

QUARTERLY STATEMENT Q3

AS AT 30 SEPTEMBER 2022

/// KEY FIGURES

In EUR millions		
Consolidated Statement of Income	9M 2022	9M 2021
Net rental income	101.8	168.7
Earnings from property lettings	84.0	150.9
Earnings from the sale of properties	-12.4	0.7
EBIT	-268.7	250.8
Consolidated net profit from continuing operations	-338.3	74.2
Consolidated net profit	-338.3	74.2
FFO I	33.5	57.6
FFO I per share in EUR (fully diluted) ¹⁾	0.31	0.53
Consolidated Balance Sheet	30.09.2022²⁾	31.12.2021²⁾
Investment Properties (including inventories)	3,162.5	3,413.1
EPRA NRV (adjusted and fully diluted)	1,977.2	2,295.1
EPRA NRV per share in EUR (adjusted and fully diluted) ¹⁾	18.07	20.98
LTV in %	40.4	28.5
WACD	2.1	2.0
Cashflow	9M 2022	9M 2021
Net cash flow from operating activities	6.5	80.6
Net cash flow from investing activities	715.6	50.4
Net cash flow from financing activities	-795.7	-178.5
Employees	30.09.2022	31.12.2021
Number of employees	297	775
FTEs (Full-time equivalents)	281	723
Portfolio³⁾	9M 2022	9M 2021
Portfolio (units)	11,495	51,961
– of which residential	11,219	51,173
– of which commercial	276	788
Average rent (EUR /month/sqm)	7.06	6.16
Vacancy rate (%)	2.1	4.2
Fair value investment properties incl. inventories (EUR m)	1,934	5,648
Net rental income (EUR m)	61.2	219.8

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“

/// CONTENT

PORTFOLIO	4
THE ADLER SHARE	4
INTERIM GROUP MANAGEMENT REPORT	5
Fundamentals of ADLER Real Estate AG Group	6
Business model	6
Management system	6
Employees	7
Research and development	7
Economic report	7
Macroeconomic and sector-specific settings	7
Economic development of the Group	8
Report on risks and opportunities	9
Report on expected developments	9
Report on events after the balance sheet date	9
Results from operations, net assets and financial position	10
Results from operations	10
Net assets	14
Financial position	17
GROUP INTERIM FINANCIAL STATEMENT AS AT 30 SEPTEMBER 2022	19
Consolidated balance sheet (IFRS) as at 30 September 2022	20
Consolidated statement of comprehensive income (IFRS) for the period from 1 January at 30 September 2022	22
Consolidated statement of cash flows (IFRS) for the period from 1 January at 30 September 2022	24
Consolidated statement of changes in equity (IFRS) for the period from 1 January at 30 September 2022	26
AFFIRMATION BY THE LEGAL REPRESENTATIVES	28
LEGAL REMARKS	28
AT A GLANCE	29

/// PORTFOLIO

THE PROPERTY PORTFOLIO

At the end of the third quarter of 2022, ADLER Real Estate AG held a total of 11,495 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 746,300 square metres. Compared to the last reporting date at the half-year stage the number of rental units has increased as a portfolio of 1,400 units has been taken over from the mother company Adler Group. The 12,000 units of the BCP subsidiary continue to be contained in the balance sheet item "Non-current assets held for sale" due to the ongoing efforts to sell the portfolio.

The operational performance data for the portfolio consisting of the investment properties was as follows in the first nine months of 2022: The contracted rent/square metre/month averaged EUR 7.06 at the end of the reporting period, and the vacancy rate (excluding units under renovation) reached 2.1 percent.

The fair value of this portfolio, calculated according to IFRS, amounted to EUR 1,911.3 million at the end of September 2022.

/// 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. Nonetheless, the shares gained around 10 percent in value during the first nine months of 2022 after major fluctuations and thus outperformed the Solactive DIMAX sector index, which comprises the major listed real estate companies in Germany and lost more than half in value over the same period of time.

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 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 Real Estate AG 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 third quarter of 2022, the German economy grew only moderately due to the Ukraine conflict and the ongoing pandemic. Compared to the corresponding quarter of the previous year, the gross domestic product increased by 1.2 percent, adjusted for price and calendar effects (after 3.9 percent in the first quarter and 1.5 percent in the second). The unemployment rate was 5.4 percent at the end of September 2022, about 0.3 percentage point lower than a year earlier. At the same time, prices rose sharply, with the inflation rate reaching 10.0 percent in September – mainly due to higher prices for energy and food. The real estate sector proved to be a stabilising factor, as rents only increased by 1.8 percent in the first nine months 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. The staged model, which sets the share of landlords in inverse relation to the energy efficiency of the building has been determined in mid-November in a corresponding bill.

In October 2022, the federal government decided on a comprehensive package of measures to mitigate the consequences of the sharp increase in energy prices for private individuals and companies. These include, among other things, a cap on the gas price, the temporary assumption of heating costs or a postponement of the increase in the CO₂ levy. The measures benefit landlords in so far as they help to support and maintain the solvency of low-income tenants in particular.

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. 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.

On June 22, 2022 Adler Group welcomed the examination order (Prüfungsanordnung) of the German Federal Financial Supervisory Authority for the consolidated financial statements as of 31 December 2021 and the combined management report for the financial year 2021 of ADLER Real Estate AG which had been delivered to the company. The expected results will make a further contribution to clarifying the allegations by a short seller, according to which related parties had exerted influence on transactions and business events.

On 24 June 2022, ADLER Real Estate acquired a portfolio of 1,400 rental units from the parent company Adler Group. The transaction serves in particular to effectively manage the cash and assets. The transaction is structured as a share deal and includes 14 property companies with existing properties in Berlin. The transfer of rights and obligations took place at the beginning of the third quarter.

On August 1, 2022 Adler Group appealed against a decision by the German Federal Financial Supervisory Authority which, within the scope of an error determination, had notified the company that the audited consolidated financial statements as of 31 December 2019 and the related summarized management report for the 2019 financial year of ADLER Real Estate AG contain an accounting error pursuant to section 109 (1) of the German Securities Trading Act.

On August 3, 2022 LEG Immobilien SE announced that it will not make a public purchase offer for the shares in BCP and thus not pursue the acquisition of these shares from ADLER any further.

On 14 August, the maturity date of the loan agreement of up to EUR 200 million with the subsidiary BCP was newly agreed. Instead on 23 May 2023 it will be due now on 29 December 2023.

/// REPORT ON RISKS AND OPPORTUNITIES

For the actual risk and opportunity situation, the company refers to the detailed risks and opportunities report in the annual report 2021, to the supplement in the 2022 H1 report and the events after the balance sheet date. Otherwise, no material changes have occurred in the risk and opportunity situation since the last report.

/// REPORT ON EXPECTED DEVELOPMENTS

Since the last reporting at half year stage, expectations for the 2022 financial year have stayed unchanged. ADLER expects net rental income in the range of EUR 128 million to EUR 133 million and FFO I between EUR 34 million and EUR 35 million.

/// REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

On 3 October 2022, Adler Group announced that, as expected, the option period for the irrevocable tender commitment for 63 percent of the shares in Brack Capital Properties N.V. granted to LEG Immobilien SE has expired on 30 September 2022, without a public tender offer.

On 17 November 2022, Adler Group announced to appeal against a further partial decision by BaFin. Adler does not share BaFin's view related to the further finding of partial error in ADLER Real Estate AG's consolidated financial statements as of 31 December 2019, continues to maintain the full accuracy and correctness of these audited consolidated financial statements and will pursue legal remedies to move the resolution of this issue forward.

On 18 November 2022, Adler Real Estate reported to be in advanced negotiations with its bondholders. In this framework it has been considered to provide a secured debt financing to the Adler group of companies, including ADLER Real Estate AG. At present, no final decision has been made as to whether ADLER Real Estate will become a party to such a potential agreement.

On 25 November 2022, ADLER Real Estate AG, together with its parent company Adler Group S.A. entered into an agreement with certain Adler Group bondholders to provide the Adler group of companies with secured debt financing amounting to EUR 937.5 million. It will be used in part to refinance financial liabilities of ADLER Real Estate and its subsidiaries in the amount of EUR 535 million that will become due in the next few years. The provision of the debt financing is still subject to certain conditions.

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	9M 2022	9M 2021
Gross rental income	167.8	252.4
– of which net rental income	101.9	168.7
Expenses from property lettings	-83.7	-101.5
Earnings from property lettings	84.0	150.9
Income from the sale of properties	1,046.6	128.2
Expenses from the sale of properties	-1,059.0	-127.5
Earnings from the sale of properties	-12.4	0.7
Personnel expenses	-18.7	-29.3
Other operating income	6.2	4.7
Other operating expenses	-49.7	-32.8
Income from fair value adjustments of investment properties	-164.0	160.1
Depreciation and amortisation	-114.2	-3.5
Earnings before interest and taxes (EBIT)	-268.7	250.8
Financial result	-96.6	-115.9
Net income from at-equity valued investment associates	0.3	-0.3
Earnings before taxes (EBT)	-365.0	134.6
Income taxes	26.7	-60.4
Net consolidated result from continuing operation	-338.3	74.2
Earnings after tax from discontinued operation	0.0	0.0
Net consolidated result	-338.3	74.2

Earnings from property lettings

In the first nine months of 2022, both gross rental income (EUR 167.8 million) and net rental income (EUR 101.8 million) declined significantly compared to the same period of the previous year, because around 15,500 rental units had been sold at the end of the last financial year and around 14,000 further units in the course of the reporting period. A positive effect resulted from the acquisition of a small portfolio of 1,400 units at the half-year stage and from the operational performance which could be further improved: The contracted rent/square metre/month averaged EUR 7.06 at the end of the reporting period, and the vacancy rate reached 2.1 percent at the end of the first half of 2022.

Along with the income, earnings from property lettings were also lower than in the comparable period of the previous year, reaching EUR 84.0 million.

Earnings from the sale of properties

During the first nine month of 2022, the majority of the properties from the portfolio transaction with KKR/Velero were sold. Earnings from the sale of properties stood at minus EUR 12.4 million after deduction of transaction costs as for BCP inventories, the net transaction value determined by an independent external appraiser was lower than the carrying amount..

Income from fair value adjustments of investment properties

Fair value valuations of investment properties were dampened by the considerable changes in the general economic environment, in particular by actual and further expected changes in interest rates and by the fact that growth expectations have been softened due to the effects of the ongoing Ukraine conflict. Income from fair value adjustments therefore came out at minus EUR 164.0 million in the first nine months of 2022.

Expenses

Personnel expenses were reported at EUR 18.7 million for the first nine month of 2022. This is significantly less than in 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 of EUR 20.4 million arose retrospectively in connection with LEG's acquisition of shares in BCP. In addition, expenses amounting to EUR 104.3 million were incurred in connection with the write-down of goodwill, of which EUR 57.6 million related to assets contained in assets held for sale.

Earnings

After taking into account all non-financial expenses, earnings before interest and taxes (EBIT) for the first nine months of 2022 came to minus EUR 268.7 million. The financial result reached a minus of EUR 96.6 million and was thus better than in the comparable period of the previous year. Amongst others, this reflects the fact that receivables from the sale of the Accentro shares and in connection with a joint venture had to be revalued resulting in seizable expenses. On the other hand, the revaluation of LEG's acquisition options in BCP yielded substantial financial income.

Earnings before taxes (EBT) came to minus EUR 365.0 million and, after deduction of income tax expenses which mainly consist of deferred taxes, consolidated net profit totalled minus EUR 338.3 million.

Funds from operations (FFO) stable

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

In EUR millions	9M 2022	9M 2021
Consolidated net profit	-338.3	74.2
of which from continuing operations	-338.3	74.2
+ Financial result	96.6	115.9
+ Income taxes	-26.7	60.4
+ Depreciation and amortisation	114.1	3.5
- Income from measurement of investment properties	-164.0	160.1
- Net income from at-equity-valued investment associates	0.3	-0.3
EBITDA IFRS (continuing and discontinued operations)	9.4	94.1
+/- Non-recurring and extraordinary items	50.7	15.7
Adjusted EBITA¹⁾	60.1	109.8
- Interest expense FFO	15.7	43.6
- Current income taxes	5.0	2.6
- Earnings before interest and taxes from the sale of properties, discontinued operations and minority interests	5.8	6.4
FFO I	33.5	57.3
Number of shares (basic)	109,416,860	109,416,860
FFO I per share (basic)	0.31	0.53
Number of shares (diluted)	109,416,860	109,416,860
FFO I per share (diluted)	0.31	0.53

¹⁾ 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	9M 2022	9M 2021
Non-cash income/expenses and one-off payments	39.8	15.2
Costs of acquisition/integration/sale	2.3	0.1
Preservation capex	8.1	0.2
Optimisation of business model, structuring	0.6	0.4
Total of non-recurring and extraordinary items	50.8	15.9

The FFO interest charge is derived as follows:

Interest expense FFO I In EUR millions	9M 2022	9M 2021
Interest income	68.9	12.5
Interest expenses	-100.3	-128.4
Impairments on trade and other receivables	-65.2	0.0
Total interest income (continued and discontinued operations)	-96.6	-115.9
Adjustments		
Prepayment compensation and provision costs	12.9	6.7
Effects of measurement of primary financial instruments	11.6	7.9
Other adjustments	56.2	57.9
Interest expenses FFO I	-15.9	-43.4

Calculated this way, FFO for the first nine month of 2022 amounted to EUR 33.5 million or EUR 0.31 per share on a diluted as well as on an undiluted basis as no convertibles are outstanding any more.

NET ASSETS

In EUR millions	30.09.2022	as percent- age of total assets	30.09.2022 adjusted ¹⁾	as percent- age of total assets angepasst ¹⁾	31.12.2021	as percent- age of total assets	31.12.2021 adjusted ¹⁾	as percent- age of total assets angepasst ¹⁾
Non-current assets	2,049.6	46.1	3,266.8	73.4	1,822.7	32.6	3,541.3	63.4
– of which investments properties	1,911.3	42.9	3,112.1	69.9	1,662.8	29.8	3,349.2	60.0
Current assets	477.4	10.7	724.8	16.3	793.4	14.2	905.9	16.2
– of which inventories	22.3	0.5	50.4	1.1	13.2	0.2	63.9	1.1
– of which cash and cash equivalents investments	75.4	1.7	247.9	5.6	296.8	5.3	321.7	5.8
Non-current assets held for sale	1,923.2	43.2	458.5	10.3	2,968.6	53.2	1,137.5	20.4
Assets	4,450.1	100.0	4,450.1	100.0	5,584.7	100.0	5,584.7	100.0
Equity	1,781.5	40.0	1,781.5	40.0	2,144.0	38.4	2,144.0	38.4
– of which capital stock	109.4	2.5	109.4	2.5	109.4	2.0	109.4	2.0
– of which capital reserve	767.2	17.2	767.2	17.2	772.6	13.8	772.6	13.8
– of which net retained profit	574.4	12.9	574.4	12.9	830.3	14.9	830.3	14.9
– of which non-controlling interests	330.5	7.4	330.5	7.4	431.7	7.7	431.7	7.7
Non-current liabilities	1,060.0	23.8	1,529.3	34.4	2,023.9	36.2	2,600.0	46.6
– of which liabilities from bonds	594.0	13.3	769.4	17.3	1,088.8	19.5	1,151.7	20.6
– of which financial liabilities to banks	337.7	7.6	522.6	11.7	703.8	12.6	1,059.1	19.0
Current liabilities	727.7	16.4	976.4	21.9	551.5	9.9	840.6	15.1
– of which liabilities from bonds	510.4	11.5	577.4	13.0	421.9	7.6	433.5	7.8
– of which financial liabilities to banks	69.8	1.6	217.1	4.9	35.5	0.6	282.5	5.1
Liabilities held for sale	881.0	19.8	162.9	3.7	865.3	15.5	0.0	0.0
Equity and liabilities	4,450.1	100.0	4,450.1	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

The balance sheet position of non-current assets held for sale comprises all assets which are intended to be sold in foreseeable time. Assets of group company BCP are still contained herein. At the same time, a pro-forma balance sheet shows how the individual balance sheet items will appear if BCP is not considered a disposal group according to IFRS.

As at the reporting date of 30 September 2022, ADLER had net assets totalling EUR 4,450.1 million, 20.3 per cent 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 1,911.3 million at end of September of 2022. The slight increase over the value at the start of the year (EUR 1,662.8 million) was due to capex and the acquisition of a portfolio of 1,400 units from the mother company.

Current assets amounted to EUR 477.4 million as at the balance sheet date. The decrease compared with the start of the year is due to the fact that, after considerable repayment of debt cash and cash equivalents declined.

Non-current assets held for sale amounted to EUR 1,923.2 million as of 30 September 2022 and mainly include the remaining properties from the portfolio sale to KKR/Velero, Eurohaus in Frankfurt and the properties of BCP.

Shareholders' equity/liabilities

Shareholders' equity amounted to EUR 1,781.5 million at the end of September 2022 representing a decline compared to the end of the previous year due to the losses incurred. The equity ratio reached 40.0 per cent.

Non-current liabilities decreased considerably in the course of 30 September 2022 to EUR 1,060.0 million as bonds amounting to EUR 400 million were paid back and liabilities against banks decreased with the portfolio sales.

Current liabilities increased slightly to EUR 727.7 million mainly due to rising current tax liabilities.

Liabilities held for sale amounted to EUR 881.0 million as at 30 September 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 40.4 percent at the end of September 2022 after 28.5 percent at the end of 2021.

In EUR millions	30.09.2022	30.09.2022 adjusted ²⁾	31.12.2021	31.12.2021 adjusted ²⁾
Bonds	1,104.4	1,346.8	1,510.7	1,585.2
+ Financial liabilities to banks	407.5	865.9	739.3	1,341.6
– Cash and cash equivalents	75.4	252.5	296.8	321.7
= Net financial liabilities	1,436.5	1,960.2	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⁾	508.1	525.9	1,604.2	1,624.2
= Adjusted net financial liabilities	928.4	1,434.3	349.0	980.9
Investment properties	1,911.3	3,482.1	1,662.8	3,349.2
+ Inventories	13.2	50.4	13.2	63.9
+ Property, plant and equipment for property management	7.5	7.5	12.9	12.9
+ Shares in real estate companies	7.5	8.3	10.5	17.3
+ Net financial liabilities of BCP ³⁾	962.8		1,023.5	0.0
= Gross asset value	2,902.3	3,548.3	2,722.9	3,443.3
LTV in %	31.9	40.4	12.8	28.5

¹⁾ Purchase price receivables including interest from the sale of ACCENTRO amounted to EUR 21.7 million (previous year: EUR 58.6 million); non-current assets held for sale excluding BCP amounted to EUR 80.1 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 43.0 million (previous year: EUR 60.6 million); receivables/loans/loans to real estate companies amounted to EUR 344.4 million (previous year: EUR 386.2 million) and liabilities held for sale excluding BCP amounted to EUR 0.0 million (previous year: EUR 0.0 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 1,464.6 million (prior year: EUR 1,831.1 million) less liabilities held for sale EUR 718.0 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 2.1 percent as at 30 June 2022 (31 December 2021: 2.0 percent).

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 1,977.2 million as at 30 September 2022 (adjusted calculation). It thus decreased by 13.9 percent compared with the figure at the end of 2021 (EUR 2,295.1 million).

Based on the total number of existing shares in circulation at the balance sheet date, diluted and adjusted EPRA NRV per share amounted to EUR 18.07 as at 30 September 2022 (31 December 2021: EUR 20.98).

In EUR millions	30.09.2022	30.06.2022 adjusted ¹⁾	31.12.2021	31.12.2021 adjusted ¹⁾
Equity	1,781.5	1,781.5	2,144.0	2,144.0
Non-controlling interests	-330.4	-330.4	-431.7	-431.7
Equity attributable to ADLER shareholders	1,451.1	1,451.1	1,712.3	1,712.3
Deferred tax liabilities on investment properties	179.8	325.6	281.7	442.3
Diff. between fair values and carrying amounts of inventory properties	0.0	1.9	0.0	-5.5
RETT on investment properties	109.5	199.1	94.9	191.8
Fair value of derivative financial instruments	-0.7	-0.7	1.3	1.3
Deferred taxes for derivative financial instruments	0.2	0.2	-0.4	-0.4
EPRA NRV (diluted)	1,739.9	1,977.2	2,089.8	2,341.8
Goodwill - synergies	0.0	0.0	-46.7	-46.7
Adjusted EPRA NRV (diluted)	1,739.9	1,977.2	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	15.90	18.07	19.10	21.40
Adjusted EPRA NRV per share (diluted) in EUR	15.90	18.07	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	9M 2022	9M 2021
Cash flow from operating activities	6.5	80.6
Cash flow from investing activities	715.6	50.4
Cash flow from financing activities	-795.7	-178.5
Non-cash effective change in cash and cash equivalents from impairment losses	-0.2	-0.3
Changes in cash and cash equivalents in connection with non-current assets and disposal groups held for sale	-147.7	0.0
Cash and cash equivalents at beginning of period	296.8	149.9
Cash and cash equivalents at end of period	75.4	102.1

In the first nine months of 2022, operating activities resulted in a cash inflow amounting to EUR 6.5 million.

Investing activities resulted in a cash inflow of EUR 715.6 million until September 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/Velero. This was offset in particular by investments in the property portfolio.

The cash outflow from financing activities amounted to EUR 795.7 million until September of 2022. The Group used the funds generated from the sale of investment properties to repay financial loans in the amount of EUR 507.2 million and the corporate bond 2019/2022 in the amount of EUR 400 million. BCP issued bonds in the amount of EUR 162.5 million in the reporting period.

As at 30 September 2022, the ADLER Group had cash and cash equivalents of EUR 75.4 million (31 December 2021: EUR 102.1 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 30 SEPTEMBER 2022

/// CONSOLIDATED BALANCE SHEET

(IFRS) as at 30 September 2022

In EUR '000	30.09.2022	31.12.2021
Assets	4,450,144	5,584,662
Non-current assets	2,049,551	1,822,655
Goodwill	0	46,699
Intangible assets	124	282
Property, plant and equipment	12,978	18,438
Investment properties	1,911,309	1,662,824
Investments in associated companies	4,061	10,489
Other financial investments	61,186	79,375
Other non-current assets	53,993	1,987
Deferred tax assets	5,899	2,561
Current assets	477,433	793,382
Inventories	22,265	13,213
Trade receivables	33,755	17,587
Receivables from affiliated companies	278,132	270,105
Income tax receivables	6,711	7,062
Other current assets	61,134	188,608
Cash and cash equivalents	75,436	296,807
Non-current assets held for sale	1,923,160	2,968,624

In EUR '000	30.09.2022	31.12.2021
Equity and liabilities	4,450,144	5,584,662
Shareholders' equity	1,781,501	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	-15,268	-9,860
Net retained profit	574,423	830,263
Equity attributable to owners of the parent company	1,451,028	1,712,277
Non-controlling interests	330,472	431,741
Non-current liabilities	1,059,992	2,023,897
Pension provisions	1,067	1,067
Deferred tax liabilities	120,347	222,304
Other provisions	5	5
Liabilities from bonds	594,027	1,088,780
Financial liabilities to banks	337,693	703,830
Other non-current liabilities	6,852	7,911
Current liabilities	727,679	551,488
Other provisions	22	248
Income tax liabilities	117,047	14,760
Liabilities from bonds	510,443	421,893
Financial liabilities to banks	69,794	35,483
Trade payables	17,924	27,432
Other current liabilities	12,449	51,673
Liabilities held for sale	880,973	865,259

/// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(IFRS) for the period from 1 January to 30 September 2022

In EUR '000	9M 2022	9M 2021	Q3 2022	Q3 2021
Gross rental income	167,784	252,400	50,499	84,475
Expenses from property lettings	-83,734	-101,517	-23,756	-32,961
Earnings from property lettings	84,050	150,882	26,743	51,514
Income from the sale of properties	1,046,647	128,183	1	6,414
Expenses from the sale of properties	-1,059,016	-127,517	-129	-6,480
Earnings from the sale of properties	-12,370	666	-128	-66
Personnel expenses	-18,740	-29,337	-5,353	-8,224
Other operating income	6,208	4,727	991	2,097
Other operating expenses	-49,658	-32,807	-7,447	-11,464
Income from fair value adjustments of investment properties	-163,969	160,147	-129,614	-44,139
Depreciation and amortisation	-114,190	-3,500	-60,792	-1,145
Earnings before interest and tax (EBIT)	-268,668	250,778	-175,599	-11,428
Financial income	68,977	12,495	6,045	2,257
Financial costs	-100,311	-110,085	-18,732	-47,525
Impairments on trade and other receivables	-65,229	-18,317	188	-15,230
Net income from at-equity-valued investment associates	265	-262	-106	0
Earnings before tax (EBT)	-364,966	134,610	-188,204	-71,926
Income taxes	26,705	-60,413	18,398	-3,471
Consolidated net profit from continuing operations	-338,261	74,197	-169,806	-75,397
Earnings after taxes of discontinued operations	0	0	0	0
Consolidated net profit	-338,261	74,197	-169,806	-75,397
Actuarial gains/losses before taxes	0	0	0	0
Deferred taxes on actuarial gains/losses	0	0	0	0
OCI gains/losses not reclassifiable into profit or loss	0	0	0	0
Gains/losses from currency translation	1,724	10,441	9,600	7,057
Change in value of financial assets measured at fair value	-3,743	-2,716	364	-2,349
OCI gains/losses reclassifiable into profit or loss	-2,019	7,725	9,964	4,708
OCI gains/losses from continuing operations	-2,019	7,725	9,964	4,708
OCI gains/losses of discontinued operations	0	0	0	0
Total comprehensive income from continuing operations	-340,280	81,922	-159,842	-70,689

In EUR '000	9M 2022	9M 2021	Q3 2022	Q3 2021
Total comprehensive income of discontinued operations	0	0	0	0
Total comprehensive income	-340,280	81,922	-159,842	-70,689
Carry-over total comprehensive income	-340,280	81,922	-159,842	-70,689
Net profit from continuing operations:				
Owners of the parent company	-255,841	68,153	-120,814	-52,479
Non-controlling interests	-82,421	6,044	-48,992	-22,918
Consolidated net profit attributable to:				
Owners of the parent company	-255,841	68,153	-120,814	-52,479
Non-controlling interests	-82,421	6,044	-48,992	-22,918
Total comprehensive income from continuing operations:				
Owners of the parent company	-257,860	75,878	-110,850	-47,772
Non-controlling interests	-82,421	6,044	-48,992	-22,918
Total comprehensive income attributable to:				
Owners of the parent company	-257,860	75,878	-110,850	-47,772
Non-controlling interests	-82,421	6,044	-48,992	-22,918
Earnings per share, basic in EUR (consolidated net profit from continuing operations)	-2.34	0.66	-1.13	-0.51
Earnings per share, diluted in EUR (consolidated net profit from continuing operations)	-2.34	0.69	-1.13	-0.51
Earnings per share, basic in EUR (consolidated net profit)	-2.34	0.66	-1.13	-0.51
Earnings per share, diluted in EUR (consolidated net profit)	-2.34	0.69	-1.13	-0.51

/// CONSOLIDATED STATEMENT OF CASH FLOWS

(IFRS) for the period from 1 January to 30 September 2022

In EUR '000	9M 2022	9M 2021
Earnings before interest and taxes (EBIT) – continuing and discontinued operations	-268,668	250,778
+ Depreciation and amortisation	114,190	3,500
-/+ Net income from at-equity valued investment associates	263	0
-/+ Net income from fair value adjustments of investment properties	163,969	-160,147
-/+ Non-cash income/expenses	55,721	-5,215
-/+ Changes in provisions and accrued liabilities	-226	89
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investment or financing activities	132,665	-44,802
-/+ Decrease/increase in trade payables and other liabilities not attributable to investment or financing activities	-169,645	41,183
+ Interest received	2,795	1,324
+/- Tax payments	-16,183	-12,059
= Operating cash flow before dis-/reinvestment into the trading portfolio	14,881	74,651
-/+ Increase/decrease in inventories (commercial properties)	-8,391	5,930
= Net cash flow from operating activities	6,490	80,581
of which continuing operations	6,490	80,581
of which discontinued operations	0	0
- Acquisition of subsidiaries, net of cash acquired	0	1,114
- Purchase of investment properties	-335,129	-139,128
+ Disposal of investment properties	1,055,772	174,301
- Purchase of property, plant and equipment and intangible assets	-656	-1,136
+ Disposal of property, plant and equipment and intangible assets	175	319
- Payments into short-term deposits	-8,619	0
+ Proceeds from short-term deposits	4,103	37,485
- Investments in financial assets	0	-6,559
- Tax payments	0	-15,994
= Net cash flows from investing activities	715,646	50,402
of which continuing operations	715,646	50,402
of which discontinued operations	0	0
Non-cash changes in equity	17,835	0
+/- Transactions with non-controlling interests	-39,387	-18,000
+ Proceeds from issue of bonds	162,518	0

In EUR '000	9M 2022	9M 2021
– Repayment of bonds	-400,991	-330,435
– Repayment of convertible bonds	0	-90,264
– Interest payments	-47,139	-61,004
+ Proceeds from bank loans	45,642	483,928
– Repayment of bank loans	-532,893	-293,567
– Repayment of leasing liabilities	-1,157	-1,835
– Payment of interest portion of leasing liabilities	-122	-594
+ Proceeds from borrowings of loans and advances from affiliated companies	0	385,816
– Repayment of borrowing of loans and advances to affiliated companies	0	-252,537
= Net cash flows from financing activities	-795,694	-178,492
of which from continuing operations	-795,694	-178,492
of which from discontinued operations	0	0
Reconciliation to Consolidated Balance Sheet		
Cash and cash equivalents at beginning of periods	296,808	149,857
Non-cash changes in cash and cash equivalents from impairment losses	-179	-252
Changes in cash and cash equivalents in connection with non-current assets and disposal groups held for sale	-147,634	0
Net cash flow from operating activities	6,490	80,581
Net cash flow from investing activities	715,646	50,402
Net cash flow from financing activities	-795,694	-178,492
= Cash and cash equivalents at end of periods	75,437	102,096
of which from continuing operations	75,437	102,096
of which discontinued operations	0	0

/// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IFRS) for the period from 1 January to 30 September 2022

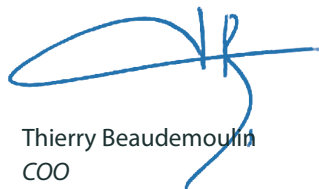
In EUR '000	Capital stock	Capital reserves
As at 1 January 2021	73,659	331,696
Consolidated net profit	0	0
Other comprehensive income (OCI) – reclassifiable	0	0
Other comprehensive income (OCI) – non-reclassifiable	0	0
Sum of Other comprehensive income (OCI)	0	0
Increase/decrease in shareholding with no change in status	0	-1,115
Change in scope of consolidation	0	0
Conversion of convertible bonds	651	7,457
Capital increase in kind	35,107	443,056
As at 30 September 2021	109,417	781,094
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
Sum of Other comprehensive income (OCI)	0	0
Increase/decrease in shareholding with no change in status	0	0
Change in scope of consolidation	0	0
Capital increase in kind	0	0
As at 30 September 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	68,153	68,153	6,044	74,197
0	7,725	0	7,725	0	7,725
0	0	0	0	0	0
0	0	0	0	0	3,017
0	0	0	-1,115	-5,699	-6,814
0	6	0	6	-920	-914
0	0	0	8,108	0	8,108
0	0	0	478,163	0	478,163
-877	-42,851	829,265	1,676,047	465,187	2,141,235
-875	-9,860	830,263	1,712,277	431,741	2,144,018
0	0	-255,841	-255,841	-82,421	-338,261
0	-2,019	0	-2,019	0	-2,019
0	0	0	0	0	0
0	-2,019	0	-2,019	0	-2,019
0	-3,389	0	-3,389	-36,683	-40,072
0	0	0	0	17,834	17,834
0	0	0	0	0	0
-875	-15,268	574,422	1,451,028	330,471	1,781,500

/// 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, 28 November 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
Thomas Zinnöcker	Member of the Supervisory Board
Management Board	
Thierry Beaudemoulin	Member of the Management Board (CEO and 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 30 September 2022



ADLER REAL ESTATE AKTIENGESELLSCHAFT
Berlin-Charlottenburg

Registered Office Location:
Am Karlsbad 11
10789 Berlin
Phone: +49 (30) 398 018 10
Email: info@adler-ag.com

www.adler-ag.com
