

Bericht des Aufsichtsrats

Dear Shareholders,
Ladies and Gentlemen,

In the past financial year, the Supervisory Board of ADLER Real Estate AG performed the duties assigned to it by law and the Articles of Association on an ongoing basis. These duties were carried out both in regular meetings and in individual discussions. The Supervisory Board supported the Management Board in an advisory capacity and monitored its activity. To this end, the Supervisory Board ensured it was informed about the company's financial position and has adopted appropriate resolutions. The Supervisory Board was in regular contact with the Management Board outside the meeting framework as well and was kept continually informed about the latest business developments. The Supervisory Board was directly involved in all decisions of fundamental importance to the company.

Changes in composition

The Supervisory Board of ADLER Real Estate AG witnessed the following changes in its composition in the past 2018 financial year:

Mr Thomas Katzuba von Urbisch resigned from the Supervisory Board with effect from the end of the Annual General Meeting on 30 May 2018. The Supervisory Board would like to thank Mr Katzuba von Urbisch for his trustworthy and constructive cooperation.

Mr Claus Jorgensen was newly appointed to the Supervisory Board with effect from 30 May 2018. In accordance with § 107 of the German Stock Corporation Act regarding the internal organisation of the Supervisory Board, the Board then elected the Chairman and Deputy Chairman from among its members as follows:

- Supervisory Board Chairman: Dr. Dirk Hoffmann
- Vice Chairman of the Supervisory Board: Thilo Schmid

The Management Board of ADLER Real Estate AG did not witness any changes in its composition in the past 2018 financial year.

Supervisory Board meetings

The Management Board reports to the Supervisory Board at regular joint meetings. These are based on written reports submitted by the Management Board. With these reports, the Supervisory Board was kept informed both about the overall situation of the company and its subsidiaries and about individual matters of greater importance. The course of business, the company's situation, profitability and liquidity and its intended business policy and other fundamental matters of corporate management formed the key focuses of discussions, as did the situation of the Group's subsidiaries. The Supervisory Board held a total of four scheduled inperson meetings during the 2018 financial year. These took place on 22 March, 17 May, 6



September and 11 December. All members of the Supervisory Board attended the meetings in person. Board resolutions were further taken in three extraordinary Supervisory Board meetings, in three telephone conferences and by way of 20 circular procedures. These also were attended by all Supervisory Board members. Further meetings of the Supervisory Board served the exchange of information without resolutions being taken.

As, pursuant to the Articles of Association, the company's Supervisory Board comprises only three members, no committees have been formed. Within the framework of their activities, all Supervisory Board members addressed all of the tasks incumbent on the Supervisory Board.

Accordingly, all matters brought to the attention of the Supervisory Board and proposed resolutions were discussed and decided by the Supervisory Board as a whole. Following a proper review, the Supervisory Board consented to all transactions and measures requiring its approval as far as possible.

The Management Board provided the Supervisory Board with written quarterly reports on the course and status of business, the company's profitability and liquidity, the business policies pursued and other fundamental matters of corporate planning.

Key focuses of activities

At its regular meetings, the Supervisory Board focused consistently on significant questions relating to corporate strategy, corporate planning and business development for the Group and the company as well as questions relating to financial and investment planning. The Board also dealt with risk and compliance reporting.

The focus of Supervisory Board activities initially related to supporting the ongoing restructuring of ADLER Real Estate AG and its subsidiaries into an integrated real estate group which offers all tenant-related services from one source. In the past financial year, the focus was therefore on improving operating performance indicators. To this end, the rental segment was also significantly expanded using the Group's own resources. The acquisition of around 70 percent of shares in Brack Capital Properties N. V. (BCP) and the associated expansion of the portfolio by approximately 12,000 residential units also strengthened key performance and financial data. This objective was also served by the sale of the non-core-portfolio, which comprises a total of around 3,700 units, of which a tranche of around 2,300 units was contributed to a joint venture founded with Benson Elliot in 2018. A further tranche of around 1,400 units was sold to an investor. A BB+ rated corporate bond with a volume of EUR 800 million was successfully placed to refinance the acquisition of the BCP bridge loan. The buy back of EUR 200 million of 2015/2020 corporate bonds was also successful. Finally, EUR 12.9 million of new shares were created as a result of the maturity of the 2013/2018 convertible bond and the mandatory 2015/2018 convertible bond. Thus, ADLER Real Estate AG's market capitalisation at the end of the reporting period reached around EUR 900 million. With the acquisition of an undeveloped 40,000 sqm property in Schönefeld/Brandenburg, the company also expanded its project development activities, which began in 2017 with the Wasserstadt Mitte project in Berlin.

German Corporate Governance Code (DCGK)

Like the Management Board, the Supervisory Board is convinced that the DCGK sets out internationally and nationally recognised standards for good and responsible corporate



management which serve to enhance the management and supervision of publicly listed companies in Germany.

The provisions governing the management and supervision of publicly listed companies in Germany as pooled in the German Corporate Governance Code (DCGK), as well as the recommendations and suggestions included in the Code in regard to internationally and nationally recognised standards of good and responsible corporate management, have been implemented at the company since 2002, i.e. the year of introduction of the Code, by the Management and Supervisory Boards of ADLER Real Estate AG. These provisions were implemented with few exceptions, and this practice has been retained in each case in the years since. To the extent that the provisions of the DCGK in its respectively valid form has not been complied with, this has been explained in the Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act. This declaration has been made permanently available in its respectively valid version in the Investor Relations section of the company's website. Insofar as deviations from the provisions of the DCGK have occurred during the year, the Declaration of Conformity was updated accordingly.

The Declaration of Conformity will be published in the Federal Gazette and filed in the Commercial Register together with the annual financial statements, the management report and other documents requiring disclosure.

ADLER Real Estate AG publishes its Corporate Governance Report on its website upon publication of its Corporate Governance Declaration pursuant to § 289f of the German Commercial Code (HGB).

There were no indications of any conflicts of interest on the part of either the Supervisory Board or the Management Board in the 2018 financial year.

2018 annual and consolidated financial statements

The annual financial statements of ADLER Real Estate AG prepared by the Management Board and the consolidated financial statements, including the combined management report, for the 2018 financial year have been audited and provided with unqualified audit opinions by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, the audit company elected by the Annual General Meeting on 30 May 2018.

The annual financial statements (HGB) and the consolidated financial statements (IFRs), including the combined management report, were submitted to the Supervisory Board for review, as were the auditor's reports on its audit of the annual and consolidated financial statements. At the meeting held to adopt the financial statements on 25 March 2019, the Supervisory Board discussed the documents relating to the annual financial statements and reports with the Management Board. Its focus lay particularly on matters pertaining to the valuation of current and non-current assets and in-depth discussions on this point were held. At this meeting, the auditor reported on the key findings of its audits and was on hand to provide the Supervisory Board with additional information. Based on its own review of the annual financial statements, consolidated financial statements and the combined management report, the Supervisory Board endorsed the auditor's findings and raised no objections following the final results of its review. By resolution dated 22 March 2019, the Supervisory Board approved the annual financial statements, which were thereby adopted pursuant to § 172 of the German Stock Corporation Act, and the consolidated financial statements.



Members of the Supervisory Board

Pursuant to § 96 AktG, the Supervisory Board comprises shareholder representatives.

The Supervisory Board would like to thank the employees of the ADLER group for their achievements, their commitment and their loyalty.

Berlin, March 2019

Dr Dirk Hoffmann
Supervisory Board Chairman