



First quarter 2020 results presentation

Berlin – 18 May 2020

Today's presenters



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Agenda

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Takeover of ADLER completed and next steps

2

Well diversified €8.6bn German residential portfolio

3

First quarter 2020 results

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Update on developments

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Developments on Mietendeckel and COVID-19

Lawsuit against Mietendeckel initiated	<ul style="list-style-type: none">■ On 6 May, politicians of a combination of CDU/CSU and FDP – supported by 200 members of the Parliament - have asked Germany’s Federal constitutional court to review the legal grounds of the Berlin government’s decision to freeze rents for five years (“Normenkontrollverfahren”)■ CDU indicated to challenge the Mietendeckel as it is a clear violation of landlord’s rights■ FDP highlighted that it is of the opinion that the Berlin government does not have the right to impose such regulation as it cannot supersede national legislation■ With c.29% of our rental income coming from our Berlin residential assets, we clearly support these efforts as we find the Mietendeckel to be infringing the German constitution
COVID-19	<ul style="list-style-type: none">■ German authorities have eased the rules for short time work: employees will receive 60% to 67% of their net income for non-worked hours and requirements for obtaining a housing allowance are also being relaxed and the process is simplified■ Rent deferrals relating to COVID-19 currently stand at 1.7% of the combined monthly rent, mainly coming from our commercial units, put in perspective, the rent deferrals amount to c€500k per month and constitute 0.1% of our residential- and 16.5% of our commercial rents■ Our first concern is for the safety and well-being of our employees and tenants■ We encourage employees working from home and providing support to our tenants digitally as much as possible■ When visiting apartments or commercial units, we ask our employees keeping appropriate distance and wear protective equipment
Business continuity	<ul style="list-style-type: none">■ We anticipate no material COVID-19 impact on FFO for 2020 and expect rental growth outside Berlin to continue■ We have a strong liquidity position with around €489m in cash at hand as per 1Q20■ We have no major refinancing events until December 2021, when a €500m bond matures■ At 1Q20 our combined portfolio is valued at €1,633 per square meter, which we deem a resilient valuation



1. Takeover of ADLER completed and next steps

1. Public offer for ADLER – key milestones

Date	Key achievements and activities
15 December 2019	<ul style="list-style-type: none">▪ Announcement of transaction for ADLER and 22% of Consus
7 February 2020	<ul style="list-style-type: none">▪ Publication of offer document and start offer period
6 March 2020	<ul style="list-style-type: none">▪ End of initial acceptance period 82.82% of shares tendered
12 March 2020	<ul style="list-style-type: none">▪ Start of additional acceptance period
25 March 2020	<ul style="list-style-type: none">▪ End of additional acceptance period 91.93% of shares tendered
9 April 2020	<ul style="list-style-type: none">▪ Settlement
Next steps:	
Q2/Q3 2020	<ul style="list-style-type: none">▪ €500m rights issue
September 2020	<ul style="list-style-type: none">▪ Domination agreement entering into effect
Until June-2021	<ul style="list-style-type: none">▪ Period to exercise call option for c.51%* in Consus

* Prior to announcement of contribution in kind

1. Successful public offer for ADLER



- €3.5 billion (100%) of ADLER debt secured via waivers of change of control
 - 100% of €2bn unsecured bonds
 - 100% of €1.5bn secured debt
- Non-Euro bonds repurchased
- €116 million of July 2021 ADLER convertible bonds not converted
- No major refinancing until December 2021
- €489 million of cash at hand in the combined group

- Settlement executed on 9 April 2020
- 95% of ADLER shares controlled after the final acceptance period
- On 16 April 2020 ADO's weight in the FTSE EPRA Nareit Developed Europe index increased to 0.50% from 0.30%

- Maximilian Rienecker appointed as Co-CEO of ADO on 9 April 2020
- Integration process and synergy realization started
- Operational synergies potentially realized ahead of schedule, €6.5m run rate expected for 2020
- On April 28th, the board authorized to initiate the process for entering into a Domination Agreement with ADLER

- Launched public offer for remaining 3.1% Westgrund shares with an anticipated cash out of around €30m based on last NAV, hence no material effect on leverage is expected. The acceptance period expires on 3 June 2020.
- Timing of ADO rights issue subject to market conditions
- Potential inclusion in the MDAX index envisaged
- Call option for c.51%* Consus runs until June 2021

* Prior to announcement of contribution in kind

1. Consus divests 17 development projects with a €2.3bn GDV

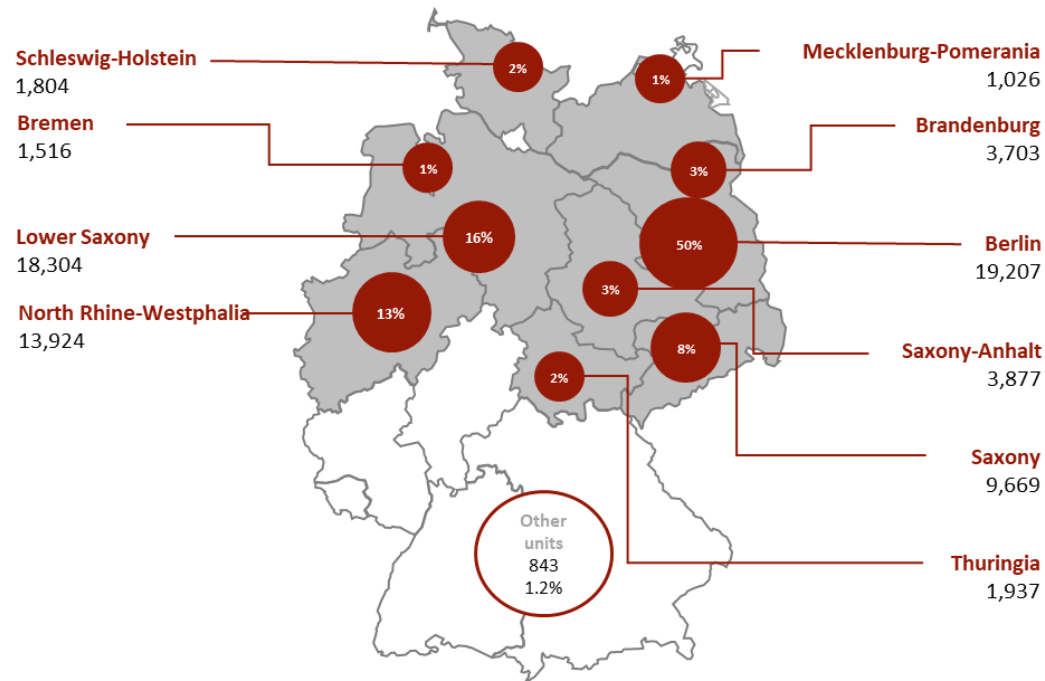
Sale of €2.3bn projects	<ul style="list-style-type: none">■ Consus has sold 17 development projects with a GDV of €2.3bn to Gröner Group GmbH■ Sold portfolio includes primarily projects in non-core locations■ The projects sold have over 50% planned as commercial areas
Realising a premium over book value	<ul style="list-style-type: none">■ Portfolio sold at a more than 10% premium to market values as at 31 December 2019■ Demonstrating potential for further upside value in the Consus portfolio
Increased strategic focus	<ul style="list-style-type: none">■ Total GDV decreased from €12.3bn to €10.0bn■ Top 9 German cities account for over 95% of the portfolio post sale■ Residential real estate increased to 57% post sale
Simplified corporate structure	<ul style="list-style-type: none">■ Full ownership of Consus RE AG subsidiary post sale■ Preliminary consideration of €27.5m cash and 24.75m Consus shares■ Christoph Gröner to resign as supervisory board member of Consus RE AG
Significant leverage reduction	<ul style="list-style-type: none">■ Total net debt reduction of €690m including:■ Around €475m of project debt to move to the acquirer■ LTV will be reduced as the gross book asset value will decrease in a similar proportion to the GDV reduction



2. €8.6bn German residential portfolio

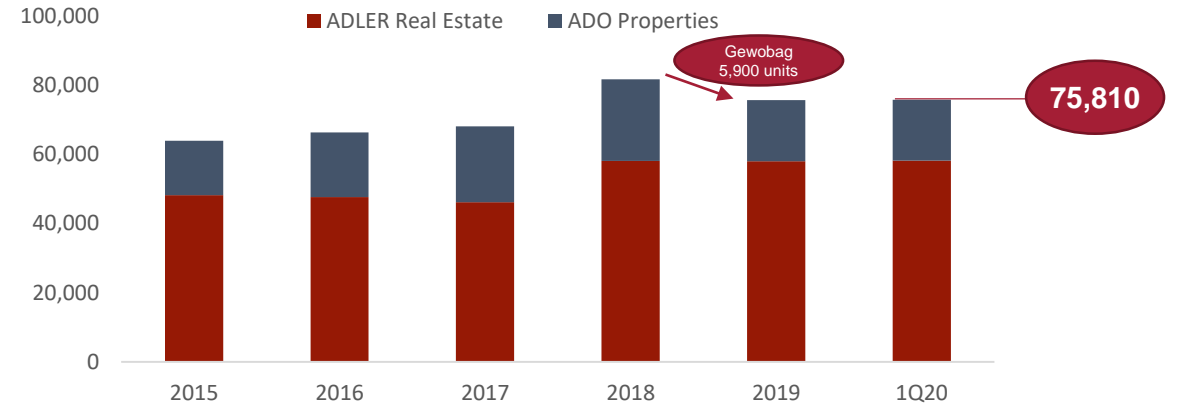
2. Well diversified €8.6bn German residential portfolio

Creating a well balanced geographical portfolio of ADO and ADLER

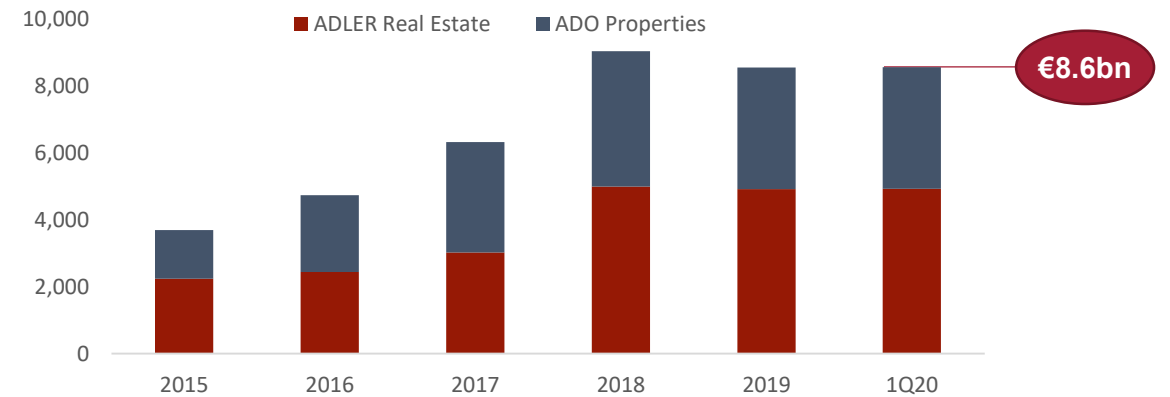


units
% value

Development of number of units over time¹



Development of fair value of investment property over time (€m)



¹Includes ADLER residential (including ground level commercial units) and ADO residential and ground level commercial

2. Top 13 cities account for 77% of the residential value

Key portfolio metrics

Key cities in a well diversified portfolio

Location	Fair Value €m 1Q20	Fair Value €/sqm 1Q20	Units	Lettable area sqm	*NRI €m 1Q20	Rental yield (in-place rent)	Vacancy 1Q20	Vacancy Δ YoY	1Q20 Avg. Rent €/sqm/month	NRI Δ YoY LFL
ADLER	265	2,374	1,699	111,736	7.7	2.9%	3.3%	0.3%	5.97	1.5%
ADO	3,658	2,999	17,508	1,219,716	109.7	3.0%	2.8%	-0.7%	7.71	3.3%
Berlin	3,923	2,946	19,207	1,331,452	117.5	3.0%	2.8%	-0.6%	7.56	3.1%
Leipzig	395	1,552	4,750	254,761	17.4	4.4%	4.6%	-1.5%	5.96	5.5%
Wilhelmshaven	395	970	6,894	406,579	23.6	6.0%	6.3%	-1.6%	5.16	2.7%
Duisburg	335	1,099	4,925	305,003	19.8	5.9%	2.7%	-1.4%	5.56	2.6%
Wolfsburg	137	1,562	1,301	87,614	6.6	4.8%	1.5%	-3.2%	6.37	6.2%
Göttingen	133	1,561	1,377	85,238	6.2	4.6%	1.8%	-2.8%	6.14	6.0%
Hannover	121	1,914	1,113	63,253	5.4	4.5%	2.3%	-0.9%	7.28	1.0%
Dortmund	115	1,129	1,770	102,251	7.0	6.1%	3.3%	0.1%	5.92	2.8%
Kiel	103	1,548	970	66,768	5.4	5.2%	1.3%	0.7%	6.83	1.4%
Halle (Saale)	92	866	1,858	105,895	5.6	6.1%	11.4%	-1.4%	4.95	4.4%
Essen	86	1,297	1,043	66,341	4.4	5.2%	4.0%	0.7%	5.82	1.3%
Cottbus	85	777	1,868	110,045	5.9	6.9%	6.3%	-1.1%	4.80	2.3%
Bremen	75	2,041	578	36,869	3.5	4.7%	2.5%	-0.8%	8.17	1.4%
Top 13 total	5,996	1,984	47,654	3,022,069	228.2	3.8%	3.8%	-1.0%	6.54	3.2%
other	1,812	1,030	28,156	1,759,530	106.4	5.9%	8.0%	0.0%	5.52	1.4%
Total*	7,808	1,633	75,810	4,781,600	334.7	4.3%	5.3%	-0.4%	6.18	2.7%

Vacancy in the top 13 locations improved significantly YoY by 1.0% to 3.8% at the end of 1Q20

* Annualized NRI | Excl. Developments (Schönefeld, Dresden, Späthstraße, Potsdam, Berlin Röbellweg, Eurohaus, Grafenberg and Grafental rental), Riverside, BCP Commercial and inventories.
Figures as of 31-3-2020



3. First quarter 2020 results

3. Highlights of ADO Properties & ADLER Real Estate 1Q20

Operational performance

- **€88.1m of NRI** (€27.9m for ADO and €60.2m for ADLER), down from **€98.5m** in 1Q19 (€33.7m for ADO and €64.8m for ADLER) due to disposals
- **€6.2/sqm/month average residential rent** (€7.3 for ADO and €5.6 for ADLER), up from **€6.0** in 1Q19 (€6.8 for ADO and €5.5 for ADLER)
- **2.7% like-for-like rental growth** (3.3% for ADO² and 2.3% for ADLER), down from **4.6%** in 1Q19 (6.2% for ADO² and 3.8% for ADLER)
- **5.3% vacancy rate** (2.7% for ADO and 6.2% for ADLER), down from **5.8%** in 1Q19 (3.1% for ADO and 6.8% for ADLER)
- **€30.6m FFO I** (€11.5m for ADO and €19.1m for ADLER), down from **€38.3m** in 1Q19 (€16.7m for ADO and €21.6m for ADLER) on the back of the profitable disposal to Gewobag in 4Q19, sale ADLER non-core residential and BCP's commercial assets

Portfolio

- The letting process at Riverside is in progress, current occupancy stands at 56% and is in line with our projections
- ADO continues to materialize on condo sales, generating a 27.5% profit to latest book value in 1Q20 (1Q19: 30.2%)
- The combination continues to invest in the portfolio. In 1Q20 ADO spent €10.1/sqm on maintenance (1Q19: €16.2) and €4.6/sqm on capex (1Q19: €20.0/sqm), ADLER spent €7.3/sqm on maintenance (1Q19: €4.5) and €21.7/sqm on capex (1Q19: €13.2/sqm) on an annualized basis

Valuation

- **€8.6bn fair value of investment properties** (€3.6bn for ADO and €4.9bn for ADLER), stable versus **€8.6bn** in 4Q19 (€3.6bn for ADO¹ and €4.9bn for ADLER)
- Pro-forma ADO and ADLER **combined diluted EPRA NAV stood at €4.8bn** as of 1Q20

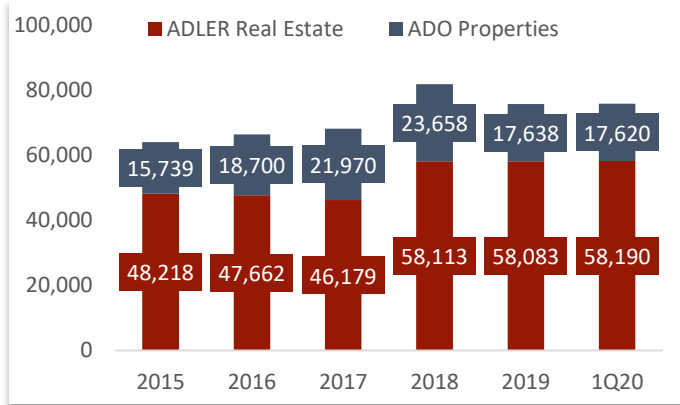
Financing and LTV

- **1.8% weighted average cost of debt** (1.6% for ADO and 1.9% for ADLER), down from **1.9%** in 4Q19 (1.6% for ADO and 2.0% for ADLER)
- **52.4% net LTV** (excluding convertibles) and **54.6% net LTV** (including convertibles)
- 50% net LTV target for the mid-term

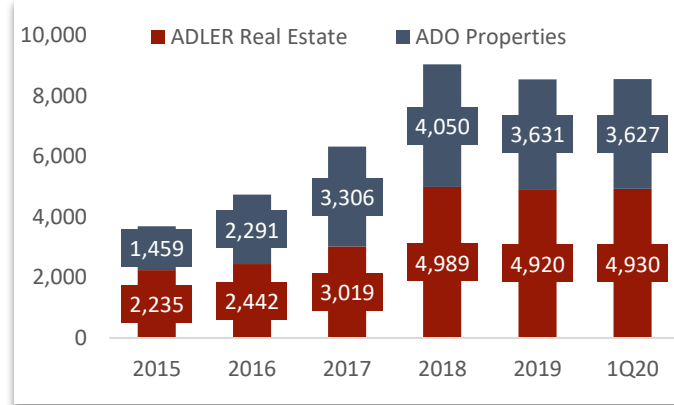
¹Including advances ²like-for-like net rental growth adjusted to match ADLER's methodology using total NRI, including commercial units, rather than residential average rent

3. Joint operational performance

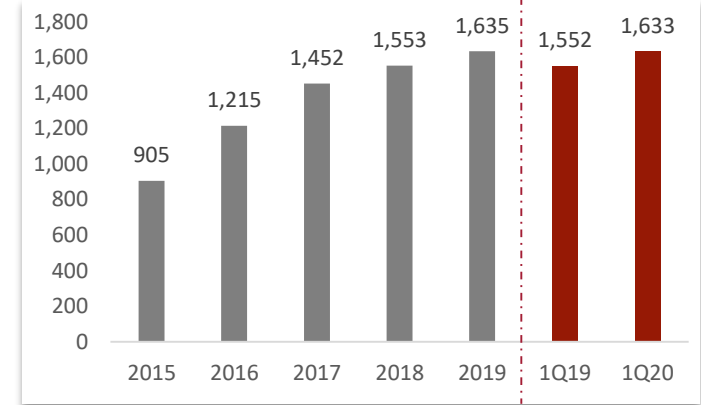
Total number of units



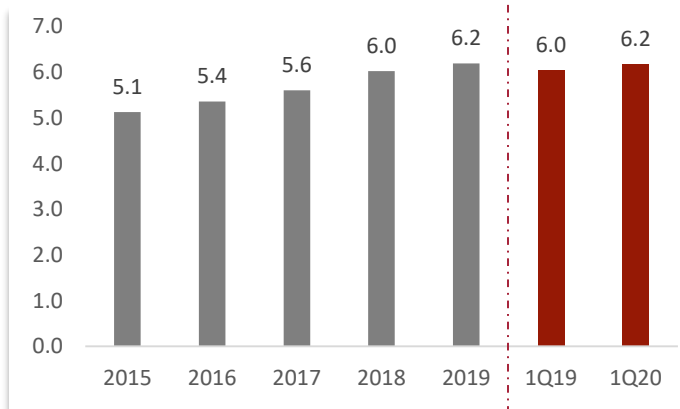
Investment properties (€m)



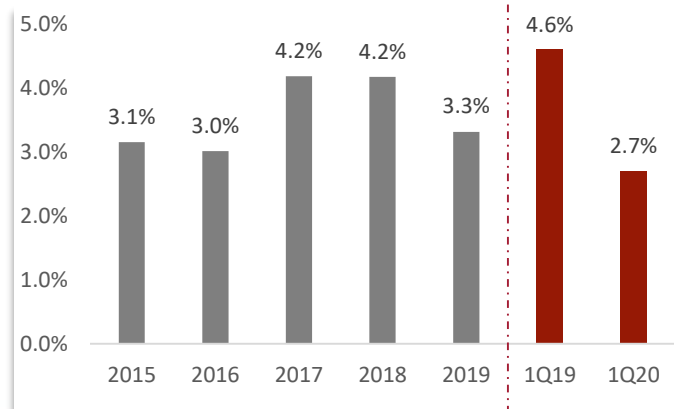
Combined residential portfolio FV/sqm (€)



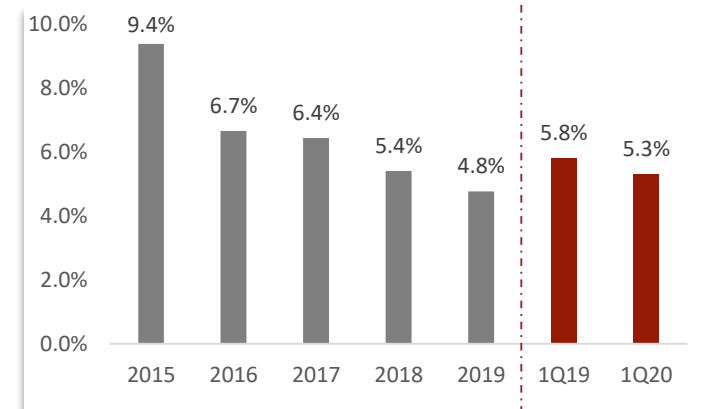
Combined residential avg. rent (€/sqm/m)



Combined LfL residential rental growth



Combined residential portfolio vacancy rate



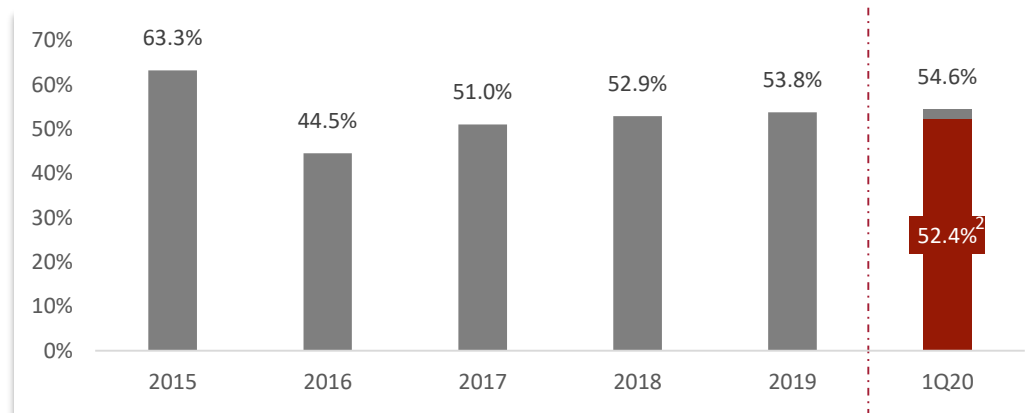
Please note that the numbers for the years 2015-2017 are provided for your convenience and serve for illustrative purposes of combining ADO Properties and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information. The numbers for 2019 and 2020 have been based on internal proforma accounts.

3. Further lowering of the combined cost of debt to 1.8%

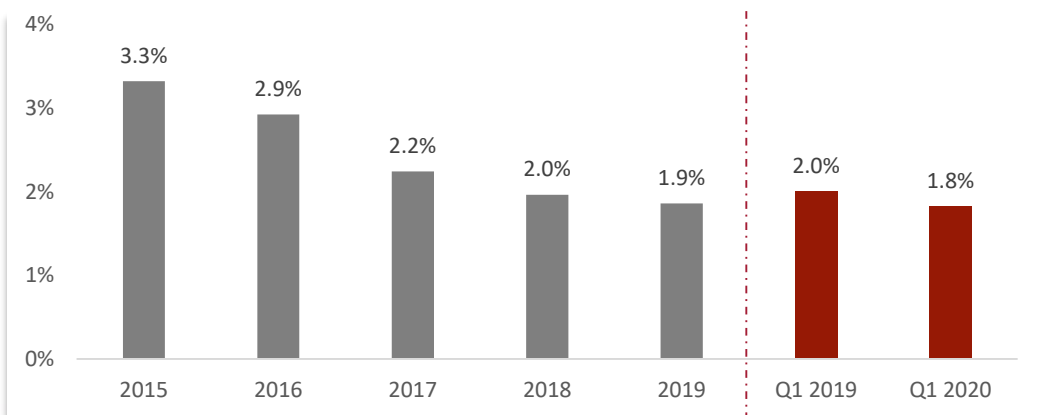
Recent developments

- In February 2020, c.€300m of non-euro bonds of ADO Group were fully repaid. The repayment was funded through cash and a €175m increase in the existing ADLER €710m bridge, now totaling €885m
- 100% change of control waivers have been received in relation to €3.5bn of outstanding ADLER debt (€2.0bn unsecured bonds as well as €1.5bn in secured debt)
- As of today, only €885m of the initial €3.5bn bridge to ADO Properties has been drawn; pro-active change of control waiver process ensured de-risking of the transaction

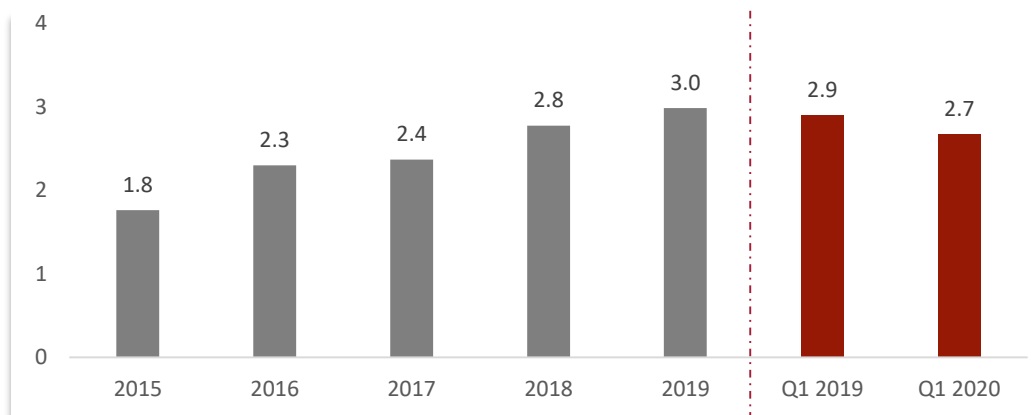
Combined loan to value¹



Combined weighted average cost of debt



Combined interest cover ratio



¹Including convertibles ²Excluding convertibles

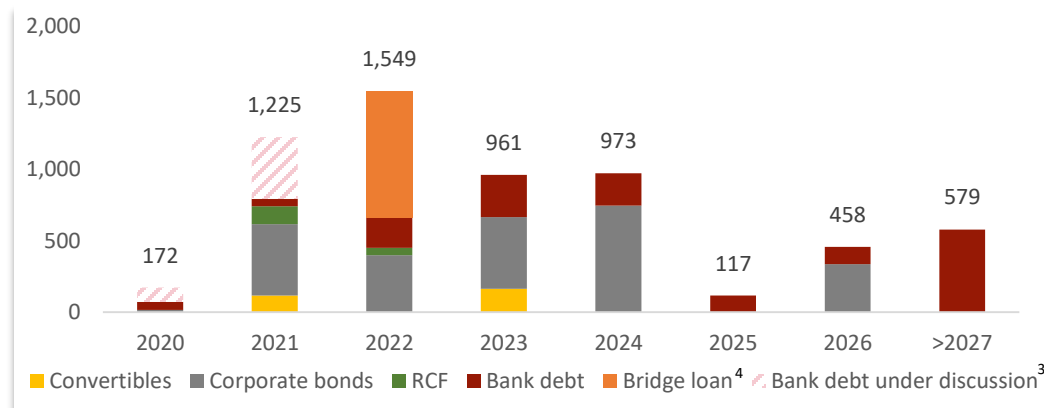
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3. Actively extending maturities with €533m under discussion

Recent developments

- S&P fundamental analysis of the business risk profile remains unchanged and was moved to the better end of its satisfactory category. S&P's anchor score is BBB- based on ADO's financial position and financing policy, the quality of ADO's portfolio and the strong fundamentals of the German residential market
- ADO's corporate rating has been adjusted down by two notches due to perceived execution risk related to the combination with ADLER, including the announced rights issue, and comparable ratings analysis

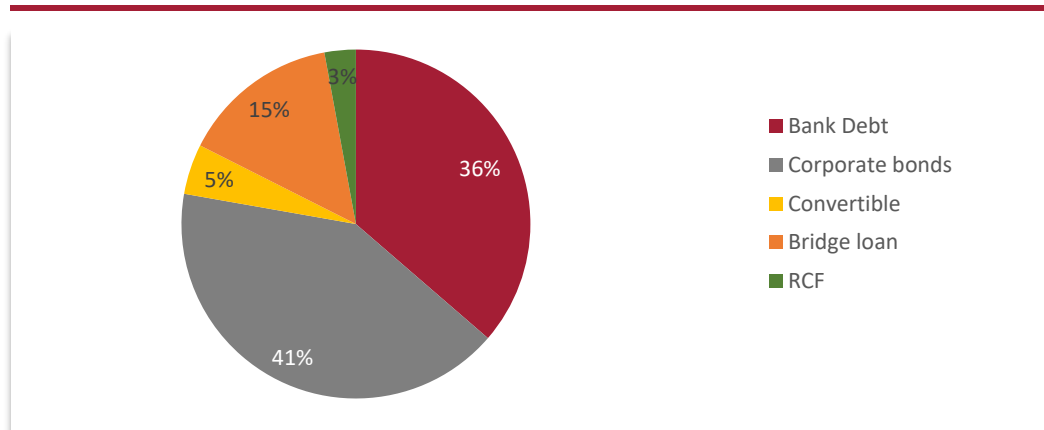
Combined debt maturity schedule (€m)



Combined debt KPIs

Total interest-bearing debt (€m)	6,034	Corporate rating Moody's	Ba1
Net LTV	52.4% ² 54.6% ¹	Outlook Moody's	Negative
ICR (x)	2.7	Corporate rating S&P	BB
Fixed / hedged debt	79.9%	Outlook S&P	Stable
Unsecured debt	64.1%	Bond rating Moody's (ADO Bonds)	Ba1
Weighted average cost of debt	1.8%	Bond rating S&P (ADO Bonds)	-
Weighted average maturity	3.5 years	Bond rating S&P (Adler Bonds)	BB+

Combined sources of funding



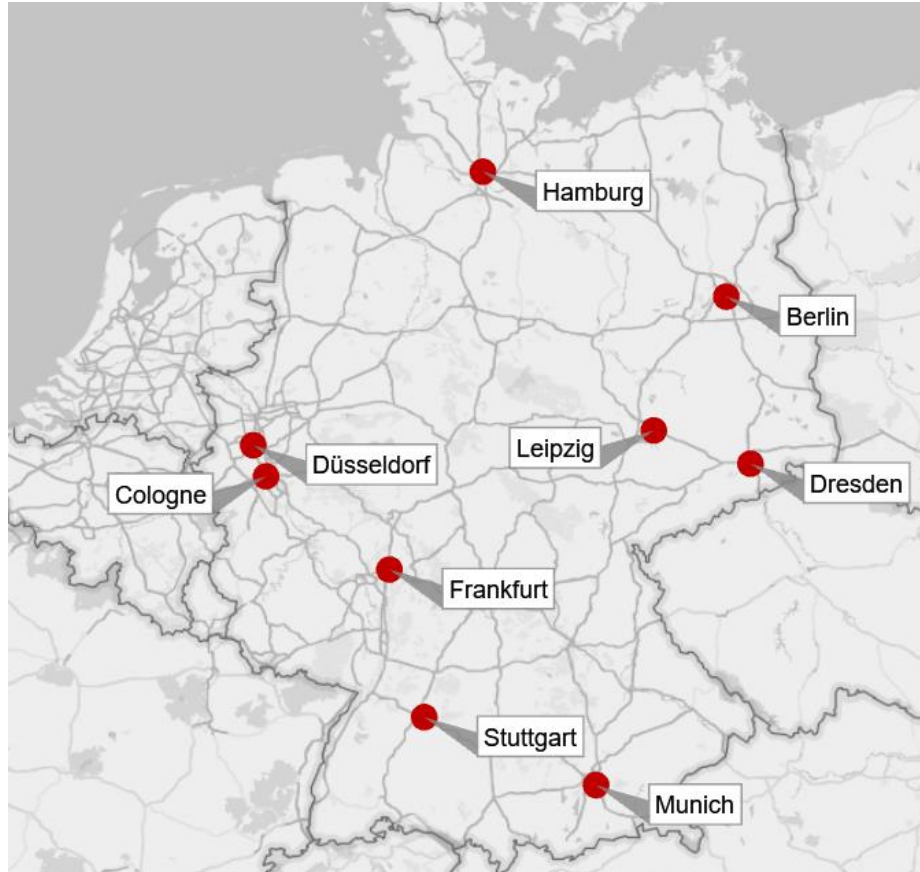
¹ Including convertibles, ²Excluding convertibles, ³ relates to €100m in 2020 and €433m in 2021 which are already in advanced stages of refinancing discussions or already committed refinancing/repaid loans post reporting date, ⁴bridge loan will move to ADO level post reporting date | Please note that the numbers for the years 2015-2017 are provided for your convenience and serve for illustrative purposes of combining ADO Properties and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information. The numbers for 2019 and 2020 have been based on internal proforma accounts.



4. Update on developments

4. Developments driving growth in the top 9 German cities

Map of top 9 cities



Comments

Focus on top 9 German cities

- Housing shortage is the highest in the larger cities
- Rental prices and values will continue to rise in the largest cities
 - Above average population growth in largest cities to continue
 - Decreasing household sizes
 - Increasing scarcity of land positions available for residential developments

Benefits of newbuilt

- The only opportunity to increase our portfolio in top cities, where large investment opportunities are scarce and expensive
- Development costs are well below market values, resulting in secured NAV growth when developing to hold
- Rental growth is not capped under Berlin rent freeze regulation
- Maintenance and capex are significantly lower for newbuilt compared to existing stock in Germany
- Contributing to an improved sustainability profile as the total carbon footprint vs existing buildings is substantially lower

Continued focus on residential developments

- Continued focus on residential real estate
- Larger residential projects might include commercial assets, which potentially could be held on to when situated in mixed schemes

4. Increased focus on developments in top 9 German cities

Extensions / modernisations	<ul style="list-style-type: none">■ Adding housing stock in cities with high housing shortage (Wolfsburg and Göttingen in the ADLER portfolio)■ Development of new apartments in combination with significant tenant improvements increasing occupancy■ €280m investments in over the next three years■ Expected IRRs of 13%
Existing development projects	<ul style="list-style-type: none">■ Adding housing stock in cities with high housing shortage (Berlin, Düsseldorf and Potsdam in the ADLER portfolio)■ €0.7bn GAV of develop to hold■ Develop to sell and condo sales (Düsseldorf)■ Supporting growth of rental income and NAV
Strategic land positions	<ul style="list-style-type: none">■ Adding housing stock in cities with high housing shortage (Berlin and Dresden)■ Discussions with municipalities to obtain building permits■ Marginal initial investment, resulting in advance payments of €60m in 1Q20■ Large development potential of c. 2,600 apartments with a GDV of €1.2bn in the ADLER portfolio
Strategic cooperation	<ul style="list-style-type: none">■ Strategic stake in Consus of 25% (of which 22.18% in ADO 1Q20 accounts)■ The Strategic Cooperation Agreement: right to match any offer to Consus from a third party on residential development projects■ Hamburg - Holsten Quartier (€320m GDV), currently executing DD and negotiating with the city of Hamburg to increase the share of buy to hold units■ Call option on c.51% of Consus shares until June 2021

4. Extensions and redevelopments in rental portfolio

Solving local housing shortage via densification within own portfolio

Wolfsburg & Göttingen – realising additional value

- Wolfsburg and Göttingen are two key cities in the 4 million Hanover-Brunswick-Wolfsburg-Göttingen metropolitan region
- Local housing shortage requires both municipalities to build 3,000 apartments in the coming years
- Plans include the refurbishment and modernization of the 1970s building whilst adding:
 - 227 units in Göttingen (+16.5%) and
 - 251 units in Wolfsburg (+19.3%)
- Target investment of €280m, with an expected levered IRR of 13%
- Construction in Wolfsburg started in April 2020, Göttingen anticipated to start in August 2020



Tenant improvements & modernisations

- Modernisation of the facade with exterior insulation and new windows
- Addition of a full floor with modern floor plans
- Adding elevators
- Renewal of the entrance areas
- Modernisation of the fresh water with counter and sewage lines
- Modernisation of the stairways and electrical lines
- Roof renovation incl. improvement of thermal insulation
- Planning permissions are being obtained and construction in Wolfsburg started

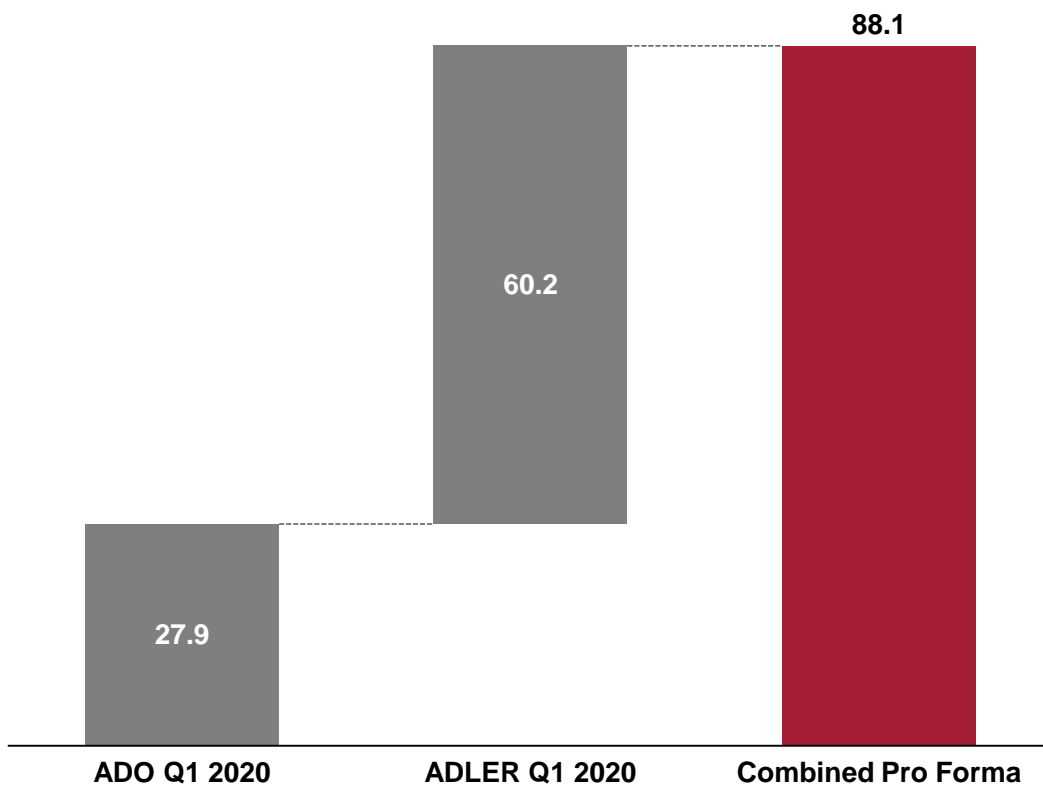
Modernisation project	Investment volume	IRR (levered)	Completion
Göttingen	€150m	13%	3 years
Wolfsburg	€130m	13%	3 years



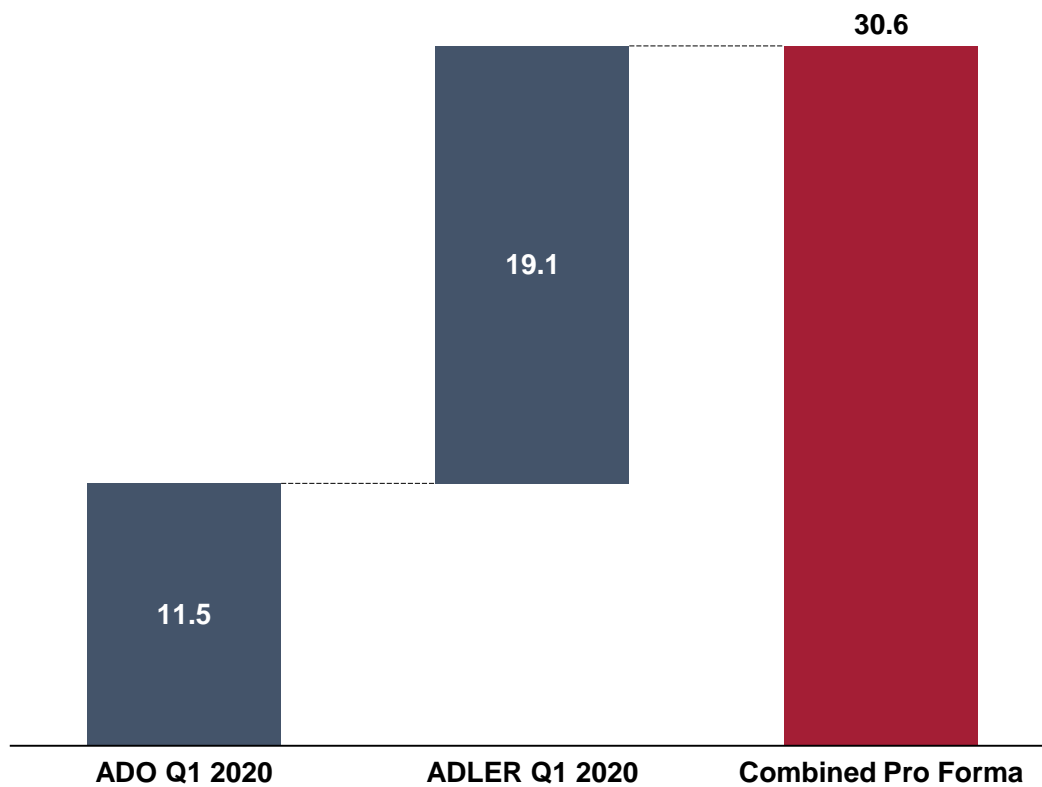
5. Guidance

5. 1Q20 reporting for ADO and ADLER was still standalone

Net Rental Income (€m)



FFO I (€m)



5. Guidance and outlook 2020

Objectives 2020

	2020 Guidance <i>(i.e. combining the companies as of the effectuation in April 2020)</i>	2020 Pro-forma Guidance <i>(i.e. combining the companies for the whole year 2020)</i>
Net rental income (€m)	€280-300m	€340-360m
FFO I (€m)	€105-125m	€120-140m
Dividend (€/share)	50% of FFO I	-



Ahornstraße Steglitz



Allerstr. 46 Neukölln

Key takeaways

- Acquisition of ADLER successfully completed
- Consolidation of accounts from 9 April
- Integration between ADO and ADLER started
- Leverage at Consus significantly reduced
- Limited impact of COVID-19 on FFO
- Outlook for 2020 confirmed

Note: the difference between 2020 Guidance and 2020 Pro-Forma Guidance is an accounting treatment that only allows ADO to incorporate net rental income and FFO from ADLER post-closing of the transaction on 9-4-2020. The 2020 Pro-forma guidance shows the net rental income and FFO of both companies combined for the whole year 2020.

Contact

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6. Appendices



Overview of debt instruments



Overview of combined debt instruments

Instruments at 31 March 2020

	Book value €m	Volume €m	Maturity	Nominal interest rate	Other comments	Premature redemption	Rate, at which premature redemption is possible
Adler Bonds							
2017/21	498	500	06 Dec 2021	1.50%		Anytime	Under condition of make whole
2017/24	296	300	06 Feb 2024	2.10%		Anytime	Under condition of make whole
2018/23	501	500	27 Apr 2023	1.90%		Anytime	Under condition of make whole
2018/26	301	300	27 Apr 2026	3.00%		Anytime	Under condition of make whole
2019/22	402	400	17 Apr 2022	1.50%		Anytime	Under condition of make whole
Total	1,998	2,000	3.1 years	1.92%			
BCP Bonds							
Debenture A	16	15	20 Apr 2020	4.80%		Permitted	Under condition of make whole
Debenture B	49	47	01 Dec 2024	3.29%		Permitted	Under condition of make whole
Debenture C	40	38	01 Jul 2026	3.30%		Permitted	Under condition of make whole
Total	105	100	4.6 years	3.53%			
ADO Bonds							
2019/24	398	400	26 Jul 2024	1.50%		Permitted	Under condition of make whole
Total	398	400	4.3 years	1.50%			
Convertibles¹							
Adler 2016/21	111	116	19 Jul 2021	2.50%	Strike price of €12.5039, no. of potential ADLER shares from conversion: 9.3m	Conversion from 19 Jul 2019	At face value, if trading at more than 130% of strike price for at least 20 out of 30 trading days
ADO 2018/23	157	165	23 Nov 2023	1.25%	Strike price of €60.60 as of 31 Mar 2020	Conversion from 14 Dec 2021	At face value, if trading at more than 130% of strike price for at least 20 out of 30 trading days
Total	268	281	2.7 years	1.77%			
Bank debt	2,198	2,193	4.4 years	1.91%			
Bridge loan	869	885	2.7 years	1.50%			
RCF	175	175	1.2 years	0.98%			
Total interest bearing debt	6,011	6,034	3.5 years	1.82%			

Note 1: Conversions are reflected



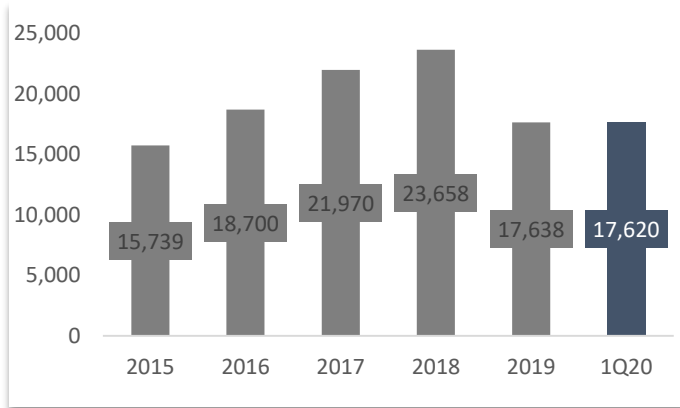
ADO Properties

First quarter 2020 financials

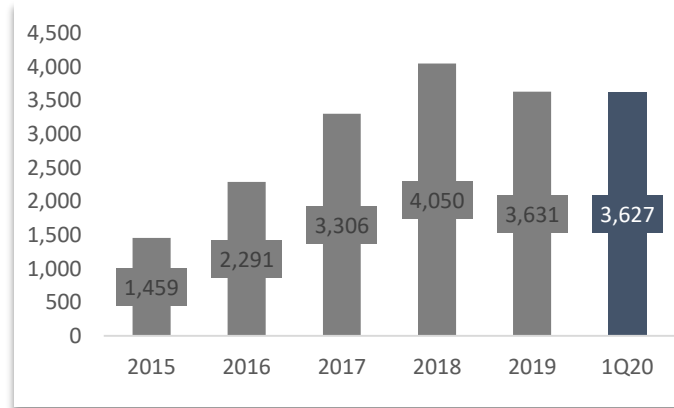


ADO – Portfolio KPI's

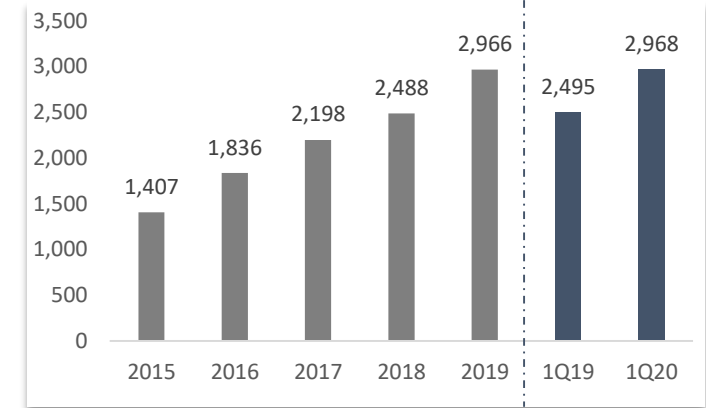
Total number of residential units



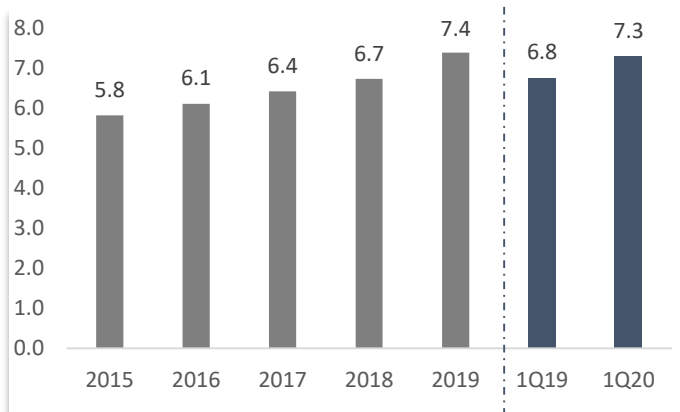
Investment properties (€m)



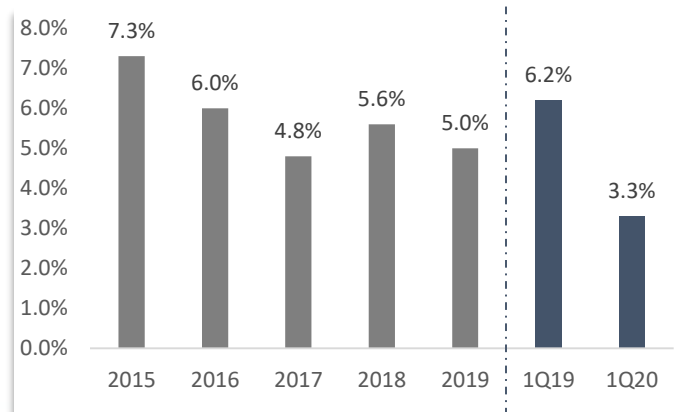
Residential portfolio FV per sqm (€)



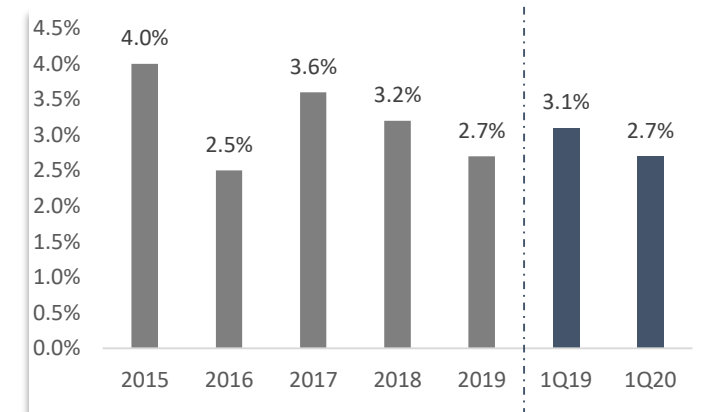
Residential average rent (€/sqm/month)



Residential portfolio LfL rental growth (YoY)*



Residential portfolio vacancy rate



*1Q20 and 1Q19 adjusted to match ADLER's methodology using total NRI, including commercial units, rather than residential average rent, previous years as reported

ADO - Profit and loss statement

Profit and loss statement per 31 March 2020

In €m, except per share data

	1Q 2020	1Q 2019
Net rental income	28 ¹	34
Selling of condominiums	2	4
Income from facility services	2	2
Revenue	32	40
Cost of operations	-8	-11
Gross profit	24	29
General and administrative expenses	-6	-5
Other expenses	-6 ²	-
Other income	7 ³	-
Changes investment properties fair value	-	-
Results from operating activities	18	24
Finance income	2 ⁴	-
Finance costs	-25 ⁵	-13
Net finance costs	-23	-13
Income tax expense	2	-2
Profit for the year	-3	10
Profit attributable to:		
Owners of the Company	-2	10
Non-controlling interest	-1	0
Basic earnings per share	-0.04	0.22

Comments

- Net rental income has decreased due to disposal of 20% of the portfolio to Gewobag and the impact of the Mietendeckel. 1Q20 would reflect an annualized income from rental activities of €112m
- Other expenses mainly include costs associated with the public takeover of Adler
- Other income relates to the reduction of fees arising from the sale of shares in subsidiaries of €6.8m, which was previously provisioned at €9.2m
- Finance income comprises a change in the derivative component of the convertible bond (€2m)
- Finance costs mainly refer to a change in the fair value of a financial asset (€11m), which is the call option to purchase a 51% stake in Consus

ADO - Statement of other comprehensive income

Other comprehensive income per 31 March 2020

In €m, except per share data

	1Q 2020	1Q 2019
Profit for the year	-3	10
Hedging reserve classified to profit or loss, net of tax	-	-
Effective portion changes fair value cash flow hedges	0	0
Related tax	0	0
Reserve financial asset at fair value, net of tax	-73 ¹	-
Total other comprehensive income	-73	0
Total comprehensive income for the year	-76	10
Total comprehensive income attributable to:		
Owners of the Company	-74	10
Non-controlling interests	-1	0
Total comprehensive income for the year	-76	10

Comments

- Reserve financial asset measures the difference in value of the strategic stake in Consus between the acquisition date and the reporting date and is directly reflected in equity

ADO - Balance sheet

Balance sheet per 31 March 2020

<i>In €m</i>	1Q 2020	FY 2019
Investment properties including advances	3,627 ¹	3,631
Investment in financial instrument	153 ²	186
Other financial asset	88 ³	99
Other non-current assets	54	16
Non-current assets	3,922	3,932
Cash and cash equivalents	414	388
Other current assets	151	77
Current assets	565	464
Total assets	4,487	4,396
Interest-bearing debt	1,505 ⁴	1,332
Other liabilities	74	127
Deferred tax liabilities	239	239
Total liabilities	1,818	1,698
Total equity attributable to owners of the Company	2,569	2,647
Non-controlling interests	99	52
Total equity	2,668	2,698
Total equity and liabilities	4,487	4,396

Comments

- 1 The fair value of the portfolio was last assessed by CBRE as at Dec 31, 2019 and amounted to €3,624m, during the quarter €2.5m of capex was invested
- 2 Investment in financial instrument is the fair value of the stake held in Consus as per the reporting date, amended for a €73m fair value adjustment reported in other comprehensive income
- 3 Other financial assets relate mainly to the call option to purchase 51% in Consus, measured at fair value of €81m
- 4 The increase in interest-bearing debt mainly relates to the fact that the group has drawn €175m of its existing RCF

ADO - FFO and EPRA NAV bridge

FFO calculation

<i>In €m, except per share data</i>	1Q 2020	1Q 2019
EBITDA from rental activities	18	24
Net cash interest	-6	-7
Current income taxes	-1	-0
FFO I (from rental activities)	11	17
Maintenance capital expenditures	-1	-4
AFFO (from rental activities)	11	12
Net profit from privatizations	1	1
FFO II (incl. disposal results)	12	17
No. of shares	44	44
FFO I per share	0.26	0.38
FFO II per share	0.28	0.39

EPRA NAV calculation

<i>In €m, except per share data</i>	1Q 2020	FY 2019
Total equity attributable to owners of the Company	2,569	2,647
Fair value of derivative financial instruments	4	6
Deferred tax liabilities	238	239
Revaluation of trading properties	13	13
EPRA NAV	2,824	2,906
No. of shares	44	44
EPRA NAV per share	63.91	65.80

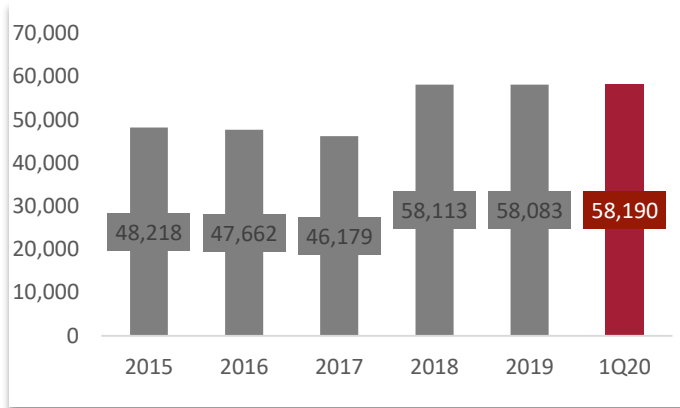


ADLER Real Estate

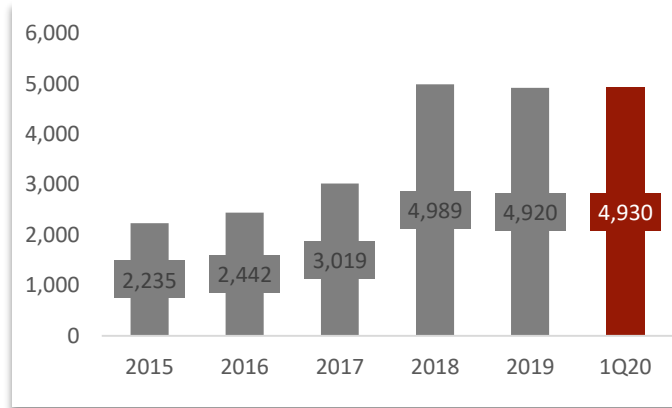
First quarter 2020 financials

ADLER – Portfolio KPI's

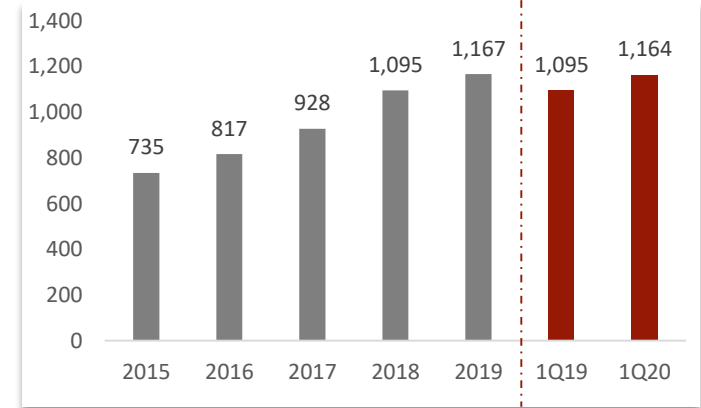
Total number of units



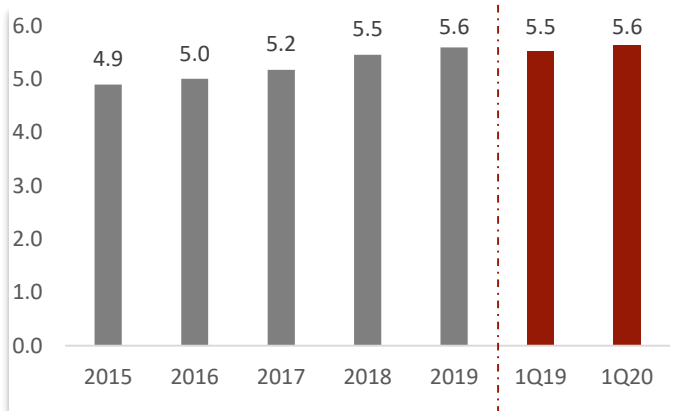
Investment properties (€m)



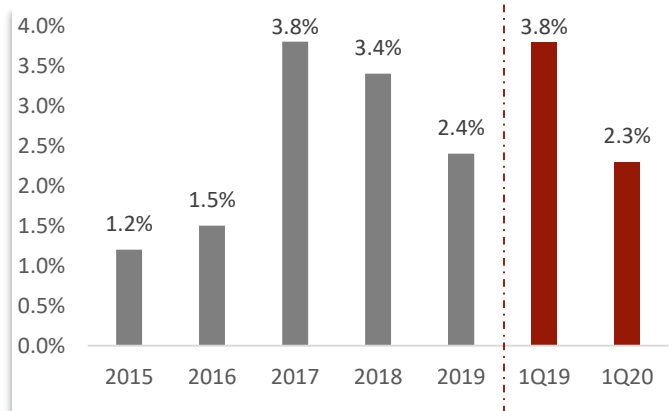
Residential portfolio FV per sqm (€)



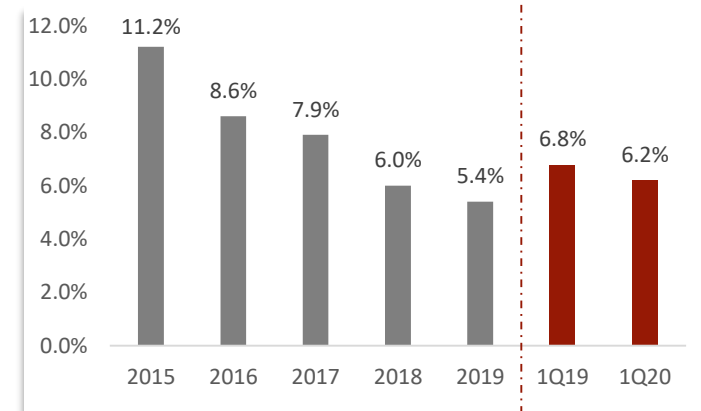
Residential average rent (€/sqm/month)



Residential portfolio LfL rental growth (YoY)



Residential portfolio vacancy rate



ADLER - Profit and loss statement

Profit and loss statement per 31 March 2020

<i>In €k</i>	1Q 2020	1Q 2019
Gross rental income	90 ¹	95
Expenses from property lettings	-40	-39
Earnings from property lettings	50	56
Income from the sale of properties	392 ²	186
Expenses from the sale of properties	-390	-187
Earnings from the sale of properties	2	0
Personnel expenses	-11	-10
Other net operating expenses	-22 ³	-10
Fair value adjustments to investment properties	-10 ⁴	10
Earnings before interest and tax (EBIT)	9	46
Financial income	34 ⁵	4
Financial cost	-58	-43
Income taxes	-9	8
Net profit from continuing operations	-25	15
Earnings discontinued operations	-2	0
Consolidated net profit	-27	15
Profit from continuing operations attributable to:		
Owners of the Company	-21	15
Non-controlling interest	3	0
Basic EPS from continuing operations	-0.31	0.21
Diluted EPS from continuing operations	-0.26	0.20

Comments

- Gross rental income decreased by -4.6% YoY mainly due to disposal of a part of BCP's commercial assets and 3,700 non core residential units
- Earnings and expenses from the sale of properties mainly relate to the sale of a BCP development project in Düsseldorf and a part of BCP's commercial portfolio. No significant contribution to income resulted from these sales as the properties had already been revalued to their sales price at the end of 2019
- The increase in other operating expenses mainly relates to one-off legal and advisory services in relation to the acquisition of ADO Group and the subsequent takeover offer of ADO Properties
- On the back of COVID-19 effects on retail activity, the remaining BCP commercial properties were revalued as business activity was affected by the measures to contain the virus
- The net financial result improved by €14.7m YoY mainly on the back of improved financing conditions as well as derecognition of financial liabilities due to the early repayment of ADO Group bonds

ADLER - Balance sheet

Balance sheet per 31 March 2020

<i>In €m</i>	1Q 2020	FY 2019
Investment properties	4,930 ¹	4,920
Other non-current assets	664 ²	369
Non-current assets	5,594	5,289
Cash and cash equivalents	75	237
Other current assets	284	317
Current assets	359	554
Non-current assets held for sale	4,554 ³	4,839
Total assets	10,506	10,682
Interest-bearing debt	4,529	4,713
Other liabilities	163	153
Deferred tax liabilities	445	440
Liabilities	5,138	5,306
Total equity attributable to owners of the Company	1,405	1,446
Non-controlling interests	2,098	2,102
Total equity	3,503	3,548
Liabilities held for sale	1,866 ³	1,827
Total equity and liabilities	10,506	10,682

Comments

- Investment properties increased marginally as a result of capitalised renovation and modernisation measures as well as construction costs for development projects. Fair value adjustments on the BCP commercial assets partially offset these capex and modernisation measures
- Other non-current assets increased as advance payments of c€60m have been made in relation to development projects as well as an increase in non-current receivables of €131m related to the sale of a 75% shareholding in a BCP development project
- Non-current assets and liabilities held for sale particularly include the assets and liabilities of ADO Properties. ADLER has lost control over ADO Properties on 9 April 2020, hence as of 31 March 2020 these are reported as held for sale under IFRS 5

ADLER - FFO and EPRA NRV bridge

FFO Calculation

<i>In €m, except per share data</i>	1Q 2020	1Q2019
Consolidated net profit	-27	15
Financial result	46	39
Income taxes	7	-8
Depreciation and amortisation	2	1
Income from measurement of investment properties	-10	10
Income from investments accounted at equity method	0	-
EBITDA IFRS	39	37
Non-recurring and extraordinary items	19	7
Adjusted EBITDA	58	45
Interest expense FFO	-16	-19
Current income taxes	-1	-1
Capitalisable maintenance	0	0
EBIT from the sales, discontinued operations, minorities	-22	-3
FFO I	19	22
Number of shares (basic)	71	68
FFO I per share (basic)	0.27	0.32
Number of shares (diluted)	80	79
FFO I per share (diluted)	0.24	0.27

EPRA NRV¹ calculation

<i>In €m, except per share data</i>	1Q 2020	FY 2019
Equity attributable to ADLER shareholders	1,405	1,446
Deferred tax liabilities	482	517
Difference fair value - carrying amounts inventory properties	8	6
RETT on Investment Properties	281	281
Fair value of derivative financial instruments	6	5
Deferred taxes for derivative financial instruments	-2	-1
EPRA NRV	2,181	2,253
Goodwill attributable to synergies	-169	-169
Adjusted EPRA NRV	2,011	2,084
Effect from conversion of convertibles	110	122
Diluted EPRA NRV	2,290	2,376
Adjusted diluted EPRA NRV	2,121	2,206
Number of shares, basic	71	71
EPRA NRV per share	30.87	31.90
Adjusted EPRA NRV per share	28.47	29.50
Numer of shares, diluted	80	80
EPRA NRV per share diluted	28.67	29.74
Adjusted EPRA NRV per share (diluted)	26.55	27.62

¹With effect from 1 January 2020, EPRA has developed three new ratios to replace the NAV to reflect changes in the regulatory framework in Europe. As such Adler has focused its reporting on NRV – Net Reinstatement Value. A significant difference between the NRV and the former NAV involves the real estate transfer tax of the properties held which was deducted for the purposes of property valuation and is now to be added again, since a sale is not currently expected.

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