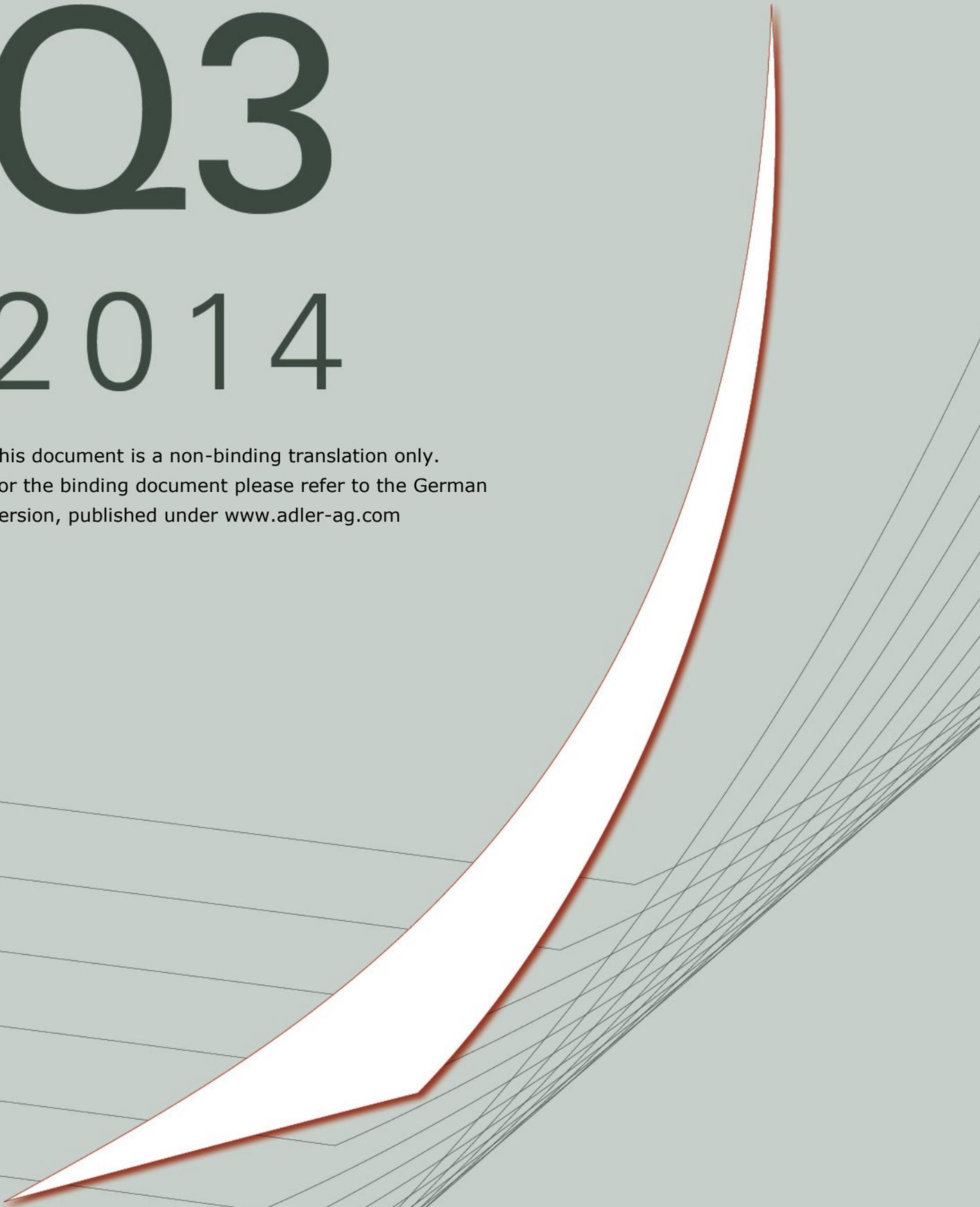


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2014

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version, published under www.adler-ag.com



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KEY FIGURES OF ADLER REAL ESTATE GROUP AS AT SEPTEMBER 30, 2014**Key Financial Figures as at September 30th, 2014**

In TEUR	30/ Sep/ 2014	31/ Dez/ 2013
Financial Ratios		
Shareholder equity	279,780	86,945
Subscribed capital	29,013	16,548
Consolidated total assets	1,297,258	460,888
In TEUR		
Consolidated Results (IFRS)		
	30/ Sep/ 2014	30/ Sep/ 2013
Rental income including auxiliary costs	51,520	9,713
Income from business combinations pursuant to IFRS	25,133	0
Fair-value-adjustments (write-ups)	104,950	47,388
Total operating income	187,123	57,751
EBITDA	145,451	59,134
EBIT	145,402	59,132
Consolidated result	101,070	42,190
Earnings per share in EUR	4.54	2.70
Earnings per share in EUR (diluted)	3.38	2.43
Headcount	83	11

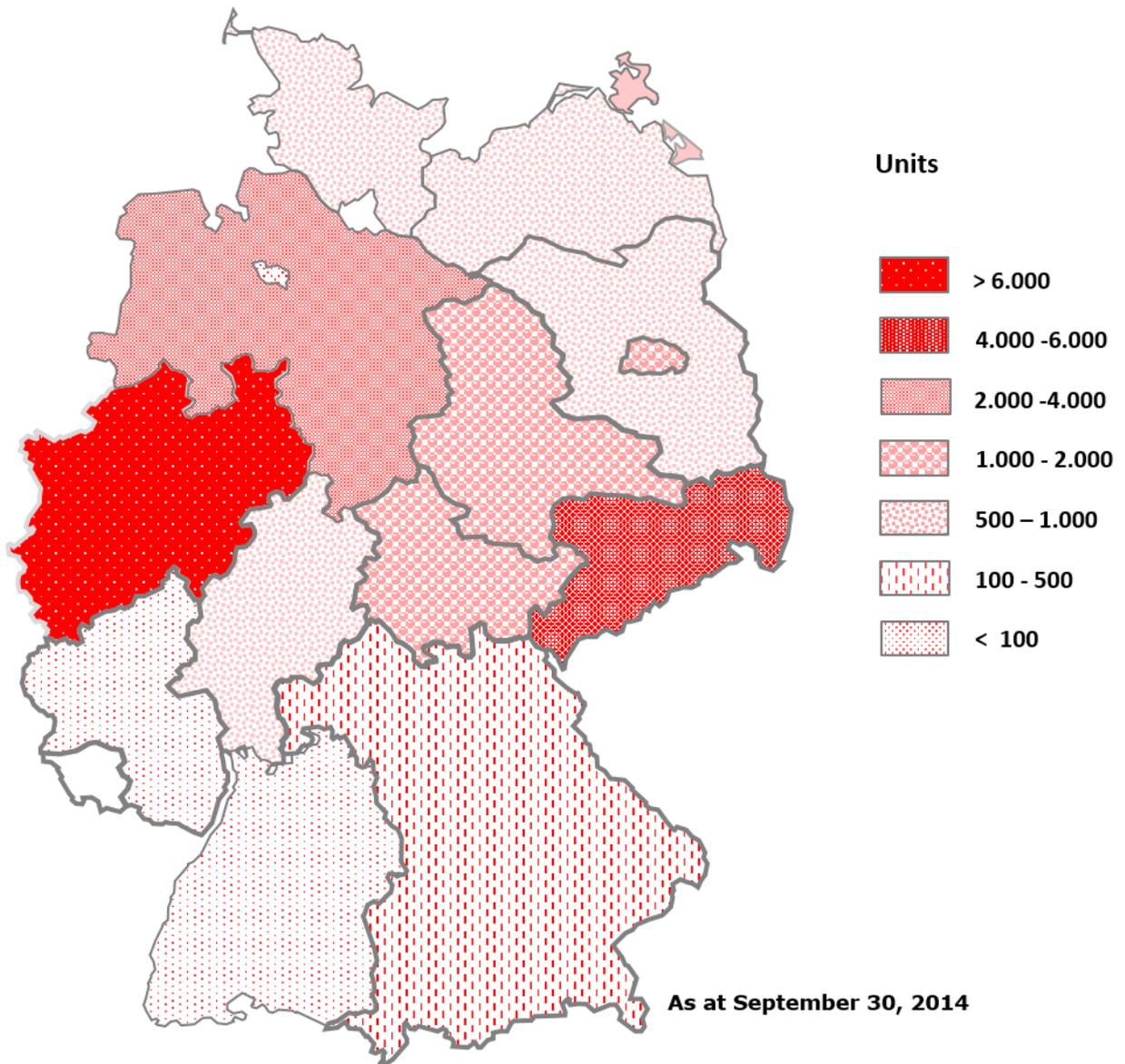
KEY FIGURES OF ADLER REAL ESTATE GROUP AS AT SEPTEMBER 30, 2014

Key Property Figures as at September 30th, 2014

Federal State	Total sqm	Total Units	Average Rent per sqm	Proportion of Total Portfolio
North-Rhine-Westphalia	479,782	7,170	5.10	34.55%
Saxony-Anhalt	281,624	4,427	4.61	20.28%
Lower-Saxony	188,794	3,061	4.77	13.59%
Saxony-Anhalt	92,236	1,610	4.79	6.64%
Berlin	86,208	1,295	5.20	6.21%
Thuringia	57,309	1,051	5.15	4.13%
Hesse	48,991	521	6.68	3.53%
Brandenburg	43,804	551	4.99	3.15%
Mecklenburg-Western-Pomerania	42,694	587	6.15	3.07%
Schleswig-Holstein	35,643	638	5.87	2.57%
Bavaria	14,158	161	5.66	1.02%
Bremen	6,163	9	3.43	0.44%
Baden-Württemberg	5,733	69	7.97	0.41%
Rhineland-Palatinate	5,706	65	5.44	0.41%
Sum	1,388,844	21,215	5.06	100%

OVERVIEW DISTRIBUTION OF LEASE UNITS

Distribution of Units



**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1st TO SEPTEMBER 30th, 2014****Hamburg November 14, 2014****Ladies and gentlemen,**

During 2014 we have achieved the company's biggest growth since we changed the Group's strategy from Commercial Real Estate development to becoming a residential property owner and Asset Manager. 2014 registered the biggest growth of its entire time as a property company. The two biggest acquisitions, the takeover of 92.7 percent of ESTAVIS AG, Berlin and the acquisition of a total of about 8,500 residential and commercial units, were concluded at the end of June 2014. During the third quarter of 2014 in addition to the Group's consolidation, efforts were focussed on operational efficiency. ADLER continues to pursue a profitable growth strategy. In July the Company increased the size of a Corporate Bond placed in March from the original EUR 50 million by a further EUR 50 million to EUR 100 million by means of a private placement. In October, that is to say after the end of the third quarter, we managed to secure a further important acquisition – the majority holding of a portfolio with about 6,750 units. We increased the nominal capital by about 10 percent at the end of October to improve capital resources.

Economic situation and real property markets

The concerns about the German economy as well as the global one deepened again in the period from July to the end of September 2014 and have not materially improved in the subsequent months. Major economic indicators such as the ifo Business Climate Index and the ZEW Index from the Mannheim Centre for European Economic Research have been falling for many months. In October the ZEW Index slipped into the negative zone for the first time since No-

vember 2012. The geopolitical crises in the Ukraine and the Middle East, among others, are the cause of these concerns. The stock markets reacted to the negative economic figures with a clear correction but this was already out of date after only a few weeks. In particular, Dow Jones, the most important share index, once more reached record highs in November, reflecting the unexpected growth of the US economy.

Because the European economy in particular is weakening slightly and the German economy is suffering from the crisis of falling exports, the American economy surprisingly recorded strong growth in the third quarter. Uncertainty about the economy is pushing the European Central Bank towards lower and lower interest rate measures. Thus for instance banks are being charged penalty interest i.e. in effect charged with negative interest on investments deposited with the central bank in order to force them to grant loans to strengthen the economy.

Given the extremely low interest rates environment, the situation with regard to financing property remains very favourable. After a late, long summer break, the property market in Germany did in fact start to grow again slightly. But compared with 2009 to 2013, rents and prices appear no longer to be rising as fast. According to the Empirica Analysis Institute, rents rose by 0.5 percent in the third quarter of 2014 compared with the previous quarter and by 3.0 percent compared with the same quarter of the previous year. In the medium term the market expects further weaker but continuous increases.

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1st TO SEPTEMBER 30th, 2014****Growth in ADLER Real Estate AG**

ADLER Real Estate AG was able not only to maintain its strong growth in the reporting period compared with the prior year but also to significantly increase it again. The first half year in particular was characterised by the biggest transactions in the history of ADLER as a property company. The major milestones were the takeover of 92.7 percent of ESTAVIS AG, Berlin and the acquisition of the biggest portfolio to date with a total of about 8,500 units. Both transactions were consolidated into the balance sheet date of the first half of the year. The subsequent third quarter of the current financial year was characterised by the consolidation of the acquisitions and preparation for further ones.

At the start of the financial year ADLER had initially concluded the acquisition of 95 percent (ultimately) of three portfolios with residential properties in the six Federal states of Schleswig-Holstein, Mecklenburg-Vorpommern, Saxony, Thuringia, North Rhine-Westphalia and Rhineland-Palatine. In addition, ADLER had added the investment already agreed in the prior year in a portfolio with 2,347 rent units in Lower Saxony including 1,219 in Helmstedt and another 1,128 south of Helmstedt to its books. ESTAVIS AG was taken over on the basis of an offer to exchange 14 ADLER shares for 25 ESTAVIS shares. The ADLER shares originated from a capital increase for investments in kind with the exclusion of a purchase option. At the end of the reporting period ESTAVIS had about 2,600 residential units on its books. The acquisition of another portfolio with about 4,300 units that ESTAVIS had agreed this March was concluded at the end of October, hence only after the end of the reporting period.

In the context of the consolidation ADLER took over ESTAVIS's housing management for the

group. ESTAVIS will in future concentrate via its subsidiary ACCENTRO on residential property privatisation. ACCENTRO contributed to group turnover with successful privatisations as early as the first quarter following consolidation in the expanded group i.e. in the third quarter of the current financial year.

By the end of this May ADLER had secured its biggest acquisition to date, which was finally concluded at the end of June. ADLER has invested almost exclusively in eight property-owning companies that between them have about 8,000 residential units and about 490 commercial ones available. Their total value comes to about EUR 409 million. The ongoing income from this portfolio began to flow into the ADLER Group accounts at the start of July.

In the reporting period ADLER successfully implemented several capital measures to finance the transactions and also future acquisitions. For the offer to exchange ESTAVIS shares for ADLER shares ADLER used a capital increase in kind with the exclusion of a purchase option. As a result, ADLER's nominal capital rose to EUR 28,779,614 million on 30.06.2014. At the end of March 2014 a further company loan was issued by means of a private placement with institutional investors with a volume of EUR 50 million. The coupon for this loan is 6.0 percent p.a. and is therefore less expensive than the company loan in March 2013. In July this 2014/2019 loan was increased by an additional EUR 50 million, once more by means of a private placement and on the same terms and conditions, bringing the total to EUR 100 million. The loan has since been traded in the Prime Standard segment.

Profit, financial and asset situation

The large-scale acquisitions within the first nine months and the consolidation of the new investments resulted in a significantly different picture

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1ST TO SEPTEMBER 30TH, 2014**

of the profit, financial and asset situation of the ADLER Group compared with the prior period. All the key figures have multiplied. Group turnover grew by nearly six times to EUR 62.3 million (prior year comparative period: EUR 11.05 million). The majority of this was attributable to rental income. About EUR 10.3 million (prior year: EUR 1.4 million) originated from sales of real property. Some EUR 7.2 million of this was contributed by ESTAVIS's subsidiary ACCENTRO through the privatisation of residential units. Additional income was derived from sales of residential building plots in the areas of Großbeeren on the southern side of Berlin and in Dallgow-Döberitz on the western side of the German capital.

The group profit has also grown considerably to EUR 101.1 million (prior year: EUR 42.2 million). The revaluations of the property companies taken over in the biggest acquisition to date (about 8,500 units) had a major impact on the profit and loss statement. The assets acquired were valued on the basis of external expert valuations and the available current bank valuations. This has led to considerable income from fair value adjustments of the order of EUR 105 million (prior year: EUR 47.4 million) which are however offset by deferred taxation of EUR 19.4 million (prior year: EUR 12.3 million).

The acquisition of shares in WBG GmbH which holds the residential property portfolios in Helmstedt and Schöningen in Lower Saxony was treated in accordance with the provisions of IFRS 3. The corresponding other operating income amounted to EUR 26.4 million (prior year: EUR 0.03 million). By contrast, the increase in investments in the portfolios originally acquired in Autumn 2013 and completed in February 2014 and the takeover of ESTAVIS had a neutral impact on the results.

The significant increase in the cost of materials to EUR 31.2 million (prior year: EUR 5.8 million)

reflects the growing facility management costs of the considerably increased housing stock. The cost of finance also increased significantly.

The early issue of the 2014/2019 Corporate Bond led to increased interest charges in the reporting period that were not all matched by sufficient interest-bearing assets. Moreover, the profit and loss has been charged with numerous one-off costs related to the above-mentioned transactions and capital measures, which were not yet matched with the corresponding rental income. One-off non-capitalisable acquisition overheads and one-off costs incurred in the course of the restructuring of finance came to a total of about EUR 3.2 million in the reporting period.

The group balance sheet was considerably expanded by ADLER's investments. The group balance sheet total rose at the end of the reporting period to a total of EUR 1.297 billion. (end of 2013: EUR 460.9 million). The biggest item in the balance sheet is the investments in the residential property portfolios, which grew to a total value of EUR 1.07 billion. (end of 2013: EUR 417.9 million). The improvement in the group's profits was reflected in equity that had increased to EUR 279.8 million (end of 2013: EUR 86.9 million) so at the end of September 2014 the company had attained an equity ratio of 21.5 percent.

The cash inflow from operating activities of EUR 6.9 million (prior year: EUR 2.0 million) is positive and reflects the ongoing residential rental business and the disposal of residential building plots. The cash flow was impacted by acquisitions made by ESTAVIS AG for the purpose of its trading activities. The cash outflows from investment activities amounting to EUR -92.6 million (prior year: EUR -93.28 million) were almost entirely the result of the acquisition of housing associations. The cash inflow from financing activities of EUR 116.1 (prior year: EUR 96.8) arose from the issue of a Corporate Bond and from other loans

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1st TO SEPTEMBER 30th, 2014**

taken up to finance the acquisition of the property portfolios.

Risk report

The ADLER group has a risk management system that is tailored to the current scale of the company with its flat hierarchical levels. In the reporting period and thereafter up to the date of the production of this report, the Executive Board of ADLER Real Estate AG were not aware of any risks that threaten the present or future existence of ADLER Real Estate. The statements published in the risk report of the 2013 management report remain valid.

Employees

ADLER Real Estate AG as the group holding company does not employ any staff apart from the Executive Board. The office organisation and dealing with operational tasks within the group is mainly done by the wholly-owned subsidiary ADLER Real Estate Service GmbH which had 29 employees as at the end of September 2014. The employees of this company are deployed flexibly and according to their expertise in the specific project companies. Together with the employees in the property companies and of ESTAVIS, as at the balance sheet date of the reporting period ADLER employed 83 full and part-time staff.

Opportunities and forecast report

The current financial year of 2014 will represent by far the greatest growth in ADLER Real Estate AG's history as a property company. After the end of the reporting period i.e. in the last quarter of the year, the company's efforts bore fruit in another major acquisition initiated in the previous months. At the end of October ADLER

contractually agreed to purchase a majority holding in a large residential property portfolio with about 6,750 units. This purchase consists of the majority holding in the residential building company Jade mbH in Wilhelmshaven on the North Sea coast in Lower Saxony and its subsidiaries that are responsible for property and facility management. Following the conclusion of the takeover, which is planned for the year end, ADLER will have about 32,250 residential units on its books, which will generate annual rental income for the group of about 108 million Euros.

In order to strengthen its financial position, at the end of October ADLER also successfully implemented a capital increase of about ten percent. 2.85 million new shares from authorised capital were placed, with the exclusion of a purchase option for existing shareholders, with institutional investors in the country and elsewhere in Europe. The placement price per share was 7.40 Euros. The gross issue proceeds from the capital increase raised c. EUR 21.09 million. The nominal capital according to the company articles was therefore about EUR 31.42 million as of 30.10.2014.

The disposal of old stocks from the time of ADLER's strategic repositioning to becoming a major residential property company was also successful. Thus for instance it was possible to sell the residential projects in McKinney, Texas in October after the completion of the construction work. The accounting profit generated comes to around EUR 1.4 million. ADLER is also receiving income totalling about EUR 5.3 million for the resources used for the project as a result of this transaction. ADLER is expecting further funds from other intended sales of old stocks to strengthen its finances.

The property portfolio increased during the reporting period from about 7,797 units (at the end of 2013) to about 21,215 by the end of September 2014. This growth forms the basis for the

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1st TO SEPTEMBER 30th, 2014**

company's profitable growth and generation of net cash inflow from the property portfolios after deduction of all costs. The acquired property portfolios are professionally managed, and benefit from an in house property reposting software which ADLER specially had developed which allows for a comprehensive overview of the portfolio's performance. Thanks to targeted investment for the modernisation of currently vacant units and for energy efficiency improvements, the letting ratio is being improved and an opportunity for increasing rental income in the medium term is created.

The expanded business volume, the robust income situation and the significantly increased market capitalisation make ADLER increasingly interesting to international investors, which leads to further opportunities for growth. The increased market capitalisation of the company on the stock exchange and increased trading in its shares evidence growing interest in ADLER. The probability of ADLER's shares being included in the SDAX share index next year has increased.

ADLER will continue to stay on course for growth and will further expand professional management of its housing stock. The turnover, income and asset situation for the full year will significantly exceed that of the prior year and the key balance sheet and profit and loss statement figures will also grow in the coming year.

Axel Harloff

Chairman

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014
CONSOLIDATED BALANCE SHEET (IFRS) AS AT SEPTEMBER 30th, 2014

Assets	30/ 09/ 2014	31/ 12 /2013
Non-current assets	1,114,196,458.83	423,059,975.84
Goodwill	19,965,345.83	0.00
Intangible assets	11,521,832.50	6,517.00
Property, plant and equipment	496,546.58	40,620.88
Investment properties	1,071,830,906.36	417,865,000.00
Loans to associated companies	1,135,610.22	1,135,610.22
Investments in associated companies	6,020,709.71	3,460,123.54
Deferred tax claims	3,225,505.63	552,104.20
Other financial investments	2.00	0.00
Current assets	183,061,754.57	37,827,939.45
Inventories	40,580,843.57	18,848,052.78
Trade receivables	18,146,422.99	3,390,788.71
Income tax claims	62,231.33	19,254.86
Other current assets	88,071,941.54	9,696,321.44
Cash and cash equivalents	36,200,315.14	5,873,521.66
Assets	1,297,258,213.40	460,887,915.29

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014
CONSOLIDATED BALANCE SHEET (IFRS) AS AT SEPTEMBER 30th, 2014

In EUR	30/09/2014	31/12/2013
Equity and liabilities		
Shareholders' equity	279,780,223.62	86,945,292.35
Capital stock	29,013,424.00	16,547,824.00
Capital reserve	89,505,030.43	13,131,497.03
Earnings reserves	160,273.68	160,273.68
Currency translation reserve	27,736.42	-59,014.98
Retained profit	138,507,666.13	42,554,317.36
Minority interests	22,566,092.96	14,610,395.26
Non-current liabilities	925,946,411.45	340,947,837.89
Pension reserves	3,039,173.32	724,200.00
Accounts payable for deferred taxes	42,923,480.29	15,570,068.85
Other provisions and accrued liabilities	1,406,498.75	65,489.11
Accounts payable from convertible bonds	35,630,389.53	18,381,947.50
Accounts payable from bonds	140,511,369.96	33,283,001.99
Financial liabilities to banks	700,901,618.30	271,567,080.46
Other non-current liabilities	1,533,881.30	1,356,049.98
Current liabilities	91,531,578.33	32,994,785.05
Other provisions and accrued liabilities	3,120,284.35	204,683.00
Income tax liabilities	2,074,737.11	411,813.74
Accounts payable from convertible bonds	21,644.28	16,097.97
Accounts payable from bonds	1,543,664.37	2,290,582.20
Financial liabilities to banks	36,197,017.49	3,686,624.31
Trade payables	16,596,941.51	5,953,023.41
Other current liabilities	31,977,289.22	20,431,960.42
Equity and liabilities	1,297,258,213.40	460,887,915.29

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014
CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED EARNINGS (IFRS)
FOR THE PERIOD FROM JANUARY 1st TO SEPTEMBER 30th, 2014

In EUR	01.01. - 30/09/2014	01.01.- 30/09/2013
Revenues	62,342,080.06	11,046,652.35
Changes in inventories	-6,592,729.72	-717,976.67
Other operating income	26,422,810.71	33,725.17
Income from fair value adjustments to investment properties	104,950,363.93	47,388,351.58
Total operating income	187,122,524.98	57,750,752.43
Cost of materials	-31,228,258.07	-5,785,794.77
Personnel expenses	-2,851,473.69	-764,761.19
Depreciation and allowances	-49,279.02	-2,271.60
Other operating expenses	-7,546,574.06	-855,299.21
Net income from associated companies measured at equity	-45,303.89	8,789,378.68
Net operating income	145,401,636.25	59,132,004.34
Interest income	821,809.26	470,602.77
Financing costs	-25,752,871.50	-5,093,626.63
Earnings before taxes	120,470,574.01	54,508,980.48
Taxes on income	-19,400,725.59	-12,319,097.50
Consolidated result	101,069,848.42	42,189,882.98
Gains/losses from currency translation	86,751.40	-25,632.45
Gains/losses that can be reclassified	86,751.40	-25,632.45
Net result	101,156,599.82	42,164,250.53
Of the consolidated result attributable to:		
Shareholders of the parent company	95,953,340.37	39,388,230.46
Minority interests	5,116,508.05	2,801,652.52
Of the net result attributable to:		
Shareholders of the parent company	96,040,091.77	39,362,598.01
Minority interests	5,116,508.05	2,801,652.52
Earnings per share, undiluted	4.54	2.70
Earnings per share, diluted	3.38	2.43

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014**CONSOLIDATED CASH FLOW STATEMENT (IFRS) FOR THE PERIOD FROM JANUARY 1st TO SEPTEMBER 30th, 2014**

In EUR	01.01. - 30/09/2014	01.01. - 30/09/2013
Net operating income	145,401,636	59,132,004
+ Depreciation on fixed assets	49,279	2,272
-/+ Income/expenses with no effect on cash flow	-131,095,085	-56,176,271
- Decrease in provisions and accrued liabilities	-1,745,796	-44,776
-/+ Increase/decrease in inventories, trade payables and other assets not attributable to financing activity	767,425	593,039
-/+ Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	-5,888,918	-844,349
+ Interest payments received	272,658	22,256
- Interest payments made	-170,340	-659,728
+/- Tax payments	-726,453	-1,470
= Net cash flow from current business activity	6,864,406	2,022,977
-/+ Acquisition of affiliated companies, less net cash and cash equivalents acquired	-58,420,141	-88,197,260
+ Sale of investment properties, less net cash and cash equivalents sold	250,000	2,418,119
- Payments made for investments in property, plant and equipment	-9,113	-6,514
- Payments made for purchases of investment properties	-9,331,536	-339,620
- Payments made for short-term investments	-25,126,721	-3,730,000
- Payments made for investments in financial assets	0	-3,394,110
= Net cash flow from investment activity	-92,637,511	-93,249,385
- Payments made for expenses relating to equity contributions	-695,547	0
+ Payments received from equity contributions	0	3,600,000
+/- Other changes in shareholders' equity with no effect on cash flow	0	-51,386
+ Payments received from the issuance of convertible bonds	0	10,000,000
+ Payments received from the issuance of bonds	100,000,000	35,000,000
+ Payments received from third-party loans	0	18,438,528
- Payments made for expenses relating to equity contributions	-4,222,503	-2,342,916
- Interest payments made	-17,654,073	0
+ Payments received from bank loans	388,454,524	32,401,521
- Payments made for the repayment of bank loans	-349,782,504	-255,622
= Net cash flow from investment activity	116,099,897	96,790,124
<i>Transition to balance sheet</i>		
Cash and cash equivalents at beginning of period	5,873,522	1,084,477
Net cash flow from current business activity	6,864,406	2,022,977
Net cash flow from investment activity	-92,637,511	-93,249,385
Net cash flow from financing activity	116,099,897	96,790,124
= Cash and cash equivalents at end of period	36,200,314	6,648,193

CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) FOR THE PERIOD
FROM JANUARY 1st TO SEPTEMBER 30th, 2014

in '000	Subscribed capital	Own shares	Capital reserve	Retained profit	Currency translation reserve	Net profit/ loss	Capital and reserves attributable to the shareholders of the parent company	Minority interests	Total equity
As at January 1, 2013 (adjusted)	15,000	-810	8,255	105	-10	3,791	26,331	118	26,449
Net result	0	0	0	0	-26	39,388	39,362	2,802	42,164
Other result - reclassifiable	0	0	0	0	0	0	0	0	0
Other result - non-reclassifiable	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	6,371	6,371
Share increase in portfolios without any change in status	0	0	0	0	0	0	0	0	0
Capital increase	1,501	0	2,101	0	0	0	3,602	0	3,602
Issue of own shares	0	810	885	0	0	0	1,695	0	1,695
Convertible bond issue	0	0	812	0	0	0	812	0	812
Conversion of convertible bond	0	0	0	0	0	0	0	0	0
As at September 30, 2013	16,501	0	12,053	105	-36	43,179	71,802	9,291	81,093
As at January 1, 2014	16,548	0	13,132	160	-59	42,554	72,335	14,610	86,945
Net result	0	0	0	0	0	95,954	95,954	5,116	101,070
Other result - reclassifiable	0	0	0	0	87	0	87	0	87
Other result - non-reclassifiable	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	8,145	8,145
Increased share in portfolios without any change in status	0	0	11,013	0	0	0	11,013	-7,652	3,361
Capital increase	12,021	0	64,690	0	0	0	76,711	0	76,711
Issue of own shares	0	0	0	0	0	0	0	0	0
Convertible bond issue	0	0	0	0	0	0	0	0	0
Conversion of convertible bond	444	0	670	0	0	0	1,114	2347	3,461
As at September 30, 2014	29,013	0	89,505	160	28	138,508	257,214	22,566	279,780

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014**Accounting and valuation methods**

The interim financial statements as at 30 September 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU. In the course of preparing the interim financial statements and determining comparative figures for the prior year the same consolidation principles and accounting and valuation methods were applied as in the 2013 consolidated financial statements. A detailed description of these methods was provided in the annex to the 2013 consolidated financial statements. The present interim consolidated financial statements comply with the rules on interim reporting in IAS 34.

Companies included in the consolidation

The interim financial statements were prepared in the name of ADLER Real Estate AG, Frankfurt am Main, the parent company. As at the reporting date the consolidation includes eighty-three fully consolidated companies and nine companies which are recognised at equity.

The purchase of shares in WBG GmbH occurred at the end of January 2014 and was treated as a merger in accordance with IFRS 3. This gave rise to "badwill" which was immediately transferred to the profit and loss under other operating income.

In February 2014 ADLER increased its holding in three portfolios from an initial 50.05 percent to 94.9 percent and in another portfolio from 75.0 percent to 94.9 percent. The share purchases were recognised in consolidated equity as an increase in shareholdings without any change of status and with no impact on the profit and loss.

In April 2014 ADLER AG submitted a takeover bid to the shareholders of ESTAVIS AG and offered them the option to exchange their shares for new shares in ADLER AG. This takeover bid was accepted by around 92.71% of the share

holders of ESTAVIS AG as at the date of the exchange. 21,465,229 shares in ESTAVIS AG were exchanged for 12,020,528 shares in ADLER AG.

The takeover of 92.71% of the shares incurred costs of EUR 77.4 million which derive from the fair value of the shares of ADLER AG as at the date of the entry of the capital increase in ADLER AG implemented for this purpose (date of acquisition), i.e. 24 June 2014. The initial consolidation occurred on 30 June 2014. The goodwill as at 30 September 2014 increased by EUR 2.4 million to EUR 19.9 million as a result of the continuation of the provisional purchase price allocation and the provisional revaluation balance sheet of ESTAVIS AG.

The purchase price allocation of the acquisitions of WBG GmbH and ESTAVIS AG is by and large provisional since, especially with regard to ESTAVIS AG, the purchase date was before the reporting date and the allocations to be taken as a basis were not yet in their final form.

An additional transaction involved the takeover of eight property holding companies which were included in ADLER AG's consolidated financial statements as at 30 June 2014. These takeovers were not implemented in accordance with IFRS 3 but as the takeover of individually identifiable assets and liabilities. The revaluation of the investment properties led to income from fair value adjustments.

Notes on the asset, financial and profit situation

The shareholdings in associated companies increased by EUR 1.7 million to EUR 6.0 million mainly because of the purchase of ESTAVIS AG.

As a result of the purchase and the fair value valuation of the new acquisitions, the investment properties balance sheet item increased

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014

from EUR 417.9 million as at 31.12.2013 to EUR 1,071.8 million as at 30 September 2014.

The other short-term asset values as at 30 September 2014 amounted to EUR 88.1 million (prior year: EUR 9.7 million) and relate mainly to payments made in advance for properties held for sale of EUR 29.6 million, finance for specific purposes of EUR 19.9 million and short-term financial investments of EUR 15.9 million.

The non-restricted cash and cash equivalents as at the reporting date stood at EUR 36.2 million compared with EUR 5.9 million as at the prior year end.

The issued Corporate Bonds are shown in the accounts at EUR 176.1 million as long-term liabilities. The level of convertible bonds to be included in equity is EUR 1.8 million. As at the reporting date of 30 September 2014, 492,896 notes had been converted.

ADLER's share capital changed to EUR 29.0 million in light of the takeover of ESTAVIS AG and the capital increase associated with it and also as a result of conversions of the convertibles notes.

The equity increased to EUR 279.8 million (prior year: EUR 86.9 million) due to the profit as at 30 September 2014, increases in shareholdings without any change of status, the initial consolidation of WBG GmbH and ESTAVIS AG and the acquisition of the eight property-owning companies and also due to the above-mentioned capital measures.

ADLER Real Estate AG's consolidated revenues totalled EUR 62.3 million (prior year comparative period: EUR 11.0 million) in the first nine months. Sales of residential property of EUR 10.3 million are above the prior year level (prior year comparative period: EUR 1.4 million). Of this, EUR 7.2 million relate to ESTAVIS AG's privatisation business, EUR 3.1 million are attributable to other disposals of residential property. The income from rents, leases and ancil-

lary costs increased to EUR 52.0 million - including payments in advance for operating costs - due to the newly acquired business (prior year comparative period: EUR 9.7 million).

Change in inventories amounted to EUR -6.6 million as at 30 September 2014 (prior year comparative period: EUR -0.7 million) and were mainly the result of the sale of an ESTAVIS AG portfolio.

Other operating income amounted to EUR 26.4 million (prior year comparative period: EUR 0.1 million) and relates to the difference calculated within the scope of the purchase price allocation for WBG GmbH which was immediately recognised in profit and loss as a one-off effect. This negative difference is mainly attributable to the fair value of the investment properties shown in the accounts of WBG GmbH exceeding the purchase price. These measurements were supported by valuations of independent experts.

Cost of materials up until 30 September 2014 increased to EUR 31.2 million (prior year comparative period: EUR 5.8 million) and mainly relate to advance payments for operating costs, the increase also being affected by new the newly acquired business.

Deferred taxes resulting from the fair value adjustments and deferred taxes on losses carryforwards were recognised as income taxes, and amounted to EUR 19.4 million (prior year comparative period: EUR 12.4 million).

Finance expenses rose to EUR 25.8 million (prior year comparative period: EUR 5.1 million) in line with the higher financing volume.

The Group generated an operating profit (EBIT) of EUR 145.4 million (prior year comparative period: EUR 59.1 million) in the reporting period.

In the third quarter of 2014 the cash inflow from ADLER Real Estate AG's operating activities was largely impacted by cash outflows for

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30th, 2014

ESTAVIS AG property acquisitions earmarked for its trading activities. This resulted in a cashflow from operating business activities of EUR 6.9 million. In the first nine months the company's cashflow was mainly affected by the purchase of residential properties as well as the financing and refinancing of those properties.

The profit for the reporting period is unaffected by seasonal fluctuations. As at the reporting date of 30 September 2014 ADLER Group had eighty-three full and part time employees (prior year: 11).

Segment report (IFRS) as at 30 September 2014

Since the ADLER Group covers only one segment, the consolidated balance sheet and income statement are submitted to the Board in the regular form.

The level of profitability is the segment profit, which corresponds to the consolidated operating profit. The segment assets and the segment liabilities correspond to the figures in the consolidated balance sheet.

Other statements

Affiliated companies and affiliated persons

There have been no major changes regarding affiliated companies or affiliated persons compared with the statements made on 31 December 2013.

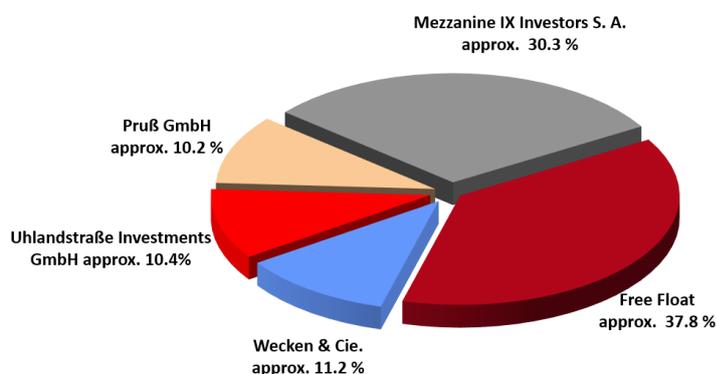
Risk report

With regard to the risks to the company's future growth, we refer to the report on risks in the consolidated financial statements as at 31 December 2013.

SHAREHOLDER STRUCTURE

The offer to exchange shares for the takeover of ESTAVIS AG had already materially changed the shareholder structure by the end of the first half of the year. With the issue of new ADLER shares in exchange for ESTAVIS shares the nominal capital had already increased as at 30 June 2014 to 28,779,614 Euros or 28,779,614 shares. During the subsequent months to the end of September 2014, the nominal capital increased again to EUR 29,013,424 or 29,013,424 shares since the owners of the 2013/2017 and 2013/2018 convertible bonds partly exercised their conversion options. The biggest shareholder of ADLER at 30.3 percent as at 30.09.2014 is still Mezzanine IX. Investors S.A.

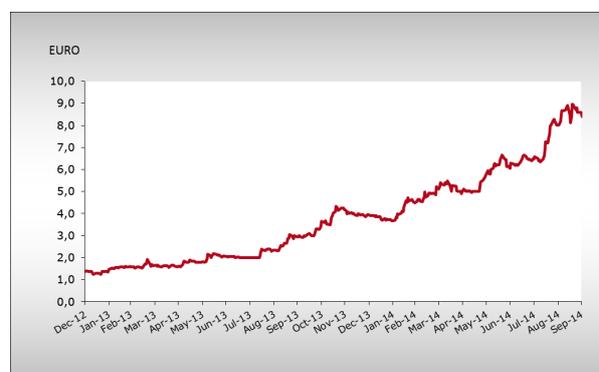
In October (fourth Quarter of the year) ADLER increased its nominal capital by circa ten percent (10%) to EUR 31.86 million. You will find the current figures on the ADLER Real Estate AG website at www.adler-ag.com under the Investor Relations tab. As at 30 September 2014 the shareholder structure was as follows:



Shareholder Structure as at September 30, 2014

FINANCIAL COMMUNICATION AND SHARE INFORMATION

ADLER Real Estate AG shares have been traded on the Prime Standard of the Frankfurt Stock Exchange since 4 September 2013. Since then, ADLER has expanded its financial communications to meet the greater transparency requirements of this stock market segment. In addition to the regular preparation of quarterly reports in German and English, it participates in capital markets conferences, seeking and maintaining contacts with investors and their representatives. Thus, the Company has made itself more attractive to a wider and more international group of investors. Company news and additional information is posted promptly on the website of ADLER Real Estate AG at www.adler-ag.com.



Performance of ADLER stock from January 1, 2014 to September 31, 2014

SHARE INFORMATION

Name	ADLER Real Estate AG
Registered office location	Frankfurt/Main HRB 7287
WKN	500 800
ISIN	DE005008007
Ticker Symbol Reuters	ADL ADLG.DE
Industry	Real Estate
Market Segment	Regulated Market
Indices	CDAX, Prime Standard Index, DIMAX
Stock Exchange	Xetra, Frankfurt am Main
Designated Sponsor	Close Brothers Seydler Bank AG
Subscribed Capital	€ 29,013,424 divided into 29,013,424 non-par bearer shares (as at September 30, 2014)

LEGAL REMARKS

This report contains future-oriented statements that reflect the current management 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.

FINANCIAL CALENDARS AND IMPRINTS**Financial Calendars**

April 2015
Annual Report 2014

August 2015
Half-Year Report 2015

May 2015
Interim Report First Quarter 2015

November 2015
Interim Report Third Quarter 2015

Imprints**Publisher**

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Supervisory Board

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Thomas Katzuba von Urbisch, Monte Carlo/
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(Vice Chairman)
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