



ADLER Group S.A.
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AGM 2022 Q&A

ADLER Group S.A. invited shareholders to exercise their right to pose questions (until 21 June 2022) related to items on the agenda of the 2022 annual general meeting to be held on 29 June 2022. This document contains answers to the questions received from shareholders.

Questions	Answers
<p>On 23 September 2019, Adler Real Estate AG as well as ADO Group announced that Adler Real Estate had agreed to pay NIL 100/share for all shares (27,512,000 shares) in ADO Group Ltd. This corresponded to a total purchase price of NIL 2,751,200,000.00 (approx. EUR 708,434,000.00 or approx. EUR 25.75/share) and a premium of approx. 82% on the stock market price at that time. At that time, ADO Group held approximately 38.16% of ADO Properties S.A. shares.</p> <p>Question 1: What was the exact number of the 38.16% of ADO Properties shares?</p> <p>Question 2: In later publications of the company, the percentage of shares acquired was only 33.25% (14,692,889 shares), although the purchase price (approx. 708 million EUR) remained the same. Could you clarify the discrepancy?</p>	<p>Answer question 1:</p> <p>The exact number of 38.16% of ADO Properties S.A. shares was 16,862,889.</p> <p>Answer question 2:</p> <p>As announced on 23 September 2019 the transaction would result in Adler Real Estate AG holding an indirect stake of approximately 33% in ADO Properties S.A.</p>

On 10 December 2019, the merger agreement between ADO Group and Adler Real Estate AG was executed. For this purpose, ADO Group sold approximately 4.91% of the ADO Properties shares to ADO Properties in advance.

Question 3: In the pro forma group financial information in the offer document dated 7 February 2020, the sale of the 4.91% ADO Properties shares to ADO Properties was valued at EUR 75.818 million (at approximately EUR 34.94/share). Was this also recorded in the ADO Properties 2019 financial statements?

Question 4: In the annual report of ADO Properties 2019, page 21 states the following: "Currently, the Company does not hold any of its own shares, nor does any third party hold shares in the Company on behalf of the Company." Consequently, the question arises whether the purchase was completed on 10.12.2019, or did ADO Properties continue to sell the shares in the period between 10.12.2019 and 31.12.2019?

Question 5: Pursuant to Article 430-15 of the Luxembourg Law on Corporations, the Company requires the approval of the General Meeting of Shareholders to acquire its own shares. Has this authorisation been granted to the company in the run-up to 10.12.2019?

Answer questions 3-5:

There is a misunderstanding. The transaction you are referring to did not take place.

Ado Group Ltd. did not sell ADO Properties S.A. shares to ADO Properties S.A. Rather Ado Group Ltd. sold the mentioned approx. 4.91% of the ADO Properties S.A. shares to third parties and received the purchase price.

The mandatory disclosure of the offer document (ADO Properties to Adler Real Estate) dated 7 February 2020 states: "No shareholder controls the Company." Adler Real Estate's 2019 annual report states, "With economic effect as of 10 December 2019, ADLER gained controlling influence over ADO Group Ltd, Tel Aviv/Israel, (ADO Group) and thus also over Adler Group S.A. (formerly ADO Properties S.A.), Senningerberg/Luxembourg, (Adler Group). The initial consolidation was made on 31 December 2019 for simplification and materiality reasons."

The ADO Properties 2019 annual report states, "In addition to ADO Group Ltd as the controlling shareholder with a 33.25% stake in ADO Properties SA, 66.75% of the shares are held in free float, mainly by institutional investors."

Question 6: Can you clarify the contradiction?

Answer question 6:

The two documents (offer document and annual report) are referring to two different meanings of the word "control".

- "Control" in the offer document means control as defined in the Luxembourg law of 19 May 2006 on takeover bids, i.e. a holding of 33 1/3% of the voting rights in a listed company.
- "Control" in the annual report means control from an accounting perspective which is determined on various different factors and not only a holding percentage of shares/voting rights.

In the mandatory announcement of the offer document (ADO Properties to Adler Real Estate) dated 7 February 2020, the drawing of the call option in Consus Real Estate AG was linked to possible effects on:

- (i) not deteriorating the Company's current investment grade rating and its implication for the Company to raise capital on comparable favourable terms
- (ii) reduce total debt on a pro forma basis
- (iii) the ability to achieve financial and operational synergies
- (iv) the ability to implement profit/loss transfer agreements
- (v) ensure other business considerations.

As this did not appear to be the case as at 7 February, it was not considered very likely that the call option would be exercised. As the company already drew the option on 29.06.2020, points (i) to (v) seemed to be ensured.

Question 7: What has changed with regard to Consus Real Estate between 07.02.2020 and 29.06.2020 to draw the option?

Answer question 7:

The following effects took place between 7 February 2020 and 29 June 2020 which amongst others led the board of directors to exercise the call option:

- Consus did an internal reorganization process in order to reduce debt and sold various non-strategic assets to third parties.
- Consus Real Estate has streamlined its holding in the group companies by acquiring the outstanding 25% of the shares in Consus RE AG from the CG Group. Afterwards Consus RE AG was a fully owned subsidiary of Consus Real Estate.

The mandatory publication of the Offer Document (ADO Properties to Adler Real Estate) dated 7 February 2020 states that "On 20 December 2019, the German Federal Cartel Office ("BKartA") notified the Company that it had cleared the proposed business combination and the acquisition of 22.18% of the shares in Consus Real Estate."

Question 8: When was the relevant application made?

Answer question 8:

The relevant application was made on 17 December 2019.