



ADLER Group S.A.

Société anonyme

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REMUNERATION REPORT

FOR THE FINANCIAL YEAR 2020

I. INTRODUCTION

Summary of legal basis and summary of content

This remuneration report constitutes the report on the remuneration awarded or due by ADLER Group S.A. (the “**Company**”) and its group entities to the members of the board of directors (the “**Board**” and each member a “**Director**”) and senior management (“**Senior Management**”) of the Company during the financial year ending 31 December 2020 (the “**FY 2020**”) (the “**Remuneration Report**”).

Pursuant to the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended (the “**Luxembourg Shareholder Rights’ Law**”), the Company is required to submit to its general meeting of shareholders, each year, a report on the remuneration paid to Directors in the preceding financial year. This Remuneration Report has therefore been prepared in accordance with the specific requirements of the Luxembourg Shareholder Rights’ Law and, to the extent possible, the non-binding draft guidelines of the European Commission on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 (the “**Guidelines**”).

Furthermore, pursuant to the Luxembourg law of 10 August 1915 on commercial companies, as amended, (the “**Luxembourg Company Law**”) the Board is required to report to the general meeting of shareholders on the remuneration paid to any persons who hold the position of daily managers (*délégué(s) à la gestion journalière*) of the Company (each a “**Daily Manager**”). This Remuneration Report therefore also covers the remuneration paid to Daily Managers.

In the interests of transparency, while not a legal requirement, this Remuneration Report also includes the remuneration of members of Senior Management of the Company who are neither Directors or Daily Managers.

This Remuneration Report has been approved by the Board on 20 May 2021, as recommended by the nomination and compensation committee of the Company, and shall be submitted to the general meeting of shareholders of the Company (the “**General Meeting**”) expected to be held on 29 June 2021 for an advisory vote.

The remuneration report for the financial year ending 31 December 2019 (“**FY 2019**”) was approved, on an advisory basis, by the General Meeting on 29 September 2020.

The remuneration report for FY 2019 is available on the Company’s website:-

<https://ir.adler-group.com/websites/adler-group/English/5000/corporate-governance.html#remuneration>

Remuneration policy

The Company has established a remuneration policy (the “**Remuneration Policy**”) regarding the remuneration of Directors and those members of the Senior Management who hold the position of Daily Manager. The Remuneration Policy does not apply to members of Senior Management who are not Daily Managers.

The Remuneration Policy was approved, on an advisory basis, by the General Meeting on 29 September 2020 and is applicable as of the FY 2020. Regardless of whether or not there is an amendment to the Remuneration Policy, the Remuneration Policy will be presented to the General Meeting for an advisory vote, at least every four years.

The Remuneration Policy is available on the Company’s website:-

<https://ir.adler-group.com/websites/adler-group/English/5000/corporate-governance.html#remuneration>

The Remuneration Policy has been prepared in accordance with the business strategy of the Company and ensures that the Company maintains and applies the remuneration system in compliance with the interests and sustainability of the Company and its shareholders.

Deviations in remuneration

The remuneration of the Directors and Daily Managers in respect of the FY 2020 was granted in accordance with the Remuneration Policy, without derogation or deviation.

Going forward, the Company will include in each remuneration report for a given financial year, a comparison against the preceding financial year, in the performance criteria or methodology used to determine the remuneration. This Remuneration Report does not include such comparison between FY 2019 and FY 2020 because the Remuneration Policy only applies since the start of the FY 2020.

Highlights of FY 2020

After the successful consolidation with ADLER Real Estate AG and Consus Real Estate AG, ADLER Group is now strongly positioned as a fully integrated German residential real estate platform. The group holds and manages 69,722 residential units with an additional 10,000 units under development in Germany's top 7 cities, valued at EUR 1.3bn GAV which makes the group one of Germany's top housing providers. The focus on the development of large and innovative neighbourhoods will further enhance group's efficiency with regards to the management of its portfolio, which will in turn lead to higher margins and improved profitability.

In the FY 2020 the group achieved a number of major milestones. Capital structure was strengthened following the successful completion of a EUR 457m rights issue with 98% take-up. A substantial refinancing program was realised to streamline the overall capital structure of the group. The Company successfully placed two bonds of EUR 400m each that allowed the Company to re-finance existing short-term liabilities. In the FY 2020, the Company refinanced debt and equity worth EUR 2.0bn, with a further EUR 2.0bn since the end of 2020, thereby extending maturity profile and bringing down cost of debt at the group level.

The ADLER group also made great progress in optimising the portfolio with two separate transactions selling in total 6,669 units of rental assets and repositioning portfolio by disposing higher vacancy in non-core markets outside of our top 13 cities.

ESG improvement high priority

ESG (Environment, Social and Governance) has become an ever more essential part to the Company's business and has been implemented as one of the Company's three key strategic pillars, together with achieving excellence in customer satisfaction and digitalisation. For the next years to come, ESG will have a key role in the Company's decision making. In addition, the Company worked closely together with its stakeholders and various agencies to put a prudent ESG strategy in place.

The increased focus has also already resulted in the Company's first measurable ESG target, which is to reduce or CO2 emissions within the whole portfolio by 50% until 2030. With ESG being such a key role in future strategy, the Company's confidence to reach or even outperform this target is very high. This target is further supported by a set of various goals to improve entire organisation and business of the group.

Solid performance

Income from rental activities almost tripled in the FY 2020 to EUR 383.9m from EUR 141.6m in 2019. This was primarily attributable to the first-time consolidation of ADLER at the beginning of April 2020 which was partially offset by the disposal of 5,900 units to Gewobag Wohnungsbau-AG at the end of 2019 and two further disposals in 2020 with a total of 6,669 units.

Net rental income increased to EUR 293.4m for the year 2020 from EUR 134.1m for 2019. The first full year effects of the consolidation of ADLER will show in the financials statement for the financial year 2021.

EBITDA from rental activities more than doubled to EUR 187.0m for FY 2020 compared to EUR 92.0m in the same period of the previous year. **FFO 1** (from rental activities) increased to EUR 107.1m for FY2020 compared to EUR 63.2m for 2019, corresponding to a FFO 1 per share of EUR 1.34 (2019: EUR 1.43 per share) meeting our FY 2020 guidance.

Despite the Berlin rental freeze legislation (“Mietendeckel”) coming into force on 23 February 2020, partially restricting like-for-like rental growth on c.50% of rental portfolio, the portfolio performed strongly. Outside Berlin, the ADLER Group has been able to generate rental growth of 3.9% and is able to post a 2.2% **like-for-like rental increase** of the total rental portfolio for the FY 2020. The **average in-place rent** of the rental portfolio increased to EUR 6.30 per sqm per month as of 31 December 2020 (2019: EUR 6.19). The **vacancy rate** for the top 13 cities for rental portfolio decreased to 2.3% as of FY 2020 (total vacancy as of FY 2020: 3.4%), a solid improvement compared to 2.6% as of financial year 2019.

Resilient asset class

As at 31 December 2020, the **fair value** of Adler Group’s **portfolio** amounted to EUR 11.4bn (2019: EUR8.6bn pro-forma consolidated and EUR 3.7bn reported). Despite the Berlin rent freeze legislation coming into force, valuations remained resilient with the like-for-like value uplift of +6.7% for the year. The portfolio comprised 69,722 units (2019: 75,721 units pro-forma consolidated and 16,255 reported), with 82% of fair value located in the top 13 cities in Germany.

The **EPRA Net Reinstatement Value (EPRA NRV)** of the portfolio amounted to EUR 6,037m (EPRA NAV: EUR 5,214m) which represents EUR51.38 per share as of FY 2020 (EPRA NAV per share: EUR 44.37).

Further EUR 2.0bn already refinanced since the end of 2020

The Company realised a substantial refinancing program to streamline the overall capital structure of the group. The Company successfully placed two bonds of EUR 400m each that allowed to re-finance existing short-term liabilities. In January 2021, the Company placed further EUR 1.5bn dual tranche unsecured bond across 5 and 8 year maturities with a 1.875% and 2.250% coupon to repay the remaining bridge facility and refinance existing mezzanine debt. This brings us to a total capital market debt and equity issued as at March, 2021 of EUR 2.8bn. Secured market remains attractive with EUR 728m volume secured at 2.08% cost of debt for full year 2020 and a further EUR 500m with an average cost of debt of 1.53% already arranged since the end of 2020.

In total, from the beginning of 2020 and up to the end of March 2021, EUR 4.0bn of equity and debt was issued and refinanced which had significant impact on improvement of all of debt KPIs, most importantly weighted average cost of debt (WACD) and weighted average debt maturity (WAM). As of March, 2021, WACD stands at 2.57% and WAM at 4.3 years.

Streamlining of portfolio at premium to book value

During the third quarter ADLER group successfully divested c. 5,000 units, or 18% of non-Top 13 cities units, at a premium to book value to a listed international real estate company. The transaction as expected closed at the end of 2020 leading to reduction in net rental income by EUR18.6m per year. In December, the group sold further 1,605 units with GAV of EUR 75.7m at a slight premium to book value as of the third quarter 2020.

As ADLER group discontinues its presence in non-core markets, outside of its top 13 cities and disposes of higher embedded vacancy, the group further streamlines its portfolio and can increase cost efficiency.

Targeted synergies overachieved ahead of the plan

Substantial progress has been made in the integration of the three companies with the combined group ahead of schedule with EUR 112.8m of the synergies significantly exceeding the EUR 78-92m guidance for FY 2020 on the back of higher financing volume at lower financing costs than expected. Run rate financial synergies realized in 2020 stand at EUR 63.8m with operating synergies reaching EUR 49.0m.

The annual report (including stand-alone and consolidated accounts and management report) of the Company for the FY 2020 is available on the Company's website:-

<https://ir.adler-group.com/websites/adler-group/English/4000/publications.html#reports>

The FY 2020 has, in many ways, been an exceptional year for the Company. Macro-economic challenges had to be overcome but at the same time unique opportunities arose to grow and at the same time strengthen the Company's group with strategic acquisitions.

The Senior Management, fully supported by the Board, have achieved great results with respect to steering the Company through this complex FY2020 and notably have succeeded with (i) the noiseless integration of ADLER Real Estate AG and Consus Real Estate AG into the Company's group, (ii) the completion of a EUR 457m rights issue with 98% take-up, (iii) the placement of multiple bonds, as well as (iv) portfolio acquisitions and sales. In addition to all of these achievements, all predetermined targets set for the FY 2020 for the purposes of their variable remuneration were achieved by the Senior Management. In view of the preceding, the Board has, in 2021, decided to grant the maximum short-term variable incentive bonus (paid out in 2021) and the maximum long-term variable incentive bonus (payable on or about the time of termination of the appointment of the relevant member of Senior Management) to each of the members of the Senior Management for the FY 2020. However, as set out in the Guidelines, the Company will report on these amounts only in the remuneration report for the financial year in which they are paid/ vested.

II. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

At the date of submission of this Remuneration Report to the General Meeting, the Board is composed of the following eight Directors:

- Dr Peter Maser (non-executive independent Director and chairman of the Board)
- Mr Thierry Beaudemoulin (executive Director)
- Mr Maximilian Rienecker (executive Director)
- Ms Arzu Akkemik (non-executive independent Director)
- Dr Michael Bütter (non-executive independent Director)
- Mr Claus Jørgensen (non-executive Director)
- Mr Thilo Schmid (non-executive Director)
- Mr Thomas Zinnöcker (non-executive independent Director).

The remuneration of Directors is determined by the General Meeting.

On 29 September 2020 the General Meeting approved the following gross remuneration of the Directors applicable as from the start of the FY 2020:-

- an annual fixed remuneration in a gross amount of EUR 150,000 for the role as the chairman of the Board;

- an annual fixed remuneration in a gross amount of EUR 100,000 for the role as the deputy chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 75,000 for the role as a Director of the Company (excluding the chairman and deputy chairman of the Board);
- an additional annual fixed remuneration in a gross amount of EUR 25,000 for any Director who also acts as the chairman of any committee of the Company;
- an additional fee in a gross amount of EUR 1,500 per attendance of a Director at any meeting of the Board or any meeting of a committee of the Company, of which the Director is a member.

Furthermore, for FY 2020, all Directors were covered by the Company's directors' & officers' liability insurance and were entitled to reimbursement of any reasonable costs incurred within the scope of their duties as Directors, upon presentation of proof of payment of such costs.

Current Directors

The total remuneration paid out or due to the executive and non-executive Directors in respect of FY 2020 is in a gross amount of EUR 753,788.16, plus the value of any directors' & officers' liability insurance, expenses and VAT.

The table on the following page displays the total remuneration (in gross figures in Euro) of **non-executive current directors**, split out by component:-

Name and position	Fixed remuneration (aside from directors' and officers' insurance, no other benefits are awarded)		Total
	Annual fixed remuneration	Attendance fees	
Dr Peter Maser non-executive independent Director and chairman of the Board member of the audit committee member of the investment and financing committee member and chairman of the nomination and compensation committee *position held from 10 December 2019	2020	2020	2020
	173,941.26	42,000	215,941.26
	2019	2019	2019
	2,823	6,000	8,823
Ms Arzu Akkemik non-executive independent Director member of the nomination and compensation committee *position held from 10 December 2019	2020	2020	2020
	75,000	27,000	102,000
	2019	2019	2019
	2,823	6,000	8,823

Dr Michael Bütter non-executive independent Director member and chairman of the audit committee	2020	2020	2020
	100,000	37,500	137,500
	2019	2019	2019
	50,000	37,500	87,500
Mr Claus Jørgensen non-executive Director member of the investment and financing committee *position held from 29 September 2020	2020	2020	2020
	19,159.84	7,500	26,659.84
	2019	2019	2019
	N/A	N/A	N/A
Mr Thilo Schmid non-executive Director member of the audit committee *position held from 29 September 2020	2020	2020	2020
	19,159.84	13,500	32,659.84
	2019	2019	2019
	N/A	N/A	N/A
Mr Thomas Zinnöcker non-executive independent Director member and chairman of the investment and financing committee member of the nomination and compensation committee *position held from 29 September 2020	2020	2020	2020
	25,546.45	9,000	34,546.45
	2019	2019	2019
	N/A	N/A	N/A

The following table displays the total remuneration (in gross figures in Euro) of **executive current directors**, split out by component:-

Name and position	Fixed remuneration (aside from directors' and officers' insurance, no other benefits are awarded)		Total
	Annual fixed remuneration	Attendance fees	
Mr Thierry Beaudemoulin	2020	2020	2020
	100,000	31,500	131,500

executive Director and co-chief executive officer member of the ad hoc committee of the Company *position held from 10 December 2019 <i>Note: the remuneration related to this Director's mandate as co-chief executive officer and Daily Manager is explained in the next section of this Remuneration Report</i>	2019	2019	2019
	2,823	6,000	8,823
Mr Maximilian Rienecker executive Director and co-chief executive officer member of the ad hoc committee of the Company *position of executive Director held from 28 April 2020 *position of co-chief executive officer held from 9 April 2020 <i>Note: the remuneration related to this Director's mandate as co-chief executive officer and Daily Manager is explained in the next section of this Remuneration Report.</i> <i>The reported amounts do not include the remuneration paid/due by other group entities to Mr Rienecker before his appointment as co-chief executive officer on 9 April 2020</i>	2020	2020	2020
	50,480.77	22,500	72,980.77
	2019	2019	2019
	N/A	N/A	N/A

Former Directors

The total remuneration paid to the former non-executive Directors in respect of FY 2020 is in a gross amount of EUR 181,878.41, plus the value of any directors' & officers' liability insurance, expenses and VAT.

The following table displays the total remuneration (in gross figures in Euro) of **former directors who held office in FY 2020 (all of whom were non-executive directors)**, split out by component:-

Name and position	Fixed remuneration		Total
	Annual fixed remuneration	Attendance fees	
Dr Ben Irle former non-executive Director *position held from 10 December until 29 September 2020	2020	2020	2020
	56,147.54	15,000	71,147.54
	2019	2019	2019
	2,823	6,000	8.823

Dr Jörn Stobbe former non-executive independent Director and member of the audit committee *position held from 1 January 2019 until 29 September 2020	2020	2020	2020
	56,147.54	22,500	78,647.54
	2019	2019	2019
	50,000	42,000	92,000
Mr Florian Sitta former non-executive Director *position held from 10 December 2019 until 28 April 2020 member of the ad hoc committee of the Company <i>Note: Mr. Florian Sitta receives remuneration from Adler Real Estate Service GmbH which is unrelated to his former position as Director of the Company and relates to his position as an employee in Adler Real Estate Service GmbH</i>	2020	2020	2020
	24,583.33	7,500	32,083.33
	2019	2019	2019
	2,823	6,000	8,823

III. REMUNERATION OF SENIOR MANAGEMENT

As at the date of submission of this Remuneration Report to the General Meeting, the Senior Management of the Company is composed of:-

- Mr Thierry Beaudemoulin (director and co-chief executive officer (a “**Co-CEO**”))
- Mr Maximilian Rienecker (director and Co-CEO) and
- Mr Sven-Christian Frank (chief legal officer (a “**CLO**”)).

Both Co-CEOs, Mr Thierry Beaudemoulin and Mr Maximilian Rienecker, are also appointed as Daily Managers. There are no other daily managers appointed.

The remuneration of members of the Senior Management and Daily Managers is determined by the Board.

In respect of the FY 2020:-

- members of Senior Management were entitled to the following:-
 - (i) an annual base remuneration,
 - (ii) a short-term variable incentive bonus (the “**STI-Bonus**”) and
 - (iii) a long-term variable incentive bonus (the “**LTI-Bonus**”).
- members of Senior Management received certain fringe benefits;
- members of Senior Management were covered by the Company’s directors’ & officers’ liability insurance and were entitled to reimbursement of any reasonable costs incurred within the scope of their duties as senior executives, upon presentation of proof of payment of such costs.

Annual base remuneration

- Pursuant to the respective service agreements with the Company Mr Thierry Beaudemoulin was entitled to receive in respect of FY 2020 (i) a fixed annual remuneration in a gross amount of EUR 500,000 (*pro rata temporis* for his activities until 8 April 2020), and (ii) a fixed annual remuneration in a gross amount of EUR 600,000 (*pro rata temporis* for his activities from 9 April 2020),
- Pursuant to the respective service agreements with the Company and ADLER Properties GmbH Mr Maximilian Rienecker was entitled to receive in respect of FY 2020 a fixed annual remuneration in a gross amount of EUR 600,000, *pro rata temporis* (as applicable),
- Pursuant to the respective service agreements with the Company and ADLER Properties GmbH Mr Sven-Christian Frank was entitled to receive in respect of FY 2020 a fixed annual remuneration in a gross amount of EUR 420,000, *pro rata temporis*. Mr. Frank also has a service agreement with another group company, ADLER Real Estate AG but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Properties GmbH,

in each case payable in equal instalments at the end of each calendar month

STI-Bonus

Pursuant to the respective service agreements with the Company:-

- Mr Thierry Beaudemoulin was entitled to receive in respect of FY 2020 an annual STI-Bonus to be paid depending on the achievement of certain targets (the maximum value for an overall target of 100% was EUR 250,000 for the activities until 8 April 2020; the maximum value for an overall target of 100% was EUR 350,000 per annum for the activities from 9 April 2020; *pro rata temporis* (as applicable));
- Mr Maximilian Rienecker was entitled to receive in respect of FY 2020 an annual STI-Bonus to be paid depending on the achievement of certain targets (the maximum value for an overall target of 100% was EUR 350,000 per annum, *pro rata temporis* (as applicable));
- Mr Sven-Christian Frank was entitled to receive in respect of FY 2020 an annual STI-Bonus to be paid depending on the achievement of certain targets (the maximum value for an overall target of 100% was EUR 150,000 per annum (*pro rata temporis*, as applicable), the basis of which shall be agreed by the Company and Mr Frank. Any variable remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Properties GmbH.

For the financial year 2020, the STI-Bonus targets are linked to certain quantitative variables set by the Board, such as, for example, (i) net rental income, (ii) funds from operations (FFO1) and (iii) residential vacancy rate and certain qualitative variables, which may result in the attribution of a discretionary bonus. The weightings of each variable in the total STI-Bonus calculations vary between senior managers. While the Co-CEOs' STI-Bonus weightings for the financial year 2020 are composed of 90% quantitative variables and 10% qualitative variables, the CLO's STI-Bonus weightings are composed of 70% quantitative variables and 30% qualitative variables.

The payment of the STI-Bonus is made from a minimum target achievement of 50 % of the targets up to a maximum target achievement of 100 % of the targets. A linear calculation takes place between these values.

The STI-Bonus for the FY 2020 (and in respect of Mr. Beaudemoulin, in respect of 2019) is payable at the latest with the next payroll run following the General Meeting in the year 2021 approving the

financial statements for the FY 2020. Therefore, because the right to receive the STI Bonus for FY 2020 (and in respect of Mr. Beaudemoulin, in respect of 2019) did not vest in FY2020, the amount of the STI-Bonus is not included in this report but will be included in the Remuneration Report for the next financial year.

LTI-Bonus

Pursuant to the respective service agreements with the Company:-

- Mr Thierry Beaudemoulin was entitled to earn an LTI-Bonus payable (in cash or shares of the Company if the Company can issue said shares) following the termination of the agreement (the base value for an overall target of 100% is EUR 250,000 per annum for the period until 8 April 2020, and EUR 350,000 per annum for the period from 9 April 2020, *pro rata temporis* (as applicable));
- Mr Maximilian Rienecker was entitled to earn an LTI-Bonus payable (in cash or shares of the Company if the Company can issue said shares) following the termination of the agreement (the base value for an overall target of 100% is EUR 350,000 per annum, *pro rata temporis* (as applicable));
- Mr Sven-Christian Frank was entitled to earn a LTI-Bonus payable (in cash or shares of the Company if the Company can issue said shares) following the termination of the agreement (the base value for an overall target of 100% is EUR 155,000 per annum (*pro rata temporis*, as applicable), the basis of which shall be agreed by the Company and Mr Frank. Any variable remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Properties GmbH.

For the Co-CEOs, in regards of the FY 2020, the LTI-Bonus targets are linked to certain quantitative variables set by the Board, such as, for example, (i) the development of the EPRA NAV and (ii) the development of the Company's share price in relation to the EPRA Germany Index. For the CLO, with respect to the financial year 2020, both quantitative variables (such as the aforementioned examples) and qualitative variables, such as, for example, developments in the area of human resources are taken into account. The CLO's LTI-Bonus weightings are composed of 70% quantitative variables and 30% qualitative variables.

The amount of the LTI-Bonus in respect of the FY 2020 (and in respect of Mr. Beaudemoulin, in respect of 2019) was determined only after the close of FY 2020 and is only payable on or about the time of termination of the appointment of the relevant member of Senior Management. Therefore, because the right to receive the LTI Bonus for FY 2020 (and in respect of Mr. Beaudemoulin, in respect of 2019) does in FY2020, the amount of the LTI-Bonus is not included in this report but will be included in the Remuneration Report for the financial year in which it vests.

Total remuneration of current members of Senior Management

The total remuneration paid out to the members of Senior Management in respect of FY 2020 is in a gross amount of EUR 1,219,018.06, plus insurance premium for directors' & officers' liability insurance, expenses and VAT.

As the STI-Bonus and LTI-Bonus in respect of FY 2020 (and for Mr. Beaudemoulin, FY 2019) did not vest in FY 2020, the amounts of such bonuses are not reported in the table below.

The following table displays the total remuneration (in gross figures in Euro) of **current members of senior management**, split out by component:-

Name and position	Fixed remuneration		Variable remuneration		Total	Proportion of fixed and variable remuneration
	Base salary	Fringe benefits	STI-Bonus	LTI-Bonus		
Mr Thierry Beaudemoulin executive director and co-CEO member of the ad hoc committee of the Company * position held from 10 December 2019 <i>Note: the remuneration related to this person's mandate as director is explained in the previous section of this Remuneration Report</i> <i>Fringe benefits for the period from 10 December 2019 until 31 December 2019 were reported in the remuneration report for the FY 2019</i>	2020	2020	2020	2020	2020	2020
	572,778	20,960.06 *health insurance	N/A	N/A	593,738.06	100%/0%
	2019	2019	2019	2019	2019	2019
	30,136.99	1,119.74 *car lease; health insurance	N/A	N/A	31,256.73	100%/0%
Mr Maximilian Rienecker executive director and co-CEO member of the ad hoc committee of the Company *position of executive director held from 28 April 2020 *position of co-CEO held from 9 April 2020 <i>Note: the remuneration related to this person's mandate as director is explained in the previous section of this Remuneration Report</i> The reported amounts do not include the remuneration paid/due by other group entities to Mr Rienecker before his appointment as co-CEO on 9 April 2020	2020	2020	2020	2020	2020	2020
	43,667 *paid/due by the Company	30,566 *car lease; health insurance * paid/due by the Company	N/A	N/A	467,233	100%/0%
	393,000 *paid by Adler Properties GmbH	N/A				
	2019	2019	2019	2019	2019	2019
	N/A	N/A	N/A	N/A	N/A	N/A

Mr Sven-Christian Frank CLO *position held from 1 September 2020 Note: Mr. Frank has a service agreement with another group company, ADLER Real Estate AG but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Properties GmbH The reported amounts do not include the remuneration paid/due by other group entities to Mr Frank before his appointment as CLO on 1 September 2020	2020	2020	2020	2020	2020	2020
	14,000	14,000	N/A	N/A	158,047	100%/0%
	* paid/due by the Company	*car allowance; health insurance * paid/due by the Company				
	800	N/A				
	* paid/due by Adler Properties GmbH	* paid/due by Adler Properties GmbH				
125,000	4,247					
* paid/due by Adler Real Estate AG	*car lease * paid/due by Adler Real Estate AG					
2019	2019	2019	2019	2019	2019	
N/A	N/A	N/A	N/A	N/A	N/A	

Total remuneration of former members of senior management

The remuneration report of the Company for the FY 2019 reported only on the remuneration of the Senior Management, who were appointed as Daily Managers. As explained earlier, this Remuneration Report includes remuneration of all members of Senior Management (regardless of whether or not they are appointed as Daily Managers).

The total remuneration paid to the former members of Senior Management (who were appointed as Daily Managers) in respect of FY 2020 is in gross amount of EUR 2,009,844.21.

The next table displays the total remuneration (in gross figures in Euro) of **former members of senior management (appointed as Daily Managers) who held office until 10 December 2019**, split out by component:-

Name and position	Fixed remuneration		Variable remuneration		Extraordinary items	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Fringe benefits	STI-Bonus	LTI-Bonus			
Mr David Daniel former executive vice-chairman of the Board	2020	2020	2020	2020	2020	2020	2020
	15,000	N/A	N/A	N/A	N/A	15,000	100%/0%
	2019	2019	2019	2019	2019	2019	2019
	56,290.32	N/A	140,000	200,000	250,000	646,290.32	9%/91%

*position of executive vice-chairman of the Board held from 24 January 2019 until 10 December 2019					*bonus for a significant transaction		
*position of daily manager held from 13 August 2019 until 10 December 2019							
Mr Ran Laufer	2020	2020	2020	2020	2020	2020	2020
former chief executive officer	55,000 * paid/due by the Company	N/A	69,434	54,200	4,966.58 * paid/due by the Company	303,533.73	59%/41%
*position held from 23 July 2019 until 10 December 2019	110,000 * paid/due by Adler Properties GmbH				9,933.15 * paid/due by Adler Properties GmbH		
	2019	2019	2019	2019	2019	2019	2019
	48,518.82 *paid by the Company	25,057.17 *car lease and apartment rent	61,221	47,797	462,111.27 *bonus for a significant transaction, a signing fee and a settlement amount pursuant to a settlement agreement dated 9 April 2020. Part of the extraordinary items was paid by Adler Properties GmbH	741,742.89	23%/77%
	EUR 97,037.83 *paid by Adler Properties GmbH						
Mr Eyal Merdler	2020	2020	2020	2020	2020	2020	2020
former chief financial officer	163,333.33 *paid by the Company	N/A	202,693.75	142,221.76	3,579.91 *paid by the Company	845,655.24	59%/41%
*position held from 1 October 2019 until 10 December 2019	326,666.67 * paid/due by Adler Properties GmbH				7,159.82 * paid/due by Adler Properties GmbH		

	2019	2019	2019	2019	2019	2019	2019
	23,333.33	8,529.06	32,500	42,500	140,000	293,529.06	27%/73%
	*paid by the Company	*car lease and apartment rent			*bonus for a significant transaction		
	EUR 46,666.67						
	*paid by ADO Properties GmbH						
	2020	2020	2020	2020	2020	2020	2020
Mr Eran Amir	163,333.33	N/A	202,693.75	142,221.76	3,579.91	845,655.24	59%/41%
former chief operational officer	*paid by the Company				* paid/due by Adler Properties GmbH		
*position held from 1 October 2019 until 10 December 2019	326,666.67				7,159.82		
	* paid/due by Adler Properties GmbH				* paid/due by Adler Properties GmbH		
	2019	2019	2019	2019	2019	2019	2019
	23,333.33	2,624.75	32,500	42,500	40,000	187,624.75	39%/61%
	*paid by the Company	*car lease and apartment rent			*bonus for a significant transaction		
	EUR 46,666.67						
	*paid by Adler Properties GmbH						

The remuneration in the table above relating to the FY 2020 is a portion of the settlement amount agreed by the Company and former senior executives attributable to the FY 2020 (for explanatory purposes - STI-Bonus and LTI-Bonus determined for the period between 1 January 2020 and 30 September 2020); the remuneration in the table above relating to the FY 2019 is a portion of the settlement amount attributable to the FY 2019 (for explanatory purposes - STI-Bonus and LTI-Bonus determined for the period between 1 October 2019 and 31 December 2019).

IV. COMPLIANCE WITH THE REMUNERATION POLICY

The remuneration granted to the Directors and Daily Managers for the FY 2020 complies with the adopted Remuneration Policy and contributes to the long-term interests and sustainable performance of the Company.

The Company's ambitions to be and stay a leader, both in terms of size and quality of services, in the German residential real estate market is reflected in the remuneration of the Directors and Daily Managers.

Adequate compensation is granted taking in consideration the level of responsibility and position of the Directors and Daily Managers, ensures the retention and attraction of people with necessary competence

to facilitate the sustainable performance of the Company and as such to secure the interests of the Company and its shareholders.

Remuneration of Directors

In accordance with the Remuneration Policy, in order to ensure sound corporate governance and to avoid the arising of any potential conflicts of interest, Directors did not receive any variable remuneration for their role as Directors of the Company. They only received the fixed remuneration as set out in Section II above.

Remuneration of Daily Managers

In accordance with the Remuneration Policy:-

- Daily Managers are entitled to the following:-
 - (i) an annual base compensation payable in 12 equal instalments at the end of each calendar month,
 - (ii) an STI-Bonus and
 - (iii) an LTI-Bonus.
- other fringe benefits may be provided to Daily Managers, such as, *inter alia*, rental allowances, a company car, private health insurance and other insurance policies.
- in addition the Board may, in its reasonable discretion, grant Daily Managers an additional bonus for outstanding performances without a prior agreement. A legal claim to such a discretionary bonus does not exist. No such additional bonus has been granted to any member of Senior Management in FY 2020.

The Board of the Company set the following STI-Bonus targets for the Daily Managers in respect of the financial year 2020 which are consistent with the Remuneration Policy and contribute to the overall Company's goal of sustainable long-term growth by attracting and retaining personnel with the high level of professionalism and skills needed for the Company:-

- i. net rental income: EUR 280,000,000;
- ii. funds from the operations per share - FFO 1: EUR 105,000,000;
- iii. residential vacancy rate: no more than 5%;
- iv. a discretionary bonus of up to 10% of the maximum STI-Bonus.

The Board of the Company set the following LTI-Bonus targets for the Daily Managers in respect of the financial year 2020 which are consistent with the Remuneration Policy and contribute to the overall Company's goal of sustainable long-term growth by attracting and retaining personnel with the high level of professionalism and skills needed for the Company:-

- i. the development of the net asset value (NAV) such that at the end of FY 2020, it is as forecast in the 2020 budget (EUR 4,523,000,000 – December 2020);
- ii. the development of the Company's share price in relation to the EPRA Germany index, from the appointment date of Mr Thierry Beaudemoulin (10 December 2019) until end-December 2020.

As the STI-Bonus and LTI-Bonus in respect of FY 2020 did not vest in FY 2020, this Remuneration Report does not include a description of the performance achieved by the Daily Managers in FY 2020. This information will be included in the remuneration report for the financial year the relevant STI-Bonus and LTI-Bonus vest.

V. COMPARATIVE INFORMATION

Comparative information illustrating the changes in remuneration of individual Directors and Daily Managers between the FY 2019 and the FY 2020 is provided in Sections II and III, respectively, of this Remuneration Report.

In the future, the remuneration report of the Company will provide in respect of Directors and members of Senior Management **who performed their mandate during the relevant reported year** a comparison of their total remuneration over the preceding five financial years, but not going back beyond the FY 2019 (because this was the first year in which reporting was legally required).

The below table presents in respect of Directors and members of Senior Management **who performed their mandate during FY 2020**, comparative information on the change of their remuneration between during the FY 2020 and the FY 2019 and performance of the Company during the FY 2020 and the FY 2019.

Annual Change	FY 2020 vs FY 2019	FY 2020
Directors and Daily Managers		
Dr Peter Maser non-executive independent director and chairman of the Board *position held from 10 December 2019	215,941.26 vs 8,823 Annual change: +2,347% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days: 12,980 vs 8,823; change: +47 %	215,941.26
Mr Thierry Beaudemoulin executive director and co-CEO *position held from 10 December 2019	725,238.06 vs 40,079.73 Annual change: +1,709% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days: 43,594 vs 40,079.73; change: +9 %	725,238.06
Mr Maximilian Rienecker executive director and co-CEO *position of executive director held from 28 April 2020 *position of co-CEO held from 9 April 2020	N/A	540,213.77
Ms Arzu Akkemik non-executive independent director *position held from 10 December 2019	102,000 vs 8,823 Annual change: +1,056% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days: 6,131 vs 8,823; change: -31 %	102,000

Dr Michael Bütter non-executive independent director	137,500 vs 87,500 Annual change: +57%	137,500
Mr Claus Jørgensen non-executive director *position held from 29 September 2020	N/A	26,659.84
Mr Thilo Schmid non-executive director *position held from 29 September 2020	N/A	32,659.84
Mr Thomas Zinnöcker non-executive independent director *position held from 29 September 2020	N/A	34,546.45
Dr Ben Irle former non-executive director *position held from 10 December until 29 September 2020	71,147.54 vs 8.823 Annual change: +706% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days: 5,734 vs 8,823; change: -35 %	71,147.54
Dr Jörn Stobbe former non-executive independent director *position held from 1 January 2019 until 29 September 2020	78,647.54 vs 92,000 Annual change: -15%	78,647.54
Mr Florian Sitta former non-executive director *position held from 10 December 2019 until 28 April 2020	32,083.33 vs 8.823 Annual change: +264% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days: 5,931 vs 8,823; change: -33 %	32,083.33
Mr Sven-Christian Frank CLO *position held from 1 September 2020	N/A	158,047
Company's performance		
Criterion/ metric A – EPRA NAV	5,213,874,000 vs 2,923,601,000	5,213,874,000
Criterion/ metric B – FFO1	107,128,000 vs 63,173,000	107,128,000

Criterion/ metric C - vacancy rate	3.4% vs 4.0%	3.4%
Average remuneration on a full-time equivalent basis of employees		
Full-time employees of the Company <i>Notes:-</i> <ul style="list-style-type: none"> - the Company had two employees during the FY 2020; - pursuant to the agreement with the Company, an employee received EUR 321,600 (a settlement amount in connection with the termination of employment agreement) and EUR 25,000 (bonus) during the FY 2020, which is not included in the reported amounts 	56,066.80 vs 53,700	56,066.80
Company's group (on a consolidated basis) <i>Note: the reported amounts are calculated by dividing the total amount of payroll and related expenses by average number of full-time employees during the FY 2020</i>	33,748.47 vs 46,081.92	33,748.47