



Creating a fully integrated housing platform in core German cities

16 DECEMBER 2019

ADC

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CONSUS
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Transaction summary

1



15-Dec-19
(announcement)

All share voluntary tender offer for ADLER

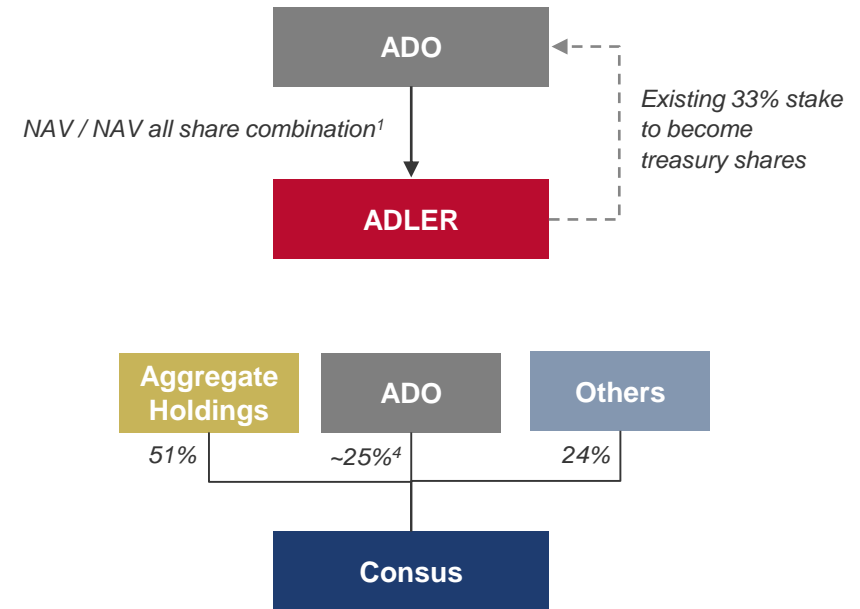
- 0.4164 ADO Properties (“ADO”) shares for 1 ADLER share
- 52.2% irrevocables received by ADLER shareholders²
- 17.3% premium to ADLER shareholders based on closing price³

Acquisition of 22% stake in Consus from existing minorities in cash

- Strategic cooperation agreement with Consus, providing the right to ADO to allow it to match any offer from a third party on residential development projects worked on together

Fully underwritten up to €500m rights issue post closing

Backstop facility in-place for all debt with change of control



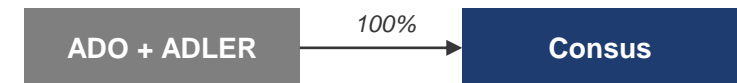
2



2020

Call option for acquisition of an additional 51% stake in Consus from majority shareholder Aggregate Holdings

- Exchange ratio of 0.2390 ADO shares per Consus share
- In exchange for granting the call option Aggregate Holdings will be entitled to borrow from ADO / ADLER the equivalent number of ADO shares that it would receive upon exercise of the call
- Aggregate Holdings holds a put option which can be exercised in the event of a change of control at ADO



- Call option for 51% of Consus
- Voluntary takeover offer for minorities

Note:

¹ Based on Q3-2019 EPRA NAV (undiluted) and Q3-2019 ADLER EPRA NAV adjusted for dilution from ADLER €130m convertible bond based on adjusted conversion price following a change of control

² Including stake tendered by Tomas de Vargas Machuca

³ Closing price as of December 13, 2019

⁴ Including existing stake of ~3% owned by ADLER

Terms of the transaction

Transaction	<ul style="list-style-type: none">■ ADO announces simultaneous transactions with ADLER and Consus:<ul style="list-style-type: none">■ Voluntary public tender offer for ADLER, 52% irrevocables■ Acquisition of 22% stake in Consus, one of the largest residential developers in Germany■ Call option secured on further 51% stake from Aggregate Holdings
ADO and ADLER	<ul style="list-style-type: none">■ ADO and ADLER have signed a Business Combination Agreement (BCA) which sets out the terms of the combination
Governance	<ul style="list-style-type: none">■ The combined company to be renamed ADLER Real Estate Group, operational headquarters to remain in Berlin■ Luxembourg Company registered and Germany listed with Luxembourg Company structure■ 1 Tier Board structure with 10 members:<ul style="list-style-type: none">■ 5 fully independent (including Chairman who will have a casting vote)■ Audit and remuneration committee to be 3 members chaired by independent members as well as majority independent members■ Post-deal there will be no single shareholder controlling the company, with free float of ~80%
Business Co-operation agreement with Consus	<ul style="list-style-type: none">■ ADO and Consus to enter into a strategic cooperation agreement, providing the right to ADO to allow it to match any offer from a third party on residential development projects worked on together
Envisaged timeline	<ul style="list-style-type: none">■ Announcement: 15 December 2019■ Start of offer period: 8 February 2020■ End of initial tender offer period and announcement of initial acceptance period results: 9 March 2020■ End of offer period including “sweep up” period and settlement: 26 March 2020■ Up to €500m rights issue: Q2-Q3 2020

Creating a leading platform for growth in German residential



1 Transformational transaction creating a roadmap to Top-3 listed residential real estate company in Germany, with enhanced liquidity and likely MDAX candidate in the near-term

2 Balanced portfolios with exposure to strong locations and new cities, diversifying outside of Berlin and across Germany

3 Acquisition of a strategic stake in a high quality development company with a pipeline of 15,000+ new units in Top-9 German cities

- Option to buy 51% of Consus shall be exercised when preserving ADO's investment grade financial parameters

4 Access to a highly experienced development platform securing value-creating growth path for future NAV accretion

5 €180-210m of operating and financial synergies realized from streamlined operations and financial discipline leading to an investment grade rating profile for the combined group

6 Strong corporate governance and experienced management

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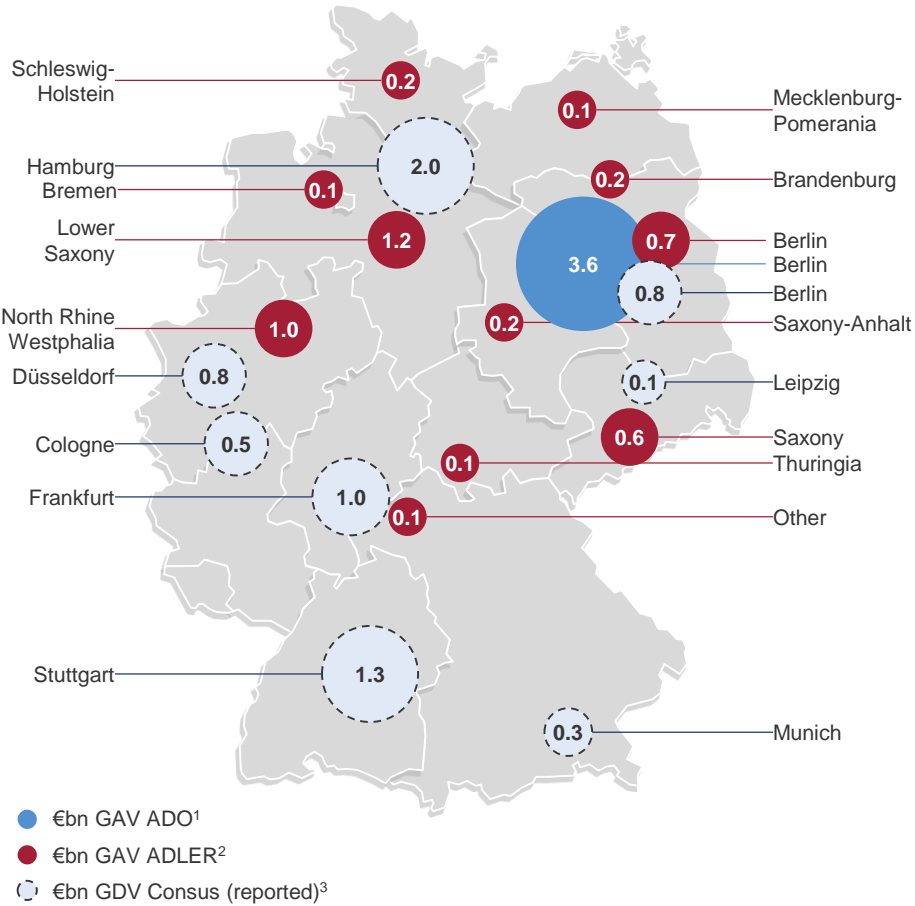

ADLER
REAL ESTATE


CONSUS
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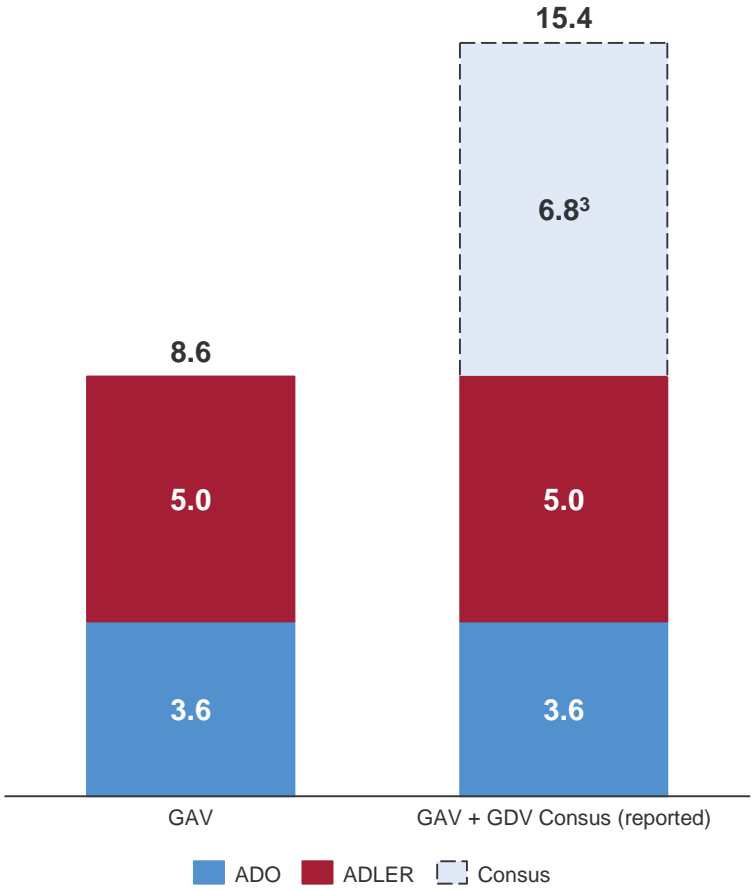

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+
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Creating an €8.6bn rental portfolio with a growth path into Germany's core cities

Combined portfolio geographical split










Combined portfolio value^{1,4} and GDV (€bn)



Source: ADO and ADLER company information, Consus Q3 2019 results presentation
 Note:
 1 ADO GAV excludes units sold in large portfolio disposal post-Q3 2019
 2 Residential portfolio excluding retail parks and residential developments; includes Berlin Wasserstadt Mitte at GDV
 3 Includes planned build to hold assets only, and including completed units in Berlin at GAV.
 4 ADLER GAV includes Berlin Wasserstadt Mitte at GDV

The combination has compelling strategic rationale and creates significant value for shareholders

Strategic fit	<ul style="list-style-type: none"> Complementary portfolios concentrated in attractive cities and regions across Germany Broadening our scope from Berlin to strong locations across Germany 	
Scale	<ul style="list-style-type: none"> Critical scale achieved – combined portfolio of €8.6bn with a clear path for value-enhancing growth Creating a leading player in German residential with access to a unique €6.8bn build to hold portfolio in Top-9 cities 	
Pipeline	<ul style="list-style-type: none"> Access to pipeline: Ability to buy new build assets from Consus located in inner city locations 	
Synergies	<ul style="list-style-type: none"> Significant value creation benefitting all shareholders €180-210m total expected operational and financing synergies – majority realised in 12-24 months post closing, of which €25-39m realised from ADLER transaction 	
FFO & Dividend	<ul style="list-style-type: none"> ADLER transaction immediately accretive to FFO per share in 2020E for ADO shareholders Dividend of €0.75 per ADO share over 2019 proposed for all existing and new ADO shareholders¹ 	
NAV	<ul style="list-style-type: none"> Exchange ratio with ADLER based on Q3 2019 EPRA NAVs², ensuring NAV-neutral transaction (without capitalization of synergies) Potential to unlock embedded value in development portfolio to enable NAV-accretive growth 	
Leverage	<ul style="list-style-type: none"> Strong investment grade rating profile LTV at ~49% (Q3 2019 pro-forma for transaction effects) 	

Note:

¹ To be adjusted to any dividends and equity raise as relevant

² Based on Q3-2019 EPRA NAV (undiluted) and Q3-2019 ADLER EPRA NAV adjusted for dilution from ADLER €130m convertible bond based on adjusted conversion price following a change of control



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 **ADLER**
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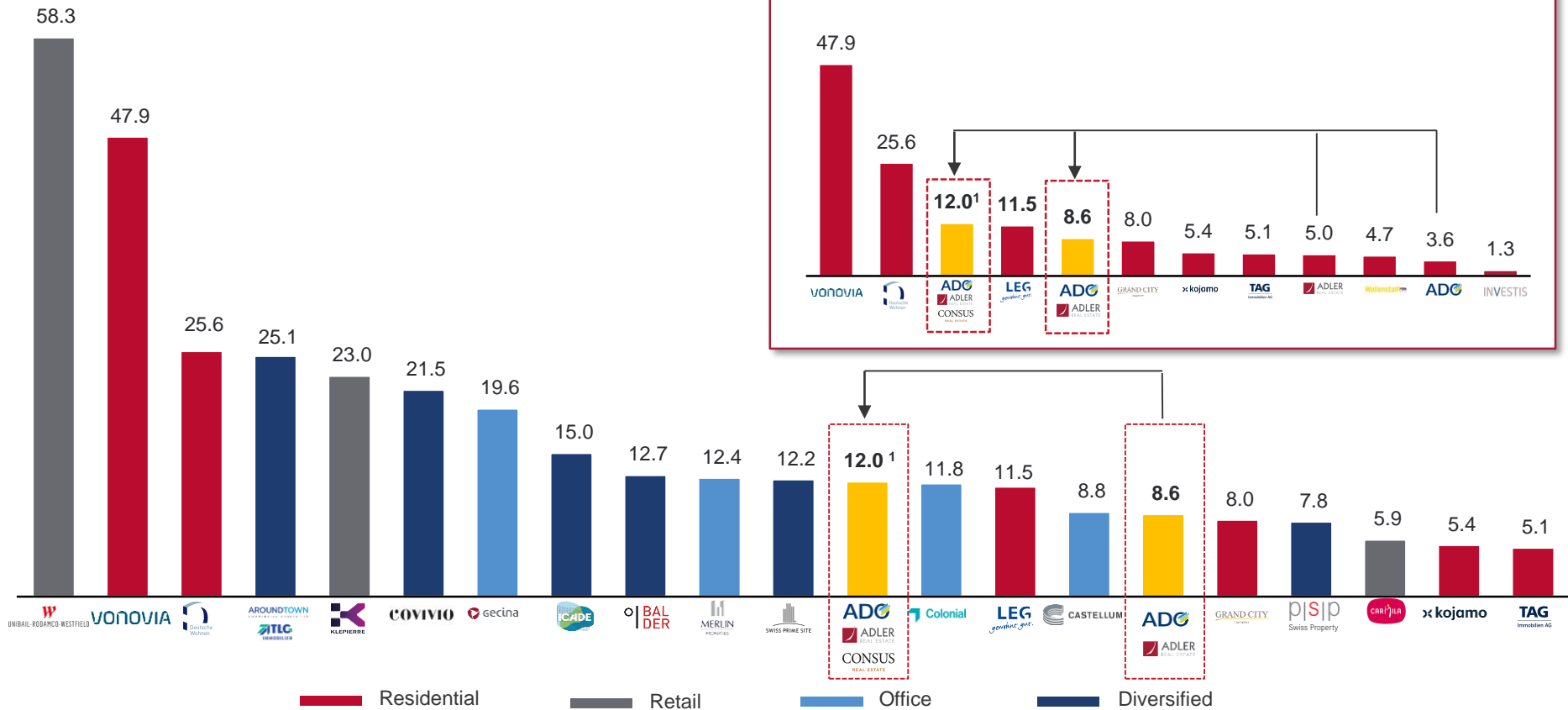
CONSUS
REAL ESTATE

Key investment highlights

1

Combined company will become the 3rd largest listed residential player in Germany

Top-20 listed Continental European players by GAV (€bn)



Creation of a large-scale residential real estate company with growth potential forming the third largest listed residential player in Germany

Source: Last reported company information
 Note:
 1 Includes GAV of €3.4bn of Consus as of Q3-2019

Enhanced liquidity and likely MDAX candidate in the near-term



Pre-deal

■ ADLER	33.3% ¹
■ Union Investment	5.1%
■ Vanguard	2.4%
■ Norges	2.2%
■ Blackrock	2.1%
■ Free Float ²	~62%



Pre-deal

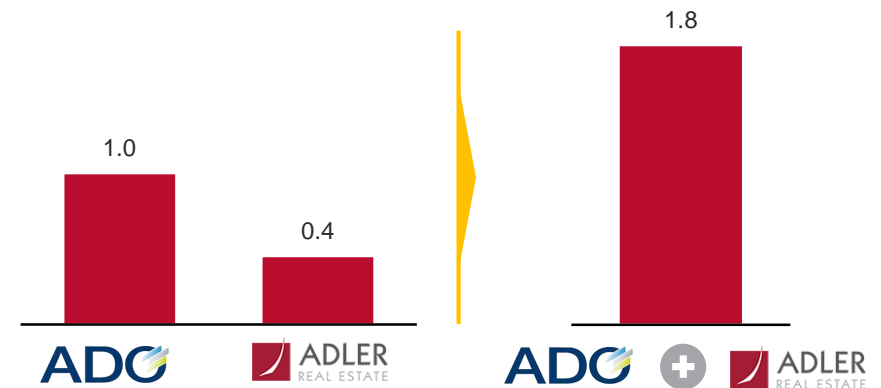
■ Klaus Wecken	15.0%
■ Mezzanine IX Investors	14.4%
■ Fairwater Capital	13.5%
■ Thomas Bergander	6.7%
■ FIL	5.0%
■ Free Float ²	~45%



Post-deal^{1,3}

■ Klaus Wecken	7.0%
■ Mezzanine IX Investors	6.8%
■ Fairwater Capital	6.4%
■ Free Float ²	~80%
■ Union Invest	3.6%
■ Thomas Bergander	3.2%

Free Float market cap (€bn)^{1,2,3}



Source: Company information; Bloomberg; Factset as of December 13, 2019

Note:

¹ The 33.3% ADLER stake in ADO will become treasury shares in the combined entity and excluded for pro-forma ownership calculations

² Free float defined as all shareholdings less than 5% ownership

³ Assuming 100% take-up at current market valuation

1 Combination delivers increased scale, profitability and investment grade profile

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ADC + ADLER
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(€mm, unless stated otherwise)

	ADC	ADLER REAL ESTATE	ADC + ADLER REAL ESTATE	
Financial	GRI ¹	160	371	530
	NRI ¹	136	250	386
	EBITDA ¹	97	171	268 ⁴
	EBITDA margin (rental) % ²	71%	69%	69%
	GAV (€bn)	~3.6	~5.0	~8.6
	EPRA NAV (€bn)	~2.8	~2.0	~4.7 ⁵
Operational	Occupancy (%) ³	97.4%	93.7%	95.2%
	Rental area (k sqm)	1,236	3,547	4,782
	Rent per sqm (€/sqm)	6.9	5.6	5.9 ⁶
	Value per sqm (€/sqm)	2,718	1,139	1,547
Leverage	Net LTV (%)	21%	59%	~49% ⁷
	ICR (x)	3.4x	2.5x	~2.7x ⁸

Source: Company information: ADLER as of Q3 2019 and ADO as of Q3 2019, pro-forma for Carlos portfolio sale

Note:

1 Figures on Q3 2019 annualized basis

2 Based on NRI

3 Combination weighted average based on GAV

4 Excluding synergies






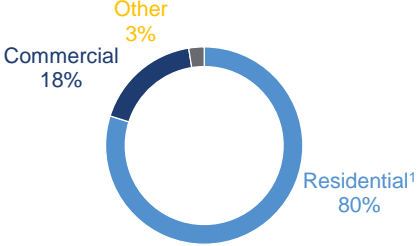
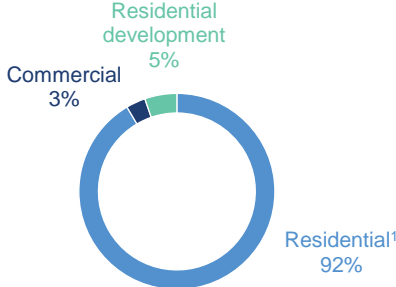
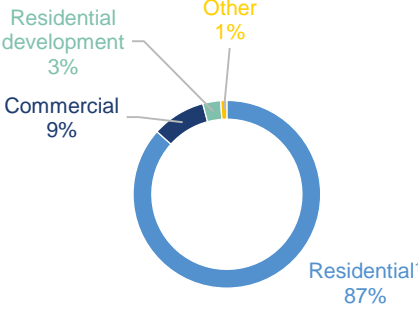
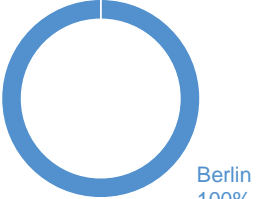
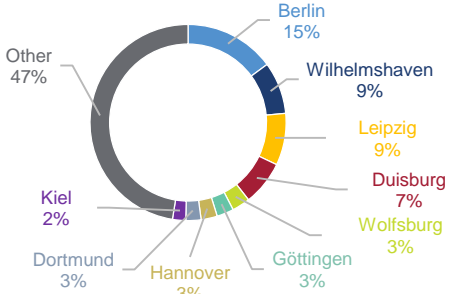
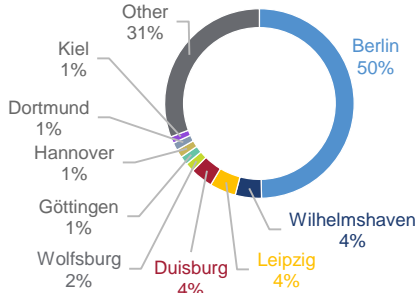
5 Excludes convertible conversion and rights issue

6 Based on rental area

7 Adjusted for convertible dilution, Consus stake acquisition and €500m equity raise

8 Adjusted for convertible dilution and €500m equity raise; including €10-19m of financing synergies and €15-20m of operating synergies

2 Combination delivers critical scale and diversification

	 ADC	 ADLER <small>REAL ESTATE</small>	   ADC + ADLER <small>REAL ESTATE</small>
GAV (€bn)	3.6	5.0	8.6
Split by type			
Split by city			
NRI ²	136	250	386
Rent per sqm (€)	6.9	5.6	5.9 ³
Value per sqm (€m)	2,718	1,139	1,547

Source: Company information, latest reporting

Note: ADLER geographic split percentages based on residential portfolio only; ADO split by type inferred from split based on in-place rents

¹ Includes Berlin Riverside project; ADO residential type includes subsidized portfolio

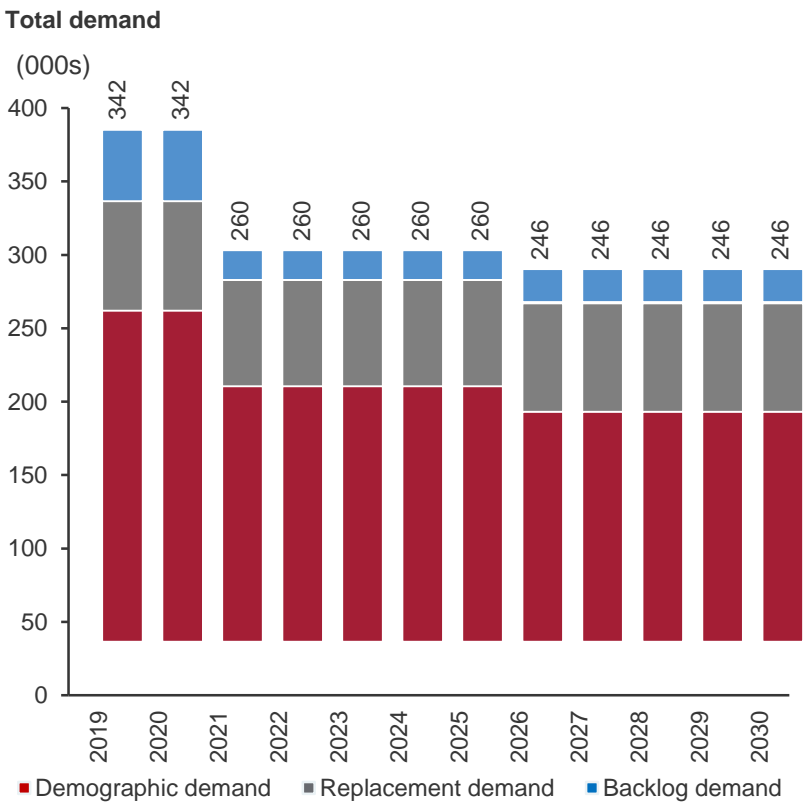
² Figures on annualized Q3-19 basis, pro-forma for Carlos sale

³ Based on rental business

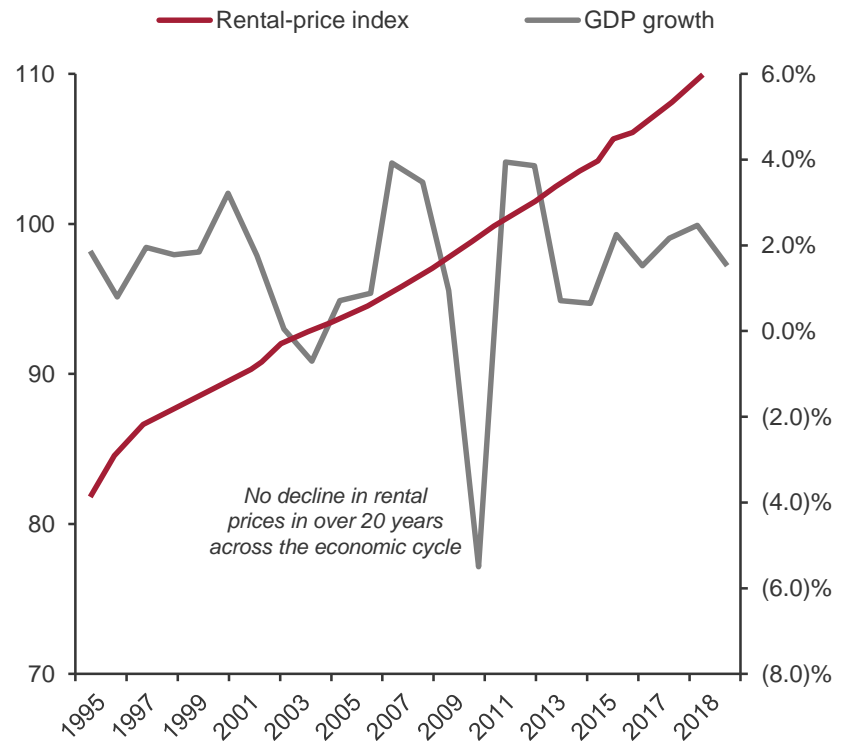
Build-to-hold strategy to deliver +15k new units of housing in Top-9 cities, where the ongoing housing shortage is perceived to be strongest

Demand of 3.2m units with c. € 1 trillion GDV¹ until 2030

Demand of 3.2m new apartments until 2030



Strong and consistent rental price growth



The combination with Consus will deliver growth for the platform through new assets in most attractive markets

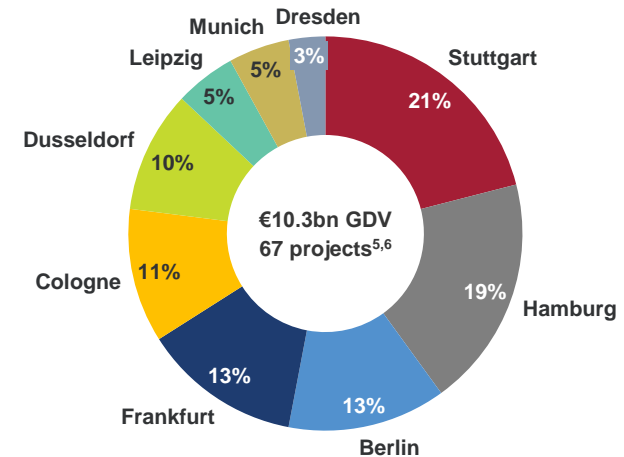
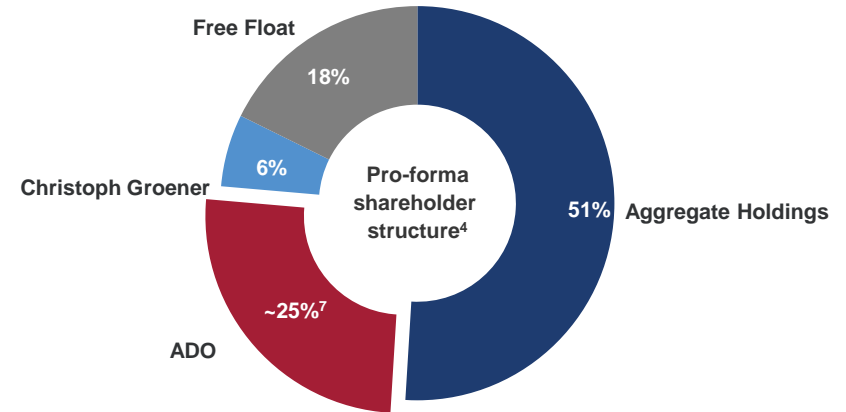
Source: Institut der deutschen Wirtschaft, July 2019; Destatis EIU
 Note:
 1 Based on estimated average price of €325k per unit

3 Overview of the transaction with Consus Real Estate

Transaction description

22% Stake Acquired	<ul style="list-style-type: none"> ■ Acquisition of 22% stake in Consus from existing minorities in cash ■ ADO pays a cash consideration of €9.72 per share, or €294m in total
Call Option signed	<ul style="list-style-type: none"> ■ A call option has been granted by Aggregate Holdings for its shares in Consus ■ ADO may exercise its call option within the next 18 months, which is the same amount of time as Aggregate Holdings may exercise its put option ■ The price for any Consus share acquired under the call option shall be paid in shares at an exchange ratio of 0.2390¹ ■ As part of the agreement, Aggregate Holdings will receive a put option exercisable only in the event of a CoC² at ADO and will be entitled to borrow from ADO / ADLER the equivalent number of ADO shares that it would receive upon exercise of the call by ADO
Consideration	<ul style="list-style-type: none"> ■ Based on the closing price of 13 December 2019, the envisaged price for the full consideration is €8.65 per share³
Strategic cooperation	<ul style="list-style-type: none"> ■ ADO has signed a strategic cooperation with Consus to allow it to match any offer from a third party on residential development projects worked on together

Consus ownership and portfolio overview



Source: Consus website, Consus Q3 Results 2019

Note:

1 Based on the closing price of 13 December 2019. Ratio would be appropriately adjusted for any dividends and equity issuance done by the company

2 Change of control event

3 Blended from 22% at €9.72 and 78% at €8.35, prior to dilution effect

4 Post acquisition of 22% by ADO

5 Dortmund is included in Düsseldorf, Erfurt is included in Leipzig; Böblingen, Karlsruhe and Mannheim are included in Stuttgart, Bayreuth and Passau are included in Munich, Offenbach is included in Frankfurt am Main

6 Based on total portfolio

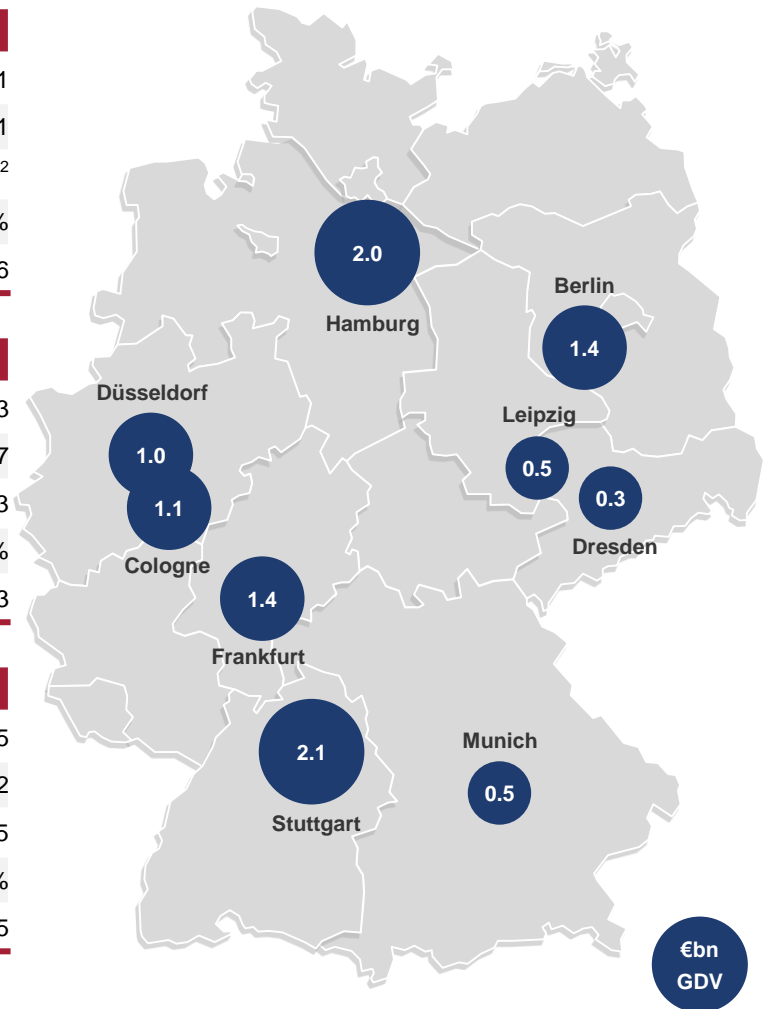
7 Including existing stake of ~3% owned by ADLER

Consus in-house development projects in Top-9 cities pave the way for NAV-enhancing growth

Stuttgart ¹		Berlin		Leipzig ¹	
GDV (€m)	2,139	GDV (€m)	1,355	GDV (€m)	531
Area (k sqm)	545	Area (k sqm)	207	Area (k sqm)	321
Avg. sales price (€/sqm)	3,923	Avg. sales price (€/sqm)	6,534	Avg. sales price (€/sqm)	3,139 ²
% of total GDV	21%	% of total GDV	13%	% of total GDV	5%
# Projects	9	# Projects	9	# Projects	16

Hamburg		Cologne		Munich	
GDV (€m)	1,960	GDV (€m)	1,081	GDV (€m)	483
Area (k sqm)	359	Area (k sqm)	240	Area (k sqm)	67
Avg. sales price (€/sqm)	5,464	Avg. sales price (€/sqm)	4,500	Avg. sales price (€/sqm)	7,233
% of total GDV	19%	% of total GDV	11%	% of total GDV	5%
# Projects	6	# Projects	7	# Projects	3

Frankfurt ²		Duesseldorf		Dresden	
GDV (€m)	1,365	GDV (€m)	1,002	GDV (€m)	345
Area (k sqm)	182	Area (k sqm)	218	Area (k sqm)	72
Avg. sales price (€/sqm)	7,493	Avg. sales price (€/sqm)	4,590	Avg. sales price (€/sqm)	4,815
% of total GDV	13%	% of total GDV	10%	% of total GDV	3%
# Projects	7	# Projects	5	# Projects	5



Source: Consus Q3 2019 results presentation

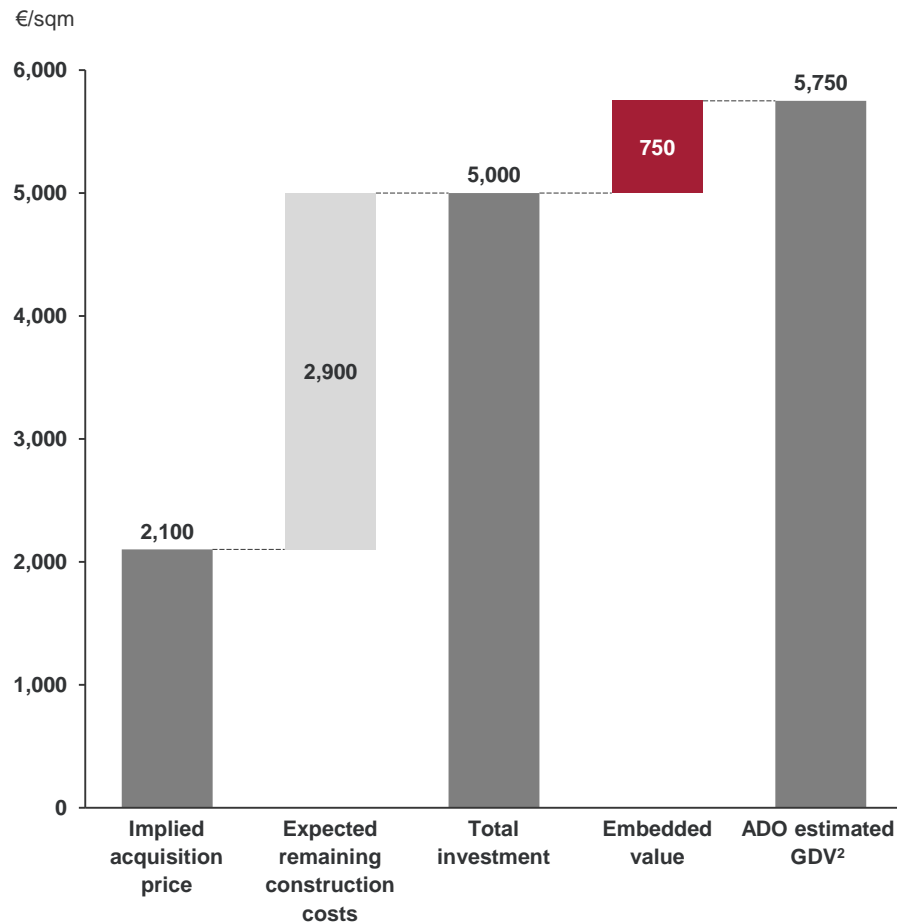
Note

¹ Frankfurt includes Offenbach, Stuttgart includes Karlsruhe, Leipzig includes Erfurt

² Adjusted for dilution from Leipzig 416 upfront sale

Embedded value of c.€1.0bn in build-to-hold portfolio allows for NAV-accrative growth in the next years

Hold portfolio | Estimated value (€/sqm)



Comments

- ADO is offering a weighted average price of €8.65¹ per share for Consus, valuing its on-balance sheet build-to-hold portfolio at an implied c.€2,100/sqm, including goodwill
- Remaining construction costs are estimated at c.€2,900/sqm, bringing total investment in the build-to-hold portfolio to c.€5,000/sqm
- At an average estimated market rent of €18.0/sqm/m, this implies a 4.3% yield on cost
- GDV is estimated at c.€5,750/sqm, implying an embedded value of c.€750/sqm in the build-to-hold portfolio
- On the total estimated GDV of €5,750/sqm an average estimated market rent of €18.0/sqm/m implies a 3.8% expected valuation yield
- Total floor area of the hold portfolio is approximately 1.4m sqm, implying a total embedded value of c.€1.0bn

Source: Company reports

Note:

¹ Assuming acquisition of 100% of the shares

² Based on build to hold

Consus build to hold portfolio provides an attractive secured land bank with full discretion to develop at our own pace

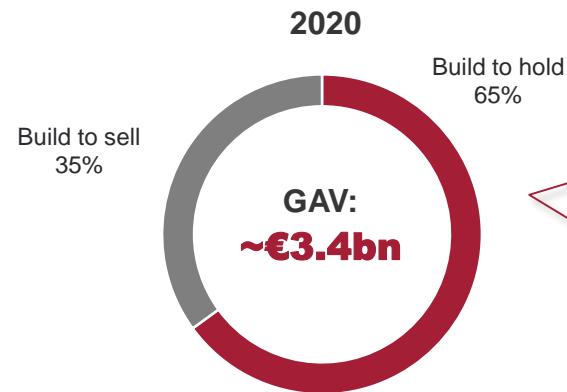
Fully integrated development platform:

- ✓ Over 895 employees across 9 cities, that enables it to cover the full value chain
- ✓ Land acquisition access and sourcing: broad network and robust reputation
- ✓ Re-development potential: Integrated platform with in-house capabilities, facilitates re-development

Attractions of build to hold model:

- ✓ Flexible land bank servicing future growth
- ✓ Attractive entry price and yield on cost
- ✓ Dynamic ability to shape portfolio according to market trends
- ✓ Strong demand/supply dynamics

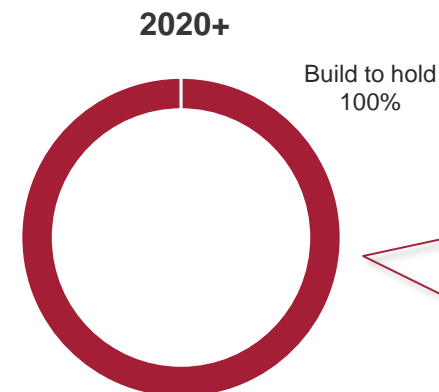
Consus upon exercise of call option



Majority to hold, with c.1/3 for sale through de-risked model

- 30% upfront cash payment received upon signing
- Future cash inflows under forward sale agreements upon achieving defined milestone

Consus medium-term



Secured land bank exclusively for own development

- Full discretion on development phasing and / or opportunistic capital recycling
- Development exposure consistently in line with investment grade requirement

5 Significant synergies unlocked through the combination

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ADO +

CONSUS
REAL ESTATE

Financing synergies

Unsecured bonds - €2.0bn	€5m - €10m	Medium term
Bank loan - €1.6bn	€4m - €8m	
ADO Group bonds - €0.3bn	€1m - €1m	
Total financing synergies	€10m - €19m	

Mezzanine debt >10% - €0.6bn	€83m - €85m	2020
Senior/Junior debt >5-10% - €0.4bn	€15m - €17m	2020
Senior/Junior debt >3.5-5% - €0.5bn	€5m - €8m	2020
Unsecured bond - €0.5bn	€38m - €40m	2021
Other bank debt - €0.2bn	€1m - €3m	Medium term
Total financing synergies	€142m - €153m	

Operating synergies

<ul style="list-style-type: none"> Scale and efficiency driving reduction in opex Savings from duplicate public company functions, IT, audit and other professionals service fees Platform savings 	€15m - €20m	12-24 months
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<ul style="list-style-type: none"> Reduction in marketing expenses in relation to build to sell business Platform savings IT, audit, professional service and other general administrative savings 	€13m - €18m	12-24 months
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Total synergies

Total synergies €25m - €39m

Total synergies €155m - €171m

Upon acquiring control of Consus

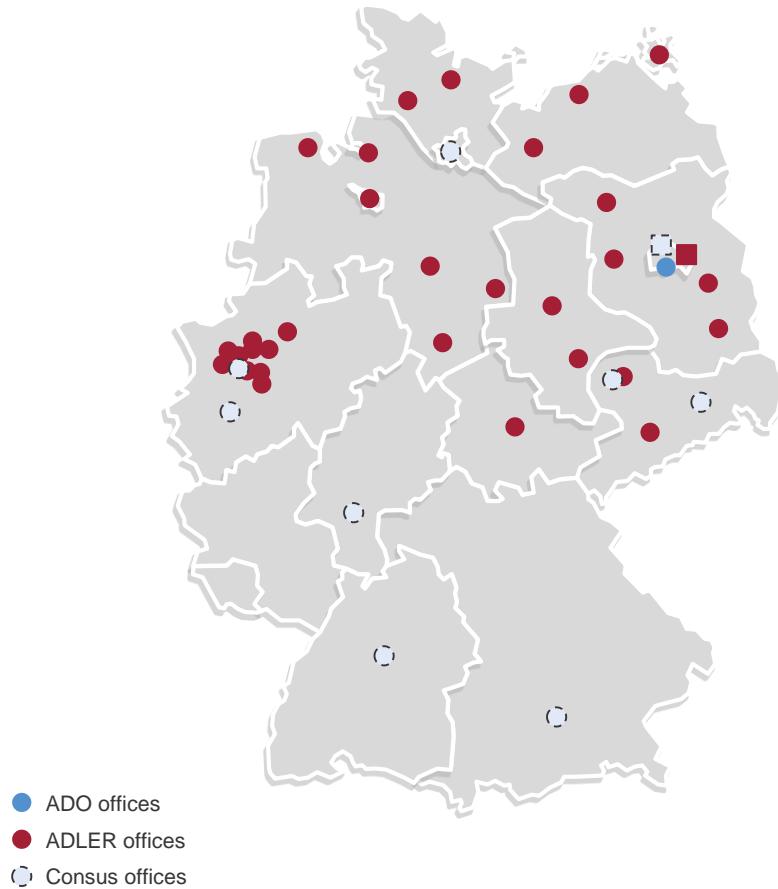
€180m - €210m p.a. pre-tax FFO improvements through run-rate synergies

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Note:
Synergies are per annum and pre-tax improvements

5 Strong operational overlap allowing synergetic business combination

Headquarters and management offices



Portfolio and geographical overview



Portfolio overview			
Residential units	16,263 ¹	57,155	
Commercial units	1,386 ¹	934	
Portfolio mgmt.	✓	✓	✓
Facility mgmt.	✓	✓	✓
Condo sales	✓		✓
Development		✓	✓
Geographic overview			
Key cities	Berlin	Berlin, Leipzig, Wilhelmshaven, Duisburg, Dortmund	Berlin, Stuttgart, Hamburg, Frankfurt, Düsseldorf
Operational Headquarters	Berlin	Berlin	Berlin
# other office locations	1	30	8

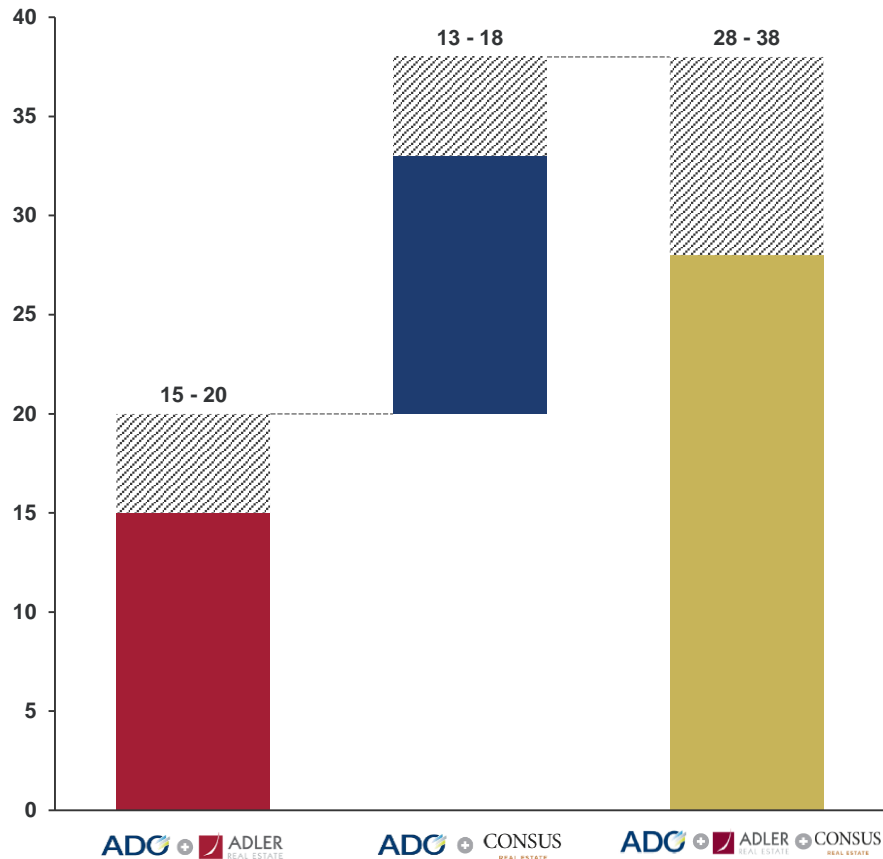
Source: Company information

Note:

¹ Based on Q3 figures excluding units sold in large portfolio disposal

5 Significant operational synergies identified for both ADLER and Consus

Operational synergies (in €m)



Comments

Run-rate

- Identified operational run-rate synergies of €28-38m per annum

Value drivers

- Centralization of headquarters, management/supervisory boards and IT to enhance overall cost efficiency
- Further synergies expected to result from a stronger market position vis-à-vis third party service providers
- Significant portion of synergies is based on the conversion of strategy from a build-to-sell to build-to-hold, allowing us to:
 - Reduce expenses related to marketing and sales of (individual) units
 - Create value by leveraging our existing management capacity on a bigger portfolio

Timing

- Substantial part of the synergies expected to be realized by the end of 2021

One-off cost

- One-off cost of c.€15-20m expected to unlock value creation

Source: Company information

Strong corporate governance and management, based on Business Combination Agreement



1 Tier Board structure to be expanded to 10 members



Experienced management team combining knowledge of ADLER and ADO



Luxembourg Company registered and Germany listed with Luxembourg Company structure



Commitment to appoint additional independent board members appropriate for the size of the company



Board composition i) 5 independent members, 2 management board members and 3 other directors
ii) Chairman will have a casting vote and chairman will be independent



Audit and remuneration committee to be composed of 3 members chaired by independent members as well as majority independent members

Experienced Management Team

Maximilian Rienecker

Co-Chief Executive Officer



- Experience in the real estate industry after roles in Sales & Marketing at ING Investment Management in Hong Kong and in Corporate Strategy and M&A at SBM Offshore in Monaco
- Current Co-CEO and executive committee member of ADLER Real Estate
- Holds a Master of Science in Management with distinction from the University of Nottingham

Thierry Beaudemoulin

Co-Chief Executive Officer



- Over 20 years of experience in the real estate industry in a broad range of roles for various asset classes, in France Germany, Netherlands, Belgium and Spain
- Most recent role is CEO Germany and executive committee member of Covivio
- Holds a Master of Science (MSc) in Public Affairs and Real Estate from Sciences Po Paris (FR)

Sven-Christian Frank

Chief Operating Officer



- Previously held senior positions in well-known real estate companies such as Gestrim Germany AG and German Real Estate AG
- Current COO and executive committee member of ADLER Real Estate
- Holds a Master of Science (MSc) in Law from Ludwig-Maximilians University in Munich (DE)

Board of Directors consisting of 5 Independent Directors and a chairman with a casting vote



Dr. Peter Maser

Chairman

German, born in 1961
Partner Deloitte



Tomas de Vargas Machuca

Deputy Chairman

British, born in 1974
CEO of BCP



Arzu Akkemik

Independent Director

Turkish, born in 1968
Fund manager and founder
Cornucopia Advisors
Limited



Maximilian Rienecker

Executive Director

German, born in 1985
Co-CEO



Thierry Beaudemoulin

Executive Director

French, born in 1971
Co-CEO



Dr. Michael Bütter

Independent Director

German, born in 1970
Industrial adviser EQT



Claus Jorgensen

Non-Executive Director

Danish, born in 1965
Head of EMEA Credit
Trading Mizuho



Thilo Schmid

Non-Executive Director

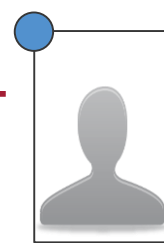
German, born in 1965
Investment Manager Care4



Jörn Stobbe

Independent Director

German, born in 1965
CEO Union Investment
Real Estate¹






To be appointed

Independent Director

● Independent Directors ● Executive Directors ● Non-Executive Directors

Note:
1 As per 1 January 2020

Indicative timeline

Date	Key dates	
15 December 2019	<ul style="list-style-type: none"> ▪ Announcement of transaction for ADLER and 22% stake in Consus 	
Mid December 2019 ¹	<ul style="list-style-type: none"> ▪ Closing of 22% stake acquisition in Consus 	
20 January 2020	<ul style="list-style-type: none"> ▪ Submission of offer document to BaFin 	
6 February 2020	<ul style="list-style-type: none"> ▪ Approval of offer document by BaFin expected 	
8 February 2020	<ul style="list-style-type: none"> ▪ Start of offer period 	
9 March 2020	<ul style="list-style-type: none"> ▪ End of initial tender offer period and announcement of initial acceptance period results 	
26 March 2020	<ul style="list-style-type: none"> ▪ End of offer period including “sweep up” period and settlement 	
Q2-Q3 2020	<ul style="list-style-type: none"> ▪ €500m rights issue 	
Until Mid-2021	<ul style="list-style-type: none"> ▪ Period to exercise call option for ~51% in Consus and voluntary offer for remaining minorities 	

Note:

¹ 18.56% expected to close w/c 16th of December, additional 3.56% subject to merger clearance and are expected to close w/o Jan 20





Ultimate combination has a compelling strategic rationale for all parties

ADG

ADLER
REAL ESTATE

CONSUS
REAL ESTATE

- | | | |
|--|--|---|
|  <i>Diversify outside Berlin</i> |  <i>Enhanced portfolio quality</i> |  <i>De-risks business model from build to sell to hold</i> |
|  <i>Cooperation with Consus provides access to southern Germany</i> |  <i>Access to irreplicable portfolio in Berlin</i> |  <i>Secured sales</i> |
|  <i>FFO accretive transaction from day-1</i> |  <i>Enhanced credit profile</i> |  <i>Enhanced credit profile</i> |
|  <i>Unlocks captive growth in a higher competitive market</i> |  <i>Unlocks captive growth in a highly competitive market</i> |  <i>Access to wider capital pools</i> |
|  <i>Potential for future NAV-accretive growth</i> |  <i>Access to full development platform and capability</i> |  <i>Reduced financing costs</i> |

-  *Substantial operating and financing synergies – significant value creation*
-  *Significantly increased scale, creating a leading European residential champion*
-  *Highly complementary portfolios*
-  *Reliable partner for politics to help tackle housing deficit in Germany*



ADC

 **ADLER**
REAL ESTATE

CONSUS
REAL ESTATE

Q&A

Disclaimer

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