



Information

for the

**Holders of the 2.5% Convertible Notes 2016/2021 (ISIN DE000A161XW6)
of ADLER Real Estate AG
in Connection with the Public Takeover Offer
of ADO Properties S.A.
to the Shareholders of ADLER Real Estate AG**

1. What significance does the Takeover Offer have for the holders of the 2.5% Convertible Notes 2016/2021 (ISIN DE000A161XW6) of ADLER (the Notes)?

On 15 December 2019, ADO Properties S.A. (**ADO**) announced a public takeover offer to the shareholders of ADLER Real Estate AG (**ADLER**) in the form of an exchange offer into newly issued ADO shares (the **Takeover Offer**). ADLER shareholders who accept the Offer shall receive 0.4164 new ADO shares per ADLER share. Fractions of shares will not be delivered, but settled for cash.

The Offer Document for the Takeover Offer was published on 7 February 2020. The acceptance period for the Takeover Offer has commenced on 7 February 2020 and will end on 6 March 2020, 24:00 hours (CET), subject to an extension (as set forth in the Offer Document) (the **Acceptance Period**). The Takeover Offer is not subject to any closing conditions. For further details, please refer to the Offer Document, which is available on ADO's website.

https://www.ado.properties/websites/ado/English/1500/takeover-offer-ado-properties-s_a_-_adler-real-estate-aktiengesellschaft.html

Following the publication of the results of the Takeover Offer within the Acceptance Period there will be an additional acceptance period, which is expected to commence on 12 March 2020 and to end on 25 March 2020, 24:00 hours (CET) (the **Additional Acceptance Period**). Within this Additional Acceptance Period, ADLER shareholders who have not yet accepted the Takeover Offer still have the possibility to accept it.

The Takeover Offer is exclusively addressed to ADLER shareholders. It is not addressed to holders of the 2.5% Convertible Notes 2016/2021 (the **Convertible Noteholders**) or holders of any other notes or financial instruments issued by ADLER. Only Convertible Noteholders who convert their Notes during the Acceptance Period will be able to tender the shares issued to them upon such conversion prior to the expiry of the Takeover Offer.

2. Which options do Convertible Noteholders have in general?

The Takeover Offer is exclusively addressed to ADLER shareholders; it is not addressed to holders of the 2.5% Convertible Notes 2016/2021. Thus, Convertible Noteholders generally have the following options:

- Convertible Noteholders who wish to accept the Takeover Offer must first exercise the conversion rights with respect to the number of Notes they wish to convert. In a second

step, following the delivery of new ADLER shares for the converted Notes, they have the possibility to tender these shares into the Takeover Offer, provided that the Acceptance Period and Additional Acceptance Period, respectively, has not yet expired. Therefore, it is essential that you observe the aforementioned deadlines for acceptance of the Takeover Offer.

A tendering of shares into the Takeover Offer will only be possible if Convertible Noteholders convert their Notes immediately. ADLER expects that there may be up to five business days between the receipt of the conversion notice and the delivery of ADLER shares to the securities accounts of the Convertible Noteholders.

Moreover, the Convertible Noteholders are explicitly informed that, since the Takeover Offer has been accepted by more than 50 percent of the ADLER shareholders, a change of control within the meaning of the terms and conditions of the Notes (the **Terms and Conditions**) has occurred already prior to the expiry of the Acceptance Period. Pursuant to the Terms and Conditions, ADLER is obliged to announce a change of control without undue delay and determine and publish a specific effective date within the meaning of the Terms and Conditions for such change of control, which shall be at least 5 days after the date of the announcement (the **Effective Date**) which occurred on 14 February 2020. The Management Board determined that the Effective Date shall be 27 February 2020. Pursuant to the Terms and Conditions, Convertible Noteholders who exercise their conversion right between the announcement of the change of control and the determined Effective Date (inclusively) shall benefit from a reduced conversion price (cf. question 4 below).

- Convertible Noteholders who wish to continue holding their Notes, do not have to take any action. The Notes will be redeemed as planned on 19 July 2021, i.e., on the originally agreed redemption date. The Notes shall be redeemed at the nominal amount plus interest accrued. However, you still have the possibility to convert the Notes into new ADLER shares at the respective conversion price at any time (subject to the non-exercise periods provided for in the Terms and Conditions of the Notes) until no later than the third business day preceding the maturity date.
- After a change of control has been announced by ADLER, Convertible Noteholders have the right to redeem their Notes early by way of a corresponding notice to ADLER with effect as of the Effective Date (cf. question 5 below) and will then receive the nominal amount plus interest accrued thereupon until the Effective Date (which shall not be taken into account in the calculation), subject to the condition that the conversion right for these Notes has not been exercised and that they have not been called for early redemption for any other reason either. You may request redemption either of individual Notes or of all Notes held by you. As described in more detail in the Terms and Conditions, **the redemption notice is to be received by ADLER ten days prior to the Effective Date, at the latest.**

3. What exactly do Convertible Noteholders have to do if they wish to accept the Takeover Offer?

As already described above, Convertible Noteholders who wish to accept the Takeover Offer, in a first step, have to exercise their conversion rights with respect to the relevant number of Notes. In order to exercise a conversion rights, the Convertible Noteholder has to submit a duly completed and signed notice to the conversion agent, Quirin Privatbank AG, Bremen (the **Conversion Agent**), at its own expense during usual business hours on a business day (as defined in the Terms and Conditions of the Notes) through its respective custodian bank using the then valid form, which is available from the Conversion Agent. An exercise notice is irrevocable. The exercise notice, amongst other things, has to contain the following information:

- the name and address of the person exercising its conversion right;
- the number of notes for which the exercise right shall be exercised;

- the designation of the noteholder's securities account with a Euroclear or Clearstream Luxembourg participant or a clearing system account holder to which the shares shall be delivered;
- where applicable, the designation of an account of the noteholder or its custodian bank maintained in Euro with a Euroclear or Clearstream participant or an account holder in the clearing system to which amounts payable on the notes shall be paid; and
- the confirmations and undertakings required pursuant to the exercise notification form with regard to certain restrictions on the ownership of the notes and/or shares.

In a second step, after delivery of the new ADLER shares for the converted Notes, the Convertible Noteholders have the possibility to tender these shares into the Takeover Offer, provided the Acceptance Period and Additional Acceptance Period, respectively, has not yet expired. Therefore, it is essential that you observe the aforementioned periods for acceptance of the Takeover Offer.

ADLER shareholders have to notify their respective custodian bank of the acceptance of the Offer by the end of the Acceptance Period or Additional Acceptance Period, respectively, in the form required for instructions to such custodian bank. It shall take effect with the timely transfer of the shares tendered within the Acceptance Period or Additional Acceptance Period into ISIN DE000A2888D7 at Clearstream Banking Aktiengesellschaft, Frankfurt am Main. If the respective custodian bank has been notified of the acceptance within the Acceptance Period or the Additional Acceptance Period, the transfer of the ADLER shares at Clearstream shall be deemed to have been effected in due time if the transfer is effected until 18:00 hours (CET), at the latest, on the second banking day after expiry of the Acceptance Period or Additional Acceptance Period.

We also advise Convertible Noteholders who wish to accept the Takeover Offer to also take into account the Offer Document dated 6 February 2020 and to read carefully the risks mentioned therein.

Due to the fact that you will not receive ADLER shares from the conversion of notes until well after the commencement of the Acceptance Period, there is the possibility that your custodian bank will not inform you about the Takeover Offer or will not inform you thereof in a timely manner. **Therefore, please contact your custodian bank directly and inform them that you wish to tender the ADLER shares from the conversion immediately into the Takeover Offer, so that the custodian bank will send you the appropriate instruction forms.**

4. What is the Effective Date and what does it mean?

For a change of control to take effect under the Terms and Conditions, ADLER has to determine a specific date on which this is the case - the Effective Date - and announce the latter in the German Federal Gazette (*Bundesanzeiger*) and on its website. The Effective Date must be a business day within the meaning of the Terms and Conditions (which corresponds to a banking day) which shall be at least five but no more than 60 days after the announcement of the change of control. If the change of control – as is the case here – occurs as part of a public takeover offer, the Effective Date should, if possible, be determined in such a way that the noteholders, in the event that they exercise their conversion right at the adjusted conversion price, still have the possibility to accept the public offer within a period of at least ten days after exercise of the conversion right. For this reason, the Management Board of ADLER has decided to set the Effective Date as early as possible to enable Convertible Noteholders to accept the Takeover Offer in a timely manner. ADLER has set 27 February 2020 as the Effective Date.

- On the one hand, the Effective Date is relevant for the conversion price. Convertible Noteholders who exercise their conversion right in the period following ADLER's announcement of the change of control until the Effective Date specified by the

Management Board (inclusively) shall benefit from a reduced conversion price pursuant to the Terms and Conditions of the Notes.

For all conversion notices made until the Effective Date (inclusively) the conversion price is changed as follows:

ISIN	Specification	Nominal amount per note	Conversion price per note	Conversion price per note (adjusted)	Conversion ratio ¹	Conversion ratio ¹ (adjusted)
DE000A161XW6	2.5% Convertible Notes 2016/2021	13.79	€ 12.5039	€ 11.9879	1:1.102	1:1.150326

¹ The conversion ratio determines how many new shares a noteholder receives for each convertible note.

Any conversions exercised after the Effective Date will again be made at the non-adjusted conversion price.

- Moreover, the Effective Date also has triggers early redemption rights in favour of the Convertible Noteholders: following ADLER's announcement of a change of control, the Convertible Noteholders have the right to redeem their Notes by way of a notice to ADLER with effect as of the Effective Date. They will then receive the nominal amount plus interest accrued thereupon until the Effective Date (which shall not be taken into account for interest determination). This is subject to the condition that the conversion right for these Notes has not been exercised yet and that they have not been called for early redemption for any other reason either. You may request the redemption of individual Notes or of all notes held by you. As described in more detail in the Terms and Conditions of the Notes, **the redemption notice shall, however, be received by ADLER ten days prior to the Effective Date at the latest.**

5. How do I give notice of redemption?

The redemption notice is a written notice given by the Convertible Noteholder to ADLER requesting redemption of the number of Notes mentioned in the notice with effect as of the Effective Date. Delivery of the notice to ADLER may be made in person or by registered letter. The redemption notice must include a statement issued by the custodian bank of the redeeming Convertible Noteholder confirming that the Convertible Noteholder is actually the holder of the Notes. The redemption notice is irrevocable and can, therefore, not be withdrawn.

6. Until when can Convertible Noteholders exercise their rights?

Convertible Noteholders who want to exercise their conversion right to then tender their shares under the Takeover Offer can exercise their right subject to the periods set out above (cf. question 1). After the expiry of these periods, Convertible Noteholders can continue exercising their conversion right pursuant to the Terms and Conditions. However, the conversion price will be higher after the expiry of the Effective Date. Moreover, it may no longer be possible to tender shares under ADO's Offer.

Convertible Noteholders who wish to continue holding the Notes and not exercise their conversion right, do not have to take any action. The Notes will be redeemed as scheduled on 19 July 2021 pursuant to the Terms and Conditions.

Convertible Noteholders who wish to redeem the Notes by way of a corresponding notice to ADLER with effect as of the Effective Date have to ensure that their redemption notice is submitted in a timely manner. The redemption notice shall be received by ADLER ten days prior to the Effective Date, at the latest.