ADLER GROUP

Q3

NINE-MONTH FINANCIAL REPORT 2020

Key Figures Q3

Profit and Loss statement

	For the nine months ended		For the three months ended		For the year ended
In EUR thousand	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**31 Dec 2019**
Income from rental activities	266,114	107,494	118,217	36,133	141,572
EBITDA from rental activities	133,771	72,433	56,450	24,576	91,997
EBITDA from rental activities margin	65.8%	71.2%	63.8%	71.7%	68.6%
EBITDA total	157,710	75,894	72,030	25,735	95,887
FFO 1 (from rental activities)	74,738	50,419	31,804	16,989	63,173
AFFO (from rental activities)	68,964	39,982	29,018	15,381	51,525
FFO 2 (incl. disposal results and development activities)	73,670	52,168	25,500	17,672	64,982

Further KPIs

Residential(*)	**30 Sep 2020**	**31 Dec 2019**
Monthly in-place rent (EUR per m²)	EUR 6.25	EUR 6.19
Total vacancy rate	3.9%	4.0%
Number of units	70,741	75,721
Like-for-like rental growth	1.4%	3.3%

Balance sheet

In EUR thousand	**30 Sep 2020**	**31 Dec 2019**
Fair value of properties	11,431,808	3,670,023
LTV	54.1%	23.2%
EPRA NAV	4,744,040	2,923,601
EPRA NAV per share (EUR)	45.27	66.15
EPRA NRV	5,602,306	3,247,784
EPRA NRV per share (EUR)	53.46	73.49

(*) Including ground floor commercial units and excluding developments, BCP commercial portfolio and inventories.


More future per m²
We want people to feel comfortable with us for a long time. That is why we provide apartments at fair rental prices, which we also take care of after people have moved in.
adler-group.com
ADLER GROUP

Content

1 | TO OUR SHAREHOLDERS
About the Company

Welcome to the Adler Group

The Adler Group is a leading German housing company. With more than 70,000 residential units throughout Germany and a development pipeline of more than 10,000 new flats in Germany's top 7 cities, we actively shape the future of the German real estate market.

Adler can look back on a long history. As a manufacturer of bicycles, cars and typewriters, the Adler brand has been known throughout Germany since 1880 and stands for pioneering spirit and reliability.

The Adler Group wants to carry this spirit further and, as a housing company, create living spaces in which people will feel comfortable for years to come.

As a company, we convince both through our technical pioneering role and by continuously striving for perfection. Seriousness in business matters, trustworthiness through success, and serenity through experience make us a constant in the German real estate market. As a modern company, we are passionate about what we do best: we create holistic, visionary and sustainable living spaces.

As a brand with a long tradition in Germany, we consider ourselves an important part of the society in which we live. We are here to stay.

RESIDENTIAL RENTAL PORTFOLIO

70,741

units

DEVELOPMENT PIPELINE

+10,000

units

1 | TO OUR SHAREHOLDERS
Key Facts & Figures

Strength in Numbers

Our key facts & figures

FAIR VALUE INVESTMENT PROPERTY

11.4

billion EUR

More future per m²

ADLER GROUP

EPRA NAV

4,744

million EUR

RESIDENTIAL RENTAL PORTFOLIO

70,741

units

DEVELOPMENT PIPELINE

+10,000

units

AVERAGE RESIDENTIAL RENT

TOP 13 CITIES

6.55

EUR/m²/month

AVERAGE RESIDENTIAL RENT

TOTAL

6.25

EUR/m²/month

RESIDENTIAL RENTAL PORTFOLIO

4.5m

m²

DEVELOPMENT PIPELINE

+900,000

m²

Trusted for the Future

Our Senior Management

Maximilian Rienecker

Co-CEO

MAXIMILIAN RIENECKER is one of the former Co-CEOs of ADLER Real Estate. Originally from Hamburg, Mr Rienecker has worked in finance in many places around the globe, including assignments with ING Investment Management in Hong Kong and various parts of Europe.

THIERRY BEAUDEMOULIN has worked for real estate companies in France, the Netherlands, Belgium and Spain. In Germany, he was CEO of Covivio Germany and CEO of ADO before merging ADO with ADLER Real Estate. Mr Beaudemoulin has been working in real estate for more than 25 years.

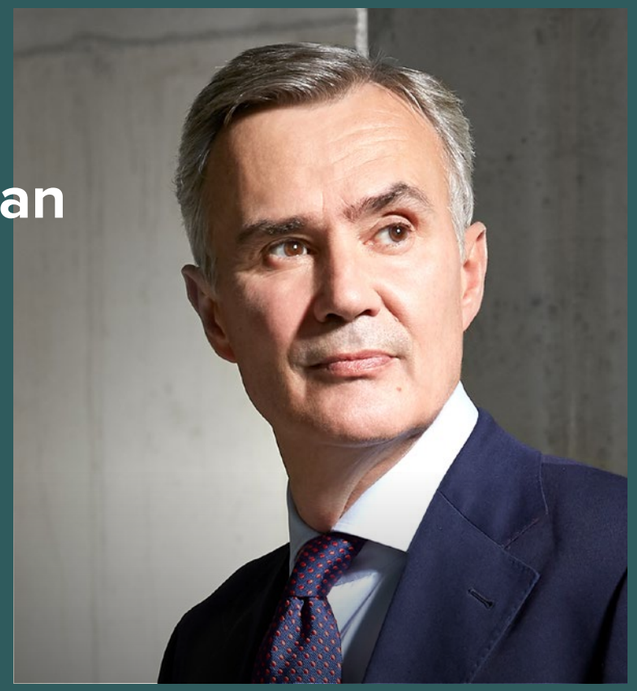
Thierry Beaudemoulin

Co-CEO

Sven Christian Frank

CLO

SVEN CHRISTIAN FRANK, attorney at law, mediator (DAA), has gathered over 25 years of experience in real estate and asset management – working in leading roles at renowned companies like German Real Estate AG. For the past 5 years, Mr Frank has been a member of the board of ADLER Real Estate.



Letter from the Co-CEOs

Dear Investors,

May we introduce the new ADLER. After the business combination of ADO Properties S.A. and the ADLER Real Estate AG, the new group is now called Adler Group S.A. ("Adler Group"). And we are delighted to have fully consolidated the third pillar of our new business for the first time in the third quarter: Consus Real Estate. The equity-based acquisition of project developer Consus Real Estate AG adds a unique pipeline, which will be fuelling organic growth over the next six to ten years and which will make the Adler Group one of the largest listed real estate companies in Germany.

As people's lives centre more and more around the home, with home shopping, home office and streaming video replacing the high street spree, commuting to work or going to the cinema, the new Adler Group's residential business is totally on trend. And with people spending more time at home, the proportion of household budgets spent on rent is expected to expand. While the coronavirus pandemic affects us all personally, the property business proves highly resilient. This allows us to focus on giving back to the community and addressing the German housing shortage.

In line with its business strategy to concentrate on the top 7 cities and federal capitals in Germany, the Adler Group has further streamlined its portfolio in the period under review and entered into a binding sales and purchase agreement with a major international real estate investor to sell more than 5,000 residential units at a premium to book value as at H1 2020. The properties are primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The transaction is expected to close by the end of 2020, with net proceeds of roughly EUR 237 million.

"The equity-based acquisition of project developer Consus Real Estate AG adds a unique pipeline, which will be fuelling organic growth over the next eight years and which will make the Adler Group one of the largest listed real estate companies in Germany."

As a further step to simplify our capital structure, the Adler Group has successfully placed another EUR 400 million 6-year bond in November. The bond is due in November

2026 and has a fixed coupon of 2.75%. Its proceeds will primarily be used to repay short-term debt, which serves to further extend Adler Group's average debt maturity.

> ***"Project developer Consus brings a pipeline of 10,000 new apartments that will be constructed over the next eight years. The new residential build-to-hold developments will boost our EBITDA margins and drive our company value."***

The highly diversified portfolio of the Adler Group with its focus on affordable housing and a minimal share of commercial real estate is well on track for excellent performance. The operational vacancy level has dropped to 3.9%, which is slightly below the prior-year level. Like-for-like rental growth has continued its positive trend in all cities except for Berlin, where the performance is held back by the rental freeze. After the merger, the Adler Group's portfolio comprises the former ADO properties with a strong focus on Berlin, the existing ADLER properties, which are mainly located in the commuter belt of larger cities, and the development pipeline of Consus, located in the 7 top German capitals.

At the same time as further driving the performance of our portfolio, we are promoting the integration of the new group companies. With the share-based investment in Consus in the third quarter, all three companies – ADO, ADLER and Consus – are now under one roof, putting us in a position to further drive organic growth and leverage synergy effects. Project developer Consus brings a pipeline of 10,000 new apartments that will be constructed over the next eight years. The new residential build-to-hold developments will boost our EBITDA margins and drive our company value.

The Annual General Meeting was held on 29th September 2020 as a virtual General Meeting. In addition to reconfirming the existing directors of the Company, the General Meeting approved the three new directors Thomas Zinnöcker, Claus Jørgensen and Thilo Schmidt.

The year 2020 has been presenting us with novel challenges, which the brand-new entity Adler Group is in an excellent position to tackle. The confidence of our shareholders, the strong commitment of our employees and the resilience of our business have steered us extremely well through these times of unprecedented turbulence. We are well positioned to deliver consistent value to you going forward, and look forward to a promising future.

Sincerely yours,

Maximilian Rienecker
Co-CEO

Thierry Beaudemoulin
Co-CEO

1 | TO OUR SHAREHOLDERS
Best of 2020

Best of 2020

The most important milestones of an eventful year

1 | TO OUR SHAREHOLDERS
Best of 2020

Best of 2020

A year that sets the course

APRIL

Residential rental portfolio

70,741

units

Successful business combination of ADO and ADLER

On 9 April 2020, ADO Properties S.A. completes the transaction to gain control of ADLER Real Estate. From now on, roughly 95% of ADLER shares are controlled by the new Adler Group (previously ADO). The new Group boasts a well-diversified German residential portfolio with 70,741 units and a fair value of its investment properties of EUR 11.4 billion.

Unique development pipeline added by acquisition of Consus Real Estate

On 29 June 2020, the Adler Group exercises its call option to acquire control of Germany's leading project developer, Consus Real Estate. The project developer brings profound embedded value that will drive organic growth and establish the new Group firmly as one of the largest listed residential players in Europe. It adds a pipeline of 10,000 apartments to the Group's pan-German portfolio that will be constructed over the next eight years.

JUNE

10,000

new apartments

JULY

EUR 457m

rights issue

EUR 400m

unsecured bond

Profound enhancement of the capital structure

On 21 July 2020, the Group extends its debt maturity profile with a EUR 457 million rights issue with 98% take-up. And on 29 July, the Group successfully places fixed rate senior unsecured bond for EUR 400 million with a 5-year maturity and a 3.25% fixed coupon to partly repay an outstanding bridge facility. The bond is placed with institutional investors across Europe, and the order book is heavily oversubscribed.

AUGUST

Thomas Zinnöcker

joins the Board of Directors

Valuable reinforcement of the Board of Directors

Thomas Zinnöcker, CEO of ISTA International GmbH and Chairman of the Corporate Governance Initiative of the German real estate industry is scheduled to join the Board of Directors of the new Group. He has previously held various board positions at German-listed residential companies: CEO of GSW Immobilien AG, CEO of Gagfah S.A. and Deputy CEO of Vonovia SE. He was appointed together with Claus Jørgensen and Thilo Schmidt at the Annual General Meeting in September.

Well-targeted streamlining of the portfolio

On 18 September 2020, the Group enters into a sale and purchase agreement with a major international real estate investor to sell more than 5,000 residential and commercial units at a premium to book value. The transaction is expected to close by the end of the year, and the proceeds will add further strength to the Adler Group's balance sheet.

SEPTEMBER

Disposal of over

5,000

units

NOVEMBER

Placement of additional

EUR 400m

unsecured bond

Opportune refinancing through placement of 6-year bond

On 9 November 2020, the Adler Group places an additional bond for EUR 400 million with a 6-year maturity and a 2.75% fixed coupon. The new issue was more than four times oversubscribed, with more than 150 investors participating. The proceeds will be used to repay short-term debt, thus further extending the Adler Group's average debt maturity.

1 | TO OUR SHAREHOLDERS
Business Model

Real Estate Done Responsibly

Our business model

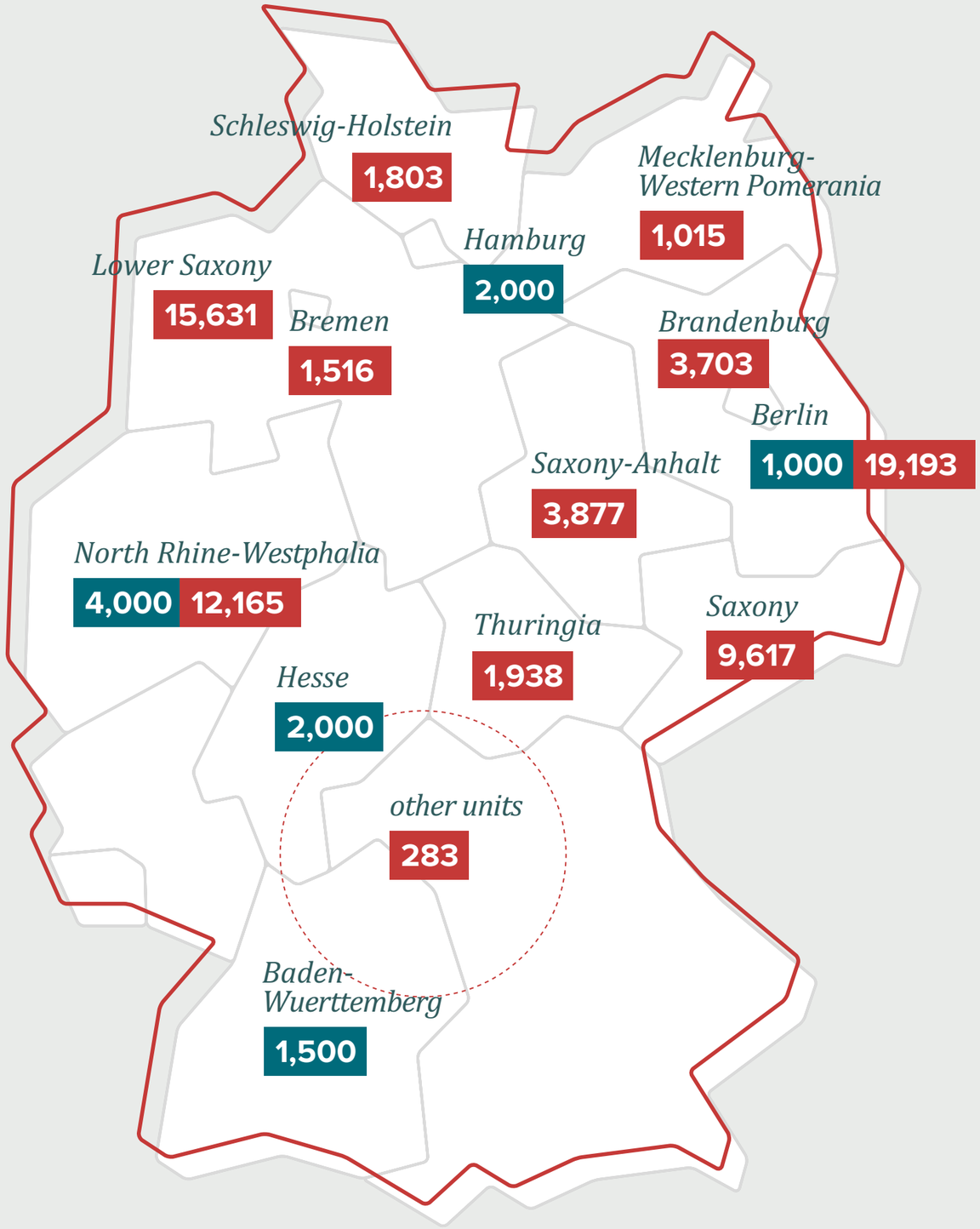
1 | TO OUR SHAREHOLDERS
Business Model

Act Local

Our pan-German portfolio

We buy, build, hold and manage real estate and are a committed, reliable partner for municipal leaders and investors across the entire real estate value chain.

Adler Group focuses on residential properties and specialises in holding and managing apartments and large housing projects in order to provide quality apartments that people can afford.



DEVELOPMENT PIPELINE

+10,000
units

RESIDENTIAL RENTAL PORTFOLIO

70,741
units

FOCUS ON TOP CITIES 7

Development pipeline to drive organic growth

Portfolio of residential rental units

1 | TO OUR SHAREHOLDERS
Business Model

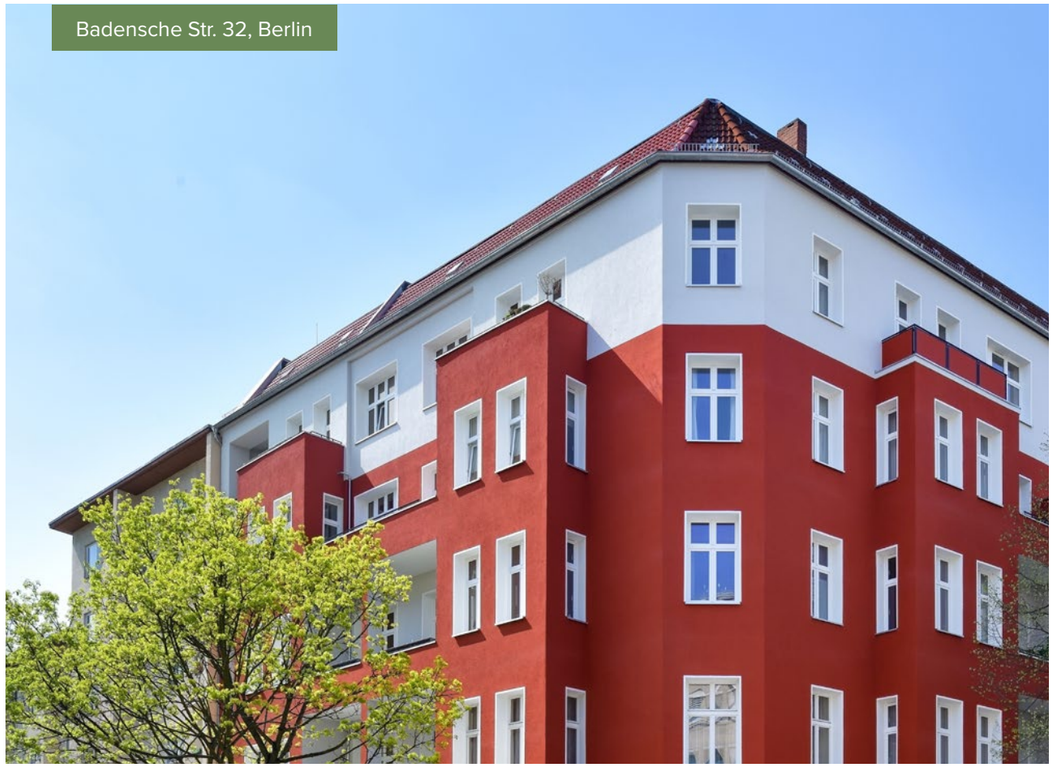
Our Rental Portfolio

Unique and diverse

Creating a Geographically Well Balanced Portfolio

Urban living with a vision based on a strong platform for growth

Adler Group portfolio is as unique as it is diverse. With a focus on Germany's top 7 cities, each rental project brings together vision and function. Please take a tour of our current rental portfolio for more insights.


Badensche Str. 32, Berlin

1 | TO OUR SHAREHOLDERS
Business Model

Berlin-Mitte

WOLLANKSTR. 32-39

KEY FIGURES

Construction year	1969
Date of takeover	07/2013
Fair value	EUR 33,400,000

UNITS

Residential	167
Commercial	1
Parking	73

GROSS LETTABLE AREA

Residential	11,822 m²
Commercial	1,095 m²

REVENUE POTENTIAL RESIDENTIAL

13%

Market rent EUR 5.67/m²/month
In-place-rent EUR 6.30/m²/month

FAIR VALUE

2,586

EUR/m²

Rostock-Gehlsdorf

LANDREITERSTRASSE 5

KEY FIGURES

Construction year 1908
Land size ..... 778 m²

UNITS

Residential 6
Garages 5

GROSS LETTABLE AREA

Residential ..... 708 m²

REVENUE POTENTIAL RESIDENTIAL

11.7%

Market rent EUR 8.25/m²/month
In-place-rent EUR 7.38/m²/month

FAIR VALUE

1,962

EUR/m²

1 | TO OUR SHAREHOLDERS
Business Model

Wilhelmshaven – City

BONTEKAI - NORFOLKSTRASSE 12, 14

KEY FIGURES

Construction year 1987
Date of takeover 1987
Property was built by Wohnungsbaugesellschaft Jade mbH

Fair value ..... EUR 2,810,000

UNITS

Residential 20
Commercial 0
Parking 0

GROSS LETTABLE AREA

Residential ..... 1,416 m²

REVENUE POTENTIAL RESIDENTIAL

21%

Market rent EUR 9.75/m²/month
In-place-rent EUR 8.07/m²/month

FAIR VALUE

1,983

EUR/m²

1 | TO OUR SHAREHOLDERS
Highlight projects

Looking Forward to Tomorrow

More future per m²

Quality in Progress

Our project highlights


© André Poitiers Architekt Stadtplaner RIBA (Image is nonbinding)

01

Hamburg

HOLSTEN QUARTIER

Area for rent	approx. 150,000 m²
Completion	2026
GDV(*)	EUR 942.6m

(*) Gross development value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02

Stuttgart

VAI CAMPUS

Area for rent	approx. 163,400 m²
Completion	2028
GDV(*)	EUR 952.3m

03

Düsseldorf

BENRATHER GÄRTEN

Area for rent	approx. 215,500 m²
Completion	2030
GDV(*)	EUR 1,128.1m


(Image is nonbinding)

© Römer Kögeler & Partner Architekten PartG mbB (Image is nonbinding)

04

Cologne

COLOGNEO III

(Windmühlenquartier)

Area for rent	approx. 24,200 m²
Completion	2024
GDV(*)	EUR 136.8m

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05

Frankfurt

OSTEND

Area for rent	approx. 42,600 m²
Completion	2028
GDV(*)	EUR 300.8m

(*) Gross development value

(Image is nonbinding)

06

Düsseldorf

GRAND CENTRAL

Area for rent	approx. 78,500 m²
Completion	2025
GDV(*)	EUR 565.3m

1 | TO OUR SHAREHOLDERS
Adler Group Share

Adler Group Share

The Share

Share Information (as at 30 September 2020)

1st day of trading	23 July 2015
Subscription price	EUR 20.00
Price at the end of Q3 2020	EUR 23.64
Highest share price LTM	EUR 39.60
Lowest share price LTM	EUR 14.15
Total number of shares	104.8m
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ
Class	Dematerialised shares
Free float	66.51%
Stock exchange	Frankfurt Stock Exchange
Market segment	Prime Standard
Market index	SDAX
ERPA indices	FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Developed Europe Index, FTSE EPRA / NAREIT Germany Index

FFO 1 DIVIDEND PAYOUT POLICY

50%

FREE FLOAT

66.51%

Key Stock Market Data

Adler Group shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended 30 September 2020, the shares traded between EUR 14.15 and EUR 39.60. Adler Group shares are included in the SDAX index of Deutsche Börse and the relevant real estate sector indices of the EPRA index family.

Shareholder Structure

As at 30 September 2020, the total number of outstanding shares of Adler Group amounts to 104.8 million. The main shareholders with holdings of over 5% are(*): Aggregate Holdings S.A. (22.50%), Fairwater Multi-Strategy Investment ICAV (5.63%) and Mezzanine IX Investors S.A. (5.36%), the 66.51% free float shares are held mainly by institutional investors.

(*) Based on company information.

Dividend Policy

As a dividend policy, the Company intends to pay dividends in an amount of approximately 50% of FFO 1. In accordance with this dividend policy, the amount shall be distributed as annual dividends to the shareholders. The distribution of dividends is subject to a respective resolution of the Annual General Meeting (AGM). For the 2019 financial year, Adler Group's Board of Directors proposed a one-time cancelation of the dividend in order to reduce the size of the rights issue, which was completed in July 2020 which was also approved at the AGM.

Interim Management Report

2 Interim Management Report

Fundamentals of the Group

Business Model

Our business model currently focuses on asset and property management, portfolio and facility management and identifying residential properties throughout Germany that present opportunities to create value by increasing rents, decreasing vacancy and privatising condominiums. All 70,741 units are located in Germany. Our 1,968 operational employees are based in our Berlin headquarters as well as in several locations across Germany bringing us closer to our assets and tenants.

On 9 April 2020, we combined our business with the business of ADLER Real Estate Aktiengesellschaft ("ADLER") and its subsidiaries (the "Business Combination"). Combining ADO Properties S.A. ("ADO"; now renamed to Adler Group S.A.) and ADLER, we have created the fourth largest listed residential real estate company in Europe based on gross asset value. Prior to the Business Combination, we focused on Berlin-specific residential real estate locations and have now diversified our business model to Germany-wide exposure focused on becoming a leading integrated residential property group in Germany. We will continue to create value by active portfolio and property management as well as opportunistic growth through strategic acquisitions.

In addition, on 15 December 2019, Adler Group acquired 22.18% of Consus Real Estate AG ("Consus") and entered into a Strategic Cooperation Agreement. As a result of the completion of the ADLER voluntary tender offer, Adler Group held, directly and indirectly, 25.75% of the share capital of Consus. On 29 June 2020, Adler Group exercised the call option under the Call/Put-Option Agreement with Consus' largest shareholder Aggregate Holdings S.A., thereby acquiring control of Consus (currently owns approximately 65.1% of its shares). The transaction was completed on 6 July 2020.

RESIDENTIAL RENTAL PORTFOLIO

70,741

units

OPERATIONAL EMPLOYEES

1,968

people

With the acquisition of Consus, we gain access to and intend to capitalise on a highly experienced development platform with a focus on residential large-scale developments across the top 7 cities in Germany. We expect the build-to-hold development projects to be completed over the next six to eight years and to deliver approximately 10,000 new residential units in a strategic effort to address and benefit from the ongoing housing shortage in Germany.

Objectives and Strategy

Our strategy is focused on creating the fourth largest European listed integrated residential real estate platform combining a GAV of approximately EUR 14.0 billion. Our high-quality Berlin portfolio has been complemented by ADLER's Germany-wide portfolio, focused on German cities with attractive yield potential. With the acquisition of Consus, we intend to leverage its strengths as a leading German real estate developer.

Through the business combination with ADLER and the acquisition of Consus, we aim to grow and continue to diversify our business throughout Germany by securing a clear and profitable growth path.

We will leverage operational and financial synergies to be realised from streamlining of the operations and refinancing of more costly debt.

We will continue to focus on increasing rents through active asset management and targeted investments to modernise, refurbish and reposition our properties while constantly screening and anticipating developments in different sub-markets.

Our sustainable financing strategy targets an LTV ratio of 50% in the mid-term.

We target continuous dividends with a payout ratio of up to 50% of our FFO 1 (from rental activities).

Management System

Adler Group's Board of Directors together with the Senior Management Team manages the Company in accordance with the provisions of Luxembourg and German company laws and other applicable laws and regulations. The Board of Directors' duties, responsibilities and business procedures are laid down in the Company's Rules of Procedure. The day-to-day management of the Group is executed by the Senior Management Team. In cooperation with the Board of Directors, the Senior Management Team has established various key performance indicators for the daily as well as strategic management of the Group, which reflect the risks and opportunities relevant to a focused residential real estate business. These indicators, which will be defined in more detail further below, are like-for-like rental growth, EBITDA from rental activities together with FFO 1 and FFO 1 per share (from rental activities), EBITDA Total together with FFO 2 and FFO 2 per share (incl. disposal results and development activities), Net Loan-to-Value ratio (Net LTV), EPRA Net Asset Value (NAV) and EPRA Net Reinstatement Value (NRV).

Financial Performance Indicators

With effect from 1 January 2020, the European Public Real Estate Association (EPRA) has developed three new ratios to reflect changes in the regulatory framework in Europe, which will replace Net Asset Value (NAV) and Triple Net Asset value (NNNAV). These are EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV).

In this quarterly report the Company will concentrate on EPRA NRV and we will present all three EPRA measures in the annual financial statements. Nevertheless, for comparison purposes, we will continue to report EPRA NAV until further notice and retire EPRA NNNAV.

The main difference between NRV and the former NAV is the real estate transfer tax relating to the properties in the hold portfolio, which had previously been deducted for

property valuation purposes, and is now included again as sales are not currently expected.

We calculate our NAV and NRV based on EPRA's best practice recommendations.

EPRA NAV represents the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value of financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Similarly, trading properties are adjusted to their fair value under the EPRA NAV measure.

EPRA NAV makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.

Calculation of EPRA NAV

Total equity attributable to owners of the Company

(+)	Revaluation of trading properties[1)]
(–)	Fair value of financial instruments[2)]
(–)	Deferred taxes[3)]

= EPRA NAV

1) Difference between trading properties carried in the balance sheet at cost (IAS 2) and the fair value of those trading properties.

2) Fair value of financial instruments that are used for hedging purposes where the Company has the intention of keeping the hedge position until the end of the contractual duration.

3) Deferred tax as per the IFRS balance sheet in respect of the difference between the fair value and the tax book value of investment property, development property held for investment, intangible assets, or other non-current investments.

The objective of the EPRA NRV measure is to highlight the value of net assets on a long-term basis. Assets and liabilities which are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the indicator also aims at reflecting what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs (such as real estate transfer taxes) are included.

Calculation of EPRA NRV

Total equity attributable to owners of the Company

(+)	Revaluation of trading properties[1)]
(–)	Fair value of financial instruments[2)]
(–)	Deferred taxes[3)]
(+)	Real estate transfer tax[4)]

= EPRA NRV

4) Real Estate Transfer Tax on investment properties is calculated based on the gross value as provided in the valuation certificate (i.e. the value prior to any deduction of purchasers' costs).

Starting from the revenues in relation to our rental activities, we calculate NOI (Net Operating Income) and EBITDA from rental activities.

NOI equals total revenue from the property portfolio less all reasonably necessary operating expenses. Aside from rent, a property might also generate revenue from parking and service fees. NOI is used to track the real estate portfolio's capability of generating income.

EBITDA from rental activities is an indicator of a company's financial performance and is calculated by deducting the overhead costs from NOI. It is used as a proxy to assess the recurring earning potential of the letting business.

EBITDA Total can be derived by adding the net profit from privatisations to EBITDA from rental activities. It is used to assess the recurring earning potential of the business as a whole.

In addition, we present the NOI margin from rental activities – calculated as NOI divided by net rental income, as well as EBITDA margin from rental activities – calculated as EBITDA from rental activities divided by net rental income. These metrics are useful to analyse the operational efficiency at real estate portfolio level as well as at company level.

Calculation of EBITDA (from rental activities)

Net rental income

(+)	Income from facility services and recharged utilities costs
=	**Income from rental activities**
(–)	Cost from rental activities[5)]
=	**Net operating income (NOI) from rental activities**
(–)	Overhead costs from rental activities[6)]

= EBITDA (from rental activities)

5) Cost from rental activities is the aggregate amount of (a) Salaries and other expenses related to rental activities; (b) Net cost of utilities recharged; and (c) Property operations and maintenance, as presented in the "Cost of operations" note to the consolidated financial statements excluding one-off costs.

6) Overhead costs from rental activities represent the "General and administrative expenses" from the profit or loss statement excluding one-off costs and depreciation and amortisation relating to rental activities. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective like impairment losses on trade receivables.

Calculation of EBITDA Total

Income from rental activities

(+)	Income from property development
(+)	Income from real estate inventories disposed of
(+)	Income from other services
(+)	Income from selling of trading properties
=	**Revenue**
(–)	Cost from rental activities[6)]
(–)	Other operational costs from development and privatisation sales[7)]
=	**Net operating income (NOI)**
(–)	Overhead costs from rental activities[5)]
(–)	Overhead costs from development and privatisation sales[8)]
=	**EBITDA Total**
(–)	Net cash interest[9)]
(+/–)	Other net financial costs[10)]
(–)	Depreciation and amortisation
(+)	Change in fair value of investment properties
(+/–)	Other expenses/income[11)]
(–)	Net income from at-equity-valued investment[12)]

= EBT

7) Other operational costs from development and privatisation sales is the aggregate amount of (a) Costs of real estate inventories disposed of; (b) Costs of property development; and (c) Costs of selling of trading property (condominiums), as presented in the "Cost of operations" note to the consolidated financial statements excluding one-off costs.

8) Overhead costs from development and privatisation sales represent the "General and administrative expenses" from the profit or loss statement excluding one-off costs as well as depreciation and amortisation excluding costs relating to rental activities. Adjustments for one-off costs include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective.

9) Net cash interest is equal to "Interest on other loans and borrowings" as presented in the "Net finance costs" note to the consolidated financial statements, excluding day-1 fair value non-cash adjustment and interest capitalised for development projects, plus the nominal interest expense on bonds.

10) Other net financial costs is equal to the total "Net finance costs" from the profit or loss statement less "Net cash interest" as calculated in footnote 9) above.

11) Other expenses/income relate to adjustments for one-off costs which include items that are of a non-periodic nature, recur irregularly, are not typical for operations, or are non-cash-effective.

12) Net income from at-equity-valued investment from the profit and loss statements.

Starting from EBITDA from rental activities, we calculate the main performance figure in the sector, FFO 1 (from rental activities). This KPI serves as an indicator of the sustained operational earnings power after cash interest expenses and current income taxes of our letting business.

Calculation of FFO 1 (from rental activities)

EBITDA from rental activities

(–)	Net cash interest relating to rental activities[13)]
(–)	Current income taxes relating to rental activities[14)]
(–)	Interest of minority shareholders[15)]

= FFO 1 (from rental activities)

13) Net cash interest relating to rental activities is equal to "Interest on other loans and borrowings" relating to rental activities, excluding day-1 fair value non-cash adjustment, plus the nominal interest expense on bonds.

14) Only current income taxes relating to rental activities.

15) Participation of minority shareholders in ADLER's subsidiary Brack Capital Properties N.V. ("BCP") as ADLER's share is only 68.8%.

Continuing from FFO 1 (from rental activities), we derive AFFO (from rental activities), which is adjusted for the impact of capitalised maintenance. AFFO (from rental activities) is used as an indicator of the sustained operational earnings power of our letting activities after cash interest expenses, current income taxes and recurring investment requirements in our real estate portfolio.

Calculation of AFFO (from rental activities)

FFO 1 (from rental activities)

(–) Capital expenditure (CAPEX)[16)]

= AFFO (from rental activities)

16) Capital expenditure (CAPEX) relates to public area investments and forms part of the total capitalised CAPEX presented in the "Investment properties" note to the consolidated financial statements.

Starting from EBITDA Total, we calculate FFO 2 (incl. disposal results and development activities). FFO 2 is used to indicate the total operational earnings power.

Calculation of FFO 2 (incl. disposal results and development activities)

EBITDA Total

(–) Net cash interest[10)]
(–) Current income taxes[17)]
(–) Interest of minority shareholders[15)]

= FFO 2 (incl. disposal results and development activities)

17) Current income taxes as presented in the financial statements exclude the deferred taxes and current taxes relating to the disposal of the non-core portfolio.

The Loan-to-Value ratio (LTV ratio) indicates the degree to which the net financial liabilities, calculated as the book value of the interest-bearing loans, bonds and other financial liabilities less cash and cash equivalents, are covered by the fair market value of the real estate portfolio. This indicator helps us to ensure a sustainable ratio of borrowings compared to the fair value of our real estate portfolio.

The LTV ratio was adjusted to align with the methodology of ADLER Real Estate AG and in this regard the comparative figures for the previous period were also adjusted. The net financial liabilities are adjusted for selected financial assets like purchase price receivables, granted loans and held bonds. The fair value of the properties is adjusted for property, plant and equipment used for energy management services and for investments in real estate companies.

Calculation of LTV

Bonds, other loans and borrowings and other financial liabilities

(+) Convertible bonds
(–) Cash and cash equivalents
(–) Selected financial assets[18)]
(–) Contract assets
(–) Assets and liabilities classified as held for sale
= **Net financial liabilities**
(+) Fair value of properties[19)]
(+) Investment in real estate companies[20)]
= **GAV (Gross Asset Value)**

= Loan-to-Value ratio (LTV ratio)

18) Including loans granted, trade receivables from the sale of real estate investment and other financial assets.

19) Including investment properties and inventories at their fair value, advances paid related to investment properties and trading properties as well as property, plant and equipment used for energy management services at its book value as at the reporting date.

20) Including investment in financial instruments and investments in associated companies from the consolidated financial statements.

We believe that the alternative performance measures described in this section constitute the most important indicators for measuring the operating and financial performance of the Group's business.

We expect all of the above described alternative performance measures to be of use for our investors in evaluating the Group's operating performance, the net value of the Group's property portfolio, the level of the Group's indebtedness and of cash flow generated by the Group's business.

Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

Portfolio Performance Indicators

In addition to our financial performance indicators, we also use the following non-financial operating performance indicators.

The vacancy rate shows the ratio of m² of vacant units in our properties to total m². Vacancy rate is used as an indicator of the current letting performance.

The in-place rent per m² provides an insight into the average rental income from the rented properties. It serves as an indicator of the current letting performance.

The like-for-like rental growth is the change rate of the net rents generated by the like-for-like residential portfolio over the last 12 months.

All of the above-described non-financial performance indicators are key drivers for the development of rental income.

The total amounts spent on maintenance and CAPEX in relation to the total lettable area of our portfolio are further operational figures to ensure an appropriate level of investment in our real estate portfolio.

Corporate Governance

The Company's corporate governance practices are governed by Luxembourg Law (particularly the Luxembourg Companies Law) and the Company's present articles of association. As a Luxembourg company listed solely on the Frankfurt Stock Exchange, the Company is not subject to any specific mandatory corporate governance rules and has not opted to voluntarily apply provisions of any corporate governance code. The only corporate governance practices applied by the Company are those applied under general Luxembourg law, which are considered sufficient and appropriate given the nature and size of the Company.

As at the date of this report, the Board of Directors is composed of Dr. Peter Maser (Chairman), Thierry Beaudemoulin, Maximilian Rienecker, Arzu Akkemik, Dr. Michael Bütter, Thilo Schmid, Thomas Zinnöcker and Claus Jørgensen.

As at the date of this report, the Senior Management Team is composed of Thierry Beaudemoulin (Co-CEO) and Maximilian Rienecker (Co-CEO).

As at the date of this report, the Audit Committee is composed of Dr. Michael Bütter (Chairman), Dr. Peter Maser and Thilo Schmid.

As at the date of this report, the Nomination and Compensation Committee is composed of Dr. Peter Maser (Chairman), Arzu Akkemik and Thomas Zinnöcker.

As at the date of this report, the Investment and Financing Committee is composed of Thomas Zinnöcker (Chairman), Dr. Peter Maser, and Claus Jørgensen.

As at the date of this report, the Ad Hoc Committee is composed of Thierry Beaudemoulin (Chairman), Florian Sitta and Maximilian Rienecker.

The modus operandi of the Board of Directors is described in the articles of association of the Company, and the committees operate in a similar manner to the Board of Directors.

Business Performance Highlights

The good operational performance of our existing portfolio is well on track despite challenging market conditions. While like-for-like rental growth decreased significantly to 1.4% as a result of the Berlin Rent Cap that came into force on 23 February 2020, average rent of the residential portfolio increased marginally to EUR 6.25 m² per month.

FFO 1

EUR

74.7m

LTV

54.1%

AVERAGE RESIDENTIAL IN-PLACE RENT

EUR/M²/MONTH

6.25

LIKE-FOR-LIKE RENTAL GROWTH

1.4%

INCOME FROM RENTAL ACTIVITIES

EUR

266.1m

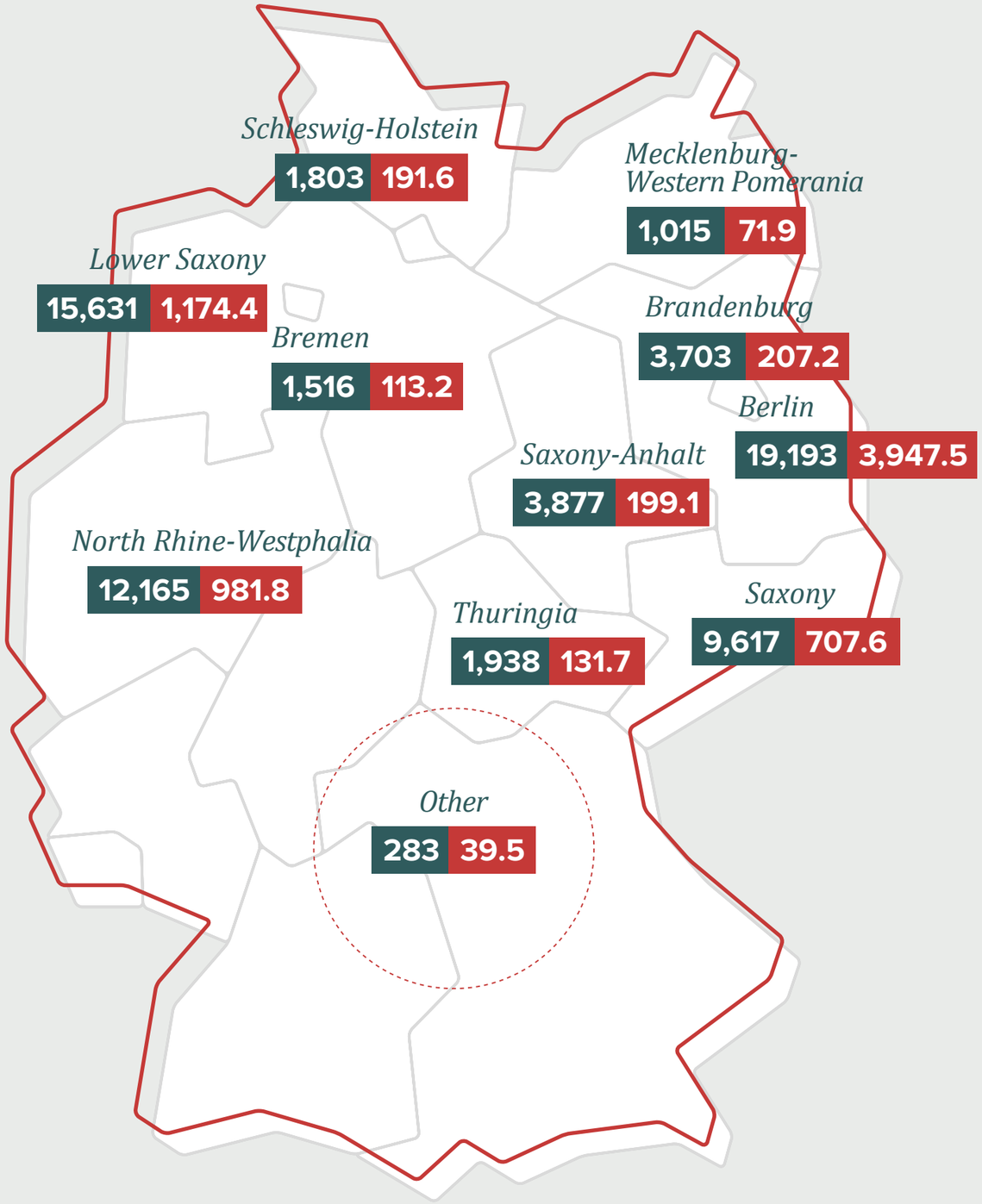
VACANCY RATE

3.9%

2 | INTERIM MANAGEMENT REPORT
Fundamentals of the Group

Geographical Portfolio Split

As at 30 September 2020, our portfolio is diversified across Germany following the business combination with ADLER. For the purpose of comparison, the figures for 31 December 2019 shown on the following pages are pro-forma and are calculated to reflect the consolidation of ADLER into Adler Group.



Number of units

Fair value of residential rental portfolio in EUR million

Total (*)

70,741 7,765.6

(*) Includes ground level commercial units and excludes units under renovation and development projects.

FAIR VALUE

EUR/M²

1,741

AVERAGE RESIDENTIAL IN-PLACE RENT

EUR/M²/MONTH

6.25

Portfolio Overview(*)

Location	Fair Value EUR m Q3 20	Fair Value EUR/m² Q3 20	Units	Lettable area m²	NRI(**) EUR m Q3 20	Rental yield (in-place rent)	Vacancy Q3 20	Vacancy Δ YoY	Q3 20 Avg. Rent EUR/m²/ month	NRI Δ YoY LFL
Berlin	3,948	2,967	19,193	1,330,653	116.7	3.0%	1.4%	0.3%	7.53	0.4%
Leipzig	444	1,744	4,746	254,629	17.6	4.0%	3.0%	-2.0%	6.01	4.7%
Wilhelmshaven	393	970	6,890	405,194	23.8	6.1%	4.3%	-2.8%	5.20	2.8%
Duisburg	339	1,111	4,923	305,003	19.8	5.8%	1.9%	-0.8%	5.58	0.7%
Wolfsburg	150	1,708	1,301	87,614	6.5	4.3%	2.2%	0.0%	6.41	0.6%
Göttingen	144	1,692	1,377	85,238	6.1	4.3%	1.5%	-1.3%	6.11	2.4%
Dortmund	139	1,356	1,769	102,251	7.1	5.2%	1.8%	-0.8%	5.97	2.8%
Hannover	127	2,011	1,112	63,253	5.4	4.3%	1.2%	-1.1%	7.32	2.8%
Kiel	120	1,798	970	66,768	5.5	4.6%	1.3%	0.2%	7.05	3.5%
Düsseldorf	114	3,106	577	36,719	3.5	3.1%	1.7%	-1.0%	8.20	0.6%
Halle (Saale)	94	889	1,858	105,892	5.5	5.8%	11.2%	0.2%	4.94	-0.5%
Essen	91	1,377	1,043	66,341	4.5	5.0%	2.1%	-1.8%	5.88	3.6%
Cottbus	86	782	1,868	110,045	6.0	6.9%	5.7%	-0.8%	4.82	1.3%
Top 13 total	**6,189**	**2,050**	**47,627**	**3,019,600**	**228.2**	**3.7%**	**2.5%**	**-0.4%**	**6.55**	**1.35%**
Other	1,577	1,094	23,114	1,441,457	87.8	5.6%	6.7%	0.1%	5.59	1.5%
Total(*)	**7,766**	**1,741**	**70,741**	**4,461,057**	**316.0**	**4.1%**	**3.9%**	**-0.2%**	**6.25**	**1.40%**

(*) All values include ground level commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining ADO and ADLER only. Metrics have been computed by using weighted averages on the back of publicly available information.

(**) Annualised net rental income.

Portfolio Performance

Residential Portfolio(*)

	30 Sep 2020	31 Dec 2019
Number of units	70,741	75,721
Average rent /m²/ month	EUR 6.25	EUR 6.19
Vacancy	3.9%	4.0%

(*) All values include ground level commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining ADO and ADLER only. Metrics have been computed by using weighted averages on the back of publicly available information.

The average rent per m² increased to EUR 6.25 since the beginning of the year, while the vacancy rate decreased to 3.9%.

Like-for-Like Rental Growth(*)

In %	LTM(**) 30 Sep 2020	1 Jan - 31 Dec 2019
Like-for-like rental growth	1.4%	3.3%

(*) All values include ground level commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining ADO and ADLER only. Metrics have been computed by using weighted averages on the back of publicly available information.

(**) Last 12 months (LTM).

Our fully integrated active asset management is focused on rental growth and employs dedicated strategies to drive all relevant components. CAPEX and fluctuation relate to new tenants. In units that require modernisation, we invest CAPEX to improve quality to meet today's standards and regulations. Units that do not require CAPEX are being let at market rent levels. Applying the relevant regulatory framework accurately and efficiently is key to our success in maximising rental growth for our let units.

Maintenance and CAPEX

In EUR per m²	1 Jan - 30 Sep 2020	1 Jan - 31 Dec 2019
Maintenance	4.8	8.6
CAPEX	13.4	26.1
Total	**18.2**	**34.7**

Maintenance and CAPEX

In EUR million	1 Jan - 30 Sep 2020	1 Jan - 31 Dec 2019
Maintenance	23.2	40.8
CAPEX	65.3	124.3
Total	**88.5**	**165.2**

LIKE-FOR-LIKE RENTAL GROWTH

1.4%

Total investment in the portfolio amounted to EUR 88.5 million. The maintenance and CAPEX cost per m² of EUR 18.2 in the first nine months was in line with our expectations.

Vacancy Split

Our active asset management aims to minimise our vacancy rate while keeping the necessary flexibility for our portfolio optimisation.

Vacancy(*)

	30 Sep 2020	31 Dec 2019
Total vacancy (units)	**2,850**	**3,567**
Total vacancy (m²)	**173,980**	**191,143**
Vacancy rate (top 13)	**2.5%**	**2.7%**
Total vacancy rate	**3.9%**	**4.0%**

(*) All values include ground level commercial units and exclude units under renovation and development projects. Note that the numbers for the year 2019 are provided for your convenience and serve for illustrative purposes of combining ADO and ADLER only. Metrics have been computed by using weighted averages on the back of publicly available information.

With regard to our privatisation activities, it is important that we keep some vacant units available for sale as most individual buyers, who are looking to purchase for their own use, prefer to purchase vacant units. The purchase prices for vacant units are higher than for rented ones, which compensates for the increased vacancy loss during the selling period.

VACANCY RATE

3.9%

Economic Review

Economic and Industry-Specific Parameters

General Market Situation

In the period under review, the overall economic development in Germany is still influenced by the global coronavirus pandemic and the measures taken to contain it. However, the economy shows some signs of improvement as, according to the German Federal Statistical Office, the gross domestic product in the third quarter of 2020 increased by 8.2% compared to the second quarter after price, seasonal and calendar adjustments. But when compared with the third quarter of 2019, both the price-adjusted and calendar-adjusted GDP was 4.3% lower in the third quarter of 2020. This slump in the second quarter of 2020 was the sharpest drop since quarterly GDP calculabegan; however, first easing of Covid-19 restrictions and measures have brought higher final conexpenditure of households, higher capital formation in machinery and equipment and a sharp inin exports. However, the recent beginning of the second wave of coronavirus infections have hit business activities in Germany again and the economic barometer of the German Institute for Economic Research (DIW) predicts a decline from 122 points to 105 points in the fourth quarter of 2020.

As a consequence of the coronavirus pandemic, the unemployment rate has risen significantly nationwide. The average for Germany as a whole was 4.4% in September 2020, which is 1.4 percentage points higher than pre-coronavirus pandemic levels in February 2020. However, the labour market has been stabilising since June 2020 and shows signs of improvements with the fourth consecutive 0% change on the previous month. The European Central Bank (ECB) left its main refinancing rate unchanged at 0.00%, so that financing costs for real estate investors remain low.

Demographics and Housing Demand in Berlin

Berlin is the most populous city in Germany and has recorded a steady population increase for more than 15 years. On 30 June 2020, Berlin recorded the first decline in population since 2003. The number of residents in the first six months decreased by 7,039 to 3,762,456. (Source: Berlin-Brandenburg Office for Statistics). However, CBRE expects Berlin's population to continue to grow by 4.7% until 2030 underlining the demand for further housing space.

In order to keep up with the general fast demographic growth, on the one hand, and to ease the strained situation on the housing market, on the other hand, a total of 194,000 new flats would have to be built between now and the year 2030, according to the Senate Department for Urban Development and Housing. Furthermore, the Department therefore projected an annual demand of 30,000 flats through 2021. (Source: Berlin's Senate Department for Urban Development and Housing, press release dated 1 September 2017). Based on current information, this target cannot be reached as only 23,710 dwellings will be completed by 2021 but the goal is expected to be achieved by 2022. However, the number of building permits and the number of completed residential units in Berlin still lag far behind how demand is developing. In addition, the tightening of the regulatory framework in the Berlin housing market, especially through the

so-called rent cap, could have a negative impact on investment activity. Further price increases are certainly to be expected in the Berlin residential property market, even if the momentum of rental price development has recently slowed down (compared to the strong increases of previous years) and supply rents may also stagnate or even decline temporarily as a consequence of the coronavirus pandemic.

Berlin's Residential Property Market

Irrespective of the demographic and economic conditions for investors in the Berlin residential property market, which are still favourable, it remains to be seen to what extent tighter regulation and the coronavirus pandemic will affect transaction activity and price development in the coming months.

Germany's Residential Property Markets at a glance

According to the Federal Statistical Office, 29,664 dwellings were approved between January and September 2020, 4.2% more than in the previous year. Due to capacity bottlenecks in the construction industry, the number of constructions completed did not rise with the same dynamic. With 293,000 completed dwellings in 2019, this was the highest number of construction completions since 2001. However, a backlog of approved but not yet completed dwellings totalling 740,400 units has built up in recent years.

Despite rising construction activity, demand for residential space remains high, especially in the major cities, metropolitan areas, and prospering swarm cities and their surrounding regions. The CBRE-empirica vacancy index reached a new low of 2.8% at the end of 2018, thus declining for twelve consecutive years. Munich has the lowest rate at 0.2%. By contrast, vacancy rates are rising in rural regions.

With regard to the development of new rents, it can be seen that the previously dynamic development of the A-cities is slowing down and has been outpaced by the dynamic development of Germany as a whole since the beginning of 2019. While rents in the A-cities have increased by 3.9% since 2019, the overall increase in Germany was 4.4%. According to the IW Housing Demand Model of 2019, Germany will need around 342,000 new apartments in 2019 and 2020, respectively. Although construction activity is increasing, 293,000 new dwellings were completed in 2019, which is about 50,000 units too few. Even in the period from 2016 to 2018, only 83% of the demand was covered, with just 71% in the A-cities.

The residential property market has proven to be resilient to the coronavirus pandemic like no other property asset class so far. According to ZIA Zentraler Immobilien Ausschuss, there is no impact of the coronavirus pandemic on A-cities and rents are still following the increasing trend. By the end of the first half-year 2020, the average quoted rent increased by 3.0% compared to 2.6% in first half-year in 2019. This resilience is mainly driven by its independence from export as well as the continued high demand for residential property. Surveys of landlords conducted to date have shown that there has hardly been any loss of rent as a result of the coronavirus pandemic so far, and if at all, then only to a small extent. The low level of construction activity in regions of high demand that does not cover demand is supporting both rents and purchase prices. At the same time, falling construction interest rates are stabilising the market. Nevertheless, much depends on how quickly the economy recovers in Germany. In the event of a prolonged recession, it can be assumed that falling incomes could lead to lower rent increases or even to stagnation or a decline in rent levels.

Profit Situation

At the beginning of the second quarter of 2020, Adler Group gained control of ADLER and its subsidiaries and consolidated the company and its subsidiaries for the first time. At the beginning of the third quarter of 2020 Adler Group gained control of Consus and its subsidiaries and consolidated the company and its subsidiaries for the first time. A comparison with the previous year's figures is therefore only possible to a limited extent.

Revenue for the first nine months increased in total due to the consolidation of ADLER since the beginning of the second quarter and the consolidation of Consus since the beginning of the third quarter. The selling of a portfolio in 2019 and the "Mietendeckel/ Mietpreisbremse" (rent cap) had an offsetting effect.

Income from rental activities and EBITDA from rental activities increased significantly year-on-year due to the first-time consolidation of ADLER.

On 30 September 2020 the outstanding interest-bearing debt amounted to around EUR 7.9bn. As at the end of the third quarter, our average interest rate on all outstanding debt is 3.20%, with a weighted average maturity of 3.2 years, post the intended project sales to Partners Immobilien Capital Management. As of September 30, 2020 the weighted average cost of debt for the yielding asset part amounts to around 2.00% with an average maturity of approximately 3.6 years. The weighted average cost of debt on Consus side is around 7.23% with an average maturity of 1.9 years taking into consideration the transaction stated above, which is expected to be closed in Q4 2020.

Other net financial costs is equal to the total "Net finance costs" from the profit or loss statement less "Net cash interest". The increase relates to the first-time consolidation of Consus into the Group's financial statements.

Financial Performance

EBITDA

EBITDA from rental activities

	For the nine months ended		For the three months ended		For the year ended
In EUR thousand	**30 Sep 2020**	**30 Sep 2019**	**30 Sep 2020**	**30 Sep 2019**	**31 Dec 2019**
Net rental income	203,223	101,727	88,432	34,278	134,141
Income from facility services and recharged utilities costs	62,891	5,767	29,785	1,855	7,431
Income from rental activities	**266,114**	**107,494**	**118,217**	**36,133**	**141,572**
Cost from rental activities	(101,916)	(23,903)	(48,078)	(8,365)	(32,953)
Net operating income (NOI) from rental activities	**164,197**	**83,591**	**70,139**	**27,768**	**108,619**
NOI from rental activities margin (%)	**80.8%**	**82.2%**	**79.3%**	**81.0%**	**81.0%**
Overhead costs from rental activities	(30,427)	(11,158)	(13,689)	(3,192)	(16,622)
EBITDA from rental activities	**133,771**	**72,433**	**56,450**	**24,576**	**91,997**
EBITDA margin from rental activities (%)	**65.8%**	**71.2%**	**63.8%**	**71.7%**	**68.6%**

EBITDA Total

In EUR thousand	For the nine months ended 30 Sep 2020	For the nine months ended 30 Sep 2019	For the three months ended 30 Sep 2020	For the three months ended 30 Sep 2019	For the year ended 31 Dec 2019
Income from rental activities	266,114	107,494	118,217	36,133	141,572
Income from property development	141,506	-	117,536	-	-
Income from other services	4,538	-	4,538	-	-
Income from selling of trading properties	4,724	12,131	1,973	3,796	14,948
Revenue	**416,882**	**119,625**	**242,264**	**39,929**	**156,520**
Cost from rental activities	(101,916)	(23,903)	(48,078)	(8,365)	(32,953)
Other operational costs from development and privatisation sales	(111,920)	(8,760)	(93,558)	(2,637)	(11,058)
Net operating income (NOI)	**203,045**	**87,052**	**100,628**	**28,927**	**112,509**
Overhead costs from rental activities	(30,427)	(11,158)	(13,689)	(3,192)	(16,622)
Overhead costs from development and privatisation sales	(14,909)	-	(14,909)	-	-
EBITDA Total	**157,710**	**75,894**	**72,030**	**25,735**	**95,887**
Net cash interest	(68,173)	(20,422)	(38,455)	(6,996)	(27,183)
Other net financial costs	(144,702)	3,000	(20,137)	(1,662)	97,283
Depreciation and amortisation	(6,922)	(1,070)	(4,162)	(335)	(1,354)
Other income/expense	16,691	(13,253)	(27,643)	(12,775)	57,870
Change in valuation	189,084	342,766	47,856	84,037	461,517
Net income from at-equity-valued investments	(1,373)	-	(1,737)	-	-
EBT	**142,315**	**386,916**	**27,752**	**88,004**	**684,021**

FFO

FFO 1 (from rental activities)

In EUR thousand	For the nine months ended 30 Sep 2020	For the nine months ended 30 Sep 2019	For the three months ended 30 Sep 2020	For the three months ended 30 Sep 2019	For the year ended 31 Dec 2019
EBITDA from rental activities	133,771	72,433	56,540	24,576	91,997
Net cash interest	(50,346)	(20,422)	(20,628)	(6,996)	(27,183)
Current income taxes	(4,688)	(1,592)	(1,971)	(591)	(1,641)
Interest of minority shareholders	(3,999)	-	(2,047)	-	-
FFO 1 (from rental activities)	**74,738**	**50,419**	**31,804**	**16,989**	**63,173**
No. of shares(*)	70,565	44,151	97,991	44,192	44,163
FFO 1 per share	**1.06**	**1.14**	**0.32**	**0.38**	**1.43**

(*) The number of shares is calculated as a weighted average for the related period.

AFFO (from rental activities)

In EUR thousand	For the nine months ended 30 Sep 2020	For the nine months ended 30 Sep 2019	For the three months ended 30 Sep 2020	For the three months ended 30 Sep 2019	For the year ended 31 Dec 2019
FFO 1 (from rental activities)	74,738	50,419	31,804	16,989	63,173
Capital expenditure (CAPEX)	(5,774)	(10,437)	(2,786)	(1,608)	(11,648)
AAFO (from rental activities)	**68,964**	**39,982**	**29,018**	**15,381**	**51,525**

FFO 2 (incl. disposal results and development activities)

In EUR thousand	For the nine months ended 30 Sep 2020	For the nine months ended 30 Sep 2019	For the three months ended 30 Sep 2020	For the three months ended 30 Sep 2019	For the year ended 31 Dec 2019
EBITDA Total	157,710	75,894	72,030	25,735	95,887
Net cash interest	(68,173)	(20,422)	(38,455)	(6,996)	(27,183)
Current income taxes	(11,868)	(3,304)	(6,028)	(1,067)	(3,722)
Interest of minority shareholders	(3,999)	-	(2,047)	-	-
FFO 2	**73,670**	**52,168**	**25,500**	**17,672**	**64,982**
No. of shares(*)	70,565	44,151	97,991	44,192	44,163
FFO 2 per share	**1.04**	**1.18**	**0.26**	**0.40**	**1.47**

(*) The number of shares is calculated as a weighted average for the related period.

Cash Flow

The cash flow of the Group breaks down as follows:

Cash Flow

In EUR thousand	1 Jan - 30 Sep 2020	1 Jan - 31 Dec 2019
Net cash from operating activities	192,050	88,764
Net cash used in investing activities	(391,559)	269,061
Net cash from financing activities	11,173	1,767
Net change in cash and cash equivalents	(188,336)	359,593
Cash and cash equivalents at the beginning of the period	387,558	27,965
Net cash and cash equivalents acquired as a result of business combination	178,379	-
Cash and cash equivalents at the end of the period	377,601	387,558

Financial and Asset Position

Overall, during the course of the first nine months of 2020, the Group's balance sheet and structure has significantly changed. This is due to the fact that ADLER and Consus were included in the consolidated financial statements for the first time. In this context, a comparison with the previous year's figures is therefore only possible to a limited extent.

Financial Position

In EUR thousand	30 Sep 2020	31 Dec 2019
Investment properties and advances related to investment properties	9,762,535	3,630,753
Other non-current assets	1,175,633	301,388
Non-current assets	**10,938,168**	**3,932,141**
Cash and cash deposits	377,601	387,558
Inventories	1,647,919	25,860
Other current assets	1,635,333	50,906
Current assets	**3,660,853**	**464,324**
Total assets	**14,599,021**	**4,396,465**
Interest-bearing debts	8,290,282	1,331,584
Other liabilities	1,047,788	127,086
Deferred tax liabilities	861,846	239,347
Total liabilities	**10,199,916**	**1,698,017**
Total equity attributable to owners of the Company	**3,775,081**	**2,646,792**
Non-controlling interests	624,024	51,653
Total equity	**4,399,105**	**2,698,445**
Total equity and liabilities	**14,599,021**	**4,396,465**

On 30 September 2020 our EPRA NRV stood at EUR 5.6 billion.

EPRA NAV

In EUR thousand	30 Sep 2020	31 Dec 2019
Total equity attributable to owners of the Company	3,775,081	2,646,792
Fair value of derivative financial instruments	5,754	6,150
Deferred taxes	950,547	257,249
Revaluation of trading properties	12,658	13,410
EPRA NAV	**4,744,040**	**2,923,601**
No. of shares	104,786	44,195
EPRA NAV per share	**45.27**	**66.15**
Convertible bonds	97,277	156,334
EPRA NAV fully diluted	**4,841,317**	**3,079,935**
No. of shares (diluted)	106,703	46,929
EPRA NAV per share fully diluted	**45.37**	**65.63**

EPRA NRV

In EUR thousand	30 Sep 2020	31 Dec 2019
Total equity attributable to owners of the Company	3,775,081	2,646,792
Fair value of derivative financial instruments	5,754	6,150
Deferred taxes	950,547	257,249
Revaluation of trading properties	12,658	13,410
Real estate transfere tax	858,266	324,183
EPRA NRV	**5,602,306**	**3,247,784**
No. of shares	104,786	44,195
EPRA NRV per share	**53.46**	**73.49**
Convertible bonds	97,277	156,334
EPRA NRV fully diluted	**5,699,583**	**3,401,118**
No. of shares (diluted)	106,703	46,929
EPRA NRV per share fully diluted	**53.42**	**72.54**

Loan-to-Value

We fund our properties based on a conservative financing strategy with a mix of secured mortgage loans and capital market instruments.

Financing

In EUR thousand	30 Sep 2020	31 Dec 2019
Corporate bonds, other loans and borrowings and other financial liabilities	7,966,619	1,223,201
Convertible bonds	323,663	156,334
Cash and cash equivalents	(377,601)	(387,558)
Selected financial assets(*)	(919,781)	(98,871)
Net contract assets	(410,237)	-
Assets and liabilities classified as held for sale	(351,877)	-
Net financial liabilities	**6,230,786**	**893,106**
Fair value of properties (including advances)	11,431,808	3,670,023
Investment in real estate companies	89,449	186,158
Gross asset value (GAV)	**11,521,257**	**3,856,181**
Net Loan-to-Value	**54.1%**	**23.2%**
Net Loan-to-Value excluding convertibles	**51.3%**	**19.1%**

(*) Including loans granted (EUR 416 million), trade receivables from the sale of real estate investment (EUR 340 million) and other financial assets (EUR 163 million).

The LTV ratio was adjusted to align with the methodology of ADLER Real Estate AG and in this regard the comparative figures for the previous period were also adjusted. The net financial liabilities are adjusted for selected financial assets like purchase price receivables, granted loans and held bonds. The fair value of the properties is adjusted for property, plant and equipment used for energy management services and for investments in real estate companies.

As at the reporting date, our Net Loan-to-Value (LTV) was 54.1%. The increase is due to the consolidation of ADLER and Consus.

EPRA Key Figures

The European Public Real Estate Association (EPRA) is a non-profit organisation that has its registered headquarters in Brussels and represents the interests of listed European real estate companies. It aims to raise awareness for European listed real estate companies as a potential investment opportunity. Since its IPO in 2015, Adler Group has been a member of EPRA.

EPRA has defined a framework for standardised reporting in its EPRA Best Practice Recommendations (BPRs) that goes beyond the scope of the IFRSs. Adler Group only uses some of the EPRA key figures, which are non-GAAP measures, as performance indicators.

In this quarterly report the Company will concentrate on EPRA NRV and for the year-end financial statements we will present all three EPRA measures.

EPRA Performance Measure	Definition	Purpose	30 Sep 2020	31 Dec 2019	Change in %
EPRA NRV (in EUR thousand)	EPRA NRV represents the fair value of net assets on an on-going, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.	The objective of EPRA NRV is to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	5,602,306	3,247,784	72%

2 | INTERIM MANAGEMENT REPORT
Material Events in the Reporting Period and Subsequent Events

Material Events in the Reporting Period and Subsequent Events

A. On 30 January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic.

As at 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the coronavirus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of a default of payment by the tenant in the period between 1 April and 30 June 2020 if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government did not extend these regulations from 1 July 2020 onwards.

Adler Group is continuously assessing the impact of the Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at 30 September 2020 as disclosed in these condensed consolidated interim financial statements reflects the economic conditions in existence at that date. The Company does not expect the crisis to have any material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.

B. On 15 December 2019, the Company resolved to make a voluntary public takeover offer in the form of an exchange offer ("Offer") to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group has offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of Adler Group). The Offer closed on 25 March 2020 with an acceptance rate of 91.93%. As of 9 April 2020, the newly issued shares of Adler Group are listed on the Frankfurt Stock Exchange. On 9 April 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of Adler Group by the Board of Directors became effective.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of ADLER is 9 April 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, the initial consolidation of ADLER and its 231 subsidiaries was carried out as of 1 April 2020. For further details see note 4A.

The closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by ADLER and/or its respective subsidiaries. On 9 April 2020, Adler Group refinanced ADLER's EUR 885 million bridge loan with a EUR 885 million bridge loan utilised under Adler Group's EUR 3,463 million bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited originally dated 15 December 2019, as amended from time to time. The vast majority of the creditors of other financings subject to change-of-control rights waived their respective change-of-control rights. Adler Group has, therefore, not yet utilised further loans under its bridge facility agreement. As at 30 September 2020, the maximum nominal amount of the bridge facility agreement has been reduced to EUR 1,085 million.

On 28 April 2020, the Board of Directors resolved to initiate a domination agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (Aktiengesetz – AktG) between the Company (as controlling entity) and ADLER (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, to the approval of the general meeting of ADLER.

On 13 May 2020, by resolution of an authorised delegate of the Board, the Company increased its share capital within the scope of its authorised capital, and issued a total of 174,833 new ordinary dematerialized shares without nominal value against contribution in kind of ADLER shares in the same ratio (0.4164). This was done to accommodate an ADLER shareholder, who due to a technical error at the level of his custodian bank, was unable to participate in the Exchange Offer.

As of 30 September 2020 Adler Group holds 95.09% of the outstanding ADLER shares.

C. On 15 December 2019, the Company also entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public tender offer over the remaining Consus' shares should the Company exercise the call option. As at 31 December 2019, the Company acquired 18.62% of Consus shares. The remaining 3.56% Consus shares were acquired in January 2020.

On 9 April 2020, Adler Group started to consolidate ADLER, which holds 3.02% of Consus shares, therefore together with ADLER, Adler Group holds 25.20% of the outstanding shares of Consus.

On 17 June 2020 Consus increased its share capital by EUR 24,750,00 to EUR 161,331,507 by issuing a total of 24,750,000 bearer shares with a proportionate amount of the share capital of EUR 1.00 per share.

On 29 June 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 450 million), which was announced by the Company on 2 July 2020 and subject to approval by the authorities. Therefore, as at 30 June 2020 the Company concluded that it does not have control over Consus. Adler Group has assessed its investment in Consus and determined that it also does not have significant influence as at 30 June 2020, due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option was not substantive as at the end of June

2020, because the settlement requires approvals, which are not a mere formality. Therefore, the investment was classified as a financial asset and measured at fair value.

In order to reduce the size of the rights issue to EUR 450 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the financial year 2019 to the General Meeting of Adler Group.

Having been exercised on 2 July 2020, the call option has been successfully settled and Adler Group gained control of Consus. In connection with the settlement of the call option, Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate currently holds approximately 22.5% in Adler Group and Adler Group currently holds approximately 64.95% in Consus.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of Consus is 2 July 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, initial consolidation of Consus and its 188 subsidiaries was carried out as of 1 July 2020. For further details see note 4B.

Following the settlement of the call option, Adler Group intends to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). The Tender Offer will be based on an exchange ratio of 0.272 new Adler Group shares for each Consus share, corresponding to the exchange ratio under the call option as adjusted for the rights issue. Furthermore, the Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between Adler Group, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group.

On 21 July 2020, Adler Group successfully completed its EUR 450 million rights issue that was launched on 2 July 2020. The vast majority of the subscription rights (approximately 98%) has been exercised. The remaining shares of less than 0.8 million were offered in a rump placement. Following the capital increase, the Company has 104,785,930 shares outstanding. Gross proceeds from rights issue amount to EUR 457 million.

D. On 25 March 2020 the Company decided to make a voluntary public takeover offer (the "Takeover Offer") to all shareholders of WESTGRUND Aktiengesellschaft (the "Target") for the acquisition of all bearer shares in the Target, each share representing a proportionate amount of EUR 1.00 of the share capital of the Target (the "WESTGRUND Shares") against payment of a cash consideration, the amount of which at least corresponds to the value of the business calculated on the basis of a valuation of the Target in accordance with Section 31 para. 1, 2 and 7 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz (WpÜG)) and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung (WpÜG-AngebVO)) per WESTGRUND Share.

Moreover, on 17 April 2020, Adler Group decided to launch the Takeover Offer also as a compensation offer which is necessary to delist WESTGRUND Shares from trading on the regulated market of the Düsseldorf Stock Exchange (Börse Düsseldorf) (Section 39 para. 2 and 3 of the German Stock Exchange Act (Börsengesetz, "BörsG"), (the "Delisting Tender Offer" and, together with the Takeover Offer, the "Takeover Offer and Delisting Tender Offer").

On 6 May 2020, Adler Group published the offer document (the Offer Document) for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on basis of a valuation of the Target as at the reference date 16 April 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 WpÜG and Section 5 (WpÜG-AngebVO).

As result of the business combination with ADLER, Adler Group indirectly held 77,093,817 WESTGRUND Shares prior to the acceptance period of the Takeover Offer and Delisting Tender Offer. This corresponds to approximately 96.88% of the share capital and voting rights of WESTGRUND as at the date of publication of the Offer Document. The Company thus reached the shareholding required for a takeover squeeze-out.

Upon expiry of the additional acceptance period on 22 June 2020, the Takeover Offer and Delisting Tender Offer has been accepted for a total of 1,084,631 WESTGRUND Shares, corresponding to approximately 1.36% of the share capital and the outstanding voting rights of WESTGRUND.

As of 30 September 2020 Adler Group holds in total 98.25% of the outstanding WESTGRUND shares.

E. In reference to note 23(A) in the annual financial statements, the Company reduces certain fees arising from the sale of shares of certain subsidiaries in an amount of EUR 6.8 million.

F. On 13 July 2020 the Company announced that Mr. Thomas Zinnöcker, CEO of ISTA International GmbH and Chairman of the Corporate Governance Initiative of the German real estate industry, has confirmed his willingness to join the Board of Directors of Adler Group as an independent director. The Board has resolved to submit Mr. Zinnöcker's appointment for approval at the next General Meeting.

G. On 29 July 2020, Adler Group successfully placed a EUR 400 million fixed rate senior unsecured bond with a 5-year maturity and a 3.25% fixed coupon. The bond was placed with institutional investors across Europe and the order book was successfully oversubscribed. The proceeds of the issue were used to repay existing short-dated indebtedness and hence further extended Adler Group's average debt maturity. The bond is rated BB+ with Standard & Poor's (S&P) Global Bond Ratings.

H. On 18 September 2020 ADLER, a 95% subsidiary of Adler Group, entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial units at a premium to book value as of H1 2020. The properties are primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The units generate net rental income of EUR 18.6m p.a. and have a 12% vacancy rate with an average rent of 5.46 EUR/m²/month.

I. On 29 September 2020 the Annual General Meeting of the shareholders approved the re-appointment of Dr. Peter Maser, Thierry Beaudemoulin, Maximilian Rienecker, Arzu Akkemik, Dr. Michael Bütter as directors of the Company until the Annual General Meeting to take place in the year 2023. The appointment of Thomas Zinnöcker, Claus Jørgensen and Thilo Schmid as directors of the Company was approved. The Board of Director's recommendation to cancel any dividends for the 2019 financial year was also approved.

J. On 29 September 2020 an extraordinary general meeting of shareholders decided to change the Company's denomination from ADO Properties to Adler Group.

K. On 13 October 2020, the Company entered into a lease agreement for new offices in Berlin (6,800 m^2) with Aggregate Holdings S.A., a shareholder of Adler Group, for a duration of 10 years at a rent of approximately 30.45 EUR/m^2/month. The agreement includes two extension options for 5 years each. A leading real estate consulting company has provided Adler Group with an analysis that the proposed rental price is in line with market prices.

L. On 9 November 2020 Adler Group successfully placed EUR 400 million fixed rate senior unsecured bond with a 6-year maturity and a 2.75% fixed coupon. The bond was placed with institutional investors across Europe with the order book more than four times oversubscribed. The proceeds of the issue of the bond will be primarily used to repay existing short-term indebtedness and hence further extends Adler Group's average debt maturity. The Notes are rated BB+ with S&P.

Forecast Report

We anticipate that, following completion of the combination with ADLER Real Estate on 9 April 2020, the existing combined portfolios and platforms can generate net rental income in the range of EUR 280-300 million and FFO 1 in the range of EUR 105-125 million for 2020.

For 2020 we anticipate a dividend payout ratio of up to 50% of FFO 1 in line with our dividend policy.

Opportunities and Risk Report

Together with its consolidated sub-groups, especially ADLER Real Estate AG and Consus Real Estate AG, Adler Group S.A. (formerly ADO Properties S.A.) continually monitors and controls risk positions in the Group to avoid developments that could threaten the existence of the whole Group, and, at the same time, to identify and implement its strategy to capture additional investment and growth opportunities. The Adler Group's established risk and compliance management system is an integral part of the Adler Group's Corporate Governance Risk and Compliance System (CGRS) and has been designed as an appropriate and effective early warning and control instrument, which continually assesses, identifies, manages (including remediation), reports and monitors all material risks within and outside the Group. The elements of the CGRS are the risk management system, the compliance management system, the internal control system and the internal audit unit. The Board of Directors and the Senior Management of Adler Group S.A. currently identifies no risks that threaten the Group's existence.

Adler Group and its sub-groups have reported in detail on the opportunities and risks of their business activities in their 2019 annual reports and have already amended this report for the first nine months of 2020. Since then, the assessments of opportunities and risks have changed slightly in some aspects.

Since the "Business Combination Agreement" between ADLER and ADO Properties S.A. (new: Adler Group S.A.) took effect, many steps were taken to develop a uniform structure and to combine the various activities, wherever economically feasible. Opportunities arise not only from the fact, that costs can be reduced inside larger structures. They also might arise from potential better financing conditions. Further synergies might arise if the new ADO/ADLER/Consus Group will receive lower prices for goods and services. Finally the new group will become more attractive for employees, because of offering a greater, better variety of career development opportunities.

Remarkable Risks and Opportunities of Adler Group in Detail

The three overall-interdependent, significant risks: "refinancing risk", "deterioration of corporate rating" and "reputation risk on the capital market" are considered significant for Adler Group in the future. If the rating should be lowered, this could have a significant impact on refinancing and Adler Group's reputation on the capital market. Standard&Poor's rated ADLER in April 2020 once again BB. The rating of Adler Group S.A. (Group) (formerly: ADO Properties S.A.), the parent company, will influence the refinancing risks of ADLER. Standard & Poor's rated Adler Group S.A. on 29 June 2020 BB, as well. The Standard&Poor's' rating depends on indebtedness plus equity being between 51% and 53% during the next twelve months. The debt to EBITDA should be between 16-18 times and the EBITDA interest coverage ratio should remain between 2.0-2.3 times. In case of deterioration of these key figures and in case of difficulties to refinance due debts, there might be a risk of the rating deteriorating. On 10 November 2020 Adler Group S.A. successfully placed an unsecured six-year bond with a fixed coupon of 2.75%. Due to the high recovery rate of the bonds and due to the high valuated asset base of Adler Group S.A., the bond is rated BB+ by Standard&Poor's. Although the European Central Bank's interest rate remains at a low level,

interest rate hikes can be observed in the capital market and among commercial banks due to higher risk provisions by banks and increasing risk aversion among commercial banks and institutional investors.

The outstanding receivable from the purchaser of the shares in ACCENTRO Real Estate AG, Berlin, has been extended to the end of 2020 with a payment deadline. ADLER considers the receivable to be secured. Nevertheless, the receivable risk is a potential risk.

At the end of 2019, 75% of the shares in Glasmacherviertel GmbH & Co. KG, Düsseldorf-Gerresheim, were sold by BCP to an investor. The first Instalment of the purchase price has been paid. The three subsequent purchase price installments are each dependent on the granting of several milestones, approvals or development stages of "Projektentwicklung Gerresheim", the occurrence of which could be delayed. This could result in longer waiting periods for the payment of the purchase price.

Some debt financing agreements at Consus level contain financial and non-financial covenants. Non-compliance with these covenants may entail the risk of extraordinary termination by the creditor and may thus mean that the refinancing of the corresponding amounts might come at less favorable conditions.

Rental Law (Berlin Rent Cap – "Berliner Mietendeckel")

The constitutionality of the rent cap decreed by the Berlin Senate remains in question. Until the time of a decision by the highest court, it therefore remains uncertain whether the measures decreed by the Berlin Senate to limit rent increases or even reductions in existing rents are lawful or not. In any case, however, this effect is minimal for Adler Group, since only 2.9% of its total real estate portfolio is based in Berlin, and only a small portion is affected by rent cuts.

Real Estate Market

Consus' real estate projects are focused on the top 7 cities of Germany. In recent years, positive population and income trends have led to an increased demand for housing – especially for affordable housing – in conurbations. There is a risk that demand in conurbations will slacken in favour of medium-sized or smaller cities and their suburbs. The financial year saw a further positive development of the entire housing market, meaning that Consus believes that the demand for residential properties and quarters will remain at a high level.

An increase of the currently low interest rates may reduce demand for real estate as alternative investment in the medium or long term and may therefore affect the possibility to sell real estate in forward sales, especially to institutional investors.

The real estate sector is subject to various legal framework conditions. It is a regulated sector, requiring the company to continually monitor compliance with the changing legal environment. Another aspect of political risk is the dependence on building rights and permissions required for the development of acquired sites. To address this, Consus maintains relationships at local and federal government level to ensure our objectives are aligned. Consus is aware of its public responsibility particularly as it generates affordable housing in cities, and values honesty and trust when dealing with political decision makers.

Risks in Project Development at Consus

Risks relating to Legal Uncertainty and Permits

Legal uncertainty and delays in obtaining building permits may lead to delays in project implementation or to necessary changes in the original plans and decision taking by Consus. In order to reduce this risk, possible construction projects are analysed in detail by experts who know the area. Open questions are discussed with the authorities and city representatives at an early stage.

Revenue Risks

Market prices, rents and occupancy rates may be adversely affected, which would have a negative impact on the value of a property and the income it generates. With our development projects, Consus focuses on Germany's top 7 cities and good locations, focusing our projects on multi-story buildings for households with a medium income. Economic and political developments can reduce market prices, rents and occupancy rates. This may have an adverse effect on a property's value. As part of our risk analysis, the factors relevant to residential and commercial real estate are monitored and analysed. Consus minimises the market risk by concentrating on defined core regions, in particular through our presence at the relevant locations and risk analysis within these core markets. It is especially this precise knowledge of the market as obtained through our branches and the ongoing evaluation of the strategy, the continuous monitoring of the portfolio and the targeted portfolio management (e.g. determination of exit strategies, medium-term planning for acquisition and sales) that allow a timely reaction to economic and political events.

Risks relating to Construction Costs or Delayed Construction

Given the current economic environment, construction activities face risks of availability of contractors at the proper time as required by the progress of construction; they also face a risk of rising construction costs. Consus addresses these risks in a number of ways. Firstly, by shaping up its workforce in order to be capable of performing the work ourselves, thus reducing dependency on external contractors. Secondly, BIM and digitisation enable reduced costs and to raised efficiency. Finally, the company also works where possible with fixed-price contracts to reduce risks of future price rises. Due to the high demand, 2020 so far saw a significant increase by about 3.0% in construction costs (neglecting decrease of VAT by 3% in place since July 2020). According to the Federal Statistical Office, prices for the construction of, for example, new conventionally constructed residential buildings in Germany stagnated in the first nine months of 2020 as compared to the previous year (based on the 2015 Index as 100%). Since construction volume in Germany is expected to remain high, further increases in construction costs and thus risks to budget compliance and the overall success of the projects cannot be ruled out. In addition to the risk of an increase in the price of the construction work to be purchased, there is also a fundamental risk regarding the timely availability of high-quality preliminary construction work.

Contract Risks/Pre-letting Risks

There are risks from contractual agreements, in particular in the case of forward sales, that concern a project's developing phase and potential guarantees of certain rental payments. To obviate these risks, the Group negotiates realistic targets and manages the process closely. The Group also maintains a close relationship with institutional buyers and advises them early on potential problems. Contractual risks exist in the case of agreements under which the agreed or collected purchase price could be subsequently reduced if achievable rents are below the expected level. If necessary, appropriate provisions for known liquidity risks from sales would be made in the balance sheet and a possible liquidity risk taken into account in liquidity planning.

There is a risk that the new letting of development properties will not generate the rental income that was expected when the contract was signed. This may occur in the event of falling rental income and negative rental trends on the market. It may also be exacerbated by not predictable political developments, such as the so-called rent brake or discussion about expropriation. Due to the limited rental income from properties held for investment purposes, there is a letting risk to the extent that new or subsequent leases cannot be concluded at reasonable prices or that rental payments under existing contracts are not received. This risk is countered by a professional sales and receivables management. Loss of payment or insolvency of tenants can also lead to high losses. However, the probability of both risks occurring is to be considered low in the current environment.

Coronavirus Pandemic: Impact on Adler Group

In connection with the coronavirus pandemic, the German government had decreed that tenants who suffer income losses due to political decisions may defer their rent between April and June 2020. Since the federal government has not extended this measure, no further risks are expected here in terms of a continuous inflow of liquidity for Adler Group. In any case, the tenants had only made isolated use of this option vis-à-vis Adler Group. This also entails increased financial, financing and liquidity risks as well as risks in the project development phases, e.g. in the area of financing, completion and sale of the Consus projects. If coronavirus is suspected or occurs among Consus employees, service providers or suppliers, there may be delays on Consus project construction sites. The completion may be delayed because materials are not available or due to unavailability of our own employees or employees of subcontractors, e.g. because entry to Germany is prevented if the country's borders are closed. Accompanying increasing building costs may occur. Delayed completions may lead to late cash flows under forward sales contracts or those from condominium sales. Upfront sales may be delayed due to economic uncertainty and sales prices achieved may decline. Fundamentally, willingness to invest may also diminish in an economic environment that is impacted by the coronavirus.

The rise of coronavirus cases and the partially lock-down of commercial entities in November 2020 could influence the economic performance in Germany. However, Adler Group currently expects no strong impact of the partial lock down on their residential business.

Concluding Remark

This Management Report contains forward-looking statements and information. These forward-looking statements may be identified by words such as "expects", "intends", "will", or words of similar meaning. Such statements are based on our current expectations, assessments and assumptions about future developments and events and, therefore, are naturally subject to certain uncertainties and risks. The actual developments and events may differ significantly both positively and negatively from the forward-looking statements so that the expected, anticipated, intended, believed or estimated developments and events may, in retrospect, prove to be incorrect.

Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Consolidated Financial Statements of Adler Group S.A. presented in this Nine-Month Financial Report 2020, prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the net assets, financial and earnings position of the Company, and that the Interim Management Report includes a fair review of the development of the business, and describes the main opportunities, risks and uncertainties associated with the Company for the remaining three months of the year.

Thierry Beaudemoulin
CO-CHIEF EXECUTIVE OFFICER

Maximilian Rienecker
CO-CHIEF EXECUTIVE OFFICER

Condensed Consolidated Interim Financial Statements

3 Condensed Consolidated Interim Financial Statements

3 | CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Report of the Réviseur d'Entreprises agréé on the Review of Interim Financial Information

To the Shareholders of

Adler Group S.A. | 1B Heienhaff | L-1736 Senningerberg | Luxembourg

Report of the Réviseur d'Entreprises agréé on the Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Adler Group S.A. ("the Company") as at 30 September 2020, the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period ended 30 September 2020, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2020, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, 29 November 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Bobbi Jean Breboneria
Partner

Condensed Consolidated Interim Statement of Financial Position

Assets

In EUR thousand	Note	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Assets				
Non-current assets				
Investment properties	5A	9,760,923	3,504,062	3,624,453
Investments in financial instruments	6B	7,718	-	186,158
Investments accounted under the equity method	5B	89,449	-	-
Advances related to investment properties		1,612	6,300	6,300
Property, plant and equipment		36,496	10,752	10,927
Other financial assets	5C, 6B	362,639	6,628	98,871
Restricted bank deposits		33,783	2,921	3,873
Deferred expenses		13,131	750	745
Right-of-use assets		17,636	1,025	814
Goodwill	4B	573,969	-	-
Other intangible assets		4,925	-	-
Contract assets	5E	23,828	-	-
Deferred tax assets		12,059	-	-
		10,938,168	**3,532,438**	**3,932,141**
Current assets				
Inventories	5D	1,647,919	27,882	25,860
Restricted bank deposits		93,145	26,003	26,494
Trade receivables	5F	434,977	12,442	15,570
Other receivables	5G	326,962	2,581	8,842
Contract assets	5E	393,717	-	-
Cash and cash equivalents		377,601	57,186	387,558
Advances paid on inventories		3,101	-	-
		3,277,422	**126,094**	**464,324**
Non-current assets held for sale	5H	383,431	929,022	-
Total assets		**14,599,021**	**4,587,554**	**4,396,465**

Equity and liabilities

In EUR thousand	Note	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Shareholders' equity				
Share capital		130	55	55
Share premium		1,621,257	500,608	500,608
Treasury shares	4A	-	-	-
Reserves		193,833	319,493	250,684
Retained earnings		1,959,861	1,616,045	1,895,445
Total equity attributable to owners of the Company		**3,775,081**	**2,436,201**	**2,646,792**
Non-controlling interests		**624,024**	**51,029**	**51,653**
Total equity		**4,399,105**	**2,487,230**	**2,698,445**
Liabilities				
Non-current liabilities				
Corporate bonds	5I	3,321,996	397,302	397,433
Convertible bonds	5I	210,419	155,805	156,334
Other loans and borrowings	5J	3,242,772	743,477	740,212
Other financial liabilities	6B	22,417	45,311	46,416
Derivatives	6B	20,913	10,385	6,091
Pension provisions		2,004	-	-
Lease liabilities		26,486	466	473
Other payables		11,760	-	-
Contract liabilities		-	-	-
Deferred tax liabilities		861,846	221,571	239,347
		7,720,613	**1,574,317**	**1,586,306**
Current liabilities				
Corporate bonds	5I	26,088	-	-
Convertible bonds	5I	113,244	-	-
Other loans and borrowings	5J	1,375,763	34,267	37,605
Other financial liabilities	6B	1,923	1,535	1,535
Trade payables		146,980	15,098	22,079
Other payables	5L	491,892	41,375	49,613
Lease liabilities		7,919	721	823
Prepayments received	5K	276,203	-	-
Contract liabilities	5E	7,308	-	-
Derivatives	6B	429	103	59
		2,447,749	**526,007**	**111,714**
Non-current liabilities held for sale	5H	31,554	432,908	-
Total equity and liabilities		**14,599,021**	**4,587,554**	**4,396,465**

Thierry Beaudemoulin
CO-CHIEF EXECUTIVE OFFICER

Maximilian Rienecker
CO-CHIEF EXECUTIVE OFFICER

Date of approval: 29 November 2020

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Profit or Loss

In EUR thousand	Note	For the nine months ended 30 Sep 2020 (Unaudited)	For the nine months ended 30 Sep 2019 (Unaudited)	For the three months ended 30 Sep 2020 (Unaudited)	For the three months ended 30 Sep 2019 (Unaudited)	For the year ended 31 Dec 2019 (Audited)
Revenue	7A	416,882	119,625	242,264	39,929	156,520
Cost of operations	7B	(221,637)	(32,573)	(147,457)	(11,002)	(44,011)
Gross profit		**195,245**	**87,052**	**94,807**	**28,927**	**112,509**
General and administrative expenses		(66,872)	(14,666)	(39,887)	(5,487)	(25,050)
Other expenses	7C	(51,638)	(10,815)	(26,696)	(10,815)	(13,188)
Other income	7D	90,744	-	12,001	-	78,132
Changes in fair value of investment properties	5A	189,084	342,766	47,856	84,037	461,517
Results from operating activities		**356,563**	**404,337**	**88,081**	**96,662**	**613,920**
Finance income		62,325	6,561	58,002	174	102,475
Finance costs		(275,200)	(23,983)	(116,594)	(8,832)	(32,375)
Net finance income / (costs)	7E	**(212,875)**	**(17,422)**	**(58,592)**	**(8,658)**	**70,100**
Net income from investments in associated companies		(1,373)	-	(1,737)	-	-
Profit before tax		**142,315**	**386,915**	**27,752**	**88,004**	**684,020**
Income tax expense		(42,566)	(58,843)	(13,693)	(13,653)	(77,096)
Profit for the period		**99,749**	**328,072**	**14,059**	**74,351**	**606,924**
Profit attributable to:						
Owners of the Company		64,058	323,646	6,817	74,064	601,874
Non-controlling interests		35,691	4,426	7,242	287	5,050
Profit for the period		**99,749**	**328,072**	**14,059**	**74,351**	**606,924**
Basic earnings per share (in EUR)		**0.91**	**7.33**	**0.07**	**1.68**	**13.63**
Diluted earnings per share (in EUR)		**0.91**	**6.85**	**0.07**	**1.59**	**12.74**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

In EUR thousand	For the nine months ended 30 Sep 2020 (Unaudited)	For the nine months ended 30 Sep 2019 (Unaudited)	For the three months ended 30 Sep 2020 (Unaudited)	For the three months ended 30 Sep 2019 (Unaudited)	For the year ended 31 Dec 2019 (Audited)
Profit for the period	**99,749**	**328,072**	**14,059**	**74,351**	**606,924**
Items that may be reclassified subsequently to profit or loss					
Effective portion of changes in fair value of cash flow hedges	312	(673)	(222)	(17)	10
Related tax	73	106	138	3	(2)
Currency translation reserve	(6,252)	-	(6,252)	-	-
Reserve from financial assets measured at fair value through other comprehensive income	(4,883)	-	(320)	-	-
Items that may not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**-**
Reserve from financial assets measured at fair value through other comprehensive income	(42,803)	-	(300)	-	(67,510)
Total other comprehensive income / (loss)	**(53,553)**	**(566)**	**(6,957)**	**(14)**	**(67,502)**
Total comprehensive income for the period	**46,196**	**327,506**	**7,102**	**74,337**	**539,422**
Total comprehensive income attributable to:					
Owners of the Company	10,505	323,080	(140)	74,050	534,372
Non-controlling interests	35,691	4,426	7,242	287	5,050
Total comprehensive income for the period	**46,196**	**327,506**	**7,102**	**74,337**	**539,422**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

In EUR thousand	Note	For the nine months ended 30 Sep 2020 (Unaudited)	For the nine months ended 30 Sep 2019 (Unaudited)	For the three months ended 30 Sep 2020 (Unaudited)	For the three months ended 30 Sep 2019 (Unaudited)	For the year ended 31 Dec 2019 (Audited)
Cash flows from operating activities						
Profit for the period		99,749	328,072	14,059	74,351	606,924
Adjustments for:						
Depreciation		6,922	1,065	4,129	318	1,488
Profit from disposal of portfolio		-	-	-	-	(78,132)
Valuation gain on financial assets		-	-	-	-	-
Change in fair value of investment properties	5A	(189,084)	(342,766)	(47,856)	(84,037)	(461,517)
Non-cash other income and expense		(54,769)	-	20,019	-	-
Change in contract assets		(70,139)	-	(70,139)	-	-
Change in contract liabilities		(4,187)	-	(4,187)	-	-
Non-cash income from at-equity valued investment associates		1,373	-	1,737	-	-
Net finance costs / (income)	7E	212,875	17,422	58,592	8,658	(70,100)
Income tax expense		42,566	58,843	13,693	13,653	77,096
Share-based payments		358	358	131	95	1,530
Change in short-term restricted bank deposits related to tenants		(44,203)	(1,904)	(23,539)	(484)	(2,142)
Change in long-term restricted bank deposits from condominium sales		(620)	(2,887)	(220)	(246)	(4,102)
Change in trade receivables		30,043	(536)	397,058	(2,557)	(2,959)
Change in other receivables		52,181	(2,408)	47,732	(1,475)	(2,931)
Change in inventories		48,543	7,146	43,549	2,298	9,168
Change in advances received		(22,995)	-	(22,995)	-	-
Change in advances on development projects		48,757	-	48,757	-	-
Change in trade payables		(55,501)	(1,714)	(425,811)	536	5,632
Change in other payables		94,509	8,925	117,756	8,730	15,896
Income tax paid		(4,328)	(7,087)	(3,727)	(495)	(7,087)
Net cash from operating activities		**192,050**	**62,529**	**168,738**	**19,345**	**88,764**

In EUR thousand	Note	For the nine months ended 30 Sep 2020 (Unaudited)	For the nine months ended 30 Sep 2019 (Unaudited)	For the three months ended 30 Sep 2020 (Unaudited)	For the three months ended 30 Sep 2019 (Unaudited)	For the year ended 31 Dec 2019 (Audited)
Cash flows from investing activities						
Purchase of and CAPEX on investment properties	5A	(239,025)	(42,436)	(183,752)	(11,079)	(44,068)
Advances paid for purchase of investment properties		6,300	-	-	-	-
Grant of long-term loans		(103,547)	-	(60,005)	-	-
Proceeds from disposals of investment properties		38,129	-	107	-	570,335
Investment in financial instruments		(40,159)	-	49,026	-	(254,342)
Purchase of and CAPEX on property, plant and equipment		(1,969)	(2,719)	(1,196)	(271)	(3,121)
Interest received		2,473	20	2,455	14	39
Proceed from sale of financial instruments		11,058	-	11,058	-	-
Proceeds from sale of fixed assets		17	-	17	-	-
Acquisition of subsidiaries, net of acquired cash	10D	(64,235)	-	-	-	-
Change in short-term restricted bank deposits, net		(601)	226	7	8	218
Net cash from (used in) investing activities		**(391,559)**	**(44,909)**	**(182,283)**	**(11,328)**	**269,061**
Cash flows from financing activities						
Acquisiton of non-controlling interests		(20,220)	-	(13,962)	-	-
Issuance of ordinary shares		457,338	-	457,338	-	(*)
Repayment of bonds	5H	(16,419)	-	(836)	-	-
Long-term loans received	5I	1,376,821	79,427	53,631	-	79,427
Repayment of long-term loans	5I	(1,895,956)	(13,173)	(613,062)	(5,079)	(15,876)
Proceeds from issuance of corporate bonds		390,601	-	390,601	-	-
Repayment of short-term loans		(284,703)	-	(284,703)	30,000	-
Short-term loans received	5I	175,522	-	522	-	-
Upfront fees paid for credit facilities		(217)	(443)	-	(138)	(702)
Interest paid		(115,703)	(20,561)	(76,583)	(11,251)	(26,427)
Payment of lease liabilities		(4,277)	(551)	(2,794)	(193)	(789)
Compensation fee payments in respect of other financial liabilities		-	-	-	-	(768)
Transaction costs		(25,137)	-	(18,481)	-	-
Prepaid costs of raising debt		(26,477)	-	(80)	-	-
Dividend distributed		-	(33,098)	-	-	(33,098)
Net cash from (used in) financing activities		**11,173**	**11,601**	**(108,409)**	**(46,661)**	**1,767**
Change in cash and cash equivalents during the period		**(188,336)**	**29,221**	**(121,954)**	**(38,644)**	**359,592**
Net cash and cash equivalents acquired as a result of business combination	4	**178,379**	**-**	**103,284**	**-**	**-**
Cash and cash equivalents at the beginning of the period		**387,558**	**27,965**	**396,271**	**95,830**	**27,966**
Cash and cash equivalents at the end of the period		**377,601**	**57,186**	**377,601**	**57,186**	**387,558**

(*) Represents an amount less than EUR 1 thousand.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

For the nine months ended 30 September 2020 (Unaudited)

In EUR thousand	Share capital	Share premium	Treasury Shares	Hedging reserves	Currency translation reserves	Capital reserve from transactions with controlling shareholder	Reserve financial asset measured at fair value through other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2020	**55**	**500,608**	**-**	**(850)**	**-**	**319,044**	**(67,510)**	**1,895,445**	**2,646,792**	**51,653**	**2,698,445**
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	64,058	64,058	35,691	99,749
Other comprehensive income (loss) for the period, net of tax	-	-	-	385	(6,252)	-	(47,686)	-	(53,553)	-	(53,553)
Total comprehensive income (loss) for the period	-	-	-	385	(6,252)	-	(47,686)	64,058	10,505	35,691	46,196
Transactions with owners, recognised directly in equity											
Change relating to business combination ADLER (note 4A)	34	600,396	(319,423)	-	-	-	-	-	281,007	409,898	690,905
Change relating to business combination Consus (note 4B)	3	74,322	319,423	-	-	-	-	-	393,748	98,747	492,495
Issuance of ordinary shares, net	38	445,832	-	-	-	-	-	-	445,870	-	445,870
Transactions with non-controlling interests without a change in control	-	99	-	-	-	-	-	-	99	(20,680)	(20,581)
Changes in put option	-	-	-	-	-	(3,298)	-	-	(3,298)	48,715	45,417
Share-based payments	-	-	-	-	-	-	-	358	358	-	358
Balance as at 30 September 2020	**130**	**1,621,257**	**-**	**(465)**	**(6,252)**	**315,746**	**(115,196)**	**1,959,861**	**3,775,081**	**624,024**	**4,399,105**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

3 | CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Condensed Consolidated Interim Statement of Changes in Equity

For the nine months ended 30 September 2019 (Unaudited)

In EUR thousand	Share capital	Share premium	Hedging reserves	Capital reserve from transactions with controlling shareholder	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2019	**55**	**499,209**	**(859)**	**325,736**	**1,326,538**	**2,150,679**	**46,603**	**2,197,282**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	323,646	323,646	4,426	328,072
Other comprehensive loss for the period, net of tax	-	-	(566)	-	-	(566)	-	(566)
Total comprehensive income (loss) for the period	-	-	(566)	-	323,646	323,080	4,426	327,506
Transactions with owners, recognised directly in equity								
Issuance of ordinary shares, net	-	1,399	-	-	(1,399)	-	-	-
Changes in put option	-	-	-	(4,819)	-	(4,819)	-	(4,819)
Dividend distributed	-	-	-	-	(33,098)	(33,098)	-	(33,098)
Share-based payments	-	-	-	-	358	358	-	358
Balance as at 30 September 2019	**55**	**500,608**	**(1,424)**	**320,917**	**1,616,045**	**2,436,201**	**51,029**	**2,487,230**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

For the three months ended 30 September 2020 (Unaudited)

In EUR thousand	Share capital	Share premium	Treasury Shares	Currency translation reserves	Hedging reserves	Capital reserve from transactions with controlling shareholder	Reserve financial asset measured at fair value through other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 July 2020	**89**	**1,101,004**	**(319,423)**	**-**	**(380)**	**315,746**	**(114,575)**	**1,952,913**	**2,935,374**	**529,754**	**3,465,128**
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	6,817	6,817	7,242	14,059
Other comprehensive income (loss) for the period, net of tax	-	-	-	(6,252)	(85)	-	(621)	-	(6,958)	-	(6,958)
Total comprehensive income (loss) for the period	-	-	-	(6,252)	(85)	-	(621)	6,817	(141)	7,242	7,101
Transactions with owners, recognised directly in equity											
Change relating to business combination ADLER (note 4A)	-	-	-	-	-	-	-	-	-	-	-
Change relating to business combination Consus (note 4B)	3	74,322	319,423	-	-	-	-	-	393,748	98,747	492,495
Issuance of ordinary shares, net	38	445,832	-	-	-	-	-	-	445,870	-	445,870
Transactions with non-controlling interests without a change in control	-	99	-	-	-	-	-	-	99	(11,719)	(11,620)
Changes in put option	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	131	131	-	131
Balance as at 30 September 2020	**130**	**1,621,257**	**-**	**(6,252)**	**(465)**	**315,746**	**(115,196)**	**1,959,861**	**3,775,081**	**624,024**	**4,399,105**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

For the three months ended 30 September 2019 (Unaudited)

In EUR thousand	Share capital	Share premium	Hedging reserves	Capital reserve from transactions with controlling shareholder	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 July 2019	**55**	**499,209**	**(1,411)**	**321,390**	**1,543,285**	**2,362,528**	**50,742**	**2,413,270**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	74,064	74,064	287	74,351
Other comprehensive loss for the period, net of tax	-	-	(14)	-	-	(14)	-	(14)
Total comprehensive income (loss) for the period	-	-	(14)	-	74,064	74,050	287	74,337
Transactions with owners, recognised directly in equity								
Issuance of ordinary shares, net	(*)	1,399	-	-	(1,399)	-	-	-
Changes in put option	-	-	-	(473)	-	(473)	-	(473)
Share-based payments	-	-	-	-	95	95	-	95
Balance as at 30 September 2019	**55**	**500,608**	**(1,424)**	**320,917**	**1,616,045**	**2,436,201**	**51,029**	**2,487,230**

(*) Represents an amount less than EUR 1 thousand.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

For the year ended 31 December 2019 (Audited)

In EUR thousand	Share capital	Share premium	Hedging reserves	Capital reserve from transactions with controlling shareholder	Reserve financial asset measured at fair value through other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2019	**55**	**499,209**	**(859)**	**325,736**	**-**	**1,326,538**	**2,150,679**	**46,603**	**2,197,282**
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	601,874	601,874	5,050	606,924
Other comprehensive income (loss) for the year, net of tax	-	-	9	-	(67,510)	-	(67,501)	-	(67,501)
Total comprehensive income (loss) for the year	-	-	9	-	(67,510)	601,874	534,373	5,050	539,423
Transactions with owners, recognised directly in equity									
Issuance of ordinary shares, net	(*)	1,399	-	-	-	(1,399)	-	-	-
Changes in put option	-	-	-	(6,692)	-	-	(6,692)	-	(6,692)
Dividend distributed	-	-	-	-	-	(33,098)	(33,098)	-	(33,098)
Share-based payments	-	-	-	-	-	1,530	1,530	-	1,530
Balance as at 31 December 2019	**55**	**500,608**	**(850)**	**319,044**	**(67,510)**	**1,895,445**	**2,646,792**	**51,653**	**2,698,445**

(*) Represents an amount less than EUR 1 thousand.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Note 1 – Adler Group S.A.

Adler Group S.A. (the "Company" or "Adler Group"), previously known as "ADO Properties S.A.", is a public limited liability company *(société anonyme*) incorporated under Luxembourg law. The address of the Company's registered office is Aerogolf Center, 1B Heienhaff, L-1736 Senningerberg, Luxembourg.

By decision of the General Meeting of shareholders dated 29 September 2020 the Company changed its name "ADO Properties S.A". to "Adler Group S.A." (B-197554).

On 9 April 2020 the Company completed a business combination and control of ADLER Real Estate AG (Note 4A).

On 2 July 2020 the Company completed a business combination and control of Consus Real Estate AG (Note 4B).

After the business combinations with ADLER Real Estate AG and Consus Real Estate AG, the Company platform covers the entire real estate value chain, from acquisition of land, planning and development of projects to property management and letting of residential units throughout Germany.

The condensed consolidated interim financial statements of the Company as at 30 September 2020 and for the nine-month period then ended comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 – Basis of Accounting

A. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as applicable in the European Union ("EU"). They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2019.

These condensed consolidated interim financial statements are presented in Euro ("EUR") and have been rounded to the nearest thousand except where otherwise indicated. Due to rounding, the figures reported in tables and cross-references may deviate from their exact values as calculated.

These condensed consolidated interim financial statements were authorised for issue by the Company's Board of Directors on 29 November 2020.

B. Use of judgments, estimates and fair value measurements

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. This also applies to fair value measurements and the determination of fair values. Actual results may differ from these estimates.

Except as described below the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2019.

An addition because of business combinations:

- **Revenue recognition**
  Both income from real estate inventories disposed of as well as income from property development underlie significant estimates and management judgements. Income from property development results from forward sales and strongly relies on the project calculation in order to measure project progress as well as projected revenues. The project calculation is subject to management estimates and assumptions. The Group uses the cost to cost method to determine the project development at each balance sheet date. Therefore, the accrued costs (including fair value adjustments due to business combinations and accrued interests) are compared with the total project costs concerning the actual business plan. The margin of each project is calculated also on a project by project basis taking the agreed forward selling price for each real estate inventory into consideration. The forward sales price is generally subject to future uncertainties, such as guaranteed letting rates or price adjustment mechanisms, and is taken into account with the most probable outcome. Since the price adjustment mechanisms mainly take into account letting targets, the achievement of which appears largely certain in the current market environment, future reductions in sales revenues are highly unlikely. Revenue is measured at the transaction price agreed under the contract and might involve management estimates, e.g. amount and timing of contingent consideration and variable components. Management assesses the respective probabilities of the possible scenarios at each balance sheet date.

- **Fair value measurement**
  For additional information see note 4A and 4B.

Note 3 – Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2019. These condensed consolidated interim financial statements should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

An addition because of business combinations:

Revenue recognition

The Group differentiates between two different types of development projects for which revenue is recognised over time: forward sales of development projects to institutional investors and the forward sale of apartments primarily to individuals. Forward sales of development projects to institutional investors are separated into two material performance obligations, one involving the sale of land and the other representing the development work performed. Whereas the development work is accounted for over time on a percentage of completion basis, revenue for the sale of the land is recognised at the point when the customer obtains control over the land, typically at the end of the forward sale.

For the accounting of forward sales of apartments to individuals one performance obligation is assumed and revenue is realised over a specific period.

Inventories including acquired land and buildings

Inventory is measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories includes expenses incurred in acquiring the inventories (i.e. land and buildings) and related purchase costs. The cost of inventories also includes a reasonable

share of the indirect overheads based on normal production capacity as well as attributable borrowing costs.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised but subject to an annual impairment test in accordance with IAS 36.

Initial application of new standards, amendments to standards and interpretations

As from 1 January 2020, the Group applies the new standards and amendments to standards described below:

- IFRS 3

The Group has initially adopted the Amendment of IFRS 3 (definition of a business) from 1 January 2020, but it does not have a material effect on the Group's condensed consolidated interim financial statements, as the resulting clarifications of the definition of business operations have already been observed. The Group has applied the amendment when determining whether the acquisitions of ADLER Real Estate Aktiengesellschaft and Consus Real Estate AG give rise to a business combination.

- IAS 1 and IAS 8

The Group has initially adopted the Amendments to IAS 1 and IAS 8 (definition of materiality) from 1 January 2020, but it does not have a material effect on the Group's condensed consolidated interim financial statements.

- Conceptual Framework

The Group has initially adopted the Amendments to references to Conceptual Framework in IFRS Standards from 1 January 2020, but it does not have a material effect on the Group's condensed consolidated interim financial statements.

- IFRS 9, IAS 39 and IFRS 7

The Group has initially adopted the Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform) from 1 January 2020, but it does not have a material effect on the Group's condensed consolidated interim financial statements.

- IFRS 16

The Group has initially adopted the Amendments to IFRS 16 (Leases Covid-19 related rent concessions) from 1 January 2020, but it does not have a material effect on the Group's condensed consolidated interim financial statements.

The following new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted, however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements:

- IFRS 17 Insurance Contracts from 1 January 2023
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) from 1 January 2023
- Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform-Phase 2) from 1 January 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28) – available for optional adoption/ effective date deferred indefinitely
- Amendments to IFRS 3 Business Combinations (reference to conceptual framework), IAS 16 Property, Plant and Equipment (proceeds before), IAS 37 Provisions, Contingent Liabilities and Contingent Assets (onerous contracts – cost of fulfilling a contract) and Annual Improvements to IFRS Standards 2018-2020 from 1 January 2022

Note 4 – Acquisitions

A. Acquistion of ADLER Real Estate Aktiengesellschaft

On 15 December 2019, the Company resolved to enter into a business combination agreement and make a voluntary public takeover offer in the form of an exchange offer to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its Articles of Association (via a Board of Directors' resolution of Adler Group). The exchange offer closed on 25 March 2020 with an acceptance rate of 91.93%. As at 9 April 2020, the newly issued shares of Adler Group are listed at the Frankfurt Stock Exchange and the transaction was settled.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of ADLER is 9 April 2020, at which time the last significant condition for closing of the transaction was met. Initial consolidation of ADLER and its 231 subsidiaries was carried out as at 9 April 2020.

ADLER is a well-established residential property holder. Around 92% of the investment properties belong to the residential portfolio. Since June 2015, ADLER is listed on the SDAX index of the Frankfurt Stock Exchange. As at 1 April 2020, ADLER held approximately 58,000 rental units totalling 3.5 million square meters (m^2). The regional focus of the Group's properties is primarily Lower Saxony, North Rhine-Westphalia and Saxony. ADLER's portfolio comprises small and medium-sized residential units. Prior to the voluntary public takeover, ADLER held 33.25% of the voting rights in Adler Group. With the closing, ADLER's stake in Adler Group amounts to 20.45% due to dilution effects. As at 30 September 2020, ADLER's stake in Adler Group amounts to 0.00% because the shares were transferred on 2 July 2020 in order to settle the call option agreement with Aggregate Holdings S.A. for the acquisition of 69,619,173 shares held in Consus Real Estate AG (Note 4B).

For the determination of the purchase consideration, the fair values of any given equity investments (new shares in ADLER) have to be determined. ADLER contributes 91.93% of its shares to Adler Group. Considering the number of ADLER shares outstanding, as well as the implied exchange ratio of 0.4164 shares in Adler Group for one share of ADLER, ADLER's shareholders received newly issued shares amounting to 27,651,006 from Adler Group in exchange for this contribution. Adler Group's closing share price (quoted) as at acquisition date (9 April 2020) amounts to EUR 21.74, so the equity purchase price for 91.93% of ADLER shares amounts to EUR 601.1 million.

Incidental acquisition costs of EUR 14.6 million were incurred, which were recorded under other expenses. The costs for the newly issued shares of EUR 5.5 million have been deducted from the equity increase. Taking into account the acquired cash and cash equivalents the acquisition resulted in a net cash inflow of EUR 75.1 million.

Identifiable assets acquired and liabilities assumed

The preliminary allocation of the total purchase price to the acquired assets and liabilities at the time of initial consolidation is based on a preliminary external valuation report commissioned for this purpose to determine the fair values of these assets and liabilities. The acquired assets and liabilities have the following provisionally determined fair values at the time of initial consolidation. Fair values will be adjusted if necessary, once the allocation of the total purchase price is completed:

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Notes to the Condensed Consolidated Interim Financial Statements

In EUR thousand	
Investment properties	4,929,746
Investment in financial instruments	350,516
Investment in associated companies	75,722
Advances related to investment properties	78,765
Property, plant and equipment	13,533
Other financial assets	344,775
Right-of-use assets	6,323
Deferred tax assets	3,452
Trading properties	85,916
Restricted bank deposits	29,865
Trade receivables	44,371
Other receivables	123,946
Cash and cash equivalents	75,095
Non-current assets held for sale	55,228
Acquired assets	**6,217,253**
Corporate bonds	2,041,760
Convertible bonds	116,462
Other loans and borrowings	2,240,927
Other financial liabilities	2,965
Derivatives	6,255
Leasing liabilities	22,839
Pension provisions	4,049
Deferred tax liabilities	535,462
Trade payables	43,531
Other payables	117,162
Non-current liabilities held for sale	12
Assumed liabilities	**5,131,422**
Fair value of acquired net assets	**1,085,831**
Non-controlling interests	409,898
Equity purchase price (consideration)	601,133
Gain from bargain purchase	**74,800**

The portfolio of ADLER has only shown minor differences since 31 December 2019, resulting mainly from the sale of assets. Investment property valuations were performed by an independent appraiser as at 31 December 2019. In addition, analysis and calculations were performed as at 9 April 2020. Market values and rents have been compared to market information available, which has not shown effects from the Covid-19 pandemic in Q1 2020. There are no material impacts of the rental freeze because ADLER has only a few investment properties in Berlin which are affected by the regulation. There were no signs that the trend observed in 2019 of increasing purchase prices and a moderate increase in rental prices in the German residential market would change significantly. A decline in prices was expected for the commercial real estate due to the weakened financial situation of tenants. The income of ADLER's properties is almost entirely derived from residential units, corresponding to a similar distribution in lettable area.

ADLER management considers that the effect from the Covid-19 crisis only has an immaterial impact on the monthly rental income because of the low share of commercial assets. Nevertheless, ADLER adjusted the fair values of its commercial assets for EUR 10.3 million in Q1 2020 because of the measures to contain Covid-19. Changes in fair value of the residential portfolio were considered by adding capital expenditures during Q1 2020 as well as by considering changes in the underlying portfolio. Thus, it was assumed that investment properties are reflected with their proper fair value in the balance sheet of ADLER as at the date of the first-time consolidation.

As of the date of first-time consolidation, the shares of Adler Group held by ADLER that are included in investments in financial instruments with a fair value of EUR 319.4 million according to the quoted share price in the table above, were reclassified to treasury shares. The convertible bonds of Adler Group which are held by ADLER, included in other financial assets with a fair value of EUR 58.2 million according to the quoted market price in the table above, are consolidated with the liabilities of Adler Group from the convertible bond. With acquisition of ADLER on 9 April 2020, Adler Group effectively repurchased 38.24% of its outstanding convertible bond which is extinguished from Group's perspective. Because of this the Group recognised a gain of EUR 2.9 million as financial income.

The provisional carrying amounts of the acquired trade receivables already consider any necessary valuation adjustments and correspond to their fair values. The gross value of trade accounts receivable due totaled EUR 74.6 million, of which EUR 30.2 million are expected to be uncollectible.

The fair values of assumed corporate bonds and convertible bonds were determined with their quoted market prices. The fair values of all financial liabilities including loans and borrowings were measured by applying the discounted cash flow (DCF) method where future cash flows are discounted on a valuation date.

For all other assets and liabilities, it was verified that the fair values correspond to their carrying amounts.

The book value of ADLER's indirect non-controlling interests (NCI) as at 9 April 2020 is EUR 350.5 million. Adler Group's choice in accounting policy is to measure non-controlling interests at the NCI's proportionate share of net assets of the acquiree. The fair value of Adler Group's net assets acquired amounts to EUR 735.3 million. Multiplying this with 8.07% results in an NCI share of EUR 59.3 million. In determining the non-controlling interests, indirect non-controlling interests were added together.

The preliminary purchase price allocation resulted in a negative difference of EUR 74.8 million, which was recognised in other income after due consideration of all information available at the time of acquisition. This gain from bargain purchase is attributable to the fair value of the acquired net assets less non-controlling interests being higher than the consideration paid. This is due in particular to the decline of the stock market price of Adler Group since the date the exchange ratio was determined.

ADLER has contributed EUR 230.4 million to revenues and EUR 236.8 million to results from operating activities since the consolidation. Had the acquisition taken place on 1 January 2020, the acquisition would have contributed EUR 333.7 million to revenues and EUR 245.6 million to results from operating activities.

B. Acquistion of Consus Real Estate Aktiengesellschaft

On 15 December 2019, the Company announced that it had entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. In addition, ADOP also entered into a call option agreement with Aggregate Holdings S.A. ("Aggregate") for the acquisition of 69,619,173 shares in Consus held by Aggregate (the "Call Option"). The option was exercisable from 15 December 2019, until 16 June 2021.

On 9 April 2020, ADO Properties started to consolidate ADLER, which holds 3.02% of Consus shares.

On 29 June 2020 the board of directors of the Company resolved to exercise the Call Option to acquire control of Consus. The Call Option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to Aggregate. The settlement of the call option was subject to successful launch of the rights issue.

On 2 July 2020, following the exercise of the call option, the Company announced a fully underwritten rights issue of EUR 450 million (see note 9C). Having been exercised on 2 July 2020, the call option has been successfully settled and Adler Group gained control of Consus. In connection with the settlement of the Call Option, Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate currently holds approximately 22.5% in Adler Group and Adler Group currently holds approximately 64.95% in Consus.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of Consus is 2 July 2020, at which time the last significant condition for closing of the transaction was met. Initial consolidation of Consus and its 188 subsidiaries was carried out as at 2 July 2020.

Consus is a leading real estate developer in Germany's top 9 cities. The Consus Group, including its subsidiaries, is operating on the market of residential and commercial properties for more than 20 years. Development of rental housing and forward sales are the core elements of Consus' business model. Real estate projects are generally forward sold to institutional buyers prior to construction, such as pension funds or insurance companies. Consus operates an integrated project development platform, which creates significant competitive advantages. This platform enables Consus to cover the entire value chain.

Since the end of July 2018, Consus is listed on the Frankfurt Stock Exchange and the open market of the Munich Stock Exchange.

For the determination of the purchase consideration, the fair values of the stake in Consus already held by Adler Group and the acquisition of shares by the exercise of the Call Option must be considered. As of 2 July 2020, Adler Group holds a direct stake of 18.77% and indirect stake of 3.02% in Consus (total 21.79%). According to IFRS 3, the previously held interest has to be remeasured at fair value at the valuation date (2 July 2020). The fair value of the 21.79% stake is derived by multiplying the number of Adler Group's shares in Consus (21.79% of the 161,331,507 outstanding shares of Consus) by the share price (closing price) as of 2 July 2020 (EUR 5.72 per share). This results in a purchase price consideration of EUR 201.1 million.

The Call Option agreement includes 69,619,173 shares or 43.15% in Consus, which were transferred to Adler Group as of 2 July 2020. The agreed exchange ratio of 0.2390 issued Adler Group shares for one Consus share leads to 16,638,982 issued Adler Group shares. Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares). The purchase consideration of the Call Option is derived by multiplying the number of issued Adler Group shares (16,638,982) by the share price of 2 July 2020 (EUR 23.70 per share). This results in an additional purchase price consideration of EUR 394.3 million. In total the equity purchase price amounts to EUR 595.4 million.

Furthermore, pre-existing relationship was to be taken into account. Loans of EUR 50.9 million and advanced payments of EUR 50.0 million made by Adler Group to Consus regarding the "Holsten-Quartier"were included additionally. In total the pre-existing relationships amount to EUR 100.9 million.

Incidental acquisition costs of EUR 10.6 million were incurred, which were recorded under other expenses. The costs for the newly issued shares of EUR 0.6 million have been deducted from the equity increase. Taking into account the acquired cash and cash equivalents including transaction costs the acquisition resulted in a net cash inflow of EUR 92.1 million.

Identifiable assets acquired and liabilities assumed

The preliminary allocation of the total purchase price to the acquired assets and liabilities at the time of initial consolidation is based on a preliminary external valuation report commissioned for this purpose to determine the fair values of these assets and liabilities. In particular the company is still gathering valuation inputs for the measurement of the fair value of the development project. The acquired assets and liabilities have the following provisionally determined fair values at the time of initial consolidation. Fair values will be adjusted if necessary, once the allocation of the total purchase price is completed:

In EUR thousand	
Investment properties	1,008,962
Inventories	1,584,682
Contract assets	393,404
Trade receivables	399,046
Investment in associated companies	20,725
Other intangible assets	38,994
Property, plant and equipment	10,175
Financial assets	194,574
Right-of-use assets	10,185
Other assets	88,646
Cash and cash equivalents	103,284
Non-current assets held for sale	26,100
Acquired assets	**3,878,777**
Corporate bonds	556,407
Convertible bonds	165,905
Other loans and borrowings	2,041,375
Other financial liabilities	119,982
Provisions	10,435
Deferred tax liabilities	81,891
Trade payables	127,849
Other payables	243,958
Prepayments received	299,198
Contract liabilities	10,660
Assumed liabilities	**3,657,660**
Fair value of acquired net assets	**221,117**
Pre-existing relationship	100,890
Non-controlling interests	98,747
Equity purchase price (consideration)	595,449
Goodwill	**573,969**

The real estate assets of Consus comprise the accounting categories 'Inventories' (IAS 2), 'Investment property' (IAS 40), 'Assets classified as held for sale' (IFRS 5) and 'Contract assets' (IFRS 15). For the investment properties and most inventories valuations were performed by the independent appraiser NAI Apollo as of 30 June 2020 on a preliminary basis. No significant events occurred until the valuation date of 2 July 2020. In addition, analysis and calculations

were performed as at 2 July 2020. Values have been compared to market information available and to project information (including sales status). Effects of the Covid-19 pandemic to the business of Consus as well as the fair values are considered insignificant. Given the fact that the developments are mostly sold in the medium to long-term future, short-term effect on prices within each asset type may not affect the disposal prices of the developments. Thus, planned cash flows from asset disposals may be delayed in the short term, but not significantly affected in the medium and long term. The majority of developments are to be finished and disposed of in the medium and long-term future.

Within the transaction context, certain project developments (EUR 930 million) are planned to remain within the company in the medium term and not be sold to third parties. From Group's accounting perspective, these project developments have been classified as investment properties.

Some inventory assets (EUR 505.5 million) are part of transfer agreement, so no valuation was performed by NAI Apollo. Based on the estimate of the final purchase price in the contract, the book value was to be considered an adequate estimation of fair value.

The land value for assets that have been forward sold (EUR 286.5 million) is included in inventories. The land will be transferred only after the project is completed. Sales and advances related to the building are considered in contract assets and liabilities. Consus is contractually obligated to transfer the land to a predetermined price, generally limiting the uplift potential from market development on land values. The differences of the book values to the acquisition cost or the expected revenue on land as at the date of the forward sale are immaterial. Therefore, the book values adequately reflect the fair values in the case of forward sales.

The book value of contract assets (EUR 393.4 million) is related to forward sales and condo sales. It reflects the expected sales price of the entire building or the condos for sale that has materialised due to the construction progress as at valuation date, minus advances paid. Thus, contract assets are mainly a revenue position to reflect the anticipated sale adequately in the balance sheet. Sales prices and total costs are based on management expectations or (in the case of condo sales) actual revenue. Therefore, the book values adequately reflect the fair values of the contract assets.

In October 2019 Consus signed a purchase agreement regarding the acquisition of a development project. However, the closing of the transaction was in August 2020. As of 2 July 2020 the preliminary fair value of the development project amounted to EUR 172.8 million. With respect to the purchase price of EUR 138.5 million an advantageous contract of EUR 34.3 million, was considered in the preliminary PPA. Following the closing of the transaction, the intangible asset has been transferred to investment properties as at the reporting date.

The provisional carrying amounts of the acquired trade receivables, mainly relating to real estate inventories disposed of and forward sales, already consider any necessary valuation adjustments and correspond to their fair values. The gross value of trade accounts receivable due totalled EUR 399.4 million, of which EUR 0.4 million are expected to be uncollectible.

The fair values of assumed traded corporate bonds and traded convertible bonds were determined with their quoted market prices. The fair values of other financial liabilities including untraded loans and borrowings were measured by applying the discounted cash flow (DCF) method where future cash flows are discounted on the valuation date.

The convertible bond contains an embedded derivative (conversion right) that was bifurcated and accounted for separately from the debt host contract at fair value. The conversion right is measured using an option price model. The fair value of the entire instrument (quoted price x volume) includes both the liability component without any conversion feature as well as the fair value of the conversion right (a financial liability). Therefore, the fair value of the liability component without any conversion feature corresponds to the difference of the fair value of the entire instrument and the fair value of the conversion right.

Several prepayment options were identified in the corporate bond and loan agreements which empower the entity to repay the complete outstanding amount (plus possibly an exit fee) at any time during the term. These embedded derivatives have been bifurcated and accounted for separately as financial assets. The embedded prepayment options are measured by using an option price model. The fair value of the entire instrument (quoted price x volume) includes both the liability component without any prepayment feature and the fair value of the prepayment option (a financial asset). Therefore, the fair value of the liability component without any prepayment feature corresponds to the sum of the fair value of the entire instrument and the fair value of the prepayment option.

The fair value of the conversion right (derivatives) was estimated to be at EUR 8.7 million and the fair value of the prepayment options (other financial assets) was estimated to be at EUR 78.9 million.

For all other assets and liabilities, it was verified that the fair values are corresponding to their carrying amounts.

The book value of Consus' indirect non-controlling interests (NCI) as at 2 July 2020 is EUR 23.1 million. Adler Group's choice in accounting policy is to measure non-controlling interests at the NCI's proportionate share of net assets of the acquiree. The fair value of Adler Group's net assets acquired less Consus' indirect NCI amounts to EUR 188.4 million. Multiplying this with 35.05% results in an NCI share of EUR 66 million. In determining the non-controlling interests, indirect non-controlling interests were added together.

The preliminary purchase price allocation resulted in a positive difference of EUR 574 million, which was recognised as a provisional Goodwill. The Goodwill cannot be deducted for tax purposes and is attributable to expected operating and financial synergies. The first-time allocation of the Goodwill to cash generating units has not been completed due to the ongoing integration of Consus into the Group. The first annual impairment testing is expected to be performed in 2021. As at the balance sheet date, there are no known indications that the Goodwill from the Consus acquisition may be impaired.

Consus has contributed EUR 94.5 million to revenues and EUR 4.5 million to the results from operating activities since the consolidation. Had the acquisition taken place on 1 January 2020, the acquisition would have contributed EUR 705.7 million to revenues and EUR 52.2 million to results from operating activities.

Note 5 – Selected Notes to the Condensed Consolidated Interim Statement of Financial Position

A. Investment properties

In EUR thousand	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Balance as at 1 January	3,624,453	4,044,023	4,044,023
Additions arising from business combination (Note 4)	5,938,708	-	-
Additions by way of acquiring assets	24,227	-	-
Capital expenditure	78,687	42,373	44,013
Transfer to investment properties from intangible assets	34,300	-	-
Investments in project development properties under construction (acquisition and building costs)	214,388	-	-
Transfer from investment properties to property, plant and equipment	(3,337)	(5,100)	(5,100)
Transfer from investment properties to assets of disposal groups classified as held for sale	(339,587)	(920,000)	-
Disposal of subsidiaries	-	-	(920,000)
Fair value adjustments	189,084	342,766	461,517
Balance as at the end of the reporting period	**9,760,923**	**3,504,062**	**3,624,453**

According to the Group's fair value valuation policies for investment properties, the investment properties generally undergo a detailed valuation as at 30 June and 31 December of each year unless the Group identified material changes in the value of this properties at an earlier date.

As of 30 September 2020, the Group identified indicators for a material increase in the value of properties outside of Berlin, therefore, the Group performed a detailed valuation for these properties.

The fair value of the investment properties outside of Berlin as at 30 September 2020 was mainly determined by valuation expert CBRE, an independent industry specialist that has appropriate, recognised professional qualification and up-to-date experience regarding the location and category of the properties. The fair value of the investment properties under construction (project development) was determined by the valuation expert NAI Apollo, an independent industry specialist that has appropriate, recognised professional qualifications and up-to-date experience regarding the location and category of the properties.

The fair value measurement for all the investment properties has been categorised as Level 3 fair value due to prevailing use of unobservable inputs to the adopted valuation method.

The Group values its portfolio (investment properties) using the discounted cash flow (DCF) method. Under the DCF methodology, the expected future income and costs of the property are forecasted over a period of 10 years and discounted to the date of valuation. The income mainly comprises expected rental income (current in-place rent, market rents as well as their development) taking vacancy losses into account. For investment properties under construction (project development), which will be held in the long term to generate gross rental income and capital appreciation after completion, the residual value method is applied. This approach is common to calculate the value of real estate developments in planning stage or still under construction. The approach is a deductive method to derive the market value of an undeveloped project according to its construction / development progress and represents the amount a market participant would be willing to pay for the property (land). The approach is based on the assumption that the market value of an ongoing project can be derived from an indicative market value less the anticipated costs for the realisation of the project (e.g. construction or marketing costs).

Both valuation experts have considered the impacts of rental freeze for properties located in Berlin and Covid-19 for the fair values. CBRE confirmed that there was no change in the fair values of the company's properties in Berlin. The rental income in Berlin decreases because of the rental freeze.

Since the beginning of 2019, there has been a public discussion about a rental freeze proposition for rental apartments in Berlin. On 30 January 2020, the Berlin Parliament ("Berliner Abgeordnetenhaus") enacted the law for rent control in the housing sector ("MietenWoG Bln"). The law came into force on 23 February 2020 through publication in the Berlin bulletin for legislation ("Berliner Gesetzes- und Verordnungsblatt"). Berlin is the first federal state to pass such a law. As at 30 September 2020, the validity of the rental freeze is totally unclear. As published on 6 May 2020, 284 federal parliament members from several political parties have filed complaints with the Federal Constitutional Court in Karlsruhe ("Bundesverfassungsgericht") requesting that the compatibility of this rental freeze act with constitutional law be reviewed.

The outbreak of the coronavirus ("Covid-19"), declared by World Health Organization as a "Global Pandemic" on 11 March 2020 has impacted financial markets and market activities in many sectors. According to CBRE and NAI Apollo, despite Covid-19, the mismatch between supply and demand in the bigger cities in Germany is still evident. The valuation experts even expect that a stronger immigration from EU countries with significant negative economic impacts due to the novel coronavirus will lead to additional demand for residential space in midterm. As a result, the defensive and stable residential asset class could be even more sought after than before this crisis. CBRE and NAI Apollo record interest from investors for German residential property with strong equity capital background. In terms of the market sentiment, the valuers still observe some strong interest in the residential sector, even though the number of transactions has decreased.

Based on the above, for certain major German cities, the overall fair values at portfolio level as at 30 September 2020 are increasing.

The fair value adjustment in the first nine month of the year 2020 for the residential portfolio of Adler Group without ADLER and Consus was positive at EUR 11.4 million (thereof EUR 10.4 million in the second quarter of 2020) despite the impact of the rental freeze in Berlin and Covid-19. CBRE has incorporated changes in the cash flow of the DCF model due to the regulations of the rental freeze.

A positive fair value adjustment of EUR 130.8 million was recognised for the residential portfolio of ADLER (including development projects) in the second quarter of 2020. In the third quarter there was a further positive fair value adjustment of EUR 50.9 million. The remaining commercial properties of the ADLER portfolio, which are planned to be sold, have been affected by the measures to contain the coronavirus, so they were already given a negative fair value adjustment of EUR 10.3 million in the first quarter of 2020 (before the first-time consolidation). In the third quarter further negative adjustments of EUR 11.1 million to the fair value of the commercial properties were necessary due to the coronavirus pandemic.

Consus recognised a fair value increase of EUR 7.1 million for a project development in the third quarter of 2020.

B. Investments accounted under the equity method

Because of the first-time consolidation of ADLER and Consus, eight companies with a total fair value of EUR 96.4 million were included in the consolidated financial statements of the Company using the equity method (Note 4).

In EUR thousand	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Balance as at 1 January	-	-	-
Additions arising from business combination (Note 4)	96,448	-	-
Share of gain and losses (at equity result)	(1,372)	-	-
Investments	340	-	-
Disposals	(2,011)	-	-
Transfer to non-current assets held for sale	(3,955)	-	-
Balance as at the end of the reporting period	**89,448**	**-**	**-**

The main investments in associated companies are ACCENTRO Real Estate AG, AB Immobilien B.V., Glasmacherviertel GmbH & Co. KG and MAP Liegenschaften GmbH.

The remaining interest in ACCENTRO Real Estate AG (4.78%) is included in the condensed consolidated interim financial statements as an associated company due to the possibility of continuing to exercise significant influence via a member of the supervisory board of ADLER. ACCENTRO is a listed public limited company and is primarily engaged in trading (buying and selling) in residential real estate and individual apartments, as well as in the brokerage business in connection with apartment privatisation. At the end of September 2020, the interest in ACCENTRO Real Estate AG has a book value of EUR 11.6 million.

ADLER holds an interest (25%) in AB Immobilien B.V., which is a property company that pursues the objective of selling its assets at a profit. At the end of September 2020, the interest in AB Immobilien B.V. has a book value of EUR 4.5 million.

Caesar JV Immobilienbesitz und Verwaltungs GmbH is a property company whose objective is to generate in-

come from letting and, where applicable, also selling its properties. At the end of September 2020 ADLER signed an agreement to sell all its interest (25%) in the associated company Caesar JV Immobilienbesitz und Verwaltungs GmbH to an investor by the end of the year. Therefore, the investment of EUR 4.0 million in this company was reclassified to assets held for sale.

As a result of the binding sale and purchase agreement concluded in the third quarter of 2019 for the sale of a project development in Düsseldorf, the fully consolidated company Glasmacherviertel GmbH & Co. KG was sold at the end of the first quarter of 2020. As part of the agreed share deal, ADLER retained 25% of the shares in this company. At the end of September 2020, the interest in Glasmacherviertel GmbH & Co. KG has a book value of EUR 52.0 million.

The shares in Tuchmacherviertel GmbH & Co. KG were sold in the third quarter of 2020 at a value of EUR 2.0 million.

Consus holds an interest (75%) in the joint venture MAP Liegenschaften GmbH. Due to the structure of the shareholders' agreement, MAP Liegenschaften GmbH is not controlled by Consus in accordance with IFRS 10, but is accounted for using the equity method in accordance with IFRS 11. At the end of September 2020, the interest in MAP Liegenschaften GmbH has a book value of EUR 21.0 million.

C. Other financial assets

The Group has receivables to third parties in an amount of EUR 182.2 million and to associated companies in an amount of EUR 111.0 million. In addition to these receivables, other financial assets also include options for early repurchase of bonds and loans from Consus, an option for purchasing the non-controlling interests and bonds that are held as part of a business model whose aim is both to hold financial assets for the collection of contractual cash flows and to sell financial assets if necessary (Note 6B).

The receivables to third parties are mainly based on the following circumstances:

On 6 February 2020 Adler Group granted an interest-bearing loan of EUR 43.5 million to Taurecon Invest IX GmbH ("Taurecon"). The loan has a term until 15 February 2023 and was used by Taurecon to purchase from ADO Group Ltd. (a wholly owned subsidiary of ADLER) its minority shareholdings in various entities in which Adler Group (directly or directly) owns the majority of shares. The interest on the loan shall accrue at an interest rate of 3.00% p.a. The loan amount may increase or decrease, as the case may be, if and to the extent the final purchase price to be paid by Taurecon for the purchase or the shares may be adjusted going forward. This loan is classified as a financial asset and measured at fair value through profit and loss because it does not meet the "solely payment of principal and interest" criteria. The valuation model is based on a univariate Monte-Carlo simulation. As a result of the acquisition of the non-controlling interests by Taurecon and the expiration of the related put option held by ADO Group Ltd., the Company recognised an increase in equity (non-controlling interests) in an amount of EUR 45.4 million and derecognised the liability towards ADO Group Ltd. in the first quarter of 2020. As at 30 September 2020, the fair value of the loan amounts to EUR 38.3 million. At 31 March 2020 this receivable was reported under loans granted in the balance sheet. The disclosure has been adjusted.

The remaining purchase price receivables of ADLER from the sale of the 75% stake in Glasmacherviertel GmbH & Co. KG against the buyer were deferred, subject to customary interest and collateral. For payment of the purchase price receivables, it was agreed that each installment payment would be due when certain project development milestones, which are determined but not yet fixed regarding the timing, are met. Accounting for default risks, a receivable of EUR 132.6 million from the buyer was recognised as at the balance sheet date. Provided that the set milestone is met on time, a partial payment of EUR 70.0 million would be due by the end of the financial year.

The receivables from associated companies are mainly based on the following circumstances:

On 27 December 2018, ADLER (seller) entered into a binding agreement with Benson Elliot Capital Management LLP (purchaser), which plans to sell around 2,300 rental units to a joint venture, AB Immobilien B.V., Amsterdam, Netherlands, in which ADLER likewise holds a 25% interest. ADLER remains responsible for asset, property and facility management until the properties are sold to third parties. ADLER will benefit from the potential upside of the final sale by the joint venture. The properties were worth approximately EUR 117.7 million. Control over the rental units was transferred in the first quarter of 2019. The agreement for the sale of the around 2,300 rental units to AB Immobilien B.V. does not provide for a significant financing component as the remaining consideration is variable after the partial payment has been made. The amount and date of the consideration depend on the resale of properties to third parties over which ADLER has no significant influence. However, payment is intended by no later than 31 December 2028. As at 30 September 2020, ADLER recognises receivables from AB Immobilien B.V. of EUR 43.4 million considering default risks.

After the sale of the 75% interest in Glasmacherviertel GmbH & Co. KG, an interest-bearing loan receivable of EUR 63.6 million was recognised by ADLER from the associated company, considering default risks.

D. Inventories

Inventories also includes the land from forward sales and can be broken down as follows:

In EUR thousand	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Real Estate "Trading properties (condominiums)"	23,360	27,882	25,860
Real Estate "Institutional"	1,023,244	-	-
Real Estate "Parking"	29,448	-	-
Real Estate "Apartment for sale"	561,864	-	-
Real Estate "Other construction work"	966	-	-
Other inventories: not development	9,037	-	-
Total balance	**1,647,919**	**27,882**	**25,860**

Virtually all of the inventories are pledged as underlying security provided for loan agreements.

E. Contract balances

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances (contract liabilities) in the Statement of Financial Position. In the Group's development activities, amounts are billed as work in progress in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances from its customers before revenue is recognised, resulting in contract liabilities. These assets and liabilities are reported on the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the reporting period were not materially impacted by other factors besides as laid out below.

The following table provides information about contract assets and contract liabilities from contracts with customers:

In EUR thousand	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Gross contract assets – non-current	23,828	-	-
Prepayments received on non-current contract balances	-	-	-
Net contract assets – non-current	**23,828**	**-**	**-**
Gross contract assets – current	882,888	-	-
Prepayments received on current contract balances	(489,172)	-	-
Net contract asset – current	**393,717**	**-**	**-**
Gross contract liabilities – current	83,844	-	-
Prepayments received on current contract liabilities	(91,152)	-	-
Net contract liabilities – current	(7,308)	**-**	**-**
Net contract assets (liabilities)	**410,237**	**-**	**-**

No impairments for credit risks in accordance with IFRS 9 were made in respect of contract assets since first consolidation of Consus. This is due to the circumstances that the credit default risk of the contractual partners is relatively low. Furthermore, the value at-risk can be regarded as relatively low due to collaterals.

F. Trade receivables

As at the reporting date trade receivables mainly consist of rental receivables (EUR 42,127 thousand; as at 31 December 2019: EUR 15,570 thousand), receivables from the sale of real estate inventories (EUR 339,697 thousand; as at 31 December 2019: EUR 0 thousand) and receivables from property development (EUR 53,153 thousand; as at 31 December 2019: EUR 0 thousand).

G. Other receivables – current

Other current receivables consist of financial receivables with a book value of EUR 264,521 thousand (as at 31 December 2019: EUR 2,790 thousand) and other assets with a book value of EUR 62,441 thousand (as at 31 December 2019: EUR 6,051 thousand).

Oher current receivables mainly include the following items:

As at the reporting date, other current receivables include residual receivables of EUR 58.4 million against the buyer of the shares in ACCENTRO which ADLER had sold at the end of 2017. Payment had been postponed according to a mutual understanding. The remaining and secured purchase price claim is to be paid in the course of 2020 after a further extension of the time limit and is subject to a market interest rate. There is no material default risk because of collateral.

As at the reporting date, other current receivables include short-term purchase price receivables from the sale of investment properties of EUR 54.2 million against associated companies and other short-term loans against third parties of EUR 74.0 million.

The Group has income tax receivables of EUR 15,727 thousand and other tax receivables of EUR 18,424 thousand.

Accrued costs for obtaining forward sales contracts were recorded from Consus as other receivables in prior periods with a remaining book value of EUR 6.7 million at the end of the quarter. The asset is amortised on a straight-line basis over the lifetime of the specific contract to which it relates. The corresponding expenses accounted for as other expenses during the period amounted to EUR 0.5 million.

H. Non-current assets held for sale

At the end of the second quarter of 2020, the shares in the associated company Caesar JV Immobilienbesitz und Verwaltungs GmbH with a value of EUR 4.0 million were reclassified to non-current assets held for sale due to the binding sale and purchase agreement.

Other non-current assets held for sale primarily include investment properties recognised at a value of EUR 353.4 million, for which notarial purchase contracts were available at the balance sheet date. The disposal of non-current assets held for sale did not have any material impact on earnings, as the assets were already measured at fair value. This corresponded to the sale price for the properties less related expenses. Other non-current liabilities held for sale with a value of EUR 31.6 million are to be transferred upon disposal of the assets. In detail, the following significant developments took place with regard to the other non-current assets and non-current liabilities held for sale:

In the second quarter of 2020, control over further commercial units of ADLER held for sale with a value of EUR 41.7 million was transferred. In addition, in the third quarter of 2020, the power of disposal over properties held for sale with a value of EUR 3.6 million was transferred.

On September 18, 2020, ADLER entered into a binding purchase agreement with an international real estate investor for the sale of 5,064 residential and commercial units at a premium on the book value. The properties are located primarily in Lower Saxony, North Rhine-Westphalia and Rhineland-Palatinate. The units generate net rental income of EUR 18.6 million p.a. and have a vacancy rate of 12% with an average rent of EUR 5.46/m²/month. The transaction is expected to be completed by the end of 2020. The sale is partially an asset deal and partially a share deal. As a result of the sale as part of asset deals, investment properties amounting to EUR 126.9 million were classified as non-current assets held for sale and reclassified accordingly. The assets and liabilities of the five companies sold as part of a share deal are comprised as follows and were classified as non-current assets held for sale and non-current liabilities held for sale at the balance sheet date: Investment Properties EUR 195.2 million, trade receivables EUR 2.6 million, other receivables EUR 0.2 million, cash and cash equivalents EUR 1.3 million, pension reserves EUR 2.8 million, deferred tax liabilities EUR 23.1 million, other loans and borrowings EUR 3.7 million, lease liabilities EUR 0.9 million, trade payables EUR 0.4 million and other current liabilities EUR 0.6 million.

I. Corporate bonds and convertible bonds

These liabilities were structured as follows as at the balance sheet date:

In EUR thousand	30 Sep 2020 (Unaudited)	30 Sep 2019 (Unaudited)	31 Dec 2019 (Audited)
Adler Group Bond 2017/2024	390,726	397,302	397,433
Adler Group Convertible Bond 2018/2023	97,277	155,805	156,334
Adler Group Bond 2020/2025	397,844		
ADLER Convertible Bond 2016/2021	111,636	-	-
ADLER Bond 2017/2021	495,430	-	-
ADLER Bond 2017/2024	288,264	-	-
ADLER Bond 2018/2023	488,482	-	-
ADLER Bond 2018/2026	283,644	-	-
ADLER Bond 2019/2022	395,102	-	-
BCP Bond 2011/2020 (A)	-	-	-
BCP Bond 2013/2024 (B)	45,529	-	-
BCP Bond 2014/2026 (C)	34,664	-	-
Consus Bond 2019/2024	528,399	-	-
Consus Convertible Bond 2019/2022	114,750	-	-
Total balance	**3,671,747**	**553,107**	**553,767**

On 20 July 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2017/2024). The bonds carry an interest rate of 1.5% per annum and mature on July 26, 2024. The gross proceeds resulting from the transaction amounted to EUR 398.6 million with an issue price of 99.651%. The net proceeds of the bond were mainly used to fund acquisitions.

On 16 November 2018, the Company placed senior, unsecured bonds in a total nominal amount of EUR 165 million with institutional investors, which are convertible into new and/or existing ordinary registered shares of the Company (Adler Group Convertible Bond 2018/2023). The coupon has been set at 1.25% per annum, payable semi-annually in arrears. The bonds will mature on 23 November 2023. With the acquisition of ADLER on 9 April 2020, Adler Group effectively repurchased 38.24% of its outstanding convertible bond which is extinguished from the Group's perspective (Note 4A).

On 5 August 2020, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (Adler Group Bond 2020/2025). The bonds carry an interest rate of 3.25% per annum and mature on 5 August 2025. The gross proceeds resulting from the transaction amounted to EUR 395.5 million with an issue price of 98.871%. The net proceeds of the bond were mainly used to fund acquisitions.

Because of the first-time consolidation of ADLER, bonds and convertible bonds with a total fair value of EUR 2,158.2 million were included in the consolidated financial statements of Adler Group (Note 4A).

The ADLER Convertible Bond 2016/2021 with a total number of 10,000,000 bonds and a nominal value of EUR 13.79 per bond was issued in June 2016. The convertible bond totals EUR 137.9 million, has an interest rate of 2.5% and matures in July 2021. ADLER grants each bondholder the right, within the exercise period, to convert each bond into no-par bearer shares in ADLER each representing a nominal value of EUR 1.00 of the share capital as at the issue date. The conversion price at issuance was EUR 13.79. The conversion price was adjusted to EUR 12.5364 as at 7 June 2017 and then to EUR 12.5039 as at 31 August 2018 as a result of the issuing of bonus shares. A total of 2,176,222 bonds were converted up to 30 September 2020.

In December 2017, ADLER issued a corporate bond of EUR 800 million in two tranches. The first tranche (ADLER Bond 2017/2021) with a coupon of 1.50%, a volume of EUR 500 million and a term until December 2021 and was issued at 99.52% of par value. The second tranche (ADLER Bond 2017/2024) with a coupon of 2.13% and a volume of EUR 300 million expires in February 2024 and was issued at 99.28% of par value. On average, the interest on the bonds overall is 1.73%.

In April 2018, ADLER successfully placed corporate bonds of EUR 800 million in two tranches again with institutional investors in Europe. The first tranche (ADLER 2018/2023) has a volume of EUR 500 million, a coupon of 1.88% and a term until April 2023; the second tranche (ADLER 2018/2026) has a volume of EUR 300 million, a coupon of 3.0% and a term until April 2026. On average, the interest on the bonds overall is 2.30%. The net proceeds were largely used to refinance the bridge loan which ADLER had raised in connection with the acquisition of Brack Capital Properties N.V. ("BCP").

In April 2019, ADLER successfully placed a corporate bond of EUR 400 million with a coupon of 1.5% with institutional investors in Europe (ADLER 2019/2022). The bond has a three-year term and matures in April 2022.

As part of the acquisition of BCP, ADLER has assumed liabilities for bonds in three tranches with an original volume of NIS 700 million. Tranche A (BCP Bond 2011/2020 originally NIS 400 million) has a term up to July 2020 and has 4.80% interest rate. The liabilities from the BCP Tranche A bond were repaid early on 20 April 2020. Tranche B (BCP Bond 2013/2024 originally NIS 175 million) has a term up to December 2024 and has a 3.29% interest rate. Tranche C (BCP Bond 2014/2026) originally NIS 125 million) has a term up to 2026 and has a 3.30% interest rate. Annual principal payments are made until the end of the respective term. The interest rate and the repayment of the three tranches is also linked to the development of the Israeli Consumer Price Index.

Because of the first-time consolidation of Consus, bonds and convertible bonds with a total fair value of EUR 722.3 million were included in the consolidated financial statements of Adler Group (Note 4B).

On 16 May 2019, Consus placed a senior secured note to the value of EUR 400 million and a term until 15 May 2024 to institutional investors (Consus Bond 2019/2024). Annual interest is 9.625% per annum semi-annually in arrears. The Company may at any time on or after 15 May 2021 buy back part or all of the bond at the prices set out in the terms of issue. Partial or full repurchase is possible before 15 May 2021 at a price of 100% plus an agreed surcharge. In addition, the company can repurchase up to 40% of the outstanding amount with the income from certain equity transactions at a fixed price if at least 60% of the nominal amount of the bond remains outstanding. The bond terms contain a "change of control" clause, under which the bondholders can, under certain conditions, request the repurchase of their bond amounts for a price of 101%. The bond is governed by New York State law (144A/Reg S). On 25 October 2019, a further EUR 50,000 thousand was issued. The conditions of the EUR 400,000 thousand bond also apply. A derivative (option for early repurchase of the bond) was split off from the bond with a total nominal amount of EUR 450 million which is shown separately in the balance sheet in non-current other financial assets and measured at the fair value on the balance sheet date.

A convertible bond with a total nominal value of EUR 200 million was issued by Consus on 29 November 2017 (Consus Convertible Bond 2017/2022). The convertible bond has a maturity as of 29 November 2022, and was issued at a price of 100% of the principal amount in a denomination of EUR 100,000 each. The convertible bonds

bear interest at a rate of 4.0% per annum, payable semi-annually in arrears. In accordance with the convertible bond conditions, bondholders have the right to offer to the Company to participate in a capital increase by way of contribution in kind (Sacheinlage) by offering bonds held by it as contribution in kind. It is in the discretion of the Company whether it accepts such offer. If the Company accepts such offer, the new shares would be derived from the Company's conditional capital. The exercise of the included termination right leads to a 100% repayment plus accrued interest. As of the balance sheet date, bondholders had cumulatively converted a nominal value of EUR 14.5 million. The conversion right and the redemption rights represent an embedded derivative, which is measured at fair value and presented in derivatives liabilities.

The acquisition of control over Consus by Adler Group resulted in the occurrence of a change of control in accordance with the terms of the EUR 450 million 9.625% senior secured bond (Consus bond 2019/2024) and the EUR 200 million 4.00% convertible bond (Consus convertible bond 2017/2022) and triggered repayments of notional amounts of in total EUR 75.8 million, which were made on 6 August and 14 August 2020 respectively.

As at 30 September 2020, the Group is fully compliant with all covenant requirements. There have been no adjustments to the covenants because of the business combination with ADLER and Consus.

Following the Company's announcement on 15 December 2019 for a voluntary public takeover offer for all shares in ADLER Real Estate AG, and the acquisition of a 22.18% strategic minority stake in CONSUS S&P and Moody's had placed the Company's long-term corporate credit rating of BBB- / Baa3 under review.

On 23 April 2020, following the successful closing of the voluntary public takeover offer for ADLER, the Company received notice from S&P that its rating has been adjusted from BBB- to BB with stable outlook. S&P's fundamental analysis of the business risk profile remains unchanged and was moved to the better end of its satisfactory category. S&P's anchor score is BBB- based on Adler Group's financial position and financing policy, the quality of Adler Group's portfolio and the strong fundamentals of the German residential market. The Company has received further confirmation of its adequate liquidity position. Adler Group's corporate rating has been adjusted down by two notches due to perceived execution risk related to the combination with ADLER and corresponding synergies, including the announced rights issue, and comparable rating analysis. Following Adler Group's intention to acquire full control of Consus Real Estate AG, on 29 June 2020, S&P affirmed their 'BB' long-term issuer credit rating with stable outlook.

On 4 May 2020, Moody's adjusted its Company's rating to Ba1 from Baa3. The outlook was changed to negative from rating under review due to a perceived execution risk. On 30 June 2020, following Adler Group's announcement to exercise its option to acquire full control of Consus, Moody's downgraded ADO to Ba2 with stable outlook due to increased exposure to development activities.

J. Other loans and borrowings

Because of the first-time consolidation of ADLER, other loans and borrowings from banks with a total fair value of EUR 2,240.9 million were included in the consolidated financial statements of Adler Group (Note 4A).

Because of the first-time consolidation of Consus, other loans and borrowings from banks with a total fair value of EUR 2,041.4 million were included in the consolidated financial statements of Adler Group (Note 4B).

As at 30 September 2020, other loans and borrowings of Adler Group including ADLER and Consus carry an average effective interest rate (i.e. considering the swap interest hedging effect from variable to fixed interest) of 3.80% per annum (as at 30 September 2019: 1.8% and as at 31 December 2019: 1.6%). The average maturity of other loans and borrowings is 3.2 years (as at 30 September 2019: 4.4 years and as at 31 December 2019: 4 years.

As of 30 September 2020, under the existing loan agreements, the Group is fully compliant with its obligations (including loan covenants) to the financing banks.

On 9 March 2018, the Group signed a EUR 200 million revolving credit facility with a 2-year term and two extension options, each for one year. The interest rate is variable (1.45% as of 30 September 2020). The relating upfront fees were recognised under deferred expenses in the condensed consolidated interim statement of financial position and will be amortised over four years. On 30 January 2019, the Group exercised one extension option for one year in an amount of EUR 175 million. In February 2020 the Group exercised the second option for one year in an amount of EUR 50 million. As at 30 September 2020, the Group drew down an amount of EUR 125 million in total.

On 15 December 2019, the Company signed a EUR 3,463 million bridge facility agreement with a variable interest rate and a 1-year term and four extension options, each for six months (see note 10B). The interest rate is variable (2.50% as of 30 September 2020). The maximum amount of the bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited has subsequently been reduced and, as at 30 September 2020, is EUR 1,085 million. On 9 April 2020, Adler Group refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilised bridge facility agreement. In August 2020 the facility was partly repaid in an amount of EUR 265 million and at 30 September 2020 the Group has an outstanding volume of EUR 620 million in total under the bridge facility agreement.

The Group refinanced bank loans with a total volume of EUR 425 million in the second quarter.

On 30 September 2020, the Group signed EUR 100 million revolving credit facilities (two of EUR 50 million) both with a 2-year term and two extension options, each for one year. The relating upfront fees were recognised under deferred expenses in the condensed consolidated interim statement of financial position and will be amortised over four years. At the time of approval of these condensed consolidated interim financial statements, no amount were borrowed by the Group under these revolving credit facilities.

All loans with the exception of the revolving credit facility and the bridge facility are secured with the assets (investment properties and inventory properties, financial assets, trade and other receivables, cash and cash equivalents).

K. Prepayments received

Prepayments received by the Group on contract assets/liabilities (development projects under the scope of IFRS 15) are included in the balances of the respective asset or liability balance. Prepayments received on inventory (development projects under the scope of IAS 2) and other assets are disclosed separately in the balance.

L. Other payables – current

Other current payables consist of financial liabilities with a book value of EUR 226,202 thousand (as at 31 December 2019: EUR 4,467 thousand) and other liabilities with a book value of EUR 265,690 thousand (as at 31 December 2019: EUR 45,146 thousand).

As at the reporting date, other current payables mainly include accrued interest of EUR 145,637 thousand, purchase price liabilities of EUR 30,547 thousand, deposits of EUR 30,687 thousand and other accrued expenses of EUR 79,743 thousand.

The Group has income tax liabilities of EUR 89,029 thousand and other tax liabilities of EUR 19,206 thousand.

Note 6 – Financial Instruments

All the aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019.

A. Financial instruments measured at fair value for disclosure purposes only

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade and other receivables, restricted and other bank deposits and trade and other payables are considered to be the same or approximate to their fair value due to their short-term nature.

The fair values of the other liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 Sep 2020 (Unaudited)		30 Sep 2019 (Unaudited)		31 Dec 2019 (Audited)	
In EUR thousand	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Corporate bonds	3,348,084	3,337,577	397,302	402,380	397,433	397,140
Convertible bonds	323,663	317,979	155,805	172,348	156,334	172,348
Variable rate loans and borrowings (*)	1,945,791	1,984,445	76,066	79,013	75,758	78,878
Fixed rate loans and borrowings (*)	2,052,477	2,104,740	701,678	714,754	702,059	713,609
Total	**7,670,015**	**7,744,742**	**1,330,851**	**1,368,495**	**1,331,584**	**1,361,975**

(*) Including the current portion of long-term loans and borrowings, excluding bridge facility loan.

B. Fair value hierarchy of financial instruments measured at fair value

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	30 Sep 2020 (Unaudited)			30 Sep 2019 (Unaudited)		31 Dec 2019 (Audited)		
In EUR thousand	**Level 1**	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Other financial assets (1)	11,111	-	102,353	-	6,628	-	-	98,871
Derivative financial liabilities (2)	-	8,237	13,105	10,385	-	-	6,150	-
Investment in financial instruments (3)	-	-	7,717	-	-	186,158	-	-
Other long-term liabilities (4)	-	-	-	-	45,311	-	-	47,951

(1) Other financial assets include the Group's option for purchasing the non-controlling interests in a transaction completed at the end of 2013 (fair value amounting to EUR 6,671 thousand as at 30 September 2020). The call option agreement with a major shareholder of Consus Real Estate AG ("Consus") to acquire an additional 50.97% in Consus (fair value amounting to EUR 92,009 thousand as at 31 December 2019) was exercised on the 29 June 2020 and settled on 2 July 2020 (see note 4B).

After the first-time consolidation of ADLER, other financial assets include bonds that are held as part of a business model whose aim is both to hold financial assets for the collection of contractual cash flows and to sell financial assets if necessary. These debt instruments are therefore measured at fair value with changes in other comprehensive income. In the third quarter 2020 ADLER sold bonds with a book value EUR 4,735 thousand. As at 30 September 2020, the fair value amounted to EUR 11,111 thousand based on the market price.

As at 30 September 2020, the fair value of the loan to Taurecon amounts to EUR 38,259 thousand.

Consus placed the bond 2019/2024 in two tranches with a total nominal amount of EUR 450,000 thousand, from which a derivative (option for early repurchase of the bond) was split off and measured at fair value through profit or loss. The fair value of the derivative was EUR 27,828 thousand as of 30 September 2020.

In some cases, the other loans and borrowings raised by Consus contain embedded derivatives which must be measured at fair value through profit or loss separately from their host contract. These embedded derivatives are termination options that allow Consus to repay the respective liabilities before the actual due date. Termination options are assessed using an option pricing model (binomial model). The main input factors in the option price model used are volatility and the refinancing interest rate on the valuation date. As at 30 September 2020, the fair value of the derivatives was EUR 29,595 thousand (thereof EUR 6,494 thousand current financial assets).

(2) The fair value of the interest rate swaps, including both current and non-current liabilities (EUR 5,754 thousand), is measured by discounting the future cash flows over the period of the contract and using market interest rates appropriate for similar instruments. The credit risk used by the bank is not a material component of the valuation made by the bank, and the other variables are market-observable.

The fair value of the derivative component of Adler Group's Convertible Bonds 2018/2023 (EUR 2,483 thousand) is determined by an external valuer, calculated by reference to the market terms of similar convertible securities.

The embedded derivative component of Consus' Convertible Bond 2017/2022 had a fair value of EUR 13,105 thousand at the end of September 2020 and was valued using an option price model. Key input factors in the valuation are the share price and the volatility of the share price.

(3) On 15 December 2019, the Company also entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire an additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public takeover offer over the remaining Consus shares should the Company exercise the Call Option. As at 31 December 2019 the company acquired 18.62% of Consus shares. The remaining 3.56% was acquired in January 2020. On 9 April 2020 Adler Group started to consolidate ADLER, which holds 3.02% of Consus shares, therefore together with ADLER, Adler Group holds 25.20% of the outstanding shares of Consus. On 29 June 2020 the Board of Directors of the Company resolved to exercise the Call Option to acquire control of Consus. The Call Option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the Call Option was subject to a successful launch of rights issue, which was announced by the Company on 2 July 2020 and subject to approval by the authorities and the underwriters. Therefore, on 2 July 2020 Adler Group gained control over Consus.

Before gaining control, the Group assessed its investment in Consus and determined that it also does not have significant influence due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. Therefore, the investment was classified as a financial asset and measured at fair value (fair value amounting to EUR 186,158 thousand as at 31 December 2019). Adler Group elected to present the changes in fair value of the 22.18% investment in Consus in other comprehensive income ("OCI") and through profit and loss for the 3.02% held by ADLER.

Furthermore because of the consolidation of ADLER, the remaining shares (in each case 10.1%) in the property companies of BCP are recognised, as part of the sale of three commercial units, in the amount of EUR 6,494 thousand. They are measured at fair value through profit or loss. Because of the consolidation of Consus, shares in non-consolidated companies are recognised in an amount of EUR 1,223 thousand. These shares are measured through fair value through OCI.

(4) As a result of the acquisition of the non-controlling interests by Taurecon and the expiration of the related put option held by ADO Group Ltd., the Company recognised an increase in equity (non-controlling-interests) in an amount of EUR 45.4 million and derecognised the liability towards ADO Group Ltd. in the first quarter of 2020.

Note 7 – Selected Notes to the Condensed Consolidated Interim Statement of Profit and Loss

A. Revenue

	For the nine months ended		For the three months ended		For the year ended
In EUR thousand	**30 Sep 2020 (Unaudited)**	**30 Sep 2019 (Unaudited)**	**30 Sep 2020 (Unaudited)**	**30 Sep 2019 (Unaudited)**	**31 Dec 2019 (Audited)**
Net rental income	203,223	101,727	88,432	34,278	134,141
Income from charged costs of utilities	45,966	-	23,147	-	-
Income from property development	141,506	-	117,536	-	-
Selling of trading properties (condominiums)	4,724	12,131	1,973	3,796	14,948
Income from service, maintenance and management activities	4,538	-	4,538	-	-
Income from facility services	16,925	5,767	6,638	1,855	7,431
Total	**416,882**	119,625	**242,264**	39,929	156,520

Net rental income amounting to EUR 118,887 thousand, income from charged costs of utilities amounting to EUR 45,966 thousand, income from property development amounting to EUR 53,134 thousand and income from facility services with an amount of EUR 12,467 thousand are attributable to the business of ADLER. As at end of June 2020 and in the second quarter 2020 the income from property development attributable to ADLER were reported under selling of condominiums. The disclosure has been reclassified.

Net rental income amounting to EUR 1,626 thousand, income from charged costs of utilities amounting to EUR 4 thousand, income from property development amounting to EUR 88,373 thousand and income from service, maintenance and management activities with an amount of EUR 4,534 thousand are attributable to the business of Consus.

Adler Group records revenue from charged costs of utilities according to the agent method and therefore, offsets expenses and corresponding revenue from charges to the tenant. ADLER records revenue from charged costs of utilities and cost of apportionable utilities separately according to the principal method due to a different business model.

Income from real estate inventories disposed of includes the sale of properties, buildings and projects that are not recognised using the over-time recognition under IFRS 15.

Upon conclusion of a forward sales contract, the Group begins to recognise income from property development over a certain period of time, provided that planning permission had already been granted at the time the contract was concluded. If planning permission is granted after the contract has been signed, the period-related revenue recognition does not commence until the building permit ("Baugenehmigung") is granted, as the forward sales customer usually has the right to withdraw from the contract before the building permit is granted.

During the quarter no new forward sales contracts were signed. Income from property development resulted from the building progress on existing forward sale.

B. Cost of operations

	For the nine months ended		For the three months ended		For the year ended
In EUR thousand	**30 Sep 2020 (Unaudited)**	**30 Sep 2019 (Unaudited)**	**30 Sep 2020 (Unaudited)**	**30 Sep 2019 (Unaudited)**	**31 Dec 2019 (Audited)**
Salaries and other expenses	23,531	9,551	9,852	3,214	11,443
Costs of apportionable utilities	53,157	-	28,106	-	-
Costs of utilities recharged, net	935	1,461	391	690	1,630
Costs of property development	111,533	-	95,211	-	-
Costs of selling of trading properties (condominiums)	3,631	8,670	1,591	2,637	11,058
Property operations and maintenance	28,850	12,891	12,306	4,461	19,880
Total	**221,637**	**32,573**	**147,457**	**11,002**	**44,011**

Salaries and other expenses amounting to EUR 15,817 thousand, costs of apportionable utilities with an amount of EUR 50,693 thousand, costs relating to property development amounting to EUR 40,590 thousand and costs for property operations and maintenance with an amount of EUR 20,308 thousand are attributable to the business of ADLER. As at end of June 2020 and in the second quarter 2020 the costs of property development attributable to ADLER were reported under costs for selling of condominiums. The disclosure has been reclassified.

Cost of apportionable utilities with an amount of EUR 2,464 thousand and costs of property development amounting to EUR 70,160 thousand are attributable to the business of Consus.

C. Other expenses

Other expenses are mainly due to the business combinations of Adler Group and ADLER and Adler Group and Consus as well as the related legal and consulting fees.

D. Other income

The preliminary purchase price allocation of ADLER resulted in gain from bargain purchase of EUR 74.8 million, which was recognised in other income. The remaining other income relates mainly to the reduction of existing liabilities and income from prior periods.

E. Net finance costs

	For the nine months ended		For the three months ended		For the year ended
In EUR thousand	**30 Sep 2020 (Unaudited)**	**30 Sep 2019 (Unaudited)**	**30 Sep 2020 (Unaudited)**	**30 Sep 2019 (Unaudited)**	**31 Dec 2019 (Audited)**
Interest received	(11,472)	-	(11,454)	-	(39)
Change in fair value of other financial asset - profit	(3,262)	-	(3,262)	-	-
Net foreign exchange gain	(9,858)	-	(9,858)	-	-
Other finance income	(26,509)	-	(22,838)	-	-
Interest on bonds	56,441	7,985	39,381	2,678	10,670
Change in fair value of derivative component of convertible bond	18,961	(6,528)	19,595	(160)	(10,180)
Change in fair value of other derivatives	8,805	-	8,251	-	-
Change in fair value of investment in financial assets and other financial assets	92,201	-	1,557	-	(92,256)
Change in fair value of loans granted	6,131	-	(379)	-	-
Impairment of financial instruments	2,205		1,064	-	-
Interest on other loans and borrowings	57,645	14,310	31,430	4,966	19,046
One-off refinance costs	9,652	-	2,208	-	-
Other finance expenses	11,935	1,655	2,897	1,174	2,659
Total	**212,875**	**17,422**	**58,592**	**8,658**	**(70,100)**

Net finance income/(costs) amounting to EUR 49,592 thousand is attributable to the business of ADLER.

Net finance income/(costs) amounting to EUR 39,338 thousand is attributable to the business of Consus.

The Group received interest from associated companies in an amount of EUR 1,934 thousand.

An amount of EUR 30,538 thousand interest on other loans and borrowings was capitalised to investment properties and inventories under construction.

Note 8 – Segments Reporting

The basis of segmentation and the measurement basis for segment profit or loss are, with the following exception, the same as presented in note 24 regarding operating segments in the annual consolidated financial statements for the year ended 31 December 2019.

ADLER and Consus are preliminary presented as an independent segment in accordance with current internal reporting to the chief operating decision maker. It is intended to revisit the segment reporting once the businesses of its acquirees are fully integrated with that of Adler Group.

Income is recognised over a period of time with the exception of income from disposal of trading properties and other real estate inventories, which are realised at a certain point of time.

Information about reportable segments

Information regarding the results of each reportable segment is included below.

	For the nine months ended 30 September 2020 (Unaudited)				
In EUR thousand	**Residential property management**	**Privatisation**	**ADLER**	**Consus**	**Total consolidated**
External income from residential property management	86,890	279	177,319	1,626	266,114
External income from selling of trading properties (condominiums)	-	4,724	-	-	4,724
External income from selling of other real estate inventories	-	-	-	-	-
External income from property development	-	-	53,132	88,373	141,505
External income from service, maintenance and management activities	-	-	-	4,539	4,539
Consolidated revenue	**86,890**	**5,003**	**230,451**	**94,538**	**416,882**
Reportable segment gross profit	66,054	1,312	105,967	21,914	195,245
General and administrative expenses					(66,872)
Changes in fair value of investment properties					189,084
Other expenses					(51,638)
Other income					90,744
Finance income					62,325
Finance costs					(275,200)
Net income from at-equity-valued investments					(1,373)
Consolidated profit before tax					**142,315**
Income tax expense					(42,566)
Consolidated profit after tax					**99,749**

For the nine months ended 30 September 2019 (Unaudited)

In EUR thousand	Residential property management	Privatisation	Total consolidated
External income from residential property management	107,059	435	107,494
External income from selling condominiums	-	12,131	12,131
Consolidated revenue	**107,059**	**12,566**	**119,625**
Reportable segment gross profit	83,206	3,846	87,052
General and administrative expenses			(14,666)
Other expenses			(10,815)
Changes in fair value of investment properties			342,766
Finance income			33
Finance costs			(17,455)
Consolidated profit before tax			**386,915**
Income tax expense			(58,843)

For the three months ended 30 September (Unaudited)

In EUR thousand	Residential property management	Privatisation	ADLER	Consus	Total consolidated
External income from residential property management	28,274	73	88,244	1,626	118,217
External income from selling of trading properties (condominiums)	-	1,973	-	-	1,973
External income from selling of other real estate inventories	-	-	-	-	-
External income from property development	-	-	29,162	88,373	117,535
External income from service, maintenance and management activities	-	-	-	4,539	4,539
Consolidated revenue	**28,274**	**2,046**	**117,406**	**94,538**	**242,264**
Reportable segment gross profit	19,101	450	53,342	21,914	94,806
General and administrative expenses					(39,886)
Changes in fair value of investment properties					47,856
Other expenses					(26,696)
Other income					12,001
Finance income					58,002
Finance costs					(116,594)
Net income from at-equity-valued investments					(1,737)
Consolidated profit before tax					**27,752**
Income tax expense					(13,693)
Consolidated profit after tax					**14,059**

For the three months ended 30 September 2019 (Unaudited)

In EUR thousand	Residential property management	Privatisation	Total consolidated
External income from residential property management	35,990	143	36,133
External income from selling condominiums	-	3,796	3,796
Consolidated revenue	**35,990**	**3,939**	**39,929**
Reportable segment gross profit	27,631	1,296	28,927
General and administrative expenses			(5,487)
Other expenses			(10,815)
Changes in fair value of investment properties			84,037
Finance income			174
Finance costs			(8,832)
Consolidated profit before tax			**88,004**
Income tax expense			(13,653)

For the year ended 31 December 2019 (Audited)

In EUR thousand	Residential property management	Privatisation	Total consolidated
External income from residential property management	141,000	572	141,572
External income from selling condominiums	-	14,948	14,948
Consolidated revenue	**141,000**	**15,520**	**156,520**
Reportable segment gross profit	108,061	4,448	112,509
General and administrative expenses			(25,050)
Changes in fair value of investment properties			461,517
Other income			78,132
Other expenses			(13,188)
Finance income			102,475
Finance costs			(32,375)
Consolidated profit before tax			**684,020**
Income tax expense			(77,096)
Consolidated profit after tax			**606,924**

3 | CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Notes to the Condensed Consolidated Interim Financial Statements

Note 9 – Material Events in the Reporting Period and Subsequent Events

A. On 30 January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic.

As at 25 March 2020, the Federal Government issued a legislative package to mitigate the consequences of the coronavirus which also affects rental and lease agreements. The landlord was not entitled to terminate a contract solely on account of a default of payment by the tenant in the period between 1 April and 30 June 2020 if the default was due to the effects of the pandemic and the tenant could provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government did not extend these regulations from 1 July 2020 onwards.

Adler Group is continuously assessing the impact of the Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at 30 September 2020 as disclosed in these condensed consolidated interim financial statements reflects the economic conditions in existence at that date. The Company does not expect the crisis to have any material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.

B. On 15 December 2019, the Company resolved to make a voluntary public takeover offer in the form of an exchange offer ("Offer") to the shareholders of ADLER Real Estate Aktiengesellschaft ("ADLER"). Adler Group has offered 0.4164 new shares in Adler Group as consideration in exchange for each tendered share in ADLER. The offered Adler Group shares were created on 31 March 2020, by way of capital increase by exercising the authorised capital of Adler Group pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of Adler Group). The Offer closed on 25 March 2020 with an acceptance rate of 91.93%. As of 9 April 2020, the newly issued shares of Adler Group are listed on the Frankfurt Stock Exchange. On 9 April 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of Adler Group by the Board of Directors became effective.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of ADLER is 9 April 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, the initial consolidation of ADLER and its 231 subsidiaries was carried out as of 1 April 2020. For further details see note 4A.

The closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by ADLER and/or its respective subsidiaries. On 9 April 2020, Adler Group refinanced ADLER's EUR 885 million bridge loan with a EUR 885 million bridge loan utilised under Adler Group's EUR 3,463 million bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited originally dated 15 December 2019, as amended from time to time. The vast majority of the creditors of other financings subject to change-of-control rights waived their respective change-of-control rights. Adler Group has, therefore, not yet utilised further loans under its bridge facility agreement. As at 30 September 2020, the maximum nominal amount of the bridge facility agreement has been reduced to EUR 1,085 million.

On 28 April 2020, the Board of Directors resolved to initiate a domination agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (Aktiengesetz – AktG) between the Company (as controlling entity) and ADLER (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, to the approval of the general meeting of ADLER.

On 13 May 2020, by resolution of an authorised delegate of the Board, the Company increased its share capital within the scope of its authorised capital, and issued a total of 174,833 new ordinary dematerialized shares without nominal value against contribution in kind of ADLER shares in the same ratio (0.4164). This was done to accommodate an ADLER shareholder, who due to a technical error at the level of his custodian bank, was unable to participate in the Exchange Offer.

As of 30 September 2020 Adler Group holds 95.09% of the outstanding ADLER shares.

C. On 15 December 2019, the Company also entered into an agreement with several shareholders of Consus Real Estate AG ("Consus") to acquire 22.18% of the outstanding shares. Additionally, the Company entered into a call option agreement with a major shareholder of Consus to acquire additional 50.97% in Consus. As a last step, the Company committed itself to also make a voluntary public tender offer over the remaining Consus' shares should the Company exercise the call option. As at 31 December 2019, the Company acquired 18.62% of Consus shares. The remaining 3.56% Consus shares were acquired in January 2020.

On 9 April 2020, Adler Group started to consolidate ADLER, which holds 3.02% of Consus shares, therefore together with ADLER, Adler Group holds 25.20% of the outstanding shares of Consus.

On 17 June 2020 Consus increased its share capital by EUR 24,750,00 to EUR 161,331,507 by issuing a total of 24,750,000 bearer shares with a proportionate amount of the share capital of EUR 1.00 per share.

On 29 June 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in Adler Group, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 450 million), which was announced by the Company on 2 July 2020 and subject to approval by the authorities. Therefore, as at 30 June 2020 the Company concluded that it does not have control over Consus. Adler Group has assessed its investment in Consus and determined that it also does not have significant influence as at 30 June 2020, due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option was not substantive as at the end of June 2020, because the settlement requires approvals, which are not a mere formality. Therefore, the investment was classified as a financial asset and measured at fair value.

In order to reduce the size of the rights issue to EUR 450 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the financial year 2019 to the General Meeting of Adler Group.

Having been exercised on 2 July 2020, the call option has been successfully settled and Adler Group gained control of Consus. In connection with the settlement of the call option, Adler Group issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. As a result, Aggregate currently holds approximately 22.5% in Adler Group and Adler Group currently holds approximately 64.95% in Consus.

The transaction is treated as a business combination according to IFRS 3. The acquisition date on which Adler Group gained control of Consus is 2 July 2020, at which time the last condition for closing of the transaction was met. For the sake of simplicity, initial consolidation of Consus and its 188 subsidiaries was carried out as of 1 July 2020. For further details see note 4B.

Following the settlement of the call option, Adler Group intends to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). The Tender Offer will be based on an exchange ratio of 0.272 new Adler Group shares for each Consus share, corresponding to the exchange ratio under the call option as adjusted for the rights issue. Furthermore, the Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between Adler Group, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group.

On 21 July 2020, Adler Group successfully completed its EUR 450 million rights issue that was launched on 2 July 2020. The vast majority of the subscription rights (approximately 98%) has been exercised. The remaining shares of less than 0.8 million were offered in a rump placement. Following the capital increase, the Company has 104,785,930 shares outstanding. Gross proceeds from rights issue amount to EUR 457 million.

D. On 25 March 2020 the Company decided to make a voluntary public takeover offer (the "Takeover Offer") to all shareholders of WESTGRUND Aktiengesellschaft (the "Target") for the acquisition of all bearer shares in the Target, each share representing a proportionate amount of EUR 1.00 of the share capital of the Target (the "WESTGRUND Shares") against payment of a cash consideration, the amount of which at least corresponds to the value of the business calculated on the basis of a valuation of the Target in accordance with Section 31 para. 1, 2 and 7 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz (WpÜG)) and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung (WpÜG-AngebVO)) per WESTGRUND Share.

Moreover, on 17 April 2020, Adler Group decided to launch the Takeover Offer also as a compensation offer which is necessary to delist WESTGRUND Shares from trading on the regulated market of the Düsseldorf Stock Exchange (Börse Düsseldorf) (Section 39 para. 2 and 3 of the German Stock Exchange Act (Börsengesetz, "BörsG"), (the "Delisting Tender Offer" and, together with the Takeover Offer, the "Takeover Offer and Delisting Tender Offer").

On 6 May 2020, Adler Group published the offer document (the Offer Document) for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on basis of a valuation of the Target as at the reference date 16 April 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 WpÜG and Section 5 (WpÜG-AngebVO).

As result of the business combination with ADLER, Adler Group indirectly held 77,093,817 WESTGRUND Shares prior to the acceptance period of the Takeover Offer and Delisting Tender Offer. This corresponds to approximately 96.88% of the share capital and voting rights of WESTGRUND as at the date of publication of the Offer Document. The Company thus reached the shareholding required for a takeover squeeze-out.

Upon expiry of the additional acceptance period on 22 June 2020, the Takeover Offer and Delisting Tender Offer has been accepted for a total of 1,084,631 WESTGRUND Shares, corresponding to approximately 1.36% of the share capital and the outstanding voting rights of WESTGRUND.

As of 30 September 2020 Adler Group holds in total 98.25% of the outstanding WESTGRUND shares.

E. In reference to note 23(A) in the annual financial statements, the Company reduces certain fees arising from the sale of shares of certain subsidiaries in an amount of EUR 6.8 million.

F. On 13 July 2020 the Company announced that Mr. Thomas Zinnöcker, CEO of ISTA International GmbH and Chairman of the Corporate Governance Initiative of the German real estate industry, has confirmed his willingness to join the Board of Directors of Adler Group as an independent director. The Board has resolved to submit Mr. Zinnöcker's appointment for approval at the next General Meeting.

G. On 29 July 2020, Adler Group successfully placed a EUR 400 million fixed rate senior unsecured bond with a 5-year maturity and a 3.25% fixed coupon. The bond was placed with institutional investors across Europe and the order book was successfully oversubscribed. The proceeds of the issue were used to repay existing short-dated indebtedness and hence further extended Adler Group's average debt maturity. The bond is rated BB+ with Standard & Poor's (S&P) Global Bond Ratings.

H. On 18 September 2020 ADLER, a 95% subsidiary of Adler Group, entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial units at a premium to book value as of H1 2020. The properties are primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The units generate net rental income of EUR 18.6m p.a. and have a 12% vacancy rate with an average rent of 5.46 EUR/m²/month.

I. On 29 September 2020 the Annual General Meeting of the shareholders approved the re-appointment of Dr. Peter Maser, Thierry Beaudemoulin, Maximilian Rienecker, Arzu Akkemik, Dr. Michael Bütter as directors of the Company until the Annual General Meeting to take place in the year 2023. The appointment of Thomas Zinnöcker, Claus Jørgensen and Thilo Schmid as directors of the Company was approved. The Board of Director's recommendation to cancel any dividends for the 2019 financial year was also approved.

J. On 29 September 2020 an extraordinary general meeting of shareholders decided to change the Company's denomination from ADO Properties to Adler Group.

K. On 13 October 2020, the Company entered into a lease agreement for new offices in Berlin (6,800 m²) with Aggregate Holdings S.A., a shareholder of Adler Group, for a duration of 10 years at a rent of approximately 30.45 EUR/m²/month. The agreement includes two extension options for 5 years each. A leading real estate consulting company has provided Adler Group with an analysis that the proposed rental price is in line with market prices.

L. On 9 November 2020 Adler Group successfully placed EUR 400 million fixed rate senior unsecured bond with a 6-year maturity and a 2.75% fixed coupon. The bond was placed with institutional investors across Europe with the order book more than four times oversubscribed. The proceeds of the issue of the bond will be primarily used to repay existing short-term indebtedness and hence further extends Adler Group's average debt maturity. The Notes are rated BB+ with S&P.

Financial Calendar 2021

For Financial Calendar dates 2021 please visit

www.adler-group.com

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NINE-MONTH FINANCIAL REPORT 2020