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ADLER Real Estate: Solid financial performance in first half of 2020

- **FFO I stable despite EUR 0.5 billion portfolio sales in 2019**
- **WACD improved to historical low of 1.96%**
- **EPRA NRV up 3.1% reaching EUR 2.3 billion**

Berlin, August 31, 2020 - The financial statements of ADLER Real Estate (ADLER) for the first half of 2020 are impacted by the fact that ADO Properties (ADO), which was included in the financial statements for the first time at the end of 2019, was deconsolidated with effect from 1 April 2020 after ADO successfully completed acquisition of ADLER. Additionally, ADO will replace its intercompany loan to ADLER by new ADLER equity. Financial performance of ADLER was impacted by disposal of parts of the BCP's commercial portfolio and 3,700 non-core residential units which were sold in the course of 2019.

Net rental income reflects portfolio disposals made in the previous year

Due to the disposals of non-core BCP assets in 2019 with a gross asset value (GAV) of EUR 520.3 million, net rental income in the first half of 2020 was at EUR 119.6 million 6.0% lower when compared to the same period in the prior year. Earnings from property lettings decreased by 6.4% to EUR 105.3 million.

FFO I stable despite disposals

Despite the decline in net rental income, FFO I remained stable year-on-year (YoY), reaching EUR 41.5 million (H1 2019: EUR 41.8 million).

EPRA NRV 3.1% higher

The EPRA NRV (excluding goodwill, fully diluted and adjusted for the announced capital increase from end of August) amounted to EUR 2,273.5 million at the end of the first half of 2020. This was 3.1% higher than in the comparative period of the previous year.

WACD reduced to 1.96%, lowest ever reported

The weighted average cost of debt has reduced further and as of 30 June 2020 reached 1.96%, the lowest level in the company's history.

Business combination with ADO successfully completed; integration progressing as planned

On 9 April 2020, ADO successfully closed the acquisition of ADLER (current ownership of c. 95%), creating one of the largest listed real estate companies in Europe. Significant progress has been made in the integration of both companies. On 28 April 2020, ADO announced it has initiated the process to implement a domination agreement with ADLER in order to further accelerate the integration. A dedicated Steering Committee has been established to oversee the integration, and considerable effort has been undertaken to sharpen the joint mission, vision and high-level strategy of the combined entity. The combined group is ahead of schedule in realizing its operational synergies of €9m run rate expected for year-end 2020. Additionally, ADO has decided as of 30 August 2020 to replace its intercompany loan to ADLER by new ADLER equity.

The full report for the first half of 2020 is available on the ADLER Real Estate AG website at www.adler-ag.com.

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