG, the competent authority may impose fines on the owner of the property.

#### ***Requirement for Legionella Testing and Potential Remediation Measures***

The Drinking Water Ordinance (*Trinkwasserverordnung*), as revised in June 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 not 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 state 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 (*Bundesregierung*) recently extended the period until December 31, 2025. Previously, it was unclear whether the German federal state governments are authorized to re-issue area designation ordinances (*Gebietsverordnungen*) after the maximum period of five years has elapsed. The amendment expressly provides that the German federal state governments may make multiple use of its authorization to issue such an ordinance. However, the last territorial ordinance must expire on December 31, 2025. The rent cap currently is in force in 12 of 16 German federal states.

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, the 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 were 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 and reduce rents in Berlin to a certain rental price limit by introducing new laws applicable 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. Excluded from the rent freeze are publicly subsidized housing, flats for which public-sector funds were 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 Berlin Rent Limitation Law are, among others:

- The rent freeze will last for five years. As of 2022, landlords may annually increase rents by up to 1.3% of the existing rent provided that the rent level remain within the applicable rental price limits set by the Berlin Rent Limitation Law;
- 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 relation to existing lease agreements, as of November 23, 2020 rents, which equal more than 120% of the applicable rent limit, have to be reduced by the landlord to the applicable rent limit while taking into account certain allowances and deductions for the type of location. The administration can take action *ex officio* against landlords in the event of non-compliance with applicable rent limitations.
- If the rent of a modern equipped apartment is particularly low (i.e. below €5.02 per sqm), the landlord 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 Berlin Rent Limitation Law (including the claiming and accepting (*entgegennehmen*) of a rent exceeding the applicable rent limits) can constitute an administrative offense (*Ordnungswidrigkeit*) which can be sanctioned with fines up to €500,000.

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. A decision of the German Constitutional Court (*Bundesverfassungsgericht*) is expected in the second quarter of 2021.

### ***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*) (the "**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 protected legal position 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 September 30, 2020, 3.9% (by sqm) of the ADLER Group's residential units (excluding the properties held for sale) 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 31% (by units) of the rent restrictions as a result of subsidies are scheduled to expire by 2022.

The Subsidized Properties were 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 were 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 ADLER 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*) (the “**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.

### ***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 ADLER 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 ADLER 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 ADLER 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*) (the “**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*) (the “**FoSiG**”). In case the recipient of such works is a consumer and instalment payments were 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 (*Bauträgerverträge*). 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 were granted, the notary public has confirmed these requirements in writing and no cancellation rights were 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) were 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 "*Risk Factors—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.*"

### ***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 were 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 €145,712.69, divided into 117,510,233 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, as adjusted to reflect the changes the Company’s registered share capital as of the date of this Offering Memorandum. 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:

<b>Shareholder<sup>(1)</sup></b>	<b>Voting rights (in %)<sup>(2)</sup></b>
Aggregate Holdings S.A. <sup>(3)</sup> .....	20.01
Fairwater Multi-Strategy Investment ICAV <sup>(4)</sup> .....	5.02
Free float .....	74.97
<b>Total</b> .....	<b>100.00</b>

(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.

Subject to any limitations imposed by Luxembourg laws, each share in the Company confers one vote at the Company’s general meeting (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 ADLER GROUP

### Formation and Incorporation, History and Development

On November 13, 2007, the predecessor of 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 (ISIN LU1250154413) 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 changed its legal name to “ADLER Group S.A.” by decision of the General Meeting dated September 29, 2020.

### Legal and Commercial Name, Address and LEI

The legal name of the Company is ADLER Group S.A. and the Company operates under the commercial names “ADLER Group”, “ADLER Real Estate” and “ADO”.

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 Company’s articles of association (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.adler-group.com](http://www.adler-group.com). 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.

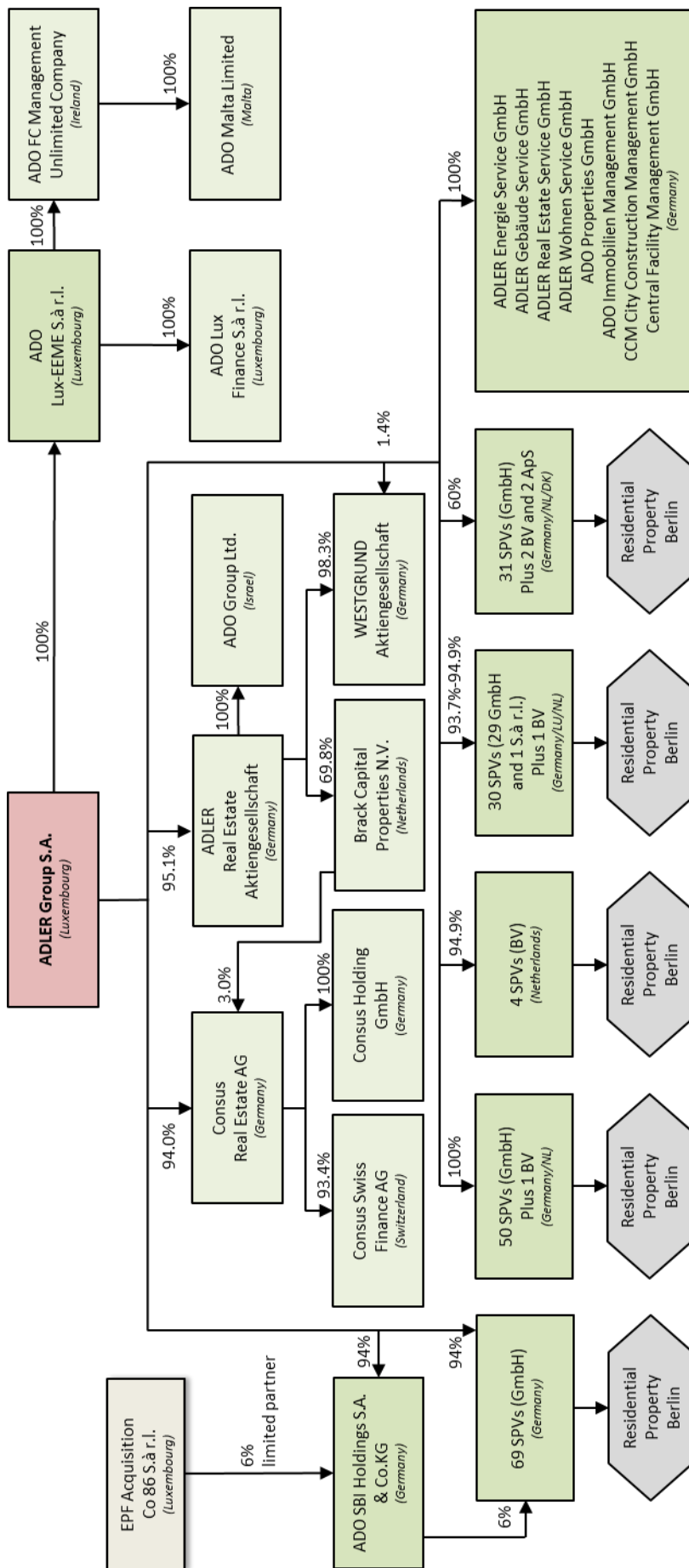
### **Group Structure**

The Company is the holding company of the ADLER Group. The Company's business is primarily conducted by the relevant operating subsidiaries. The ADLER 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 ADLER Group to a significant extent. As of September 30, 2020, the ADLER Group comprises 620 consolidated 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 ADLER 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 ADLER Group's limited partnerships (*Kommanditgesellschaften*)

are held through third-party companies. The shareholdings presented below are rounded to whole numbers (unless stated otherwise).



## The Company's Subsidiaries

The Company is the holding company of the ADLER Group. The following table shows the Company's subsidiaries held directly or indirectly as of September 30, 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 September 30, 2020;
- (ii) 5% of our consolidated rental income for the period January 1, 2018 to September 30, 2020; or
- (iii) which are otherwise significant for our business.

The figures are taken from the Company's internal accounting records. The shareholdings below are rounded to one decimal point.

Company name	Country of incorporation	Share of equity (in %)			
		As of September 30,	As of December 31,		
		2020	2019	2018	2017
ADLER Energie Service GmbH.....	Germany	95.1	0.0	0.0	0.0
ADLER Gebäude Service GmbH.....	Germany	95.1	0.0	0.0	0.0
ADLER Real Estate Aktiengesellschaft .....	Germany	95.1	0.0	0.0	0.0
ADLER Real Estate Service GmbH .....	Germany	95.1	0.0	0.0	0.0
ADLER Wohnen Service GmbH.....	Germany	95.1	0.0	0.0	0.0
ADO FC Management Unlimited Company.	Ireland	100.0	100.0	100.0	100.0
ADO Immobilien Management GmbH.....	Germany	100.0	100.0	100.0	100.0
ADO Lux-EEME S.à r.l.....	Luxembourg	100.0	100.0	0.0	0.0
ADO Malta Limited.....	Malta	100.0	100.0	0.0	0.0
ADO Sonnensiedlung S.à r.l.....	Luxembourg	94.9	94.9	94.9	94.9
ADLER Properties GmbH.....	Germany	100.0	100.0	100.0	100.0
Brack Capital Properties N.V. ....	Netherlands	69.8	0.0	0.0	0.0
CCM City Construction Management GmbH.....	Germany	100.0	100.0	100.0	100.0
Central Facility Management GmbH.....	Germany	100.0	100.0	100.0	100.0
Consus Holding GmbH.....	Germany	65.0	18.6	0.0	0.0
Consus RE GmbH .....	Germany	65.0	14.0	0.0	0.0
Consus Real Estate AG.....	Germany	65.0	18.6	0.0	0.0
Consus Swiss Finance AG.....	Switzerland	60.7	17.4	0.0	0.0
Münchener Baugesellschaft mbH.....	Germany	100.0	0.00	0.0	0.0
RT Facility Management GmbH & Co. KG.	Germany	100.0	0.00	0.0	0.0
RVB Angerburgerallee B.V.....	Netherlands	94.0	94.0	94.0	0.0
WBR Wohnungsbau Rheinhausen GmbH....	Germany	94.9	0.0	0.0	0.0
WESTGRUND Aktiengesellschaft.....	Germany	98.3	0.0	0.0	0.0
Wohnungsbaugesellschaft Jade mbH .....	Germany	94.9	0.0	0.0	0.0

The only material fixed assets that the Company owns (including leased properties) are residential properties, the majority of which are pledged against mortgage bank loans.

## 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 shall comprise at least three members. If at any time, the Company has only one shareholder, it may be managed by a sole director.

The Board of Directors convenes whenever required by the Company’s affairs. The meetings shall usually be convened by call of the chairman of the Board of Directors (the “**Chairman**”) but may also be convened upon call of any other member of the Board of Directors (each such member of the Board of Directors, a “**Director**”). 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 case of urgency, the meetings of the Board of Directors shall be announced in writing, by facsimile or electronic mail at least five (5) days in advance. A convening notice may be dispensed with if all Directors are present or represented and agree to waive the convening notice. Directors may also waive their right to a written convening notice in writing, by facsimile or electronic mail. A copy of such written document/facsimile/electronic mail being sufficient proof thereof. A written convening notice shall not be required for meetings that are held at times and at places set by a resolution adopted at a meeting of the Board of Directors provided that any Directors who were not present at such meeting have been informed, a reasonable time in advance, of any such scheduled meeting.

The Board of Directors may only deliberate or adopt decisions if at least a majority of the Directors are present or represented. Resolutions of the Board of Directors shall be adopted by a simple majority of the votes of the Directors present or represented at the meeting. Resolutions by the Board of Directors can also be adopted by unanimous written consent of all Directors. Resolutions adopted in accordance with this procedure shall be deemed to have been adopted at the registered office of the Company. Any Director may act at any meeting of the Board of Directors by appointing in writing, by facsimile or electronic mail, another Director as his proxy. A Director may represent one or several other Directors.

Members of the Board of Directors shall be appointed by the General Meeting with a simple majority of the votes validly cast. The General Meeting shall determine the number of members of the Board of Directors to be appointed, their term of office (which may not exceed six years) and their remuneration. Members of the Board of Directors may be re-appointed for successive terms. They can be removed at any time with or without cause by the General Meeting by a simple majority of the votes cast. In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next General Meeting which shall resolve on the permanent appointment in compliance with the applicable legal provisions.

The business address of all Directors is that of the Company’s registered office: 1B, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg.

### *Duties of a Director under Luxembourg Law*

The 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 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.

The Board of Directors may delegate the daily management of the business of the Company and the power to represent the Company with respect thereto to one or more Directors or third persons who need not be shareholders and will be called daily manager(s) (each a "**Daily Manager**"). The appointment of Daily Managers, their removal from office and their powers and duties shall be set by the Board of Directors. The Board of Directors may also grant special powers to one or more persons, (who need not be Directors or Daily Managers or other office holders within the Company) to represent the Company in respect of specific matters.

The Board of Directors may delegate its management powers to a management committee (*comité de direction*) (the "**Management Committee**") subject to the limitation that this delegation shall not comprise the general policy of the Company or the whole of the actions reserved to the Board of Directors pursuant to the provisions of the Company Law. The Management Committee shall be subject to the supervision of the Board of Directors. The Management Committee shall consist of several members, who may but need not be Directors. The conditions for appointing members of the Management Committee, their removal, their remuneration and their term of office as well as the rules of operation of the Management Committee shall be determined by the Board of Directors.

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 duties, responsibilities and internal rules of procedures for the Board of Directors are described in the Company's rules of procedure (the "**Rules of Procedure**") as adopted by the Board of Directors on November 25, 2020. The Board of Directors may amend the Rules of Procedure from time to time.

### ***Representation Towards Third Parties***

The Company shall be bound against third parties in all circumstances by (i) the joint signature of any two members of the Board of Directors or (ii) by the joint signature of any two members of the Management Committee, if any.

The Company shall also be bound against third parties by (i) the sole or joint signature(s) of any person or persons to whom such signatory power shall have been delegated by the Board of Directors or, (iii) with respect to matters of daily management, by the sole signature of a Daily Manager.

## ***Composition of the Board of Directors***

As of the date of this Offering Memorandum, the Board of Directors is composed of eight members:

<b>Name</b>	<b>Position</b>	<b>Start of Appointment</b>	<b>End of Appointment</b>
Dr. Peter Maser .....	Independent Director, Chairman	September 29, 2020	For a term until the Annual General Meeting held in 2023
Thierry Beaudemoulin.....	Director	September 29, 2020	For a term until the Annual General Meeting held in 2023
Maximilian Rienecker .....	Director	September 29, 2020	For a term until the Annual General Meeting held in 2023
Dr. Michael Bütter.....	Independent Director	September 29, 2020	For a term until the Annual General Meeting held in 2023
Arzu Akkemik.....	Independent Director	September 29, 2020	For a term until the Annual General Meeting held in 2023
Claus Jorgensen.....	Independent Director	September 29, 2020	For a term until the Annual General Meeting held in 2023
Thilo Schmid.....	Independent Director	September 29, 2020	For a term until the Annual General Meeting held in 2023
Thomas Zinnöcker.....	Independent Director	September 29, 2020	For a term until the Annual General Meeting held in 2023

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.

Arzu Akkemik holds a Master of Science 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.

Claus Jorgensen holds an MBA in finance and marketing, gained extensive capital markets experience through his years of employment with major international banks in the areas of credit trading as well as capital market transactions and acquisitions. As the head of High Yield and Strategy, Mr. Jorgensen develops real estate investment strategies for Fairwater Capital LLP, London.

Thilo Schmid held several positions in the software industry including at KHK-Software, in Frankfurt and Basel and was CTO at Aparis Software GmbH. After working as a real estate project controller at the Tivona Group,

Basel, he joined Wecken & Cie., a Swiss family office, as investment manager in 2008, where he is responsible for venture capital and real estate investments.

Thomas Zinnöcker studied business administration and earned the degree of Diplom-Kaufmann at the University of Cologne in 1985. He held various managing positions at Krantz TKT GmbH, Deutsche Telekom Immobilien und Service GmbH, GSW Immobilien AG, Gagfah S.A., Vonovia SE and ista International GmbH. Since 2006, Mr. Zinnöcker is a member of the board of the ZIA German Property Federation (*Immobilienverband ZIA*) and, since 2014, he is chairman of the board of the Institute for Corporate Governance in the German Real Estate Industry. Moreover, since 2013, Mr. Zinnöcker is a member of the board of trustees of Familienstiftung Becker & Kries and chairman of the board as from 2019.

### ***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 ADLER 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:

<b>Name</b>	<b>Entity</b>	<b>Position</b>	<b>Until</b>
<b>Dr. Peter Maser</b> .....	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
<b>Thierry Beaudemoulin</b>	DEMIRE Deutsche Mittelstands Real Estate AG	Vice chairman of the supervisory board	Until February 2017
	Covivio SA	Member of the executive board	Until October 2019
<b>Dr. Michael Bütter</b> .....	Union Investment Real Estate GmbH	Managing director	Ongoing
	ASSMANN	Vice chairman of the supervisory board	Ongoing
	BERATEN+PLANEN AG	Member of the management board	Ongoing
	RICS Germany	Chairman of the advisory board	Ongoing
	Realconnect.com	Member of the advisory board and stakeholder	Ongoing
	Bots4YouGmbH	Vice chairman of the supervisory board	Until 2019
	TLG Immobilien AG	Member of the advisory board and chief executive officer	Until 2018
	Corestate Capital S.A.	Member of the management board	Until 2018
	Scout 24 AG	Chief executive officer	Until 2018
	Immobilien Scout GmbH	Vice chairman of the supervisory board	Ongoing
<b>Thilo Schmid</b> .....	Jedox AG	Member of the board of directors	Ongoing
	DTH S.à r.l.	Member of the board of directors	Ongoing
	Yeditepe Marina Yatirim Turizm Insaat A.S.	Member of the board of directors	Ongoing
<b>Thomas Zinnöcker</b> .....	ista International GmbH	Managing director	Ongoing
	Familienstiftung Becker & Kries	Chairman of the board of trustees	Ongoing
	ZIA Zentraler Immobilien Ausschuss e.V.	Member of the executive board	Ongoing
	Institut für Corporate Governance in der deutschen Immobilienwirtschaft e.V.	Chairman of the executive board	Ongoing
	Vonovia SE	Vice chairman of the executive board	Until 2016



<u>Name</u>	<u>Entity</u>	<u>Position</u>	<u>Until</u>
	Gagfah S.A.	Chairman of the executive board	Until 2015

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 2020, the General Meeting approved a fixed annual remuneration of €75,000 for each member of the Board of Directors (excluding the Chairman and any deputy chairman); a fixed annual remuneration of €150,000 for the Chairman; a fixed annual remuneration of €100,000 for any deputy chairman. Furthermore the Annual General Meeting approved an additional fixed annual remuneration of €25,000 for any chairman of any committee and an additional €1,500 per attendance at a meeting of the Board of Directors or any committee of the Board of Directors. 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 “*Business—Corporate Information—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 “—*Senior Management of the ADLER Group—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 the ADLER 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, except for Dr. Peter Maser who holds 39,000 shares in the Company.

### **Committees**

The Board of Directors may establish committees and decide on up their composition, duties and powers. Such committees shall exercise their activities under the responsibility of the Board of Directors.

As of the date of this Offering Memorandum, the Company has established four committees: the Audit Committee, the Nomination and Compensation Committee, the Investment and Financing Committee and the Ad Hoc Committee. The rules of procedure for the committees are governed by the Company’s rules of procedure for the Audit Committee, the Nomination and Compensation Committee, the Investment and Financing Committee and the Ad-Hoc Committee as adopted by the Board of Directors’ on November 25, 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 also be held by conference call or video conference or any other similar means of communication, permitting the identification of all participants as well as that all participants can hear one another on a continuous basis to effectively participate in the meeting. Participation in a meeting by these means is equivalent to participation in person at such meeting. 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 were 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 Thilo Schmid. The Committees 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), Thomas Zinnöcker and Arzu Akkemik. The Committees Rules of Procedure do not provide for a fixed membership term.

### ***Investment and Financing Committee***

The purpose of the Investment and Financing Committee shall be to consider potential investments by the Company, including analyzing and reviewing the details of investments and the purchase or sale of land, or rights equivalent to title rights in real estate and the general guidelines and policies for implementing the financial strategy, including the management of foreign exchange, interest rate, liquidity and other financial risks and the management of credit risk. The Investment and Financing Committee shall also consider any encumbrance over any assets and shall assist with the arranging and the raising of external financing by any member of the group and with the granting of securities, guarantees and indemnities. The Board of Directors has delegated to the Investment and Financing Committee the power to take decisions regarding the entry by the Company or, as the case may be and if permitted by applicable law, a subsidiary, into a sale/acquisition of residential real estate (whether through a share or asset deal), with a value ranging between EUR 50,000,000 and EUR 100,000,000, provided that such sale/acquisition is consistent with the current strategy of the Company.

No other decision making power of the Board of Directors has been delegated to the Investment and Financing Committee.

In the event that the Board of Directors is considering approving the entry by the Company or, as the case may be and if permitted by applicable law, a subsidiary, into (i) the acquisition or sale of any real estate with a value in excess of EUR 100,000,000 (whether through asset or share deals) by the Company or a subsidiary, and/or (ii) a transaction by which the relevant company shall incur financial indebtedness in excess of EUR 100,000,000, the Investment and Financing Committee shall consider, in detail, the proposed transaction

and make a recommendation to the Board of Directors. Financial indebtedness means any obligation (whether incurred as principal, guarantor or as surety) for the payment or repayment of money, whether present or future, actual or contingent. For the avoidance of doubt, the abovementioned thresholds apply per transaction. The members of the Investment and Financing Committee are Thomas Zinnöcker, Dr. Peter Maser and Claus Jorgenson. The Committees 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 obligations 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 obligations 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 Committees Rules of Procedure do not provide for a fixed membership term.

### **Senior Management of the ADLER 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 ADLER 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 ADLER Group***

No member of the Senior Management holds any directorship of any company (other than companies within the ADLER 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 ADLER 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 as 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 ADLER 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 "*—Short-Term Incentive Program (STI)*") and a performance-related variable cash or share payment in the form of a long-term incentive ("**LTI**") (see "*—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 “*Business—Corporate Information—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 were 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 per share (except with respect to the financial years 2019 and 2020, FFO 1 shall not be considered on a per share basis), (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 in relation to a each financial year shall be agreed at the time of (or shortly after) the approval of the budget for such financial year. 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 NAV per share (except with respect to the financial years 2019 and 2020, the development of the NAV shall not be considered on a per share basis). The LTI shall be settled in shares (provided that the Company can issue such shares) or in cash (if the Company cannot issue such shares) and shall 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, Investment and Financing Committee, Ad Hoc Committee and the Senior Management of the ADLER Group**

No member of the Board of Directors or the 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 the 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 the 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 an arrangement between a Company's shareholder and Thilo Schmid, as he is employed as an investment manager for Wecken & Cie., pursuant to which he was selected as a member of the Board of Directors. Otherwise, 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**

Six members of the Board of Directors are independent.

Thilo Schmid is employed as an investment manager for Wecken & Cie., a Swiss family office that holds shares in the Company. If the interests of Wecken & Cie. should diverge from those of the Company, conflicts of interest may arise for Mr. Schmid.

Otherwise, 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 were 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 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 was extended to nine months as of the end of the Company's financial year and, consequently, the Annual General Meeting for the fiscal year ended December 31, 2019 was held on September 29, 2020. 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 "The X 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 nine-month period ended September 30, 2020, the fiscal years ended December 31, 2019, 2018 and 2017, as well as during the period from September 30, 2020 up to and including the date of this Offering Memorandum, there were 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 included in the section "*Financial Information*".

The transactions between the Company and its related parties are set forth in the following tables:

	As of September 30,	As of December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
<b>Current assets</b>				
ADO Group Ltd.* .....	—	—	280	—
Receivables against associated companies .....	54,289	—	—	—
<b>Non-current assets</b>				
Receivables against associated companies .....	111,020	—	—	—
<b>Current liabilities</b>				
ADO Group Ltd.* .....	—	63	5	42
Other financial liabilities .....	—	1,535	1,535	867
Interest payable .....	—	82	83	—
<b>Non-current liabilities</b>				
Other financial liabilities .....	—	46,416	40,492	27,238
Convertible bond .....	—	(59,782)	58,940	—
Derivative .....	—	(1,294)	5,182	—
Other loans and borrowings .....	24,430	23,634	22,600	21,610

\* The Company consolidated the ADLER Real Estate Group (including ADO Group Ltd.) as of April 9, 2020. Therefore, transactions with ADO Group Ltd. are not disclosed as related party transactions under IAS 24 as of September 30, 2020.

	For the nine- month period ended September 30,	For the fiscal year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
<b>Consolidated statement of profit or loss</b>				
Services and management fee charges .....	6	87	46	64
Interest expense payable to ADO Group Ltd.* .....	—	1,584	165	—
Interest expense payable to Harel Insurance Company Ltd. ....	796	1,035	990	946
Interest income from associated companies .....	1,934	—	—	—
Net income from investments in associated companies .....	(1,373)	—	—	—

\* The Company consolidated the ADLER Real Estate Group (including ADO Group Ltd.) as of April 9, 2020. Therefore, transactions with ADO Group Ltd. are not disclosed as related party transactions under IAS 24 as of September 30, 2020.



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 ADLER Group:

	For the nine-month period ended September 30,	For the fiscal year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
Short-term employee benefits .....	1,812	849	800	955
Share-based payments .....	345	108	335	350
Other compensation .....	35	2,132	279	—
<b>Total</b>	<b>2,192</b>	<b>3,089</b>	<b>1,414</b>	<b>1,305</b>

The emoluments granted to the members of supervisory bodies in that capacity for the relevant periods are as follows:

	For the nine-month period ended September 30,	For the fiscal 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.....	700	1,165	608	714
One-time termination payment .....	—	1,515	279	—
<b>Total</b>	<b>700</b>	<b>2,680</b>	<b>887</b>	<b>714</b>

The emoluments granted to the members of the Senior Management are as follows:

	For the nine-month period ended September 30,	For the fiscal year ended December 31,		
	2020	2019	2018	2017
	(unaudited) (in € thousand)	(audited) (in € thousand)		
Fixed salary .....	710	936	662	662
Short-term cash incentive .....	402	329	349	343
Long-term incentive to be paid in shares or cash.....	345	1,724	376	387
Office rent.....	—	3	—	—
Other benefits .....	35	—	—	—
One-time termination payment .....	—	3,241	—	—
<b>Total</b>	<b>1,492</b>	<b>6,233</b>	<b>1,390</b>	<b>1,392</b>

Apart for the Board of Directors remuneration, no remuneration was paid to such related parties in the nine-month ended September 30, 2020, the Fiscal Year 2019, the Fiscal Year 2018 or the Fiscal Year 2017. Furthermore, Thomas Zinnöcker is majority shareholder of D.E.U.S. Deutsche Energiesystem GmbH, which has an ongoing service relationship with WESTGRUND in a size of approximately €300 thousand.

On October 13, 2020, the Company entered into a lease agreement with a project developer that is being controlled by Aggregate Holdings S.A. in connection with the relocation of the ADLER Group's German

headquarters. Under the lease agreement, the Company will rent 6,800 sqm in Berlin's "Quartier Heiderstrasse" resulting in an aggregate annual rent of approximately €2.5 million. The lease agreement provides for a term of ten years. The relocation is expected to occur in December 2022.

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 November 25, 2020.

## **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 AG, Barclays Bank Ireland PLC and Deutsche Bank Aktiengesellschaft (together, the “**Joint Bookrunners**”) will enter into a subscription agreement to be dated on or about January 11, 2021 (the “**Subscription Agreement**”). Under the Subscription Agreement, the Issuer has agreed to issue and sell to the Joint Bookrunners, and the Joint Bookrunners have agreed, subject to certain customary closing conditions, to subscribe and pay for the Notes on January 14, 2021. The Issuer has agreed to pay certain fees to the Joint Bookrunners and to reimburse the Joint Bookrunners 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. Under certain circumstances, the Joint Bookrunners 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 against certain liabilities it may incur in connection with the offer and sale of the Notes.

Each of the Joint Bookrunners 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 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 AG, J.P. Morgan Securities plc, J.P. Morgan Europe Limited, Barclays Bank PLC and Deutsche Bank Luxembourg S.A. entered into a bridge facility agreement under which €370,786,980 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 or companies affiliated with the Joint Bookrunners 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 ADLER 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’ trading, brokerage, asset management, and financing activities, each of the Joint Bookrunners 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 any of their affiliates acting as investors for their own accounts. Accordingly, the Joint Bookrunners and companies affiliated with the Joint Bookrunners may in the future face conflicts of interests with shareholders in the Issuer. In addition, certain of the Joint Bookrunners 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 (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 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 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 section. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Each of the Joint Bookrunners 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 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 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 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 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***

Furthermore, each of the Joint Bookrunners 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. 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 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***

#### ***Prohibition of sales to UK Retail Investors***

Sales in the United Kingdom are also subject to restrictions. Each of the Joint Bookrunners has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
- (i) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “an 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 for the Notes.

#### ***Other regulatory restrictions***

Each of the Joint Bookrunners has represented and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any 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 December 16, 2020 and a confirmation of a delegate of the Board taken on January 7, 2021. The Issue Date of the Notes is expected to be January 14, 2021.

### Use of Proceeds

The net proceeds from the issuance of the Notes, estimated by the Issuer to be approximately €1,460,938 thousand, will be used to refinance existing indebtedness, including the Tender Offer.

### Delivery of Notes

Delivery and payment of the Notes will be made on or around the Issue Date, which is expected to be on January 14, 2021. 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.

### Allocation of the Notes

In connection with the allocation of the Notes, the Company will consider, among other factors, whether or not an investor seeking an allocation of the Notes has, prior to such allocation, validly tendered or given a firm intention to ADLER Real Estate or the dealer manager under the Tender Offer that it intends to tender its 2021 Notes pursuant to the Tender Offer and, if so, the aggregate principal amount of Notes tendered or intended to be tendered by such investor. For further information on the Tender Offer please see “*Business—Material Agreements—2021 Notes Tender Offer*”.

A holder of the 2021 Notes, who wishes to subscribe for Notes in addition to tendering its 2021 Notes for purchase pursuant to the Tender Offer, may be eligible to receive, at the sole and absolute discretion of the Company, priority in the allocation of the Notes. However, the Company is not obliged to allocate the Notes to a holder of the 2021 Notes, who has validly tendered or indicated a firm intention to tender the 2021 Notes pursuant to the Tender Offer and, if the Notes are allocated, the principal amount thereof may be less or more than the principal amount of 2021 Notes tendered by such holder and accepted by ADLER Real Estate pursuant to the Tender Offer. The Company will take into account, among other things, the denomination of the Notes with any such allocation.

### 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 each Series of 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 €10,900 and will be borne by the Company.

### Clearing Systems and Security Codes

Each Series of Notes has been accepted for clearance and settlement through:

**Clearstream Banking S.A.**  
42 Avenue JF Kennedy  
1855 Luxembourg  
The Grand Duchy of Luxembourg



and

**Euroclear Bank SA/NV**  
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 Tranche 1 Notes have the following securities codes:

International Securities Identification Number (ISIN)	XS2283224231
Common Code	228322423
German Securities Identification Number (WKN)	A287MU

The Tranche 2 Notes have the following securities codes:

International Securities Identification Number (ISIN)	XS2283225477
Common Code	228322547
German Securities Identification Number (WKN)	A287MT

### **Ratings of the Notes and the Issuer**

On issue, the Notes under each Series of 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 EU 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.

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 ADLER 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 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 Tranche 1 Notes is 2.125% per annum.

The yield of the Tranche 2 Notes is 2.500% per annum.

Such yields are 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.

### **Appraisers**

The independent, external valuer CBRE GmbH, Hausvogteiplatz 10, 10117 Berlin, Germany ("**CBRE**") has prepared a condensed valuation report on the fair value of the investment properties of the ADLER Group (without the ADLER Real Estate Group) with a valuation date as of June 30, 2020 (the "**CBRE ADO Valuation Report**") pursuant to International Accounting Standard ("**IAS**") 40 in conjunction with IFRS 13 under the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), reprinted in this Offering Memorandum on pages V-2 *et seqq.* Furthermore, CBRE has prepared condensed valuation reports on the fair value of (i) certain residential rental units of the ADLER Real Estate Group excluding a portfolio held for disposal and certain properties located in Berlin with a valuation date as of September 30, 2020 (the "**CBRE ADLER I Valuation Report**"), reprinted in this Offering Memorandum on pages V-31 *et seqq.*, (ii) on a portfolio held for disposal and certain properties located in Berlin with a valuation date as of June 30, 2020 (the "**CBRE ADLER II Valuation Report**"), reprinted in this Offering Memorandum on pages V-64 *et seqq.* and (iii) the residential rental units of 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, with a valuation date as of September 30, 2020 (the "**CBRE BGP Valuation Report**" and, together with the CBRE ADO Valuation Report, the CBRE ADLER I Valuation Report and the CBRE ADLER II Valuation Report, the "**CBRE Valuation Reports**"), reprinted in this Offering Memorandum on pages V-108 *et seqq.*

For more information on CBRE's independence, see "*Compliance with Valuation Standards*" on pages V-6, V-35, V-68 and V-112, respectively, of the CBRE Valuation Reports. 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 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 on the fair value of the development projects of the ADLER Real Estate Group with a valuation date as of June 30, 2020 (the "**NAI ADLER Valuation Report**"). Furthermore, NAI Apollo has prepared a condensed valuation report on the fair value of the development properties of Consus Real Estate AG ("**Consus Real Estate**" and, together with its consolidated subsidiaries, the "**Consus Group**") excluding the "Covent Garden" development property with a valuation date as of June 30, 2020 (the "**NAI Consus Valuation Report**" and, together with the NAI ADLER

Valuation Report, the “**NAI Valuation Reports**” and, together with the CBRE Valuation Reports, the “**Valuation Reports**”). The NAI Valuation Reports were prepared 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 (12<sup>th</sup> edition), which is reprinted in this Offering Memorandum on pages V-93 *et seqq.* and pages V-135 *et seqq.*

For more information on NAI Apollo’s independence, see “*Independence and Objectivity*” on pages V-99 and V-143, respectively, of the NAI Valuation Reports. NAI Apollo employs members of the Royal Institution of Chartered Surveyors (RICS). NAI Apollo has consented to the inclusion of the NAI Valuation Reports in this Offering Memorandum in the unmodified forms in which it is presented.

The Company affirms that, as of the date of this Offering Memorandum, no material change in the value of the properties appraised in the Valuation Reports has occurred since the above valuation dates.

### 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.

- Amt für Statistik Berlin-Brandenburg, Volkswirtschaftliche Gesamtrechnung der Länder, available at: [https://www.statistik-berlin-brandenburg.de/Produkte/Jahrbuch/jb2020/JB\\_2020\\_BE.pdf](https://www.statistik-berlin-brandenburg.de/Produkte/Jahrbuch/jb2020/JB_2020_BE.pdf), extracted on December 29, 2020 (“**Volkswirtschaftliche Gesamtrechnung der Länder**”);
- Amt für Statistik Berlin-Brandenburg, Statistischer Bericht, Volkswirtschaftliche Gesamtrechnung; available at: [https://www.statistik-berlin-brandenburg.de/publikationen/stat\\_berichte/2020/SB\\_P01-01-00\\_2019j01\\_BE.pdf](https://www.statistik-berlin-brandenburg.de/publikationen/stat_berichte/2020/SB_P01-01-00_2019j01_BE.pdf), extracted December 29, 2020 (“**Volkswirtschaftliche Gesamtrechnung–Berlin**”);
- Amt für Statistik Berlin-Brandenburg, Statistischer Bericht, Baugenehmigungen available at: [https://www.statistik-berlin-brandenburg.de/publikationen/stat\\_berichte/2020/SB\\_F02-01-00\\_2020m10\\_BE.pdf](https://www.statistik-berlin-brandenburg.de/publikationen/stat_berichte/2020/SB_F02-01-00_2020m10_BE.pdf), extracted December 29, 2020 (“**Statistischer Bericht–Baugenehmigungen**”);
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- Amt für Statistik Berlin-Brandenburg, Weniger Zuwanderung in 2019, aber stabiler Geburtenüberschuss, available at: <https://www.statistik-berlin-brandenburg.de/pms/2020/20-04-22.pdf>, extracted on December 29, 2020 (“**Amt für Statistik Berlin-Brandenburg–Press release No. 81**”);
- Amt für Statistik Berlin-Brandenburg, We Erster Einwohnerrückgang in Berlin seit 2003, available at: <https://www.statistik-berlin-brandenburg.de/pms/2020/20-08-26.pdf>, extracted on December 29, 2020 (“**Amt für Statistik Berlin-Brandenburg–Press release No. 206**”);
- Berlin Senate Department for Urban Development and Housing (*Berliner Senatsverwaltung für Stadtentwicklung und Wohnen*), Stadtentwicklungsplan Wohnen 2030: Wohnungsbedarf bis 2030 liegt bei 194.000 Wohnungen, press release dated September 1, 2017, available at: [https://www.stadtentwicklung.berlin.de/aktuell/pressebox/archiv\\_volltext.shtml?arch\\_1709/nachricht6409.html](https://www.stadtentwicklung.berlin.de/aktuell/pressebox/archiv_volltext.shtml?arch_1709/nachricht6409.html), extracted on December 29, 2020 (“**Berlin Senate Department for Urban Development and Housing–Press Release**”);
- bulwiengesa, CONSUS Real Estate AG Deutschlands Projektentwickler Nr. 1, March 21, 2019 (“**Bulwiengesa–Consus Nr. 1**”);
- bulwiengesa, Property Market Index 1975-2019, January 2020, available at: [https://www.bulwiengesa.de/sites/default/files/propertymarketindex\\_2020\\_0.pdf](https://www.bulwiengesa.de/sites/default/files/propertymarketindex_2020_0.pdf), extracted on December 29, 2020 (“**Bulwiengesa–Property Market Index 2020**”);

- CBRE/empirica; CBRE-empirica-Leerstandsindex 2019, available at: <https://www.empirica-institut.de/thema/regionaldatenbank/cbre-empirica-leerstandsindex>, extracted on December 29, 2020 (“**CBRE/empirica–Leerstandsindex**”);
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- Deloitte Touche Tohmatsu, Property Index, Overview of European Residential Markets, 9th edition, July 2020, available at: <https://www2.deloitte.com/content/dam/Deloitte/at/Documents/presse/deloitte-property-index-2020.pdf>, extracted on December 29, 2020 (“**Deloitte–Property Index**”);
- Deutsche Bank Research, Germany property and metropolis market outlook 2019, March 14, 2019, available at: [https://www.dbresearch.com/PROD/RPS\\_EN-PROD/PROD000000000488315/German\\_property\\_and\\_metropolis\\_market\\_outlook\\_2019.pdf](https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD000000000488315/German_property_and_metropolis_market_outlook_2019.pdf), extracted on December 29, 2020 (“**Deutsche Bank–Germany Property and Metropolis Market Outlook 2019**”);
- Deutsche Bundesbank, Comparison of the German MFI interest rate statistics (new business) and the Bundesbank’s former survey of lending and deposit rates, available at: <https://www.bundesbank.de/en/statistics/money-and-capital-markets/interest-rates-and-yields/housing-loans-to-households-mortgage-loans-secured-by-residential-real-estate-621950>, extracted on December 29, 2020 (“**Deutsche Bundesbank–Housing Loans to Households**”);
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- DZ HYP, Real Estate Market Germany 2019/2020, Top locations benefit from population growth and a positive labour market situation, October 2019, available at: [https://www.dzhyp.de/fileadmin/user\\_upload/Dokumente/Ueber\\_uns/Marktberichte/DZ\\_HYP\\_Real\\_Estate\\_Market\\_Germany\\_2019\\_2020.pdf](https://www.dzhyp.de/fileadmin/user_upload/Dokumente/Ueber_uns/Marktberichte/DZ_HYP_Real_Estate_Market_Germany_2019_2020.pdf), extracted on December 29, 2020 (“**DZ HYP–Real Estate Market Germany 2019/2020**”);
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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 were 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 nine-month period ended September 30, 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.adler-group.com](http://www.adler-group.com).

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 nine-month period ended September 30, 2020:

- Report of the *Réviseur d'Enterprises agréé* on the Review of Interim Financial Information (p. 76-77)
- Condensed Consolidated Statement of Financial Position (p. 78-79),
- Condensed Consolidated Statement of Profit or Loss (p. 80),
- Condensed Consolidated Statement of Comprehensive Income (p. 81),
- Condensed Consolidated Statement of Cash Flows (p. 82-83),
- Condensed Consolidated Statement of Changes in Equity (p. 84-88), and
- Notes to the Condensed Consolidated Financial Statements (p. 90-121).

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. 66-71),
- Consolidated Statement of Financial Position (p. 72-73),
- Consolidated Statement of Statement of Profit or Loss (p. 74),
- Consolidated Statement of Comprehensive Income (p. 75),
- Consolidated Statement of Cash Flows (p. 76-77),
- Consolidated Statement of Changes in Equity (p. 78-80), and
- Notes to the Consolidated Financial Statements (p. 81-134).

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:

- Report of the *Réviseur d'Enterprises agréé* on the Audit of the Consolidated Financial Statements (p. 98-101).
- Consolidated Statement of Financial Position (p. 102-103),
- Consolidated Statement of Statement of Profit or Loss (p. 104),
- Consolidated Statement of Comprehensive Income (p. 105),
- Consolidated Statement of Cash Flows (p. 106-107),
- Consolidated Statement of Changes in Equity (p. 108-110),
- Notes to the Consolidated Financial Statements (p. 111-189), and

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:

- Report of the *Réviseur d'Enterprises agréé* on the Audit of the Consolidated Financial Statements (p. 92-97).
- Consolidated Statement of Financial Position (p. 98-99),

- Consolidated Statement of Statement of Profit or Loss (p. 100),
- Consolidated Statement of Comprehensive Income (p. 101),
- Consolidated Statement of Cash Flows (p. 102-103),
- Consolidated Statement of Changes in Equity (p. 104-106),
- Notes to the Consolidated Financial Statements (p. 107-155), and

The English-language unaudited condensed consolidated interim financial statements (IFRS) of ADLER Real Estate Aktiengesellschaft as of and for the nine-month period ended September 30, 2020:

- Consolidated Balance Sheet (p. 40-41),
- Consolidated Statement of Comprehensive Income (p. 42-43),
- Consolidated Statement of Cash Flows (p. 44-45),
- Consolidated Statement of Changes in Equity (p. 46-47), and
- Notes to the Consolidated Financial Statements (p. 50-71).

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 nine-month period ended September 30, 2020:

- Consolidated Statement of Comprehensive Income (p. 14-15),
- Consolidated Statement of Financial Position (p. 16-17),
- Consolidated Statement of Cash Flows (p. 18-19),
- Consolidated Statement of Changes in Equity (p. 20-21), and
- Notes to the Consolidated Financial Statements (p. 22-42).

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.adler-group.com](http://www.adler-group.com)) 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 (2020) (“Red Book”) of the Royal Institution of Chartered Surveyors, that relates to the placement of fixed rate notes by ADO Properties S.A. (renamed to ADLER Group S.A.; the “Company”) and the listing of such notes on the Euro MTF Segment of the Luxembourg Stock Exchange.

The Valuation Report covers a total of 422 valuation units as at 30 June 2020. The majority of the 422 valuation units in the portfolio are residential buildings with less than 20% commercial use (336 properties). The remainder comprise mixed-use buildings with more than 20% and up to 80% commercial use (71 properties), commercial buildings with less than 20% residential area (14 properties) and 1 parking unit. In total, the portfolio consists of 16,207 residential units (of which 441 are under public rent control), 1,479 commercial units, 4,734 parking lots and 582 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 1,233,909 sq m. The area is split into 1,062,881 sq m residential area and 171,027 sq m commercial area.

**Date of Valuation:** 30 June 2020

**Date of Valuation Report:** 11 January 2021

**Valuer:**

**CBRE**

CBRE GmbH  
Große Gallusstraße 18  
60312 Frankfurt/Main  
Germany  
“CBRE“

**Addressees:** ADLER Group S.A. (formerly ADO Properties S.A.)  
1B Heienhaff  
L1736 Senningerberg  
Luxembourg

and

J.P. Morgan AG  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

Deutsche Bank Aktiengesellschaft  
Mainzer Landstraße 11-17  
60323 Frankfurt am Main  
Germany

Barclays Bank Ireland PLC  
One Molesworth Street  
Dublin 2  
DO2RF29  
Ireland

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**

### **Material valuation uncertainty due to Novel Coronavirus (COVID 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied – in varying degrees – to reflect further ‘waves’ of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

### **Berlin Rental Freeze**

The Berlin Rental Freeze Law – even though to a lesser extent – also falls under the Market Instability paragraph. As for the date of valuation, the endurance of it is totally unclear. As published at 6 May 2020, 284 members of the federal parliament, from the political parties CDU/CSU and FDP, have passed in constitutional complaints in front of the Federal Constitutional Court in Karlsruhe (“Bundesverfassungsgericht”) to carry out a check of compatibility of this rental freeze act with constitutional law. Like trade associations, they believe that the new law is a too serious encroachment on the fundamental right of private property and assume that the federal government, not the states, is responsible for rental policy.

Until there is no final legal decision, there is some material 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.

Please see Chapter “Market Rent” in the valuation assumptions for more details on the Berlin Rental Freeze.



## 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-by-asset basis, as at 30 June 2020 and held as at that date, is:

**3,682,273,000 EUR**

**(three billion, six-hundred and eighty-two million, two-hundred and seventy-three thousand Euros)**

The unrounded net capital value is 3,682,405,461 EUR. The unrounded gross capital value is 3,984,495,961 EUR including 302,090,500 EUR purchaser's costs (8.2%).

The assessment of the Fair Value was carried on asset-by-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.

The properties are all freehold-equivalent, with the exception of two valuation units held on heritable building rights/ground leases, which account for a total Fair Value of 7,923,000 EUR.

There are no negative values to report.

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, 30 June 2020.

The following table shows aggregated key asset data for the portfolio:

Fair Value	3,682,273,000 EUR
Total lettable area:	1,233,909 sq m
Average Fair Value per sq m lettable area:	2,984 EUR
Current annual rental income (gross):	112,443,067 EUR
Potential annual rental income (gross):	115,574,575 EUR
Annual market rent (gross):	100,607,998 EUR
Multiplier (based on current rent):	32.7 times
Multiplier (based on potential rent):	31.9 times
Multiplier (based on market rent):	36.6 times
Net initial yield (based on current rent):	2.37%
Net initial yield (based on potential rent):	2.46%
Net initial yield (based on market rent):	2.09%

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 financial reporting purposes. CBRE has provided 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 30 June 2020 and to prepare a valuation report.

The valuation is based on the information provided for previous valuations mentioned in the preamble and on current data provided by the Company as at the valuation date 30 June 2020.

### **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 the Company 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 (the Prospectus Regulation) 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 as now applicable to the Prospectus Regulation.

### **1.4 Addressees**

The present Valuation Report is addressed to:

- ADO Properties S.A., - Luxembourg; 1B Heienhaff, L1736 Senningerberg, Luxembourg;
- J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany;
- Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60323 Frankfurt am Main, Federal Republic of Germany;
- Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, DO2RF29, Ireland;

### **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 Company 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 30 June 2020.

### **1.7 Subject Assets**

In accordance with the valuation instructions, the subject of the valuation is ADO's assets held as at 30 June 2020 and comprises a total of 422 valuation units. 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 422 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 (71 valuation units), 14 commercial buildings with more than 80% commercial use and one parking unit.

In total, the portfolio consists of 16,207 residential units (of which 441 are under public rent control), 1,479 commercial units, 582 miscellaneous units and 4,734 parking lots. The total lettable area of the portfolio adds up to 1,233,909 sq m. The area is split into 1,062,881 sq m residential area and 171,027 sq m commercial area.

## **1.8 Tenure**

### **1.8.1 Freehold**

420 of the 422 valuation units are freehold-equivalent (*Eigentum*) (full- or part ownership). 75 of the 420 freehold-equivalent valuation units are divided into condominiums in accordance with the German Condominium Act (“*Wohneigentumsgesetz - WEG*”).

### **1.8.2 Heritable Building Right/ Ground Lease (*Erbbaurecht*)**

According to the land register extracts provided by the Company, the two valuation units VU\_8611 and VU\_4802b are held on heritable building rights/ ground leases.

In addition, the valuation units VU\_1606 and VU\_7011b are also subject to heritable building rights/ ground leases. In these cases, the property owner and the person entitled to the heritable building rights/ ground leases, are the same person. The valuation unit VU\_7011b is split up according to WEG. Only the commercial units (ground floor) are not part of the owner's heritable building right.

## **1.9 Compliance with Valuation Standards**

This valuation has been prepared in accordance with the RICS Valuation – Global Standards 2020 (the “Red Book”) (effective from 31 January 2020), 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 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 RICS Valuation Global Standards (2020) 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 valuation 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 422 valuation units are listed in the register of potentially contaminated sites.

Valuation Unit	Postal Code	City	Address
VJ_3801	13359	Berlin	Drontheimer Str. 20
VJ_1014	10559	Berlin	Birkenstr. 56
VJ_1093	10553	Berlin	Huttenstr. 6, 7; Rostocker Str. 47-50, 52
VJ_1094	10553	Berlin	Huttenstr. 8, 9
VJ_1101	10559	Berlin	Rathenower Str. 25
VJ_1701	10559	Berlin	Turmstr. 24; Lübecker Str. 52
VJ_2101	13357	Berlin	Pankstr. 46
VJ_2201	13055	Berlin	Große-Leege-Str. 97, 98
VJ_2901	13347	Berlin	Oudenarder Str. 22
VJ_3401	13349	Berlin	Müllerstr. 59b
VJ_3901	10551	Berlin	Birkenstr. 47
VJ_4601	12439	Berlin	Brückenstr. 27
VJ_4702	13089	Berlin	Prenzlauer Promenade 47-48; Treskowstr. 30-34
VJ_4807	13353	Berlin	Föhler Str. 3, 4, 5; Buchstr. 9
VJ_5401	10551	Berlin	Putlitzstr. 14
VJ_5402	13349	Berlin	Müllerstr. 118
VJ_5902	10777	Berlin	Regensburger Str. 10a
VJ_6201	13359	Berlin	Koloniestr. 28
VJ_6202	10553	Berlin	Huttenstr. 30
VJ_6402	13347	Berlin	Reinickendorfer Str. 120
VJ_7001	14193	Berlin	Friedrichsruher Str. 33, 33 a-c; Cunostr. 52, 52a
VJ_7003	14193	Berlin	Friedrichsruher Str. 14, 15, 17, 18, 20, 21, 23
VJ_7023	13359	Berlin	Gotenburger Str. 1, 3, 5; Prinzenallee 65, 66
VJ_7024	13359	Berlin	Osoer Str. 33; Drontheimer Str. 1; Koloniestr. 143
VJ_7061	12043	Berlin	Karl-Marx-Str. 170, 172; Mittelweg 10, 12, 14, 16
VJ_7094	14059	Berlin	Stülpnagelstr. 7, 9, 11, 11a, 13
VJ_7096	12103	Berlin	Burgemeisterstr. 30, 32, 34, 36; Friedrich-Wilhelm-Str. 52, 54, 54a, 54b
VJ_8011	13359	Berlin	Wollankstr. 32-39
VJ_8181	13347	Berlin	Schulstr. 52-53, Martin-Opitz-Str. 8-9
VJ_8191	13351	Berlin	Otawistr. 3, 5
VJ_8221	13351	Berlin	Kameruner Str. 9
VJ_8231	12307	Berlin	Schichauweg 56, 60, 62, 64
VJ_8241	12099	Berlin	Alt-Tempelhof 5, 7; Götzstr. 11, 11a, 11b
VJ_8354	13351	Berlin	Transvaalstr. 13
VJ_8362	13353	Berlin	Seestr. 23
VJ_8371	12049	Berlin	Hermannstr. 44, 45; Selchower Str. 35
VJ_8604	12161	Berlin	Bundesallee 64, 65
VJ_8905	14059	Berlin	Sophie-Charlotten-Str. 24
VJ_9021	10119	Berlin	Alte Schönhauser Str. 13
VJ_9031	13403	Berlin	Auguste-Viktoria-Allee 45-47; Antonienstr. 51
VJ_9055	10247	Berlin	Frankfurter Allee 51; Samariterstr. 1
VJ_9044	14199	Berlin	Hohenzollerndamm 53
VJ_9033	13353	Berlin	Müllerstr. 138d
VJ_9015	10559	Berlin	Perleberger Str. 17
VJ_7062	10783	Berlin	Potsdamer Str. 203; Steinmetzstr. 39, 39a, 39b
VJ_8974	12045	Berlin	Sonnenallee 77
VJ_7043	10553	Berlin	Beusselstr. 31
VJ_9121	10707	Berlin	Oliwaer Platz 8, 9, 10

Valuation Unit	Postal Code	City	Address
VJ_9131	13353	Berlin	Sprengeistr. 39
VJ_9167	10589	Berlin	Kaiserin-Augusta-Allee 40
VJ_9182	13357	Berlin	Hochstr. 33
VJ_1606	12559	Berlin	Salvador-Allende-Str. 76 a-u
VJ_9281	10997	Berlin	Wrangelstr. 64
VJ_9301	12347	Berlin	Buschrosensteig 5-7
VJ_1603	13595	Berlin	Adamstr. 11 / Földerichstr. 40,42
VJ_2203	12109	Berlin	Mariendorfer Damm 88-90
VJ_9411	13359	Berlin	Koloniestr. 27
VJ_9431	13357	Berlin	Pankstr. 80
VJ_9531	13583	Berlin	Seegfelder Str. 59 / Staakener Str. 7
VJ_9461	13409	Berlin	Ritterlandweg 40
VJ_9372	12309	Berlin	Groß-Ziethener Str. 84-104, Nahariyastr. 40, Skarbinastr. 78-88 (Ringo II)
VJ_9194	10315	Berlin	Alt-Friedrichsfelde 86
VJ_7102	12555	Berlin	Kiekebuschstr. 9
VJ_9222	12487	Berlin	Louis-Bleriot-Str. 5; Sportfliegerstr. 9
VJ_9571	13347	Berlin	Liebenwalder Str. 41

Currently there are no indications that the above-mentioned sites pose a threat to public health due to substances hazardous to the environment. We must point out that findings of contaminations might lead to an impact 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 impact on value and that the information provided by the local authorities 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 impact 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	Postal Code	City	Address
VJ_6401	12051	Berlin	Emser Str. 40
VJ_9192	12459	Berlin	Tabbertstr. 34
VJ_9195	13347	Berlin	Lindower Str. 23
VJ_9381	10551	Berlin	Emdener Str. 29
VJ_9441	10553	Berlin	Wittstocker Str. 19
VJ_9493	10555	Berlin	Jagowstr. 18

For 60 of the 422 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 this 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 impact 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 impact 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.



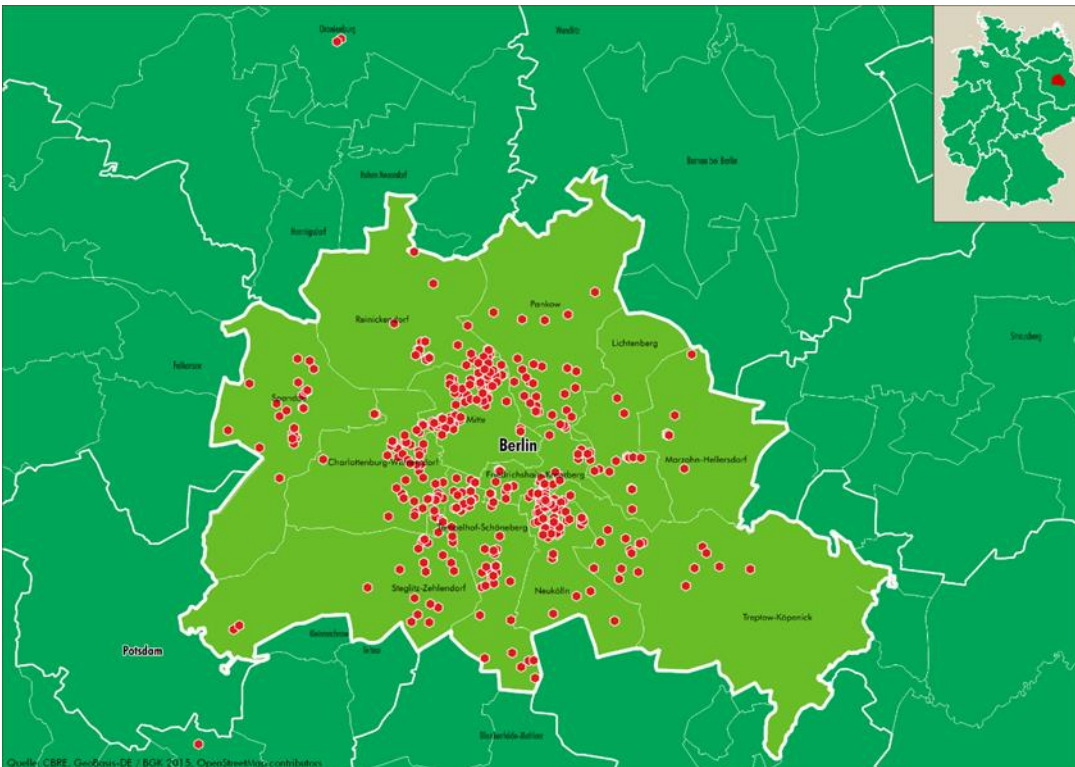
## 2 Asset Holdings

The geographical allocation of the valuation units, 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

The valuation units are located in the city of Berlin, with the exception of two valuation units in Oranienburg and one valuation unit in Nuthetal.

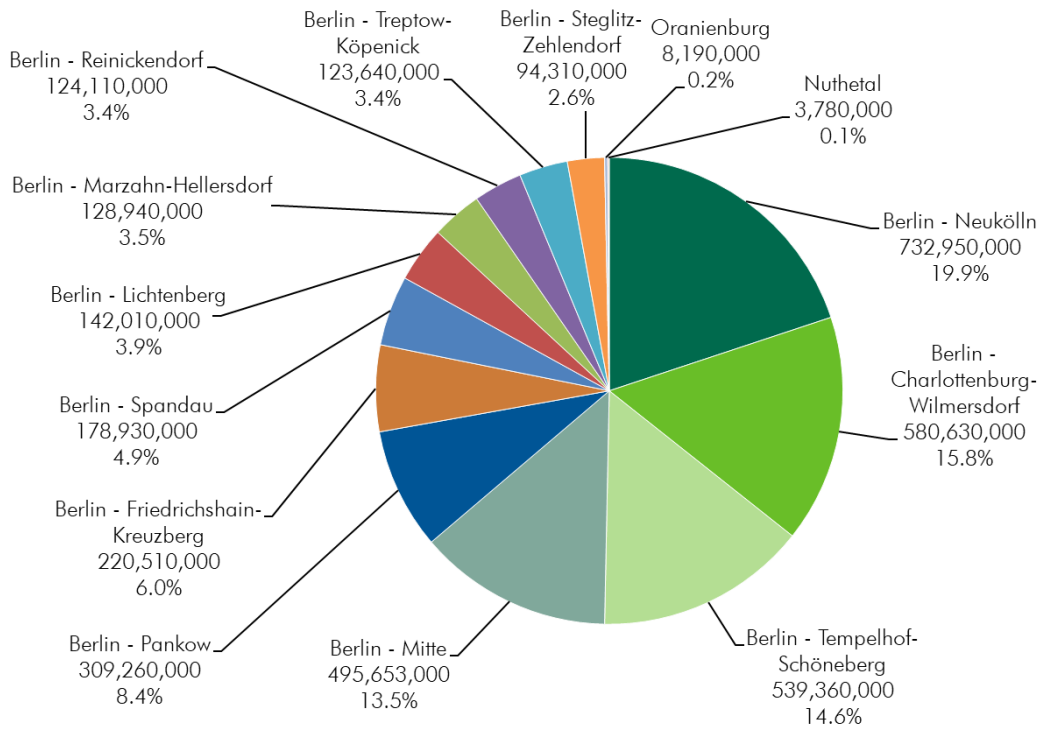
The following map shows the allocation of the 422 valuation units within the districts of Berlin as well as in Oranienburg and Nuthetal.



Source: GeoBasis-DE / BGK 2020, OpenStreetMap contributors

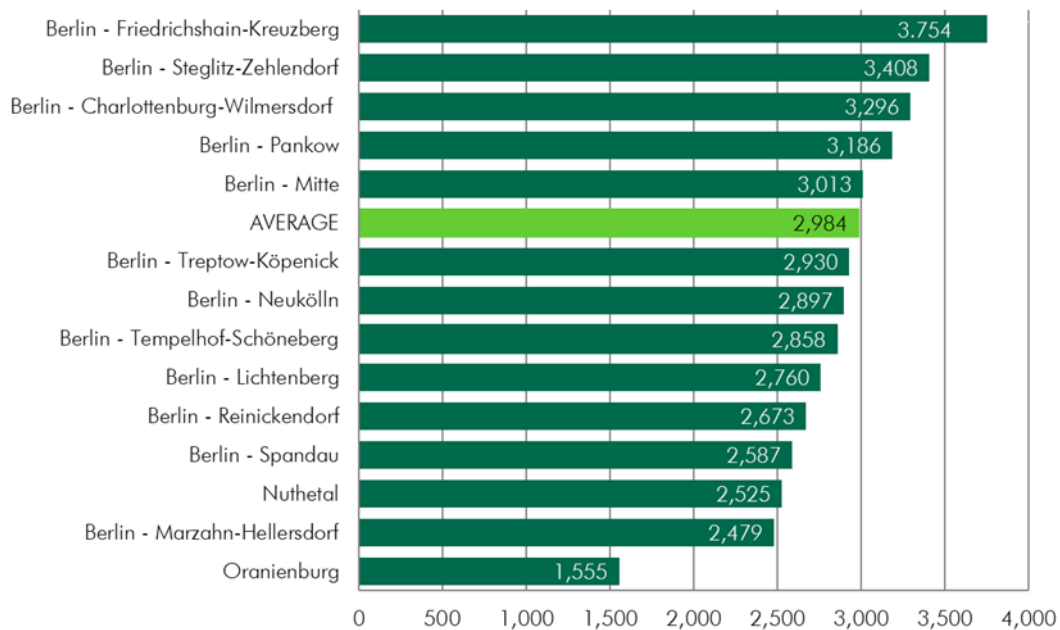
### 2.2 Fair Value (EUR) by Location

The total Fair Value amounts to 3,682,273,000 EUR. Neukölln has the largest proportion (19.9%) with an aggregate Fair Value of 732,950,000 EUR. It is followed by Charlottenburg-Wilmersdorf with 508,630,000 EUR (15.8%), Tempelhof-Schöneberg with 539,360,000 EUR (14.6%), Mitte with 495,653,000 EUR (13.5%) and Pankow with 309,260,000 EUR (8.4%). These five locations account for more than two-thirds of the portfolio's total Fair Value. Nuthetal has the smallest proportion with 0.1% (3,780,000 EUR).



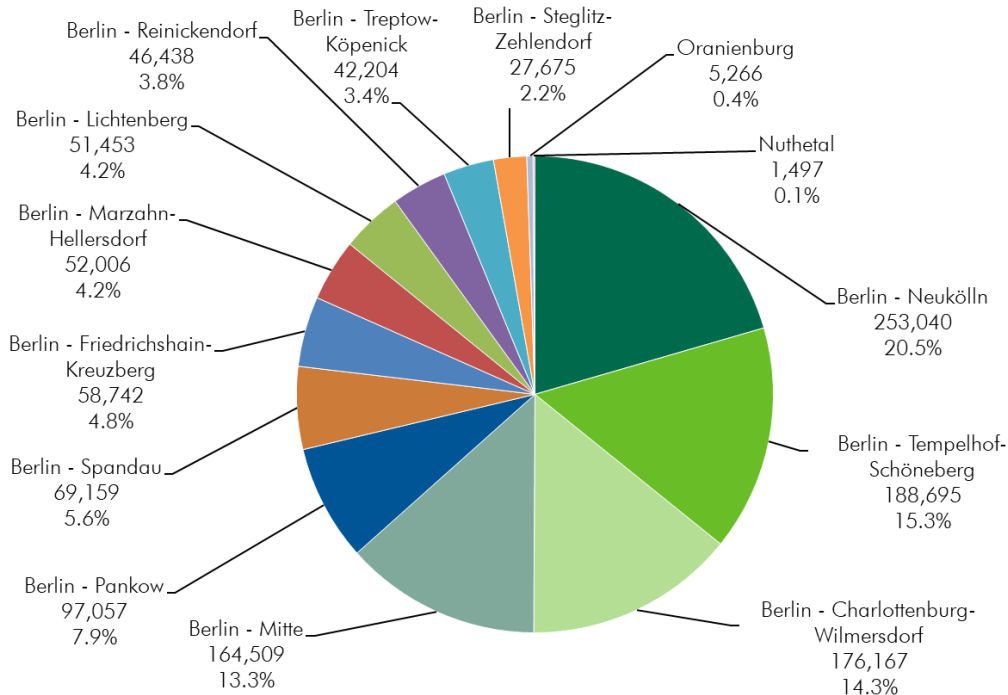
### 2.3 Fair Value per Lettable Area (EUR per sq m) by Location

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 2,984 EUR. The highest average Fair Value per sq m (3,754 EUR) is in Friedrichshain-Kreuzberg. Oranienburg is the location with the lowest average Fair Value per sq m (1,555 EUR).



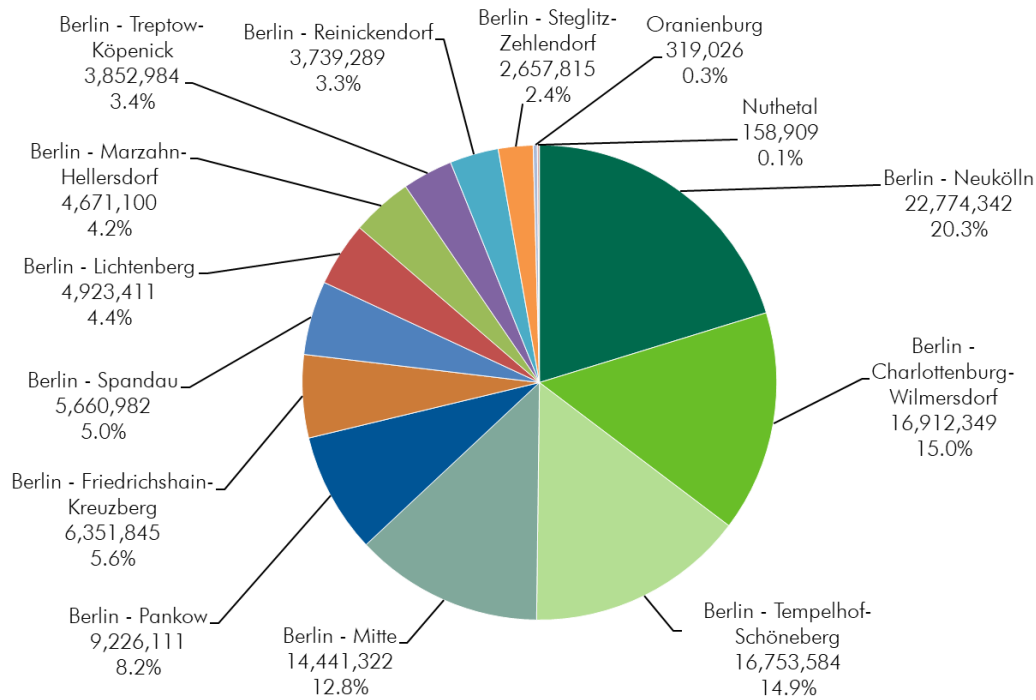
## 2.4 Total Lettable Area (sq m) by Location

The portfolio has a total lettable area of 1,233,909 sq m. With 253,040 sq m, the properties located in Neukölln have the largest proportion, accounting for 20.5% of the total portfolio area. Approximately 15.3% of the total area is located in Tempelhof-Schöneberg (188,695 sq m), 14.3% in Charlottenburg-Wilmersdorf (176,167 sq m), 13.3% in Mitte (164,509 sq m) and 7.9% in Pankow (97,057 sq m). These five largest districts by area account for more than two-thirds of the total portfolio lettable area. Nuthetal has the smallest proportion with 0.1% (1,497 sq m).



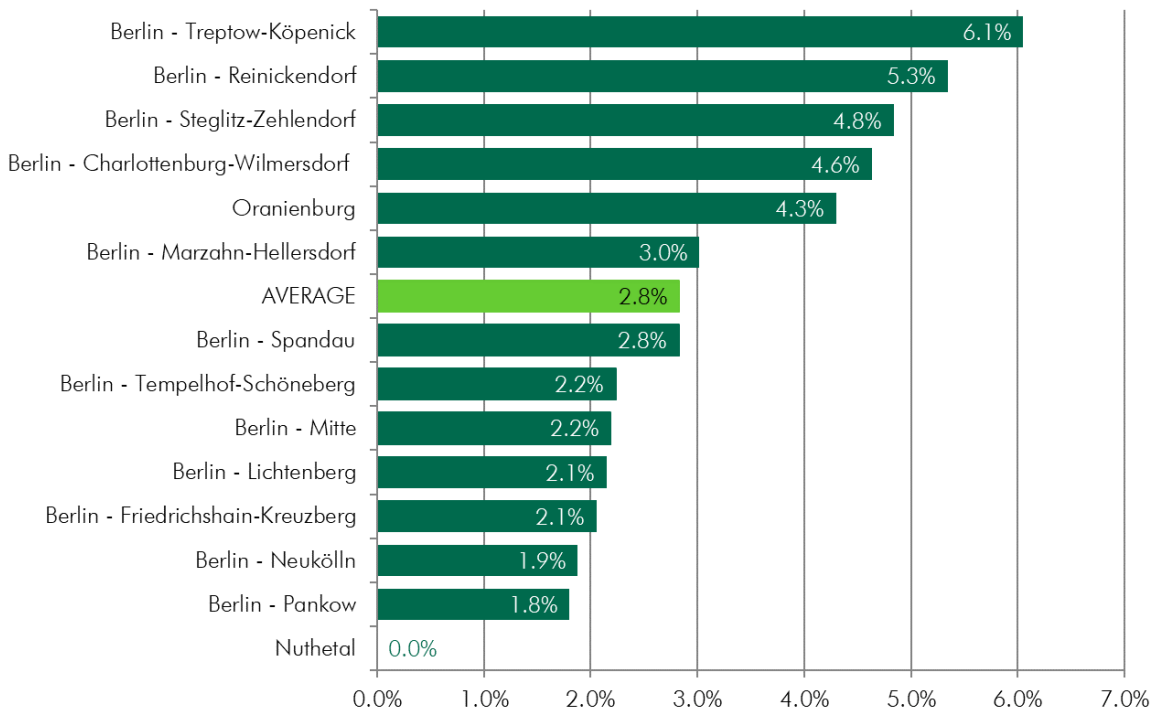
## 2.5 Current Gross Rental Income (EUR p.a.) by Location

The current annual gross rental income of the portfolio (current annual rent per month according to tenancy schedule x 12) amounts to 112,443,067 EUR. The properties located in Neukölln have the highest proportion of the current gross rental income of all the districts (22,774,342 EUR). Charlottenburg-Wilmersdorf has the second largest proportion (16,912,349 EUR), followed by Tempelhof-Schöneberg (16,753,584 EUR), Mitte (14,441,322 EUR) and Pankow (9,226,111 EUR). These five largest districts account for more than two-thirds of the total portfolio's Current Gross Rental Income.



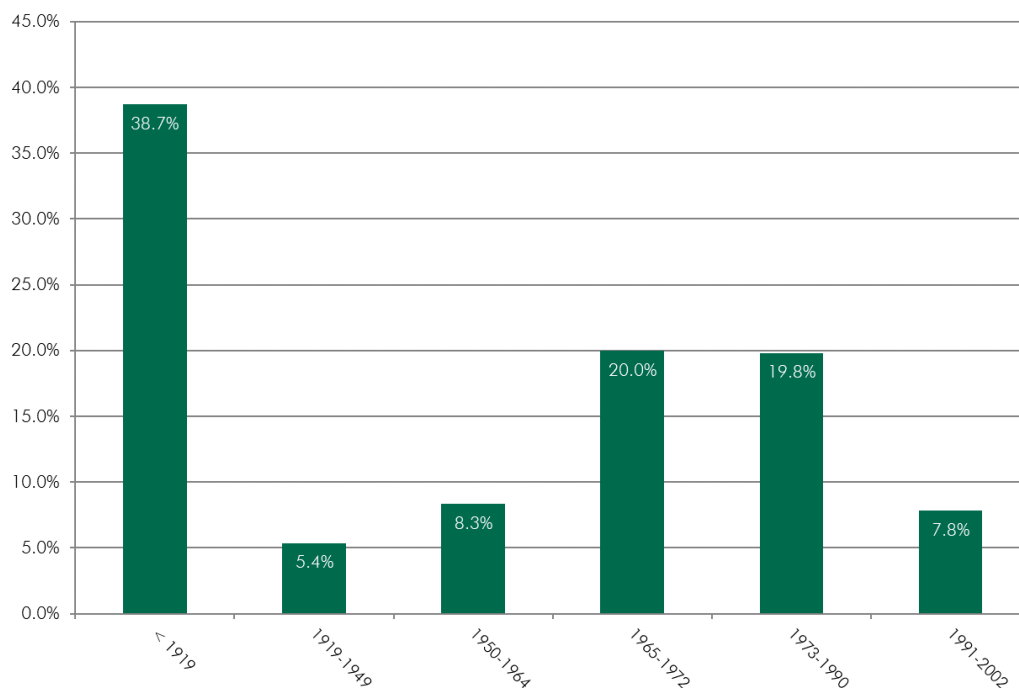
## 2.6 Vacancy Rate by Location

The average vacancy rate of the portfolio is 2.8%. The properties located in Treptow-Köpenick have the highest average vacancy rate (6.1%) of all districts. The properties located in Nuthetal are fully let. The properties located in Neukölln, the district with the highest proportion of Fair Value, have an average vacancy rate of 1.9%.



## 2.7 Lettable Area by Period of Construction

As shown below, the properties in the portfolio have a wide range of construction dates. Buildings with the date of construction before 1919 (38.7% of the lettable area) have the largest proportion in the portfolio. Buildings with construction dates between 1965-1972 (20.0% of the lettable area) have the second largest and buildings with construction dates between 1973-1990 (19.8% of the lettable area) have the third largest proportion in the portfolio.



## 2.8 Portfolio Breakdown

The following table shows the breakdown of the valuations by location (districts of Berlin, Oranienburg and Nuthetal).

Location	Residential Units	Commercial Units	Total Area	Vacancy Rate	GRI	GRI	Fair Value	Fair Value
					on Current	on Market	Total	per sq m
			sq m	%	EUR	EUR	EUR	EUR/sq m
Berlin - Neukölln	3,545	192	253,040	1.9	22,774,342	19,983,918	732,950,000	2,897
Berlin - Charlottenburg-Wilmersdorf	2,184	160	176,167	4.6	16,912,349	14,964,116	580,630,000	3,296
Berlin - Tempelhof-Schöneberg	2,304	180	188,695	2.2	16,753,584	15,051,391	539,360,000	2,858
Berlin - Mitte	2,317	186	164,509	2.2	14,441,322	12,847,107	495,653,000	3,013
Berlin - Pankow	1,070	199	97,057	1.8	9,226,111	8,566,886	309,260,000	3,186
Berlin - Friedrichshain-Kreuzberg	823	75	58,742	2.1	6,351,845	5,235,879	220,510,000	3,754
Berlin - Spandau	919	43	69,159	2.8	5,660,982	5,221,141	178,930,000	2,587
Berlin - Lichtenberg	886	199	51,453	2.1	4,923,411	3,859,748	142,010,000	2,760
Berlin - Marzahn-Hellersdorf	553	130	52,006	3.0	4,671,100	4,504,147	128,940,000	2,479
Berlin - Reinickendorf	610	37	46,438	5.3	3,739,289	3,627,329	124,110,000	2,673
Berlin - Treptow-Köpenick	516	56	42,204	6.1	3,852,984	3,954,400	123,640,000	2,930
Berlin - Steglitz-Zehlendorf	375	15	27,675	4.8	2,657,815	2,151,460	94,310,000	3,408
Oranienburg	90	0	5,266	4.3	319,026	473,940	8,190,000	1,555
Nuthetal	15	7	1,497	0.0	158,909	166,536	3,780,000	2,525
<b>TOTAL / AVERAGE</b>	<b>16,207</b>	<b>1,479</b>	<b>1,233,909</b>	<b>2.8</b>	<b>112,443,067</b>	<b>100,607,998</b>	<b>3,682,273,000</b>	<b>2,984</b>

### **3 EXPLANATION OF VALUATION**

#### **3.1 Inspections**

In accordance with the instructions, the valuation of the properties was carried out at an individual asset level.

As part of the previous valuations (see preamble), since 2015 all the properties have been fully inspected (internal and external inspection) at least once. As part of the half-year and year-end valuations, CBRE conducts 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 does not take 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 Valuation 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.

#### **3.3 General Valuation Assumptions**

##### **3.3.1 The Properties**

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 Properties possess 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 Properties are 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 impact 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 EUR per sq m p.a. 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:

- 0 EUR per sq m on to 150 EUR per sq m for residential space (weighted average of 31 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 12.07 EUR per sq m p.a.

### **3.4.4 Non-recoverable Service Charges on vacant Space**

This refers to a 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 2.00 EUR per sq m per month has been adopted for vacant residential accommodation. For commercial units, a level of 1.00 EUR per sq m per month 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 2.8% (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 1.4 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 character of the commercial unit, 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 16,291,700 EUR in this valuation.

### **3.4.7 Structural Vacancy**

Currently, the average vacancy rate for residential area of the portfolio is 2.8% (weighted by area). 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 assumed a remaining lease term of three years (30 June 2023).

### **3.4.8 Fluctuation Rate**

We have carried out an analysis of about 1,000,000 records from on our database. As a result, we have found that there are different fluctuation rates within Germany depending on local market conditions. Therefore, we have developed a table with different fluctuation rates (range between 6.0% - 12.0%) for all German cities and districts. For the valuation we have assumed a fluctuation rate of 6.0% for Berlin, 8.0% for Nuthetal and a fluctuation rate of 9.75% for Oranienburg.

The only exception is valuation unit VU\_8031 (Löwenberger Str. 2, 4, Berlin). Due to the fact that this has 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 1.00% in year 1 and 1.70% in year 2. For the following years we have assumed an inflation rate of 2.00%.

Anticipated growth of residential market rents has been explicitly reflected on a city/ district basis 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-Value AG)
- 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.

Due to the law for rent control in the housing sector in Berlin („Rental Freeze“), the rental growth derivation as described has no validity for affected properties during the duration of this law. For further information please refer to the headline “Market instability” and “Market Rent”.

### 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 and 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 assumptions.

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, and for commercial leases the remaining lease term, 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 Value AG 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 3.15% to 6.00% (weighted average of 4.16%) and an Exit Cap Rate of 1.15% to 4.10% (weighted average of 2.23%).

### 3.4.12 Market Rent

The market rents adopted for properties which are not governed by 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 Value AG (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 30 June 2020).

In our valuation, for the determination of the market rent of properties located in cities where the brake on rents (*Mietpreisbremse*) has already been implemented we have adopted the below-explained approach.

1. The upper limit 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 subject property’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:  
$$(\text{Local Rental Table Average plus Local Rental Table Maximum}) / 2 + 10\%$$
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 limit 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.

## Berlin Rental Freeze

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”). Berlin is the first federal state which passed such a law.

The Berlin Rental Freeze mainly stipulates that rents of existing and new leases for rental apartments built before 2014, with the exception of publicly subsidized residential space and special care homes, will be frozen for five years at the level as at 18th of June 2019.

For new lease agreements, since the effective date, the last effectively agreed rent in accordance with the rental table (§ 6 and § 7 MietWoG Bln) plus possible, individual premiums and discounts applies as follows:

Date of first tenancy and fit-out	Rent per sq m per month
until 1918 with central heating and with bathroom	6.45 €
until 1918 with central heating or with bathroom	5.00 €
until 1918 without central heating and without bathroom	3.92 €
1919 to 1949 with central heating and with bathroom	6.27 €
1919 to 1949 with central heating or with bathroom	5.22 €
1919 to 1949 without central heating and without bathroom	4.59 €
1950 to 1964 with central heating and with bathroom	6.08 €
1950 to 1964 with central heating or with bathroom	5.62 €
1965 to 1972 with central heating and with bathroom	5.95 €
1973 to 1990 with central heating and with bathroom	6.04 €
1991 to 2002 with central heating and with bathroom	8.13 €
2003 to 2013 with central heating and with bathroom	9.80 €

Furthermore, paragraph 5 redefines the upper limit for existing rents which are not allowed to be exceeded more than 20% in accordance with:

- a rental table, with basis rents depending on the construction date and the general fit-out (§ 6, section 1);
- a 10% increase for (semi-)detached houses (§ 6, section 2);
- one Euro per sq m increase of the upper limit if there is a modern fit-out (§ 6, section 3) with at least three out of the following five characteristics; at-grade entrance to passenger lift, fitted kitchen, high-quality sanitary accessories, high-quality floor covering and energy consumption below 120 kWh (m<sup>2</sup> p.a.);
- a premium or discount depending on the residential area (§ 5, section 1);

With regards to new leases, since the 23rd of February 2020, their rent level has to be calculated similarly, excluding the premium or discount depending on the residential area and without the 20% tolerance limit. For all leases which had been concluded before the 23rd of February 2020, landlords have to inform their tenants within two months after the publication of the law about the calculation of the upper limit and the adjustment of the rent (§ 6, section 4).

Rents of existing leases as well as of new leases can be increased by a maximum of one Euro per sq m after a comprehensive modernization if it is carried out after the publication of the law (§ 7).

According to § 3, section 4, starting from the 1st of January 2022, the frozen rent level will be allowed to increase by a maximum of 1.3% annually, in line with the inflation rate, however, the upper limit of the rent is not allowed to be exceeded.

Since 31 March 2020, we have adopted and changed our rental cashflow model within our valuations for residential properties in Berlin, in accordance with the Berlin Rental Freeze law.

For new leases, most of our clients have agreed with the tenant that he/she pays the rent in accordance with the new regulation and transfers the difference up to a market rent under the federal rental brake regime to an escrow account until there is a final legal decision.

### 3.4.13 Hereditary Building Right/ Ground Lease

With reference to the land register extracts provided by the Company, the two valuation units VU\_8611 and VU\_4802b are held on heritable building rights/ ground leases.

The proportion of valuation units affected by this amounts to approx. 0.2% of the portfolio's total Fair Value.

The relevant valuation units, the ground rents and the individual expiry dates are shown in the table below.

Valuation unit	Postal Code	City	Address	Ground Rent EUR p.a.	Expiration Date
VU_4802b	13359	Berlin	Soldiner Str. 104	3,170	30.06.2051
VU_8611	10625	Berlin	Kantstr. 38; Leibnizstr. 35a	0	31.12.2067

In addition, the valuation units VU\_1606 and VU\_7011b are also subject to heritable building rights/ ground leases. In these cases, the property owner and the person entitled to the heritable building rights/ ground leases, are the same person. The valuation unit VU\_7011b is split up according to WEG. Only the commercial units (ground floor) are not part of the owner's heritable building right.

### 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 422 valuation units are completely or partly under public rent control.

The proportion of valuation units affected by this amounts to approx. 3% of the portfolio's total Fair Value.

The subsidised valuation units including their expiry dates are shown in the following table:

Valuation Unit	Postal Code	City	Address	Expiration Date
VU_4802a	13359	Berlin	Freienwalder Str. 28, 29	2022-12-31
VU_4803	10551	Berlin	Oldenburger Str. 35	2022-12-31
VU_4804	10781	Berlin	Goltzstr. 50	2022-12-31
VU_4805	10967	Berlin	Hasenheide 88	2022-12-31
VU_4806	13409	Berlin	Sommerstr. 10; Nordbahnstr. 15	2022-12-31
VU_9011	13583	Berlin	An der Kappe 128, 128A	2024-12-31
VU_9166	10553	Berlin	Huttenstr. 39	2022-09-02
VU_9164	10587	Berlin	Lohmeyerstr. 25; Otto-Suhr-Allee 141; Kaiser-Friedrich-Str. 105	2021-12-31
VU_1606	12559	Berlin	Salvador-Allende-Str. 76 a-u	2029-12-31
VU_9301	12347	Berlin	Buschrosensteig 5-7	2032-12-31
VU_9321	12439	Berlin	Schnellerstr. 23	2020-11-30
VU_2203	12109	Berlin	Mariendorfer Damm 88-90	2045-12-31
VU_9481	13409	Berlin	Pankower Allee 31	2028-12-31
VU_7103	12105	Berlin	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 422 valuation units are completely or partly listed as ancient monuments. For listed monuments, we assumed an increase of ongoing maintenance costs of 10%.

Valuation Unit	Postal Code	City	Address
VU_1041	13629	Berlin	Wernerwerkdamm 25; Hefnersteig 1-4; Ohmstr. 7-9
VU_1051	12043	Berlin	Karl-Marx-Str. 12, 12a
VU_1802	10245	Berlin	Seumestr. 11
VU_2101	13357	Berlin	Pankstr. 46
VU_5302	10437	Berlin	Milastr. 2
VU_7011b	13597	Berlin	Carl-Schurz-Str. 49, 49a
VU_7081	13507	Berlin	Buddestr. 5; Veitstr. 1-4b; Berliner Str. 85
VU_8801	10967	Berlin	Kottbusser Damm 72; Lenastr. 1
VU_9021	10119	Berlin	Alte Schönhauser Str. 13
VU_9083	10119	Berlin	Max-Beer-Str. 7
VU_9042	12209	Berlin	Parallelstr. 11
VU_9077	10999	Berlin	Wiener Str. 8
VU_8971	12055	Berlin	Karl-Marx-Str. 194
VU_9122	10965	Berlin	Friesenstr. 11
VU_9161	10245	Berlin	Mainzer Str. 15 / Boxhagener Str. 98
VU_9251	12159	Berlin	Schnackenburgstr. 4
VU_1611	10829	Berlin	Kolonnenstr. 10,11 / Leberstr. 1,3
VU_2203	12109	Berlin	Mariendorfer Damm 88-90
VU_9191	12105	Berlin	Prühßstr. 26 / Richterstr. 33

### 3.4.16 Land Register Section II

With reference to the land register extracts provided by the Company, for 206 of the 422 valuation units encumbrances or easements are entered in land register section II. The entries are common agreements in terms of infrastructure provision for 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*”). We have taken the loss of rent into account with a deduction of 37,287 EUR (“Other influences”).

### 3.4.17 Public Land Charges

According to the information provided by the Company, 26 of the 422 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	Postal Code	City	Address
VU_1093	10553	Berlin	Huttenstr. 6, 7; Rostocker Str. 47-50, 52
VU_1094	10553	Berlin	Huttenstr. 8, 9
VU_1096	10963	Berlin	Hedemannstr. 10
VU_1097	10963	Berlin	Wilhelmstr. 15
VU_7022	13359	Berlin	Stockholmer Str. 1-3
VU_7023	13359	Berlin	Gotenburger Str. 1, 3, 5; Prinzenallee 65, 66
VU_7081	13507	Berlin	Buddestr. 5; Veitstr. 1-4b; Berliner Str. 85
VU_7095	10999	Berlin	Wiener Str. 46
VU_7096	12103	Berlin	Burgemeisterstr. 30, 32, 34, 36; Friedrich-Wilhelm-Str. 52, 54, 54a, 54b
VU_8231	12307	Berlin	Schichauweg 56, 60, 62, 64
VU_8251	13593	Berlin	Gruberzeile 89
VU_8381	12165	Berlin	Schmidt-Ott-Str. 5a, 5b
VU_9021	10119	Berlin	Alte Schönhauser Str. 13
VU_9061	13189	Berlin	Berliner Str. 69
VU_7055	13587	Berlin	Hakenfelder Str. 9, 9A
VU_7033	12685	Berlin	Fichtelbergstr. 5-15; Allee der Kosmonauten 151-151 a-h
VU_8993	12057	Berlin	Dieselstr. 3, 5, 7, 9, 11, 13, 15
VU_9121	10707	Berlin	Olivaer Platz 8, 9, 10
VU_1606	12559	Berlin	Salvador-Allende-Str. 76 a-u
VU_1603	13595	Berlin	Adamstr. 11 / Földerichstr. 40,42
VU_9193	12355	Berlin	Alt Rudow 68
VU_9351	13589	Berlin	Falkenseer Chaussee 167-171
VU_9591	14055	Berlin	Angerburger Allee 35-55
VU_9601	12437	Berlin	Ligusterweg 24, 26
VU_7104	12109	Berlin	Mariendorfer Damm 48
VU_7109	12107	Berlin	Lankwitzer Str. 44

For 165 of the 422 valuation units we were not provided with an extract of the register of public land charges.

### 3.4.18 Other Influences

#### Potential for additional floor space

According to the information provided by the Company 4 of the 422 valuation units have potential for additional floor space. The potential for additional floor space was considered as "Other influences" in the valuation and relates to the following properties:

Valuation Unit	Postal Code	City	Address	Type	Influence on value in EUR
VU_2903	13409	Berlin	Schwartzstr. 5, 7	Extension of the attic floor	243,438
VU_5302	10437	Berlin	Milastr. 2	Conversion of the vacant theatre in the backyard to office units	4,114,950
VU_7061	12043 / 12053	Berlin	Karl-Marx-Str. 170, 172 / Mittelweg 10, 12, 14, 16	Construction of new residential units	4,486,320
VU_9125	12459	Berlin	Reinbeckstr. 1 / Wilhelminenhofstr. 82A	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-by-asset basis, as at 30 June 2020 and held as at that date, is:

**3,682,273,000 EUR**

**(three billion, six-hundred and eighty-two million, two-hundred and seventy-three thousand Euros)**

The unrounded net capital value is 3,682,405,461 EUR. The unrounded gross capital value is 3,984,495,961 EUR including 302,090,500 EUR purchaser's costs (8.2%).

The assessment of the Fair Value was carried on asset-by-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.

The properties are all freehold-equivalent, with the exception of two valuation units held on heritable building rights/ground leases, which account for a total Fair Value of 7,923,000 EUR.

There are no negative values to report.

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, 30 June 2020.

The following table shows aggregated key asset data for the portfolio:

Fair Value	3,682,273,000 EUR
Total lettable area:	1,233,909 sq m
Average Fair Value per sq m lettable area:	2,984 EUR
Current annual rental income (gross):	112,443,067 EUR
Potential annual rental income (gross):	115,574,575 EUR
Annual market rent (gross):	100,607,998 EUR
Multiplier (based on current rent):	32.7 times
Multiplier (based on potential rent):	31.9 times
Multiplier (based on market rent):	36.6 times
Net initial yield (based on current rent):	2.37%
Net initial yield (based on potential rent):	2.46%
Net initial yield (based on market rent):	2.09%

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 30 June 2020

### **Residential units**

Residential units - number of residential premises excluding internal and external parking units and other units; as at 30 June 2020

### **Commercial units**

Commercial units - number of commercial and special premises; excluding internal and external parking units and other units; as at 30 June 2020

### **Internal/ External Parking units (Parking lots)**

Internal/ External Parking units - number of internal and external parking spaces; as at 30 June 2020

### **Other units**

Other units – e.g. number of antennas; as at 30 June 2020

### **Current annual rental income (gross):**

The current gross rental income represents the rent payable for the units let on contractual agreements as at 30 June 2020, 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 30 June 2020, multiplied by 12.

### **Annual market rent (gross):**

The (monthly) market rent of all units as at 30 June 2020 (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

ppa. Sandro Höselbarth

Residential Valuation Germany  
Senior Director  
CBRE GmbH

Head of Residential Valuation Germany  
Managing Director  
CBRE GmbH

## 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 (2020) (“Red Book”) of the Royal Institution of Chartered Surveyors, that relates to the placement of fixed rate notes by ADO Properties S.A. (renamed to ADLER Group S.A.; the “Company”) and the listing of such notes on the Euro MTF Segment of the Luxembourg Stock Exchange.

The Valuation Report covers a total of 1,275 valuation units as at 30 September 2020. The majority of the 1,275 valuation units in the portfolio are residential buildings with less than 20% commercial use (1,100 properties). The remainder comprise mixed-use buildings with more than 20% and up to 80% commercial use (104 properties), commercial buildings with less than 20% residential area (11 properties), 53 parking units and 7 miscellaneous units. In total, the portfolio consists of 35,021 residential units (of which 582 are under public rent control), 670 commercial units, 6,107 parking lots and 565 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 2,226,304 sq m. The area is split into 2,131,477 sq m residential area and 94,827 sq m commercial area.

**Date of Valuation:** 30 September 2020

**Date of Valuation Report:** 11 January 2021

**Valuer:**

**CBRE**

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“CBRE“

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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**

### **Material valuation uncertainty due to Novel Coronavirus (COVID – 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied – in varying degrees – to reflect further ‘waves’ of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

## **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-by-asset basis, as at 30 September 2020 and held as at that date, is:

**2,506,371,700 EUR**

**(two billion five hundred six million three hundred seventy-one thousand seven hundred Euros)**

The unrounded net capital value is 2,506,565,390 EUR. The unrounded gross capital value is 2,710,500,687 EUR including 203,935,297 EUR purchaser’s costs (8.1 %).

The assessment of the Fair Value was carried on asset-by-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.

The properties are all freehold-equivalent, with the exception of 109 valuation units held on heritable building rights/ ground leases, which account for a total Fair Value of 169,120,900 EUR.

There are no negative values to report.

The following table shows aggregated key asset data for the portfolio:

Fair Value	2,506,371,700 EUR
Total lettable area:	2,226,304 sq m
Average Fair Value per sq m lettable area:	1,126 EUR
Current annual rental income (gross):	138,074,376 EUR
Potential annual rental income (gross):	148,184,879 EUR
Annual market rent (gross):	163,164,827 EUR
Multiplier (based on current rent):	18.2 times
Multiplier (based on potential rent):	16.9 times
Multiplier (based on market rent):	15.4 times
Net initial yield (based on current rent):	3.79%
Net initial yield (based on potential rent):	4.29%
Net initial yield (based on market rent):	4.84%

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 Instruction**

CBRE has been appointed to undertake a Fair Value valuation of this subportfolio of the Company's assets (portfolio ADLER and Westgrund) held as at 30 September 2020 and to prepare a valuation report.

In accordance with the client's instruction we have not carried out any re-valuation as at 30 September 2020 for

- the stock located in Berlin as between Q2 and Q3 2020 we do not observe any material change in the pricing for multi-family houses on the transaction market;

- the portfolios "East" and "West", "Borna" and "Osterholz-Scharmbeck" as they are in the process to be sold.

Therefore, this valuation report covers only the assets, which were revalued as at 30 September 2020.

The valuation is based on the information provided as at valuation date 30 September 2020.

### **1.2 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 the Company 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 (Prospectus Regulation) 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 as now applicable to the Prospectus Regulation.

### **1.3 Addressees**

The present Valuation Report is addressed to:

- ADLER Real Estate AG, Joachimsthaler Straße 34, 10719 Berlin, Germany;
- J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany;
- Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60323 Frankfurt am Main, Federal Republic of Germany;
- Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, DO2RF29, Ireland;

### **1.4 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 Company 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.

### **1.5 Date of Valuation**

The valuation date is 30 September 2020.

### **1.6 Subject Assets**

In accordance with the valuation instructions, the subject of the valuation is ADLER's assets (excluding the stock located in Berlin and the portfolios "East" and "West", "Borna" and "Osterholz-Scharmbeck") held as at 30 September 2020. These assets comprise a total of 1,275 valuation units. The majority of the 1,275 valuation units in the portfolio

are residential buildings with less than 20% commercial use (1,100 properties). The remainder comprises mixed-use buildings with more than 20% and up to 80% commercial use (104 properties), commercial buildings with less than 20% residential area (11 properties), 53 parking units and 7 miscellaneous units. In total, the portfolio consists of 35,021 residential units (of which 582 are under public rent control), 670 commercial units, 6,107 parking lots and 565 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 2,131,477 sq m. The area is split into 2,091,001 sq m residential

## **1.7 Tenure**

### **1.7.1 Freehold**

1,166 of the 1,275 valuation units are freehold-equivalent (*Eigentum*) (full- or part ownership).

141 of the 1,275 valuation units are divided into condominiums in accordance with the German Condominium Act ("*Wohneigentumsgesetz* - WEG").

### **1.7.2 Heritable Building Right/ Ground Lease (*Erbbaurecht*)**

According to the land register extracts provided by the Company, 109 of the 1,275 valuation units are held on heritable building rights/ ground leases. 20 of these 109 valuation units which are held on heritable building rights/ ground leases are divided into condominiums in accordance with the German Condominium Act ("*Wohneigentumsgesetz* - WEG").

In addition, there are further valuation units, which are subject to heritable building rights/ ground leases: VU\_2040.039, VU\_2040.040, VU\_2040.041, VU\_2040.042, VU\_2040.043, VU\_2040.044, VU\_2040.045, VU\_2040.046. In these cases, the property owner and the person entitled to the heritable building rights/ ground leases, are the same person.

## **1.8 Compliance with Valuation Standards**

This valuation has been prepared in accordance with the RICS Valuation – Global Standards 2020 ("Red Book") - (effective from 31 January 2020), 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 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.



## **1.9 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 RICS Valuation Global Standards (2020) 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”.*

## **1.10 Currency**

The currency used in the Valuation Report is Euro (EUR).

## **1.11 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 valuation report. We have assumed that the information and documentation had unrestricted validity and relevance as at the date of valuation.

## **1.12 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.

## **1.13 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.

## **1.14 Environmental Contamination**

If no information to the contrary has been brought to our attention, we have assumed that the subject properties are not contaminated and that no contaminative or potentially contaminative use is, or has ever been, carried out at the properties. If no information to the contrary has been brought to our attention, we are not aware of any environmental audit or other environmental investigations or soil surveys which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination.

As we had not been specifically instructed, 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.

Should it, however, be subsequently established that such contamination exists at the properties or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental impact on the value reported.

We have not been provided with extracts from the register of contaminated sites by the Company. However, for some valuation units, we have received brief information concerning potentially contaminated sites. Based on the information provided by the Company there is currently no indication that the 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 impact 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 impact on value and that the information provided by the Company 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 valuation units for which we have not received further information concerning potentially contaminated sites 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.

### **1.15 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.

### **1.16 Taxes, Contributions, Charges**

We have assumed that all public taxes, contributions, charges etc. which could have an impact on value will have been levied and paid as at the date of valuation.

### **1.17 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.

### **1.18 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 impact on our valuations.

### **1.19 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.

### **1.20 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.

### **1.21 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.

### **1.22 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.

### **1.23 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.

### **1.24 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.

### **1.25 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.

### **1.26 Place of Performance and Jurisdiction**

German law applies. The place of performance and jurisdiction is Frankfurt am Main.

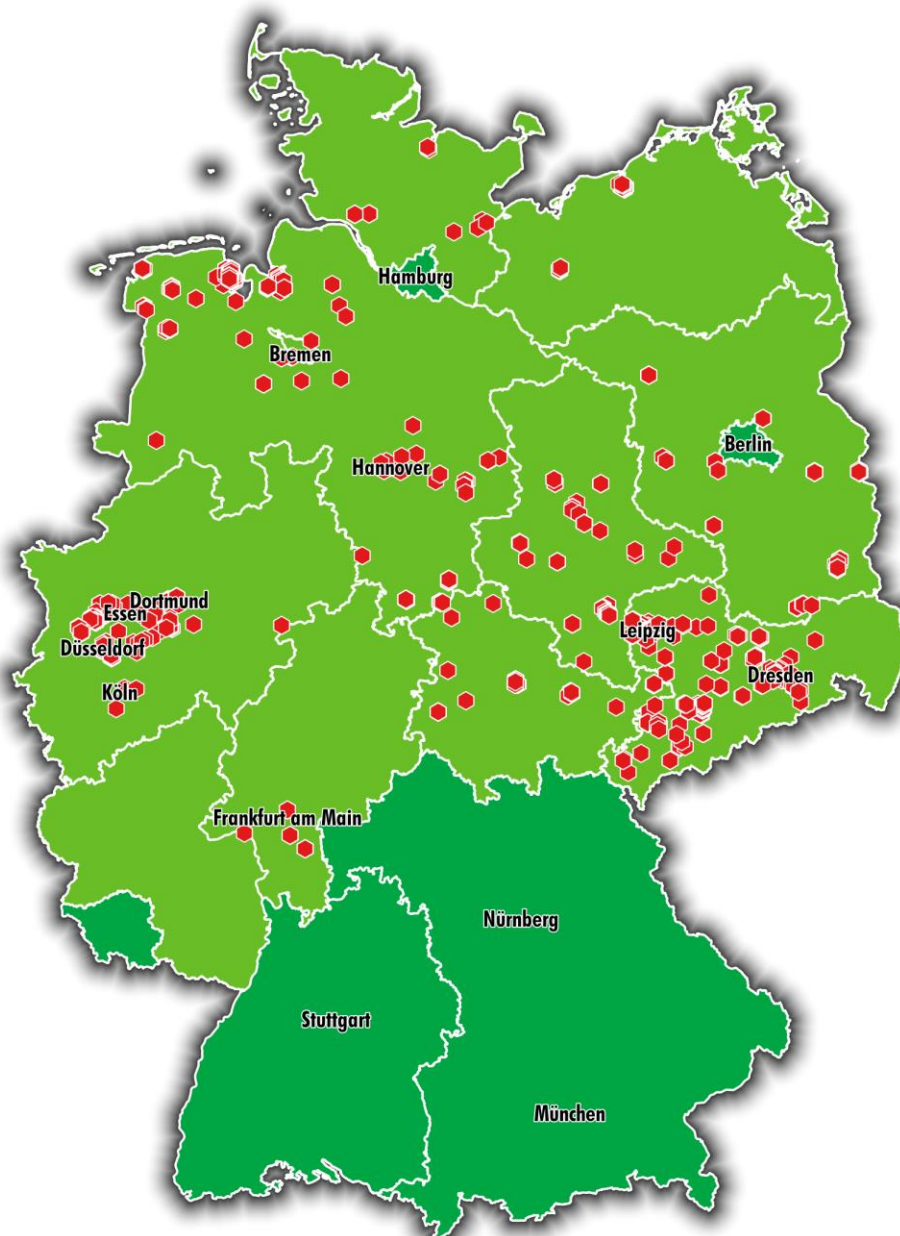
## 2 Asset Holdings

The geographical allocation of the valuation units, as the proportional distribution of the lettable area, rental income and reported values by top seven locations (by current gross rental income) are shown in the following parts.

### 2.1 Geographic Allocation

The valuation units are spread across the federal states Brandenburg, Bremen, Hesse, Mecklenburg-Western Pomerania, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saxony, Saxony-Anhalt, Schleswig-Holstein and Thuringia.

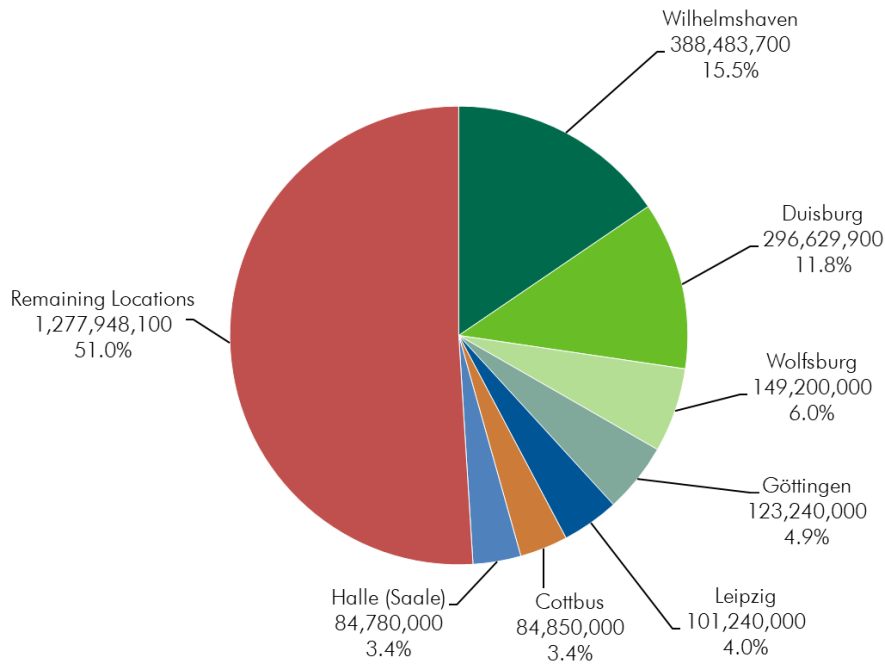
The following map shows the allocation of the 1,275 valuation units.



Source: GeoBasis-DE / BGK 2020, OpenStreetMap contributors

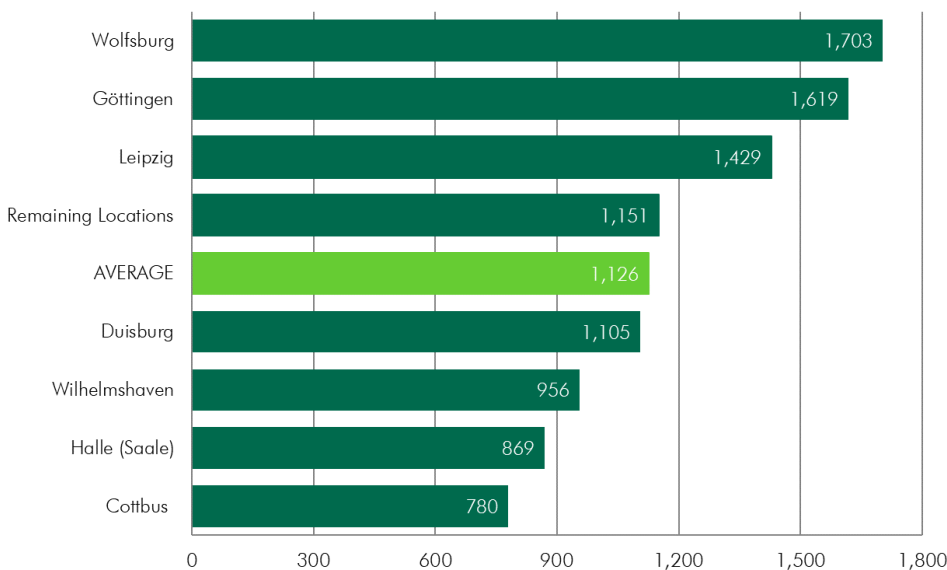
## 2.2 Fair Value (EUR) by top 7 locations

The total Fair Value amounts to 2,506,371,700 EUR. Wilhelmshaven has the largest proportion (15.5%) with an aggregate Fair Value of 388,483,700 EUR. It is followed by Duisburg with 296,629,900 (11.8%), Wolfsburg with 149,200,000 EUR (6.0%), Göttingen with 123,240,000 EUR (4.9%), Leipzig with 101,240,000 EUR (4.0%), Cottbus with 84,850,000 EUR (3.4%) and Halle (Saale) with 84,780,000 EUR (3.4%). These top seven locations account for approx. 49% of the portfolio's total Fair Value. Löbnitz has the smallest proportion (remaining locations) with 0.002% (45,000 EUR).



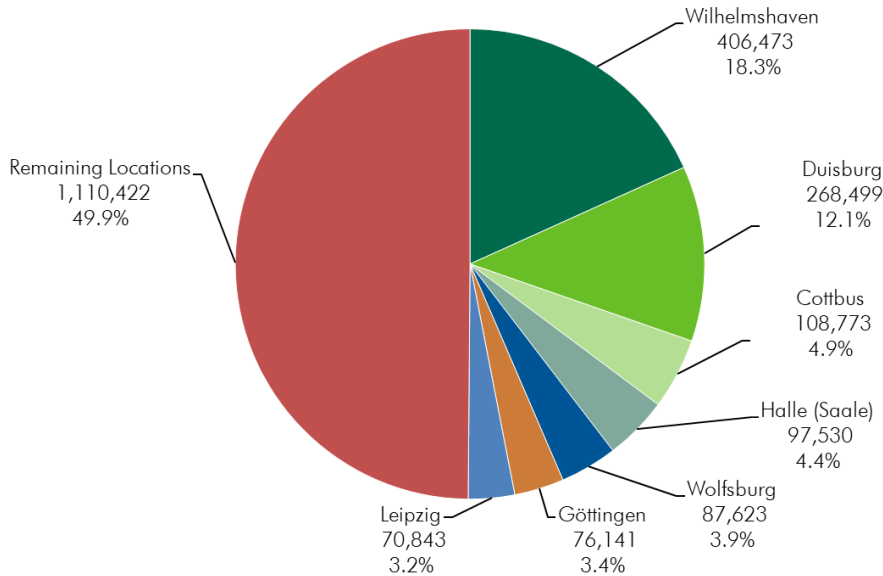
## 2.3 Fair Value per Lettable Area (EUR per sq m) by top 7 locations

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 1,126 EUR. The highest average Fair Value per sq m (3,917 EUR) is in Köln (remaining locations). Brilon (remaining locations) is the location with the lowest average Fair Value per sq m (84 EUR).



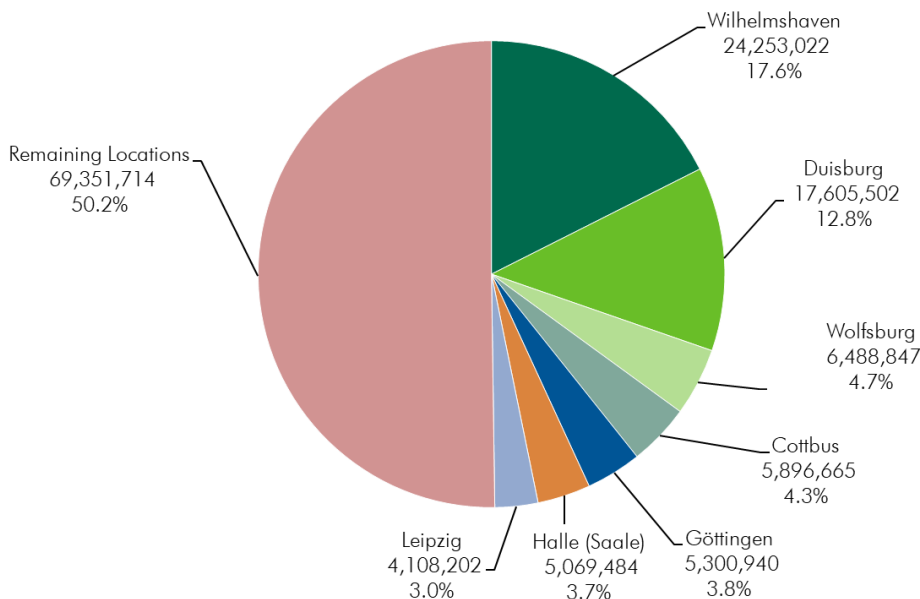
## 2.4 Total Lettable Area (sq m) by top 7 locations

The total lettable area of the portfolio amounts to 2,266,304 sq m. With 406,473 sq m the properties located in Wilhelmshaven have the largest proportion, accounting for 18.3% of the total portfolio area. Approximately 12.1% of the total area is located in Duisburg (268,499 sq m), 4.9% in Cottbus (108,773 sq m), 4.4% in Halle (Saale) (97,530 sq m), 3.9% in Wolfsburg (87,623 sq m), 3.4% in Göttingen (76,141 sq m) and 3.2% in Leipzig (70,843 sq m). These top seven locations account for around 50% of the total lettable area of the portfolio. Löbnitz has the smallest proportion (included in the remaining locations) with 0.002% (48 sq m).



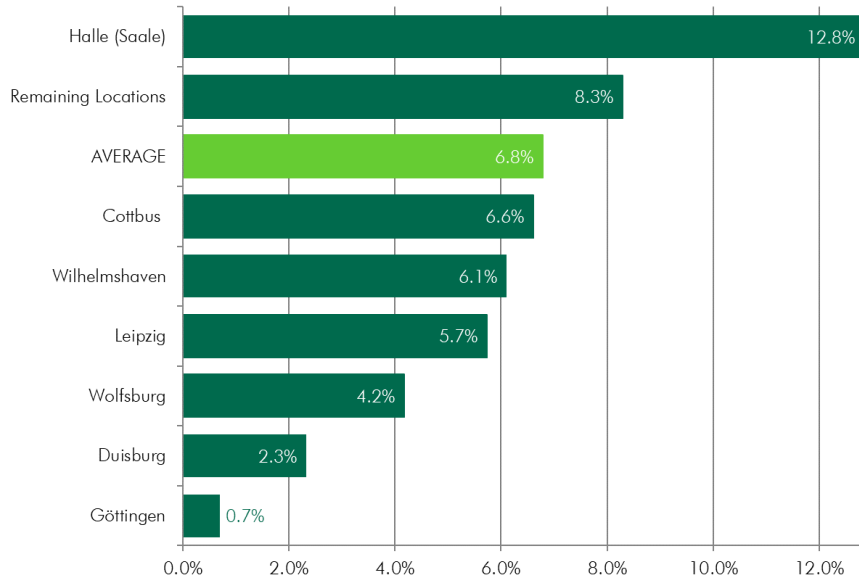
## 2.5 Current Gross Rental Income (EUR p.a.) by top 7 locations

The total current gross rental income of the portfolio amounts to 138,074,376 EUR. The properties located in Wilhelmshaven have the highest proportion of the current gross rental income (24,253,022 EUR). Duisburg is the location with the second largest proportion of the gross rental income (17,605,502 EUR), followed by Wolfsburg (6,488,847 EUR), Cottbus (5,896,665 EUR), Göttingen (5,300,940 EUR), Halle (Saale) (5,069,484 EUR) and Leipzig (4,108,202 EUR). These top seven locations account for approx. 50% of the total portfolio's Current Gross Rental Income. Löbnitz has the smallest proportion (included in the remaining locations) with 0.0% (0 EUR) as the property at this location is fully vacant.



## 2.6 Vacancy Rate by top 7 locations

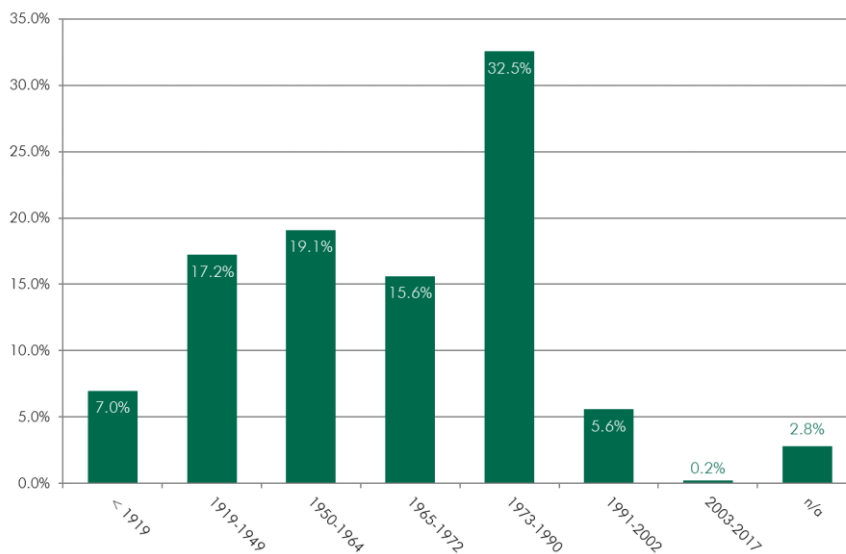
The average vacancy rate of the portfolio is 6.8%. The property located in Lößnitz (included in the remaining locations) has the highest average vacancy rate (100%). The properties located in Bad Tabarz, Bergisch Gladbach, Böhlen, Brühl, Burgdorf, Crimmitschau, Gevelsberg, Hartha, Heideanu, Holzminden, Jüterbog, Köln, Kyritz, Lilienthal, Lingen, Loxstedt, Meerane, Mittweida, Nuthetal, Oldenburg, Syke, Thum, Treuen, Varel and Verden are fully let. The properties located in Wilhelmshaven, the location with the highest proportion of Fair Value, have an average vacancy rate of 6.1%.



## 2.7 Lettable Area by Period of Construction

As shown below, the properties in the portfolio have a wide range of construction dates. Buildings with the date of construction between 1973-1990 (32.5% of the lettable area) have the largest proportion in the portfolio. Buildings with construction dates between 1950-1964 (19.1% of the lettable area) have the second largest and buildings with construction dates between 1919-1949 (17.2% of the lettable area) have the third largest proportion in the portfolio.

For 48 valuation units (2.8%), we have not been provided with information concerning the construction year by the Company.



### **3 EXPLANATION OF VALUATION**

#### **3.1 Inspections**

In accordance with the Company's instruction, the valuation of the assets has been carried out at an individual asset level. For the purpose of the inspections we amalgamated the assets into homogeneous clusters. The cluster criteria were location and situation, type of assets and date of construction.

For the inspections, a reference asset was selected from each cluster, on the basis of the desktop analysis and the information available.

During our inspections, we verified that each of the buildings of the valuation clusters were internally consistent and checked whether adjoining buildings had homogeneous characteristics that could enable them to be amalgamated.

Internal and external parking units and other rent-earning units such as antennas are part of a building unit, except if they are economically independent units.

At cluster level, we made an assessment of the situation ("micro location"), the quality level according to the local rental table, the condition of the buildings (asset score) and the typical condition of the apartments, as a basis of our allowances for regular maintenance and tenant improvement costs.

At asset level, the basis of valuation calculations, we took individual account of asset-specific parameters such as administration costs, structural vacancy, current rent, market rent, public subsidy (if any), ground leases (where appropriate) and relevant entries in section II of the land register.

In accordance with the instruction, no inspections took place for the current update valuation.

Initial valuation (date of valuation 30 June 2020):

Based on the framework agreement, dated 07 May 2020, CBRE inspects at least 1/3 of the properties per year, thereof 70% of the rental cash flow internally and 30% of the rental cash flow by external inspections.

As agreed with the Company, CBRE has so far inspected 300 properties. These were inspected between 10 June 2020 and 03 July 2020. The proportion of the inspected valuation units accounts to approx. 26% of the portfolio's total Fair Value and to approx. 25% of the portfolio's total lettable area.

CBRE had access to the subject properties in order to carry out the inspections. We have not carried out any building surveys. The properties have not been measured as part of CBRE's inspection nor have the services or other installations been tested. All of CBRE's conclusions resulting from the inspection are based purely on visual investigations without any assertion as to their completeness.

We would expressly draw your attention to the fact that, in the case of valuations where CBRE does not carry out an inspection, individual property and location characteristics are generally not assessed to the same degree as in the case of a full inspection. The assumptions concerning the factors which affect value - specifically the location, the site and the building quality i.e. the general condition - may, therefore, deviate from the actual characteristics and consequently result in a deviational Value.

Similarly, a plausibility check of the information which was made available to us (e.g. a floor schedule) will not be possible without carrying out an inspection.

#### **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 does not take 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 Valuation 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.

## **3.3 General Valuation Assumptions**

### **3.3.1 The Properties**

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 Properties possess 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 Properties are 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 impact 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:

Federal State	Land Transfer Tax Rate
Brandenburg	6.50%
Bremen	5.00%
Hesse	6.00%
Mecklenburg-Western Pomerania	6.00%
Lower-Saxony	5.00%
North Rhine-Westphalia	6.50%
Rhineland-Palatinate	5.00%
Saxony	3.50%
Saxony-Anhalt	5.00%
Schleswig-Holstein	6.50%
Thuringia	6.50%

### 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 253 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 9.75 EUR per sq m p.a. 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 between 10 EUR to 70 EUR per year per unit and for external parking spaces between 0 EUR to 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:

- 25 EUR per sq m on to 150 EUR per sq m for residential space (weighted average of 61 EUR per sq m)
- 30 EUR per sq m for retail space
- 60 EUR per sq m for office space
- 20 EUR per sq m for other commercial space

Average maintenance costs and costs for tenant improvement for residential area sum up to approximately 16.1 EUR per sq m p.a.

### **3.4.4 Non-recoverable Service Charges on vacant Space**

This refers to a 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 2.00 EUR per sq m per month has been adopted for vacant residential accommodation. For commercial units, a level of 1.00 EUR per sq m per month 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 6.8% (weighted by area). On re-letting of rental units currently occupied as well as for future vacant accommodation, a void period of one to three months for residential units (average of approximately 1.09 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 character of the commercial unit, the current rental situation and the local vacancy rate we have assumed an initial downtime until structural vacancy of six months for commercial space. For future vacant accommodation, a void period of six months for commercial units has been assumed.

The only exception are the following valuation units:

Valuation unit	Postal Code	City	Address
VU_2290.002	01156	Dresden	Dresdner Str. 41
VU_1010.060	04299	Leipzig	Schönbachstr. 85
VU_1008.070	01589	Riesa	Hauptstr. 11
VU_1010.038	30419	Hannover	Harzburger Str. 18, 20
VU_2220.005	26384	Wilhelmshaven	Gökerstr.
VU_2300.006	58095	Hagen	Kömerstr. 81-83
VU_1008.063	01587	Riesa	Goethestr. 87
VU_1008.066	01587	Riesa	Hauptstr. 84
VU_2220.002	26386	Wilhelmshaven	Freiligrathstr.
VU_4230.001	06114	Halle (Saale)	Paracelsusstr. 5, 5a
VU_2100.016	15232	Frankfurt (Oder)	Tunnelstr. 46
VU_2280.028	18057	Rostock	Parkstr. 59
VU_2200.001	09112	Chemnitz	Barbarossastr. 88
VU_1010.015	09113	Chemnitz	Blankenauer Str. 12
VU_1010.016	09119	Chemnitz	Chopinstr. 39
VU_2200.014	09125	Chemnitz	Annaberger Str. 359
VU_2200.011	09126	Chemnitz	Bernsdorfer Str. 82
VU_2140.072	09130	Chemnitz	Gießlerstr. 45
VU_1008.011	09131	Chemnitz	Emilienstr. 47, 49
VU_1008.012	09131	Chemnitz	Emilienstr. 63, 65
VU_2270.011	09131	Chemnitz	Franz-Wiesner-Str. 15
VU_2290.008	01109	Dresden	Königsbrücker Landstr. 55
VU_1008.019	01217	Dresden	Boderitzer Str. 79
VU_2100.151	01705	Freital	Dresdner Str. 18
VU_2140.076	09212	Limbach-Oberfrohna	Friedrichstr. 6
VU_2100.055	08412	Werdau	Ronneburger Str. 53
VU_1008.004	04600	Altenburg	Heinrich-Mann-Str. 2
VU_1008.022	99089	Erfurt	Fritz-Büchner-Str.17
VU_1008.033	07743	Jena	Hufelandweg 16
VU_1010.040	30916	Isernhagen	An der Rehe 31, 33 (odd)
VU_2300.036	40227	Düsseldorf	Josefstr. 25
VU_2170.043	47805	Krefeld	Viersener Str. 8-12 (even)

These valuation units contain commercial areas that are currently disused and not lettable according to the provided rent roll. Therefore, we have assumed no re-letting for those units.

### 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 31,981,861 EUR in this valuation.

### 3.4.7 Structural Vacancy

Currently, the average vacancy rate for residential area of the portfolio is 6.0% (weighted by area). 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. 2.55% with a range of 0.00% to 7.70% at asset level.

The only exceptions to this are 45 valuation units at locations such as Chemnitz, Aue, Frohburg and Zwickau. These valuation units contain residential space that is currently disused and not lettable according to the provided rent roll

and information given by the Company. Therefore, we assume a structural vacancy rate between 10.00% and 100.00%, depending on the total amount of residential space affected by this.

Taking these valuation units into account we are assuming that the weighted total average vacancy rate for residential area of the portfolio has the potential to decrease to a structural vacancy rate of approx. 2.74% with a range of 0.00% to 100.00% at asset level.

In addition to the structural vacancy rate for residential area we have calculated a turnover vacancy between one to three months which corresponds to 0.50% to 3.00% on asset level, with an average of approx. 0.95%.

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 assumed a remaining lease term of three years (30 September 2023).

### **3.4.8 Fluctuation Rate**

We have carried out an analysis of about 1,000,000 records on our database. As a result, we found that there are different fluctuation rates within Germany depending on local market conditions. Therefore, we have developed a table with different fluctuation rates (range between 6.0% - 12.0%) for all German cities and districts.

In this valuation we assumed fluctuation rates for residential area between 6.00% to 12.00% on valuation unit level, with an average of approx. 10.49%.

### **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 1.35% in year 1 and 1.90% in year 2. For the following years we have assumed an inflation rate of 2.00%.

Anticipated growth of the residential market rents has been explicitly reflected on a city/ district basis 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-Value AG)
- 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 and 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 assumptions.

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, and for commercial leases the remaining lease term, 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 Value AG 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 3.20% to 11.15% (weighted average of 5.03%) and an Exit Cap Rate of 1.70% to 10.15% (weighted average of 3.84%).

### 3.4.12 Market Rent

The market rents adopted for properties which are not governed by 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 Value AG (asking rents) and the local rental tables (*Mietspiegel*) for residential rents, if available.

Since 1 June 2015 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 30 June 2020).

In our valuation, for the determination of the market rent of properties located in cities where the brake on rents (*Mietpreisbremse*) has already been implemented we have adopted the below-explained approach.

1. The upper limit 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 subject property'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:  
$$(\text{Local Rental Table Average plus Local Rental Table Maximum}) / 2 + 10\%$$
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 limit 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 Right/ Ground Lease

With reference to the information provided by the Company, 109 valuation units are held on heritable building rights/ ground leases. The proportion of valuation units affected by this amounts to approx. 7% of the portfolio's total Fair Value.

The relevant valuation units, the ground rents and the individual expiry dates are shown in the table below.



Valuation unit	Address	Postal Code	City	Ground Rent	Expiration Date
				EUR p.a.	
VU_2400.002	Flämische Str. 4	28259	Bremen	45,360	2194-12-31
VU_2400.003	Oldeog 3,5; Robinsbalje 29, 31	28259	Bremen	50,748	2194-12-31
VU_2400.004	Bürgermeister-Smidt-Str. 220	27568	Bremerhaven	8,088	2194-12-31
VU_2400.006	Grashoffstr. 42	27570	Bremerhaven	8,107	2194-12-31
VU_2400.007	Schönianstr.14-36 (even); Kanalstr.6	27570	Bremerhaven	46,260	2194-12-31
VU_2400.008	Straßburger Platz 3-5 (odd); Friedrich-Ebert-Str. 81-85 (odd)	27570	Bremerhaven	26,796	2194-12-31
VU_1001.001	Auf der Bult 33 a-d; Kiebitzstr. 14-20 (even)	27574	Bremerhaven	11,416	2069-12-31
VU_2400.005	Carsten-Lücken-Str.133-141 (odd); Vieländer 262-266 (even)	27574	Bremerhaven	31,032	2194-12-31
VU_1016.017	Am Jödebrunnen 1, 3	38118	Braunschweig	0	2078-01-19
VU_2400.009	Holbeinstr. 4-10 (even)	27753	Delmenhorst	43,334	2194-12-31
VU_1019.001	Marktplatz 3-3b, 4-4f	26954	Nordenham	20,767	2096-12-02
VU_1019.002	Jahnstr. 18	26954	Nordenham	30,220	2096-12-02
VU_2260.021	Banter Weg 148; Goethestr. 16; Otto-Meentz-Str. 52; Pillauer Str. 17-23 (odd); Uhlandstr. 30-32 (even)	26382	Wilhelmshaven	1,370	2053-12-31
VU_2260.029	Zedeliusstr. 3	26384	Wilhelmshaven	110	2059-12-31
VU_2260.215	Zedeliusstr. 3-7a (odd)	26384	Wilhelmshaven	3,437	2059-12-31
VU_2260.032	Allmersstr. 30-36 (even)	26386	Wilhelmshaven	3,526	2059-12-31
VU_2260.012	Albrechtstr. 98; Weichselstr. 8-18 (even)	26388	Wilhelmshaven	790	2053-12-31
VU_2260.013	Albrechtstr. 89; Glettkauer Weg 9, 15; Plauenstr. 18-20, 22	26388	Wilhelmshaven	1,651	2053-12-31
VU_2260.015	Gnesener Str. 39; Weichselstr. 2-6 (even), 7-17 (odd)	26388	Wilhelmshaven	1,729	2053-12-31
VU_2260.019	Braunschweigstr. 6, 12; Ermlandstr. 4	26388	Wilhelmshaven	5,530	2053-12-31
VU_2260.024	Albrechtstr. 91; Neißestr. 15; Nogatstr. 11-21 (odd); Oderstr. 27, 30, 31; Soldauer Weg 4, 6, 10-14 (even)	26388	Wilhelmshaven	3,147	2053-12-31
VU_2260.027	Albrechtstr. 86, 88; Gnesener Str. 55-99 (odd); Helaweg 19, 22, 26	26388	Wilhelmshaven	3,258	2053-12-31
VU_2260.033	Gnesener Str. 21, 27; Helaweg 15; Weichselstr. 1, 3, 30-36 (even)	26388	Wilhelmshaven	2,230	2053-12-31
VU_2260.037	Albrechtstr. 76-84 (even); Braunschweigstr. 20, 22; Gnesener Str. 2, 9; Graudenzer Str. 3, 5; Helaweg 11, 16, 18; Oderstr. 12, 14; Salzastr. 58-62 (even)	26388	Wilhelmshaven	2,533	2053-12-31
VU_2260.038	Allensteinweg 5-11 (odd)	26388	Wilhelmshaven	383	2053-12-31
VU_2260.040	Helaweg 1b-7 (odd), 4, 6	26388	Wilhelmshaven	1,740	2053-12-31
VU_2260.042	Nakeler Str. 10-14 (even); Oderstr. 2a-b	26388	Wilhelmshaven	4,018	2053-12-31
VU_2260.046	Stuthofer Zeile 2, 2a; Tiegenhofer Zeile 1-2a	26388	Wilhelmshaven	998	2053-12-31
VU_2260.049	Nakeler Str. 8	26388	Wilhelmshaven	269	2053-12-31
VU_2260.059	Weichselstr. 50a-c	26388	Wilhelmshaven	176	2053-12-31
VU_2260.060	Weichselstr. 50c	26388	Wilhelmshaven	173	2053-12-31
VU_2260.069	Weichselstr. 50d	26388	Wilhelmshaven	577	2053-12-31
VU_2260.074	Gdingener Str. 19-23 (odd)	26388	Wilhelmshaven	4,266	2057-12-31
VU_2260.093	Neuteicher Str. 2	26388	Wilhelmshaven	134	2053-12-31
VU_2260.097	Soldauer Weg 2	26388	Wilhelmshaven	268	2053-12-31
VU_2260.140	Brahestr. 11, 19; Netzweg 1, 3,6, 10, 11, 13, 16, 24; Salzastr. 24-40 (even); Schwetzer Str. 8, 13; Soldauer Weg 11, 15; Thorner Str. 15, 19; Warthestr. 32	26388	Wilhelmshaven	5,898	2053-12-31
VU_2260.143	Warthestr. 15	26388	Wilhelmshaven	250	2053-12-31
VU_2260.144	Preußenstr. 17-39 (odd)	26388	Wilhelmshaven	3,712	2053-12-31
VU_2260.145	Bromberger Str. 40-44 (even)	26388	Wilhelmshaven	641	2053-12-31
VU_2260.146	Bromberger Str. 12-38 (even)	26388	Wilhelmshaven	3,016	2053-12-31
VU_2260.147	Braunschweigstr. 21-27 (odd)	26388	Wilhelmshaven	1,270	2053-12-31
VU_2260.148	Bromberger Str. 21-25 (odd)	26388	Wilhelmshaven	5,519	2053-12-31
VU_2260.149	Bromberger Str. 27-41 (odd)	26388	Wilhelmshaven	1,994	2053-12-31
VU_2260.150	Graudenzer Str. 8-12 (even); Warthestr. 2-8 (even)	26388	Wilhelmshaven	1,574	2053-12-31
VU_2260.151	Salzastr. 1-25 (odd), 2-8 (even)	26388	Wilhelmshaven	2,887	2053-12-31
VU_2260.152	Kulmer Str. 5, 8, 13, 18, 33, 35; Thorner Str. 8, 9, 11; Warthestr. 3	26388	Wilhelmshaven	1,338	2053-12-31
VU_2260.153	Salzastr. 27- 49 (odd); Thorner Str. 10; Warthestr. 11	26388	Wilhelmshaven	2,458	2053-12-31
VU_2260.154	Elbinger Str. 17-21 (odd)	26388	Wilhelmshaven	4,451	2053-12-31
VU_2260.155	Graudenzer Str. 14-34 (even)	26388	Wilhelmshaven	2,608	2053-12-31
VU_2260.156	Graudenzer Str. 7-35 (odd)	26388	Wilhelmshaven	3,255	2053-12-31
VU_2260.157	Preußenstr. 16-38 (even)	26388	Wilhelmshaven	2,853	2053-12-31
VU_2260.158	Bromberger Str. 4-8 (even); Lissaer Zeile 1-7 (odd), 9; Plauenstr. 6-16 (even); Preußenstr. 4-14 (even)	26388	Wilhelmshaven	6,744	2053-12-31

Valuation unit	Address	Postal Code	City	Ground Rent EUR p. a.	Expiration Date
VJ_2260.159	Plauenstr. 13-17 (odd)	26388	Wilhelmshaven	927	2053-12-31
VJ_2260.160	Hohensalzaer Weg 11, 15, 19	26388	Wilhelmshaven	1,059	2053-12-31
VJ_2260.161	Albrechtstr. 5, 18 35-37 (odd); Braunschweigstr. 15-19 (odd); Gnesener Str. 85, 113; Memeler Str. 26; Schwetzer Str. 5	26388	Wilhelmshaven	3,054	2053-12-31
VJ_2260.162	Albrechtstr. 51, 53, 60; Gnesener Str. 75; Memeler Str. 42	26388	Wilhelmshaven	2,974	2053-12-31
VJ_2260.163	Salzastr. 64, 66; Soldauer Weg 3	26388	Wilhelmshaven	383	2053-12-31
VJ_2260.164	Memeler Str. 46; Weichselstr. 52-58 (even)	26388	Wilhelmshaven	35	2053-12-31
VJ_2260.165	Salzastr. 70-880 (even), 75-83 (odd); Weichselstr. 46-50 (even)	26388	Wilhelmshaven	10,016	2053-12-31
VJ_2260.166	Oderstr. 7; Warthestr. 17	26388	Wilhelmshaven	132	2053-12-31
VJ_2260.167	Kulmer Str. 15; Weichselstr. 20-24 (even)	26388	Wilhelmshaven	98	2053-12-31
VJ_2260.170	Dirschauer Str. 2-12 (even)	26388	Wilhelmshaven	12,957	2053-12-31
VJ_2260.173	Oderstr. 33	26388	Wilhelmshaven	188	2053-12-31
VJ_2260.174	Olivaer Weg 4, 11, 19a, 21a	26388	Wilhelmshaven	332	2053-12-31
VJ_2260.175	Kniprodestr. 147-153 (odd)	26388	Wilhelmshaven	968	2053-12-31
VJ_2260.176	Olivaer Weg 29; Putziger Str. 15, 17	26388	Wilhelmshaven	469	2053-12-31
VJ_2260.177	Putziger Str. 5-13 (odd)	26388	Wilhelmshaven	579	2053-12-31
VJ_2260.178	Glettkauer Weg 6; Zoppoter Str. 3, 5, 17	26388	Wilhelmshaven	509	2053-12-31
VJ_2260.179	Weichselstr. 43-49 (odd)	26388	Wilhelmshaven	495	2053-12-31
VJ_2260.180	Zoppoter Str. 10, 20	26388	Wilhelmshaven	445	2053-12-31
VJ_2260.181	Putziger Str. 16-22 (even)	26388	Wilhelmshaven	2,689	2053-12-31
VJ_2260.182	Salzastr. 82-92 (even); Weichselstr. 35-41 (odd)	26388	Wilhelmshaven	1,970	2053-12-31
VJ_2260.183	Putziger Str. 8-14 (even); Zoppoter Str. 21, 23	26388	Wilhelmshaven	658	2053-12-31
VJ_2260.184	Preußenstr. 76-82 (even)	26388	Wilhelmshaven	798	2053-12-31
VJ_2260.185	Kniprodestr. 115-121 (odd), 139-143 (odd)	26388	Wilhelmshaven	722	2053-12-31
VJ_2260.186	Helaweg 27; Kniprodestr. 108-130 (even)	26388	Wilhelmshaven	2,034	2053-12-31
VJ_2260.187	Oderstr. 43, 58	26388	Wilhelmshaven	240	2053-12-31
VJ_2260.188	Weichselstr. 19-25 (odd)	26388	Wilhelmshaven	848	2053-12-31
VJ_2260.189	Kniprodestr. 134-146 (even)	26388	Wilhelmshaven	1,190	2053-12-31
VJ_2260.190	Salzastr. 85-97 (odd), Weichselstr. 27-33 (odd)	26388	Wilhelmshaven	2,369	2053-12-31
VJ_2260.191	Dirschauer Str. 41; Neißestr. 19-41; Preußenstr. 50a-70 (i	26388	Wilhelmshaven	4,078	2053-12-31
VJ_2260.192	Dirschauer Str. 21-33 (odd)	26388	Wilhelmshaven	12,345	2053-12-31
VJ_2260.193	Dirschauer Str. 32-40 (even); Preußenstr. 74	26388	Wilhelmshaven	1,299	2053-12-31
VJ_2260.194	Im Werder 2-22 (even); Preußenstr. 53-67 (odd) Im Werder 1-13 (odd); Neuteicher Str. 1-7 (odd); Tiegenhofer Zeile 1-5 (odd), 4-8 (even)	26388	Wilhelmshaven	5,384	2053-12-31
VJ_2260.195	Im Werder 1-13 (odd); Neuteicher Str. 1-7 (odd); Tiegenhofer Zeile 1-5 (odd), 4-8 (even)	26388	Wilhelmshaven	4,295	2053-12-31
VJ_2260.196	Stutthofer Zeile 1-13 (odd)	26388	Wilhelmshaven	2,023	2053-12-31
VJ_2260.197	Neuteicher Str. 4-10 (even)	26388	Wilhelmshaven	1,263	2053-12-31
VJ_2260.198	Im Werder 17-21 (odd); Stutthofer Zeile 4, 6	26388	Wilhelmshaven	1,335	2053-12-31
VJ_2260.206	Salzastr. 53	26388	Wilhelmshaven	706	2053-12-31
VJ_2260.211	Hohensalzaer Weg 16, 17	26388	Wilhelmshaven	310	2053-12-31
VJ_2260.212	Hohensalzaer Weg 8, 9, 10, 12, 13	26388	Wilhelmshaven	867	2053-12-31
VJ_2260.213	Neißestr. 8-18 (even)	26388	Wilhelmshaven	470	2053-12-31
VJ_2260.216	Marienwerder Str. 6-10 (even)	26388	Wilhelmshaven	6,069	2053-12-31
VJ_2260.217	Marienwerder Str. 7-15 (odd)	26388	Wilhelmshaven	8,820	2053-12-31
VJ_2260.220	Elbinger Str. 1-5 (odd)	26388	Wilhelmshaven	3,929	2053-12-31
VJ_2260.221	Elbinger Str. 7-15 (odd)	26388	Wilhelmshaven	4,837	2053-12-31
VJ_2260.222	Bromberger Str. 1-9 (odd); Hohensalzaer Weg 3-6; Plauenstr. 7-11 (odd)	26388	Wilhelmshaven	15,321	2053-12-31
VJ_2260.228	Dirschauer Str. 1-7 (odd)	26388	Wilhelmshaven	642	2053-12-31
VJ_2260.229	Dirschauer Str. 28, 30	26388	Wilhelmshaven	1,646	2053-12-31
VJ_2260.237	Bromberger Str. 11-19 (odd)	26388	Wilhelmshaven	5,197	2053-12-31
VJ_2260.238	Neißestr. 2, 4	26388	Wilhelmshaven	2,486	2053-12-31
VJ_2260.240	Preußenstr. 3-13 (odd)	26388	Wilhelmshaven	9,930	2053-12-31
VJ_2260.241	Neißestr. 20-36 (even)	26388	Wilhelmshaven	4,987	2053-12-31
VJ_2260.242	Braunschweigstr. 29-35 (odd)	26388	Wilhelmshaven	2,057	2053-12-31
VJ_2260.243	Neißestr. 3-13 (odd)	26388	Wilhelmshaven	994	2053-12-31
VJ_2260.249	Albrechtstr. 106, 120-123 (odd); Kniprodestr. 84-88 (even), 87, 91; Steeger Zeile 11	26388	Wilhelmshaven	1,015	2053-12-31
VJ_2260.016	Pillauer Str. 1-17a; Tilsiter Str. 29-35 (odd)	26389	Wilhelmshaven	10,002	2053-12-31
VJ_1015.003	Plauener Str. 2, 4; Hallische Str. 18, 18a, 18b	38444	Wolfsburg	21,220	2080-12-31
VJ_2410.009	Rhönstr. 7-17 (odd)	42579	Heiligenhaus	86,736	2205-03-29

Thereof, 20 of the 109 valuation units which are held on heritable building rights/ ground leases are divided into condominiums according to the German Condominium Act (“WEG”).

In addition, there are further valuation units, which are subject to heritable building rights/ ground leases: VU\_2040.039, VU\_2040.040, VU\_2040.041, VU\_2040.042, VU\_2040.043, VU\_2040.044, VU\_2040.045, VU\_2040.046. In these cases, the property owner and the person entitled to the heritable building rights/ ground leases, are the same person.

### 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 1,275 valuation units are completely or partly under public rent control.

The proportion of valuation units affected by this amounts to approx. 3% of the portfolio’s total Fair Value.

The subsidised valuation units including their expiry dates are shown in the following table:

Valuation unit	Postal Code	City	Address	Expiration Date
VU_1009.015	16866	Kyritz	Str. der Jugend 32	2024-12-31
VU_1009.016	16866	Kyritz	Str. der Jugend 34, 36	2024-12-31
VU_1016.017	38118	Braunschweig	Am Jödebrunnen 1, 3	2022-08-29
VU_1016.016	30173	Hannover	Hildesheimer Str. 141-145b	2020-10-28
VU_1016.015	30539	Hannover	Brockfeld 20-28 (even); Weistfeld 15-25 (odd); Ellernbuschfeld 32-40 (even)	2023-05-12
VU_1019.001	26954	Nordenham	Marktplatz 3-3b, 4-4f	2070-09-30
VU_1019.002	26954	Nordenham	Jahnstr. 18	2047-09-30
VU_2260.074	26388	Wilhelmshaven	Gdingener Str. 19-23 (odd)	2045-06-30
VU_2040.061	47226	Duisburg	Werthausen Str. 123-137 (odd)	2022-12-31
VU_2040.062	47226	Duisburg	Hochfelder Str. 72-74 (even)	2022-12-31
VU_2040.063	47226	Duisburg	Gerhart-Hauptmann-Str. 2-6 (even)	2022-12-31
VU_2040.059	47229	Duisburg	Joseph-Haydn-Str. 1, 3, 8, 10, 12; Lindenallee 13; Glückstr. 4-6	2022-12-31
VU_2040.060	47229	Duisburg	Behringstr. 33-37 (odd); Joseph-Haydn-Str. 2-6 (even); Lindenallee 11	2022-12-31
VU_1016.012	37081	Göttingen	Fröbelweg 1-9 (odd); Pestalozziweg 2-16 (even), 7-13 (odd); St.-Heinrich-Str. 37	2022-08-29

### 3.4.15 Listed Buildings

Based on the information provided by the Company, 123 of the 1,275 valuation units are completely or partly listed as ancient monuments. For listed monuments, we assumed an increase of ongoing maintenance costs of 10%.

Valuation unit	Postal Code	City	Address
VU_1018.001	14770	Brandenburg	Kreyszigstr. 6a,6b
VU_1018.003	14776	Brandenburg	Neustädtische Heidestr. 38-42
VU_1018.004	14776	Brandenburg	Neustädtische Heidestr. 47-49
VU_1018.005	14776	Brandenburg	Neustädtische Heidestr. 44-46
VU_2280.004	18055	Rostock	Herweghstr. 18
VU_2280.013	18055	Rostock	Oberhalb des Gerberbruches 3
VU_2280.015	18055	Rostock	St.-Georg-Str. 100
VU_2280.010	18057	Rostock	Budapester Str. 57
VU_2100.165	01917	Kamenz	Zwingerstr. 16
VU_2290.028	09111	Chemnitz	Str. der Nationen 110
VU_1008.006	09112	Chemnitz	Ulmenstr. 29
VU_1008.007	09112	Chemnitz	Georg-Landgraf-Str. 25
VU_2200.001	09112	Chemnitz	Barbarossastr. 88
VU_2200.006	09112	Chemnitz	Franz-Mehring-Str. 44a, 46a, 48
VU_2270.020	09112	Chemnitz	Leonhardtstr. 3
VU_2290.024	09112	Chemnitz	Agricolastr. 6
VU_2200.008	09113	Chemnitz	Müllerstr. 10
VU_1008.008	09116	Chemnitz	Kochstr. 23
VU_2290.027	09120	Chemnitz	Annaberger Str. 107
VU_2290.029	09120	Chemnitz	Solbrigstr. 15
VU_2200.010	09126	Chemnitz	Reinecker Str. 64
VU_2200.011	09126	Chemnitz	Bernsdorfer Str. 82
VU_1008.013	09131	Chemnitz	Frankenberger Str. 218
VU_1008.014	09131	Chemnitz	Hilbersdorfer Str. 70
VU_1010.019	09131	Chemnitz	Frankenberger Str. 92
VU_2200.005	09131	Chemnitz	Frankenberger Str. 80, 82, 82a
VU_2200.012	09131	Chemnitz	Zeißstr. 7
VU_2290.008	01109	Dresden	Königsbrücker Landstr. 55
VU_1010.027	01129	Dresden	Trachenberger Str. 53
VU_1008.018	01139	Dresden	Tichatscheckstr. 42
VU_2290.001	01156	Dresden	Dresdner Str. 39
VU_2290.002	01156	Dresden	Dresdner Str. 41
VU_1007.032	01157	Dresden	Steinbacher Str. 13-19b (odd)
VU_1007.033	01157	Dresden	Hebbelplatz 1-5
VU_2050.007	01159	Dresden	Gambrinusstr. 7
VU_2270.002	08280	Aue	Gabelsberger Str. 42
VU_1010.051	04129	Leipzig	Salzmannstr. 19
VU_1010.056	04178	Leipzig	Leipziger Str. 67
VU_1010.058	04179	Leipzig	Lütznert Str. 188
VU_1008.046	04229	Leipzig	Erich-Zeigner-Allee 65
VU_1008.052	04315	Leipzig	Elsastr. 14, 16
VU_1008.053	04317	Leipzig	Volckmarstr. 7
VU_2150.121	04827	Machern	Schloßplatz 2a
VU_2150.122	04827	Machern	Schloßplatz 2b
VU_1008.059	04420	Markranstädt	Karlstr. 5,7
VU_1008.060	04683	Naunhof	Am Schloß 1-14
VU_1010.097	04808	Wurzen	Kantstr. 32

Valuation unit	Postal Code	City	Address
VU_2150.133	04808	Wurzen	Badergraben 4
VU_2150.136	04808	Wurzen	Walther-Rathenau-Str. 9
VU_2150.139	04808	Wurzen	Freiligrathstr. 2
VU_2050.017	01662	Meißen	Cöllner Str.8; Kurt-Hein-Str. 28
VU_2050.019	01662	Meißen	Gartenstr. 10, 12
VU_2050.020	01662	Meißen	Gartenstr. 13, 15
VU_2050.021	01662	Meißen	Gartenstr. 14, 16
VU_2050.024	01662	Meißen	Gustav-Graf-Str. 20-26 (even)
VU_2050.025	01662	Meißen	Gustav-Graf-Str. 28- 32 (even)
VU_1008.063	01587	Riesa	Goethestr. 87
VU_1008.064	01587	Riesa	Friedrich-Engels-Str. 50
VU_1008.068	01589	Riesa	Friedrich-Engels-Str. 46a
VU_1008.071	01589	Riesa	Großhainer Str. 41
VU_1008.016	04720	Döbeln	Grimmaische Str. 20
VU_1008.017	04720	Döbeln	Oststr. 2
VU_1010.024	04720	Döbeln	Leisniger Str. 2
VU_2290.020	09599	Freiberg	Schönlebestr. 42
VU_2290.035	09599	Freiberg	Schönlebestr. 10
VU_2290.036	09599	Freiberg	Schönlebestr. 40
VU_1008.031	09661	Hainichen	Markt 11
VU_1008.032	09661	Hainichen	Markt 15
VU_2190.006	09648	Mittweida	Tzschirnerplatz 11
VU_2140.087	01796	Pirna	Liebstädter Str. 33
VU_1010.074	08606	Oelsnitz	Walther-Rathenau-Str. 35
VU_2100.042	08523	Plauen	Freiheitsstr. 14
VU_2270.017	08523	Plauen	Moritzstr. 55
VU_2160.001	08118	Hartenstein	Marktplatz 13, 14
VU_2270.036	08056	Zwickau	Schumannstr. 7
VU_1008.081	08058	Zwickau	Heinrich-Heine-Str. 27
VU_2100.084	06628	Bad Kösen	Parkstr. 14
VU_2150.235	06484	Quedlinburg	Zwergkuhle 2
VU_2140.059	39112	Magdeburg	Amsdorfstr. 2
VU_1008.001	04600	Altenburg	Wallstr. 10,11
VU_1008.002	04600	Altenburg	Gabelentzstr. 2a
VU_1008.003	04600	Altenburg	Markt 31
VU_1008.004	04600	Altenburg	Heinrich-Mann-Str. 2
VU_2140.067	04600	Altenburg	Fabrikstr. 1
VU_2140.068	04600	Altenburg	Neue Sorge 45
VU_1008.037	07743	Jena	Sophienstr. 48
VU_1010.073	99734	Nordhausen	Altendorf 51-53 (odd); Rosengasse 16-21
VU_2260.025	26382	Wilhelmshaven	Oldeogestr. 27a; Schillerstr. 5
VU_2260.090	26382	Wilhelmshaven	Lessingstr. 2, 2a
VU_1001.008	26384	Wilhelmshaven	Am Kirchhof 1, 2, 4, 5, 6, 8; Athenstr. 15-23 (odd), 22-32 (even); Heppenser Str. 30-46 (even)
VU_2180.019	44145	Dortmund	Oestermärsch 83
VU_2040.008	47226	Duisburg	Atroper Str. 56, 58; Erzstr. 1-5 (odd); Industriestr. 42, 44; Schwarzenberger Str. 4
VU_2040.009	47226	Duisburg	Werthausen Str. 48-68 (even)
VU_2040.010	47226	Duisburg	Werthausen Str. 72, 74

Valuation unit	Postal Code	City	Address
VU_2040.011	47226	Duisburg	Werthausen Str. 76-90 (even)
VU_2040.012	47226	Duisburg	Werthausen Str. 110, 114
VU_2040.013	47226	Duisburg	Werthausen Str. 95-113 (odd)
VU_2040.015	47226	Duisburg	Gillhausenstr. 10, 12; Kreuzstr. 20-26 (even)
VU_2040.017	47226	Duisburg	Margarethenstr. 21-25 (odd); Andreasstr. 33
VU_2040.018	47226	Duisburg	Atroper Str. 39-43 (odd); Magarethenstr. 2, 4; Barbarastr. 1
VU_2040.019	47226	Duisburg	Atroper Str. 45
VU_2040.020	47226	Duisburg	Schwarzenberger Str. 1, 3; Atroper Str. 60-64 (even)
VU_2040.021	47226	Duisburg	Atroper Str. 74-76 (even); Industriestr. 1
VU_2040.022	47226	Duisburg	Friedrich-Alfred-Str. 107, 109; Eisenstr. 28, 30
VU_2040.027	47226	Duisburg	Gillhausenstr. 10
VU_2040.028	47226	Duisburg	Erzstr. 1-3
VU_2040.053	47226	Duisburg	Gudrunstr. 1-7; Hochfelder Str. 3
VU_2040.066	47226	Duisburg	Friedrich-Alfred-Str. 108-116 (even)
VU_2040.067	47226	Duisburg	Brückenstr. 1-23 (odd); Margarethenstr. 27-37 (odd)
VU_2040.068	47226	Duisburg	Gillhausenstr. 14-44 (even); Kreuzstr. 37, 39
VU_2040.069	47226	Duisburg	Gillhausenstr. 9-35 (odd); Kreuzstr. 33, 35
VU_2040.070	47226	Duisburg	Margarethenstr. 52-64 (even)
VU_2040.071	47226	Duisburg	Margarethenstr. 48-50 (even)
VU_2040.072	47226	Duisburg	Hochfelder Str. 13-19 (odd); Rosastr. 15-27 (odd)
VU_2040.073	47226	Duisburg	Atroper Str. 47-57 (odd); Hochfelder Str. 1
VU_2040.074	47226	Duisburg	Werthausen Str. 114-116; Hochfelder Str. 45-61 (odd)
VU_2040.075	47226	Duisburg	Schwarzenbergerstr. 38, 40
VU_2040.076	47226	Duisburg	Friedrich-Alfred-Str. 167-171 (odd)
VU_2040.080	47226	Duisburg	Friedrich-Alfred-Str. 108-116
VU_2040.081	47226	Duisburg	Kreuzstr. 26
VU_2040.085	47226	Duisburg	Hochfelder Str.; Werthausen Str.; Erzstr.; Industriestr.
VU_2040.029	40597	Düsseldorf	Benrodestr. 54
VU_2120.147	58455	Witten	Herbeder Str. 22

### 3.4.16 Land Register Section II

For the majority of the valuation units we have not been provided with extracts from the land register. However, we have received an overview with brief information concerning entries in section II of the land registers. With reference to this information, there are several encumbrances or easements entered in section II. Most entries are common agreements in terms of infrastructure provision for the properties or adjacent properties.

If in the following not otherwise stated and 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.

For valuation units which we have not been provided with information from the land registers we have assumed that there are no entries in section II of the land registers that impair the value for the purposes of our valuation.

Notable exceptions that need further consideration and explanation are shown below:

#### **Right of residence**

There are four entries in section II of the land registers listing limited personal easements that specify a right of residence.

Within our valuation we have reviewed the respective land registers and the rent roll. The affected units are shown with a monthly rent. We have therefore assumed that the profitability of these units is still guaranteed. Additionally,



under consideration of the entry dates, the birth dates of the beneficiaries and in consultation with the Company, we assume that these easements do not have an impact on the Fair Value.

Valuation unit	Address	Postal Code	City
VU_2100.133	Am Harteberg 17	01737	Kurort Hartha
VU_2100.114	Ritterstr. 1	04860	Torgau
VU_2200.011	Bernsdorfer Str. 82	09126	Chemnitz
VU_2280.022	Landreiterstr. 5	18147	Rostock

### **Land charge**

In section II of the land registers there are entries with respect to land charges for a total of ten valuation units. The land charges refer to tree care and fence building services, or to the delivery of heating energy.

For our valuation we have not been provided with the registration permits on which the land charges are based. Furthermore, no information on potential fees was available.

We have therefore adopted normal management and maintenance costs for the existing uses. We assume that no additional payment obligations exist that have an impact on the Fair Value.

Valuation unit	Postal Code	City	Address
VU_2090.028	37412	Herzberg	Lonauer Str. 4
VU_2220.007	26419	Schortens	Menkestr.
VU_2260.048	26384	Wilhelmshaven	Ölhafendamm 16-30 (even)
VU_2260.051	26389	Wilhelmshaven	Am Wiesenhof 1, 6; Marschhof 19; Weidenstr. 3-73
VU_2260.120	26389	Wilhelmshaven	Europaring 45,47; Straßburger Allee 2, 4
VU_2260.130	26389	Wilhelmshaven	Straßburger Allee 27
VU_1017.020	49809	Lingen	Von-Tresckow-Str. 2-8 (even)
VU_1017.035	26603	Aurich	Popenser Straße 53; Von-Bodelschwingh-Straße 1-5 (odd)
VU_1016.001	30952	Ronnenberg	Berliner Str. 17-21
VU_1010.043	26789	Leer	An der Emsbrücke 1-9, 11,1 2-34 (even); Noortmer Chaussee 2-8 (even)

### **Tolerance of emission damage**

According to section II of the land register the following valuation unit is subject to an encumbrance that requires the tolerance of the emission damage caused by the nearby rail operations.

Within our valuation, the discount rate reflects a risk premium due to the increased emission concentration.

Valuation unit	Postal Code	City	Address
VU_2220.007	26419	Schortens	Menkestr.

### **Annual recognition fee**

According to section II of the land register, the property owner of the property shown below has to pay an annual recognition fee of three Reichsmark to the city of Rostock for the use of the front garden.

With respect to the entry date and the small amount, for the purposes of our valuation we are of the opinion that the liability is covered by the normal management and maintenance costs adopted for the existing use.

Valuation unit	Postal Code	City	Address
VU_2280.028	18057	Rostock	Parkstr. 59

### **Annual compensation fee**

According to section II of the land register, the property owner of the property shown below has to pay an annual compensation fee of one Reichsmark to the Reichsmessestadt Leipzig.

With respect to the entry date and the small amount, for the purposes of our valuation we are of the opinion that the liability is covered by the normal management and maintenance costs adopted for the existing use.

Valuation unit	Postal Code	City	Address
VU_1008.052	04315	Leipzig	Elsastr. 14, 16

### **3.4.17 Public Land Charges**

We have not been provided with extracts from the public land register by the Company.

However, for some valuation units, we have received brief information concerning potential public land charges. In these cases, the entries are common agreements.

For valuation units which we have not received further information concerning potential public land charges and all other valuation units 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.

### **3.4.18 Other influences**

#### **Potential for additional floor space / Modernization costs**

According to the information provided by the Company 2 of the 1,275 valuation units have potential for additional floor space. In addition to the costs of an attic extension, the costs also include modernization costs for the existing buildings. The resulting influence on value for additional floor space amounts to EUR -73,314,252 and was considered as "Other influences" in the valuation.

Valuation Unit	Postal Code	City	Address	Type	Influence on value in EUR
VU_1015.001	38448	Wolfsburg	An der Kochsbreite 2, 4, 10, 12; Hermann-Löns-Str. 1-47 (odd); Lüneburger Ring 1-21; Zum Heidgarten 2-40 (even); Wilhelm-Busch-Str. 1, 2, 3, 4, 6	Extension of the attic floor	-34,809,272
VU_1015.002	38448	Wolfsburg	Bromer Str. 1-12; Lüneburger Ring 22-25; Mühlenweg 10-14 (even); Potsdamer Weg 7-19 (odd); Seltiner Str. 2-12 (even); Thorner Weg 1-25 (odd); Über dem Wechsel 3-11, 14-20 (even)	Extension of the attic floor	-38,504,980

#### **Refurbishment costs of residential space**

According to the rent roll provided some rental units require refurbishment costs between 3,000 EUR and more than 25,000 EUR per unit, depending on the current condition. Besides our assumed tenant improvements, we have therefore considered additional refurbishment costs between 2,500 EUR and 17,500 EUR per unit within our valuation for the valuation units concerned. The resulting costs, amount to 4,170,000 EUR and were deducted in the valuation as "Other influences".

#### **Rent reductions/ exemption from rent**

According to the rent roll provided, some tenants are entitled to receive rent reductions and/or are exempt from paying rent. We have assumed that the rent reduction and/or the exemption from rent lasts for three months.

The resulting reduction amounts to 282,794 EUR and was deducted in the valuation as "Other influences".



**Modernization costs / loss of rent**

According to the information given by the Company for the valuation unit VU\_2100.155 six existing commercial units are currently being converted into residential units.

For our valuation we have assumed full letting. In order to take into account the initial rental situation, we have assumed a loss of rent of six months and the remaining modernization costs in our valuation. We therefore consider total costs of approx. 252,000 EUR which were deducted as “Other influences”.

#### 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-by-asset basis, as at 30 September 2020 and held as at that date, is:

**2,506,371,700 EUR**

**(two billion five hundred six million three hundred seventy-one thousand seven hundred Euros)**

The unrounded net capital value is 2,506,565,390 EUR. The unrounded gross capital value is 2,710,500,687 EUR including 203,935,297 EUR purchaser's costs (8.1 %).

The assessment of the Fair Value was carried on asset-by-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.

The properties are all freehold-equivalent, with the exception of 109 valuation units held on heritable building rights/ground leases, which account for a total Fair Value of 169,120,900 EUR.

There are no negative values to report.

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, 30 September 2020.

The following table shows aggregated key asset data for the portfolio:

Fair Value	2,506,371,700 EUR
Total lettable area:	2,226,304 sq m
Average Fair Value per sq m lettable area:	1,126 EUR
Current annual rental income (gross):	138,074,376 EUR
Potential annual rental income (gross):	148,184,879 EUR
Annual market rent (gross):	163,164,827 EUR
Multiplier (based on current rent):	18.2 times
Multiplier (based on potential rent):	16.9 times
Multiplier (based on market rent):	15.4 times
Net initial yield (based on current rent):	3.79%
Net initial yield (based on potential rent):	4.29%
Net initial yield (based on market rent):	4.84%

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 30 September 2020

### **Residential units**

Residential units - number of residential premises excluding internal and external parking units and other units; as at 30 September 2020

### **Commercial units**

Commercial units - number of commercial and special premises; excluding internal and external parking units and other units; as at 30 September 2020

### **Internal/ External Parking units (Parking lots)**

Internal/ External Parking units - number of internal and external parking spaces; as at 30 September 2020

### **Other units**

Other units – e.g. number of antennas; as at 30 September 2020

### **Current annual rental income (gross):**

The current gross rental income represents the rent payable for the units let on contractual agreements as at 30 September 2020, 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 30 September 2020, multiplied by 12.

### **Annual market rent (gross):**

The (monthly) market rent of all units as at 30 September 2020 (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”) 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 (2020) (“Red Book”) of the Royal Institution of Chartered Surveyors, that relates to the placement of fixed rate notes by ADO Properties S.A. (renamed to ADLER Group S.A.; the “Company”) and the listing of such notes on the Euro MTF Segment of the Luxembourg Stock Exchange.

The Valuation Report covers a total of 593 valuation units as at 30 June 2020. The majority of the 593 valuation units in the portfolio are residential buildings with less than 20% commercial use (479 properties). The remainder comprise mixed-use buildings with more than 20% and up to 80% commercial use (41 properties), commercial buildings with less than 20% residential area (5 properties), 66 parking units, 1 miscellaneous unit and 1 co-living apartment complex. In total, the portfolio consists of 11,070 residential units (of which 775 are under public rent control), 267 commercial units, 2,524 parking lots and 118 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 701,462 sq m. The area is split into 669,305 sq m residential area and 32,157 sq m commercial area.

**Date of Valuation:** 30 June 2020

**Date of Valuation Report:** 11 January 2021

**Valuer:**

**CBRE**

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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**

### **Material valuation uncertainty due to Novel Coronavirus (COVID 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied – in varying degrees – to reflect further ‘waves’ of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

### **Berlin Rental Freeze**

The Berlin Rental Freeze Law – even though to a lesser extent – also falls under the Market Instability paragraph. As for the date of valuation, the endurance of it is totally unclear. As published at 6 May 2020, 284 members of the federal parliament, from the political parties CDU/CSU and FDP, have passed in constitutional complaints in front of the Federal Constitutional Court in Karlsruhe (“Bundesverfassungsgericht”) to carry out a check of compatibility of this rental freeze act with constitutional law. Like trade associations, they believe that the new law is a too serious encroachment on the fundamental right of private property and assume that the federal government, not the states, is responsible for rental policy.

Until there is no final legal decision, there is some material 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.

Please see Chapter “Market Rent” in the valuation assumptions for more details on the Berlin Rental Freeze.

## 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-by-asset basis, as at 30 June 2020 and held as at that date, is:

**1,155,361,900 EUR**

**(one billion, one-hundred and fifty-five million, three-hundred and sixty-one thousand, nine-hundred Euros)**

The unrounded net capital value is 1,155,459,917 EUR. The unrounded gross capital value is 1,247,228,620 EUR including 91,768,703 EUR purchaser's costs (7.9%).

The assessment of the Fair Value was carried on asset-by-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.

The properties are all freehold-equivalent, with the exception of 17 valuation units held on heritable building rights/ground leases, which account for a total Fair Value of 28,700,100 EUR.

There are no negative values to report.

For this subportfolio, 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, 30 June 2020.

The following table shows aggregated key asset data for the portfolio:

Fair Value	1,155,361,900 EUR
Total lettable area:	701,462 sq m
Average Fair Value per sq m lettable area:	1,647 EUR
Current annual rental income (gross):	44,271,040 EUR
Potential annual rental income (gross):	54,789,724 EUR
Annual market rent (gross):	56,974,383 EUR
Multiplier (based on current rent):	26.1 times
Multiplier (based on potential rent):	21.1 times
Multiplier (based on market rent):	20.3 times
Net initial yield (based on current rent):	2.58%
Net initial yield (based on potential rent):	3.59%
Net initial yield (based on market rent):	3.77%

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 Instruction**

CBRE has been appointed to undertake a Fair Value valuation of this subportfolio of the Company's assets (portfolio ADLER and Westgrund) held as at 30 September 2020 and to prepare a valuation report.

In accordance with the client's instruction we have not carried out any re-valuation as at 30 September 2020 for

- the stock located in Berlin as between Q2 and Q3 2020 we do not observe any material change in the pricing for multi-family houses on the transaction market;
- the portfolios "East" and "West", "Borna" and "Osterholz-Scharmbeck" as they are in the process to be sold.

Therefore, this valuation report covers only the assets, which were due to the above-mentioned reasons not revalued as at 30 September 2020 and hence last valued as at 30 June 2020.

The valuation is based on the information provided as at valuation date 30 June 2020.

### **1.2 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 the Company 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 (Prospectus Regulation) 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 as now applicable to the Prospectus Regulation.

### **1.3 Addressees**

The present Valuation Report is addressed to:

- ADLER Real Estate AG, Joachimsthaler Straße 34, 10719 Berlin, Germany;
- J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany;
- Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60323 Frankfurt am Main, Federal Republic of Germany;
- Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, DO2RF29, Ireland;

### **1.4 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 Company 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.

### **1.5 Date of Valuation**

The valuation date is 30 June 2020.

### **1.6 Subject Assets**

In accordance with the valuation instructions, the subject of the valuation is ADLER's assets (only the stock located in Berlin and the portfolios "East" and "West", "Borna" and "Osterholz-Scharmbeck") held as at 30 June 2020. These assets comprises a total of 593 valuation units. The majority of the 593 valuation units in the portfolio are residential buildings with less than 20% commercial use (479 properties). The remainder comprises mixed-use buildings with



more than 20% and up to 80% commercial use (41 properties), commercial buildings with less than 20% residential area (5 properties), 66 parking units, 1 miscellaneous unit and 1 co-living apartment complex. In total, the portfolio consists of 11,070 residential units (of which 775 are under public rent control), 267 commercial units, 2,524 parking lots and 118 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 701,462 sq m. The area is split into 669,305 sq m residential area and 32,157 sq m commercial area.

## **1.7 Tenure**

### **1.7.1 Freehold**

576 of the 593 valuation units are freehold-equivalent (*Eigentum*) (full- or part ownership).

28 of the 593 valuation units are divided into condominiums in accordance with the German Condominium Act ("*Wohneigentumsgesetz - WEG*").

### **1.7.2 Heritable Building Right/ Ground Lease (*Erbbaurecht*)**

According to the land register extracts provided by the Company, 17 of the 593 valuation units are held on heritable building rights/ ground leases.

## **1.8 Compliance with Valuation Standards**

This valuation has been prepared in accordance with the RICS Valuation – Global Standards 2020 ("Red Book") - (effective from 31 January 2020), 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 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.

## **1.9 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 RICS Valuation Global Standards (2020) 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".*

### **1.10 Currency**

The currency used in the Valuation Report is Euro (EUR).

### **1.11 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 valuation report. We have assumed that the information and documentation had unrestricted validity and relevance as at the date of valuation.

### **1.12 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.

### **1.13 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.

### **1.14 Environmental Contamination**

If no information to the contrary has been brought to our attention, we have assumed that the subject properties are not contaminated and that no contaminative or potentially contaminative use is, or has ever been, carried out at the properties. If no information to the contrary has been brought to our attention, we are not aware of any environmental audit or other environmental investigations or soil surveys which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination.

As we had not been specifically instructed, 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.

Should it, however, be subsequently established that such contamination exists at the properties or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental impact on the value reported.

We have not been provided with extracts from the register of contaminated sites by the Company. However, for some valuation units, we have received brief information concerning potentially contaminated sites. Based on the information provided by the Company there is currently no indication that the 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 impact 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 impact on value and that the information provided by the Company 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 valuation units for which we have not received further information concerning potentially contaminated sites 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.

### **1.15 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.

### **1.16 Taxes, Contributions, Charges**

We have assumed that all public taxes, contributions, charges etc. which could have an impact on value will have been levied and paid as at the date of valuation.

### **1.17 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.

### **1.18 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 impact on our valuations.

### **1.19 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.

### **1.20 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.

### **1.21 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.

### **1.22 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.

### **1.23 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.

### **1.24 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.

### **1.25 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.

### **1.26 Place of Performance and Jurisdiction**

German law applies. The place of performance and jurisdiction is Frankfurt am Main.

## 2 Asset Holdings

The geographical allocation of the valuation units, as the proportional distribution of the lettable area, rental income and reported values by top seven locations (by current gross rental income) are shown in the following parts.

### 2.1 Geographic Allocation

The valuation units are spread across the federal states Baden-Wurttemberg, Berlin, Lower Saxony, North Rhine-Westphalia, Rhineland-Palatinate, Saxony, Saxony-Anhalt and Thuringia.

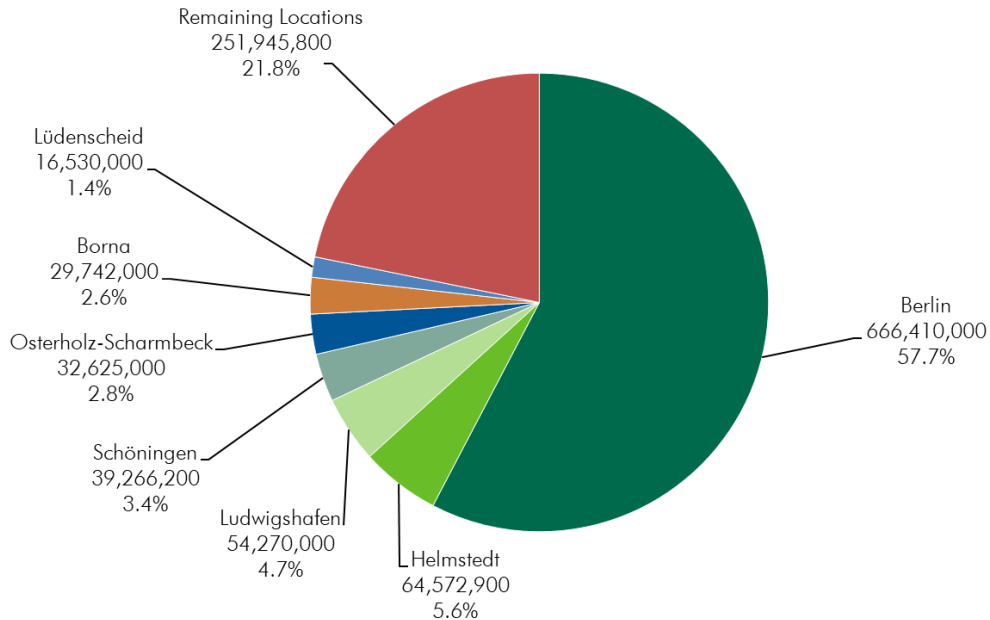
The following map shows the allocation of the 593 valuation units.



Source: GeoBasis-DE / BGK 2020, OpenStreetMap contributors

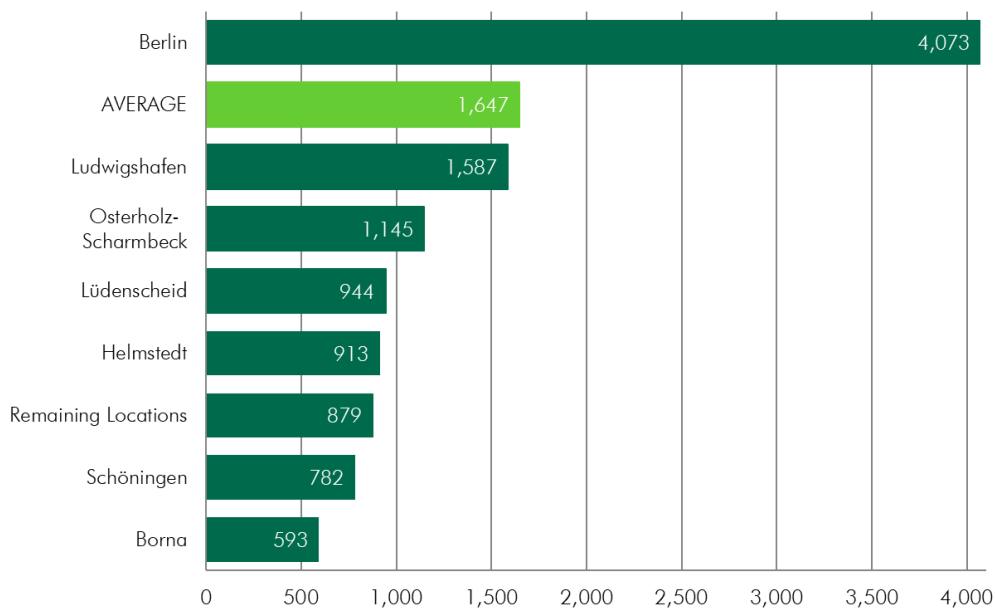
## 2.2 Fair Value (EUR) by top 7 locations

The total Fair Value amounts to 1,155,361,900 EUR. Berlin has the largest proportion (57.7%) with an aggregate Fair Value of 666,410,000 EUR. It is followed by Helmstedt with 64,572,900 (5.6%), Ludwigshafen with 54,270,000 EUR (4.7%), Schöningen with 39,266,200 EUR (3.4%), Osterholz-Scharmbeck with 32,625,000 EUR (2.8%), Borna with 29,742,000 EUR (2.3%) and Lüdenscheid with 16,530,000 EUR (1.4%). These top seven locations account for approx. 78% of the portfolio's total Fair Value. Minden has the smallest proportion (included in the remaining locations) with 0.03% (310,000 EUR).



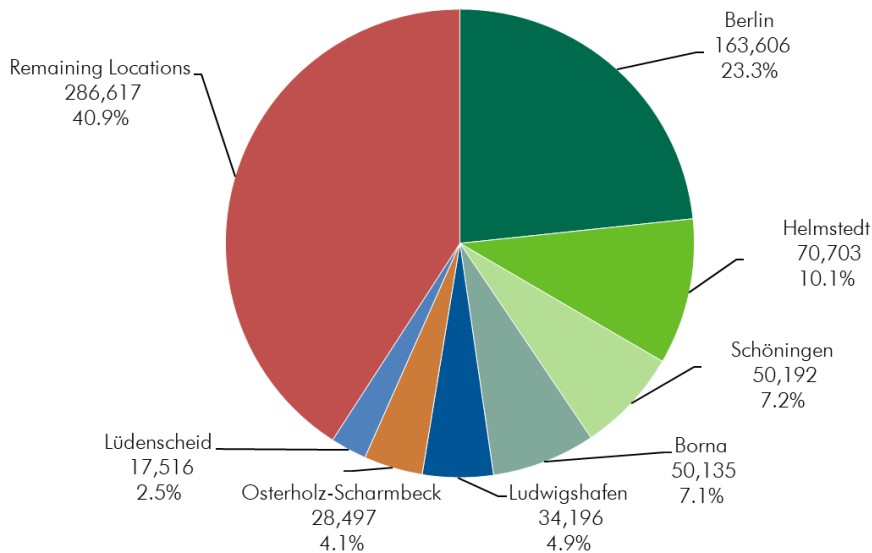
## 2.3 Fair Value per Lettable Area (EUR per sq m) by top 7 locations

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 1,647 EUR. The highest average Fair Value per sq m (4,073 EUR) is in Berlin. Esbeck (included in the remaining locations) is the location with the lowest average Fair Value per sq m (371 EUR).



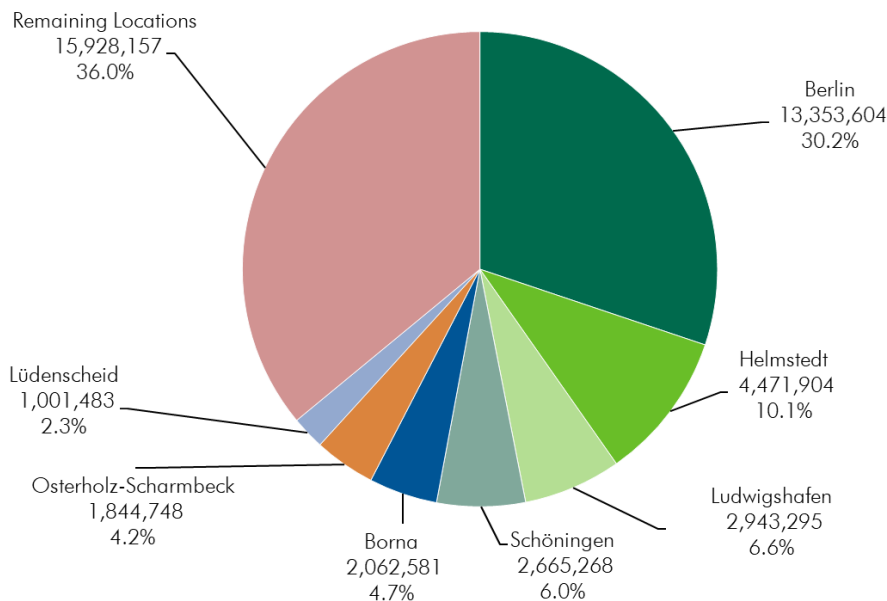
## 2.4 Total Lettable Area (sq m) by top 7 locations

The total lettable area of the portfolio amounts to 701,462 sq m. With 163,606 sq m the properties located in Berlin have the largest proportion, accounting for 23.3% of the total portfolio area. Approximately 10.1% of the total area is located in Helmstedt (70,703 sq m), 7.2% in Schöningen (50,192 sq m), 7.1% in Borna (50,135 sq m), 4.9% in Ludwigshafen (34,196 sq m), 4.1% in Osterholz-Scharmbeck (28,497 sq m) and 2.5% in Lüdenscheid (17,516 sq m). These top seven locations account for around 59% of the total lettable area of the portfolio. Minden has the smallest proportion (included in the remaining locations) with 0.04% (269 sq m).



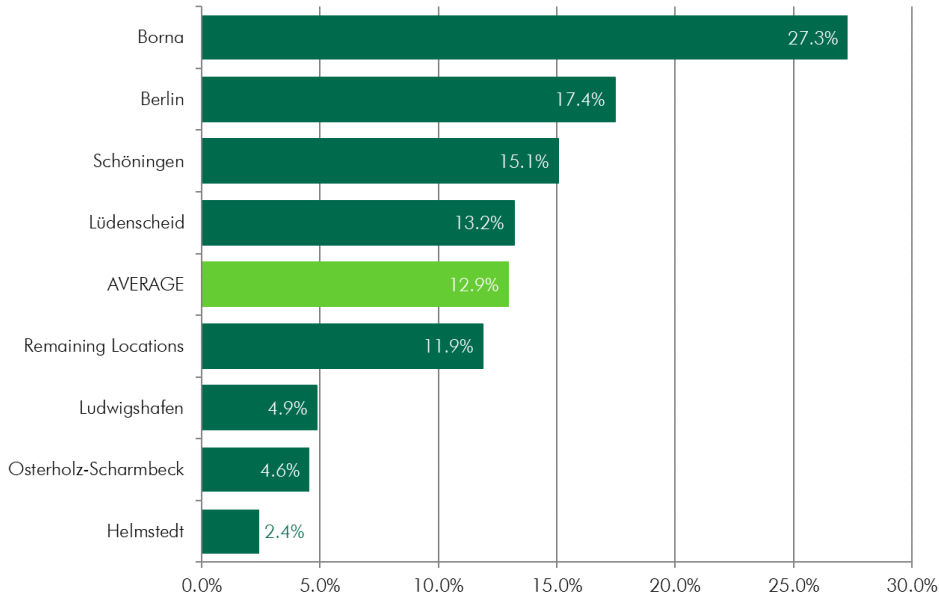
## 2.5 Current Gross Rental Income (EUR p.a.) by top 7 locations

The total current gross rental income of the portfolio amounts to 44,271,040 EUR. The properties located in Berlin have the highest proportion of the current gross rental income (13,353,604 EUR). Helmstedt is the location with the second largest proportion of the gross rental income (4,471,904 EUR), followed by Ludwigshafen (2,943,295 EUR), Schöningen (2,665,268 EUR), Borna (2,062,581 EUR), Osterholz-Scharmbeck (1,844,748 EUR) and Lüdenscheid (1,001,483 EUR). These top seven locations account for more than 64% of the total portfolio's Current Gross Rental Income. Minden has the smallest proportion (included in the remaining locations) with 0.06% (24,866 EUR).



## 2.6 Vacancy Rate by top 7 locations

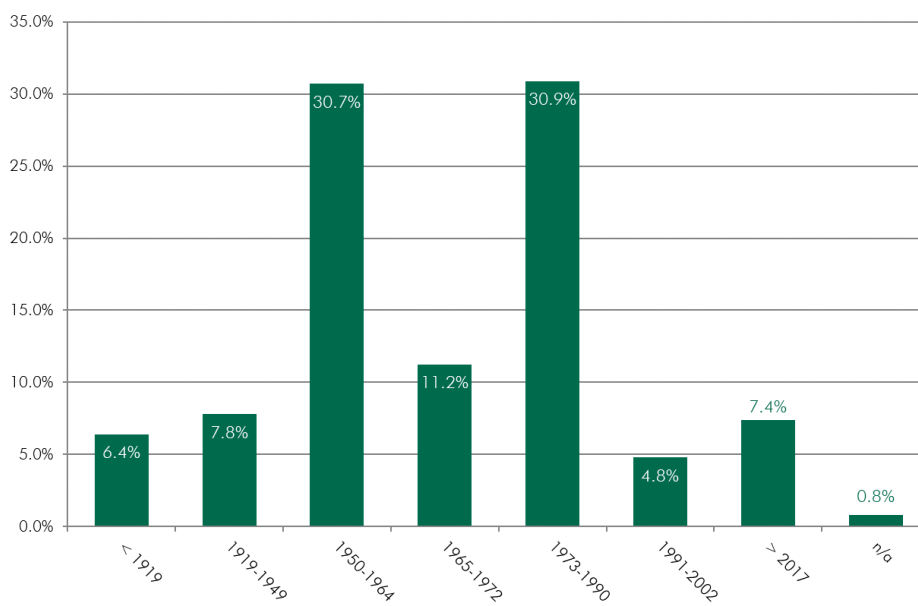
The average vacancy rate of the portfolio is 12.9%. The property located in Lößnitz (included in the remaining locations) has the highest average vacancy rate (49.7%). The properties located in Aachen, Diepholz, Hattingen, Minden, Osnabrück and Teltge are fully let. The properties located in Berlin, the location with the highest proportion of Fair Value, have an average vacancy rate of 17.4%. The above-average vacancy rate in Berlin is in particular due to the fact that the letting of the former project development “Wasserstadt” has recently begun.



## 2.7 Lettable Area by Period of Construction

As shown below, the properties in the portfolio have a wide range of construction dates. Buildings with the date of construction between 1973-1990 (30.9% of the lettable area) have the largest proportion in the portfolio. Buildings with construction dates between 1950-1964 (30.7% of the lettable area) have the second largest and buildings with construction dates between 1965-1972 (11.2% of the lettable area) have the third largest proportion in the portfolio.

For 9 valuation units (0.8%), we have not been provided with information concerning the construction year by the Company.





### **3 EXPLANATION OF VALUATION**

#### **3.1 Inspections**

In accordance with the Company's instruction, the valuation of the assets has been carried out at an individual asset level. For the purpose of the inspections we amalgamated the assets into homogeneous clusters. The cluster criteria were location and situation, type of assets and date of construction.

For the inspections, a reference asset was selected from each cluster, on the basis of the desktop analysis and the information available.

During our inspections, we verified that each of the buildings of the valuation clusters were internally consistent and checked whether adjoining buildings had homogeneous characteristics that could enable them to be amalgamated.

Internal and external parking units and other rent-earning units such as antennas are part of a building unit, except if they are economically independent units.

At cluster level, we made an assessment of the situation ("micro location"), the quality level according to the local rental table, the condition of the buildings (asset score) and the typical condition of the apartments, as a basis of our allowances for regular maintenance and tenant improvement costs.

At asset level, the basis of valuation calculations, we took individual account of asset-specific parameters such as administration costs, structural vacancy, current rent, market rent, public subsidy (if any), ground leases (where appropriate) and relevant entries in section II of the land register.

Based on the framework agreement, dated 07 May 2020, CBRE inspects at least 1/3 of the properties per year, thereof 70% of the rental cash flow internally and 30% of the rental cash flow by external inspections.

As agreed with the Company, CBRE has so far inspected 14 properties. These were inspected between 30 June 2020 and 02 July 2020. The proportion of the inspected valuation units accounts to approx. 24% of the portfolio's total Fair Value and to approx. 16% of the portfolio's total lettable area.

CBRE had access to the subject properties in order to carry out the inspections. We have not carried out any building surveys. The properties have not been measured as part of CBRE's inspection nor have the services or other installations been tested. All of CBRE's conclusions resulting from the inspection are based purely on visual investigations without any assertion as to their completeness.

We would expressly draw your attention to the fact that, in the case of valuations where CBRE does not carry out an inspection, individual property and location characteristics are generally not assessed to the same degree as in the case of a full inspection. The assumptions concerning the factors which affect value - specifically the location, the site and the building quality i.e. the general condition - may, therefore, deviate from the actual characteristics and consequently result in a deviational Value.

Similarly, a plausibility check of the information which was made available to us (e.g. a floor schedule) will not be possible without carrying out an inspection.

#### **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 does not take 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 Valuation 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.

## **3.3 General Valuation Assumptions**

### **3.3.1 The Properties**

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 Properties possess 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 Properties are 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 impact 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:

Federal State	Land Transfer Tax Rate
Baden-Wurtemberg	5.00%
Berlin	6.00%
Lower-Saxony	5.00%
North Rhine-Westphalia	6.50%
Rhineland-Palatinate	5.00%
Saxony	3.50%
Saxony-Anhalt	5.00%
Thuringia	6.50%

### 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). For the co-living apartment complex (VU\_6115.001) we have assumed non-recoverable management costs of 450 EUR per unit p.a.

The weighted average non-recoverable management costs amount to 250 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 12.00 EUR per sq m p.a, with a weighted average of 9.65 EUR per sq m p.a. 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 between 10 EUR to 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:

- 20 EUR per sq m on to 115 EUR per sq m for residential space (weighted average of 51 EUR per sq m)
- 15 EUR per sq m for the co-living space (VU\_6115.001)
- 30 EUR per sq m for retail space
- 60 EUR per sq m for office space
- 20 EUR per sq m for other commercial space

Average maintenance costs and costs for tenant improvement for residential area sum up to approximately 14.7 EUR per sq m p.a.

### **3.4.4 Non-recoverable Service Charges on vacant Space**

This refers to a 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 2.00 EUR per sq m per month has been adopted for vacant residential accommodation. For commercial units, a level of 1.00 EUR per sq m per month 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 12.9% (weighted by area). On re-letting of rental units currently occupied as well as for future vacant accommodation, a void period of one month for residential units 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 character of the commercial unit, the current rental situation and the local vacancy rate we have assumed an initial downtime until structural vacancy of six months for commercial space. For future vacant accommodation, a void period of six 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 14,832,438 EUR in this valuation.

### **3.4.7 Structural Vacancy**

Currently, the average vacancy rate for residential area of the portfolio is 12.1% (weighted by area). 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. 3.37% with a range of 0.38% to 15.00% at asset level.

The only exceptions to this are 10 valuation units in Borna, Zwickau, Naumburg, Weißenfels, Gera and Hameln. These valuation units contain residential space that is currently disused and not lettable according to the provided rent roll and information given by the Company. Therefore, we assume a structural vacancy rate between 10.00% and 35.00%, depending on the total amount of residential space affected by this.

Taking these valuation units into account we are assuming that the weighted total average vacancy rate for residential area of the portfolio has the potential to decrease to a structural vacancy rate of approx. 3.46% with a range of 0.38% to 35.00% at asset level.

In addition to the structural vacancy rate for residential area we have calculated a turnover vacancy of one month which corresponds to 0.50% to 2.75% on asset level, with an average of approx. 0.80%.

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 assumed a remaining lease term of three years (30 June 2023).

### **3.4.8 Fluctuation Rate**

We have carried out an analysis of about 1,000,000 records on our database. As a result, we found that there are different fluctuation rates within Germany depending on local market conditions. Therefore, we have developed a table with different fluctuation rates (range between 6.0% - 12.0%) for all German cities and districts.

In this valuation we assumed fluctuation rates for residential area between 6.00% to 12.00% on valuation unit level, with an average of approx. 9.40%.

The only exception is the co-living apartment complex (VU\_6115.001). Due to the fact that these concepts are typically aimed for a temporary use of living we have assumed a higher fluctuation rate of 33.00%.

The total weighted average fluctuation rate of the portfolio is approx. 9.62%.

### **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 1.35% in year 1 and 1.90% in year 2. For the following years we have assumed an inflation rate of 2.00%.

Anticipated growth of the residential market rents has been explicitly reflected on a city/ district basis 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-Value AG)
- 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.

Due to the law for rent control in the housing sector in Berlin („Rental Freeze“), the rental growth derivation as described has no validity for affected properties during the duration of this law. For further information please refer to the headline “Market instability” and “Market Rent”.

### 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 and 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 assumptions.

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, and for commercial leases the remaining lease term, 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 Value AG 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 2.90% to 7.80% (weighted average of 4.76%) and an Exit Cap Rate of 1.50% to 7.05% (weighted average of 3.19%).

### 3.4.12 Market Rent

The market rents adopted for properties which are not governed by 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 Value AG (asking rents) and the local rental tables (*Mietspiegel*) for residential rents, if available.

Since 1 June 2015 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 30 June 2020).

In our valuation, for the determination of the market rent of properties located in cities where the brake on rents (*Mietpreisbremse*) has already been implemented we have adopted the below-explained approach.

1. The upper limit 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 subject property’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 limit 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.

### Berlin Rental Freeze

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”). Berlin is the first federal state which passed such a law.

The Berlin Rental Freeze mainly stipulates that rents of existing and new leases for rental apartments built before 2014, with the exception of publicly subsidized residential space and special care homes, will be frozen for five years at the level as at 18th of June 2019.

For new lease agreements, since the effective date, the last effectively agreed rent in accordance with the rental table (§ 6 and § 7 MietWoG Bln) plus possible, individual premiums and discounts applies as follows:

Date of first tenancy and fit-out	Rent per sq m per month
until 1918 with central heating and with bathroom	6.45 €
until 1918 with central heating or with bathroom	5.00 €
until 1918 without central heating and without bathroom	3.92 €
1919 to 1949 with central heating and with bathroom	6.27 €
1919 to 1949 with central heating or with bathroom	5.22 €
1919 to 1949 without central heating and without bathroom	4.59 €
1950 to 1964 with central heating and with bathroom	6.08 €
1950 to 1964 with central heating or with bathroom	5.62 €
1965 to 1972 with central heating and with bathroom	5.95 €
1973 to 1990 with central heating and with bathroom	6.04 €
1991 to 2002 with central heating and with bathroom	8.13 €
2003 to 2013 with central heating and with bathroom	9.80 €

Furthermore, paragraph 5 redefines the upper limit for existing rents which are not allowed to be exceeded more than 20% in accordance with:

- a rental table, with basis rents depending on the construction date and the general fit-out (§ 6, section 1);
- a 10% increase for (semi-)detached houses (§ 6, section 2);
- one Euro per sq m increase of the upper limit if there is a modern fit-out (§ 6, section 3) with at least three out of the following five characteristics; at-grade entrance to passenger lift, fitted kitchen, high-quality sanitary accessories, high-quality floor covering and energy consumption below 120 kWh (m<sup>2</sup> p.a.);
- a premium or discount depending on the residential area (§ 5, section 1);

With regards to new leases, since the 23rd of February 2020, their rent level has to be calculated similarly, excluding the premium or discount depending on the residential area and without the 20% tolerance limit. For all leases which had been concluded before the 23rd of February 2020, landlords have to inform their tenants within two months after the publication of the law about the calculation of the upper limit and the adjustment of the rent (§ 6, section 4).

Rents of existing leases as well as of new leases can be increased by a maximum of one Euro per sq m after a comprehensive modernization if it is carried out after the publication of the law (§ 7).

According to § 3, section 4, starting from the 1st of January 2022, the frozen rent level will be allowed to increase by a maximum of 1.3% annually, in line with the inflation rate, however, the upper limit of the rent is not allowed to be exceeded.

Since 31 March 2020, we have adopted and changed our rental cashflow model within our valuations for residential properties in Berlin, in accordance with the Berlin Rental Freeze law.

For new leases, most of our clients have agreed with the tenant that he/she pays the rent in accordance with the new regulation and transfers the difference up to a market rent under the federal rental brake regime to an escrow account until there is a final legal decision.

### 3.4.13 Hereditary Building Right/ Ground Lease

With reference to the information provided by the Company, 17 valuation units are held on heritable building rights/ ground leases.

The proportion of valuation units affected by this amounts to approx. 2.5% of the portfolio's total Fair Value.

The relevant valuation units, the ground rents and the individual expiry dates are shown in the table below.

Valuation unit	Address	Postal Code	City	Ground Rent	Expiration Date
				EUR p. a.	
VU_2390.002	Probst-Gerhard-Str. 4, 5	38640	Goslar	3,514	2095-02-28
VU_2390.004	Breslauer Str. 56, 58, 60	38642	Goslar	374	2033-03-31
VU_2390.005	Marienburger Str. 8, 10	38642	Goslar	1,268	2039-03-31
VU_2390.006	Marienburger Str. 12	38642	Goslar	644	2040-03-31
VU_2390.008	Marienburger Str. 14	38642	Goslar	643	2040-03-31
VU_2390.009	Liegnitzer Str. 14, 16, 18	38642	Goslar	2,462	2058-03-31
VU_2150.175	Dornbusch 15, 17	31789	Hamel	2,367	2058-12-01
VU_2150.176	Dornbusch 15, 17	31789	Hamel	0	2058-12-01
VU_2150.247	Liegnitzer Straße 5-27 (odd)	31789	Hamel	4,565	2060-07-01
VU_2150.248	Kolberger Str. 1-17a	31789	Hamel	5,489	2059-01-01
VU_2150.246	Triftstraße 13,15	49090	Osnabrück	2,481	2037-09-30
VU_2410.001	Berliner Str. 9,11; Hauptstr. 29-33 (odd)	33647	Bielefeld	38,700	2205-03-29
VU_1021.012	Wredestr. 17, 19	67059	Ludwigshafen	20,969	2049-10-13
VU_1021.016	Bismarckstr. 52	67059	Ludwigshafen	0	2053-10-14
VU_1021.017	Amtsstr. 1	67059	Ludwigshafen	25,900	2054-09-01
VU_1021.011	Kurfürstenstr. 1-9 (odd)	67061	Ludwigshafen	6,737	2049-11-20
VU_1021.013	Wittelsbachstr. 40-46 (even)	67061	Ludwigshafen	5,263	2052-03-27

### 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 22 of the 593 valuation units are completely or partly under public rent control.

The proportion of valuation units affected by this amounts to approx. 4% of the portfolio's total Fair Value.

The subsidised valuation units including their expiry dates are shown in the following table:

Valuation unit	Postal Code	City	Address	Expiration Date
VU_2080.013	38350	Helmstedt	Richard-Wagner-Platz 5	2024-12-31
VU_2080.014	38350	Helmstedt	Hermann-Loens-Weg 1-10; Lessingstr. 21-33 (odd), 32-40 (even); Moerikestr. 54, 56; Theodor-Storm-Str. 1-8	2024-12-28
VU_2080.015	38350	Helmstedt	Glockbergstr. 23-27 (odd); Heinrich-Kremp-Str. 47-61 (odd)	2024-12-31
VU_2080.016	38350	Helmstedt	Theodor-Storm-Weg 10, 12	2024-12-31
VU_2080.019	38350	Helmstedt	Mosheimstr. 6, 8, 12	2020-12-31
VU_2080.022	38350	Helmstedt	Cranachweg 1; Feuerbachweg 1; Glockbergstr. 4-14 (even)	2024-12-31
VU_2080.034	38350	Helmstedt	Brandenburger Str. 26; Genthiner Str. 1	2022-12-31
VU_2080.070	38364	Schöningen	Am Brauerteiche 10, 11	2021-12-31
VU_2080.073	38364	Schöningen	Voelpker Str. 8-14 (even)	2023-12-31
VU_2080.075	38364	Schöningen	Voelpker Str. 1-5 (odd)	2024-12-31
VU_2370.004	27711	Osterholz-Scharmbeck	Grüne Grund 2, 2A	2046-12-31
VU_2370.008	27711	Osterholz-Scharmbeck	Leipziger Str. 2-16 (even)	2045-06-30
VU_2370.010	27711	Osterholz-Scharmbeck	Mozartstr. 11-17 (odd)	2024-12-31
VU_2370.012	27711	Osterholz-Scharmbeck	Käthe-Kollwitz-Str. 78-92 (even)	2031-12-31
VU_2370.014	27711	Osterholz-Scharmbeck	Mozartstr. 9	2056-12-31
VU_2370.016	27711	Osterholz-Scharmbeck	An der Lieth 20, 20 A	2059-12-31
VU_2370.001	28790	Schwanewede	Tannenberger Weg 54-58 (even)	2058-12-31
VU_2370.017	28790	Schwanewede	Junkerkamp 7 A-D, 9 A-D	2048-12-31
VU_2370.018	28790	Schwanewede	Junkerkamp 5 A-D	2060-12-31
VU_2060.001	46286	Dorsten	Am Wall 1-7 (odd)	2022-12-31
VU_1025.003	59269	Beckum	Danziger Str. 10	2045-06-30
VU_1025.004	59269	Beckum	Mauerstr. 10	2045-06-30

### 3.4.15 Listed Buildings

Based on the information provided by the Company, 25 of the 593 valuation units are completely or partly listed as ancient monuments. For listed monuments, we assumed an increase of ongoing maintenance costs of 10%.

Valuation unit	Postal Code	City	Address
VU_2340.001	14195	Berlin	Breitenbachplatz 10
VU_2150.129	4808	Wurzen	Amtshof 1a-c
VU_2150.135	4808	Wurzen	August-Bebel-Str. 39
VU_2150.137	4808	Wurzen	Torgauer Str. 16, 18
VU_2150.141	4808	Wurzen	Kutusowstr. 22
VU_2290.012	8056	Zwickau	Moritzstr. 16
VU_2290.013	8056	Zwickau	Moritzstr. 18
VU_1010.105	8058	Zwickau	Walther-Rathenau-Str. 11
VU_2290.032	8058	Zwickau	Friedrich-Engels-Str. 61
VU_2100.063	6618	Naumburg	Lindenring 3
VU_2100.115	6618	Naumburg	Wiesenstr. 17
VU_2100.116	6618	Naumburg	Wiesenstr. 19
VU_2100.117	6618	Naumburg	Wiesenstr. 21
VU_2100.118	6618	Naumburg	Wiesenstr. 23
VU_2100.119	6618	Naumburg	Wiesenstr. 25
VU_2100.121	6618	Naumburg	Wiesenstr.
VU_2090.024	7545	Gera	Arndtstr. 18
VU_2120.021	7545	Gera	Robert-Fischer-Str. 12
VU_2390.023	38640	Goslar	Goslar - Breite Str. 71, 71A, 71B
VU_2150.166	31785	Hameln	Alte Marktstr. 9
VU_2150.167	31785	Hameln	Alte Marktstr. 29
VU_2150.179	31785	Hameln	Große Hofstr. 17-20
VU_2150.182	31785	Hameln	Hummensstr. 9
VU_2120.089	32369	Rahden	Nachtigallenweg 3
VU_1021.008	67059	Ludwigshafen	Gräfenaustr. 4a; Limburgstr. 8

### 3.4.16 Land Register Section II

For the majority of the valuation units we have not been provided with extracts from the land register. However, we have received an overview with brief information concerning entries in section II of the land registers. With reference to this information, there are several encumbrances or easements entered in section II. Most entries are common agreements in terms of infrastructure provision for the properties or adjacent properties.

If in the following not otherwise stated and 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.

For valuation units which we have not been provided with information from the land registers we have assumed that there are no entries in section II of the land registers that impair the value for the purposes of our valuation.

Notable exceptions that need further consideration and explanation are shown below:

#### **Right of residence**

There are two entries in section II of the land registers listing limited personal easements that specify a right of residence.

Within our valuation we have reviewed the respective land registers and the rent roll. The affected units are shown with a monthly rent. We have therefore assumed that the profitability of these units is still guaranteed. Additionally, under consideration of the entry dates, the birth dates of the beneficiaries and in consultation with the Company, we assume that these easements do not have an impact on the Fair Value.

Valuation unit	Address	Postal Code	City
VU_2180.037	Dickswall 102	45468	Mülheim (Ruhr)
VU_1010.107	Bülastr. 23	08060	Zwickau

#### **Land charge**

In section II of the land registers there are entries with respect to land charges for a total of two valuation units. The land charges refer to the delivery of heating energy.

For our valuation we have not been provided with the registration permits on which the land charges are based. Furthermore, no information on potential fees was available.

We have therefore adopted normal management and maintenance costs for the existing uses. We assume that no additional payment obligations exist that have an impact on the Fair Value.

Valuation unit	Postal Code	City	Address
VU_2370.007	27711	Osterholz-Scharmbeck	Mozartstr. 19-27 (odd)
VU_2370.020	27711	Osterholz-Scharmbeck	Beethovenstr. 1-12; Mozartstr. 3-8, 29-33 (odd)

#### **Waiver of coal mining subsidence damage**

For eight valuation units there are easements entered in section II of the land registers due to their location in a mining region. The easements either specify the tolerance of the mining industry or waiver of subsidence and emission damage that is caused by coal mining. According to our experience and based on our professional judgement we have assumed a decrease in value of 10% of the Fair Values of the affected valuation units.

Valuation unit	Postal Code	City	Address
VU_2060.001	46286	Dorsten	Am Wall 1-7 (odd)
VU_2120.113	45892	Gelsenkirchen	Langestr. 1
VU_2120.114	45892	Gelsenkirchen	Langestr. 3
VU_2120.116	45892	Gelsenkirchen	Middelicher Str. 273
VU_2120.117	45892	Gelsenkirchen	Middelicher Str. 273
VU_2120.135	45699	Herten	Kaiserstr. 217
VU_2120.145	45549	Sprockhövel	Hattinger Str. 33
VU_2150.202	45881	Gelsenkirchen	Breslauerstr. 2, 4

### 3.4.17 Public Land Charges

We have not been provided with extracts from the public land register by the Company.

However, for some valuation units, we have received brief information concerning potential public land charges. In these cases, the entries are common agreements.

For valuation units which we have not received further information concerning potential public land charges and all other valuation units 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.

### 3.4.18 Other influences

#### Potential for additional floor space / Modernization costs

According to the information provided by the Company 1 of the 593 valuation units have potential for additional floor space. In addition to the costs of an attic extension, the costs also include modernization costs for the existing buildings. The resulting influence on value for additional floor space amounts to EUR -609,130 and was considered as "Other influences" in the valuation.

Valuation Unit	Postal Code	City	Address	Type	Influence on value in EUR
VU_2430.003	13125	Berlin	Röbellweg 8	Extension of the attic floor	-609,130

#### Refurnishing costs for the co-living apartment complex

The valuation unit VU\_6115.001 is a co-living apartment complex.

Co-living apartments are generally characterised by complete or at least partial furnishing, regardless of the concept or provider. Based on the experience of comparable properties, costs for refurnishing are about 5,500 EUR per apartment. An average of 10 years is assumed as the renewal cycle for the furniture. Parts of the furniture, e.g. tables and built-in cupboards, have a longer service life. Other parts of the apartment equipment may have to be replaced earlier. The resulting costs, discounted to the valuation date, amount to 2,320,040 EUR and were deducted in the valuation as "Other influences".

#### Refurbishment costs of residential space

According to the rent roll provided some rental units require refurbishment costs between 3,000 EUR and more than 25,000 EUR per unit, depending on the current condition. Besides our assumed tenant improvements, we have therefore considered additional refurbishment costs between 2,500 EUR and 17,500 EUR per unit within our valuation for the valuation units concerned. The resulting costs, amount to 1,895,000 EUR and were deducted in the valuation as "Other influences".

### **Rent reductions/ exemption from rent**

According to the rent roll provided, some tenants are entitled to receive rent reductions and/or are exempt from paying rent. We have assumed that the rent reduction and/or the exemption from rent lasts for three months.

The resulting reduction amounts to 93,905 EUR and was deducted in the valuation as “Other influences”.

### **Modernization costs / loss of rent**

According to the information given by the Company the valuation units shown below are currently under modernization or their modernization/ construction was recently completed.

In addition to modernization of the existing building, an attic extension for the valuation unit VU\_2430.003 (Röbellweg 8, 13125 Berlin) is planned. The costs for the modernization are included in the potential for additional floor space (see Potential for additional floor space / Modernization costs).

Valuation unit	Postal Code	City	Address	Explanation	Months of loss of rent	Loss of rent in EUR	Remaining modernization costs in EUR
VU_2430.001	13125	Berlin	Röbellweg 2	Renovation of a existing building	6	48,063	
VU_2430.002	13125	Berlin	Röbellweg 4, 6	New construction	6	121,719	
VU_2430.003	13125	Berlin	Röbellweg 8	Renovation of a existing building, attic extension	12	25,590	see Potential for additional floor space
VU_2430.004	13125	Berlin	Röbellweg 10	New construction	6	36,238	
VU_2430.005	13125	Berlin	Röbellweg 8a, 8b	New construction	6	64,510	
VU_2430.006	13125	Berlin	Röbellweg 2-10	New construction	6	5,040	

For our valuation we have assumed full letting. In order to take into account the initial rental situation, we have assumed a loss of rent between six and twelve months in our valuation.

The resulting reduction amounts to 301,160 EUR and was deducted in the valuation as “Other influences”.

#### 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-by-asset basis, as at 30 June 2020 and held as at that date, is:

**1,155,361,900 EUR**

**(one billion, one-hundred and fifty-five million, three-hundred and sixty-one thousand, nine-hundred Euros)**

The unrounded net capital value is 1,155,459,917 EUR. The unrounded gross capital value is 1,247,228,620 EUR including 91,768,703 EUR purchaser's costs (7.9%).

The assessment of the Fair Value was carried on asset-by-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.

The properties are all freehold-equivalent, with the exception of 17 valuation units held on heritable building rights/ground leases, which account for a total Fair Value of 28,700,100 EUR.

There are no negative values to report.

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, 30 June 2020.

The following table shows aggregated key asset data for the portfolio:

Fair Value	1,155,361,900 EUR
Total lettable area:	701,462 sq m
Average Fair Value per sq m lettable area:	1,647 EUR
Current annual rental income (gross):	44,271,040 EUR
Potential annual rental income (gross):	54,789,724 EUR
Annual market rent (gross):	56,974,383 EUR
Multiplier (based on current rent):	26.1 times
Multiplier (based on potential rent):	21.1 times
Multiplier (based on market rent):	20.3 times
Net initial yield (based on current rent):	2.58%
Net initial yield (based on potential rent):	3.59%
Net initial yield (based on market rent):	3.77%

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 30 June 2020

### **Residential units**

Residential units - number of residential premises excluding internal and external parking units and other units; as at 30 June 2020

### **Commercial units**

Commercial units - number of commercial and special premises; excluding internal and external parking units and other units; as at 30 June 2020

### **Internal/ External Parking units (Parking lots)**

Internal/ External Parking units - number of internal and external parking spaces; as at 30 June 2020

### **Other units**

Other units – e.g. number of antennas; as at 30 June 2020

### **Current annual rental income (gross):**

The current gross rental income represents the rent payable for the units let on contractual agreements as at 30 June 2020, 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 30 June 2020, multiplied by 12.

### **Annual market rent (gross):**

The (monthly) market rent of all units as at 30 June 2020 (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

## Condensed Valuation Report

**NAI apollo**

## **1. Assignment**

### **1.1. Principal**

ADLER Real Estate AG

Joachimsthaler Straße 34

10719 Berlin

Germany

ADLER Group S.A. (formerly ADO Properties S.A.)

1B, Heienhaff

L-1736 Senningerberg

Grand Duchy of Luxembourg

(hereafter: 'the Principal')

### **1.2. Addresses**

J.P. Morgan AG

Taunustor 1 (TaunusTurm)

60310 Frankfurt am Main

Germany

Barclays Bank Ireland PLC

One Molesworth Street

Dublin 2

DO2RF29

Ireland

Deutsche Bank Aktiengesellschaft

Mainzer Landstraße 11-17

60323 Frankfurt am Main

Federal Republic of Germany

### **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 project developments (properties) with a planned lettable area of approx. 64,000 sqm (approx. 99% residential space). Detailed information on these properties is attached as Annex A to the 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 03 August 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 (12<sup>th</sup> edition) with a valuation date being 30 June 2020.

As per instructions, the updated valuation was based on a desktop analysis without conducting new property inspections. According to information provided by the Principal, the properties are in comparable conditions as found in the last inspections in regard to their main structural features. The properties were inspected anew in July (Düsseldorf) resp. January 2020 (Frankfurt am Main).

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 properties, 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 by the company (the 'Notes') and the listing of such Notes on the Euro MTF segment of the Luxembourg Stock Exchange (the 'Offering').

### 1.6. **Valuation Methodology**

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).

### **1.7. Date of Valuation**

The valuations were conducted as per 30 June 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 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 in-

cludes 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**

The portfolio to be valued (hereinafter: "the subject of valuation") consisted of project developments (properties) with a planned lettable area of approx. 64,000 sqm (approx. 99% residential space). Detailed information on these properties is attached as Annex A to the report. The three construction sites (WA 12, WA 13, WA 14) in Düsseldorf are independently managed economic units of the entire project development. The project in Frankfurt am Main is a core redevelopment of an existing property.

### **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 properties are located in Düsseldorf and Frankfurt am Main, whereof Düsseldorf ranks first with a share of approx. 71 % of the planned lettable area.

### 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 and Annex A of this report as per the date of valuation 30 June 2020 with:

**99,600,000 EUR**

**(Ninety-Nine Million Six 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, 04 January 2021

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**

<b>Project</b>	<b>Address</b>	<b>ZIP</b>	<b>City</b>	<b>Planned residential and commercial units</b> <i>[amnt]</i>	<b>Planned lettable area</b> <i>[sqm]</i>
Eurohaus	Lyoner Str. 24-26	60528	Frankfurt am Main	415	18,718
Grafental II (Sozial) – WA 12	Hohenzollernallee u.a.	40235	Düsseldorf	204	14,755
Grafental III (Sozial) – WA 13	Hohenzollernallee u.a.	40235	Düsseldorf	168	14,352
Grafental III (Condo) – WA 14	Hohenzollernallee u.a.	40235	Düsseldorf	145	16,030



## 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 (2020) (“Red Book”) of the Royal Institution of Chartered Surveyors, that relates to the placement of fixed rate notes by ADO Properties S.A. (renamed to ADLER Group S.A.; the “Company”) and the listing of such notes on the Euro MTF Segment of the Luxembourg Stock Exchange.

The Valuation Report covers a total of 326 valuation units as at 30 September 2020. The majority of the 326 valuation units in the portfolio are residential buildings with less than 20% commercial use (298 properties). The remainder comprise mixed-use buildings with more than 20% and up to 80% commercial use (25 properties) and 3 parking units. In total, the portfolio consists of 11,870 residential units (of which 677 are under public rent control), 204 commercial units, 2,827 parking lots and 198 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 713,780 sq m. The area is split into 692,122 sq m residential area and 21,658 sq m commercial area.

**Date of Valuation:** 30 September 2020

**Date of Valuation Report:** 11 January 2021

**Valuer:**

**CBRE**

CBRE GmbH  
Große Gallusstraße 18  
60312 Frankfurt/Main  
Germany  
“CBRE“

**Addressees:** Brack Capital Properties N.V.  
Herengracht 456  
1017 CA Amsterdam  
The Netherlands

and

J.P. Morgan AG  
Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

Deutsche Bank Aktiengesellschaft  
Mainzer Landstraße 11-17  
60323 Frankfurt am Main  
Germany

Barclays Bank Ireland PLC  
One Molesworth Street  
Dublin 2  
D02RF29  
Ireland

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**

### **Material valuation uncertainty due to Novel Coronavirus (COVID – 19)**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied – in varying degrees – to reflect further ‘waves’ of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly – and for the avoidance of doubt – our valuation is not reported as being subject to ‘material valuation uncertainty’, as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

## **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 interests in the assets in the portfolio, rounded on asset-by-asset basis, as at 30 September 2020 and held as at that date, is:

**1,127,110,000 EUR**

**(one billion one hundred twenty-seven million one hundred ten thousand Euros)**

The unrounded net capital value is 1,126,963,446 EUR. The unrounded gross capital value is 1,215,097,002 EUR including 88,133,556 EUR purchaser’s costs (7.8 %).

The assessment of the Fair Value was carried on asset-by-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.

There are no negative values to report.

The following table shows aggregated key asset data for the portfolio:

Fair Value	1,127,110,000 EUR
Total lettable area:	713,780 sq m
Average Fair Value per sq m lettable area:	1,579 EUR
Current annual rental income (gross):	53,169,331 EUR
Potential annual rental income (gross):	56,290,457 EUR
Annual market rent (gross):	64,406,247 EUR
Multiplier (based on current rent):	21.2 times
Multiplier (based on potential rent):	20.0 times
Multiplier (based on market rent):	17.5 times
Net initial yield (based on current rent):	3.46%
Net initial yield (based on potential rent):	3.78%
Net initial yield (based on market rent):	4.45%

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 Instruction**

CBRE has been appointed to undertake a Fair Value valuation of the Company's assets held as at 30 September 2020 and to prepare a valuation report.

The valuation is based on the information provided within this valuation as at valuation date 30 September 2020.

### **1.2 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 the Company 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 (Prospectus Regulation) 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 as now applicable to the Prospectus Regulation.

### **1.3 Addressees**

The present Valuation Report is addressed to:

- Brack Capital Properties N.V., Herengracht 456, 1017 CA Amsterdam, The Netherlands;
- J.P. Morgan AG, Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany;
- Deutsche Bank Aktiengesellschaft, Mainzer Landstraße 11-17, 60323 Frankfurt am Main, Federal Republic of Germany;
- Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, DO2RF29, Ireland;

### **1.4 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 Company 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.

### **1.5 Date of Valuation**

The valuation date is 30 September 2020.

### **1.6 Subject Assets**

In accordance with the valuation instructions, the subject of the valuation is BCP's assets held as at 30 September 2020. These assets comprise a total of 326 valuation units. The majority of the 326 valuation units in the portfolio are residential buildings with less than 20% commercial use (298 properties). The remainder comprises mixed-use buildings with more than 20% and up to 80% commercial use (25 properties) and 3 parking units. In total, the portfolio consists of 11,870 residential units (of which 677 are under public rent control), 204 commercial units, 2,827 parking lots and 198 miscellaneous units (e.g. antennas, advertisements, etc.). The total lettable area of the portfolio adds up to 713,780 sq m. The area is split into 692,122 sq m residential area and 21,658 sq m commercial area.

## **1.7 Tenure**

### **1.7.1 Freehold**

All 326 valuation units are freehold-equivalent (*Eigentum*) (full- or part ownership).

32 of the 326 freehold-equivalent valuation units are divided into condominiums in accordance with the the German Condominium Act (“*Wohneigentumsgesetz WEG*”).

### **1.7.2 Heritable Building Right / Ground Lease (*Erbbaurecht*)**

According to the information provided by the Company, no valuation unit is held on a heritable building right/ ground lease.

## **1.8 Compliance with Valuation Standards**

This valuation has been prepared in accordance with the RICS Valuation – Global Standards 2020 (“Red Book”) - (effective from 31 January 2020), 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 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.

## **1.9 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 RICS Valuation Global Standards (2020) 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”.*

## **1.10 Currency**

The currency used in the Valuation Report is Euro (EUR).

### **1.11 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 valuation report. We have assumed that the information and documentation had unrestricted validity and relevance as at the date of valuation.

### **1.12 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.

### **1.13 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.

### **1.14 Environmental Contamination**

If no information to the contrary has been brought to our attention, we have assumed that the subject properties are not contaminated and that no contaminative or potentially contaminative use is, or has ever been, carried out at the properties. If no information to the contrary has been brought to our attention, we are not aware of any environmental audit or other environmental investigations or soil surveys which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination.

As we had not been specifically instructed, 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.

Should it, however, be subsequently established that such contamination exists at the properties or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental impact on the value reported.

We have not been provided with extracts from the register of contaminated sites by the Company. However, for some valuation units, we have received brief information concerning potentially contaminated sites. Based on the information provided by the Company there is currently no indication that the 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 impact 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 impact on value and that the information provided by the Company 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 valuation units for which we have not received further information concerning potentially contaminated sites 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.

### **1.15 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.

### **1.16 Taxes, Contributions, Charges**

We have assumed that all public taxes, contributions, charges etc. which could have an impact on value will have been levied and paid as at the date of valuation.

### **1.17 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.

### **1.18 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 impact on our valuations.

### **1.19 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.

### **1.20 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.

### **1.21 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.

### **1.22 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 outgoing 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.

### **1.23 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.

### **1.24 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.

### **1.25 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.

### **1.26 Place of Performance and Jurisdiction**

German law applies. The place of performance and jurisdiction is Frankfurt am Main.



## 2 Asset Holdings

The geographical allocation of the valuation units, the proportional distribution of the lettable area, rental income and reported values by top seven locations (by current gross rental income) are shown in the following parts.

### 2.1 Geographic Allocation

The valuation units are located in the federal states Bremen, Lower Saxony, North Rhine-Westphalia, Saxony, Saxony-Anhalt and Schleswig-Holstein.

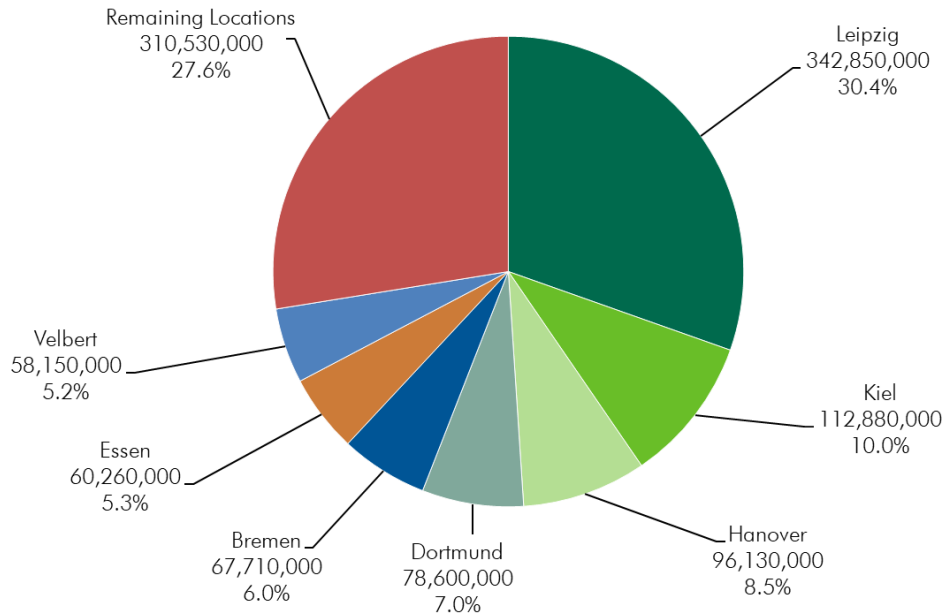
The following map shows the allocation of the 326 valuation units.



Source: GeoBasis-DE / BGK 2020, OpenStreetMap contributors

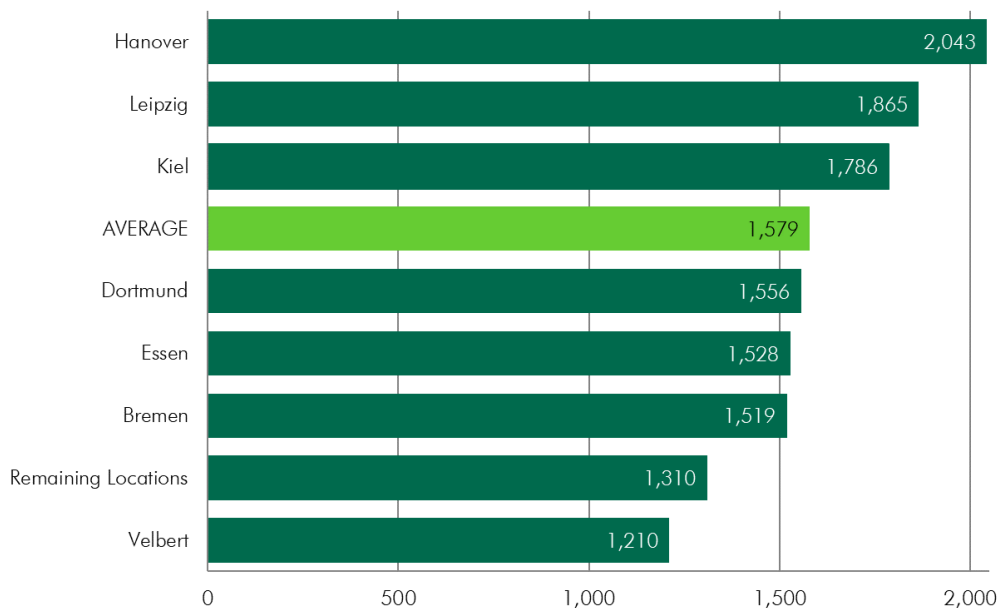
## 2.2 Fair Value (EUR) by top 7 locations

The total Fair Value amounts to 1,127,110,000 EUR. Leipzig has the largest proportion (30.4%) with an aggregate Fair Value of 342,850,000 EUR. It is followed by Kiel with 112,880,000 EUR (10.0%), Hanover with 96,130,000 EUR (8.5%), Dortmund with 78,600,000 EUR (7.0%), Bremen with 67,710,000 EUR (6.0%), Essen with 60,260,000 EUR (5.3%) and Velbert with 58,150,000 EUR (5.2%). These top seven locations account for approx. 72% of the portfolio's total Fair Value. Burg (included in the remaining locations) has the smallest proportion (included in the remaining locations) with 0.03% (350,000 EUR).



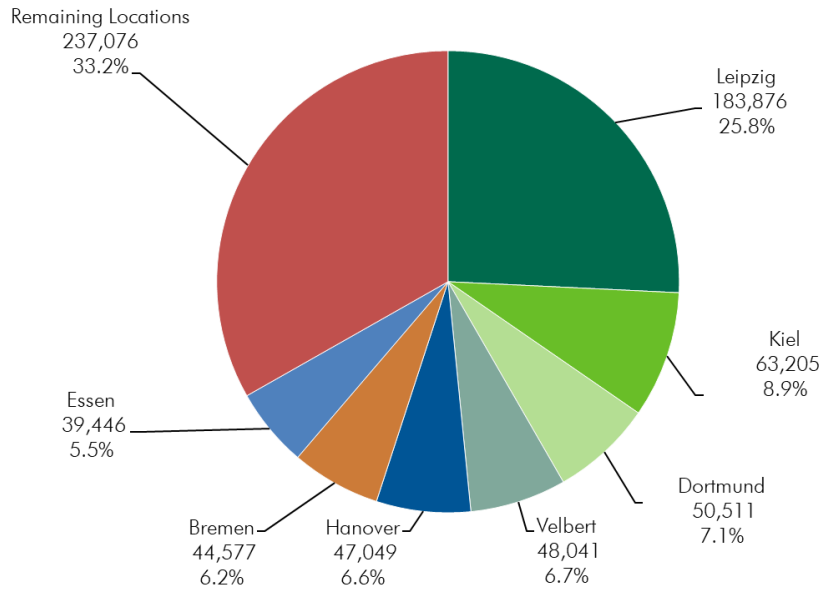
## 2.3 Fair Value per Lettable Area (EUR per sq m) by top 7 locations

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 1,579 EUR. The highest average Fair Value per sq m (3,959 EUR) is in Düsseldorf (included in the remaining locations). Burg (included in the remaining locations) is the location with the lowest average Fair Value per sq m (647 EUR).



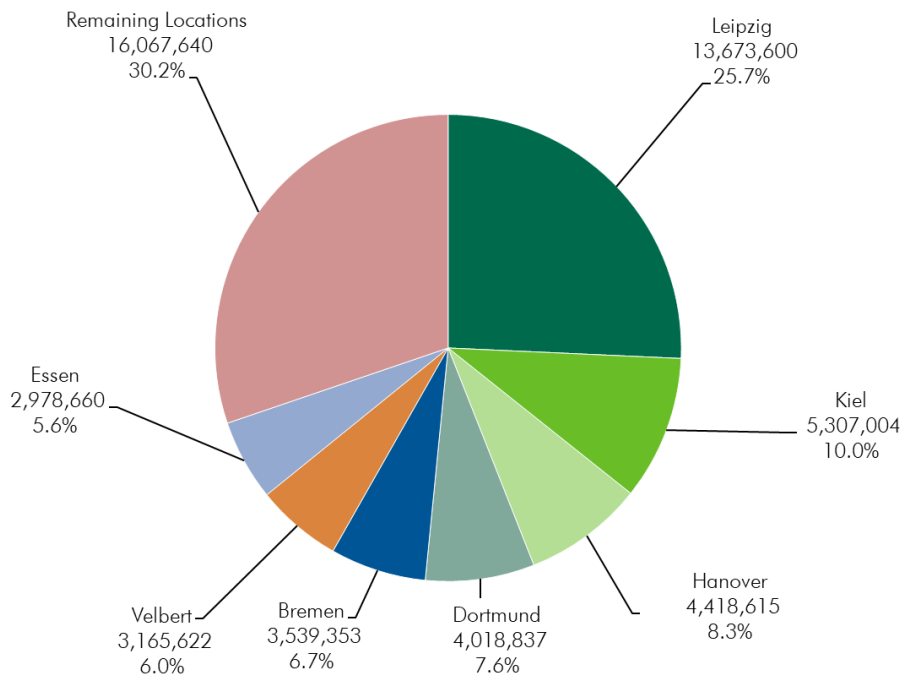
## 2.4 Total Lettable Area (sq m) by top 7 locations

The total lettable area of the portfolio amounts to 713,780 sq m. With 183,876 sq m the properties located in Leipzig have the largest proportion, accounting for 25.8% of the total portfolio area. Approximately 8.9% of the total area is located in Kiel (63,205 sq m), 7.1% in Dortmund (50,511 sq m), 6.7% in Velbert (48,041 sq m), 6.6% in Hanover (47,049 sq m), 6.2% in Bremen (44,577 sq m) and 5.5% in Essen (39,446 sq m). These top seven locations account for around two-thirds of the total lettable area of the portfolio. Burg has the smallest proportion (included in the remaining locations) with 0.1% (541 sq m).



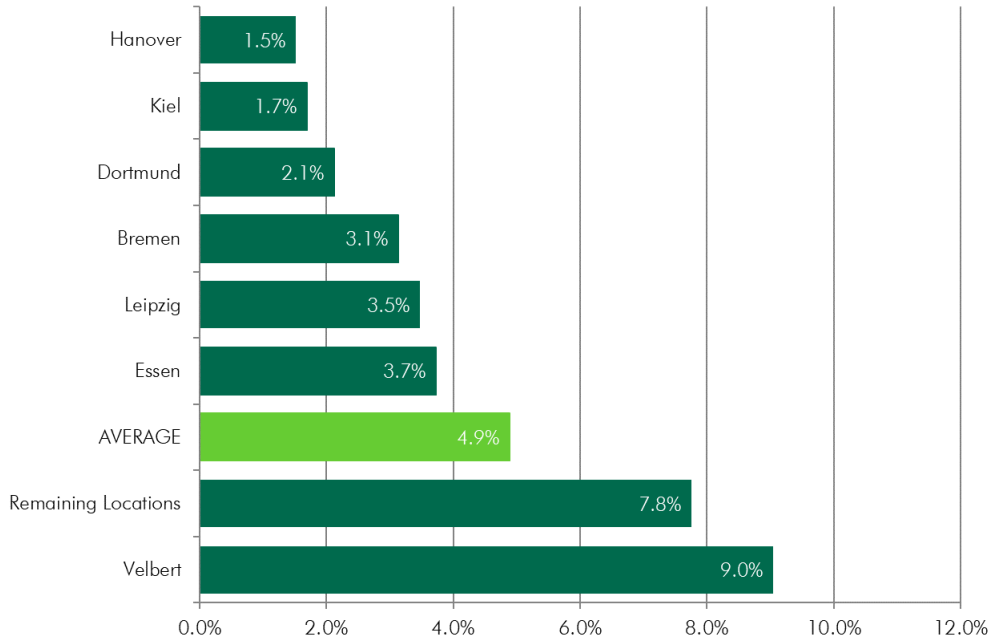
## 2.5 Current Gross Rental Income (EUR p.a.) by top 7 locations

The total current gross rental income of the portfolio amounts to 53,169,331 EUR. The properties located in Leipzig have the highest proportion of the current gross rental income (13,673,600 EUR). Kiel is the location with the second largest proportion of the gross rental income (5,307,004 EUR), followed by Hanover (4,418,615 EUR), Dortmund (4,018,837 EUR), Bremen (3,539,353 EUR), Velbert (3,165,622 EUR) and Essen (2,978,660 EUR). These top seven locations account for more than two-thirds of the total portfolio's Current Gross Rental Income. Burg has the smallest proportion (included in the remaining locations) with 0.1% (33,338 EUR).



## 2.6 Vacancy Rate by top 7 locations

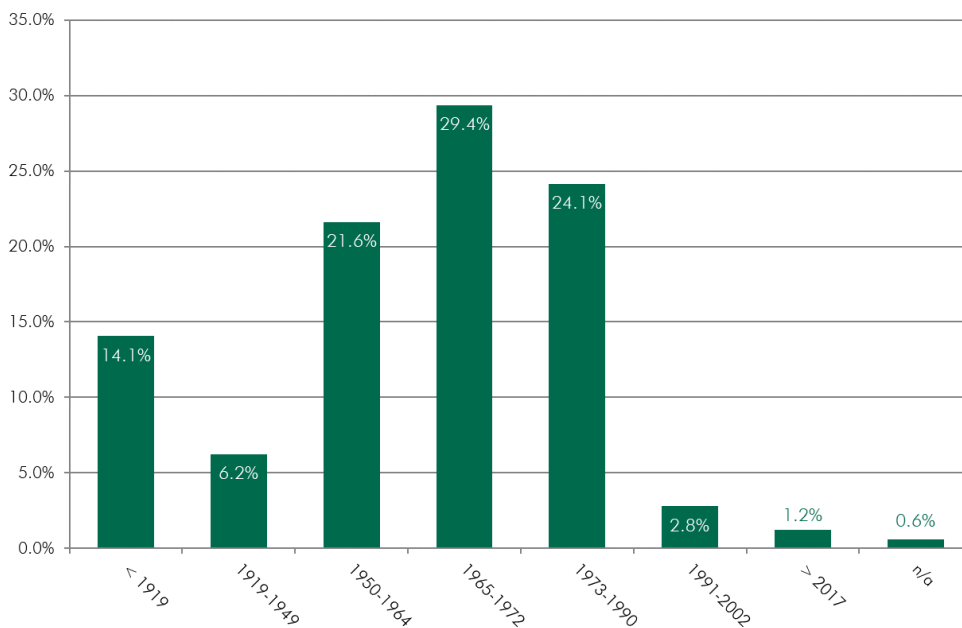
The average vacancy rate of the portfolio is 4.9%. The properties located in Halle (Saale) (included in the remaining locations) have the highest average vacancy rate (27.9%). The properties located in Neuss and Dusseldorf (included in the remaining locations) are fully let. The properties located in Leipzig, the location with the highest proportion of Fair Value, have an average vacancy rate of 3.5%.



## 2.7 Lettable Area by Period of Construction

As shown above, the properties in the portfolio have a wide range of construction dates. Buildings with the date of construction between 1965-1972 (29.4% of the lettable area) have the largest proportion in the portfolio. Buildings with construction dates between 1973-1990 (24.1% of the lettable area) have the second largest and buildings with construction dates between 1950-1964 (21.6% of the lettable area) have the third largest proportion in the portfolio.

For 2 valuation units (0.6%), we have not been provided with information concerning the construction year by the Company.



### **3 EXPLANATION OF VALUATION**

#### **3.1 Inspections**

In accordance with the Company's instruction, the valuation of the assets has been carried out at an individual asset level. For the purpose of the inspections we amalgamated the assets into homogeneous clusters. The cluster criteria were location and situation, type of assets and date of construction.

For the inspections, a reference asset was selected from each cluster, on the basis of the desktop analysis and the information available.

During our inspections, we verified that each of the buildings of the valuation clusters were internally consistent and checked whether adjoining buildings had homogeneous characteristics that could enable them to be amalgamated.

Internal and external parking units and other rent-earning units such as antennas are part of a building unit, except if they are economically independent units.

At cluster level, we made an assessment of the situation ("micro location"), the quality level according to the local rental table, the condition of the buildings (asset score) and the typical condition of the apartments, as a basis of our allowances for regular maintenance and tenant improvement costs.

At asset level, the basis of valuation calculations, we took individual account of asset-specific parameters such as administration costs, structural vacancy, current rent, market rent, public subsidy (if any), ground leases (where appropriate) and relevant entries in section II of the land register.

In accordance with the instruction, no inspections took place for the current update valuation.

Initial valuation (date of valuation 30 June 2020):

Based on the framework agreement, dated 23 June 2020, CBRE inspects at least 1/3 of the properties per year, thereof 70% of the rental cash flow internally and 30% of the rental cash flow by external inspections.

As agreed with the Company, CBRE has so far inspected a total of 110 properties. These were inspected between 24 June 2020 and 03 July 2020. The proportion of the inspected valuation units accounts to approx. 39% of the portfolio's total Fair Value and to approx. 35% of the portfolio's total lettable area.

CBRE had access to the subject properties in order to carry out the inspection. We have not carried out any building surveys. The properties have not been measured as part of CBRE's inspection nor have the services or other installations been tested. All of CBRE's conclusions resulting from the inspection are based purely on visual investigations without any assertion as to their completeness.

We would expressly draw your attention to the fact that, in the case of valuations where CBRE does not carry out an inspection, individual property and location characteristics are generally not assessed to the same degree as in the case of a full inspection. The assumptions concerning the factors which affect value - specifically the location, the site and the building quality i.e. the general condition - may, therefore, deviate from the actual characteristics and consequently result in a deviational Value.

Similarly, a plausibility check of the information which was made available to us (e.g. a floor schedule) will not be possible without carrying out an inspection.

#### **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 does not take 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 Valuation 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.

## **3.3 General Valuation Assumptions**

### **3.3.1 The Properties**

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 Properties possess 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 Properties are 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 impact 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:

Federal State	Land Transfer Tax Rate
Bremen	5.00%
Lower Saxony	5.00%
North Rhine-Westphalia	6.50%
Saxony	3.50%
Saxony-Anhalt	5.00%
Schleswig-Holstein	6.50%

### 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 257 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 8.50 EUR per sq m p.a. to 11.70 EUR per sq m p.a, with a weighted average of 9.75 EUR per sq m p.a. 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 115 EUR per sq m for residential space (weighted average of 67 EUR per sq m)
- 30 EUR per sq m for retail space
- 60 EUR per sq m for office space
- 20 EUR per sq m for other commercial space

Average maintenance costs and costs for tenant improvement for residential area sum up to approximately 16.7 EUR per sq m p.a.

#### **3.4.4 Non-recoverable Service Charges on vacant Space**

This refers to a 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 2.00 EUR per sq m per month has been adopted for vacant residential accommodation. For commercial units, a level of 1.00 EUR per sq m per month 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 4.9% (weighted by area). On re-letting of rental units currently occupied as well as for future vacant accommodation, a void period of one to three months for residential units (average of approximately 1.0 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 character of the commercial unit, the current rental situation and the local vacancy rate we have assumed an initial downtime until structural vacancy of six months for commercial space. For future vacant accommodation, a void period of six 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 16,468,153 EUR in this valuation.

#### **3.4.7 Structural Vacancy**

Currently, the average vacancy rate for residential area of the portfolio is 4.8% (weighted by area). 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. 1.77% with a range of 0.00% to 7.00% at asset level.

In addition to the structural vacancy rate for residential area we have calculated a turnover vacancy between one to three months which corresponds to 0.50% to 2.63% on asset level, with an average of approx. 0.87%.

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 assumed a remaining lease term of three years (30 September 2023).

#### **3.4.8 Fluctuation Rate**

We have carried out an analysis of about 1,000,000 records on our database. As a result, we found that there are different fluctuation rates within Germany depending on local market conditions. Therefore, we have developed a table with different fluctuation rates (range between 6.0% - 12.0%) for all German cities and districts.

In this valuation we assumed fluctuation rates for residential area between 6.00% to 12.00% on valuation unit level, with an average of approx. 10.40%.

#### **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 1.35% in year 1 and 1.90% in year 2. For the following years we have assumed an inflation rate of 2.00%.

Anticipated growth of the residential market rents has been explicitly reflected on a city/ district basis 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-Value AG)
- 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 and 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 assumptions.

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, and for commercial leases the remaining lease term, 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 Value AG 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 3.35% to 6,68% (weighted average of 5.11%) and an Exit Cap Rate of 1.70% to 5.40% (weighted average of 3.69%).

### 3.4.12 Market Rent

The market rents adopted for properties which are not governed by 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 Value AG (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 30 June 2020).

In our valuation, for the determination of the market rent of properties located in cities where the brake on rents (*Mietpreisbremse*) has already been implemented we have adopted the below-explained approach.

1. The upper limit 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 subject property’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 limit 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 Right/ Ground Lease

With reference to the information provided by the Company no valuation unit is held on a heritable building right/ ground lease.

### 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 7 of the 326 valuation units are completely or partly under public rent control.

The proportion of valuation units affected by this amounts to approx. 7.5% of the portfolio's total Fair Value.

The subsidised valuation units including their expiry dates are shown in the following table:

Valuation unit	Postal Code	City	Address	Expiration Date
VU_4120.009	30459	Hannover	Herforder Str. 15-23 (odd), 38-44 (even)	2045-06-30
VU_4210.001	30539	Hannover	Kattenbrookstrift 25-29; Ortskamp 3;	2031-03-31
VU_4210.002	30539	Hannover	Weinkampswende 6	2020-10-01
VU_4210.003	30539	Hannover	Weinkampswende 8	2031-10-31
VU_4210.004	30539	Hannover	Papenkamp 26	2030-12-31
VU_4110.001	46049	Oberhausen	Bebelstr. 19-69a (odd)	2026-12-31
VU_4330.001	40235	Düsseldorf	Röpkestr. 100; Hohenzollernallee 53, 55; Walter-Eucken-Str. 101-109	2045-06-30

### 3.4.15 Listed Buildings

Based on the information provided by the Company, 60 of the 326 valuation units are completely or partly listed as ancient monuments. For listed monuments, we assumed an increase of ongoing maintenance costs of 10%.

Valuation unit	Postal Code	City	Address
WU_4130.002	4155	Leipzig	Elsbethstr. 29
WU_4220.003	4155	Leipzig	Breitenfelder Str. 17
WU_4275.003	4155	Leipzig	Wiederitzscher Str. 3
WU_4130.028	4159	Leipzig	Ölhafenstr. 7
WU_4135.020	4159	Leipzig	Yorckstr. 1-5A (odd)
WU_4125.015	4177	Leipzig	Odermannstr. 12
WU_4130.025	4177	Leipzig	Erich-Köhn-Str. 61B
WU_4125.013	4178	Leipzig	Leipziger Str. 69
WU_4130.026	4179	Leipzig	Sattelhofstr. 25
WU_4135.019	4179	Leipzig	Am langen Felde 2-6 (even); Georg-Schwarz- Str.95-99 (odd)
WU_4270.001	4179	Leipzig	Bischofstr. 35
WU_4275.004	4179	Leipzig	Georg-Schwarz-Str. 168
WU_4280.003	4229	Leipzig	Karl-Heine-Str. 64
WU_4220.001	4275	Leipzig	Kurt-Eisner-Str. 30
WU_4130.019	4277	Leipzig	Biedermannstr. 16
WU_4130.020	4277	Leipzig	Biedermannstr. 59
WU_4220.002	4277	Leipzig	Bornaische Str. 24
WU_4220.004	4277	Leipzig	Biedermannstr. 68
WU_4125.020	4299	Leipzig	Papiemühlstr. 24a
WU_4275.002	4299	Leipzig	Sommerfelder Str. 18
WU_4130.005	4315	Leipzig	Schulze-Delitzsch-Str. 16
WU_4130.006	4315	Leipzig	Hermann-Liebmann-Str. 105
WU_4130.007	4315	Leipzig	Meißner Str. 7, 11
WU_4130.009	4315	Leipzig	Mariannenstr. 19
WU_4130.013	4315	Leipzig	Neustädter Str. 9
WU_4130.014	4315	Leipzig	Hermann-Liebmann-Str. 87
WU_4130.015	4315	Leipzig	Ludwigstr. 50
WU_4220.007	4315	Leipzig	Roßbachstr. 10, 12
WU_4220.013	4315	Leipzig	Ludwigstr. 31
WU_4255.001	4315	Leipzig	Bussestr. 6
WU_4275.006	4315	Leipzig	Bennigsenstr. 10
WU_4280.001	4315	Leipzig	Lilienstr. 30
WU_4125.019	4316	Leipzig	Paunsdorfer Str. 18
WU_4220.011	4316	Leipzig	Engelsdorfer Str. 49
WU_4130.017	4317	Leipzig	Krugstr. 4
WU_4130.018	4317	Leipzig	Carpzovstr. 6
WU_4135.003	4328	Leipzig	Ostheimstr. 2A-20B
WU_4130.001	4347	Leipzig	Theklaer Str. 7, 9; Lazarusstr. 1A-C
WU_4130.003	4347	Leipzig	Lazarusstr. 1
WU_4220.014	4347	Leipzig	Ploßstr. 39
WU_4135.001	4357	Leipzig	Oberläuterstr. 28-50 (even); Wilhelm-Busch-Str. 25
WU_4135.002	4357	Leipzig	Mockauer Str. 32-48 (even); Friedrichshafener Str. 69
WU_4275.005	4357	Leipzig	Oelßnerstr. 24
WU_4220.009	4425	Taucha	Windmühlenstr. 8
WU_4245.001	6110	Halle (Saale)	Thomasiusstr. 12
WU_4245.002	6110	Halle (Saale)	Thomasiusstr. 13
WU_4245.003	6110	Halle (Saale)	Thomasiusstr. 40

Valuation unit	Postal Code	City	Address
VU_4250.002	6110	Halle (Saale)	Wörmlitzer Str. 12
VU_4230.001	6114	Halle (Saale)	Paracelsusstr. 5, 5a
VU_4225.007	39104	Magdeburg	Leibnizstr. 20
VU_4290.001	39104	Magdeburg	Neue Str. 13a
VU_4290.002	39104	Magdeburg	Neue Str. 17-19a
VU_4295.001	39104	Magdeburg	Haeckelstr. 7
VU_4310.002	39104	Magdeburg	Schönebecker Str. 50
VU_4225.002	39108	Magdeburg	Annastr. 14
VU_4225.008	39108	Magdeburg	Schillerstr. 32, 35
VU_4285.001	39112	Magdeburg	Heidestr. 6
VU_4305.001	39112	Magdeburg	Halberstädter Str. 136
VU_4305.003	39112	Magdeburg	Wolfenbütteler Str. 16
VU_4305.002	39124	Magdeburg	Moritzstr. 4

### 3.4.16 Land Register Section II

For the majority of the valuation units we have not been provided with extracts from the land register. However, we have received an overview with brief information concerning entries in section II of the land registers. With reference to this information, there are several encumbrances or easements entered in section II. Most entries are common agreements in terms of infrastructure provision for the properties or adjacent properties.

If in the following not otherwise stated and 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.

For valuation units which we have not been provided with information from the land registers we have assumed that there are no entries in section II of the land registers that impair the value for the purposes of our valuation.

One notable exception that needs further consideration and explanation is valuation unit VU\_4155.014 (Hagenbecker Bahn 8-10, 45356 Essen). According to section II of the land register, there is an easement that specifies the waiver of coal mining subsidence damage. According to our experience and based on our professional judgement we have assumed a decrease in value of 10% of the Fair Value of this valuation unit.

### 3.4.17 Public Land Charges

We have not been provided with extracts from the public land register by the Company.

However, for some valuation units, we have received brief information concerning potential public land charges. In these cases, the entries are common agreements.

For valuation units which we have not received further information concerning potential public land charges and all other valuation units 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.

### 3.4.18 Other influences

#### Rent reductions/ exemption from rent

According to the rent roll provided, some tenants are entitled to receive rent reductions and/or are exempt from paying rent. We have assumed that the rent reduction and/or the exemption from rent lasts for three months.

The resulting reduction amounts to EUR 42,499 EUR and was deducted in the valuation.

## Fire protection measures

According to the information provided by the Company five valuation units in Halle (Saale) are concerned by expenditures relating to fire protection measures. The resulting costs amount to 437,500 EUR and were deducted in the valuation.

## 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 interests in the assets in the portfolio, rounded on asset-by-asset basis, as at 30 September 2020 and held as at that date, is:

**1,127,110,000 EUR**

**(one billion one hundred twenty-seven million one hundred ten thousand Euros)**

The unrounded net capital value is 1,126,963,446 EUR. The unrounded gross capital value is 1,215,097,002 EUR including 88,133,556 EUR purchaser's costs (7.8 %).

The assessment of the Fair Value was carried on asset-by-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.

There are no negative values to report.

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, 30 September 2020.

The following table shows aggregated key asset data for the portfolio:

Fair Value	1,127,110,000 EUR
Total lettable area:	713,780 sq m
Average Fair Value per sq m lettable area:	1,579 EUR
Current annual rental income (gross):	53,169,331 EUR
Potential annual rental income (gross):	56,290,457 EUR
Annual market rent (gross):	64,406,247 EUR
Multiplier (based on current rent):	21.2 times
Multiplier (based on potential rent):	20.0 times
Multiplier (based on market rent):	17.5 times
Net initial yield (based on current rent):	3.46%
Net initial yield (based on potential rent):	3.78%
Net initial yield (based on market rent):	4.45%



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 30 September 2020

### **Residential units**

Residential units - number of residential premises excluding internal and external parking units and other units; as at 30 September 2020

### **Commercial units**

Commercial units - number of commercial and special premises; excluding internal and external parking units and other units; as at 30 September 2020

### **Internal/ External Parking units (Parking lots)**

Internal/ External Parking units - number of internal and external parking spaces; as at 30 September 2020

### **Other units**

Other units – e.g. number of antennas; as at 30 September 2020

### **Current annual rental income (gross):**

The current gross rental income represents the rent payable for the units let on contractual agreements as at 30 September 2020, 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 30 September 2020, multiplied by 12.

### **Annual market rent (gross):**

The (monthly) market rent of all units as at 30 September 2020 (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

## Condensed Valuation Report

**NAI apollo**

## **1. Assignment**

### **1.1. Principal**

ADLER Real Estate AG

Joachimsthaler Straße 34

10719 Berlin

Germany

ADLER Group S.A. (formerly ADO Properties S.A.)

1B, Heienhaff

L-1736 Senningerberg

Grand Duchy of Luxembourg

(hereafter: 'the Principal')

### **1.2. Addresses**

J.P. Morgan AG

Taunustor 1 (TaunusTurm)

60310 Frankfurt am Main

Germany

Barclays Bank Ireland PLC

One Molesworth Street

Dublin 2

DO2RF29

Ireland

Deutsche Bank Aktiengesellschaft

Mainzer Landstraße 11-17

60323 Frankfurt am Main

Federal Republic of Germany

### **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 22 September 2020, the Contractor was instructed as an independent valuer by the Principal to determine the market value of the properties mentioned in section 1.41.4 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 (12<sup>th</sup> edition) with a valuation date being 30 June 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 delta of the accounted construction costs for the properties as of 30 June 2020 compared to the last valuation with a valuation date being 29 February 2020 was provided to us by the client. Furthermore we received updated planning costs for a few properties. We were informed by the Principal that the properties are also in mainly comparable conditions as found in the last valuation.

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 by the company (the 'Notes') and the listing of such 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 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).

#### **1.7. Date of Valuation**

The valuations were conducted as per 30 June 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
	<p>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.</p>
Neues Korallusviertel	<p>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.</p> <p>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.</p>
VAI Campus	<p>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.</p> <p>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<sup>2</sup> 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.</p>
The Wilhelm	<p>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.</p> <p>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.</p>
Weg beim Jäger	<p>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.</p> <p>The valuation property is a split-level parking garage.</p>

<b>Project</b>	<b>Description</b>
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 30 June 2020 with:

**3,011,000,000 EUR**

**(Three Billion and Eleven Million 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, 04 January 2021

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



<b>Project</b>	<b>Address</b>	<b>ZIP</b>	<b>City</b>	<b>Residential space (planned/existing)</b>	<b>Commercial space (planned/existing)</b>
				<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 September 30, 2020 and the date of this Offering Memorandum.

On September 29, 2020 and October 1, 2020, respectively, the management board of ADLER Real Estate resolved on and the supervisory board of ADLER Real Estate approved the implementation of a capital increase against contribution in kind and in partial utilization of the authorized capital of ADLER Real Estate, whereby the Company is exclusively admitted to subscribe to newly issued shares of ADLER Real Estate against contribution of approximately €478.2 million and the transfer of treasury shares of ADLER Real Estate in respect of approximately €21.8 million of the receivable under an existing shareholder loan granted by the Company to its subsidiary ADLER Real Estate on April 14, 2020. ADLER Real Estate submitted the application for the registration of the capital increase against contribution in kind to the commercial register. As of the date of this Offering Memorandum, the registration with the commercial register is pending.

On November 9, 2020, the Company successfully placed €400 million fixed rate senior unsecured notes with a 6-year maturity and a 2.75% fixed coupon with institutional investors. The proceeds were primarily used to repay existing short-term indebtedness and thus extend the Company's average debt maturity.

On December 7, 2020, certain subsidiaries of WESTGRUND entered into a loan agreement as borrowers with DZ HYP as lender, pursuant to which an amount of €130 million is made available for purposes of the optimization of the ADLER Group's financing structure, certain refinancings as well as general corporate use. On December 10, 2020, an amount of €128,625 thousand has been drawn under the DZ HYP WESTGRUND Loan Facility and remains outstanding as of the date of this Offering Memorandum.

On December 13, 2020, the Company announced that it has resolved to further increase its stake in Consus Real Estate, which, at that time, amounted to approximately 65.0%. As part of a capital increase against contribution in kind, the Company acquired shares in Consus Real Estate from certain other shareholders of Consus Real Estate at an exchange ratio of 0.272 new shares of the Company for each share of Consus Real Estate by way of contributing 46,780,535 shares of Consus Real Estate in exchange for 12,724,303 new shares of the Company (the "**Consus Increase**"). Following the completion of the Consus Increase, ADLER held a stake of approximately 94.0% in Consus Real Estate. Against this background, the Company had decided to currently not pursue the voluntary public tender offer in the form of an exchange offer to all Consus shareholders. However, the Company may seek to further increase its shareholding in Consus going forward.

On December 21, 2020, ADLER Real Estate entered into a sale and purchase agreement with OMEGA AG, Munich and a real estate family office to sell 1,605 residential and commercial units with a gross asset value of €75.7 million to further streamline its portfolio. The properties are primarily located in Borna, Osterholz-Scharmbeck and Schwanewede. As of September 30, 2020, the assets generated €4.8 million in net rental income per year and had a vacancy rate of 17.5% and an average monthly rent of €5.21/sqm. The disposal is a natural next step in ADLER Group's strategy to streamline its portfolio. We expect that the LTV-Ratio is reduced by 30bps as a result of this transaction which is a further step to reach our medium-term target of an LTV-Ratio of below 50%. The transaction is expected to close at the end of March 2021.

On December 31, 2020, we successfully closed the sale of approximately 5,064 real estate and condominium assets located in Baden-Württemberg, Lower Saxony, Rhineland Palatinate and North Rhine-Westphalia to Peach Property Group (Deutschland) AG and certain of its group companies. We received cash payments in the aggregate amount of €198 million and will receive a further cash payment in the amount of €75 million from an escrow account once all the post-closing conditions are met. As of September 30, 2020, the assets generated €18.6 million in net rental income per year and had a vacancy rate of 12% and an average monthly rent of €5.46/sqm. The disposal is a natural next step in ADLER Group's strategy to streamline its portfolio. We expect that the LTV-Ratio is reduced by 200bps as a result of this transaction which is a further step to reach our medium-term target of an LTV-Ratio of below 50%.

On January 6, 2021, ADLER Real Estate launched a cash tender offer (the "**Tender Offer**") to purchase any and all of the EUR 500,000,000 1.50% notes due December 6, 2021 (the "**2021 Notes**"). The Tender Offer is to be financed by using a partial amount from the net proceeds from the issuance of the Notes and will expire at

5 p.m. (CET) on January 12, 2021, unless extended or terminated earlier by ADLER Real Estate. The closing of the Tender Offer is subject to certain conditions, including the successful closing of the issuance of the Notes. The repurchase price for each validly tendered 2021 Note will be 101.212% of the outstanding amount of such note, plus accrued interest. In addition, ADLER Real Estate may redeem the remaining 2021 Notes (if any) in accordance with the terms and conditions of the 2021 Notes.

## **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. Despite various governmental counter-measures, including lock-down measures throughout Germany, the Coronavirus is still rapidly expanding. As the Coronavirus continues to spread, the magnitude of its impact on our business cannot be adequately predicted 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 Transactions—Business Combination with ADLER Real Estate—Reasons for the Business Combination*”). 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.

The Company has issued a profit forecast as set out under “*Profit Forecast*”. Assuming the ADLER Real Estate 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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