

QUARTERLY STATEMENT Q1

AS AT 31 MARCH 2022

/// KEY FIGURES

| In EUR millions | | |
|--|--------------------------------|--------------------------------|
| Consolidated Statement of Income | 3M 2022 | 3M 2021 |
| Net rental income | 41.1 | 56.9 |
| Earnings from property lettings | 31.7 | 50.0 |
| Earnings from the sale of properties | -1.3 | 0 |
| EBIT | -0.8 | 116 |
| Consolidated net profit from continuing operations | -44.7 | 63.8 |
| Consolidated net profit | -44.7 | 63.8 |
| FFO I | 11.0 | 19.1 |
| FFO I per share in EUR (fully diluted) ¹⁾ | 0.10 | 0.17 |
| Consolidated Balance Sheet | 31.03.2022²⁾ | 31.12.2021²⁾ |
| Investment Properties (including inventories) | 3,441.8 | 3,413.1 |
| EPRA NRV (adjusted and fully diluted) | 2,178.0 | 2,295.1 |
| EPRA NRV per share in EUR (adjusted and fully diluted) ¹⁾ | 19.91 | 20.98 |
| LTV in % | 29.9 | 28.5 |
| WACD | 2.16 | 2.04 |
| Cashflow | 3M 2022 | 3M 2021 |
| Net cash flow from operating activities | -23.3 | 20.0 |
| – of which from continuing operations | -23.3 | 20.0 |
| Net cash flow from investing activities | 646.5 | 78.3 |
| – of which from continuing operations | 646.5 | 78.3 |
| Net cash flow from financing activities | -194.1 | 85.2 |
| – of which from continuing operations | -194.1 | 85.2 |
| Employees | 31.03.2022 | 31.12.2021 |
| Number of employees | 501 | 775 |
| FTEs (Full-time equivalents) | 473 | 723 |
| Portfolio³⁾ | 3M 2022 | 3M 2021 |
| Portfolio (units) | 10,010 | 52,177 |
| – of which residential | 9,833 | 51,388 |
| – of which commercial | 177 | 789 |
| Average rent (EUR /month/sqm) | 6.97 | 6.04 |
| Vacancy rate (%) | 2.3 | 4.9 |
| Fair value investment properties incl. inventories (EUR m) | 1,681 | 5,128 |
| Net rental income (EUR m) | 52.0 | 216 |

¹⁾ Based on the number of shares outstanding as at balance sheet date

²⁾ Pro forma calculation on assumption that subgroup Brack Capital Properties (BCP) was not treated as held for sale

³⁾ Not including those rental units which have been regrouped to the balance sheet position „Non-current assets held for sale“

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/// PORTFOLIO

THE PROPERTY PORTFOLIO

At the end of the first quarter of 2022, ADLER Real Estate AG held a total of 10,010 rental units that are intended to be held permanently and are therefore recognised in the balance sheet as investment properties. They are mainly located in North Rhine-Westphalia and Berlin and comprise a total area of 643,000 square metres. Rental units that were reclassified to the balance sheet item „Non-current assets held for sale“ are not included in this figure.

The operational performance data for the portfolio consisting of the remaining investment properties was as follows in the first quarter of 2022: The contracted rent/square metre/month averaged EUR 6.97 at the end of the reporting period, and the vacancy rate (excluding units under renovation) reached 2.3 percent.

The fair value of this portfolio, calculated according to IFRS, amounted to EUR 1,681.3 million at the end of the first three-month period of 2022. ADLER spent EUR 24.8 million on maintenance and modernisation in the first three months of 2022. Due to the portfolio sales, this was significantly less than in the comparable quarter of the previous year. EUR 2.2 million of this was for ongoing maintenance and EUR 22.6 million for renovation and modernisation measures that can be capitalised.

/// THE ADLER SHARE

Shares no longer playing a major role on the stock exchange

ADLER shares are no longer playing a major role on stock exchange price lists as Adler Group holds 96.7 percent of ADLER's shares. Brokerage houses no longer issue reports on ADLER. Nevertheless, the shares gained more than 20 percent in value during the first quarter of 2022 and thus outperformed the Solactive DIMAX sector index, which comprises the major listed real estate companies in Germany and lost more than 10 percent.

Because the financing required for all Adler Group companies is handled by the Group's headquarters, ADLER has not been actively involved in the capital markets ever since its acquisition by Adler Group. Investor relations activities have been reduced correspondingly. However, ADLER continues to meet its obligations as a listed company, which include quarterly reporting.

/// INTERIM GROUP MANAGEMENT REPORT
/// FUNDAMENTALS OF ADLER REAL ESTATE AG GROUP
/// ECONOMIC REPORT
/// REPORT ON RISKS AND OPPORTUNITIES
/// REPORT ON EXPECTED DEVELOPMENTS
/// REPORT ON EVENTS AFTER THE BALANCE SHEET DATE
/// RESULTS FROM OPERATIONS, NET ASSETS
AND FINANCIAL POSITION

/// GROUP FUNDAMENTALS OF ADLER REAL ESTATE AG

BUSINESS MODEL

ADLER is a German residential property companies with a focus on affordable housing. Its portfolio is primarily located in – or on the outskirts of – large and growing conurbations. All of the Group's properties and business operations are located in Germany.

ADLER's business model is the long-term letting of flats and the generation of sustainable cash flows. To secure long-term profitability, ADLER opportunistically adjusts its residential portfolio through acquisitions and disposals.

All main functions relating to property management are carried out through the staff of Adler Group, of which ADLER has been part of since the middle of 2020. The daily management of the portfolio lies in the hands of group companies like ADLER Wohnen Service GmbH, ADLER Gebaeude Service GmbH and ADLER Energie Service GmbH. The BCP portfolio is currently managed by the group company RT Facility Management GmbH.

Residential real estate portfolio

ADLER's portfolio is largely composed of small to medium-sized residential units. The flats have an average size of slightly over 60 square metres and are particularly well suited to the needs of the company's target group, namely tenants with low to medium incomes. In order to maintain and improve the quality of its residential units, ADLER invests a mid double digit million amount of euros year after year.

Acquisition strategy

Following its integration into Adler Group, ADLER no longer pursues its former independent acquisition strategy but instead follows the overall strategy of the new Group. ADLER regularly streamlines its portfolio as part of its portfolio optimisation process selling properties which do not fit the company strategy any longer.

Financing strategy

Following its integration into the new Adler Group, ADLER has ceased to pursue an independent financing strategy, but rather is subject to decisions taken by the new Group.

MANAGEMENT SYSTEM

Financial performance indicators

The main financial performance indicators used by ADLER are: EPRA net reinstatement value (EPRA NRV, adjusted for goodwill and fully diluted), funds from operations I (FFO I) to indicate cash-flow-based operating earnings and loan-to-value (LTV) to indicate financial stability calculated as net debt/gross asset value.

Non-financial performance indicators

Numerous non-financial performance indicators are regularly monitored within the Group's property management activities. These indicators include the occupancy rate, the number of contract termination notices received from tenants, the number of new rental agreements, compliance with time schedules for maintenance measures, the availability of property managers and so forth.

Other non-financial performance indicators recorded at ADLER are included in the non-financial reporting. These are not used for active management of the company. From 2020, ADLER is part of Adler Group's non-financial reporting, which is made available on the Adler Group's website.

EMPLOYEES

As the group holding company, ADLER has Management Board members but no employees. Operational tasks relating to central administration and portfolio management are performed within the Group by employees of Adler Group who are employed by other group companies and with whom corresponding service contracts exist.

RESEARCH AND DEVELOPMENT

As a real estate group, ADLER does not perform any research and development functions in the traditional sense. However, insights from regular market analyses form an important basis for all of the company's and Group's operating activities.

/// ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC SETTINGS

In the first quarter of 2022, the German economy grew quite strongly again. Compared to the corresponding quarter of the previous year, the gross domestic product increased by 3.7 percent, adjusted for calendar and price effects. However, the consequences of the Ukraine conflict have been affecting economic development since the end of February, so that the forecasts for economic growth in 2022 as a whole have been significantly reduced and are mostly only between two and three percent. The unemployment rate was 5.1 percent at the end of March 2022, more than one percentage point lower than a year earlier. At the same time, prices rose sharply in the first quarter, with the inflation rate reaching 7.3 percent in March – mainly due to higher prices for energy and food. The real estate sector proved to be a stabilising factor, as rents only increased by 1.6 per cent in the first quarter of 2022 according to the cost of living index.

Legal framework

On April 4, 2022, the new federal government decided that from 2023 landlords would also have to contribute to the CO₂ levy on heating costs. A staged model is planned, which sets the share of landlords in inverse relation to the energy efficiency of the building.

ECONOMIC DEVELOPMENT OF THE GROUP

On January 13, 2022, the contract to sell more than 14,400 residential and commercial units to a subsidiary of KKR & Co. Inc. was signed. With the exemption of a minor number of units, the sale has meanwhile been completed.

On February 11, 2022, the international rating agency Standard and Poor's (S&P) lowered the long-term issuer credit rating on Adler to 'B-' from 'B+' and lowered the issue ratings on its senior unsecured debt to 'B' from 'BB-'. The ratings were placed on CreditWatch negative.

On March 14, 2022 Dr. Peter Maser was appointed member of the Supervisory Board of ADLER Real Estate AG following Claus Joergensen who left for personal reasons.

On March 30, 2022 ADLER signed a loan agreement on the granting of a loan in an amount of EUR 265 million to its majority shareholder, ADLER Group S.A. It bears an at arm's length interest rate. The Company's excess liquidity obtained in the course of transactions is thus used efficiently.

On April 19, 2022 the outstanding bond 2019/2022 has been repaid at maturity in the full amount of EUR 400 million.

On April 21, 2022, Adler Group announced that KPMG Forensic had provided the Company with the final report of its comprehensive review of the allegations of Viceroy Research LLC. This report was published on the website of the Company on 22 April 2022. KPMG Forensic did not find evidence that there were systematic fraudulent and looting transactions with allegedly related parties. However, KPMG Forensic identified deficiencies in the documentation and the process handling of those transactions. Prof. Dr. Kirsten, Chairman of the Board of Directors of Adler Group, announced a program to address the identified weaknesses in structure and process on 22 April 2022.

On April 29, 2022, the Adler Group received notification from its auditor, KPMG, that it will issue a disclaimer on its audit opinion for the 2021 consolidated financial statements and annual accounts. This also affects ADLER Real Estate AG.

On May 5, 2022, the rating agency Standard & Poor's changed ADLER Real Estate's corporate rating from B- to CCC and its bond rating from B to CCC.

/// REPORT ON RISKS AND OPPORTUNITIES

ADLER Real Estate AG reported in detail on the opportunities and risks involved in its business activities in its 2021 Annual Report. Since then, the risk assessment has not changed.

/// REPORT ON EXPECTED DEVELOPMENTS

Since ADLER provided guidance for the 2022 financial year in its 2021 Annual Report, expectations have not changed. ADLER continues to expect net rental income in the range of EUR 94 million to EUR 98 million and FFO I between EUR 18 million and EUR 19 million.

/// REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

On May 17, 2022 KPMG AG Wirtschaftsprüfungsgesellschaft informed the company that it will not be available to audit the accounts for the business year 2022.

No further events with the potential to significantly influence the result of operations, net assets or financial position of ADLER occurred between the end of the reporting period and the time this report was published. The company's business performance up to the reporting date confirms the statements made in its report on expected developments.

/// RESULTS FROM OPERATIONS, NET ASSETS AND FINANCIAL POSITION

RESULTS FROM OPERATIONS

ADLER generates its income almost exclusively from the management of its existing properties. This is the main focus of its business model.

| In EUR millions | 3M 2022 | 3M 2021 |
|---|--------------|--------------|
| Gross rental income | 68.5 | 83.6 |
| – of which net rental income | 41.1 | 56.9 |
| Expenses from property lettings | -36.8 | -33.6 |
| Earnings from property lettings | 31.7 | 50.0 |
| Income from the sale of properties | 656.9 | 28.5 |
| Expenses from the sale of properties | -658.2 | -28.5 |
| Earnings from the sale of properties | -1.3 | 0.0 |
| Personnel expenses | -7.8 | -11.5 |
| Other operating income | 1.9 | 1.1 |
| Other operating expenses | -33.3 | -10.8 |
| Income from fair value adjustments of investment properties | 11.9 | 88.4 |
| Depreciation and amortisation | -3.8 | -1.2 |
| Earnings before interest and taxes (EBIT) | -0.8 | 116.0 |
| Financial result | -37.8 | -26.9 |
| Net income from at-equity valued investment associates | 0.2 | 0.0 |
| Earnings before taxes (EBT) | -38.3 | 89.1 |
| Income taxes | -6.3 | -25.3 |
| Net consolidated result from continuing operation | -44.7 | 63.8 |
| Earnings after tax from discontinued operation | 0.0 | 0.0 |
| Net consolidated result | -44.7 | 63.8 |

Earnings from property lettings

In the first quarter of 2022, both gross rental income (EUR 68.5 million) and net rental income (EUR 41.1 million) declined significantly compared to the same quarter of the previous year, because around 15,500 rental units had been sold at the end of the last financial year. A positive effect resulted from the operational performance which could be further improved: The contracted rent/square metre/month averaged EUR 6.97 at the end of the reporting period, and the vacancy rate reached 2.3 percent at the end of the first quarter of 2022.

Along with the income, first quarter earnings from property lettings were also lower than in the comparable quarter of the previous year, reaching EUR 31.7 million.

Earnings from the sale of properties

During the first quarter of 2022, the majority of the properties from the portfolio transaction with KKR/Velero were sold resulting in earnings from the sale of properties of minus EUR 1.3 million after deduction of transaction costs.

Income from fair value adjustments of investment properties

Fair value valuations of investment properties came out lower after the sale of considerable parts of the portfolio yielding income of EUR 11.9 million in the first quarter of 2022.

Expenses

Personnel expenses are reported at EUR 7.8 million for the first quarter of 2022. This is significantly less than in the first quarter of the previous year, because the number of employees declined in line with the portfolio sales. Other operating expenses, on the other hand, exceeded the comparable level of the previous year because real estate transfer tax obligations arose retrospectively in connection with LEG's acquisition of shares in BCP, for which provisions of around EUR 20 million have been made.

Earnings

After taking into account all non-financial expenses, earnings before interest and taxes (EBIT) for the first quarter of 2022 came to minus EUR 0.8 million. The financial result reached a minus of EUR 37.8 million in the first quarter of 2022 and was thus slightly worse than in the comparable period of the previous year. This mainly reflects the fact that LEG's acquisition options in BCP had to be revalued and led to financial expenses of around EUR 17 million. Earnings before taxes (EBT) came to minus EUR 38.3 million and, after deduction of income tax expenses which mainly consist of deferred taxes, consolidated net profit totalled minus EUR 44.7 million.

Segment reporting

In its segment reporting, ADLER distinguishes between “Rental” and “Other” segments. The “Rental” segment includes all ADLER’s portfolios through the letting of which ADLER aims to generate long-term gross rental income. Gross rental income and the expenses associated with the letting business reflect the activities of the Group’s Asset and Property Management, which manages residential units held in the portfolio in technical and commercial terms. This segment also includes the expenses for craftsmen and caretaker services, which are provided by the Group’s Facility Management. To a limited extent, the segment also comprises commercial properties of BCP and project developments held for sale that are intended to be sold to third parties and are thus not intended to be transferred to the rental portfolio after completion.

Group activities that do not constitute stand-alone segments are pooled in the “Other” column. These mainly involve historic holdings relating to development projects that are still in the process of being sold off following the Group’s realignment in 2014.

The following table shows the allocation of income and earnings, operating and financial expenses and results to the segments.

| ADLER Group | Rental | | Other | | Group | |
|--|--------------|--------------|------------|------------|--------------|--------------|
| | 3M 2022 | 3M 2021 | 3M 2022 | 3M 2021 | 3M 2022 | 3M 2021 |
| In EUR millions | | | | | | |
| Gross rental income and income from the sale of properties | 725.4 | 112.0 | 0.0 | 0.1 | 725.4 | 112.1 |
| – of which gross rental income | 68.5 | 83.5 | 0.0 | 0.1 | 68.5 | 83.6 |
| – of which income from sales | 656.9 | 28.5 | 0.0 | 0.0 | 656.9 | 28.5 |
| Change in the value of investment property | 11.9 | 88.4 | 0.0 | 0.0 | 11.9 | 88.4 |
| Earnings before interest and taxes (EBIT) | -0.8 | 116.0 | 0.0 | 0.0 | -0.8 | 116.0 |
| Net income from at-equity-valued investment associates | 0.2 | 0.0 | 0.0 | 0.0 | 0.2 | 0.0 |
| Financial result | -37.8 | -26.9 | 0.0 | 0.0 | -37.8 | -26.9 |
| Earnings before taxes (EBT) | -38.3 | 89.1 | 0.0 | 0.0 | -38.3 | 89.1 |

Funds from operations (FFO) stable

The funds from operations (FFO) are calculated according to the scheme of the following table.

| In EUR millions | 3M 2022 | 3M 2021 |
|--|--------------|-------------|
| Consolidated net profit | -44.7 | 63.8 |
| of which from continuing operations | -44.7 | 63.8 |
| + Financial result | 37.8 | 26.9 |
| of which from continuing operations | 37.8 | 26.9 |
| + Income taxes | 6.3 | 25.3 |
| of which from continuing operations | 6.3 | 25.3 |
| + Depreciation and amortisation | 3.8 | 1.2 |
| of which from continuing operations | 3.8 | 1.2 |
| - Income from measurement of investment properties | 11.9 | 88.4 |
| of which from continuing operations | 11.9 | 88.4 |
| - Net income from at-equity-valued investment associates | 0.2 | 0.0 |
| of which from continuing operations | 0.2 | 0.0 |
| EBITDA IFRS (continuing and discontinued operations) | -8.8 | 28.8 |
| +/- Non-recurring and extraordinary items | 30.8 | 7.1 |
| Adjusted EBITA³⁾ | 22.0 | 36.0 |
| - Interest expense FFO | 8.5 | 14.2 |
| - Current income taxes | 1.4 | 0.7 |
| - Earnings before interest and taxes from the sale of properties, discontinued operations and minority interests | 1.1 | 1.9 |
| FFO I | 11.0 | 19.1 |
| Number of shares (basic) ¹⁾ | 109,416,860 | 108,766,167 |
| FFO I per share (basic) | 0.10 | 0.18 |
| Number of shares (diluted) ²⁾ | 109,416,860 | 116,589,914 |
| FFO I per share (diluted) | 0.10 | 0.17 |

¹⁾ 109,416,860 shares as at balance sheet date (previous year: 108,766,167)

²⁾ Plus 0 shares from assumed conversion of convertible bonds with entitlement to conversion (previous year: 7,823,747)

³⁾ Substantial investments are shown in the non-recurring and extraordinary items; the previous year was adjusted.

Non-recurring and extraordinary items are structured as follows:

| Non-recurring and extraordinary items In EUR millions | 3M 2022 | 3M 2021 |
|--|----------------|----------------|
| Non-cash income/expenses and one-off payments | 25.6 | 6.5 |
| Costs of acquisition/integration/sale | 0.0 | 0.0 |
| Preservation capex | 5.0 | 0.5 |
| Optimisation of business model, structuring | 0.2 | 0.1 |
| Total of non-recurring and extraordinary items | 30.8 | 7.1 |

The FFO interest charge is derived as follows:

| Interest expense FFO I In EUR millions | 3M 2022 | 3M 2021 |
|--|----------------|----------------|
| Interest income | 8.4 | 6.6 |
| Interest expenses | -46.2 | -33.5 |
| Total interest income (continued and discontinued operations) | -37.8 | -26.9 |
| Adjustments | | |
| Prepayment compensation and provision costs | 10.8 | 6.6 |
| Effects of measurement of primary financial instruments | 2.4 | 3.3 |
| Other adjustments | 16.1 | 2.8 |
| Interest expenses FFO I | -8.5 | -14.2 |

Calculated this way, FFO for the first quarter of 2022 amounted to EUR 11.0 million or EUR 0.10 per share on a diluted as well as on an undiluted basis as no convertibles are outstanding any more.

NET ASSETS

| In EUR millions | 31.03.2022 | as percent- age of total assets | 31.03.2022 adjusted ¹⁾ | as percent- age of total assets adjusted ¹⁾ | 31.12.2021 | as percent- age of total assets | 31.12.2021 adjusted ¹⁾ | as percent- age of total assets adjusted ¹⁾ |
|--|----------------|---------------------------------------|--------------------------------------|---|----------------|---------------------------------------|--------------------------------------|---|
| Non-current assets | 1,857.4 | 34.3 | 3,577.7 | 66.1 | 1,822.7 | 32.6 | 3,541.3 | 63.4 |
| – of which investments properties | 1,681.3 | 31.0 | 3,377.2 | 62.4 | 1,662.8 | 29.8 | 3,349.2 | 60.0 |
| Current assets | 1,083.7 | 20.0 | 1,357.5 | 25.1 | 793.4 | 14.2 | 905.9 | 16.2 |
| – of which inventories | 13.2 | 0.2 | 64.6 | 1.2 | 13.2 | 0.2 | 63.9 | 1.1 |
| – of which cash and cash equivalents investments | 569.8 | 10.5 | 749.2 | 13.8 | 296.8 | 5.3 | 321.7 | 5.8 |
| Non-current assets held for sale | 2,474.6 | 45.7 | 480.6 | 8.9 | 2,968.6 | 53.2 | 1,137.5 | 20.4 |
| Assets | 5,415.7 | 100.0 | 5,415.7 | 100.0 | 5,584.7 | 100.0 | 5,584.7 | 100.0 |
| Equity | 2,097.2 | 38.7 | 2,097.2 | 38.7 | 2,144.0 | 38.4 | 2,144.0 | 38.4 |
| – of which capital stock | 109.4 | 2.0 | 109.4 | 2.0 | 109.4 | 2.0 | 109.4 | 2.0 |
| – of which capital reserve | 770.4 | 14.2 | 770.4 | 14.2 | 772.6 | 13.8 | 772.6 | 13.8 |
| – of which net retained profit | 791.5 | 14.6 | 791.5 | 14.6 | 830.3 | 14.9 | 830.3 | 14.9 |
| – of which non-controlling interests | 425.9 | 7.9 | 425.9 | 7.9 | 431.7 | 7.7 | 431.7 | 7.7 |
| Non-current liabilities | 1,645.0 | 30.4 | 2,342.0 | 43.2 | 2,023.9 | 36.2 | 2,600.0 | 46.6 |
| – of which liabilities from bonds | 1,090.0 | 20.1 | 1,263.0 | 23.3 | 1,088.8 | 19.5 | 1,151.7 | 20.6 |
| – of which financial liabilities to banks | 390.7 | 7.2 | 752.5 | 13.9 | 703.8 | 12.6 | 1,059.1 | 19.0 |
| Current liabilities | 625.3 | 11.5 | 976.6 | 18.0 | 551.5 | 9.9 | 840.6 | 15.1 |
| – of which liabilities from bonds | 423.6 | 7.8 | 487.5 | 9.0 | 421.9 | 7.6 | 433.5 | 7.8 |
| – of which financial liabilities to banks | 26.7 | 0.5 | 272.4 | 5.0 | 35.5 | 0.6 | 282.5 | 5.1 |
| Liabilities held for sale | 1,048.2 | 19.4 | 0.0 | 0.0 | 865.3 | 15.5 | 0.0 | 0.0 |
| Equity and liabilities | 5,415.7 | 100.0 | 5,415.7 | 100.0 | 5,584.7 | 100.0 | 5,584.7 | 100.0 |

¹⁾ Pro forma consolidated balance sheet in which the BCP subgroup is not considered a disposal group according to IFRS 5

On December 1, 2021, ADLER Real Estate has irrevocably undertaken to deliver its shares held in BCP as part of a public purchase offer by LEG for shares in BCP, provided certain conditions are met. As a result, BCP's assets have been reclassified to non-current assets held for sale and BCP's liabilities to liabilities held for sale. At the same time, a pro-forma balance sheet shows how the individual balance sheet items would appear if BCP were not considered a disposal group according to IFRS. This pro forma calculation will not be commented on further.

As at the reporting date of 31 March 2022, ADLER had net assets totalling EUR 5,415.7 million, 3.0 percent less than at the end of the previous year (EUR 5,584.7 million).

Assets

The value of investment properties was reported to be EUR 1,681.3 million at the end of the first quarter of 2022 compared to EUR 1,662.8 million at the start of the year. The increase is mainly attributable to capitalised renovation and modernisation measures as well as positive market valuations.

Current assets amounted to EUR 1,083.7 million as at the balance sheet date. The increase compared with the start of the year is due to a higher level of cash and cash equivalents.

Non-current assets held for sale mainly include the remaining properties from the portfolio sale to KKR/Velero and the properties of BCP.

Shareholders' equity/liabilities

Shareholders' equity amounted to EUR 2,097.2 million at the end of March 2022 representing a moderate decline compared to the end of the previous year. The equity ratio reached 38.8 percent.

Non-current liabilities decreased considerably to EUR 1,645.0 million as deferred tax liabilities declined and liabilities to financial institutions were reduced with the portfolio sales.

Current liabilities increased slightly to EUR 623.3 million mainly due to rising current tax liabilities.

Liabilities held for sale amounted to EUR 1,048.2 million as at 31 March 2022.

Loan to value (LTV)

ADLER calculates LTV following the scheme set out in the following table as the ratio of adjusted net financial liabilities to total property assets, as is customary in the industry. LTV was 14.7 percent at the end of the first quarter of 2022 after 12.8 percent at the end of 2021.

| In EUR millions | 31.03.2022 | 31.03.2022 adjusted ²⁾ | 31.12.2021 | 31.12.2021 adjusted ²⁾ |
|---|----------------|--------------------------------------|----------------|--------------------------------------|
| Bonds | 1,513.6 | 1,750.5 | 1,510.7 | 1,585.2 |
| + Financial liabilities to banks | 417.3 | 1,024.9 | 739.3 | 1,341.6 |
| – Cash and cash equivalents | 569.8 | 749.2 | 296.8 | 321.7 |
| = Net financial liabilities | 1,361.1 | 2,026.2 | 1,953.2 | 2,605.1 |
| – Non-current assets held for sale and purchase price receivables, financial instruments minus liabilities associated with assets held for sale ¹⁾ | 969.6 | 989.5 | 1,604.2 | 1,624.2 |
| = Adjusted net financial liabilities | 391.5 | 1,036.7 | 349.0 | 980.9 |
| Investment properties | 1,681.3 | 3,377.2 | 1,662.8 | 3,349.2 |
| + Inventories | 13.2 | 64.6 | 13.2 | 63.9 |
| + Property, plant and equipment for property management | 13.5 | 13.6 | 12.9 | 12.9 |
| + Shares in real estate companies | 7.8 | 17.5 | 10.5 | 17.3 |
| + Net financial liabilities of BCP ³⁾ | 945.8 | 0.0 | 1,023.5 | 0.0 |
| = Gross asset value | 2,661.6 | 3,472.9 | 2,722.9 | 3,443.3 |
| LTV in % | 14.7 | 29.9 | 12.8 | 28.5 |

¹⁾ Purchase price receivables including interest from the sale of ACCENTRO amounted to EUR 59.3 million (previous year: EUR 59.1 million); non-current assets held for sale excluding BCP amounted to EUR 422.9 million (previous year: EUR 1,079.9 million); equity instruments measured at fair value amounted to EUR 18.9 million (previous year: EUR 18.9 million) and debt instruments amounted to EUR 58.3 million (previous year: EUR 60.6 million); receivables/loans/loans to real estate companies amounted to EUR 410.1 million (previous year: EUR 386.2 million) and liabilities held for sale excluding BCP amounted to EUR 0 million (previous year: EUR 27.3 million)

²⁾ Based on a pro forma consolidated balance sheet in which the BCP subgroup is not considered a disposal group in accordance with IFRS 5

³⁾ Assets held for sale EUR 1,994.0 million (prior year: EUR 1,831.1 million) less liabilities held for sale EUR 1,048.2 million (prior year: EUR 865.3 million) of BCP subgroup

The average cost of debt for all the ADLER Group's liabilities (WACD = weighted average cost of debt) stood at 2.16 percent as at 31 March 2022 (31 December 2021: 2.04 percent).

Decrease in net reinstatement value (EPRA NRV)

The net reinstatement value (EPRA NRV), adjusted for goodwill and fully diluted, which is calculated in accordance with the guidelines issued by the European Public Real Estate Association (EPRA), reached EUR 1,921.2 million as at 31 March 2022. It thus decreased by 6.0 percent compared with the figure at the end of 2021 (EUR 2,043.1 million).

Based on the total number of existing shares in circulation at the balance sheet date less treasury shares, diluted and adjusted EPRA NRV per share amounted to EUR 17.56 as at 31 March 2022 (31 December 2021: EUR 18.67).

| In EUR millions | 31.03.2022 | 31.03.2022 adjusted ¹⁾ | 31.12.2021 | 31.12.2021 adjusted ¹⁾ |
|--|----------------|--------------------------------------|----------------|--------------------------------------|
| Equity | 2,097.2 | 2,097.2 | 2,144.0 | 2,144.0 |
| Non-controlling interests | -425.9 | -425.9 | -431.7 | -431.7 |
| Equity attributable to ADLER shareholders | 1,671.3 | 1,671.3 | 1,712.3 | 1,712.3 |
| Deferred tax liabilities on investment properties | 200.3 | 368.5 | 281.7 | 442.3 |
| Diff. between fair values and carrying amounts of inventory properties | 0.0 | -8.8 | 0.0 | -5.5 |
| RETT on investment properties | 96.0 | 193.4 | 94.9 | 191.8 |
| Fair value of derivative financial instruments | 0.5 | 0.5 | 1.3 | 1.3 |
| Deferred taxes for derivative financial instruments | -0.2 | -0.2 | -0.4 | -0.4 |
| EPRA NRV (diluted) | 1,967.9 | 2,224.7 | 2,089.8 | 2,341.8 |
| Goodwill - synergies | -46.7 | -46.7 | -46.7 | -46.7 |
| Adjusted EPRA NRV (diluted) | 1,921.2 | 2,178.0 | 2,043.1 | 2,295.1 |
| Number of shares, diluted | 109,416,860 | 109,416,860 | 109,416,860 | 109,416,860 |
| EPRA NRV per share (diluted) in EUR | 17.99 | 20.33 | 19.10 | 21.40 |
| Adjusted EPRA NRV per share (diluted) in EUR | 17.56 | 19.91 | 18.67 | 20.98 |

¹⁾ Based on a pro forma consolidated balance sheet in which the BCP subgroup is not considered a disposal group in accordance with IFRS 5

FINANCIAL POSITION

| In EUR millions | 3M 2022 | 3M 2021 |
|--|---------|---------|
| Cash flow from operating activities | -23.3 | 20.0 |
| – of which from continuing operations | -23.3 | 20.0 |
| Cash flow from investing activities | 646.5 | 78.3 |
| – of which from continuing operations | 646.5 | 78.3 |
| Cash flow from financing activities | -194.1 | 85.2 |
| – of which from continuing operations | -194.1 | 85.2 |
| Non-cash effective change in cash and cash equivalents from impairment losses | -1.5 | -0.9 |
| Changes in cash and cash equivalents in connection with non-current assets and disposal groups held for sale | -154.6 | 0.0 |
| Cash and cash equivalents at beginning of period | 296.8 | 149.9 |
| Cash and cash equivalents at end of period | 569.8 | 332.5 |

In the first quarter of 2022, the cash outflow from operating activities amounted to EUR 23.3 million. The cash outflow mainly results from the overpayment of early repayment penalties with an amount of EUR 17.1 million and the deferral of incoming payments from the portfolio transaction with KKR with an amount of EUR 3.8 million. For both items, the payment settlement had already taken place by the time this report was disclosed. In addition, the cash outflow reflects the fact that the sharp increase in heating and energy costs in the first quarter of 2022 will not be fully covered by the advance operating cost payments set in the previous year for the current financial year.

Investing activities resulted in a cash inflow of EUR 646.5 million in the first quarter of 2022, which is mainly attributable to purchase price payments for the disposals of portfolio properties in the course of the portfolio transaction with KKR. This was offset in particular by investments in the property portfolio.

The cash outflow from financing activities amounted to EUR 194.1 million in the first quarter of 2022. The Group used the funds generated from the sale of investment properties to repay financial loans in the amount of EUR 354.2 million. BCP issued bonds in the amount of EUR 162.5 million in the reporting period.

As at 31 March 2022, the ADLER Group had cash and cash equivalents of EUR 569.8 million (31 December 2021: EUR 296.8 million).

The Group was at all times able to meet its payment obligations.

OVERALL SUMMARY OF BUSINESS PERFORMANCE AND POSITION OF GROUP

Given the acquisition-related growth, the further development of existing property portfolios, the successful implementation of the Group's realignment, the ongoing improvement in its financing structure and the financing facilities secured on a long-term basis, the business performance and position of the Group are assessed as positive. The foundations have been laid for strong performance in the future.

/// GROUP INTERIM FINANCIAL STATEMENT
AS AT 31 MARCH 2022

/// CONSOLIDATED BALANCE SHEET

(IFRS) as at 31 March 2022

| In EUR '000 | 31.03.2022 | 31.12.2021 |
|---|------------------|------------------|
| Assets | 5,415,744 | 5,584,662 |
| Non-current assets | 1,857,441 | 1,822,655 |
| Goodwill | 46,699 | 46,699 |
| Intangible assets | 224 | 282 |
| Property, plant and equipment | 17,893 | 18,438 |
| Investment properties | 1,681,288 | 1,662,824 |
| Investments in associated companies | 7,776 | 10,489 |
| Other financial investments | 76,815 | 79,375 |
| Other non-current assets | 24,040 | 1,987 |
| Deferred tax assets | 2,706 | 2,561 |
| Current assets | 1,083,724 | 793,382 |
| Inventories | 13,213 | 13,213 |
| Trade receivables | 21,411 | 17,587 |
| Receivables from affiliated companies | 278,510 | 270,105 |
| Income tax receivables | 6,991 | 7,062 |
| Other current assets | 193,816 | 188,608 |
| Cash and cash equivalents | 569,783 | 296,807 |
| Non-current assets held for sale | 2,474,579 | 2,968,624 |

| In EUR '000 | 31.03.2022 | 31.12.2021 |
|---|------------------|------------------|
| Equity and liabilities | 5,415,744 | 5,584,662 |
| Shareholders' equity | 2,097,157 | 2,144,018 |
| Capital stock | 109,417 | 109,417 |
| Treasury shares | 0 | 0 |
| | 109,417 | 109,417 |
| Capital reserve | 783,332 | 783,332 |
| Retained earnings | -875 | -875 |
| Other reserves | -12,065 | -9,860 |
| Net retained profit | 791,476 | 830,263 |
| Equity attributable to owners of the parent company | 1,671,285 | 1,712,277 |
| Non-controlling interests | 425,873 | 431,741 |
| Non-current liabilities | 1,645,040 | 2,023,897 |
| Pension provisions | 1,067 | 1,067 |
| Deferred tax liabilities | 156,317 | 222,304 |
| Other provisions | 5 | 5 |
| Liabilities from bonds | 1,089,994 | 1,088,780 |
| Financial liabilities to banks | 390,661 | 703,830 |
| Other non-current liabilities | 6,996 | 7,911 |
| Current liabilities | 625,335 | 551,488 |
| Other provisions | 99 | 248 |
| Income tax liabilities | 84,854 | 14,760 |
| Liabilities from bonds | 423,572 | 421,893 |
| Financial liabilities to banks | 26,664 | 35,483 |
| Trade payables | 22,498 | 27,432 |
| Other current liabilities | 67,647 | 51,673 |
| Liabilities held for sale | 1,048,212 | 865,259 |

/// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IFRS) for the period from 1 January to 31 March 2022

| In EUR '000 | 3M 2021 | 3M 2021 |
|--|----------------|----------------|
| Gross rental income | 68,532 | 83,570 |
| Expenses from property lettings | -36,787 | -33,531 |
| Earnings from property lettings | 31,745 | 50,039 |
| Income from the sale of properties | 656,935 | 28,496 |
| Expenses from the sale of properties | -658,228 | -28,511 |
| Earnings from the sale of properties | -1,293 | -16 |
| Personnel expenses | -7,827 | -11,488 |
| Other operating income | 1,863 | 1,103 |
| Other operating expenses | -33,291 | -10,796 |
| Income from fair value adjustments of investment properties | 11,857 | 88,356 |
| Depreciation and amortisation | -3,805 | -1,227 |
| Earnings before interest and tax (EBIT) | -751 | 115,972 |
| Financial income | 8,361 | 6,650 |
| Financial costs | -46,138 | -33,532 |
| Net income from at-equity-valued investment associates | 186 | 0 |
| Earnings before tax (EBT) | -38,341 | 89,090 |
| Income taxes | -6,314 | -25,268 |
| Consolidated net profit from continuing operations | -44,656 | 63,822 |
| Consolidated net profit of discontinued operations | 0 | 0 |
| Consolidated net profit | -44,656 | 63,822 |
| Actuarial gains/losses before taxes | 0 | 0 |
| Deferred taxes on actuarial gains/losses | 0 | 0 |
| OCI gains/losses not reclassifiable into profit or loss | 0 | 0 |
| Gains/losses from currency translation | -206 | 1,155 |
| Change in value of financial assets measured at fair value | -1,999 | -122 |
| OCI gains/losses reclassifiable into profit or loss | -2,205 | 1,032 |
| OCI gains/losses from continuing operations | -2,205 | 1,032 |
| OCI gains/losses of discontinued operations | 0 | 0 |
| Total comprehensive income from continuing operations | -46,861 | 64,854 |
| Total comprehensive income of discontinued operations | 0 | 0 |
| Total comprehensive income | -46,861 | 64,854 |

| In EUR '000 | 3M 2021 | 3M 2021 |
|---|----------------|---------------|
| Carry-over total comprehensive income | -46,861 | 64,854 |
| Net profit from continuing operations: | | |
| Owners of the parent company | -38,787 | 48,846 |
| Non-controlling interests | -5,868 | 14,976 |
| Consolidated net profit attributable to: | | |
| Owners of the parent company | -38,787 | 48,846 |
| Non-controlling interests | -5,868 | 14,976 |
| Total comprehensive income from continuing operations: | | |
| Owners of the parent company | -40,992 | 49,878 |
| Non-controlling interests | -5,868 | 14,976 |
| Total comprehensive income attributable to: | | |
| Owners of the parent company | -40,992 | 49,878 |
| Non-controlling interests | -5,868 | 14,976 |
| Earnings per share, basic in EUR (consolidated net profit from continuing operations) | -0.35 | 0.55 |
| Earnings per share, diluted in EUR (consolidated net profit from continuing operations) | -0.35 | 0.52 |
| Earnings per share, basic in EUR (consolidated net profit) | -0.35 | 0.55 |
| Earnings per share, diluted in EUR (consolidated net profit) | -0.35 | 0.52 |

/// CONSOLIDATED STATEMENT OF CASH FLOWS

(IFRS) for the period from 1 January to 31 March 2022

| In EUR '000 | 3M 2022 | 3M 2021 |
|---|----------------|---------------|
| Earnings before interest and taxes (EBIT) – continuing and discontinued operations | -751 | 115,972 |
| + Depreciation and amortisation | 3,805 | 1,227 |
| -/+ Net income from at-equity valued investment associates | 1 | 0 |
| -/+ Net income from fair value adjustments of investment properties | -11,857 | -88,356 |
| -/+ Non-cash income/expenses | 35,352 | 1,512 |
| -/+ Changes in provisions and accrued liabilities | -149 | 219 |
| -/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investment or financing activities | -29,299 | 55,613 |
| -/+ Decrease/increase in trade payables and other liabilities not attributable to investment or financing activities | -10,796 | -59,077 |
| +/- Tax payments | -10,294 | -1,690 |
| = Operating cash flow before dis-/reinvestment into the trading portfolio | -23,988 | 25,420 |
| -/+ Increase/decrease in inventories (commercial properties) | 658 | -5,415 |
| = Net cash flow from operating activities | -23,330 | 20,005 |
| of which continuing operations | -23,330 | 20,005 |
| of which discontinued operations | 0 | 0 |
| - Purchase of investment properties | -12,962 | -48,078 |
| + Disposal of investment properties | 655,560 | 141,464 |
| - Purchase of property, plant and equipment and intangible assets | -416 | -370 |
| + Disposal of property, plant and equipment and intangible assets | 175 | 317 |
| + Proceeds from short-term deposits | 4,103 | 1,473 |
| - Investments in financial assets | 0 | -1,121 |
| - Tax payments | 0 | -15,360 |
| = Net cash flows from investing activities | 646,460 | 78,325 |
| of which continuing operations | 646,460 | 78,325 |
| of which discontinued operations | 0 | 0 |

| In EUR '000 | 3M 2022 | 3M 2021 |
|--|-----------------|----------------|
| + Proceeds from issue of bonds | 162,518 | 0 |
| - Repayment of bonds | 0 | -329,580 |
| - Interest payments | -11,940 | -18,916 |
| + Proceeds from bank loans | 9,971 | 400,082 |
| - Repayment of bank loans | -354,212 | -242,595 |
| - Repayment of leasing liabilities | -403 | -639 |
| - Payment of interest portion of leasing liabilities | -45 | -228 |
| + Proceeds from borrowings of loans and advances from affiliated companies | 0 | 334,116 |
| - Repayment of borrowing of loans and advances to affiliated companies | 0 | -57,067 |
| = Net cash flows from financing activities | -194,111 | 85,173 |
| of which from continuing operations | -194,111 | 85,173 |
| of which from discontinued operations | 0 | 0 |
| Reconciliation to Consolidated Balance Sheet | | |
| Cash and cash equivalents at beginning of periods | 296,807 | 149,857 |
| Non-cash changes in cash and cash equivalents from impairment losses | -1,464 | -858 |
| Changes in cash and cash equivalents in connection with non-current assets and disposal groups held for sale | -154,579 | 0 |
| Net cash flow from operating activities | -23,330 | 20,005 |
| Net cash flow from investing activities | 646,460 | 78,325 |
| Net cash flow from financing activities | -194,111 | 85,173 |
| = Cash and cash equivalents at end of periods | 569,783 | 332,502 |
| of which from continuing operations | 569,783 | 332,502 |
| of which discontinued operations | 0 | 0 |

/// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IFRS) for the period from 1 January to 31 March 2022

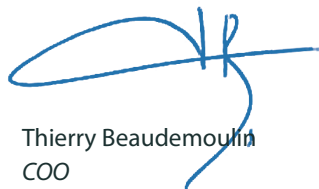
| In EUR '000 | Capital stock | Capital reserves |
|---|----------------------|-------------------------|
| As at 1 January 2021 | 73,659 | 331,696 |
| Consolidated net profit | 0 | 0 |
| Other comprehensive income (OCI) – reclassifiable | 0 | 0 |
| Other comprehensive income (OCI) – non-reclassifiable | 0 | 0 |
| Other comprehensive income (OCI) | 0 | 0 |
| Capital increase in kind | 35,107 | 443,056 |
| As at 31 March 2021 | 108,766 | 774,752 |
| As at 1 January 2022 | 109,417 | 783,332 |
| Consolidated net profit | 0 | 0 |
| Other comprehensive income (OCI) – reclassifiable | 0 | 0 |
| Other comprehensive income (OCI) – non-reclassifiable | 0 | 0 |
| Other comprehensive income (OCI) | 0 | 0 |
| Capital increase in kind | 0 | 0 |
| As at 31 March 2022 | 109,417 | 783,332 |

| Retained earnings | Other Reserves | Net retained profit | Equity attributable to the owners of the parent company | Non-controlling interests | Total equity |
|--------------------------|-----------------------|----------------------------|--|----------------------------------|---------------------|
| -877 | -50,583 | 761,112 | 1,115,007 | 465,763 | 1,580,770 |
| 0 | 0 | 48,846 | 48,846 | 14,976 | 63,822 |
| 0 | 1,033 | 0 | 1,033 | 0 | 1,033 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 1,033 | 0 | 1,033 | 0 | 1,033 |
| 0 | 0 | 0 | 478,163 | 0 | 478,163 |
| -877 | -49,549 | 809,958 | 1,643,049 | 480,739 | 2,123,789 |
| -875 | -9,860 | 830,263 | 1,712,277 | 431,741 | 2,144,018 |
| 0 | 0 | -38,788 | -38,788 | -5,868 | -44,656 |
| 0 | -2,205 | 0 | -2,205 | 0 | -2,205 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | -2,005 | 0 | -2,205 | 0 | -2,205 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| -875 | -12,065 | 791,475 | 1,671,284 | 425,873 | 2,097,157 |

/// AFFIRMATION BY THE LEGAL REPRESENTATIVES

“We hereby affirm to the best of our knowledge, pursuant to the applicable accounting principles for interim financial reporting, that these interim consolidated financial statements convey a true and fair view of the Group’s financial, earnings and liquidity position, that the course of business, including the results of operations and the position of the Group, is represented in the interim consolidated management report in such a manner as to convey a true and fair view and that all essential opportunities and risks foreseeable for the Group in the remainder of the financial year are described.”

Berlin, 30 May 2022



Thierry Beaudemoulin
COO



Sven-Christian Frank
CLO

/// LEGAL REMARKS

This report contains future-oriented statements that reflect the current management’s views of ADLER Real Estate AG regarding future events. Every statement in this report that reflects intentions, assumptions, expectations or predictions, as well as the assumptions on which they are based, constitutes such a future-oriented statement. These statements are based on plans, estimates and forecasts currently available to the management of ADLER Real Estate AG. Therefore, they only apply to the day on which they are made. By their nature, future-oriented statements are subject to risks and uncertainty factors, and the actual developments can deviate considerably from the future-oriented statements or the events implicitly expressed in them. ADLER Real Estate AG is not obligated, nor does it intend, to update such statements in view of new information or future events.

/// AT A GLANCE

| | |
|-----------------------------|---|
| Supervisory Board | |
| Martin Billhardt | Chairman of the Supervisory Board |
| Thilo Schmid | Vice Chairman of the Supervisory Board |
| Dr. Peter Maser | Member of the Supervisory Board |
| Management Board | |
| Maximilian Rienecker | Member of the Management Board (CEO) |
| Thierry Beaudemoulin | Member of the Management Board (COO) |
| Sven-Christian Frank | Member of the Management Board (CLO) |
| Company Facts | |
| Legal domicile | Berlin Charlottenburg, Berlin HRB 180360 B |
| Address | ADLER Real Estate Aktiengesellschaft Am Karlsbad 11 10789 Berlin Phone: +49 30 39 80 18 – 10 Email: info@adler-ag.com |
| Website | www.adler-ag.com |
| Investor Relations | Gundolf Moritz Email: investorrelations@adler-group.com |
| Public Relations | Dr Rolf-Dieter Grass Email: r.grass@adler-group.com |
| Capital stock | EUR 109,416,860 ¹⁾ |
| Classification | 109,416,860 ¹⁾ no-par value shares |
| Arithmetical value | EUR 1 per share |
| Voting right | 1 vote per share |
| Identification | WKN 500 800 ISIN DE0005008007 Ticker symbol ADL Reuters ADLG.DE |
| Designated sponsors | Baader Bank AG |
| Stock exchanges | Xetra, Frankfurt am Main |
| Indices | CDAX, GPR General Index, DIMAX |
| Financial year | Calendar year |

¹⁾ As at 31 March 2022



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Berlin-Charlottenburg

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