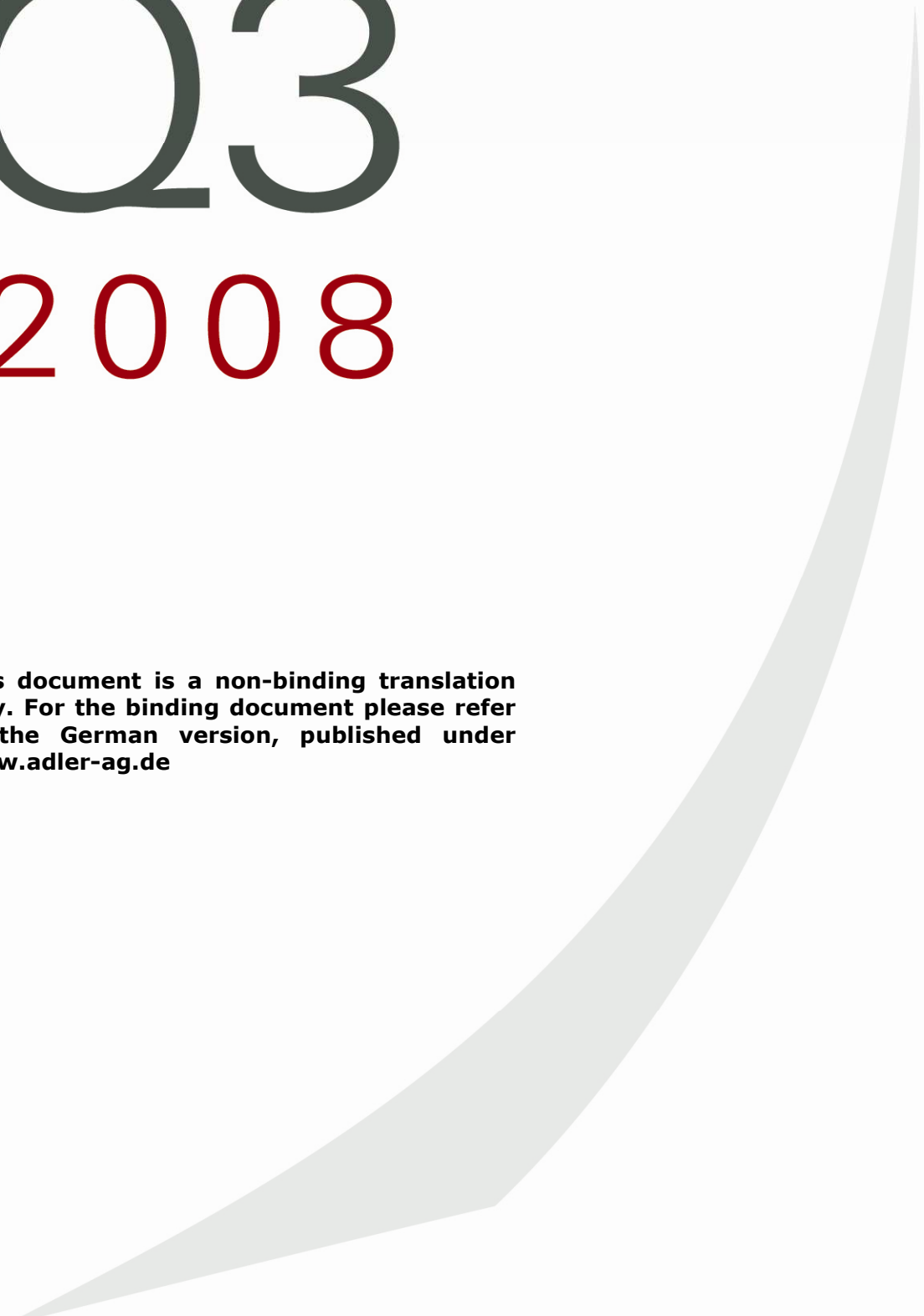


# Q3

## 2008

**This document is a non-binding translation only. For the binding document please refer to the German version, published under [www.adler-ag.de](http://www.adler-ag.de)**



**FINANCIAL RATIOS ADLER REAL ESTATE GROUP**

In EUR	September 30 <sup>th</sup> , 2008	September 30 <sup>th</sup> , 2007
<b>Balance Sheet Ratios</b>		
Shareholders' equity	32,407,745	34,995,061
Equity ratio	74,4%	79,6%
Subscribed capital	15,000,000	15,000,000
Total assets	43,585,037	43,983,684

In EUR	September 30 <sup>th</sup> , 2008	September 30 <sup>th</sup> , 2007
<b>Key Figures</b>		
Total operating income	3,140,734	15,296,532
EBIT	-2,413,363	7,254,245
Net profit for the period	-2,355,984	7,597,393
Earnings per share	-0.15	0.51
Employees	23	17

---

## CONTENTS

4	Foreword of the Management Board
5	The ADLER-Stock and Investor Relations
7	Interim Management Report for the period from January 1 <sup>st</sup> , to September 30 <sup>th</sup> , 2008
10	Consolidated Balance Sheet (IFRS) as of September 30 <sup>th</sup> , 2008
12	Consolidated Income Statement (IFRS) as of September 30 <sup>th</sup> , 2008
13	Consolidated Cash Flow Statement (IFRS) for the period from January 1 <sup>st</sup> , to September 30 <sup>th</sup> , 2008
14	Consolidated Statement of Changes in Equity (IFRS) for the period from January 1 <sup>st</sup> , to September 30 <sup>th</sup> , 2008
15	Notes to Interim Financial Statements as of September 30 <sup>th</sup> , 2008
17	Declaration Pursuant
18	Certificate of Audit Review
19	Legal Remarks
20	Financial Calendars and Imprints

## FOREWORD OF THE MANAGEMENT BOARD

Dear Sir or Madam,

As we are preparing this foreword, the international financial markets and the entire global economy are in the midst of one of the worst crises of the last 100 years. In the wake of the US mortgage crisis, banks all over the world came under pressure, followed by the stock markets and the general economy, and global currencies have also encountered considerable turbulence recently. Like for every company, it is difficult for us too to foresee the general development and draw the necessary conclusions for our business in these days.

But this much is clear: these ominous and unexpected developments are affecting our position. The crisis has already affected our plans to expand our asset and property management business, since interest in German real estate investments from US and British investors has come to a standstill, so that there is no demand for asset and property management services from this side at the moment. An increase in investments by our partner, AIG Global Real Estate Group, whose parent company, the world's largest insurer, had to be rescued by the US government from the throes of the financial crisis and has been virtually nationalized, cannot be expected in the near term. Moreover, we cannot rule out the possibility of changes in AIG's share ownership in the course of its recovery and consolidation.

The crisis has made it much more difficult to obtain financing for large real estate projects. As a result, we must assume that we will not be able to execute any more major transactions this year. Even in the residential property market, prospective buyers are becoming much more cautious, which could extend the time needed to market our properties in Berlin and Moosburg / Isar. Accordingly, it appears that we will not be able to meet our earnings target, i.e. 10%-15% of shareholders' equity. We currently expect our earnings this year to be neutral or even slightly positive.

The crisis did not find us unprepared. In fact, the sale of our property for logistic space in Duisburg, which will not have an impact on earnings until the fourth quarter, will bring a clear improvement to our liquidity position: today it already accounts for over 20% of our total assets. Our debt and financing expenses are relatively low, and our equity ratio remains high. Moreover, all of our projects are progressing according to plan. Necessary amendments to development plans and public permits, which require a great deal of time and which will lead to a substantial increase in the value of some of our most important assets, are currently in the process of approval.

Finally, our portfolio is not one-sided, but is rather broadly diversified. In addition to commercial projects, we also have residential projects, spread out over various regions. Therefore, we are well-positioned to withstand the global economic crisis and maybe even take advantage of arising opportunities. After all, the crisis will inevitably be followed by an upswing.

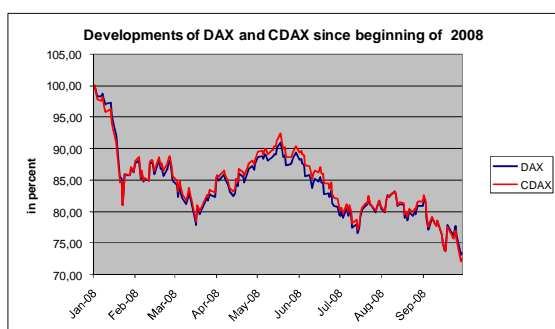
Barbara Yaltrak

Axel Harloff

## THE ADLER STOCK AND INVESTOR RELATIONS

### Market Mood

The financial crisis already building for more than a year culminated in a near collapse of all global financial markets in the third quarter of 2008. The final trigger of one of the worst financial crises in history was the collapse of the US investment bank Lehman Brothers. After some initial hesitation, the governments of the major industrialized countries have to date managed to avert the worst through programs on a scale of hundreds of billions of dollars. Stock markets have reacted with major drops and record volatility. In addition to the immense concerns in the financial sector, widespread fear of recession has appeared. From the start of 2008, the DAX had fallen from 8,046 points by more than 40% to around 4,650 points by mid-October.



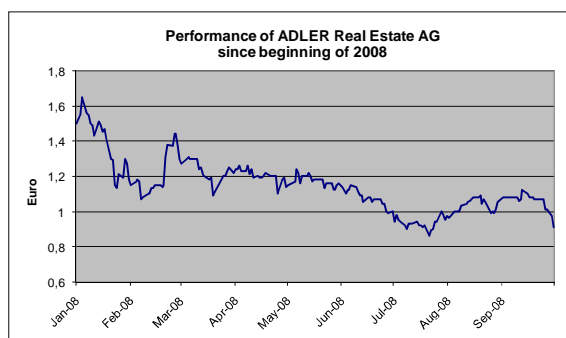
Real estate stocks have followed the general downward trend, losing between 30% and 80% of their value in the course of the year to date. Future price performance will depend on general economic trends. Experts are currently debating whether the global economy is now "merely" experiencing a recession or is sliding into a deep and prolonged depression. Real estate corporations with high portions of commercial assets could be particularly affected by the downturn.

### Performance of Real Estate Shares

German real estate shares continued to perform weakly in the reporting period. Measured in terms of the German Real Estate Stock Index (DIMAX), German real estate stocks lost an average of 28.56% of their value. The DIMAX fell from 367 points at year-end 2007 to 262.54 points at the end of September 2008.

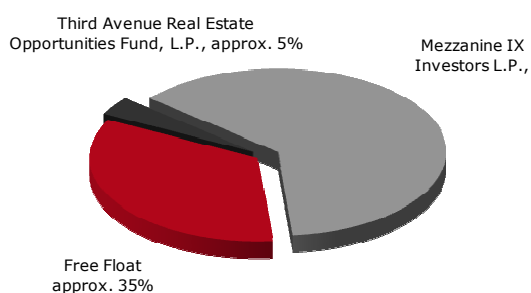
### ADLER Share Performance

Amidst this dramatically deteriorated background, the price of the ADLER share has continued to perform very unsatisfactorily. Though the decline was initially stopped in August, when the ADLER share listed well above one Euro again, the stock got caught in the general wake and lost ground again. On September 30, 2008 the share listed at EUR 0.91.



## Shareholder Structure

The shareholder structure of ADLER Real Estate AG has remained unchanged from June 30, 2008. In addition to the U.S. investor Mezzanine IX Investors L.P., which holds approx. 60% of the shares, the shareholding of Third Avenue Real Estate Opportunities Fund, L.P. amounts to approx. 5%. Approximately 35% of the shares are currently in free float.



Stand as of: 09/30/2008

## Investor Relations

The financial communications of ADLER Real Estate AG are oriented on the standards of the Prime Standard segment. In addition to the regular preparation of quarterly reports in German and English, capital market conferences and investor meetings are attended. Current business news and further information are moreover published promptly at the website of ADLER Real Estate AG ([www.adler-ag.de](http://www.adler-ag.de)).

Name	ADLER Real Estate AG
Registered office location	Frankfurt/Main HRB 7287
SIN (15 million non-par shares)	500 800
ISIN	DE0005008007
Ticker Symbol Reuters	ADL ADLG.DE
Industry	Real Estate
Listed at	Official trading
Indices	CDAX, General Standard Index, DIMAX
Stock Exchange	Xetra, Frankfurt, Berlin-Bremen, Duesseldorf, Hamburg, Munich
Designated Sponsors	UniCredit /Bayerische Hypo- und Vereinsbank AG, Close Brothers Seydler AG
Subscribed Capital	EUR 15 million, splitted into 15 million non-par shares

---

**INTERIM MANAGEMENT REPORT FOR THE PERIOD OF JANUARY 1<sup>st</sup> TO SEPTEMBER 30<sup>th</sup>, 2008**

ADLER Real Estate AG and its subsidiaries made progress in their real estate project developments in the first nine months of 2008. The most significant transaction of the year was the sale of the Duisburg logistics center property already concluded in July. However, this transaction will not affect ADLER's earnings until the fourth quarter, since benefits and encumbrances do not pass to the buyer until the purchase price is paid, in October. The third quarter has been characterized by the turbulence on the international financial markets, leading to a sharp drop-off in large commercial projects. Potential buyers in the residential real estate market are also increasingly cautious.

**Asset Management**

No significant changes occurred in our asset management business in the third quarter due to the general situation and the summer vacation. In addition to its own properties, ADLER manages the "German portfolios", in which the company holds a 15% interest. The majority interest (85%) of the shares are held by AIG Global Real Estate Group, a subsidiary of American Insurance Group (AIG), which had to be rescued in September from the throes of the financial crisis through U.S. government loans.

The planned extension of our collaboration with AIG to other portfolios in Germany can hardly be expected now. Moreover, there is a chance that share ownership of the office building portfolios in the greater areas of Munich, Frankfurt and Berlin may change. Nevertheless, our commitment, providing asset and property management services for the portfolios, remains intact. We will also continue our plans to expand our asset management business, and are now offering our services to a variety of other potential clients.

The following significant developments occurred in the reporting quarter in our own portfolio:

The leasing status of the office building on **Herriotstraße**, in Frankfurt-Niederrad, is unchanged. One floor is currently being leased by one of our subsidiaries with the remainder of the space being marketed for lease, but demand has been rather modest. There is still considerable room for new construction on the land, and various concepts are being examined in this regard. Other possibilities include selling the land to another developer for commercial or residential use or obtaining a tenant for the entire area to be developed.

For the office and retail building, situated in the **Grünstadt** pedestrian zone, the anchor tenant's lease was extended by five years during the reporting period. This lease represents a solid foundation for a near-term sale of the building.

**Project Development**

We continued to work on the ongoing projects during the reporting period with the major developments worthy of note as follows:

**Commercial Projects**

Our cooperation with the hotel project developer for **Saarbrücken Hafenstraße**, is progressing. Negotiations are being held with several operators concurrently in order to achieve the best possible hotel concept for the site. We expect to form a joint venture on this project with other companies with expertise in hotel use. Marketing of the land not needed for an eventual hotel depends on the size of the ultimate hotel concept and therefore is on hold.

Final plans for the development of **Berlin-Treptow** property, **Fanny-Zobel-Straße**, situated on the banks of the Spree River, are nearly complete. We

expect the new development plan to take effect in the middle of 2009. ADLER will take advantage of this time to continue negotiations with potential partners and pursue independent development scenarios.

Concerning our project in **Offenbach, Strahlenberger Straße**, intensive discussions are being held with the government authorities regarding the legally permissible uses for this plot of land in the Kaiserlei office district, currently being used as a parking lot. Marketing of the property would be more successful if it is coordinated with the authorities in advance, since this would allow a more focused search for potential users. Alternative concepts are also being considered, both with and without neighboring properties. Marketing of the land to a developer or to one specific user is also under consideration.

### Residential Projects

ADLER's residential projects progressed according to plan in the third quarter. However, the financial crisis and the constant stream of bad economic news have forced many prospective buyers to re-think or postpone their decision, so the marketing of the parcels did not proceed according to plan in the reporting period. However, the idea of owning real estate assets is gaining popularity once again with private investors, and we expect demand for these properties to recover in the medium term.

Development of the **Moosburg / Isar** property, involving the sale of parcels for the construction of single and two-family homes, proceeded according to plan in the third quarter except for a 10% cost over run on the cost of construction. The underground work will be completed in November including the paving of the streets. Construction of the noise reduction system is also making rapid pro-

gress. The construction work will be completed this year, except for the bridge work for the crossing of "Mühlbach Creek". The noise-suppressing system is essential to the success of this project and once it is complete, we expect marketing to progress rapidly.

Development in **Dallgow Döberitz**, west of Berlin, is also progressing. The municipality has recently given the approval for various modifications and clarifications of the development plan, allowing us to divide the area into various sections, each with a different marketing concept. Of particular interest is one segment of the property, which is to combine single-family homes and rental units. However, some fundamental questions must still be resolved before marketing can begin.

### Financial, Earnings and Liquidity Position

Since the sale of the Duisburg Land will not be reflected in earnings until the fourth quarter, this quarter's net sales of EUR 0.86 million represent asset and property management revenues, fees, rent from the lease of parking spaces and one commercial property and proceeds from the sale of three residential properties.

Other operating income of EUR 0.25 million, was lower than the third quarter of last year (EUR 8.15 million), which can be explained by the consolidation of MÜBAU. Changes in inventories primarily reflect investments in the Moosburg / Isar project and some smaller investments in current projects, essentially comprising cost of materials in the reporting period.

Current expenses exceeded revenues in the reporting period, resulting in a net operating loss (EBIT) of EUR -2.4 million. Net consolidated losses in the reporting period came to EUR -2.4 million.

Total assets as of the balance sheet date were

EUR 43.585 million, 2% less than on December 31, 2007. Net cash in banks was EUR 2.420 million on September 30, 2008, compared to EUR 5.833 million at the end of last year. The current cash balance does not include the payment for the Duisburg sale, which arrived in October and will produce a significant improvement in the liquidity in the fourth quarter.

Free cash flow in the first nine months of the year was reduced primarily by current expenses, by the refurbishment of the Herriotstraße property in Frankfurt / Main, as well as development costs of the Moosburg property. A loan for EUR 1.1 million was obtained to finance the development of the Moosburg project.

### **Report on Risks**

ADLER has a risk management system specially designed for the company's size and structure. During the reporting period and in the time prior to completion of this report, the Management Board of ADLER Real Estate AG has not become aware of any risks which may endanger ADLER's survival, now or in the future. The statements made in the Report on Risks in the 2007 Annual Report are still valid.

### **Outlook**

The financial crisis came to a head most recently during the reporting period, and only concerted action by the world's industrialized nations prevented a collapse of the global financial system. The impact on the already weakening global economy and on regional and local economic processes is difficult to predict. In these first nine months of the year ADLER brought several projects near to finalization. However, we must anticipate a wors-

ening climate in both the commercial and residential real estate markets. In light of these conditions, we cannot be sure to execute any more major transactions this year and therefore we will need to modify our prior forecast for the year and now expect neutral or slightly positive earnings. Nevertheless, our company is well-prepared to weather the storm. We have a strong liquidity position and our equity ratio at the end of the third quarter was 74 percent.

**CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30<sup>th</sup>, 2008**  
**CONSOLIDATED BALANCE SHEET (IFRS) AS OF SEPTEMBER 30<sup>th</sup>, 2008**

**In EUR**

	<b>September 30<sup>th</sup>, 2008</b>	<b>December 31<sup>st</sup>, 2007</b>
<b>ASSETS</b>	<b>43,585,037.28</b>	<b>44,674,445.94</b>
<b>Non-Current-Assets</b>	<b>6,346,876.62</b>	<b>6,181,020.52</b>
Intangible Assets	21,749.60	15,593.27
Property, plant and equipment	777,838.82	801,009.23
Available-for-sale financial assets	5,218,858.60	5,167,246.02
Shares in the associates	0.00	0.00
Deferred tax claims	328,429.60	197,172.00
<b>Current Assets</b>	<b>37,238,160.66</b>	<b>38,493,425.42</b>
Inventories	33,142,677.24	31,106,209.97
Trade receivables	611,773.69	305,890.27
Income tax assets	90,167.32	89,474.15
Other current assets	973,695.04	1,158,564.99
Cash on hand and at bank	2,419,847.37	5,833,286.04
<b>ASSETS</b>	<b>43,585,037.28</b>	<b>44,674,445.94</b>

**CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30<sup>th</sup>, 2008**  
**CONSOLIDATED BALANCE SHEET (IFRS) AS OF SEPTEMBER 30<sup>th</sup>, 2008**

**In EUR**

	<b>September 30<sup>th</sup>, 2008</b>	<b>December 31<sup>st</sup>, 2007</b>
<b>EQUITY AND LIABILITIES</b>	<b>43,585,037.28</b>	<b>44,674,445.94</b>
<b>Shareholders' equity</b>	<b>32,407,745.12</b>	<b>34,707,977.65</b>
Share capital	15,000,000.00	15,000,000.00
Capital reserve	7,668,297.40	7,612,546.15
Retained earnings (IFRS)	420,572.49	420,572.49
Net profit	9,615,252.33	11,797,818.23
Minority shares	- 296,377.10	-122,959.22
<b>Non-current liabilities</b>	<b>7,827,488.80</b>	<b>6,903,009.90</b>
Pension provisions	805,649.75	797,639.00
Liabilities for deferred taxes	8,105.84	15,380.49
Other provisions	673,732.49	822,097.51
Financial liabilities	6,340,000.72	5,267,892.90
<b>Current liabilities</b>	<b>3,349,803.36</b>	<b>3,063,458.39</b>
Other provisions	1,187,750.00	1,857,750.00
Income tax liabilities	441,977.54	441,045.42
Trade payables	996,026.02	474,871.41
Other non-current liabilities	724,049.80	959,791.56
<b>EQUITY AND LIABILITIES</b>	<b>43,585,037.28</b>	<b>44,674,445.94</b>

**CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30<sup>th</sup>, 2008****CONSOLIDATED INCOME STATEMENT (IFRS) AS OF SEPTEMBER 30<sup>th</sup>, 2008****In EUR**

	<b>01.01.- 30.09.2008</b>	<b>01.01.- 30.09.2007</b>	<b>01.07.- 30.09.2008</b>	<b>01.07.- 30.09.2007</b>
Sales revenue	858,308.09	4,269,140.00	288,497.50	154,413.24
Changes in inventories	2,036,467.27	1,179,758.08	1,211,124.23	3,504,067.80
Other operating income	245,958.91	9,847,634.11	131,463.50	644,269.95
<b>Total operating income</b>	<b>3,140,734.27</b>	<b>15,296,532.19</b>	<b>1,631,085.23</b>	<b>4,302,750.99</b>
Expenses for materials	-2,606,372.78	-5,248,604.64	-1,546,225.75	-3,763,757.58
Personnel expenses	-1,395,087.17	1,154,696.95	-440,637.21	-501,881.82
Depreciation and amortization	-55,270.22	-108,937.89	-18,423.41	-19,722.78
Other operating expenses	-1,497,366.91	-1,530,065.50	-463,300.99	-461,634.00
Equity earnings	0.00	17.50	0.00	17.50
<b>Result from operating activities (EBIT)</b>	<b>-2,413,362.81</b>	<b>7,254,244.71</b>	<b>-837,502.13</b>	<b>-444,227.69</b>
Interest income	230,357.68	300,863.79	-75,253.26	108,621.72
Financial expenses	-304,084.17	-331,450.73	-119,207.58	-87,709.16
<b>Profit before income tax (EBIT)</b>	<b>-2,487,089.30</b>	<b>7,223,657.77</b>	<b>-1,031,962.97</b>	<b>-423,315.13</b>
Income tax	131,105.52	373,735.36	52,504.96	420,030.68
<b>Consolidated profit</b>	<b>-2,355,983.78</b>	<b>7,597,393.13</b>	<b>-979,458.01</b>	<b>-3,284.45</b>
<b>Split as follows:</b>				
Shareholders of the parent company	-2,182,565.90	7,606,320.72	-908,878.93	-743.73
Minorities	-173,417.88	-8,927.59	-70,579.08	-2,540.72
Diluted earnings per share	-0.15	0.51	-0.06	0
Basic earnings per share	-0.15	0.51	-0.06	0

**CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30<sup>th</sup>, 2008****CONSOLIDATED CASH FLOW STATEMENT (IFRS) FOR THE PERIOD OF 01.01.2008 TO 30.09.2008**

<b>In EUR</b>	<b>01.01. - 30.09.2008</b>	<b>01.01. - 30.09.2007</b>
Operating profit	-2,413,363	7,254,245
+ Depreciation of non-current assets	55,270	108,938
-/+ Non-cash income	55,751	-8.037,849
- Decrease in provisions	-202,229	-1,925,846
+/- Losses/ Profits from disposals of non-current assets	0	-88,185
-/+ Increase/ decrease in inventories, trade and other assets not attributable to investing or financing activities	-2,077,819	-165,073
+/- Decrease/ increase in trade payables and other liabilities not attributable to investing or financing activities	-271,712	-679,732
+ Interest payments	88,005	300,864
- Interest disbursements	-187,689	-331,451
+/- Tax payments	-152	373,735
<b>= Net Cash outflow (previous year: inflow) for operating activities</b>	<b>-4,410,513</b>	<b>-3,190,353</b>
+ Acquisition of the subsidiaries companies less acquired net cash liquid funds	0	227,476
+ Proceeds from disposals of non-current assets	0	7,660,700
- Cash used for investments in property, plant and equipment	-32,100	-80,549
Cash used for investments in intangible assets	-6,156	0
+/- Cash used for investments in non-current financial assets and receivables classified under investing activities	0	10,000
- Cash used for investments in non-current assets	0	-3,028,269
<b>= Net Cash outflow (previous year: inflow) for investing activities</b>	<b>-38,256</b>	<b>4,789,358</b>
- Cash used for expences in connection with equital capital disposals	0	-377,428
+ Proceeds from taking up (financial) loans	1,100,000	0
- Cash used for repayments of financial loans	-64,669	-3,892,621
<b>= Net Cash outflow for financing activities</b>	<b>1,035,331</b>	<b>-4,270,049</b>
<b>Reconciliation with Balance Sheet</b>		
Cash and cash equivalents at the beginning of the period	5,833,286	10,391,161
Net cash inflow (previous year: outflow) for operating activities	-4,410,513	-3,190,353
Net cash outflow (previous year: inflow) from investing activities	-38,256	4,789,358
Net cash inflow (previous year: outflow) from financing activities	1,035,331	-4,270,049
<b>= Cash and cash equivalents at the end of the period</b>	<b>2,419,847</b>	<b>7,720,116</b>

**CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30<sup>th</sup>, 2008****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) FOR THE PERIOD OF 01.01.2008 TO 30.09.2008**

	Subscribed capital	Capital reserve	Retained earnings	Net pro- fit/ loss for the year	Capital and reserves owed to the shareholders of the parent company	Minority shares	Total equity
<b>In 000 EUR</b>							
<b>Balance as at January 1<sup>st</sup>, 2008</b>	15,000	7,612	421	11,798	34,831	-123	34,708
Consolidated profit	0	0	0	-2,183	-2,183	-173	-2,356
Stock option plan	0	56	0	0	56	0	56
<b>Balance as at September 30<sup>th</sup>, 2008</b>	15,000	7,668	421	9,615	32,704	-296	32,408

<b>In 000 EUR</b>							
<b>Balance as at January 1<sup>st</sup>, 2007</b>	15,000	7,841	421	4,392	27,654	0	27,654
Consolidated profit	0	0	0	7,606	7,606	1	7,607
Costs of the capital increase	0	-377	0	0	-377	0	-377
Stock option plan	0	111	0	0	111	0	111
<b>Balance as at September 30<sup>th</sup>, 2007</b>	15,000	7,575	421	11,998	34,994	1	34,995

**NOTES TO INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30<sup>th</sup>, 2008****Accounting and Valuation Methods**

The Interim Financial Statements for September 30, 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU.

Accordingly, the same consolidation principles and accounting and valuation methods used in the Consolidated Financial Statements for 2007 were applied when preparing the Interim Financial Statements and ascertaining the comparison data for the year before. A detailed description of these methods can be found in the Notes to the Consolidated Financial Statements for 2007.

These Interim Financial Statements were prepared in accordance with the rules for interim financial reporting stated in IAS 34.

**Consolidated Companies**

The consolidated financial statements have been prepared with ADLER Real Estate AG of Frankfurt / Main as the parent company. As of the balance sheet date, the Group included twenty-two fully consolidated companies and one subsidiary which is reported at-equity. Two subsidiaries, in which ADLER holds an interest of between 20% and 50%, are not reported at-equity in view of their minor importance. These holdings are reported in accordance with IAS 39 (available for sale).

**Notes to the Financial, Earnings and Liquidity Position**

The Group's total assets as of the balance sheet date were EUR 43.585 million, just 2% less than on December 31, 2007. Net cash in banks came to EUR 2.420 million on September 30, 2008, compared to EUR 5.833 million at the end of last year.

The Group's EUR 858,000 in net sales were gener-

ated from asset and property management fees and rent for leased parking spaces and for a commercial property, as well as the sale of three residential properties.

Other operating income was just EUR 246,000, far lower than the sum reported in last year's nine month report, EUR 8.149 million, an amount which can be ascribed to the consolidation of MÜBAU.

EBIT in the reporting period came to EUR -2.143 million, due primarily to current expenses.

Net tax revenue of EUR 131,000 was reported on September 30, 2008. The Group reported a deferred tax claim for EUR 124,000 based on the expected future use of a tax loss sustained by a project company in 2008, using a tax rate of 32.3%.

The company's free cash flow in the first nine months of the year was determined primarily by current expenses and the refurbishment of the Herriotstraße property in Frankfurt / Main, as well as development of the Moosburg property. A loan for EUR 1.1 million was obtained to finance the development of the Moosburg project.

The results of the reporting period were not affected by seasonal fluctuations. No share capital increases or dividend payouts took place in the first nine months of the year.

Detailed reports for each segment will be dispensed with, since most of the Group's operations in the reporting period were in connection with project development.

As of September 30, 2008, ADLER Group had 23 employees (year before: 17).

**Subscription Rights held by Corporate Officers and Employees**

Under the stock option program adopted by the general meeting in 2006, members of the management board held 200,000 stock options as of the balance sheet date. Further information regarding the stock option program can be found in our Annual Report. An expense of EUR 56,000 was disclosed in this regard during the reporting period.

**Major Transactions after September 30, 2008**

Through a 60% interest in Logistikzentrum Duisburg Nord GmbH, ADLER was the owner of a plot of land of about 126,000 m<sup>2</sup> near Duisburg harbor. This property was sold to ProLogis Group on July 11, 2008. The buyer of the "Logistikzentrum Duisburg-Nord" project will complete development and offer the center to users and operators interested in long-term use.

The result of this sale falls in October 2008 since the purchase price was received in October, so that the benefits and encumbrances of the real property pass to the buyer in that month.

---

**DECLARATION PURSUANT****Statements Pursuant to § 37y No. 1 of the  
Securities Trading Act**

"We hereby represent that, to the best of knowledge, these Interim Consolidated Financial Statements provide a true and fair view of the Group's financial, earnings and liquidity position in accordance with applicable principles for interim financial reporting and with due regard for the requirements of § 37y of the Securities Trading Act and that the Interim Consolidated Management Report presents the course of business, including the Group's position and results, in such a manner as to convey a true and fair view, as well as describing the major opportunities and risks which can be expected to arise in the remainder of the year."

ADLER Real Estate Aktiengesellschaft  
Frankfurt / Main, November 3, 2008

Barbara Yaltrak

Axel Harloff

**CERTIFICATE OF AUDIT REVIEW****To ADLER Real Estate AG, Frankfurt / Main**

We have subjected the abbreviated interim consolidated financial statements (consisting of an abbreviated balance sheet, abbreviated income statement, abbreviated cash-flow statement, abbreviated statement of equity and selected explanatory information) and the interim consolidated management report of ADLER Real Estate Aktiengesellschaft for the period of January 1, to September 30, 2008, which, according to § 37x paragraph 3 WpHG, are part of the quarterly financial report, to a critical review. The Management Board of the company is responsible for preparing the abbreviated interim consolidated financial statements in accordance with IFRS for interim financial reporting, as applicable in the EU, and the interim consolidated management report in accordance with the provisions of the Securities Trading Act applicable to interim consolidated management reports. It is our task to certify the abbreviated interim consolidated financial statements and the interim consolidated management report based on our critical review.

We have undertaken our critical review of the abbreviated interim consolidated financial statements and the interim consolidated management report with due regard to the principles for critical review of financial statements issued by the German Independent Auditors' Institute (IDW). In accordance therewith, the critical review must be planned and conducted so that we can rule out with near certainty that the abbreviated interim consolidated financial statements have not been prepared in material respects in conformance with IFRS for interim financial reporting, as applicable in the EU, and that the interim consolidated management report has not been prepared in material respects in conformance with the provisions of the Securities Trading Act applicable to interim consolidated

management reports. A critical review is primarily restricted to surveys of company employees and analytical assessments and therefore does not provide the certainty achievable through an audit. Because, as commissioned, we have not conducted an audit, we cannot issue an auditor's opinion.

Based on our critical review, we did not become aware of any states of affairs that would lead us to assume that the abbreviated interim consolidated financial statements were not prepared in material respects in conformance with IFRS for interim financial reporting, as applicable in the EU, or that the interim consolidated management report was not prepared in material respects in conformance with the provisions of the Securities Trading Act applicable to interim consolidated management reports.

Hamburg, November 5, 2008  
PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Richard Müllner  
Auditor

Niklas Wilke  
Auditor

---

**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 2009  
Annual Report 2008

August 2009  
Semi-Annual Report 2009

May 2009  
Quarterly Report

November 2009  
Quarterly Report

July 2, 2009  
Annual General Meeting

**Imprints****Publisher**

---

ADLER Real Estate AG  
Neuer Wall 77  
20354 Hamburg, Germany  
[www.adler-ag.de](http://www.adler-ag.de)

Tel.: +49 (0)40 29 81 30-0  
Fax: +49 (0)40 29 81 30-99  
[info@adler-ag.de](mailto:info@adler-ag.de)

Register Court: Frankfurt am Main, Germany  
HRB B 72 87

**Management Board**

---

Barbara Yaltrak  
Axel Harloff

**Concept and Content / Investor Relations**

---

ADLER Real Estate AG  
german communications dbk ag  
[www.german-communications.de](http://www.german-communications.de)