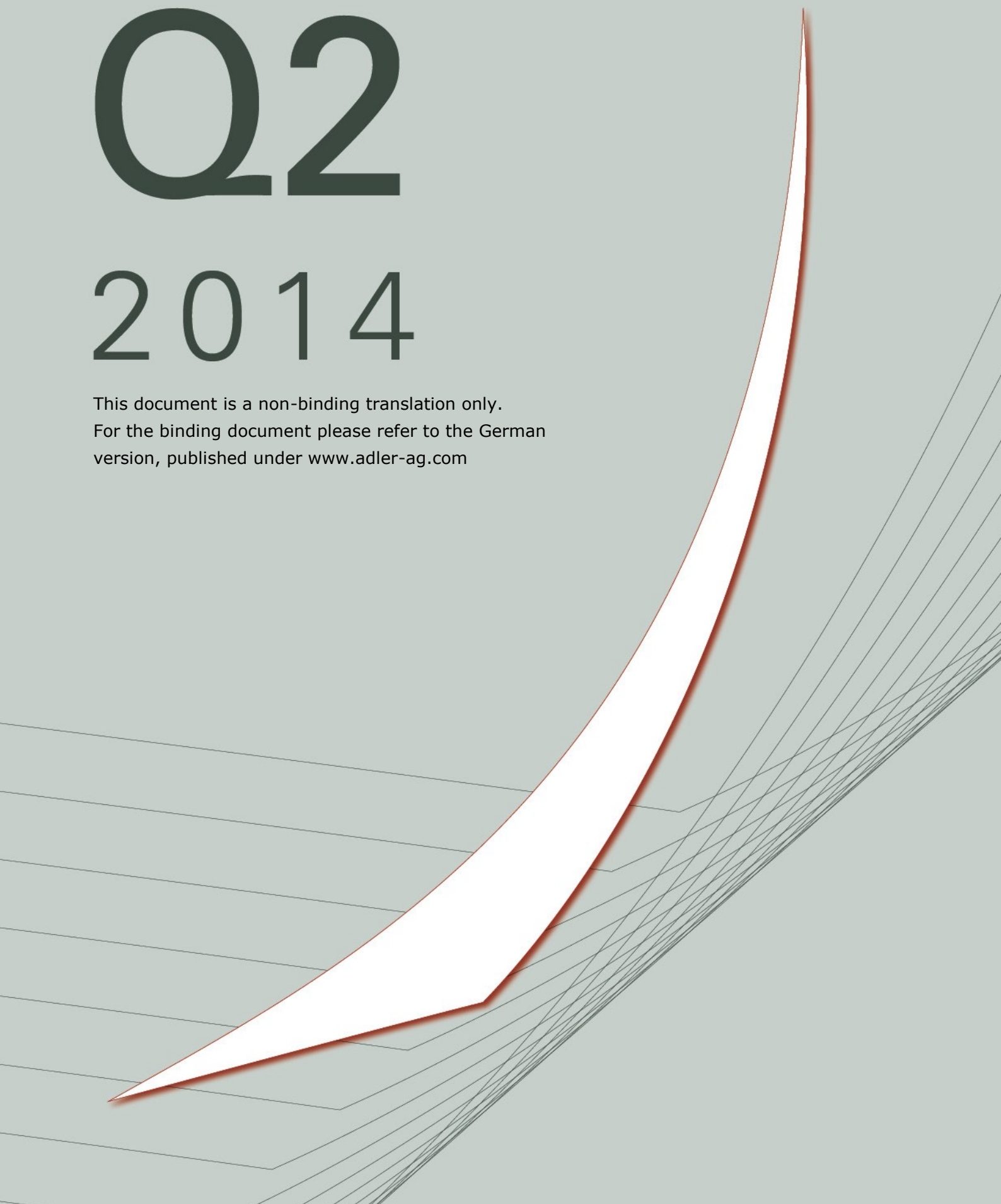


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version, published under www.adler-ag.com



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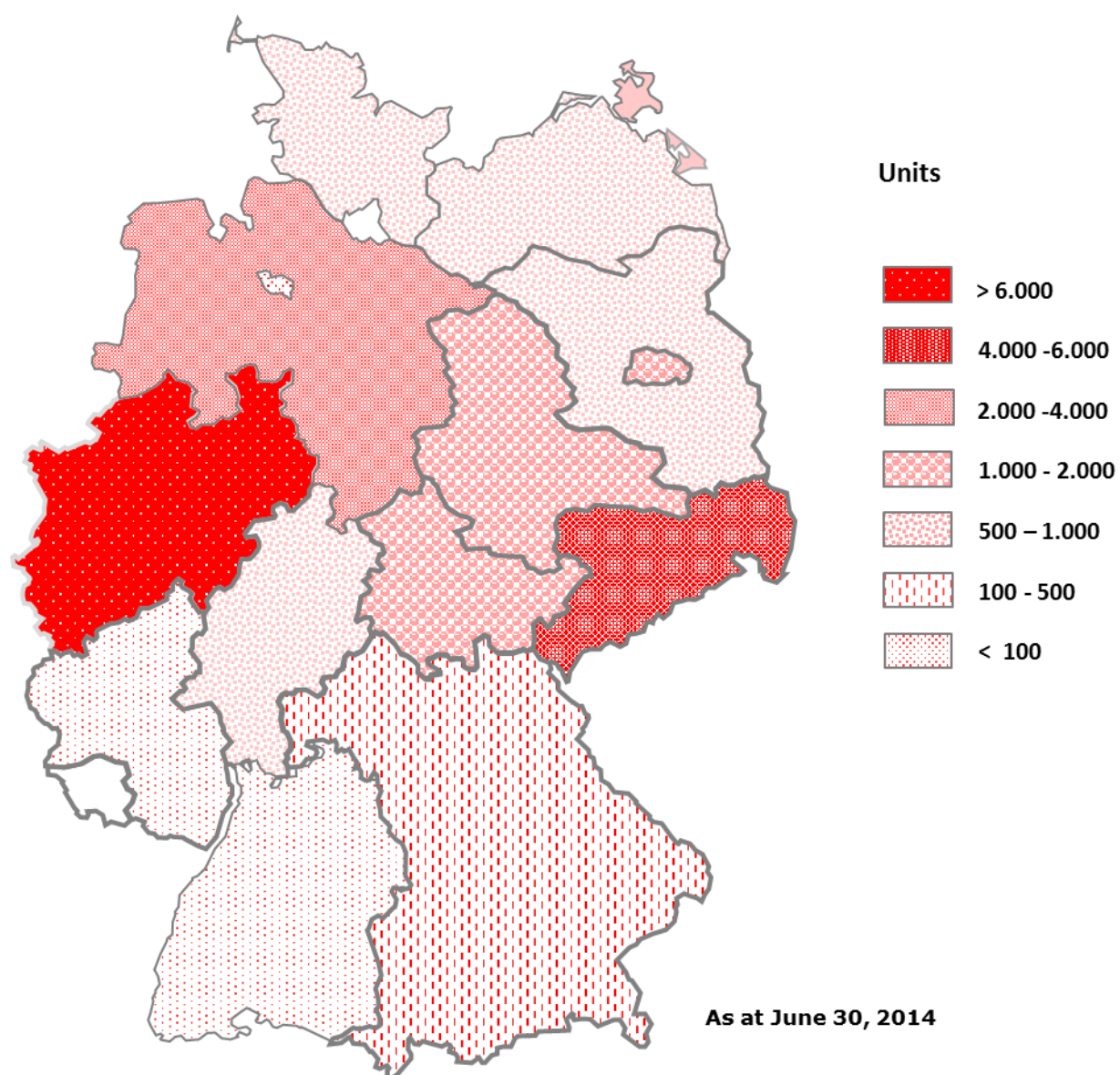
KEY FIGURES OF ADLER REAL ESTAT GROUP**Key Financial Figures as at June 30, 2014**

In TEUR	30/ Jun/ 2014	31/ Dez/ 2013
Financial Ratios		
Shareholder equity	281,510	86,945
Subscribed capital	28,780	16,548
Consolidated total assets	1,239,702	460,888
In TEUR		
Consolidated Results (IFRS)	30/ Jun/ 2014	30/ Jun/ 2013
Rental income including auxiliary costs	25,072	478
Income from business combinations pursuant to IFRS 3	25,133	0
Fair-value-adjustments (write-ups)	105,295	0
Total operating income	156,381	1,717
EBITDA	137,132	906
EBIT	137,121	906
Consolidated result	105,646	839
Earnings per share in EUR	5.90	0.06
Earnings per share in EUR (diluted)	4.08	0.06
Headcount	80	13

KEY FIGURES OF ADLER REAL ESTATE GROUP

Key Property Figures as at June 30, 2014

Federal State	Total sqm	Total Units	Average Rent per sqm	Proportion of Total Portfolio
North Rhine-Westphalia	479.673	7.174	5,10 €	34,5%
Saxony	281.916	4.428	4,61 €	20,3%
Lower Saxony	188.794	3.061	4,75 €	13,6%
Saxony-Anhalt	92.370	1.611	4,76 €	6,7%
Berlin	86.985	1.310	5,19 €	6,3%
Thuringia	57.309	1.050	5,10 €	4,1%
Hesse	48.991	521	6,49 €	3,5%
Brandenburg	43.934	553	5,02 €	3,2%
Mecklenburg Western-Pomerania	41.912	573	6,15 €	3,0%
Schleswig-Holstein	35.578	638	5,89 €	2,6%
Bavaria	14.188	161	5,59 €	1,0%
Bremen	6.163	9	3,43 €	0,4%
Baden-Württemberg	5.733	69	7,92 €	0,4%
Rhineland-Palatinate	5.706	65	5,48 €	0,4%
Total	1.389.252	21.223	5,05 €	100,0%

KEY FIGURES OF ADLER REAL ESTATE GROUP**Distribution of Lease Units**

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1 TO JUNE 30, 2014****Ladies and gentlemen,**

The first half of 2014 saw the greatest leaps forward our company has ever taken in its attempts to build a major portfolio of residential properties. There are two specific milestones that stand out above all else: The takeover of a 92.7 percent share in ESTAVIS AG, Berlin, and the acquisition of a total of 8,500 residential and commercial properties – our largest acquisition since entering the real estate market. These landmark achievements were made possible by a capital increase and the private placement of a bond of initially EUR 50 million, which was increased to EUR 100 million in July 2014. Given that the funds raised have yet to be utilised in full, ADLER is well equipped to bolster this growth in the second half of the year through further acquisitions.

Economy and Real Estate Markets

The geopolitical crises in Ukraine, Israel, Syria and Iraq in the first half of 2014 and beyond have played a major role in the downturn in the financial and real estate markets. Violent clashes in Ukraine led the European Union and the USA to impose a number of increasingly strict sanctions on Russia. This situation, coupled with alarming military escalations in Iraq and between Israel and Palestine in the Gaza Strip, has had a negative impact on German exports, with German industry reporting a decline in order intake. The German economy already lost “substantial” momentum in April and May, according to figures published by Deutsche Bundesbank (July 2014 report). The ifo Business Climate Index, an indicator for overall sentiment and expectations regarding the German economy, fell for three months in succession from May to July this year. That being said, economic development in the USA appears to be picking up pace again, causing the US Federal Reserve (Fed) to consider a U-turn in its policy of low

interest rates. The financial markets lost ground significantly, particularly in July following the end of the first half of the year, in response to the political crises around the world and a potential shift in interest rate policies.

Nevertheless, development in the German real estate market relevant to ADLER remains stable. Figures published by real estate portal Immobilienscout24 show that residential rents have risen by 3.9 percentage points since the start of the year. However, this trend came to a halt in June with no month-on-month increase. Eurospace AG, which operates what it refers to as Germany’s largest online transaction platform for real estate financing, savings products and consumer loans, also recorded a further rise in residential real estate prices; however, after the sharp increase in prices over the past few years, it believes that the trend is slowing down.

The framework conditions for ADLER’s business in the reporting period remained favourable, despite the negative political developments around the world. Interest rates for external real estate financing remain at a historical low. The German real estate market may be taking a breather in 2014 after its almost unabated rise over the past few years, but Immobilienscout24 is not discounting a return of additional momentum to rent development.

Development of ADLER Real Estate AG

Financial year 2014 kicked off with the conclusion of two major transactions which had been set up in the previous year. ADLER acquired an initial share of 50.05 percent, which it subsequently increased to 95 percent, in three portfolios with residential properties located in six federal states: Schleswig-Holstein, Mecklenburg West-Pomerania, Saxony, Thuringia, North Rhine-Westphalia and Rhineland-Palatinate. In total, it

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1 TO JUNE 30, 2014**

acquired 1,876 rental units with a total of 122,600 m² of residential and commercial space. The total value of the three portfolios is around EUR 111 million. The other transaction concerning the acquisition of an interest in a portfolio comprising 2,347 rental units in Lower Saxony, of which 1,219 were in Helmstedt and another 1,128 south of Helmstedt. Both of these transactions had a major impact on earnings in the first quarter.

The next important milestone on ADLER's growth course was the acquisition of Berlin-based company ESTAVIS AG. ESTAVIS essentially pursues the same business model as ADLER and held a portfolio of roughly 2,600 residential units at the end of the reporting period. What's more, ESTAVIS announced the acquisition of a portfolio containing 4,300 residential units in March. This transaction is set to be concluded in autumn. This portfolio's properties are located in Bavaria, Berlin, North Rhine-Westphalia, Saxony and Saxony-Anhalt. Besides the administration, development and acquisition of residential real estate, ESTAVIS is also active in residential privatisation through its subsidiary ACCENTRO. ACCENTRO represents a key strategic investment for ADLER, which enables it to optimise existing portfolios in selected segments and enhance its earnings position.

The acquisition of ESTAVIS was secured on the basis of an exchange offer of 14 ADLER shares for 25 ESTAVIS shares. The ADLER shares originate from a capital increase for contributions in kind under the exclusion of subscription rights, which was approved by the Extraordinary General Meeting on 22 April 2014. In total, 92.7 percent of ESTAVIS' shareholders took ADLER up on the exchange offer. The share capital of ADLER increased to EUR 28,779,614 million as a result of this transaction.

At the end of May 2014, ADLER signed off on the largest acquisition in its history, which was subsequently finalised at the end of June. This transaction concerned the almost complete takeover of eight property holding companies, with a grand total of approximately 8,000 residential units and 490 commercial units at a total value of roughly EUR 409 million.

The successful transactions would not have been possible without the support of the capital market, and particularly backing from bond investors and shareholders. Besides transactions for expanding the residential property portfolio, additional funds were able to be raised to a much greater extent than in the previous year. At the end of March, the company successfully issued another corporate bond as part of a private placement for institutional investors totalling EUR 50 million. The coupon is just 6.0 percent p.a. and is thus less expensive than the corporate bond issued in March 2013. In July, in other words after the end of the reporting period, the volume of bond 2014/2019 was able to be increased by a further EUR 50 million to a total of EUR 100 million through another private placement at the same terms and conditions and, since this move, the bond has been traded on the Prime Standard.

Financial, Earnings and Liquidity Position

The development of the financial, earnings and liquidity position of ADLER in the first six months of 2014 reflects the significant acquisitions described in this report. The ADLER Group's scope of consolidation increased considerably following the acquisitions of ESTAVIS and other portfolios; this also led to a major year-on-year rise in all key figures. Consolidated revenues increased almost tenfold to EUR 26.3 million (previous year: EUR 2.8 million) and largely result from rental income from the substantially expanded

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1 TO JUNE 30, 2014**

residential portfolios. A comparatively small share of revenues was attributable to transactions in existing real estate in the form of continued rents and the disposal of land lots in areas south and west of Berlin.

The earnings situation, which was again marked by acquisition effects, also improved dynamically. This was largely affected by the takeover of eight property holding companies as the revaluation of investment properties resulted in a considerable rise in fair value adjustments to EUR 105.3 million (previous year: EUR 47.4 million). The takeover of shares in WBG GmbH (residential portfolios in Helmstedt and Schöningen in Lower Saxony) and ESTAVIS AG as well as the increased share in three portfolios in February this year were accounted for pursuant to the provisions of IFRS 3. The first-time consolidation of WBG resulted in a positive earnings contribution, while the increase in shares had no effect on income. This effect resulted in a significant rise in other operating income to EUR 25.5 million (previous year: EUR 0.05 million) regarding ESTAVIS. The result was also negatively impacted by one-off, non-capitalised, acquisition-related costs and one-off costs relating to the restructuring of financing of around EUR 3.1 million.

Neither the initial inclusion of ESTAVIS nor the increase in early 2014 in the number of shares held in the portfolios acquired in 2013 had any effect on income. On the cost side, the cost of materials in particular increased in connection with the management of the expanded residential real estate portfolio; financing costs were also up significantly. After deferred taxes, consolidated result for the first half of the year at EUR 105.6 million increased over threefold (previous year: EUR 33.6 million).

ADLER's investments dominate the consolidated total assets, with consolidated total assets increasing by almost a factor of three to EUR 1.24

billion at the end of the reporting period (end of 2013: EUR 460.9 million). The largest item on the balance sheet is investments in residential real estate portfolios, which increased to EUR 1.07 billion (end of 2013: EUR 417.9 million). The increase in consolidated result was reflected in the rise in equity to EUR 281.5 million (end of 2013: EUR 86.9 million); the equity ratio amounted to 22.7 percent at the end of June 2014.

Net cash flow from current business activity of EUR 10.9 million (previous year: EUR 0.4 million) is positive and reflects the current rental business and disposal of residential land. Cash outflow from investment activities of EUR -54.5 million (previous year: -85.5 million) is primarily related to the acquisition of property holding companies. The cash inflow from financing activities of 56.0 EUR million (previous year: 90.3 million) is attributable to the issue of a bond as well as additional loans taken out to finance the acquisition of real estate portfolios.

Report on Risks

ADLER Group has a risk management system which is appropriate for the company's current size, with a flat hierarchical structure. During the reporting period and thereafter, prior to the completion of this report, the Management Board of ADLER Real Estate AG did not become aware of any risks which could jeopardise the existence of ADLER Real Estate, now or in the future. The statements published in the report on risks in the 2013 Annual Report remain valid.

Employees

As the Group holding company, ADLER Real Estate AG does not have any employees other than the Management Board. Clerical work and operational functions within the Group are largely per-

**INTERIM MANAGEMENT REPORT FOR THE PERIOD
FROM JANUARY 1 TO JUNE 30, 2014**

formed by the wholly owned subsidiary ADLER Real Estate Service GmbH, which had 25 employees as at the end of the first half of 2014. That company's employees are used in the various project companies in a flexible manner, in accordance with their respective areas of expertise. ADLER Real Estate AG also has a total of 18 part-time and full-time employees in some of the real estate companies of the newly acquired residential property portfolios. In addition, the recently acquired ESTAVIS group has 37 employees and two Management Board members.

to capitalise on the current market climate, namely favourable refinancing opportunities when it comes to residential real estate financing and robust residential market development. The company is set to generate significant growth in terms of its full-year sales, financial position and liquidity position.

Axel Harloff

Management Board

Opportunities and Forecast Report

ADLER Real Estate AG has already achieved growth in the first half of the year that qualifies the company as an increasingly important medium-sized stakeholder in the residential real estate market. By increasing the volume of the corporate bond 2014/2019, ADLER has sufficient funding available for further acquisitions. Substantial growth in the residential property portfolio has led to an increase in cash flow which is secured on a long-term basis and provides ADLER with a solid basis from which to develop its earnings. The aim is to enhance the solidity of the expanded group. To do so, all acquired portfolios are being managed professionally. ADLER is also systematically taking advantage of any opportunities to increase rental ratio and boost rental income.

The increase in business volume, the solid earnings situation and the substantial rise in market capitalisation have put ADLER in the focus of international investors, which will open up further opportunities for growth moving forward. ADLER is set to continue its growth course in the second half of the year and look into more interesting acquisitions of residential property portfolios without losing focus on the consolidation of acquired interests. ADLER will continue

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

In EUR	30/06/2014	31/12/2013
Assets		
Non-current assets	1,111,608,079.98	423,059,975.84
Goodwill	17,569,488.43	0.00
Intangible assets	11,457,623.77	6,517.00
Property, plant and equipment	473,350.75	40,620.88
Investment properties	1,071,650,787.40	417,865,000.00
Loans to associated companies	1,212,555.53	1,135,610.22
Investments in associated companies	4,360,424.39	3,460,123.54
Deferred tax claims	3,680,101.95	552,104.20
Other financial investments	1,203,747.76	0.00
Current assets	128,094,179.23	37,827,939.45
Inventories	42,031,389.06	18,848,052.78
Trade receivables	12,873,354.51	3,390,788.71
Income tax claims	394,910.79	19,254.86
Other current assets	54,496,662.36	9,696,321.44
Cash and cash equivalents	18,297,862.51	5,873,521.66
Assets	1,239,702,259.21	460,887,915.29

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

In EUR	30/06/2014	31/12/2013
Equity and liabilities		
Shareholders' equity	281,510,385.75	86,945,292.35
Capital stock	28,779,614.00	16,547,824.00
Capital reserve	89,424,191.16	13,131,497.03
Earnings reserves	160,273.68	160,273.68
Currency translation reserve	-50,215.48	-59,014.98
Retained profit	142,978,131.65	42,554,317.36
Minority interests	20,218,390.74	14,610,395.26
Non-current liabilities	862,226,025.69	340,947,837.89
Pension reserves	3,190,389.91	724,200.00
Accounts payable for deferred taxes	40,832,433.01	15,570,068.85
Other provisions and accrued liabilities	1,463,336.21	65,489.11
Accounts payable from convertible bonds	38,783,420.12	18,381,947.50
Accounts payable from bonds	91,843,478.65	33,283,001.99
Financial liabilities to banks	684,555,935.29	271,567,080.46
Other non-current liabilities	1,557,032.50	1,356,049.98
Current liabilities	95,965,847.77	32,994,785.05
Other provisions and accrued liabilities	4,593,407.39	204,683.00
Income tax liabilities	1,723,637.67	411,813.74
Accounts payable from convertible bonds	29,208.07	16,097.97
Accounts payable from bonds	1,511,472.60	2,290,582.20
Financial liabilities to banks	24,539,233.75	3,686,624.31
Trade payables	32,637,234.03	5,953,023.41
Other current liabilities	30,931,654.26	20,431,960.42
Equity and liabilities	1,239,702,259.21	460,887,915.29

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

In EUR	01.01. - 30/06/2014	01.01. - 30/06/2013
Revenues	26,272,483.75	2,807,220.55
Changes in inventories	-676,362.28	-659,055.22
Other operating income	25,489,239.52	52,678.84
Income from fair value adjustments to investment properties	105,295,465.03	47,388,351.58
Total operating income	156,380,826.02	49,589,195.75
Cost of materials	-14,719,551.73	-1,329,611.57
Personnel expenses	-1,157,768.57	-493,605.87
Depreciation and allowances	-10,460.86	-2,065.11
Other operating expenses	-3,213,375.61	-343,405.13
Net income from associated companies measured at equity	-158,295.42	-146,402.06
Net operating income	137,121,373.83	47,274,106.01
Interest income	394,098.00	256,069.22
Financing costs	-13,424,716.12	-1,587,272.12
Earnings before taxes	124,090,755.71	45,942,903.11
Taxes on income	-18,444,365.47	-12,377,148.32
Consolidated result	105,646,390.24	33,565,754.79
Gains/losses from currency translation	8,799.50	9,701.12
Gains/losses that can be reclassified	8,799.50	9,701.12
Net result	105,655,189.74	33,575,455.91
Of the consolidated result attributable to:		
Shareholders of the parent company	100,423,814.29	30,834,161.42
Minority interests	5,222,575.95	2,731,593.37
Of the net result attributable to:		
Shareholders of the parent company	100,432,613.79	30,843,862.54
Minority interests	5,222,575.95	2,731,593.37
Earnings per share, undiluted	5.90	2.17
Earnings per share, diluted	4.08	2.17

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

In EUR	01.01. - 30/06/2014	01.01. - 30/06/2013
Net operating income	137,121,374	47,274,106
+ Depreciation on fixed assets	10,461	2,065
-/+ Income/expenses with no effect on cash flow	-131,559,466	-47,264,553
- Decrease in provisions and accrued liabilities	-64,619	-2,040
-/+ Increase/decrease in inventories, trade payables and other assets not attributable to financing activity	4,769,531	847,206
-/+ Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	458,383	-512,695
+ Interest payments received	159,219	18,335
+/- Tax payments	-36,503	-862
= Net cash flow from current business activity	10,858,380	361,563
-/+ Acquisition of affiliated companies, less net cash and cash equivalents acquired	-41,234,692	-88,200,260
-/+ Sale of investment properties, less net cash and cash equivalents sold	0	2,418,119
- Payments made for investments in property, plant and equipment	-2,282	-1,248
- Payments made for purchases of investment properties	-843	-53,787
- Payments made for short-term investments	-13,289,321	0
= Net cash flow from investment activity	-54,527,138	-85,837,176
- Payments made for expenses relating to equity contributions	-436,842	0
+ Payments received from the issuance of convertible bonds	0	6,959,894
+ Payments received from the issuance of bonds	50,000,000	35,000,000
+ Payments received from third-party loans	0	18,438,528
- Payments made for expenses relating to equity contributions	-1,885,538	-2,226,033
- Interest payments made	-11,195,724	-198,015
+ Payments received from bank loans	365,655,000	32,403,521
- Payments made for the repayment of bank loans	-346,043,799	-114,636
= Net cash flow from investment activity	56,093,097	90,263,259
<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	10,858,380	361,563
Net cash flow from investment activity	-54,527,138	-85,837,176
Net cash flow from financing activity	56,093,097	90,263,259
= Cash and cash equivalents at end of period	18,297,861	5,872,124

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2014**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 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	0	30,834	30,834	2,732	33,566
Other result - reclassifiable	0	0	0	0	9	0	9	0	9
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	0	0	0	0	0	0	0	0	0
Issue of own shares	0	810	885	0	0	0	1,695	0	1,695
Convertible bond issue	0	0	560	0	0	0	560	0	560
Conversion of convertible bond	0	0	0	0	0	0	0	0	0
Cost of equity procurement (after income taxes)	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
As at June 30, 2013	15,000	0	9,700	105	-1	34,625	59,429	9,221	68,650
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	100,424	100,424	5,223	105,647
Other result - reclassifiable	0	0	0	0	9	0	9	0	9
Other result - non-reclassifiable	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	8,037	8,037
Increased share in portfolios without any change in status	0	0	11,026	0	0	0	11,026	-7,652	3,374
Capital increase	12,021	0	65,173	0	0	0	77,194	0	77,194
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	211	0	93	0	0	0	304	0	304
Cost of equity procurement (after income taxes)	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
As at June 30, 2014	28,780	0	89,424	160	-50	142,978	261,292	20,218	281,510

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2014**Recognition and Measurement Methods**

The interim financial statements as at 30 June 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Accordingly, in the course of preparing the interim financial statements and determining comparison data for the year before, the same consolidation principles and recognition and measurement methods were applied as in the 2013 consolidated financial statements. A detailed description of these methods was made in the notes to the 2013 consolidated financial statements. These interim financial statements were prepared in accordance with the interim financial reporting requirements stated in IAS 34.

Scope of Consolidation

The interim financial statements were prepared with ADLER Real Estate AG, Frankfurt am Main, as the parent company. As at the reporting date, the group of consolidated companies included eighty-one fully consolidated companies and nine companies which are recognised at equity.

The shares in WBG GmbH were purchased at the end of January 2014 and were treated as a merger pursuant to IFRS 3. The resulting "badwill" was immediately recognised in profit or loss under other operating income.

In February 2014, ADLER increased its share in three portfolios from initially 50.05 percent to 94.9 percent each, as well as from 75.0 percent to 94.9 percent in one portfolio. The acquisitions of shares were recognised in consolidated equity without affecting profit or loss as a share increase without any change in status.

ADLER AG submitted a takeover bid to the shareholders of ESTAVIS AG in April 2014 and offered them the option of exchanging their shares for new shares of ADLER AG. This takeo-

ver bid was accepted by around 92.71 percent of the shareholders of ESTAVIS AG existing at the time of the exchange. 21,465,229 shares of ESTAVIS AG were exchanged for 12,020,528 shares of ADLER AG.

Acquisition costs in the amount of EUR 77.4 million were incurred in connection with the company acquisition and the purchase of around 92.71 percent of the shares. These costs are a result of the fair value of the shares of ADLER AG at the time of the capital increase conducted by ADLER AG for this purpose, which was entered in the commercial register on 24 June 2014 (date of acquisition). The company was consolidated for the first time on 30 June 2014. The preliminary purchase price allocation and preliminary revaluation of ESTAVIS AG resulted in goodwill of EUR 17,570 thousand.

The purchase price allocation for the acquisition of WBG GmbH and ESTAVIS AG is preliminary, as - particularly in the case of ESTAVIS AG - the time of acquisition was shortly before the reporting date and the underlying financial statements were not yet complete.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2014**Notes to the Financial, Earnings and Liquidity Position**

The addition and the fair value measurement of the acquisitions resulted in an increase of the balance sheet item "investment properties" from EUR 417.9 million as of 31 December 2013 to EUR 1,071.7 million as at 30 June 2014. Cash and cash equivalents as at the reporting date came to EUR 18.3 million, compared to EUR 5.9 million at the end of last year.

The corporate bond issues were recognised at their issue amount of EUR 130,627 million. The share of the convertible bond recognised in equity amounts to EUR 1.8 million. A total of 259,086 notes had been converted as at 30 June 2014.

The share capital of ADLER increased to EUR 28,780 million in connection with the takeover of ESTAVIS AG and the capital increase conducted for this purpose.

Equity increased year on year to EUR 281.5 million (previous year: EUR 86.9 million) due to the first-half results, the share increases without any change in status, the first-time consolidation of WBG GmbH and ESTAVIS AG and the acquisition of the eight property holding companies.

Consolidated revenues for ADLER Real Estate AG amounted to a total of EUR 26.3 million in the first six months of the year (previous year: EUR 2.8 million). At EUR 1.2 million, sales of residential properties were on par with the previous year (previous year: EUR 1.0 million). Income from rent, leases and ancillary costs increased to EUR 25.1 million – including advance operating costs – due to the newly acquired business (previous year: EUR 1.8 million). Other operating income amounted to

EUR 25.5 million (previous year: EUR 0.1 million) and primarily related to the difference calculated within the scope of the purchase price allocation for WBG GmbH, which was recognised immediately in profit or loss as a one-off effect. This negative goodwill is primarily due to the fair value of WBG GmbH's investment properties exceeding the purchase price. These measurements were supported by appraisals from independent experts.

Deferred taxes and deferred taxes on loss carryforwards from the fair value adjustments were recognised as income taxes, and amounted to a total of EUR 18.4 million (previous year: EUR 12.4 million).

Finance expenses increased to EUR 13.4 million (previous year: EUR 1.6 million) due to the higher financing volume.

The Group generated an operating profit (EBIT) of EUR 137.1 million in the reporting period.

The company's cash flow in the first six months of the year was largely shaped by the acquisition of residential properties as well as the financing and refinancing of those properties.

Results in the reporting period were unaffected by seasonal fluctuations. As at the reporting date, 30 June 2014, ADLER Group had eighty full and part-time employees (previous year: 13).

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2014**Segment Report (IFRS) as at 30 June 2014**

Since ADLER Group only has one segment, the consolidated balance sheet and income statement are routinely reported to the Management Board.

Profitability is measured by net segment income, which corresponds to the Group's operating profit. Segment assets and liabilities are consistent with the values in the consolidated balance sheet.

Other Disclosures**Related parties**

Compared to the information provided as at 31 December 2013, there have been no major changes involving related parties.

Report on Risks

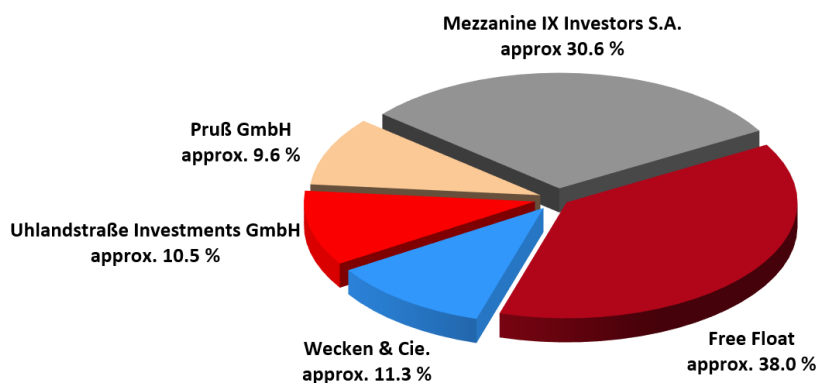
In terms of the risks of future business developments, we refer to the report on risks in the consolidated financial statements as at 31 December 2013.

SHAREHOLDER STRUCTURE

Shareholder structure

The successful exchange offer for the acquisition of ESTAVIS AG led to a major change in the shareholder structure of ADLER Real Estate AG. Over the course of the issue of new ADLER shares in exchange for ESTAVIS shares, the share capital increased as at 30 June 2014 to EUR 28,779,614 million or 28,779,614 million shares. The previous major shareholders of ESTAVIS AG accepted the exchange offer and therefore became shareholders of ADLER, as did Wecken & Cie., Uhlandstraße Investments GmbH and Pruß GmbH. Shares in ADLER have been diluted, meaning that Mezzanine IX. Investors S.A. now holds a 30.6% share in the share capital of ADLER, which of course has increased considerably in volume.

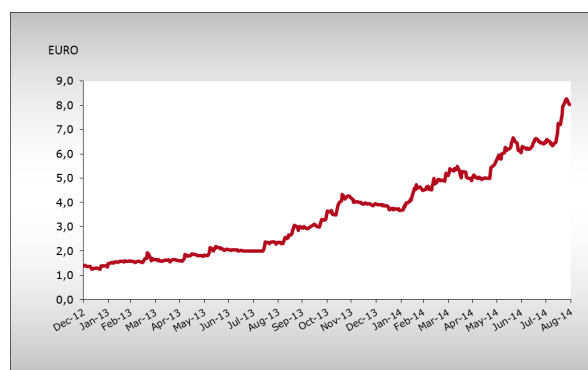
The shareholder structure of ADLER is changing almost constantly as a result of the issue of convertible bonds 2013/2017 and 2013/2018. As soon as bondholders exercise their conversion rights on one of the bonds, the number of issued shares increases and leads to a slight change in the interests of ADLER's major shareholders. Please visit the ADLER Real Estate AG website at www.adler-ag.com and click on the Investor Relations tab for the latest figures. As at 30 June 2014, the shareholder structure was as follows:



as at June 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, 2013 to August 29, 2014

SHARE INFORMATION

Name	ADLER Real Estate AG
Registered office location	Frankfurt/Main HRB 7287
WKN	500 800
ISIN	DE005008007
Ticker Symbol	ADL
Reuters	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	€ 28,779,614, divided into 28,779,614 non-par bearer shares (as at June 30, 2014)

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

"I 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 § 37w 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, August 31, 2014

Axel Harloff
Management Board

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 Calendar

November 2014

Interim Report Third Quarter 2014

Imprint

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Axel Harloff

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Thomas Katzuba von Urbisch, Monte Carlo/
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