

FY

2021

Supplementary update

10 May 2022

Audit & Disclaimer of opinion

Delivery of financial statements and audit report by KPMG fulfilled the reporting obligations under our bonds

Adler Group's statement on auditor's opinion

- We have been asked by investors to provide further details on our statement that we are in compliance with the reporting obligations under our bonds. We are answering these questions by means of this announcement to ensure that all investors have access to the same information.
- Generally, the reporting obligations under our bonds require us to publish audited annual financial statements within 120 days from the end of the relevant financial year.
- We have issued our annual financial statements for the year 2021 within such 120-day period. Further, we have published an audit report provided by KPMG Luxembourg, société anonyme. Such audit report fulfils all applicably statutory audit requirements pursuant to Luxembourg and German law, irrespective of the fact that it contains disclaimers of opinion. This is also in line with our discussions with KPMG Luxembourg, société anonyme, and our legal advisors as well as enquiries with other auditors. Therefore, the delivery of the financial statements and the audit report prepared by KPMG Luxembourg, société anonyme also fulfilled the reporting obligations under our bonds.

KPMG's statement (3 May 2022)¹

- "KPMG Luxembourg S.A. was engaged to audit the annual and consolidated accounts of Adler Group S.A. for the year ended 31 December 2021 in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF") but was unable to obtain sufficient appropriate audit evidence to provide the basis for audit opinions on the accounts."
- "KPMG Luxembourg S.A. did issue audit reports, including disclaimers of opinion, on the annual and consolidated accounts on 30 April 2022."

Statement on Adler RE's upstream loan to Adler Group

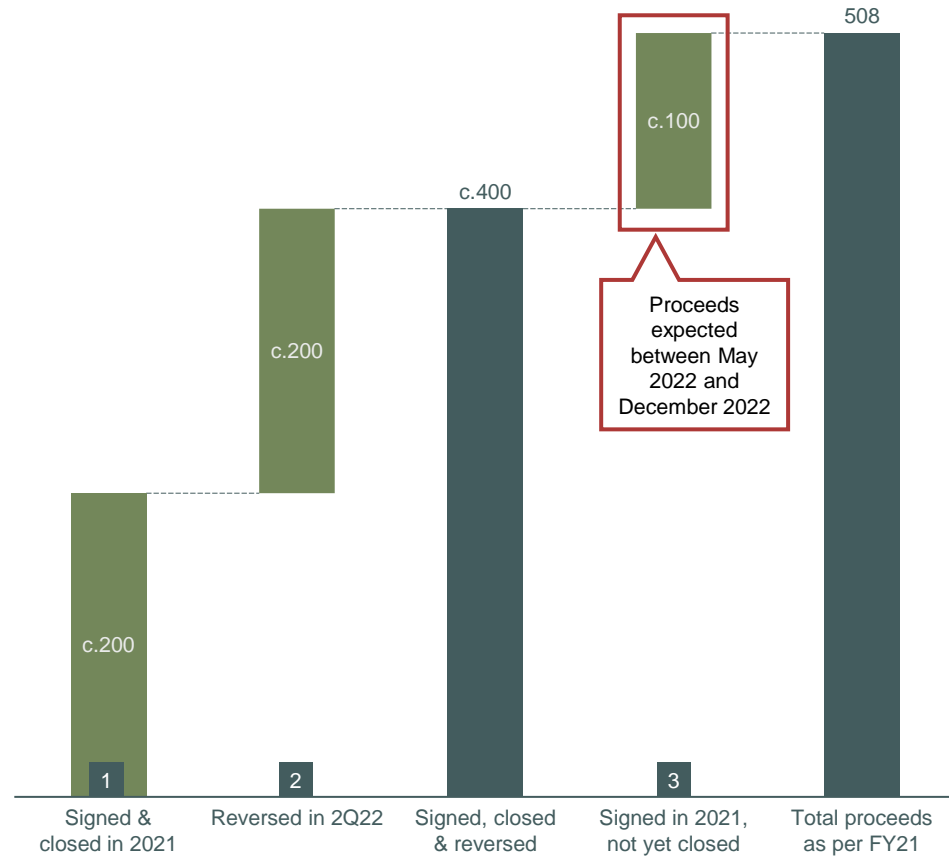
Company's statement

- Adler Real Estate Aktiengesellschaft ("Adler RE") and Adler Group S.A. ("Adler Group") received significant funds from asset disposals in December 2021.
- As a result, Adler RE had substantial cash amounts which would have triggered negative interest costs. Therefore, the management board of Adler RE decided to forward a portion of the disposal proceeds in the amount of EUR 265.2 million to Adler Group as a short term loan ("Short Term Loan").
- The Short Term Loan was granted on an arms' length basis so that Adler RE not only avoided negative interest of 50bps per annum, but also generated interest income. Therefore, the granting of the Short Term Loan was in Adler RE's best interest and line with the communicated goal of the asset disposals to reduce the Adler Group's leverage.
- The Short Term Loan was structured as a liquidity transfer comparable to a cash pooling system – i.e. a liquidity excess at Adler RE level was transferred to Adler Group. Such transactions in a cash pooling system are deemed transactions in the ordinary course of business and are exempted under the related party regime. Therefore, these do not require any supervisory board approval.
- Upon notarization of the next portfolio sale, it became clear that Adler RE would continue to receive significant funds from asset disposals. Therefore, Adler RE's management and supervisory board discussed the granting of one or more long term loans to Adler Group. The decision to grant such long term loan was taken on 30 March 2022 after Adler RE received the funds from the first closing of the so-called Luna Transaction which refers to the asset disposal to Velero/KKR. Given the modification towards a long term-, rather than a short term loan, the transaction constitutes a related party transaction according to the German stock corporation act. Accordingly, this transaction was approved by Adler RE's supervisory board. As a result, the Short Term Loan was switched into a long term loan by executing an intra group loan agreement regarding an amount of EUR 265.2 million with all necessary approvals and documentation.

Major part of proceeds from FY21 project sales have been received

Additional c.€100m of proceeds expected to be received in the course of 2022

Project disposals - Expected gross proceeds as per FY 2021 (€m)¹



Comments

- The expected gross proceeds at the end of FY21 amounted to €508m², of which c.€400m have been received/reversed and c.€100m is signed but not yet closed:
- Signed and closed in 2021 relates to 2-stay and Kreuzstraße (proceeds received in 2021 amounting to c.€200m).
 - Gross proceeds of NewFrankfurt Towers and Vitopia Residential and Commercial (reversed in Q2 2022, no further proceeds expected in 2022).
 - Arthur Hoffman Straße, Spätstraße and Ostend Quartier (signed, but not closed, proceeds expected to be received in the course of 2022).

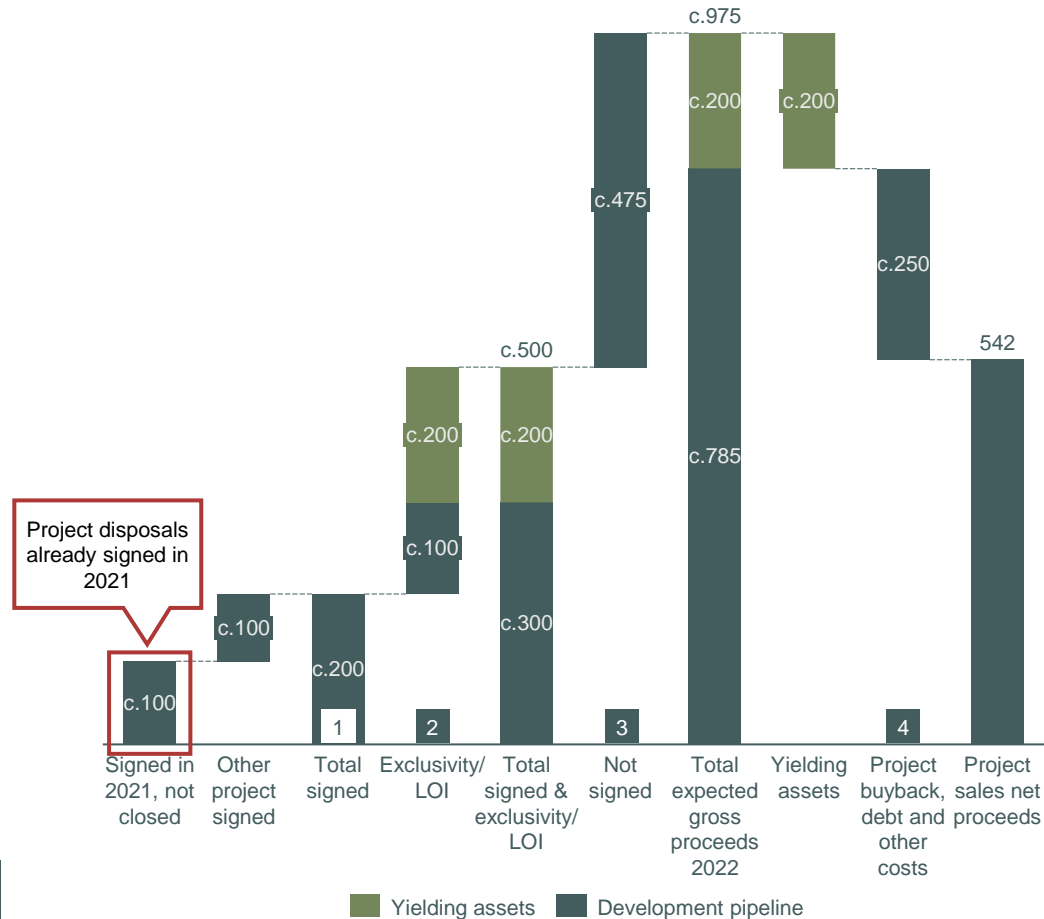
1. Information on this page is based on the knowledge up and till 3 May 2022; 2. This is the sum of the total sales proceeds as presented in the FY21 presentation on pages 45 and 48 (€311m and €197m).

High certainty in project sales

On the back of c.€200m signed project sales and c.€300m in exclusivity phase

Expected gross sales proceeds between May and December 2022 (€m)¹

Comments



- Expected gross proceeds amounting to c.€975m relate to disposals of one yielding asset and eleven development projects in the period May 2022 to December 2022.

1 In addition to Arthur Hoffman Straße, Spätstraße and Ostend Quartier, an additional transaction is also signed, but not closed as per 30 April 2022. Total gross proceeds of these four projects amount to c.€200m.

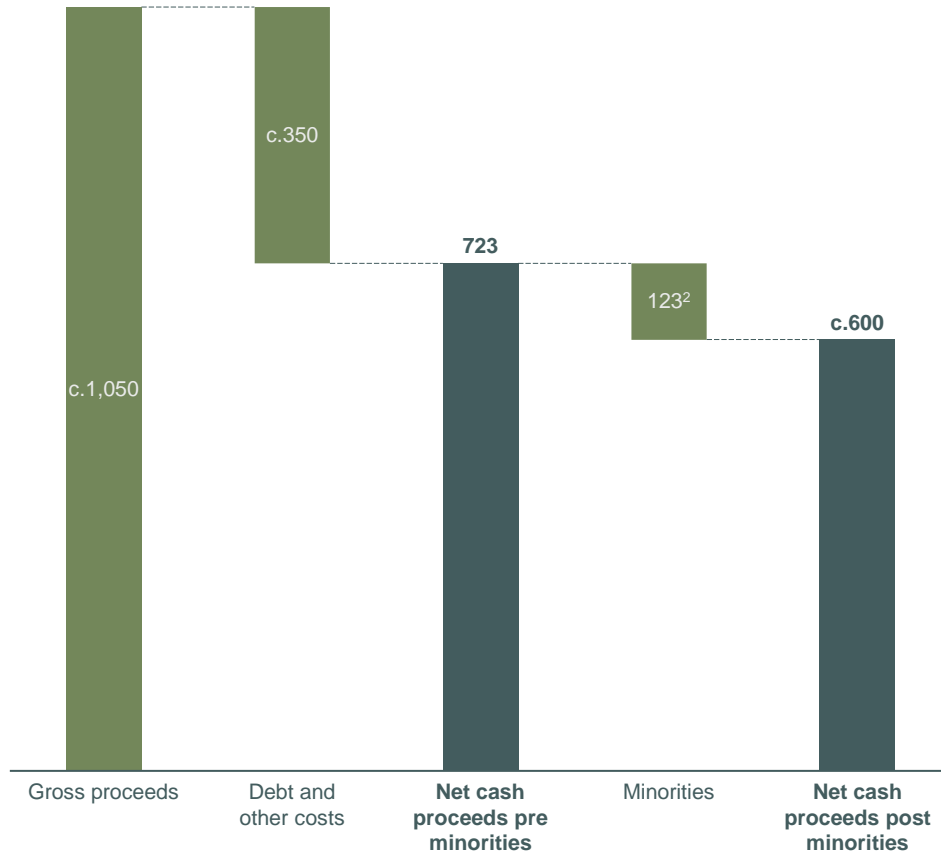
2 Total gross proceeds in which we have exclusivity/LOI amounts to c.€300m in 2022 (Waypoint, Covent Garden, Eurohaus).

3 The remainder is related to Forum Pankow, Schönefeld-Nord, Upper Nord Tower and Parkhaus HH and a confidential project. These projects are expected to be sold in 2022, preparations for sale including marketing are ongoing.

4 The difference between c.€785m gross proceeds from development disposals and €542m net proceeds from disposals is explained by project buyback amounting to c.€150m, debt associated to project disposals and other transaction costs.

Net proceeds of c.€600m from sale of 14,400 units to KKR/Velero

Total proceeds from sale to Velero/KKR (€m)¹



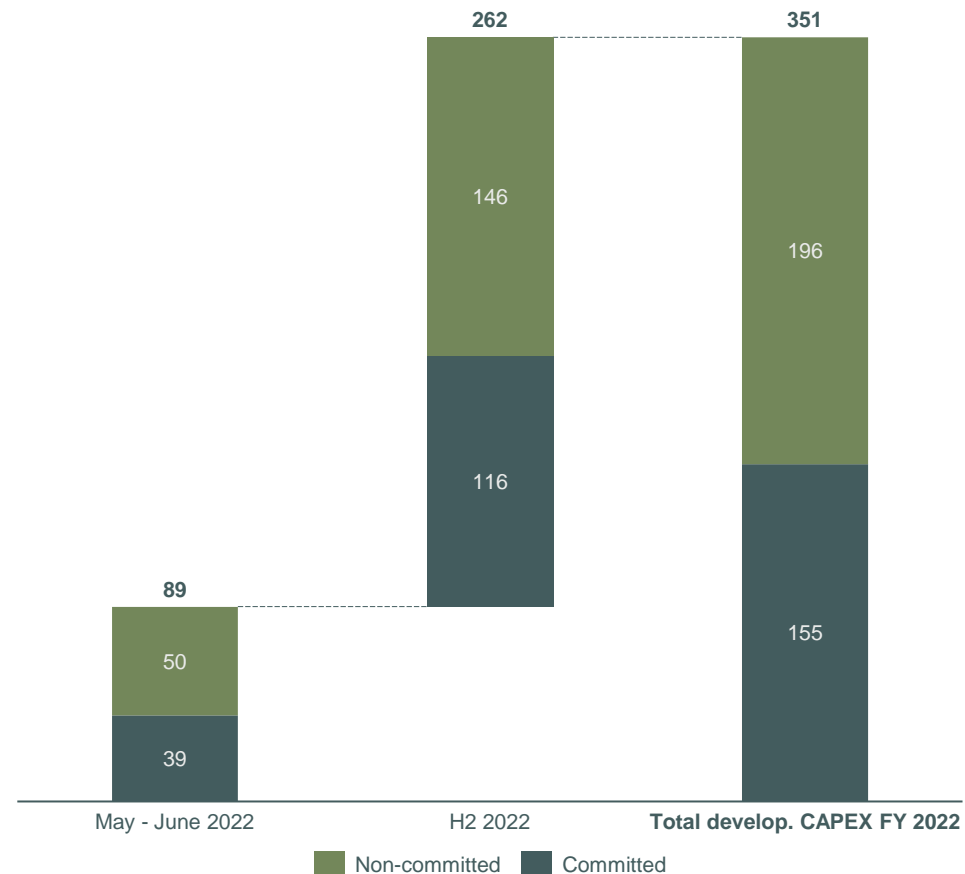
Comments

- 1 Total expected gross proceeds after debt repayment and other costs amount to c.€723m. The majority of these proceeds has been received as per April 2022, amounting to €687m. The remainder (€36m) is expected to be received in the course of 2022.
- 2 Net proceeds amount to c. €600m on the back of correction for minorities.

Total development CAPEX amounting to c.€350m

Of which €155m is committed development CAPEX

Expected development CAPEX between May and December 2022 (€m)¹



Comments

- Development CAPEX consist of committed and non-committed development CAPEX. Total development CAPEX in the period May – December amounts to €351m.
- Between May and June, it is expected that in total €89m development CAPEX will be spent of which €39m is committed.
- In the second half of 2022, €262m development CAPEX is expected to materialise of which €116m is committed.

1. Information on this page is based on the knowledge up and till 3 May 2022, figures as per 30 April 2022

Receivables backed by underlying assets and on track

Overview of financial receivables¹

#	Description	Type	Receivables (€m)	Right of withdrawal / Security
Total selected financial assets per H1 2021²			1,034	
1	Gerresheim project retained and potentially sold to LEG in the course of a potential BCP transaction, with corresponding receivable reversal	Reversal	(209)	n.a.
Selected financial assets corrected for reversal of Gerresheim project			826	
2	Difference mainly stemming from a reduction in RETT Blocker vendor loans due to LEG transaction, decrease in financial instruments, amendments due to final purchase price calculations, among other	Various	(80)	n.a.
Selected financial assets per FY 2021			745	
3	Partners Immobilien Capital Management bought non-strategic development projects in December 2020. Reversal of the sale is currently ongoing, subject to closing conditions. The corresponding projects will be included in Upfront sale and disposal of majority of the projects is planned for the coming 12 to 24 months	Disposals	(165)	✓
Remaining Selected financial assets post PICM			580	
4	Certain minority shareholder hold 10.1% of the shares in Adler Group companies, partly financed by vendor loans granted by Adler Group and/or its affiliated companies and minority stake in SPVs sold to third parties	RETT Blocker	208	✓
5	Other structured finance basket to avoid negative interest rates	Deposit	92	✓
6	Gröner Group bought 17 non-strategic development projects with a GAV of €0.6bn in December 2020. Adler Group is in continuous dialogue with Gröner to find a solution	Disposals	84	✓
7	Legacy receivables and call options	Other	60	✓
8	Adler Real Estate AG sold shares in Accentro in 2017, which has been extended and is now due for payment at the end of May 2022	Disposals	59	✓
9	Mainly other disposals (like Germany III , among others) with minor residual receivables outstanding	Disposals	33	✓
10	In 2018, Adler RE sold c.1,400 rental units at c.€65m to Caesar JV Immobilienbesitz und Verwaltungs GmbH , in which Adler holds a 25% interest. Maturity of the remaining purchase price follows further sales of the properties	Disposals	28	✓
11	In 2018, Adler RE sold c.2,300 rental units to AB Immobilien , a joint venture with Benson Elliot Capital Management, in which Adler holds a 25% stake. Maturity of the remaining purchase price follows the further sales of the properties	Disposals	16	✓

1. Information on this page is based on the knowledge up and till 3 May 2022; 2. Gross receivables excluding the VauVau developments payable which was reversed due to the project retention in Q4 2021.

Secured bank debt spread over multiple lenders and time

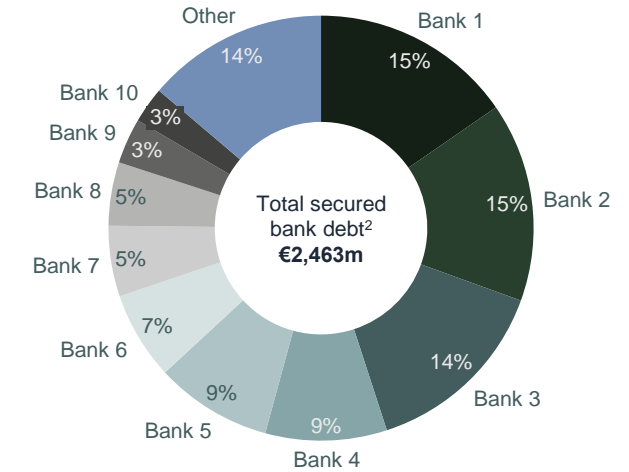
Diversified maturity schedule and lending base with 23 banks providing secured debt

Overview of secured bank debt maturities^{1,2} (€m)



Breakdown per lending bank

The secured bank debt is well spread over 23 lenders³, with the top 10 lenders responsible for 86% of the financing:



Cross guarantees are in place for certain financial secured debt, where subsidiaries of Adler RE and Adler Group borrow under the same loan agreement and are subject to a collective land charge. Furthermore, Adler Group has issued a letter of comfort for a project loan on Consus level.

General note: Information on this page is based on the knowledge up and till 3 May 2022; 1. Includes principal repayments and debt amortizations; 2. As per 1 April 2022; 3. In case of a consortium agreement, only the consortium leader is considered.

Corporate agenda

Adler Group S.A. results publication dates 2022

17 May 2022	Update on corporate governance
31 May 2022	Publication Q1 2022 Results
29 June 2022	Annual General Meeting
31 August 2022	Publication Q2 2022 Results
30 November 2022	Publication Q3 2022 Results

Imprint

Adler Group S.A.
1B Heienhaff
1736 Senningerberg
Grand Duchy of Luxembourg

investorrelations@adler-group.com
www.adler-group.com

Online Financial
Calendar
www.adler-group.com

Investor relation contacts

Gundolf Moritz
Head of IR
g.moritz@adler-group.com

Julian Mahlert
Senior IR Manager
j.mahlert@adler-group.com

Carl-Philip Schniewind
IR Manager
c.schniewind@adler-group.com

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