





Q1/2016



Interim Report for the first three months of 2016

This document is a non-binding translation only.

For the binding document please refer to the

German version, published at www.adler-ag.com



About ADLER Real Estate AG

ADLER Real Estate AG, headquartered in Frankfurt am Main with administrative headquarters in Hamburg, focuses on the acquisition, management and privatization of residential property. ADLER mainly invests in portfolios or investments in residential real estate companies in B-locations of metropolitan areas, which have a positive cashflow and a sustained appreciation potential.

The ADLER subsidiary ACCENTRO Real Estate AG is one of the largest German residential property privatisation companies. ACCENTRO markets suitable residential properties from the ADLER Group holdings, in a targeted manner, to third parties owner occupiers and investors wishing to provide for their retirement.

In addition, ADLER holds a 23.5 per cent (as of December 31, 2015) stake in conwert Immobilien Invest SE, Vienna, one of the leading real estate companies in Austria. conwert holds more than 82 per cent of its property portfolio in Germany, many of them in A-cities.

With around 50,000 residential units, ADLER is among the five largest listed German residential property companies. In addition to the listing in the FTSE EPRA/NAREIT Global Real Estate Index in London and in the GPR General Index, ADLER's shares are listed in the Small Cap Index, the SDAX of the German Stock Exchange.

Key Financial Figures

In EUR '000	01.01.2016	01.01.2015
Consolidated Statement of Income	- 31.03.2016	- 31.03.2015
Gross rental income	42,036	25,208
Income from the sale of properties	21,633	7,663
EBIT	32,964	60,415
Consolidated net profit	4,480	42,904
FFO I	5,663	3,784
FFO I per share in ŒUR¹)	0.12	0.12
FFO II	8,871	3,035
FFO II per share in€UR¹¹	0.19	0.09
Consolidated balance sheet	31.03.2016	31.12.2015
Investment properties	2,279,757	2,270,187
EPRA NAV	882,730	879,457
EPRA NAV per share in EUR ¹⁾	15.57	15.51
LTV in % ²⁾	67.25	67.96
	01.01.2016	01.01.2015
Cash flow	- 31.03.2016	- 31.03.2015
Net cash flow from operating activies	18,811	4,851
Net cash flow from investing activities	14,030	-70,847
Net cash flow from financing activities	-14,602	60,611
Portfolio	31.03.2016	31.12.2015
Number of residential units under management	51,613	51,938
thereof proprietary units in existing portfolio	48,055	48,218
thereof proprietary units for privatisation	1,804	1,934
Number of units sold	193	3,726
thereof privatised units	180	600
thereof non-core units sold	13	3,126
Contractually secured units ³⁾	502	572
Occupancy rate in %4)	88.8	88.8
Monthly in-place rent ⁵⁾ in€UR/m ²	4.94	4.93
Employees	31.03.2016	31.12.2015
Number of employees	309	268
FTE's (Full-time-equivalents)	284.4	248.6

based on the number of shares outstanding at the reporting date $\begin{tabular}{ll} \end{tabular}$

excluding convertible bonds

³⁾ transfer of benefits and obligations still outstanding at the reporting date

proprietary rental units

 $^{^{5)}}$ $\,$ in-place rent at the respective reporting date

Key Property Figures

Key Property Figures

Federal State as at 31.03.2016	Rental units	Proportion of total portfolio in %	Total rental area in m²	Proportion of total portfolio in %	Average rent ¹⁾ in EUR per m ²	Occupan- cy rate in %	Market value in EUR
Lower Saxony	16,585	34.5	1,027,559	33.9	4.84	90.4	731,197
North Rhine Westphalia	9,714	20.2	670,749	22.1	5.02	89.0	532,895
Saxony	7,569	15.8	471,951	15.6	4.68	85.3	297,756
Saxony-Anhalt	3,787	7.9	216,029	7.1	4.61	84.1	130,003
Brandenburg	3,684	7.8	225,232	7.3	4.50	87.5	148,532
Thuringia ²⁾	1,694	3.5	93,438	3.1	5.41	91.9	73,809
Berlin ²⁾	1,542	3.2	102,690	3.4	5.41	98.2	115,000
Mecklenburg- Western-Pomerania	1,509	3.1	83,538	2.8	5.15	86.6	53,622
Schleswig-Holstein	689	1.4	38,354	1.3	5.84	94.1	36,245
Rhineland-Palatinate	594	1.2	38,662	1.3	6.89	92.9	48,704
Hesse	434	0.9	41,878	1.4	6.83	85.4	47,019
Bavaria	161	0.3	14,158	0.5	5.64	83.9	10,657
Baden-Württemberg	45	0.1	3,374	0.1	7.69	80.1	5,264
Bremen	48	0.1	2,377	0.1	5.29	93.7	1,598
Total	48,055	100.0	3,029,989	100.0	4.94	88.8	2,232,301

Additional rental areas	Rental units
Acquired rental units, transfer of benefits and obligations still outstanding	502
Privatisation portfolio ACCENTRO Real Estate AG ³⁾	1,804

 $^{^{1)}}$ $\,$ target rent for the leased units as at 31.03.2016

²⁾ excluding project developments

³⁾ primarily Berlin

Financial position

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Letter from the Management Board

Dear Shareholders, Ladies and Gentlemen.

It is now exactly four years since we realigned ADLER Real Estate AG as a residential property company. In the period since then, we have seized numerous good market opportunities and built up a residential property portfolio of around 50,000 apartments virtually from scratch. The German residential property market, which – following a long period of stagnation – has performed positively since 2009, offers good prospects for our Group and above all for gaining and retaining the trust of our investors and shareholders. At the same time, we have put in place an organisational structure that offers a strong foundation on which we are building and which will enable us to optimise and increase the earnings from our growing portfolios.

Axel Harloff, the company CEO, helped shape decisively this four-year period of particularly intense activity in the company's development. After 13 years on the Management Board, Mr. Harloff has decided for personal reasons not to extend his contract again. He will be leaving the company upon the conclusion of the Annual General Meeting on 9 June 2016. He would like to thank the company's employees, shareholders and investors, as well as the large number of external service providers, who have long accompanied ADLER and Mr. Harloff himself, and continue to do so, for their trust.

The Supervisory Board has appointed Arndt Krienen as Chief Executive Officer (CEO) and Sven-Christian Frank as a new member of the Management Board and as Chief Operating Officer (COO), with both appointments taking effect as of 9 June 2016. Mr. Frank joined the company as Director of Asset Management at the beginning of September 2015. The company will now generate benefits of scale by integrating portfolios, increasingly using in-house capacities to take over property management tasks and gradually streamlining the portfolio.

Not only that, vacant apartments will be gradually renovated and modernised to enable them to be let subsequently on attractive terms. Given current market developments, many portfolios have very good prospects of consistently raising rents. In the current year already, the occupancy rate is set to rise by two percentage points to 90.8 per cent while the average rent per square metre of living space should increase by around two per cent to EUR 5.04/m².

These measures – together with the fact that the previous year's acquisitions will be included in the company's figures for the first full year in 2016 – will lead to further substantial growth in revenues and operating earnings. ADLER Real Estate AG also intends to grow by making further acquisitions. Investments in new portfolios will still be governed by the same quality criteria as previously, while takeovers should contribute to the operating cash flow or offer notable potential for value appreciation.

Dr. Dirk Hoffmann, Supervisory Board Chairman of ADLER Real Estate AG, was elected to the Administrative Board of conwert Immobilien Invest SE at the extraordinary shareholders' meeting held by that company on 17 March 2016. Following his election, he is intended to support the management in implementing the set objectives and thus create added value for all of that company's shareholders.

ADLER Real Estate AG can expect to benefit once again from strong underlying conditions in 2016. The ongoing favourable interest rate climate will allow the company to further optimise its borrowing costs and finance acquisitions. Housing markets in Germany, and especially in conurbations, are still characterised by strong demand. This is now also noticeable in B and peripheral locations, where ADLER Real Estate AG has a large share of its holdings. We expect another good year.

Kind regards

Axel Harloff

Management Board Member

Arndt Krienen

Management Board Member

Foundations of the Group

BUSINESS MODEL ADLER Real Estate AG is focusing on building up a residential property portfolio, portfolio management and optimising and trading in residential property throughout Germany. With a portfolio of around 50,000 residential and commercial units at the end of March 2016, ADLER was one of the five largest listed Germany residential property companies. Shares in the company are listed in the SDAX, the small cap index of the German Stock Exchange in Frankfurt.

> ADLER primarily invests in residential property portfolios in B locations and on the edges of large conurbations which generate positive cash flows after all running costs. The company is also consistently acquiring residential properties in so-called A cities, especially Berlin. This is to boost holdings at its subsidiary ACCENTRO Real Estate AG, which operates successfully in the socially responsible privatisation of residential properties. ADLER also aims to selectively expand its property holdings in other A cities for its Rental portfolio and thus benefit from the sharp appreciation in value of these units.

> As a fast-growing property company, ADLER offers residential properties in selected regions in Germany. The apartments in ADLER's portfolio have an average size of around 60 m² and have two or three main rooms. This means that they are ideally sized for the strongest demand groups in the market, namely young or elderly people living alone, single parents with one or two children, immigrants and tenants from income groups that can only afford smaller apartments given the development in rental prices.

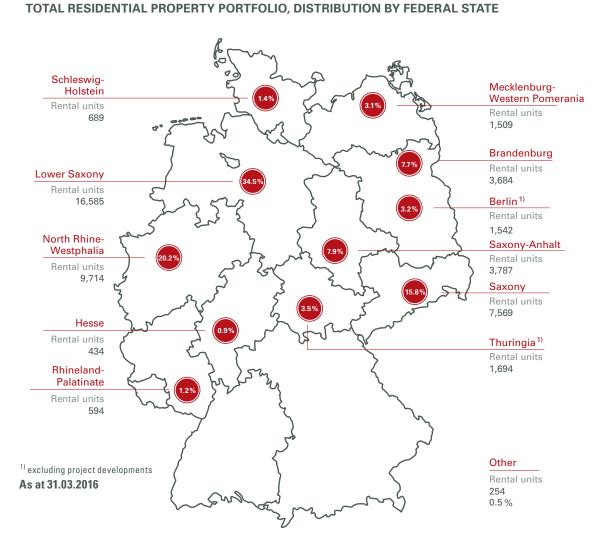
> ADLER is a top-performing portfolio manager that, as well as rapidly expanding its portfolio, is based on an organisation that manages its core business - letting affordable living space. As a residential property owner, ADLER operates in a market shaped by the following major trends:

- · Consistent growth in single-occupancy households and the corresponding sharp growth in living space per capita
- Demographic change, leading to higher living space requirements for elderly people
- · The politically desired turnaround in energy policy, required an increased modernisation requirements for existing properties
- · Increased housing needs due to the high volume of demand in 2015.

ADLER divides its activities into two business segments: Rental and Trading.

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In its Rental segment, ADLER concentrates on establishing and expanding a residential property portfolio in select regions of Germany. ADLER primarily acquires investments in portfolios in B locations of German conurbations. It preferably aims to acquire majority shareholdings to enable it to sustainably exploit value appreciation potential and exercise sufficient influence to ensure optimal management of the portfolios. The aim is to enhance occupancy rates at the residential portfolios, i.e. to reduce existing vacancy rates with a range of optimisation measures. To this end, ADLER plans investment programmes that enable the apartments to be more easily let in the competition for tenants and thus continually increase existing rental income. Value appreciation potential is also tapped by using any free land, empty building lots or expansion reserves with a range of construction measures or by implementing energy-efficient refurbishment measures.



Renta

Trading

The Trading segment of the Adler Group is primarily covered by the majority interest in the listed company ACCENTRO Real Estate AG. This encompasses trading in residential properties and individual apartments. ACCENTRO markets suitable residential properties and individual apartments from the ADLER Group and also on behalf of third parties in a targeted manner to owner-occupiers and capital investors in Germany and abroad. According to its own assessment, ACCENTRO is Germany's largest privatiser of residential property.

Targets and strategies

The targets and associated strategies of ADLER Real Estate AG chiefly relate to the active fields of:

- · Portfolio management
- Trading
- Financing
- Acquisition

Portfolio management business strategy

In its portfolio management, ADLER aims to achieve optimal performance and core productivity. Within the company's transparent, comprehensive and closely integrated organisational structure, this should facilitate optimal letting and management of its residential property portfolios. Active portfolio management means that measures are continually taken to reduce vacancy rates, exploit potential for rental income growth and maintain existing portfolios in good condition by systematically implementing maintenance measures while ensuring a favourable cost/benefit ratio. Building modernisation programmes, particularly energy-efficient refurbishment, enable significant value-enhancing measures to be implemented. This way, it is possible on the one hand to increase rents and on the other hand to reduce operating costs, which may account for up to a quarter of total rent, and here especially heating costs, to the benefit of tenants.

Renovation and housing modernisation measures make vacant apartments more attractive, also in competition with other providers, and thus enable the apartments to be let quickly and on good terms. Furthermore, portfolio optimisation also involves identifying properties with high vacancy rates and suboptimal links to administrative centres and then selling these on suitable market terms. These measures produce the desired efficiency enhancements in terms of portfolio management and higher average occupancy rates in the overall portfolio.

Trading business strategy

Trading with residential properties and individual apartments at the ADLER Group is primarily covered by the majority interest in the listed company ACCENTRO Real Estate AG. ACCENTRO markets suitable residential properties

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and individual apartments from the ADLER Group and also on behalf of third parties in a targeted manner to owner-occupiers and capital investors in Germany and abroad. Based on a well-considered approach, suitable portfolios are acquired and brought to market. According to its own assessment, ACCENTRO is Germany's largest privatiser of residential property. Low interest rates have created lively demand in the market for residential property, a development from which the privatisation business can substantially profit. Given current levels of interest rates, privatisation is also increasingly interesting for existing tenants aiming to boost their provision for retirement and avoid future rent increases by acquiring a residential property.

ADLER's financing plans comprise well-balanced financing structures with long-term maturities and also aim to optimise the average interest charge. These key business interests are achieved both by enhancing and optimising existing portfolios and by acquiring further value-enhancing properties. The measures taken also include refinancing existing facilities on more favourable terms. By rapidly taking up equity and debt capital, ADLER aims to be able to acquire properties at any time and also at short notice.

As well as exploiting potential for organic growth, ADLER is maintaining its acquisition policy aimed at strengthening the company's position in the market as a major property portfolio manager in the market. Given its nationwide presence and growing reputation, ADLER has access to numerous opportunities to acquire further residential property portfolios.

ADLER is able to react quickly and flexibly to any interesting acquisition opportunities and can offer sellers a high degree of transaction security. Here, the company naturally complies with the acquisition criteria it has defined to optimise the overall portfolio.

ADLER manages its property and facility management companies via a group management company. Essential to this is ADLER's central asset management, which directs the respective property management companies on site. These are generally bound by service contracts. In addition, the Group also has its own property companies that perform property and facility management for residential portfolios using in-house capacities.

Based on a real estate software that forms an integral component of the Group's IT, asset and property managers are kept permanently informed of the performance of the property portfolios. This software provides an overview at all times of the overall situation across the various portfolios, of the development in letting and rental income, and of the potential offered by de-

Financing strategy

Acquisition strategy

MANAGEMENT SYSTEM

Financial performance indicators

velopments in rents. This way, the necessary investments can also be managed. The Asset Controlling department is responsible for controlling, analysis and reporting.

The transparent and seamless administration of the residential property portfolios and the respective management options form the basis for professionally managing resources. Not only that, they provide the foundation for integrating further portfolios. The key performance indicator in the Rental segment is cash flow on portfolio level. This is influenced by occupancy rates, termination and new letting rates, basic net rents, management and debt servicing costs. This is also reflected in the FFO I key figure.

In the Trading segment, EBIT is used as the financial performance indicator for business management purposes. EBIT is primarily determined by the proceeds from the sale of properties, which depend on factors such as the number of reservations of owner-occupied apartments by potential buyers and the actual selling prices realised. The latter is recorded in terms of both the number of apartments and sales volumes.

Furthermore, ADLER also refers to typical sector key figures, such as net asset value, funds from operations and loan-to-value as key financial management figures.

performance indicators

Non-financial The key prerequisites for ADLER's business performance are the specialist expertise and motivation of its employees and managers, as well as customer satisfaction and thus also constitute indicators of a non-financial performance.

> In addition, this also applies to the occupancy rate in the Rental segment, which proves stably with unchanged 88.8 per cent at the end of the first quarter 2016 across the entire portfolio (90 per cent occupancy for the core portfolio).

> As a non-financial performance indicator can be highlighted the company's reputation in the Trading segment. ACCENTRO has successfully operated in the privatisation business since 1999 and based on our assessment is the market leader.

EMPLOYEES ADLER Real Estate Aktiengesellschaft does not itself have any employees. The office organisation and processing of operational tasks at Group level are largely performed via the wholly owned subsidiary ADLER Real Estate Service GmbH, for which 67 employees worked at the end of March 2016. These employees are flexibly deployed in the respective subsidiaries in line with their areas of specialism. Together with the employees at its property companies and other subsidiaries, ADLER had a total of 309 full-time and part-time employees at the end of the reporting period.

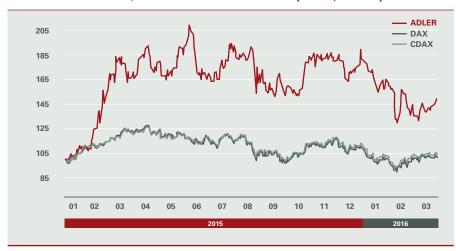
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Global stock markets, including the German capital market, posted a weak start to the new year. The DAX, Germany's lead index, fell by more than seven per cent in the first quarter of 2016, while the Euro Stoxx 50 index even lost eight per cent of its value. More positive developments were seen on the US stock market, which began its race to make up lost ground in March 2016 al- Stock market sentiment ready. By the end of the quarter, the S&P 500 posted a small quarterly increase of just under one per cent.

DEVELOPMENTS ON STOCK AND CAPITAL **MARKETS**

Two factors in particular placed the European stock markets under pressure the falling crude oil price and the great uncertainty surrounding global economic developments. Market players were concerned above all by developments in the People's Republic of China, where gross domestic product grew by just 6.7 per cent in the first quarter of 2016. This represented the lowest figure since 2009, the year after the financial crisis. The falling crude oil price, on the other hand, placed pressure on all producer countries, leading to fears that the German economy would suffer a downturn in its exports to numerous emerging economies. Terrorist attacks in Europe (Paris and Brussels) and in Istanbul, the Brexit debate and the European refuges crisis – all these factors increased insecurity among capital market players. Not only that, the financial policy situation in Greece, where gross domestic product contracted by 1.9 per cent in the first quarter of 2016, has yet to stabilise.

ADLER Real Estate AG, DAX and CDAX since January 2015 | January 2015 = 100

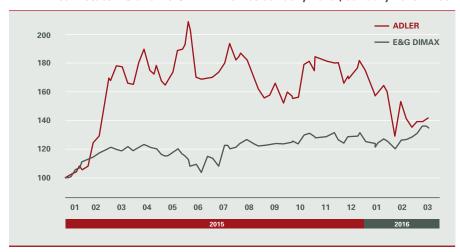


Having reached a low at 8,750 points in mid-February, the DAX then benefited from a turnaround that was supported once again by the central banks. While the US Federal Reserve is apparently in no hurry to press further ahead with the turnaround in interest rate policy, the European Central Bank (ECB) yet again boosted market liquidity by raising the volume of government bonds purchased each month from up to Euro 60 billion to Euro 80 billion, reducing the base rate to zero and increasing the penalty interest charged to banks storing cash at the ECB (from 0.3 per cent to 0.4 per cent). At the same time, the concerns about the weak performance of the global economy eased, with investors now pleased about low commodity prices and greater opportunities for consumption.

Performance of real estate stocks

Widespread insecurity among market players given weak developments on stock markets only had a temporary impact on the performance of real estate stocks. After a slight dip in February, the DIMAX ended the first quarter of 2016 at a new all-time high. Real estate stocks benefited overall from strong demand from investors on the lookout for a safe haven and a better return on their capital. Investors see residential properties in particular as standing to benefit in the medium and long term from the increase in demand resulting from immigration.

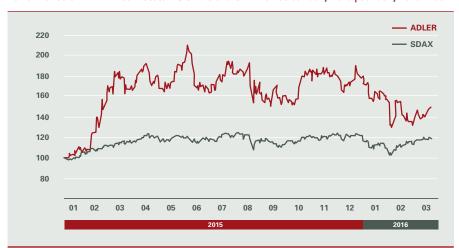
ADLER Real Estate AG and E&G DIMAX since January 2015 | January 2015 = 100



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In the first quarter of 2016, ADLER's share price was unable to maintain the ADLER's level reached during 2015. In parallel with the SDAX and many other indices, share performance the share price fell consistently until the end of February. Towards the end of the first quarter of 2016, ADLER's share price stabilised slightly but no longer regained the level seen at the end of 2015.

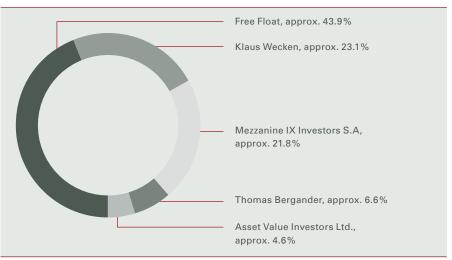




The shareholder structure of ADLER Real Estate AG changed only slightly in SHAREHOLDER the first quarter of the 2016 financial year. Asset Value Investors Ltd. increased its shareholding from 3.0 per cent to 4.7 per cent, leading to a corresponding reduction in the free float to around 43.9 per cent.

STRUCTURE

Shareholder Structure on April 1, 2016



Economic report

OVERALL ECONOMY AND PROPERTY MARKET

The German economy posted a good start to the new year in 2016. This is the conclusion reached by the German Bundesbank in its monthly report in April 2016. Growth was driven above all by the domestic economy, while German export growth turned out lower than in the previous year. Low energy prices and income growth accompanied by very low rates of inflation have boosted consumer confidence and consumer spending. According to the Bundesbank report, the boom also continued in the construction business, which benefited from unusual mild weather conditions.

Exports have suffered from the weakening in the global economy, a factor that has been influenced by problems in emerging economies and countries rich in natural resources, and by the slowdown in growth in the Chinese economy. This is also reflected in the subdued development in new orders at industrial companies and in the noticeable deterioration in confidence among managers at German companies. In view of this, the central bank expects Germany's rate of economic growth to slow in the second quarter of 2016. The Federal Government has nevertheless upheld its German GDP growth forecast of 1.7 per cent for the current year, but has reduced its forecast for 2017 to 1.5 per cent, down from 1.8 per cent previously.

German housing markets are characterised by unrelentingly high demand. Ongoing demand for housing in conurbations and in German A-cities is reflected above all in the marked rise in prices and rents. According to the index on the Immobilienscout24 property platform, between March 2015 and March 2016 the prices offered for newly built apartments rose by 11.9 percentage points, those for existing apartments by 17.2 percentage points and those for rental accommodation by 4.4 percentage points. Prices for existing properties in Hamburg, Frankfurt am Main and Berlin showed double-digit percentage growth, and even rose by more than 20 percentage points in Berlin and Frankfurt am Main.

Trading volumes with residential property portfolios did not rise any further in the first quarter of 2016. On the contrary, transaction volumes fell around 80 per cent short of those in the previous year's quarter, which was dominated by the takeover of the housing company Gagfah by its competitor Vonovia. According to analysis compiled by the consultancy NAI apollo group, residential property portfolio transactions with a total volume of EUR 2.2 billion were executed (previous year's quarter: EUR 10.8 billion), with no single transaction worth more than 500 million.

Based on a study compiled by the estate agents CBRE, an average price of EUR 89,000 per unit was paid for apartments in the period from January to March 2016, 45 per cent more than in the first quarter of 2015. However, this sharp increase is largely due to the fact that the previous year's quarter was dominated by large-scale transactions with comparatively inexpensive apartments, where-

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as the market in the first quarter of 2016 was characterised by sales of projects and smaller-scale packages of apartments.

The first quarter of the 2016 financial year was largely characterised by the ongo- **ECONOMIC DEVELOPMENT** ing consolidation and optimisation of the numerous residential property portfolios taken over in previous years. At the same time, the company did not lose sight of opportunities for further growth. Consistent with its aim of adding residential properties with especially high potential for value growth, in March 2016 ADLER Real Estate AG agreed the addition of a smaller-scale portfolio of 138 residential units in high-quality residential areas in Berlin (Moabit, Dahlem, Lichterfelde, Buckow, Schöneberg and Waidmannslust) with a total investment volume of around EUR 20 million. The transfer of Risks and Rewards will take place in the second quarter of the year. The residential properties were acquired by taking over shares in property holding companies and by direct acquisition.

The value creation strategy also involves promoting the development of conwert Immobilien Invest SE, in which ADLER acquired its current share of 22.37 per cent via its subsidiary MountainPeak Trading Ltd. in August 2015.

Dr. Dirk Hoffmann, Supervisory Board Chairman of ADLER Real Estate AG, was elected to the Administrative Board of conwert Immobilien Invest SE at the extraordinary shareholders' meeting held by that company on 17 March 2016. This offers the opportunity to contribute ideas concerning potential synergies between the companies, implementation of which may result in positive developments for both companies.

In its operating business, ADLER chiefly focused on the positive development of its residential property portfolios. The aim is to further raise occupancy rates and adjust rents in line with the market climate for the respective portfolios. Moreover, vacant properties are gradually being renovated, modernised and thus prepared to be let on attractive market terms. A corresponding investment budget of EUR 15 million in total is available for 2016.

Furthermore, the company is also integrating portfolios newly taken over, especially those contributed to the Group as a result of the takeover of WESTGRUND AG. To make better use of economies of scale, around 3,800 residential units were allocated to proprietary property management companies in the second half of 2015. This will enable them to be profitably managed these in 2016.

At the end of the first quarter, the occupancy rate for the total of 48,055 rental units in the ADLER Group's portfolios remained unchanged at 88.8 per cent. However the core property portfolio showed an occupancy of 90 per cent. The average rent per square metre of rental area remained stable at EUR 4.94.

OF THE GROUP

Consolidation and optimisation

To optimise its holdings, ADLER is still pursuing the objective of streamlining its portfolios to exclude non-core assets. These include apartments with loss-making management costs and excessively high spending on central property management, as well as residential units whose value development has peaked or that are awaiting privatisation. In the first quarter of 2016, ADLER parted company with 193 residential units.

ACCENTRO, ADLER's privatisation-focused subsidiary, benefited from continuing high demand for properties as a capital investment and for apartments for own use, as well as from the positive overall market climate. In the first quarter of 2016, ACCENTRO privatised 160 apartments, and thus significantly more units than in the previous year's comparative quarter (36 units). Income from privatisation-related sales surged by 581 per cent from EUR 2.7 million in the first quarter of 2015 to EUR 18.4 million in the quarter under report. The gross margin for the same period improved to 41.1 per cent (previous year's quarter: 19.6 per cent). Driven by this very promising performance, operating earnings at ACCENTRO grew to EUR 6.4 million (previous year's quarter: EUR 0.5 million). Alongside these sales, ACCENTRO also acquired 53 residential properties in the preferred Berlin districts of Dahlem, Tegel, Wedding and Spandau in the first quarter and thus increased its holdings.

OPPORTUNITIES AND RISKS

No material changes have arisen in opportunities and risks compared with those presented in the management report for the 2015 financial year. There are no risks to the Group's continued existence, neither are any such risks currently discernible for the future.

REPORT ON POST-BALANCE-SHEET DATE EVENTS

No significant events requiring disclosure here occurred between the end of the period under report and the editorial deadline for this report.

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Macroeconomic developments and the economic framework in Germany are REPORT ON EXPECTED expected to remain positive for the remainder of 2016 as well. Regardless of **DEVELOPMENTS** uncertainties in the global economy, which could adversely affect German exports, domestic demand and consumer behaviour are stable from ADLER's perspective. These factors are currently benefiting from low energy costs and from growing incomes that could turn out even higher in real terms given the low level of inflation. Not only that, no material change is currently foreseeable in the favourable capital market interest rate climate for refinancing property portfolios or making further acquisitions.

Against this background, ADLER expects its gross rental income to benefit from a stable to slight upward trend in the 2016 financial year as a whole. What's more, the acquisitions made in 2015 impacted on the figures for the first quarter of 2016 and will continue to do so in the overall 2016 financial year. ADLER expects to benefit both from synergies and from ongoing improvements in its operating business driven by its asset management. ADLER has budgeted an increase in its occupancy rate by two percentage points to 90.8 per cent by the end of the year accompanied by a slight increase in average rents by two per cent to EUR 5.04/m² (end of 2015: EUR 4.93/m²). Overall, gross rental income is expected to rise by approximately 20 per cent to around EUR 260 million (previous year: EUR 216.6 million).

All in all, ongoing operating improvements, average rents, occupancy rates and synergies should generate substantial growth in FFO I by around 55 per cent to around EUR 25 million in 2016. Based on current expectations and uninfluenced by any major portfolio sales, FFO II should more or less match the previous year's figure and come to EUR 45 million. A further increase may result from the strong growth in the market for apartment privatisation, particularly in Berlin, where around 90 per cent of the residential property held by ACCENTRO, AD-LER's privatisation subsidiary, is located.

ADLER will exploit the advantageous conditions on the capital markets to reduce its borrowing costs. As a result of refinancing measures, ADLER expects the average interest charge on all group liabilities (WACD) to decrease further to 3.75 per cent, or even lower, having already fallen from 4.70 per cent to 3.99 per cent in 2015. Based on ADLER's expectations, the loan-to-value (LTV) figure will reduce further to around 65 per cent (end of 2015: 67.96 per cent; end of 2014: 68.7 per cent). The company value is also set to improve, with the EPRA NAV figure expected to increase by more than 10 per cent from EUR 879 million in 2015 to around EUR 1.0 billion by the end of 2016. Overall, ADLER expects the 2016 financial year to be very solid indeed.

Results from operations, net assets and financial position

RESULTS FROM OPERATIONS

Gross rental income amounted to EUR 65.5 million and thus grew significantly compared with the first quarter of 2015 (+ EUR 25.3 million; + 63.0 per cent). This key figure benefited above all from the income received from the WESTGRUND portfolio, which has been included in the scope of consolidation since mid-2015. Furthermore, income from JADE, which was acquired at the end of January 2015, is also fully included for the period under report.

The most important key figures in the income statement developed as follows:

In EUR million	31.03.2016	31.03.2015
Gross rental income	65.5	40.2
– of which net rental income	42.0	25.2
Earnings from property lettings	30.7	17.5
Income from the sale of properties	21.6	8.2
Earnings from the sale of properties	5.5	0.3
Other operating income	1.5	44.1
Income from measurement of investment properties	4.8	5.6
Personnel expenses	4.3	2.3
Earnings before interest and taxes (EBIT)	33.0	60.4
Adjusted EBITDA	31.0	13.9
Financial result	24.9	14.4
Earnings before taxes (EBT)	8.7	46.0
Consolidated net profit after taxes	4.5	42.9
Occupancy rate in %	88.81	88.13
Monthly in-place rent 1) (EUR/m²)	4.94	4.92
Property portfolio (number of rental units)	48,055	30,840

¹⁾ in-place rent at respective balance sheet date

Alongside the sharp increase in gross rental income to EUR 65.5 million (EUR 40.2 million)*, the expansion in the property portfolio was also reflected in a corresponding increase in expenses to EUR 34.8 million (EUR 22.7 million). As a result, earnings from property lettings grew to EUR 30.7 million (EUR 17.5 million). The strong performance at ACCENTRO contributed substantially to the growth in earnings from the sale of properties to EUR 5.5 million (EUR 0.3 million).

At EUR 1.5 million, other operating income fell markedly short of the previous year's figure (EUR 44.1 million). This variance was due to goodwill arising upon the initial consolidation of JADE (EUR 42.3 million), which was recognized as a non-recurring item for the first time in the previous year's comparative period and reported under other operating income.

At EUR 4.8 million (EUR 5.6 million), income from the measurement of investment properties remained at a low level. This is because as extensive revaluations of properties are usually performed in the middle or towards the end of the year.

Consistent with the Group's growth and the substantial expansion in its work-force, personnel expenses rose to EUR 4.3 million (EUR 2.3 million). At EUR 5.0 million, other operating expenses were only slightly higher than in the comparative period.

Overall, earnings before interest and taxes (EBIT) came to EUR 33.0 million (EUR 60.4 million). Net of the financial result, including at-equity income of EUR 24.2 million (EUR 14.5 million), and taxes, consolidated net profit amounted to EUR 4.5 million (EUR 42.9 million).

^{*}Figures in brackets refer to the previous year's comparative period.

The increase in gross rental income (excluding changes in the value of investment property) benefited both from the positive performance of the Trading segment and from developments in the Rental segment. Income and EBIT are broken down across the two segments as follows:

Adler Group	Trac	ling	Rei	ntal	Otl	her	Gro	oup
In EUR million	3M	3M	3M	3M	3M	3M	3M	3M
	2016	2015	2016	2015	2016	2015	2016	2015
Gross rental income and income								
from the sale of properties	20.5	4.4	66.0	43.6	0.6	0.4	87.1	48.4
thereof:								
Gross rental income	1.8	1.2	63.6	38.9	0.1	0.1	65.5	40.2
Income from disposals	18.5	2.7	2.4	4.7	0.5	0.3	21.3	7.7
Income from brokerage	0.3	0.6	0.0	0.0	_	_	0.3	0.6
Change in the value of investment properties	-	_	4.8	5.6	_	_	4.8	5.6
EBIT	6.2	0.0	26.7	60.4	0.0	-0.1	33.0	60.4
Income from investments accounted for using								
the equity method	_	_	0.6	-0.1	_	_	0.6	-0.1
Financial result	-0.9	-0.6	-24.0	-13.7	0.0	0.0	-24.9	-14.4
Earnings before taxes (EBT)	5.3	-0.6	3.4	46.6	0.0	-0.1	8.7	46.0

The earnings before interest and taxes (EBIT) of EUR 26.7 million (previous year: EUR 60,4 million) in the Rental segment contributed 81 per cent to Group EBIT. At EUR 6.2 million (previous year: EUR 0 million), the Trading segment contributed around 19 per cent to Group EBIT. The EBIT growth in the Trading segment was due to the scheduled increase in income from disposals.

FFO (funds from operations) were structured as follows for the period under report:

In EUR million	31.03.2016	31.03.2015
Consolidated net profit	4.5	42.9
Financial result	24.9	14.4
Income taxes	4.2	3.1
Depreciation and amortisation	0.3	0.2
Income from measurement of investment properties	-4.8	-5.6
Income from associates accounted for using the equity method	-0.6	0.1
EBITDA IFRS	28.4	55.1
Non-recurring and extraordinary items	2.5	-41.2
Adjusted EBITDA	31.0	13.9
Interest expense FFO	-19.9	-12.7
Current income taxes	-0.2	-0.2
Capitalisable maintenance	1.0	2.8
Earnings before interest and taxes from the sale of properties	-6.2	0.0
FFO I	5.7	3.8
Earnings after interest and taxes from the sale of properties	3.4	-0.7
Interest from companies accounted for using the equity method	-0.8	0
Income from associates accounted for using the equity method	0.6	-0.1
FFO II	8.9	3.0

NET ASSETS

At EUR 3,107.6 million, ADLER's total assets grew only slightly compared with the previous year's figure (+1.0 per cent). Current assets in particular increased from EUR 297.3 million to EUR 318.0 million (+ 7.1 per cent), while at EUR 2,279.8 million investment properties were only marginally higher than in the previous year.

Of the total equity of EUR 782.8 million, EUR 723.2 million was attributable to ADLER shareholders and EUR 59.7 million to minority shareholders in companies controlled by ADLER. Details can be found in the consolidated statement of changes in equity. At 25.2 per cent, the equity ratio was virtually unchanged (31 December 2015: 25.3 per cent).

Loan to Value (LTV)

ADLER has total debt capital of EUR 2,324.8 million (31 December 2015: EUR 2,298.3 million). Of this total, 85.8 per cent involve non-current debt capital, while 14.2 per cent comprises current debt capital.

The ratio of net financial liabilities to assets adjusted for cash, excluding convertible bonds, decreased from 68.0 per cent to 67.2 per cent in the reporting period.

In EUR million	31.03.2016	31.12.2015
Convertible bonds	35.4	35.6
Bonds	505.2	489.9
Liabilities to banks	1,606.7	1,616.6
Cash and cash equivalents	-67.7	-49.5
= Net financial liabilities	2,079.6	2,092.6
Assets adjusted for cash	3,039.9	3,026.7
LTV including convertible bonds	68.4%	69.1%
LTV excluding convertible bonds	67.2%	68.0%

ADLER calculates its net asset value (NAV) in accordance with the guidelines is- Net Asset Value (NAV) sued by the EPRA (European Public Real Estate Association). ADLER bases its NAV calculation on the equity attributable to its shareholders. The EPRA NAV figure rose slightly from EUR 879.5 million to EUR 884.7 million.

In EUR million	31.03.2016	31.12.2015
Equity ¹	782.8	777.9
Non-controlling interests	-59.7	-58.6
Equity attributable to ADLER shareholders	723.2	719.4
Deferred tax liabilities	116.9	114.8
Differences between fair values and carrying amounts		
of inventory properties	36.8	40.6
Fair value of derivative financial instruments	8.6	7.0
Deferred taxes for derivative financial instruments	-2.8	-2.3
EPRA NAV	882.7	879.5
Number of shares at reporting date (46,103,237 plus 10,606,060 shares from assumed conversion of mandatory		
convertible bond)	56,709,297	56,709,297
EPRA NAV per share in EUR	15.57	15.51
Number of shares at reporting date (diluted) ²	64,051,743	64,051,744
EPRA NAV per share (diluted) in EUR	14.10	14.05

¹⁾ Includes equity share of mandatory convertible bond (EUR 172.5 million)

²⁾ Including conversion of mandatory convertible bonds into 10,606,060 shares and conversion of other convertible bonds at ADLER assumed as of reporting

FINANCIAL POSITION The financial position of the ADLER Group developed as follows:

Key figures from the cash flow statement In EUR million	31.03.2016	31.03.2015
Cash flow from operating activities	18.8	4.9
Cash flow from investing activities	14.0	-70.8
Cash flow from financing activities	-14.6	60.6
Cash-effective change in cash and cash equivalents	18.2	-5.4
Cash and cash equivalents at beginning of period	49.5	33.1
Cash and cash equivalents at end of period	67.7	27.7

Due to the growth in the property portfolios, the cash flow from operating activities increased to EUR 18.8 million, up from EUR 4.9 million in the previous year's comparative period. Investing activities resulted in a further inflow of funds amounting to EUR 14.0 million. These mainly result from the sale of investment properties. These factors were opposed by the outflow of funds of EUR 14.6 million for financing activities.

The Group was at all times able to meet its payment obligations.

Konzernzwischenabschluss 31

















Selected notes to the interim consolidated financial statements as of 31 March 2016











Consolidated Balance Sheet

(IFRS) as at 31. March 2016

In EUR '000	31.03.2016	31.12.2015
Assets	3,107,607	3,076,246
Non-current assets	2,769,386	2,758,878
Goodwill	130,552	130,552
Intangible assets	1,214	1,358
Property, plant and equipment	1,354	1,269
Investment Properties	2,279,757	2,270,187
Investments in associated companies	354,271	353,343
Other financial investments	1,338	1,230
Other non-current assets	472	473
Deferred tax claims	427	465
Current assets	317,995	297,252
Inventories	152,979	159,654
Trade receivables	22,274	16,309
Income tax claims	238	243
Other current assets	74,763	71,544
Cash and cash equivalents	67,741	49,502
Non-current assets held for sale	20,226	20,117

In EUR '000	31.03.2016	31.12.2015
Equity and liabilities	3,107,607	3,076,246
Shareholders' equity	782,845	777,921
Capital stock	46,103	46,103
Capital reserve	449,360	449,360
Retained earnings	280	-88
Currency translation reserve	89	92
Net retained profit	227,320	223,890
Equity attributable to owners of the parent company	723,152	719,357
Non-controlling interests	59,693	58,563
Non-current liabilities	1,994,738	1,980,375
Pension reserves	4,216	4,268
Deferred tax liabilities	72,295	70,139
Other provisions	970	756
Liabilities from convertible bonds	34,813	34,982
Liabilities from bonds	496,823	481,599
Financial liabilities to banks	1,363,450	1,368,125
Other non-current liabilities	22,173	20,507
Current liabilities	315,603	303,529
Other provisions	2,663	2,688
Income tax liabilities	7,343	5,406
Liabilities from convertible bonds	615	623
Liabilities from bonds	8,387	8,265
Financial liabilities to banks	243,250	248,524
Trade payables	25,295	20,174
Other current liabilities	28,050	17,849
Assets and Liabilities held for sale	14,421	14,421

Consolidated Statement of Comprehensive Income (IFRS) fot the period from 1 January to 31 March 2016

In EUR (000	21.02.2016	21 02 2015
In EUR '000	31.03.2016	31.03.2015
Gross rental income	65,479	40,178
Expenses from property lettings	-34,749	-22,659
Earnings from property lettings	30,730	17,520
Income from the sale of properties	21,633	8,234
Expenses from the sale of properties	-16,125	-7,959
Earnings from the sale of properties	5,508	275
Personnel expenses	-4,315	-2,315
Other operating income	1,545	44,070
Other operating expenses	-5,037	-4,491
Income from fair value adjustments of investment properties	4,811	5,569
Depreciation and amortisation	-278	-213
Earnings before interest and tax (EBIT)	32,964	60,415
Financial income	330	412
Financial costs	-25,207	-14,784
Net income from at-equity valued investment associates	640	-86
Earnings before taxes (EBT)	8,727	45,957
Income taxes	-4,247	-3,053
Consolidated net profit	4,480	42,904
OCI SWAP – reclassifiable –	118	85
Deferred taxes OC – reclassifiable –	-38	-27
Gains/losses from currency translation	-4	74
Change in value of interests in companies accounted		
for using the equity method	288	0
OCI gains/losses not reclassifiable into profit or loss	364	132
Total comprehensive income	4,844	43,036
	.,	,
Profit attributable to:		
Owners of the parent company	3,429	42,761
Non-controlling interests	1,051	143
Total comprehensive income attributable to:		
Owners of the parent company	3,793	42,893
Non-controlling interests	1,051	143
Earnings per share, basic (EUR)	0.06	1.34
Earnings per share, diluted (EUR)	0.06	1.10

Consolidated Statement of Cash Flows

(IFRS) fot the period from 1 January to 31 March 2016

In EUR '000	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
Earnings before interest and taxes (EBIT)	32,964	60,414
+ Depreciation and amortisation	278	213
-/+ Net income from at-equity valued investment associates	640	0
-/+ Net income from fair value adjustments of investment properties	-4,811	-5,569
-/+ Non-cash income/expenses	1,129	-42,291
-/+ Changes in provisions and accrued liabilities	137	-1,641
-/+ Increase/decrease in inventories, trade receivables and other		
assets not attributable to financing activities	-5,953	-9,609
-/+ Decrease/increase in trade payables and other liabilities not attri-	11 400	2.557
butable to investment or financing activity	-11,492	3,557
+ Interest received	2	-55
+/- Tax payments	-83	-168
Operating cash flow before de-/reinvestment into the	12 011	0
= trading portfolio	12,811	0
-/+ Íncrease/decrease in inventories (commercial properties)	6,000	0
= Net cash flow from operating activities	18,811	4,851
- Acquisition of subsidiaries, net of cash acquired	0	-66,943
+ Disposal of subsidiaries, net of cash disposed	0	2,202
 Purchase of investment properties 	-7,459	-1,574
+ Disposal of Investment Properties, net of cash disposed	21,641	0
 Purchase of property, plant and equipment 	-152	-79
- Payments into short-term deposits	0	-4,453
= Net cash flows from investing activities	14,030	-70,847
+ Proceeds from issue of bonds	13,930	30,500
Proceeds from issue of convertible bonds	-14	-1,756
- Interest payments	-15,400	-8,134
+ Proceeds from bank loans	7,730	166,772
Repayment of bank loans	-20,848	-126,771
= Net cash flows from financing activities	-14,602	60,611
- Net cash nows noin infancing activities	-14,002	00,011
Reconciliation to Consolidated Balance Sheet		
Cash and cash equivalents at beginning of periods	49,502	33,060
Net cash flow from operating activities	18,811	4,851
Net cash flow from investing activities	14,030	-70,847
Net cash flow from financing activities	-14,602	60,611
= Cash and cash equivalents at end of periods	67,741	27,675

Consolidated Statement of Changes in Equity (IFRS) for the period from 1 January to 31 March 2016

In EUR '000	Subscribed stock	Capital reserves
Net result	0	0
Other result – reclassifiable	0	0
Change in scope of consolidation	0	0
Conversion of convertible bond	93	147
As at 31 March 2015	31,970	108,225
As at 1 January 2016	46,103	449,360
Net result	0	0
Other result – reclassifiable	0	0
Change in scope of consolidation	0	0
Conversion of convertible bond	0	0
As at 31 March 2016	46,103	449,360

Retained profit	Currency translation reserve	Net profit/loss	Capital and reserves attributable to the shareholders of the parent company	Minority interests	Total equity
-349	20	151,775	291,401	19,810	311,211
0	0	42,760	42,760	143	42,903
58	74	0	132	0	132
0	0	0	0	6,479	6,479
0	0	0	240	0	240
-291	94	194,535	334,533	26,432	360,965
-88	92	223,891	719,358	58,562	777,921
0	0	3,429	3,429	1,051	4,480
368	-3	0	365	0	365
0	0	0	0	0	0
0	0	0	0	80	80
280	89	227,320	723,152	59,693	782,846

Selected notes to the interim consolidated financial statements (IFRS) as of 31 March 2016

GENERAL ADLER Real Estate Aktiengesellschaft (hereinafter "ADLER") is the parent com-INFORMATION pany of the Group and has its legal domicile at Herriotstrasse 5, Frankfurt am Main, Germany. The company is entered in the Commercial Register of Frankfurt am Main District Court under HRB 7287. Its financial year is the calendar year. The company's trading address is Gänsemarkt 50, Hamburg, Germany.

> ADLER is a publicly listed property company focusing on establishing and expanding a substantial and profitable property portfolio. Its activities centre on the acquisition and management of residential properties throughout Germany.

> ADLER's activities have the objective of investing in residential properties that offer sustainable potential for value appreciation and whose current income contributes to the company's overall success. The company's operating strategy also includes active value creation, i.e. improving its existing residential property portfolios by means of expansion, conversion or modernisation measures.

> Furthermore, ADLER's core activities also include trading with residential properties and individual apartments. Within the ADLER Group, trading activities are largely covered by the Group's majority interest in the listed company AC-CENTRO Real Estate AG.

ACCOUNTING

BASIS OF Basis of preparation

The interim consolidated financial statements as of 31 March 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as requiring mandatory application in the European Union. The consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statements and selected note disclosures, also take particular account of the requirements of IAS 34 "Interim Financial Reporting".

In accordance with IAS 34.41, greater reference is made to estimates and assumptions when preparing the interim consolidated financial statements than is the case for annual reporting. No changes in estimates with material implications for the Group's net assets, financial position and results of operations arose in the interim reporting period.

The interim consolidated financial statements have been prepared in euros (EUR), the functional currency of the Group. Unless otherwise indicated, all figures presented in euros have been rounded up or down to the nearest thousand euros (EUR 000s). Statement of thousand euro amounts may resulting in

discrepancies due to rounding up or down. Figures in brackets generally refer to the previous year.

Further information about the accounting policies can be found in the consolidated financial statements as of 31 December 2015, which form the basis for these interim consolidated financial statements.

Accounting standards applicable for the first time in the 2016 financial year

The following amendments to standards required mandatory application for the first time in the 2016 financial year and have not had any material implications for ADLER's consolidated financial statements:

- Amendments to IAS 1: "Disclosure Initiative"
- Improvements and additions to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Improvements and additions to select IFRSs 2012-2014
- Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"

Furthermore, several other amendments were introduced to standards that are basically not relevant for ADLER's consolidated financial statements:

- Amendments to IAS 27: "Equity Method in Separate Financial Statements"
- Amendments to IAS 16 and IAS 41: "Bearer Plants"

Subsidiaries are included in the consolidated financial statements in accord- BASIS OF ance with the requirements of IFRS 10. Subsidiaries are all entities that are CONSOLIDATION controlled by the Group. The Group controls an entity when it has direct or indirect decision-making powers over the respective group company in the form of voting or other rights, participates in the positive and negative variable returns from the group company and can influence these returns due to its decision-making powers. These criteria have to be cumulatively fulfilled.

Subsidiaries are included in the consolidated financial statements (full consolidation) from the date on which the Group gains control. They are deconsolidated from the date on which control ceases.

Companies over which the Group can exercise significant influence are recognised as associates using the equity method in accordance with IAS 28. Significant influence is presumed when a Group company directly or indirectly holds no less than 20 per cent but no more than 50 per cent of the voting rights.

Further information about consolidation principles can be found in the comments in the "Basis of consolidation" section of the 2015 Annual Report (Page 77 onwards).

SCOPE OF CONSOLIDATION Including the parent company, the scope of consolidation includes a total of AND BUSINESS 124 companies (31 December 2015: 122) that are fully consolidated and a fur-**COMBINATIONS** ther six companies that are recognised at equity.

There were no material additions or disposals in the period under report.

REPORTING

SEGMENT The ADLER Group is organised in the following segments:

- 1. Rental: this segment chiefly comprises investment properties.
- 2. Trading: purchases and sales of properties, in which individual apartments are generally sold to private investors, and the brokerage business associated with the privatisation of residential properties, are allocated to this segment.

Other Group activities that do not constitute standalone segments are pooled in the "Other" column.

Segment reporting based on the Rental and Trading segments is consistent with the internal reporting system to ADLER's Management Board, which is the top management body pursuant to IFRS (management approach).

Income and EBIT for the period from 1 January 2016 to 31 March 2016 is broken down across the segments as follows:

ADLER Group	Trading	Rental	Other	Group
In EUR '000 1 January – 31 March 2016	3M 2016	3M 2016	3M 2016	3M 2016
Gross rental income and income from				
the sale of properties	20,520	66,015	577	87,112
thereof:				
Gross rental income	1,751	63,632	96	65,479
Income from sales	18,470	2,383	481	21,334
Income from brokerage	299	0	0	299
Change in the value of investment property	0	4,811	0	4,811
EBIT	6,203	26,731	30	32,964
Income from investments accounted				
for using the equity method	0	640	0	640
Financial result	-897	-23,971	-9	-24,877
Earnings before taxes (EBIT)	5,306	3,401	21	8,728

The Trading segment generated income of EUR 20,520k in the first three months, of which EUR 18,470k (EUR 2,712k) resulted from sales. EBIT in this segment amounted to EUR 6,203k (EUR 27k) and earnings before taxes came to EUR 5,306k (EUR -571k). The sharp increase in income and EBIT in the Trading segment was chiefly due to the scheduled growth in sales of inventory properties. Revenues in the Rental segment amounted to EUR 66,015k (EUR 43,588k) and benefited from the new business resulting from the acquisition of WESTGRUND in June 2015. Three-month EBIT in this segment amounted to EUR 26,731k (EUR 60,441k), while earnings before taxes came to EUR 3,401k (EUR 46,619k). Of the higher EBIT and earnings before taxes figures for the previous year's period, an amount of EUR 42,291k resulted from the one-off collection of goodwill upon the initial consolidation of JADE.

Income and EBIT for the previous year's period from 1 January 2015 to 31 March 2015 is broken down across the segments as follows:

ADLER Group	Trading	Rental	Other	Group
In EUR '000 1 January – 31 March 2015	3M 2015	3M 2015	3M 2015	3M 2015
Gross rental income and income from				
the sale of properties	4,440	43,588	385	48,413
thereof:				
Gross rental income	1,157	38,901	121	40,179
Income from sales	2,712	4,687	264	7,663
Income from brokerage	571	0	0	571
Change in the value of investment property	0	5,569	0	5,569
EBIT	27	60,441	-54	60,414
Income from investments accounted				
for using the equity method	0	-86	0	-86
Financial result	-598	-13,738	-36	-14,372
Earnings before taxes (EBIT)	-571	46,619	-92	45,956

Segment assets, segment liabilities and segment investments were structured as follows as of 31 March 2016:

ADLER Group	Trading	Rental	Other	Consolidation	Group
In EUR '000 as of 31 March 2016					
Segment assets	193,588	2,561,577	12,132	-13,961	2,753,336
Investments accounted for using					
the equity method	1,593	352,678	0	0	354,271
Total segment assets	195,181	2,914,255	12,132	-13,961	3,107,607
Segment liabilities	113,480	2,213,570	11,673	-13,961	2,324,762
Segment investments	6,800	7,444	0	0	14,244

Segment assets, segment liabilities and segment investments were structured as follows as of 31 December 2015:

ADLER Group	Trading	Rental	Other	Consolidation	Group
In EUR '000 as of 31 December 2015					
Segment assets	197,689	2,527,020	12,148	-13,954	2,722,903
Investments accounted for using					
the equity method	1,593	351,750	0	0	353,343
Total segment assets	199,282	2,878,770	12,148	-13,954	3,076,246
Segment liabilities	126,811	2,173,810	11,658	-13,954	2,298,325
Segment investments	102,409	1,441,253	0	0	1,543,662

Investment properties

The carrying amount of investment properties amounted to EUR 2,279,757k at the balance sheet date (31 December 2015: EUR 2,270,187k). There were no material additions or disposals in the period under report.

SELECTED NOTES
ON THE CONSOLIDATED
BALANCE SHEET

Cash and cash equivalents

Cash and cash equivalents amounted to EUR 67,741k at the balance sheet date, as against EUR 49,502k at the end of the previous year. An amount of EUR 25,609k is subject to restraints on disposal (EUR 8,669k).

Non-current assets held for sale

Non-current assets held for sale include apartments and apartment buildings for which notarial purchase contracts are available at the balance sheet date.

Non-current assets held for sale have already been measured at fair value, which corresponds to the sales price of the respective properties less costs to sell. There were no disposals with a material impact on earnings.

Shareholders' equity

The capital stock of ADLER AG amounted to EUR 46,103k as of 31 March 2016 (previous year: EUR 46,103k) and is divided into 46,103,237 no-par ordinary shares (31 December 2015: 46,103,237 no-par ordinary shares) with one voting right per share.

Further details can be found in the consolidated statement of changes in equity.

Liabilities for convertible bonds

Liabilities for convertible bonds were structured as follows at the balance sheet date:

In EUR '000	31.03.2016	31.12.2015
2013/2017 convertible bond	8,879	8,810
2013/2018 convertible bond	9,216	9,138
2015/2018 mandatory convertible bond	2,251	2,470
ACCENTRO AG 2014/2019 convertible bond	14,467	14,584
WESTGRUND AG 2014/2016 convertible bond	615	604
Total	35,428	35,606
– of which non-current	34,813	34,983
- of which current	615	623

Liabilities for bonds

Liabilities for bonds were structured as follows at the balance sheet date:

In TEUR	31.03.2016	31.12.2015
2013/2018 bond	33,265	35,447
2014/2019 bond	117,846	105,421
2015/2020 bond	343,289	338,366
ACCENTRO AG 2013/2018 bond	10,809	10,628
Total	505,209	489,862
– of which non-current	496,823	481,599
– of which current	8,386	8,263

Gross rental income

SELECTED NOTES
ON THE STATEMENT OF
COMPREHENSIVE INCOME

Gross rental income is structured as follows:

In EUR '000	31.03.2016	31.03.2015
Net rental income	42,036	25,208
Income from recoverable expenses	22,435	13,511
Other income from property management	1,008	1,459
Total	65,479	40,178

The development in net rental income and in income from recoverable expenses in the period under report is attributable to the impact of the new business acquired. Of the increase in net rental income, an amount of EUR 15,566k relates to WESTGRUND, which has only been included in the scope of consolidation since June 2015.

Expenses from property lettings

Expenses from property lettings are broken down as follows:

In EUR '000	31.03.2016	31.03.2015
Apportionable and non-apportionable operating costs	28,928	17,579
Maintenance	5,653	5,005
Other property management expenses	168	75
Total	34,749	22,659

Of the increase in operating costs, an amount of EUR 12,278k relates to WEST-GRUND, which has only been included in the scope of consolidation since June 2015.

Income from the sale of properties

Income from the sale of properties is structured as follows:

In EUR '000	31.03.2016	31.03.2015
Income from the sale of inventory properties	18,951	7,663
Income from the sale of investment properties	2,383	0
Brokerage revenue	299	571
Total	21,633	8,234

Of income from the sale of inventory properties, an amount of EUR 18,470k relates to sales at ACCENTRO AG (previous year: EUR 2,712k). This increase was chiefly due to the scheduled rise in sale results in the Trading segment.

Expenses from the sale of properties

Expenses from the sale of properties are structured as follows:

In EUR '000	31.03.2016	31.03.2015
Retirement of inventory properties	13,339	7,321
Retirement of investment properties	2,109	2
Sale-related costs	496	330
Services procured for brokerage revenue	181	306
Total	16,125	7,959

Of the retirement of inventory properties, an amount of EUR 12,864k relates to disposals at ACCENTRO AG (previous year: EUR 2,579k).

Other operating income

Other operating income amounted to EUR 1,545k (previous year: EUR 44,071k). In the previous year's period, negative goodwill from the initial consolidation of Wohnungsbaugesellschaft JADE was included as a non-recurring item of EUR 42,291k.

Income from the measurement of investment properties

Income from the measurement of investment properties amounted to EUR 4,811k (EUR 5,569k) and comprises income of EUR 4,849k from fair value adjustments (EUR 8,841k) and expenses of EUR 38k for fair value adjustments (EUR 3,272k).

Financial costs

Financial costs are structured as follows:

In EUR '000	31.03.2016	31.03.2015
Interest expenses for bank loans	14,245	10,528
Interest expenses for bonds	7,822	3,467
Interest expenses for convertible bonds	429	453
Other	2,711	336
Total	25,207	14,784

Of the increase in interest expenses for bank loans, an amount of EUR 4,329k is attributable to the acquisition of WESTGRUND, which has only been included in the scope of consolidation since June 2015. The increase in interest expenses for bonds is mainly due to the 2015/2020 bond, of which EUR 300,000k was only issued in April 2015, and which was stocked up by a further EUR 50,000k in October 2015.

DISCLOSURES ON The classification of financial instruments required in accordance with IFRS 7 FINANCIAL INSTRUMENTS was unchanged compared with 31 December 2015. There were no reclassifi-AND FAIR VALUE cations within the categories of financial instruments or the fair value hierar-**DISCLOSURES** chy levels in the period under report.

> The allocation of assets and liabilities measured at fair value in accordance with the input factors of the measurement method was unchanged compared with 31 December 2015. Investment properties are still allocated to Level 3 in the fair value hierarchy.

DISCLOSURES

OTHER Related party disclosures

There were no material changes in related parties compared with the information provided as of 31 December 2015.

Financial risk management

The material risks monitored and managed by the Group's financial risk management include interest rate, default, liquidity and financing risks. There have been no material changes in these risks since 31 December 2015. A detailed description of these risks can be found in the notes to the consolidated financial statements as of 31 December 2015.

Events after the balance sheet date

No material events occurred after the balance sheet date.

Frankfurt a. M., 13 May 2016

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 implicity expressed in them. ADLER Real Estate AG is not obligated, nor does it intend, to update such statements in view of new information or future events.

At a Glance

Supervisory Board	
Dr. Dirk Hoffmann	Chairman, Rum/Österreich
Thomas Katzuba von Urbisch	Vice Chairman, Monte Carlo/Monaco
Thilo Schmid	Blotzheim/Frankreich
Management Board	
Axel Harloff	Hamburg/Germany
Arndt Krienen	Remscheid/Germany
Company Facts	
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	Telefax: +49(0)40/32 02 79 114
	E-Mail: office@hillermann-consulting.de
Subscribed Capital	EUR 46,103,237 ¹⁾
Classification	46,103,237 ¹⁾ non-par shares
Arithmetical Value	EUR 1 per share
Voting Detail	1 vote per share
Stock Details	SIN 500 800
	ISIN DE0005008007
	Ticket Symbol ADL
	Reuters ADLG.DE
Designated Sponsor	ODDO SEYDLER BANK AG
	HSBC Trinkaus & Burkhardt AG
Stock Exchanges	Xetra, Frankfurt am Main
Indices	SDAX, CDAX, FTSE EPRA/NAREIT Global Real Estate Index,
	GPR General Index, DIMAX
Fiscal Year	Calendar year









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