Q1 of ADO

Three-Month Financial Report 2018

KEY FIGURES

PROFIT OR LOSS STATEMENT

In EUR thousand	For the three months ended March 31, 2018	For the three months ended March 31, 2017	For the year ended Dec 31, 2017
Income from rental activities	31,332	25,305	109,181
EBITDA from rental activities	22,540	18,015	77,090
EBITDA margin	75.6%	75.2%	74.6%
EBITDA total	23,091	18,754	81,001
FFO 1 (from rental activities)	15,907	13,115	54,345
AFFO (from rental activities)	14,369	11,339	43,535
FFO 2 (incl. disposal results)	16,458	13,854	58,256

FURTHER KPIs

Residential	March 31, 2018	Dec 31, 2017
Monthly in-place rent (EUR per m²)	6.49	6.42
Total vacancy rate	3.5%	3.6%
Number of units	20,864	20,649
Rental growth	4.9%	4.8%

BALANCE SHEET

In EUR thousand	March 31, 2018	Dec 31, 2017
Fair value of properties	3,365,464	3,321,198
LTV	40.5%	39.6%
EPRA NAV	2,000,813	1,988,757
EPRA NAV per share	45.37	45.10

Our approach of combining business and family life is what distinguishes ADO: We live a smart business in which values are appreciated – be they of human or financial nature. This appreciation is reflected not only in our daily business, but also in our success. 2018 began, as you will see on the following pages, very promisingly. We are looking forward to the rest of the year!

STRONG OUTLOOK

The 2018 financial year is full of potential for ADO. Join us to look at its successful start.

VALUE CREATION AT ITS BEST

LETTER FROM THE MANAGEMENT TEAM

DEAR INVESTORS,

The first quarter of the new financial year is over and what lies behind us looks as positive as our outlook for the coming months.

We continue our strategy of growth and further developing the business. As far as the operational side of our business is concerned, we are – as always – committed to concentrating 100% on Berlin. We are represented in all districts of Berlin and as BerlINsiders use our knowledge of the market and ability to think outside the box to constantly scan the market for exciting investment possibilities.

Our financial strategy is also geared for flexibility: We have finalized our revolving credit facility by increasing the size to EUR 200 million as communicated in the Annual Report. In addition, we have now proven our access to the short-term capital market with the Commercial Paper Programme and have issued money market papers in an amount of EUR 150 million – providing the ideal basis for future deals before moving to the final financing structure.

In general, we expect further strong growth. In comparison to the first quarter of the preceding year, our EPRA NAV of EUR 36.3 per share has increased to EUR 45.8. The rental growth and vacancy rate of 4.9% and 3.5%, respectively, have been showing a positive trend since December 2017. Thanks to our CAPEX programme and subsequent new tenancy, we expect our like-for-like rental growth to further improve over the coming months.

The economic situation in Berlin puts us in a strong position – the city is continuing to grow. It is from this position that we look forward to seeing what the second quarter in 2018 brings.

Sincerely yours,

“IF YOU WANT TO KNOW HOW FAR YOU’VE COME, YOU ONLY NEED TO LOOK BACK: OUR PORTFOLIO TODAY HAS A VALUE OF EUR 3.4 BILLION. THAT’S 1 BILLION MORE THAN EXACTLY A YEAR AGO.”

Florian Goldgruber
CFO

“EVEN THOUGH THE MARKET HAS BECOME MORE COMPETITIVE, AS BERLINSIDERS WE ARE ALWAYS THE FIRST TO HEAR ABOUT A GOOD OPPORTUNITY. THAT’S WHY OUR OPERATIVE AND FINANCIAL STRUCTURES ARE GEARED FOR STRIKING QUICKLY WHEN CHANCES ARISE.”

Rabin Savion
CEO

“DISCOVERING CHANCES FOR GOOD DEALS – THAT’S AN INTEGRAL PART OF OUR BUSINESS. KNOWING HOW TO UNLOCK THE VALUE IN THEM THROUGH OUR FULLY INTEGRATED PLATFORM IS JUST AS IMPORTANT.”

Eyal Horn
COO

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	CHIEF OPERATING OFFICER
Florian Goldgruber	Rabin Savion	Eyal Horn

CHAPTER 01 ADO Properties

STOCK MARKET AND THE ADO SHARE

THE SHARE

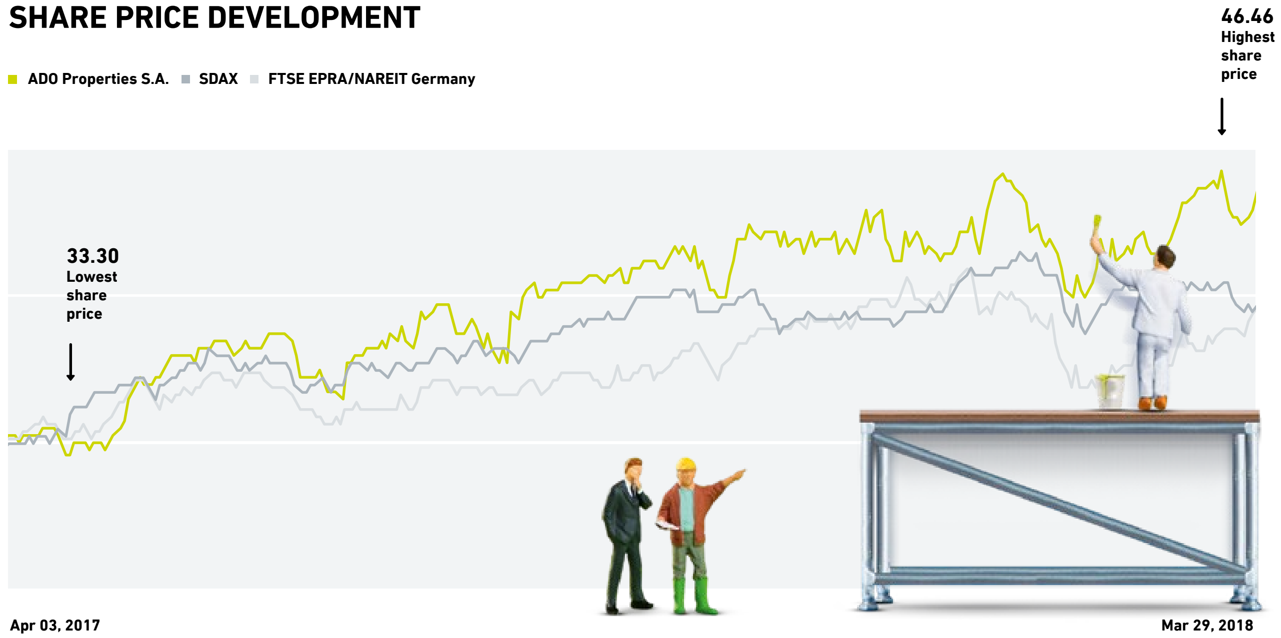
SHARE INFORMATION (AS AT 31/03/2018)

1st day of trading	Jul 23, 2015
Subscription price	EUR 20.00
Price at the end of Q1 2018	EUR 45.72
Highest share price LTM	EUR 46.46
Lowest share price LTM	EUR 33.30
Total number of shares	44.1 m
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ

Class	Dematerialized shares
Free float	61.8%
Stock exchange	Frankfurt Stock Exchange
Market segment	Prime Standard
Market index	SDAX
EPRA indices	FTSE EPRA / NAREIT Global Index, FTSE EPRA / NAREIT Developed Europe Index, FTSE EPRA / NAREIT Germany Index

INVESTOR RELATIONS

SHARE PRICE DEVELOPMENT



KEY STOCK MARKET DATA

ADO shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended March 31, 2018, the shares traded between EUR 33.30 and EUR 46.46. ADO shares are included in the SDAX index of Deutsche Börse and the relevant real estate sector indices of the EPRA index family.

SHAREHOLDER STRUCTURE

Total outstanding shares of ADO Properties amount to 44.1 million. Alongside the main shareholder ADO Group Ltd., which holds a 38.2% stake in ADO Properties S.A., the 61.8% free float shares are held mainly by institutional investors.

ANALYST COVERAGE

ADO shares are currently covered by eleven analysts. The target prices range from EUR 37.30 to EUR 55.00 per share with an average target price of EUR 47.10.

INVESTOR RELATIONS ACTIVITIES

ADO maintains active dialogue with its shareholders and analysts. The Senior Management Team participates in relevant capital market conferences and roadshows to provide investors with direct access to all relevant information. The information provided during these events can be found, accessible for all investors, on the company homepage.

DIVIDEND POLICY

ADO Properties aims to distribute an annual dividend of up to 50% of FFO 1. For the year 2017, the Board of Directors has recommended to pay total dividends of EUR 26.5 million or EUR 0.60 per share subject to the approval of the Annual General Meeting on June 19, 2018, which would represent 49% of the total FFO 1 per share of the year 2017 and an increase of 33% compared to last year.

EUR

2.0 bn

market capitalization

CHAPTER 01 ADO Properties

COMBINED INTERIM MANAGEMENT REPORT

FUNDAMENTALS OF THE GROUP

BUSINESS MODEL

ADO is 100% focused on Berlin and the only listed pure play Berlin residential real estate company. All our 22,198 units (20,864 residential units) are within the city borders of Berlin. We are a residential real estate specialist with a fully integrated asset management platform. Our 311 operational employees are all based in Berlin bringing us closer to our assets and tenants. This ensures that we are at the heart of new market trends and developments. Our operational focus in combination with our long-standing local sourcing capabilities provide the base from which to drive FFO and NAV per share by further developing our existing portfolio and through accretive add-on acquisitions. We look for value and rental growth in attractive areas offering good prospects. Central Locations form the largest part of our portfolio, approximately 40% as of today, as these were the first areas to experience increased demand. Today, we see demand growing throughout Berlin and we continue to grow in all attractive micro-locations. An important feature of our growth strategy is to retain the balance between the outskirts and Central Locations.

In more than a decade of local presence, we have established a proven track record of value creation. Our management team, with its in-depth knowledge of the Berlin market, and our efficient, fully integrated and scalable platform are the foundation for future value creation.

OBJECTIVES AND STRATEGY

Creating value through strong like-for-like rental growth from our real estate portfolio in Berlin is the core of our strategy. Our privatization program, which we started at the end of 2014, provides further options to unlock the hidden value in our portfolio and creates another source of income from the sale of individual apartments. We reinvest the capital released by our privatization activities in acquisitions or use it to fund CAPEX to further improve the quality of our existing portfolio.

Our fully integrated active asset management employs dedicated strategies for all components that influence our rental growth, vacancy rate and privatization success. We invest significantly in our units to modernize, refurbish and reposition our properties to create the right product for the current demand. This is a key component of our strategy. Our smart targeted CAPEX investments result in increased rents and reduced vacancies. We closely monitor the return on investment of our modernization CAPEX to ensure that these investments optimally match current demand. Units that already meet today's standard are being let at market rent levels or, if they are designated for privatization, sold at market prices.

22,198
units

311
operational employees

We have adopted a conservative financing structure with an LTV target of maximum 45%, which also permits us to benefit from attractive financing conditions and allows us to react quickly to opportunities for potential acquisitions.

We continuously review opportunities to acquire new assets and portfolios to increase the size of our portfolio in Berlin and to add further growth options to our internal opportunities. The strategic fit of these opportunities to our existing platform together with a clear plan to achieve accretive returns for our shareholders are the key criteria that guide our acquisitions.

MANAGEMENT SYSTEM

ADO Properties S.A.'s Board of Directors together with the Senior Management Team manages the Company in accordance with the provisions of Luxembourg and German company law. The Board of Directors' duties, responsibilities and business procedures are laid down in its 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 are like-for-like rental growth, EBITDA from rental activities and net results from privatization together with the FFO 1 per share (from rental activities) and EPRA NAV.

FINANCIAL PERFORMANCE INDICATORS

We calculate our NAV and NNNAV based on the best practice recommendations of EPRA (European Public Real Estate Association). EPRA NAV

FUNDAMENTALS OF THE GROUP

CHAPTER 02 Combined Interim Management Report

represents the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallize 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 EPRA's 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 shareholders of the Company

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

= 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) Net of derivative assets and liabilities stated in the balance sheet.

EPRA NNNAV is derived by adjusting the EPRA NAV to include the fair values of financial instruments, debt and deferred taxes.

The objective of the EPRA NNNAV measure is to present net asset value including fair value adjustments in respect of all material balance sheet items that are not reported at their fair value as part of the EPRA NAV.

CALCULATION OF EPRA NNNAV

EPRA NAV

(+) Fair value of derivative financial instruments [2]
(+) Fair value of debt [3]
(+) Deferred taxes

= EPRA NNNAV

3) Difference between interest-bearing debts included in the balance sheet at amortized cost, and the fair value of interest-bearing debts.

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

NOI equals all revenue from the property portfolio minus 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 income generation capability of the real estate portfolio.

EBITDA from rental activities is an indicator of a company's financial performance which can be 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 can be derived by adding the net profit from privatizations to the EBITDA from rental activities. It is used to assess the recurring earning potential of the business as a whole.

CALCULATION OF EBITDA (FROM RENTAL ACTIVITIES)

Net rental income

(+) Income from facility services
= Income from rental activities
(–) Cost of rental activities [4]
= Net operating income (NOI)
(–) Overhead costs [5]
= EBITDA from rental activities
(+) Net profit from privatizations [6]
= EBITDA total
(–) Net cash interest [7]
(+ / –) Other net financial costs [8]
(–) Depreciation and amortization

= EBT

4) Cost of rental activities is the aggregative amount of (a) Salaries and other expenses; (b) Cost of utilities recharged, net; and (c) Property operations and maintenance, as presented in the "Cost of operations" note to the financial statements.

5) Overhead costs represent the "General and administrative expenses" from the profit or loss statement excluding one-off costs and depreciation and amortization.

6) Net profit from privatizations is equal to revenue from "Selling of condominiums" minus "Selling of condominiums – cost" as presented in the "Revenue" and "Cost of operations" notes to the financial statements respectively.

7) Net cash interest is equal to "Interest on bonds" plus "Interest on loans and borrowings" as presented in the "Net finance costs" note to the financial statements, excluding day-1 fair value non-cash adjustments.

8) Other net financial costs is equal to the total "Net finance costs" from the profit or loss statement minus "Net cash interest" as calculated in note (7) above.

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

Starting from EBITDA from rental activities, we calculate the main performance figure in the sector, the 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 [7]
(–) Current income taxes [9]

= FFO 1 (from rental activities)

9) Only current income taxes relating to rental activities.

Continuing from FFO 1 (from rental activities), we derive AFFO (from rental activities) which is adjusted for the impact of capitalized 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)

(–) Maintenance capital expenditures [10]

= AFFO (from rental activities)

10) Maintenance capital expenditures relate to public areas investments, and form part of the total capitalized CAPEX presented in the "Investment properties" note to the financial statements.

FFO 2 (incl. disposal results) is calculated by adding the net effect of our privatization activities to our FFO 1 (from rental activities). It is used as an indicator of the total sustained operational earnings power by adding the net effect of disposals.

CALCULATION OF FFO 2 (INCL. DISPOSAL RESULTS)

FFO 1 (from rental activities)
(+) Net profit from privatizations [6]
= FFO 2 (incl. disposal results)

The loan-to-value ratio (LTV ratio) indicates the degree to which the net financial liabilities, calculated as the nominal amount of the interest-bearing loans 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.

CALCULATION OF LTV

Bonds, other loans and borrowings and other financial liabilities
(–) Cash and cash equivalents = Net financial liabilities (/) Fair value of properties [11]
= Loan-to-value ratio (LTV)

11) Including investment properties and trading properties at their fair value and advances paid in respect of investment properties and trading properties as at the reporting date.

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.

NON-FINANCIAL 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 the m² of vacant units in our properties to the total m². We calculate the vacancy rate separately for residential and commercial units. They are 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 gross rents generated by the like-for-like residential portfolio over the last 12 months.

All of the previous non-financial performance indicators are key drivers for developing of rental income.

The total amount spent on maintenance, capitalized maintenance and modernization CAPEX in relation to the total lettable area of our portfolio is a further operational figure 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 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. Nevertheless, the Company makes efforts to comply, to the maximum extent possible, with German corporate governance rules to ensure responsible and transparent corporate management. This is the basis and leading principle underlying our activities.

BUSINESS PERFORMANCE HIGHLIGHTS

We continue to implement our clear growth strategy by acquiring further new units and by using targeted CAPEX investments to drive rental growth. In Q1 2018, we took over a total of 228 units, due to increasing periods between signing and closing of the new deals. The integrated units are located all over the city and were acquired for a total cost of more than EUR 40 million with an average price per m² of EUR 2,264. The average existing rent per m² of the new purchases is EUR 5.21 with approx. 90% reversionary potential.

The good operational performance of our existing portfolio is well on track concerning new rentals as well as the execution of our CAPEX program. The like-for-like rental growth of 4.9% in Q1 2018 resulted in an average rent per m² of EUR 6.49 on the back of our CAPEX program. Our vacancy rate decreased to 3.5% due to the sales and modernization activities.

228
units acquired in Q1 2018

1.8%
average interest rate

EUR
0.36
FFO 1 per share

4.9%
like-for-like rental growth

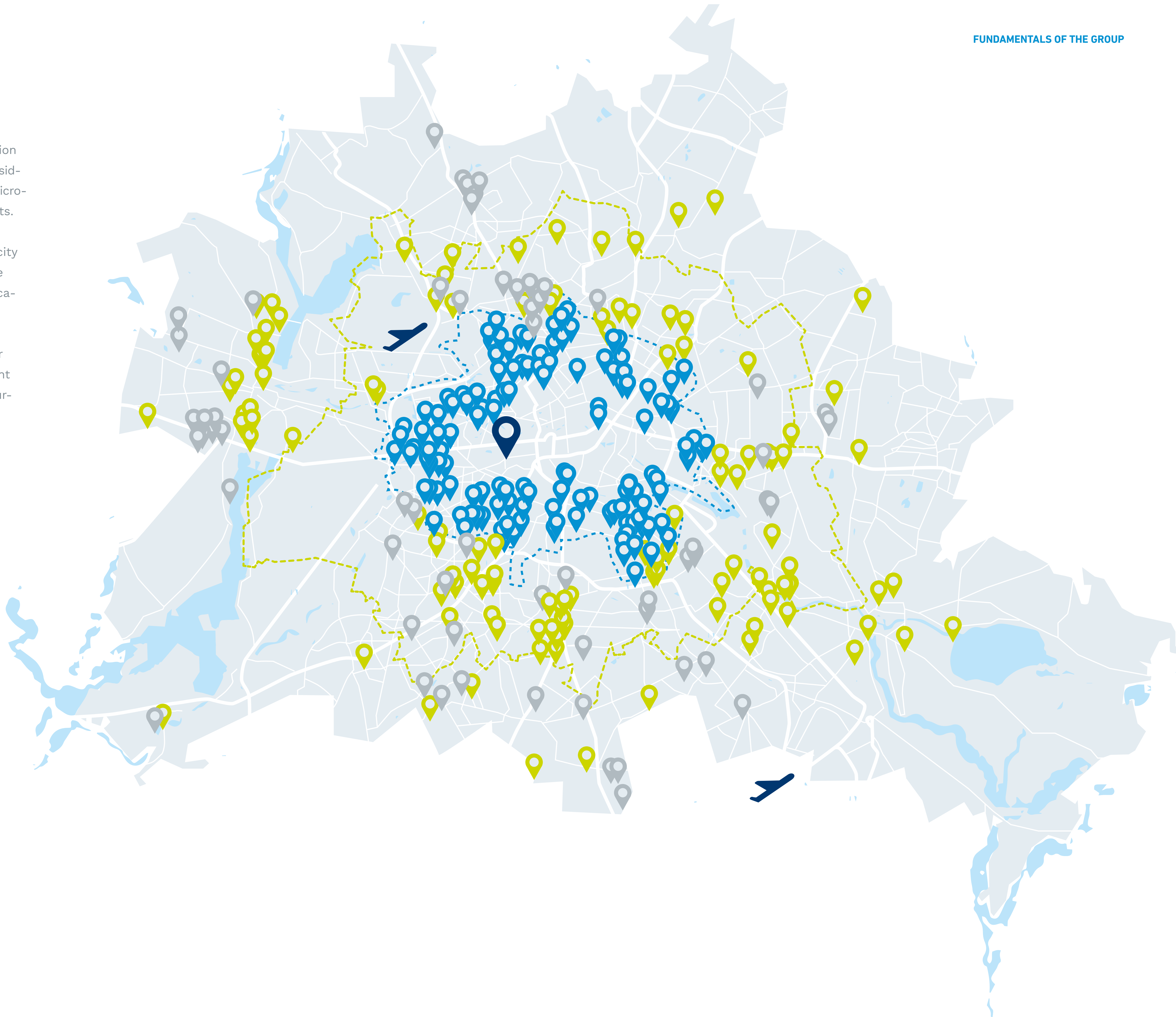
EUR
6.49
average rent per m²

3.5%
vacancy rate

PORTFOLIO OVERVIEW

100% of our portfolio is located within the city borders of Berlin. Our past and future acquisition strategy for building our portfolio not only considers the various districts in Berlin, but also the micro-locations and the quality of the individual assets. We continue to see opportunities in inner-city locations, but also in the outskirts within the city boundaries of Berlin. Approximately 40% of the property value of our portfolio is in Central Locations of Berlin.

We see significant reversionary potential in our portfolio as our current average new letting rent per m² is between 21%-57% higher than our current overall average rent.



- Headquarters
- Central
- S-Bahn Ring
- City Ring
- S-Bahn Ring (1960-1990)
- City Ring (1960-1990)

PORTFOLIO OVERVIEW

PORTFOLIO OVERVIEW(*)

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (in EUR m)	1,321	410	444	248	942	3,366
Number of residential units	6,541	2,140	3,195	1,370	7,618	20,864
Avg. in-place rent (EUR/m²)	6.96	6.75	6.9	7.02	5.79	6.49
Avg. new letting rent (EUR/m²) (**)	10.95	9.55	9.42	9.74	6.99	9.35
Occupancy (physical, resi)	95.8%	95.4%	97.4%	95.5%	97.3%	96.5%
Tenant turnover (LTM***)	9.6%	8.6%	7.9%	11.9%	6.9%	8.4%

(*) All values except the fair value are for the residential portfolio only.

(**) Based on the last three months.

(***) Last 12 months (LTM).

PORTFOLIO PERFORMANCE

RESIDENTIAL PORTFOLIO

	March 31, 2018	Dec 31, 2017
Number of units	20,864	20,649
Average rent/m²/month	EUR 6.49	EUR 6.42
Vacancy	3.5%	3.6%

The average rent per m² increased by more than 10% from the beginning of the year, while the vacancy rate decreased by 0.1% to 3.5%.

COMMERCIAL PORTFOLIO

	March 31, 2018	Dec 31, 2017
Number of units	1,334	1,321
Average rent/m²/month	EUR 9.03	EUR 8.94
Vacancy	6.9%	4.9%

The commercial part of our portfolio also confirms Berlin's positive development. It shows higher rents compared to the residential properties, having now grown to EUR 9.03 per m², which represents an increase of almost EUR 0.1 per m² from the beginning of the year. The vacancy rate of the commercial units increased to 6.9%.

In pursuit of our strategy on creating value through strong like-for-like rental growth, we split our rental growth into three components as shown in the table below to provide detailed information about how we can create rental growth.

RENTAL GROWTH (LIKE-FOR-LIKE)

In %	LTM(*) March 31, 2018	Jan 1-Dec 31, 2017
New lettings after CAPEX	2.6%	2.7%
New lettings fluctuation	(0.4%)	(0.5%)
Regular rent increases	2.6%	2.6%
Total	**4.9%**	**4.8%**

(*) Last 12 months (LTM).

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

Rental growth continues to be in line with our expectations and our forecast for approximately 5% like-for-like growth for the full year 2018.

MAINTENANCE AND CAPEX

In EUR per m²	Jan 1-March 31, 2018(*)	Jan 1-Dec 31, 2017
Maintenance	6.0	6.5
Capitalized maintenance	4.0	6.3
Energetic modernization	1.5	1.7
Modernization CAPEX	18.9	14.6
Total	**30.5**	**29.1**

(*) Annualized figures based on total lettable area.

Targeted investments in our portfolio are at the core of our strategy. Total investment in the portfolio in the first three months of 2018 amounted to EUR 11.7 million. The maintenance cost per m² of EUR 30.5 in Q1 2018 was in line with our expectations for our long-term average levels.

CHAPTER 02 Combined Interim Management Report

VACANCY SPLIT

Our active asset management aims to minimize our vacancy rate while keeping the necessary flexibility for our portfolio optimization. In Q1 2018, we have seen a decrease in the vacancy rate by 0.1% .

VACANCY SPLIT

Residential	March 31, 2018	Dec 31, 2017
Units for sale	0.2%	0.3%
Units under construction	2.2%	2.7%
Marketing (available for letting)	1.0%	0.6%
Total vacancy (units)	**728**	**699**
Total vacancy (m²)	**47,562**	**45,717**
Total vacancy rate	**3.5%**	**3.6%**
Total EPRA vacancy rate	**3.4%**	**3.6%**

ECONOMIC REVIEW

PROFIT SITUATION

Income from rental activities for the first three months increased by 24% driven by new acquisitions and like-for-like growth. Comparing Q1 2018 to Q4 2017 it grew by 3%, reflecting an annualized income of EUR 125 million.

EBITDA from rental activities increased by 25%. The quarterly results represent an annualized EBITDA of EUR 90 million. During the first three months we sold 17 units. The average sales price of EUR 3,451 per m² compares very positively to our current average portfolio value for Central Locations of EUR 2,663 per m² which is most comparable.

In the first three months, financing cost on interest-bearing debts amounts to EUR 6.4 million. As at the end of the first quarter, our average interest rate on all outstanding debts is 1.8% with weighted average maturity of approximately 5.2 years.

FINANCIAL PERFORMANCE(*)

	For the three months ended		For the year ended
In EUR thousand	March 31, 2018	March 31, 2017	Dec 31, 2017
Net rental income	29,802	23,959	103,300
Income from facility services	1,530	1,346	5,881
Income from rental activities	**31,332**	**25,305**	**109,181**
Cost of rental activities	(5,739)	(4,689)	(20,414)
NET OPERATING INCOME (NOI)	**25,593**	**20,616**	**88,767**
NOI from rental activities margin (%)	85.9%	86.0%	85.9%
Overhead costs (**)	(3,053)	(2,601)	(11,677)
EBITDA FROM RENTAL ACTIVITIES	**22,540**	**18,015**	**77,090**
EBITDA from rental activities margin (%)	75.6%	75.2%	74.6%
Net profit from privatizations	551	739	3,911
EBITDA total	**23,091**	**18,754**	**81,001**
Net cash interest	(6,434)	(4,760)	(21,702)
Other net financial costs (***)	(293)	185	(6,305)
Depreciation and amortization	(111)	(111)	(452)
EBT	**16,253**	**14,068**	**52,542**

(*) Excluding effects from the changes in fair value of investment properties
(**) Excluding one-off costs.
(***) Includes mostly one-off refinance costs.

FFO

Our funds from the operation of rental activities without disposals (FFO 1) in Q1 2018 rose by 16% compared to Q4 2017, and by 21% in comparison to the corresponding period of the previous year.

FFO

	For the three months ended		For the year ended
In EUR thousand	March 31, 2018	March 31, 2017	Dec 31, 2017
EBITDA from rental activities	22,540	18,015	77,090
Net cash interest	(6,434)	(4,760)	(21,702)
Current income taxes	(199)	(140)	(1,043)
FFO 1 (from rental activities)	**15,907**	**13,115**	**54,345**
Maintenance capital expenditures	(1,538)	(1,776)	(10,810)
AFFO (from rental activities)	**14,369**	**11,339**	**43,535**
Net profit from privatizations	551	739	3,911
FFO 2 (incl. disposal results)	**16,458**	**13,854**	**58,256**
No. of shares	44,100	44,100	44,100
FFO 1 per share	**0.36**	**0.30**	**1.23**
FFO 2 per share	**0.37**	**0.31**	**1.32**

CASH FLOW

The cash flow of the Group breaks down as follows:

In EUR thousand	Jan 1 - March 31, 2018	Jan 1 - Dec 31, 2017
Net cash flow from operating activities	20,638	86,852
Net cash flow used in investing activities	(65,761)	(495,038)
Net cash flow from (used in) financing activities	(11,221)	346,295
Net change in cash and cash equivalents	(56,344)	(61,891)
Opening balance cash and cash equivalents	121,530	183,421
Closing balance cash and cash equivalents	65,186	121,530

The change in cash flow was mainly driven by new acquisitions and the respective effects on operations, investment and financing.

FINANCIAL AND ASSET POSITION

The changes in the assets and liabilities result mainly from the acquisitions. The Company will update the fair value of the investment properties based on a third-party valuation with the next annual report. The current average cap rate is 3.1% and was calculated based on the net operating income for the last month of the reporting period on an annualized basis, divided by the fair value.

FINANCIAL POSITION

In EUR thousand	March 31, 2018	Dec 31, 2017
Investment properties and advances in respect of investment properties	3,365,639	3,305,723
Other non-current assets	8,764	8,142
Non-current assets	**3,374,403**	**3,313,865**
Cash and cash equivalents	65,186	121,530
Other current assets	87,263	82,868
Current assets	**152,449**	**204,398**
Total assets	**3,526,852**	**3,518,263**
Interest-bearing debts	1,420,174	1,423,119
Other liabilities	78,693	80,208
Deferred tax liabilities	183,493	183,443
Total liabilities	**1,682,360**	**1,686,770**
Total equity attributable to owners of the Company	**1,808,081**	**1,795,390**
Non-controlling interests	36,411	36,103
Total equity	**1,844,492**	**1,831,493**
Total shareholder's equity and liabilities	**3,526,852**	**3,518,263**

On March 31, 2018, our EPRA NAV was EUR 45.37 per share and the EPRA Triple Net Asset Value (NNNAV) was EUR 41.03 per share.

EUR

45.37

EPRA NAV per share

EPRA NAV

In EUR thousand	March 31, 2018	Dec 31, 2017
Total equity attributable to owners of the Company	1,808,081	1,795,390
Fair value of derivative financial instruments	2,718	2,985
Deferred tax liabilities	183,493	183,443
Revaluation of trading properties	6,521	6,939
EPRA NAV	**2,000,813**	**1,988,757**
No. of shares	44,100	44,100
EPRA NAV per share	**45.37**	**45.10**

EPRA TRIPLE NET ASSET VALUE (NNNAV)

In EUR thousand	March 31, 2018	Dec 31, 2017
EPRA NAV	2,000,813	1,988,757
Fair value of derivative financial instruments	(2,718)	(2,985)
Fair value of debt	(5,339)	(10,780)
Deferred taxes	(183,493)	(183,443)
EPRA NNNAV	**1,809,263**	**1,791,549**
No. of shares	44,100	44,100
EPRA NNNAV per share	**41.03**	**40.62**

FUNDING

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	March 31, 2018	Dec 31, 2017
Bonds, other loans and borrowings and other financial liabilities	1,448,735	1,451,224
Cash and cash equivalents	(65,186)	(121,530)
Net financial liabilities	1,383,549	1,329,694
Fair market value of properties	3,418,251	3,355,623
Loan-to-value ratio	40.5%	39.6%
Average interest rate	1.8%	1.8%

As at the reporting date, our loan-to-value (LTV) was 40.5% with an average interest rate of all outstanding debts of 1.8% and a weighted average maturity of approximately 5.2 years. Almost all of our loans have a fixed interest rate or are hedged.

EPRA KEY FIGURES

The European Public Real Estate Association (EPRA) is a non-profit organization 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. ADO Properties has been a member of EPRA since its IPO in 2015.

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

EPRA Performance Measure	Definition	Purpose	March 31, 2018	Dec 31, 2017	Change in %
EPRA NAV (In EUR thousand)	EPRA NAV represents the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallize 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 EPRA's NAV measure.	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.	2,000,813	1,988,757	0.6%
EPRA NNNAV (In EUR thousand	EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.	The objective of the EPRA NNNAV measure is to present net asset value including fair value adjustments in respect of all material balance sheet items that are not reported at their fair value as part of the EPRA NAV.	1,809,263	1,791,549	1.0%
EPRA Vacancy rate (in %)	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant based on ERV.	3.4%	3.6%	20bsp

SUBSEQUENT EVENTS

A. After the reporting date, the Group carried out a transaction to take over 94% of the issued shares of a Dutch entity holding a residential building complex located in Berlin, Germany. The total consideration amounted to EUR 160.4 million (including approximately 2% transaction costs). The building includes 832 residential units and 24 commercial units with a total leasable area of approximately 66 thousand m². At the date of acquisition, the total annual net cold rent from the new acquisition amounted to EUR 5.6 million. As at March 31, 2018, the Group paid an advance of EUR 15.7 million for the above transaction that was recorded as advance in respect of investment properties.

B. In addition to the above transaction, after the reporting date, the Group acquired 26 assets in 12 different deals, some of them initially assessed as asset deals, and others as share deals, comprising a total of 511 residential units and 97 commercial units in Berlin. The gross purchase price for 100% of the acquired assets amounted to EUR 107.9 million. At the date of acquisition, the total annual net cold rent from the new acquisitions amounted to EUR 3.7 million. As at March 31, 2018, the Group paid an advance of EUR 37.1 million for the above transactions that was recorded as advances in respect of investment properties.

C. After the reporting date the Group set up a commercial paper program with a maximum volume of EUR 500 million, which allows funds with a maximum term of 364 days to be raised at short notice. On the basis of the commercial paper program, the Group issued commercial papers in a total amount of EUR 150 million in 8 different tranches. The individual tranches were issued subject to a negative interest rate of between -0.09 and -0.20% and with a term of one to six months.

D. On March 19, 2018 the Company's Board proposed to the Annual General Meeting to pay a dividend in the amount of EUR 26.5 million (EUR 0.60 per share). The Annual General Meeting will take place on June 19, 2018.

FORECAST REPORT

We are positive that ADO Properties will continue to increase the value of its assets, its NAV and NAV per share by generating significant like-for-like rental growth in the future. We anticipate our like-for-like rental growth for 2018 to be approximately 5%.

We expect an average cost of long-term debt of 1.8% with an LTV target of maximum 45%.

We expect our 2018 FFO 1 run rate to be at least EUR 66 million after closing all signed transactions based on the long-term financing structure.

For the year 2018, we anticipate a dividend payout ratio of up to 50% of FFO 1.

RISK REPORT

ADO Properties S.A. continually monitors and controls risk positions in the Group in order to avoid developments that might threaten the existence of the Group and, at the same time, to exploit any opportunities that occur. The risk management system has been designed on the basis of the corporate strategy and the portfolio structure as an appropriate and effective early warning and control instrument. The established risk management system enables the Board of Directors and the Senior Management Team to identify and assess material risks at all times both within the Group and in the environment. The Board of Directors and the Senior Management Team of ADO Properties S.A. currently sees no risks that threaten the Company's existence.

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 ADO Properties S.A. presented in this Three-Month Financial Report 2018, 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 nine months of the year.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	CHIEF OPERATING OFFICER
Rabin Savion	Florian Goldgruber	Eyal Horn

CONDENSED CONSOLIDATED INTERIM FINAN-CIAL STATE-MENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CHAPTER
03
Condensed Consolidated Interim Financial Statements

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of
ADO Properties 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 ADO Properties S.A. ("the Company") as at March 31, 2018, the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period ended March 31, 2018, 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 March 31, 2018 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, May 15, 2018

KPMG Luxembourg Société coopérative
Cabinet de révision agréé
Stephen Nye
Partner

CHAPTER 03 Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

In EUR thousand	Note	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	December 31, 2017 (Audited)
Assets				
Non-current assets				
Investment properties	5A	3,312,852	2,300,464	3,271,298
Advances in respect of investment properties	9A, 9B	52,787	86,654	34,425
Property and equipment		2,822	2,220	2,783
Other financial asset	6B	5,416	3,939	5,359
Deferred expenses	5D	526	-	-
		3,374,403	**2,393,277**	**3,313,865**
Current assets				
Trading properties	5B	46,091	42,926	42,961
Restricted bank deposits		25,767	29,691	24,352
Trade receivables		9,478	6,190	10,324
Other receivables		5,927	4,409	5,231
Cash and cash equivalents		65,186	91,717	121,530
		152,449	**174,933**	**204,398**
Total assets		**3,526,852**	**2,568,210**	**3,518,263**

In EUR thousand	Note	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	December 31, 2017 (Audited)
Shareholders' equity				
Share capital		55	55	55
Share premium		498,607	499,520	498,607
Reserves		330,665	334,127	330,638
Retained earnings		978,754	639,619	966,090
Total equity attributable to owners of the Company		**1,808,081**	**1,473,321**	**1,795,390**
Non-controlling interests		**36,411**	**24,851**	**36,103**
Total equity		**1,844,492**	**1,498,172**	**1,831,493**
Liabilities				
Non-current liabilities				
Bonds	5C	396,531	-	396,396
Other loans and borrowings	5D	953,330	872,253	953,955
Other financial liabilities	5E	27,694	15,170(*)	27,238
Derivatives	6B	2,620	3,451	2,878
Deferred tax liabilities		183,493	118,606	183,443
		1,563,668	**1,009,480**	**1,563,910**
Current liabilities				
Other loans and borrowings	5D	70,313	26,268	72,768
Other financial liabilities	5E	867	414(*)	867
Trade payables		10,765	7,031	13,642
Other payables		36,649	26,617	35,476
Derivatives	6B	98	228	107
		118,692	**60,558**	**122,860**
Total equity and liabilities		**3,526,852**	**2,568,210**	**3,518,263**

CHIEF EXECUTIVE OFFICER

Rabin Savion

CHIEF FINANCIAL OFFICER

Florian Goldgruber

Date of approval: May 15, 2018

(*) Immaterial adjustment of comparative data

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 three months ended March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Revenue	7A	34,997	30,106	128,852
Cost of operations	7B	(8,853)	(8,751)(*)	(36,174)
Gross profit		**26,144**	**21,355**	**92,678**
General and administrative expenses		(3,302)	(2,860)(*)	(12,762)
Changes in fair value of investment properties	7C	(2,729)	(1,437)	383,638
Results from operating activities		**20,113**	**17,058**	**463,554**
Finance income		57	179	1,602
Finance costs		(6,784)	(4,754)	(29,609)
Net finance costs	7D	**(6,727)**	**(4,575)**	**(28,007)**
Profit before tax		**13,386**	**12,483**	**435,547**
Income tax expense		(552)	(1,208)	(68,035)
Profit for the period		**12,834**	**11,275**	**367,512**
Profit attributable to:				
Owners of the Company		12,526	10,983	355,970
Non-controlling interests		308	292	11,542
Profit for the period		**12,834**	**11,275**	**367,512**
Basic and diluted earnings per share (in EUR)		**0.28**	**0.25**	**8.07**

(*) Immaterial adjustment of comparative data.

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

In EUR thousand	For the three months ended March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Profit for the period	**12,834**	**11,275**	**367,512**
Items that may be reclassified subsequently to profit or loss			
Hedging reserve classified to profit or loss, net of tax	10	-	-
Effective portion of changes in fair value of cash flow hedges	257	506	1,218
Related tax	(43)	(81)	60
Total other comprehensive income	**225**	**425**	**1,278**
Total comprehensive income for the period	**13,059**	**11,700**	**368,790**
Total comprehensive income attributable to:			
Owners of the Company	12,751	11,408	357,246
Non-controlling Interest	308	292	11,544
Total comprehensive income for the period	**13,059**	**11,700**	**368,790**

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 three months ended March 31, 2018 (Unaudited)	For the three months ended March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Cash flows from operating activities				
Profit for the period		12,834	11,275	367,512
Adjustments for:				
Depreciation		111	111	452
Changes in fair value of investment properties	5A	2,729	1,437	(383,638)
Net finance costs	7D	6,727	4,575	28,007
Income tax expense		552	1,208	68,035
Share-based payment		138	148	564
Change in short-term restricted bank deposits related to tenants		(769)	(1,438)	(4,727)
Change in trade receivables		853	485	(3,148)
Change in other receivables		(515)	(3,025)	(3,742)
Change in trading properties		2,521	3,488	12,830
Change in trade payables		(3,435)	(2,411)	1,408
Change in other payables		(807)	1,870	4,163
Income tax paid		(301)	(124)	(864)
Net cash from operating activities		**20,638**	**17,599**	**86,852**

In EUR thousand	Note	For the three months ended March 31, 2018 (Unaudited)	For the three months ended March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Cash flows from investing activities				
Purchase and CAPEX of investment properties	5A	(15,707)	(6,046)	(189,182)
Advances paid for investment property purchase	9A, 9B	(34,775)	(86,654)	(33,975)
Purchase of property and equipment		(150)	(182)	(795)
Interest received		-	-	3
Acquisition of subsidiaries, net of acquired cash	4	(14,483)	(4,699)	(280,542)
Change in short-term restricted bank deposits, net		(646)	(14)	9,453
Net cash used in investing activities		**(65,761)**	**(97,595)**	**(495,038)**
Cash flows from financing activities				
Proceeds from issuance of bonds, net	5C	-	-	396,185
Long-term loans received		7,695	-	114,606
Repayment of long-term loans	5D	(7,148)	(4,029)	(113,163)
Repayment of short-term loans		(6,417)	(2,313)	(13,385)
Upfront fees paid for credit facilities	5D	(715)	-	-
Interest paid		(4,626)	(5,366)	(18,103)
Payment from settlement of derivatives		(10)	-	-
Dividend distributed		-	-	(19,845)
Net cash from (used in) financing activities		**(11,221)**	**(11,708)**	**346,295**
Change in cash and cash equivalents during the period		**(56,344)**	**(91,704)**	**(61,891)**
Cash and cash equivalents at the beginning of the period		**121,530**	**183,421**	**183,421**
Cash and cash equivalents at the end of the period		**65,186**	**91,717**	**121,530**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In EUR thousand	Share capital	Share premium	Hedging reserves	Capital reserve from transactions with controlling shareholder	Retained earnings	Total	Non-controlling interests	Total equity
For the three months ended March 31, 2018 (Unaudited)								
Balance as at January 1, 2018	**55**	**498,607**	**(1,036)**	**331,674**	**966,090**	**1,795,390**	**36,103**	**1,831,493**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	12,526	12,526	308	12,834
Other comprehensive income for the period, net of tax	-	-	225	-	-	225	-	225
Total comprehensive income for the period	**-**	**-**	**225**	**-**	**12,526**	**12,751**	**308**	**13,059**
Transactions with owners, recognized directly in equity								
Changes in put option (see note 5E)	-	-	-	(198)	-	(198)	-	(198)
Share-based payment	-	-	-	-	138	138	-	138
Balance as at March 31, 2018	**55**	**498,607**	**(811)**	**331,476**	**978,754**	**1,808,081**	**36,411**	**1,844,492**

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

CHAPTER 03 Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In EUR thousand	Share capital	Share premium	Hedging reserves	Capital reserve from transactions with controlling shareholder	Retained earnings	Total	Non-controlling interests	Total equity
For the three months ended March 31, 2017 (Unaudited)								
Balance as at January 1, 2017	**55**	**499,520**	**(2,312)**	**336,184**	**628,498**	**1,461,945**	**24,559**	**1,486,504**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	10,983	10,983	292	11,275
Other comprehensive income for the period, net of tax	-	-	425	-	-	425	-	425
Total comprehensive income for the period	**-**	**-**	**425**	**-**	**10,983**	**11,408**	**292**	**11,700**
Transactions with owners, recognized directly in equity								
Changes in put option (see note 5E)	-	-	-	(180)	-	(180)	-	(180)
Share-based payment	-	-	-	10	138	148	-	148
Balance as at March 31, 2017	**55**	**499,520**	**(1,887)**	**336,014**	**639,619**	**1,473,321**	**24,851**	**1,498,172**

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

CHAPTER 03 Condensed Consolidated Interim Financial Statements

In EUR thousand	Share capital	Share premium	Hedging reserves	Capital reserve from transactions with controlling shareholder	Retained earnings	Total	Non-controlling interests	Total equity
For the year ended December 31, 2017 (Audited)								
Balance as at January 1, 2017	**55**	**499,520**	**(2,312)**	**336,184**	**628,498**	**1,461,945**	**24,559**	**1,486,504**
Total comprehensive income for the period								
Profit for the year	-	-	-	-	355,970	355,970	11,542	367,512
Other comprehensive income for the year, net of tax	-	-	1,276	-	-	1,276	2	1,278
Total comprehensive income for the year	**-**	**-**	**1,276**	**-**	**355,970**	**357,246**	**11,544**	**368,790**
Transactions with owners, recognized directly in equity								
Changes in put option (see note 5E)	-	-	-	(4,520)	-	(4,520)	-	(4,520)
Dividend distributed	-	(913)	-	-	(18,932)	(19,845)	-	(19,845)
Share-based payment	-	-	-	10	554	564	-	564
Balance as at December 31, 2017	**55**	**498,607**	**(1,036)**	**331,674**	**966,090**	**1,795,390**	**36,103**	**1,831,493**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 – ADO Properties S.A.

ADO Properties S.A. (the "Company") was incorporated on November 13, 2007 as a private limited liability company in Cyprus and until June 8, 2015, its legal name was "Swallowbird Trading & Investments Limited". The Company holds and operates a mainly residential assets portfolio and sells units as a separate condominium in Berlin, Germany.

The Company deleted its registration in Cyprus and moved its registered office and central administration to Luxembourg by decision of the general meeting of shareholders dated June 8, 2015 and adopted the form of a private limited liability company (société à responsabilité limitée) under Luxembourg law. The Company was then converted to a public limited liability company (société anonyme) under Luxembourg law by decision of the general meeting of shareholders dated June 16, 2015 and changed its name to "ADO Properties S.A." (B-197554). The address of the Company's registered office is Aerogolf Center, 1B Heienhaff, L-1736 Senningerberg, Luxembourg.

On July 23, 2015, the Company completed an initial public offering ("IPO") and its shares have since been traded on the regulated market (Prime Standard) of Frankfurt Stock Exchange. The Company is a direct subsidiary of ADO Group Ltd ("ADO Group"), an Israeli company traded on the Tel Aviv Stock Exchange.

The Condensed Consolidated Interim Financial Statements of the Company as at March 31, 2018 and for the three-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 December 31, 2017.

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 are authorized for issue by the Company's Board of Directors on May 15, 2018.

B. USE OF ESTIMATES AND JUDGMENTS

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. Actual results may differ from these estimates.

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 applied to the consolidated financial statements as at and for the year ended December 31, 2017.

Note 3 – Accounting Policies

Except as described below in note 3A, 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 financial statements for the year ended December 31, 2017. These condensed consolidated interim financial statements should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2017.

A. INITIAL APPLICATION OF NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

As from January 1, 2018 the Group applies the new standards and amendments to standards described below:

- IFRS 15, Revenue from Contracts with Customers

As from January 1, 2018 the Group initially applies International Financial Reporting Standard 15 ("IFRS 15" or "the standard") which provides guidance on revenue recognition.

The Group elected to apply the standard using the cumulative effect approach, with an adjustment to the balance of retained earnings as at January 1, 2018 and without a restatement of comparative data.

The standard introduces a new five step model for recognizing revenue from contracts with customers:

(1) Identifying the contract with the customer.
(2) Identifying distinct performance obligations in the contract.
(3) Determining the transaction price.
(4) Allocating the transaction price to distinct performance obligations.
(5) Recognizing revenue when the performance obligations are satisfied.

The Group recognizes revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

In projects executed under contract, when a significant service is provided of integrating the various goods and services in the contract into one integrated outcome, the Group identifies one performance obligation. In all other cases, the Group identifies more than one performance obligation.

As part of the initial application of the standard, the Group has chosen to apply the following expedients:

(1) Application of the cumulative effect approach only for contracts not yet completed at the transition date; and
(2) Examining the aggregate effect of contract changes that occurred before the date of initial application, instead of examining each change separately.

The application of IFRS 15 did not have an effect on the financial statements of the Group.

- IFRS 9 (2014), Financial Instruments

As from the first quarter of 2018 the Group applies IFRS 9 (2014), Financial Instruments ("IFRS 9" or "the standard"), which replaces IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). Furthermore, as from that date the Group applies the amendment to IFRS 9, Financial Instruments: Prepayment Features with "Negative Compensation".

The Group has chosen to apply the standard and the amendment to the standard as from January 1, 2018 without amendment of the comparative data, other than where required by the standard with respect to certain hedging items, with an adjustment to the balance of retained earnings and other components of equity as at the date of initial application.

The application of IFRS 9 did not have an effect on the financial statements of the Group.

- Amendment to IAS 40, Investment Property: Transfers of Investment Property

The amendment clarifies that an entity shall transfer property into, or out of, investment property only when there is evidence of a change in use. Change in use occurs when the property meets, or ceases to meet, the definition of investment property. The amendment clarifies that a change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendment also states that the list of evidence of change in use that is included in paragraph 57 of IAS 40 is a non-exhaustive list of examples.

The amendment is applied on a prospective basis.

The application of the amendment did not have an effect on the financial statements, but may affect the classification of assets such that they will be classified as investment property or cease to be classified as investment property as a result of future changes in use.

B. NEW IFRS STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

- IFRS 16, Leases

The Group started to examine the effects of adopting IFRS 16 on the financial statements, and in its opinion, the effect on the financial statements will be immaterial.

Note 4 – Scope of Consolidation

During the first quarter of 2018, the Group carried out a transaction to take over 94.9% of the issued shares of three German entities holding one condominium building and three residential buildings located in Berlin, Germany, for a total consideration of EUR 17.4 million. As at the takeover date, the buildings included 99 residential units and 6 commercial units with a total leasable area of approximately 6.1 thousand m^2.

The purchase of the entities was treated as a purchase of a group of assets and liabilities and not as a business combination based on IFRS 3, Business combinations, mainly since the Group's view was to purchase a portfolio of assets and not to acquire activities, processes and previous management. Therefore, the total purchase costs were allocated to the assets and liabilities based on their relative fair values at the purchase date without the recognition of goodwill and deferred tax as follows:

	In EUR thousand (Unaudited)
Cash and cash equivalents	134
Trade and other receivables	13
Trading properties	5,651
Advances in respect of investment properties(1)	2,437
Investment properties(2)	12,591
Trade and other payables	(658)
Bank loans(3)	(2,498)
Other financial liabilities(4)	(258)
Total consideration	**17,412**
Consideration already paid in 2017	(2,750)
Consideration to be paid after the reporting period(5)	(45)
Less cash acquired	(134)
Net cash flow from the acquisition of subsidiaries	**14,483**

(1) The takeover of an additional residential building was completed during the reporting period for a total consideration of EUR 5.6 million. The fair value of the building as at the takeover date was EUR 5,250 thousand and it includes 33 residential units and 1 commercial unit with a total leasable area of approximately 2 thousand m².

(2) The fair value of the investment properties as at the takeover date was EUR 12,500 thousand. After the takeover of the additional building (see note 1 above), acquisition costs of EUR 0.5 million were recognized under changes in fair value of investment properties in the condensed consolidated interim profit or loss statement (approximately 3% of the total consideration).

(3) The bank loans were repaid during the period.

(4) Other financial liabilities refer to a put option granted to the non-controlling interests (see note 5E).

(5) Consideration to be paid refers to transaction costs invoiced after the reporting period.

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

A. INVESTMENT PROPERTIES

In EUR thousand	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	December 31, 2017 (Audited)
Balance as at 1 January	3,271,298	2,278,935	2,278,935
Additions by way of acquiring subsidiaries (see note 4)	14,191	5,115	411,539
Additions by way of acquiring assets	20,788	12,022	169,895
Capital expenditure	9,304	5,829	31,021
Transfer from investment properties to trading properties	-	-	(3,730)
Fair value adjustments	(2,729)	(1,437)	383,638
Balance as at March 31	**3,312,852**	**2,300,464**	**3,271,298**

Investment properties increased as compared with December 31, 2017 due to acquisitions of the issued shares of German entities at a total cost of EUR 14.2 million (see note 4), an additional asset acquisition as part of the share deal (see note 4(1)) and two additional asset acquisitions in the first three months of 2018 totalling 112 residential units and 6 commercial units in Berlin at a total cost of EUR 20.8 million, including transaction costs and real estate transfer tax (RETT) of EUR 2.2 million, which were recognized under changes in fair value of investment properties in this condensed consolidated interim statement of profit or loss.

According to the Group's fair value valuation policies for investment properties, investment properties generally undergo a detailed valuation as at June 30 and December 31 of each year. The fair value of the investment properties as at March 31, 2018 was determined based on valuations as at December 31, 2017 performed by CBRE, an industry specialist that has appropriate and recognized professional qualifications and up-to-date experience regarding the location and category of the properties. For the purpose of these condensed consolidated interim financial statements, the appropriateness of these valuations is monitored on an ongoing basis. According to the Company assessments, there were no material changes to the parameters that were used for the December 31, 2017 valuations.

The valuations are based on a discounted cash flow model. The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs, such as rent-free periods, and other costs not paid by tenants.

The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs. secondary), tenant credit quality and lease terms.

The current average capitalization rate (cap rate) is 3.1% (as at March 31, 2017: 3.5% and as at December 31, 2017: 3.0%) and was calculated based on the net operating income (NOI) for the last month of the reporting period on an annualized basis, divided by the fair value.

B. TRADING PROPERTIES

During the three months ended March 31, 2018, the Group completed the sale of 17 condominium units for a total consideration of EUR 3.7 million (during the first quarter of 2017: 24 units for EUR 4.8 million and during the year 2017: 84 units for EUR 20 million) recorded under revenues in the condensed consolidated interim statement of profit or loss.

During the period, the Group acquired a new condominium building with 24 residential units and 2 commercial units in Berlin at a total cost of EUR 5.7 million. See note 4 for more information regarding new acquired trading properties during the period.

C. BONDS

On July 20, 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors. The bonds carry an interest rate of 1.5% (effective interest rate of 1.64%) 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 will mainly be used to fund future acquisitions.

The Company undertakes not to incur any financial indebtedness after the issue date of the bond, and will also procure that its subsidiaries will not incur any financial indebtedness after the issue date of the bond (except for refinancing existing financial indebtedness), if immediately after giving effect to the incurrence of such additional financial indebtedness (taking into account the application of the net proceeds of such incurrence) the following tests would not be met: (i) loan-to-value ratio (LTV) ≤ 60%; (ii) secured loan-to-value ratio ≤ 45%; (iii) unencumbered asset ratio ≥ 125%; and (iv) interest coverage ratio (ICR) ≥ 1.8.

As at March 31, 2018, the Company is fully compliant with all covenant requirements.

D. OTHER LOANS AND BORROWINGS

Loans and borrowings have increased in comparison with December 31, 2017 mainly due to the following:

On March 22, 2018, the Group received a bank loan in the amount of EUR 7.7 million to finance existing assets. The new loan carries an annual fixed interest rate of 1.49% per annum for a 7-year term.

On March 9, 2018, the Group signed a EUR 200 million revolving credit facility with a 2-year term and two extension options, each for 1 year. The relating upfront fees were recognized under deferred expenses in the statement of financial position and will be amortized over 4 years. At the time of the approval of these condensed consolidated interim financial statements, no amounts were borrowed by the Group under the revolving credit facility.

All bank loans are non-recourse loans from German banks with the related assets (investment properties and trading properties) as their only security.

As at March 31, 2018, under the existing loan agreements, the Group is fully compliant with its obligations (including loan covenants) to the financing banks.

As at March 31, 2018, other loans and borrowings carry an average effective interest rate (i.e. considering the swap interest hedging effect from variable to fixed interest) of 1.9% per annum (as at March 31, 2017: 2.1% and as at December 31, 2017: 1.9%). The average maturity of bank loans is 4.7 years (as at March 31, 2017: 5 years and as at December 31, 2017: 5 years).

E. OTHER FINANCIAL LIABILITIES

In relation to purchase agreements of 94%-94.9% of the shares of German and Luxembourg property holding companies, the Company entered into an agreement with ADO Group to purchase the remaining 5.1%-6% of the shares of the German and Luxembourg property holding companies. As part of the agreement, it was decided that upon the completion of a period of ten years following the closing of the transaction, ADO Group shall have the right to sell its interest to the Company for the higher of: (i) the fair value of the shares; and (ii) the amount paid by ADO Group to purchase its interest less any dividends distributed to ADO Group by the property companies during the 10-year period.

Based on profit transfer agreements, ADO Group is entitled to an annual compensation fee in respect of its interest in the German property holding companies.

The Company recognized the above put option and compensation fee as a financial liability measured at fair value at each reporting date, whereas the changes in the fair value are recognized in equity. In respect of the put option and the compensation fee, the following balances are included in the condensed consolidated interim statement of financial position:

In EUR thousand	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	December 31, 2017 (Audited)
Current liabilities			
Compensation fee	867	414(*)	867
Non-current liabilities			
Compensation fee	772	620(*)	772
Put option	26,922	14,550(*)	26,466
Total	**28,561**	**15,584**	**28,105**

(*) Immaterial adjustment of comparative data

Note 6 – Financial Instruments

All of 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 December 31, 2017.

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 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:

In EUR thousand	March 31, 2018 (Unaudited) Carrying amount	Fair value	March 31, 2017 (Unaudited) Carrying amount	Fair value	December 31, 2017 (Audited) Carrying amount	Fair value
Bonds	396,531	398,340	-	-	396,396	404,056
Variable rate loans and borrowings(*)	75,742	78,214	88,409	91,532	83,460	85,751
Fixed rate loans and borrowings(*)	947,901	948,959	810,112	823,389	943,263	944,092
Total	**1,420,174**	**1,425,513**	**898,521**	**914,921**	**1,423,119**	**1,433,899**

(*) Including the current portion of long-term loans and borrowings

B. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The table below analyzes 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:

In EUR thousand	March 31, 2018 (Unaudited) Level 2	Level 3	March 31, 2017 (Unaudited) Level 2	Level 3	December 31, 2017 (Audited) Level 2	Level 3
Other financial asset(1)	-	5,416	-	3,939	-	5,359
Derivative financial liabilities(2)	2,718	-	3,679	-	2,985	-
Other financial liabilities(3)	-	28,561	-	15,584	-	28,105

(1) Other financial asset relates to the Group's option for purchasing the non-controlling interest in a transaction completed at the end of 2013. This other financial asset is measured at fair value.

(2) Fair value of derivatives, including both current and non-current liabilities, 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.

(3) Other financial liabilities relates to a put option and an annual compensation fee granted to ADO Group (see note 5E) measured at fair value. The fair value is calculated based on the expected payment amounts and the liability is discounted to present value using the market interest rate at the reporting date.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

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

A. REVENUE

In EUR thousand	For the three months ended March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Net rental income	29,802	23,959	103,300
Selling of condominiums	3,665	4,801	19,671
Income from facility services	1,530	1,346	5,881
Total	**34,997**	**30,106**	**128,852**

B. COST OF OPERATIONS

In EUR thousand	For the three months ended March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Salaries and other expenses	2,397	1,919	7,995
Cost of utilities recharged, net	417	108	1,409
Selling of condominiums – cost	3,114	4,062	15,760
Property operations and maintenance	2,925	2,662(*)	11,010
Total	**8,853**	**8,751**	**36,174**

(*) Immaterial adjustment of comparative data

C. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

As described in notes 5A and 4 above, the Group took over three deals in the first quarter of 2018. According to IFRS 13, Fair Value Measurement all the transaction costs, including RETT, are not considered in the subsequent measurement of fair value.

As a consequence, the Group recognized negative valuation in the amount of EUR 2.7 million resulting only from the impact of transaction costs and RETT that was included in the initial carrying amount of these investment properties.

D. NET FINANCE COSTS

In EUR thousand	For the three months ended March 31, 2018 (Unaudited)	For the three months ended March 31, 2017 (Unaudited)	For the year ended December 31, 2017 (Audited)
Interest on bonds	1,619	-	2,824
Interest on other loans and borrowings	4,910	4,361	18,279
One-off refinance costs	-	-	6,741
Other net finance expenses	198	214	163
Total	**6,727**	**4,575**	**28,007**

Note 8 – Segments Reporting

The basis of segmentation and the measurement basis for segment profit or loss are the same as presented in note 25 regarding operating segments in the annual consolidated financial statements for the year ended December 31, 2017.

The accounting policies of the operating segments are the same as described in note 3 regarding accounting policies.

A. INFORMATION ABOUT REPORTABLE SEGMENTS

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

	Three months ended March 31, 2018 (unaudited)		
In EUR thousand	Residential property management	Privatization	Total consolidated
External income from residential property management	31,091	241	31,332
External income from selling condominiums	-	3,665	3,665
Consolidated revenue	**31,091**	**3,906**	**34,997**
Reportable segment gross profit	**25,437**	**707**	**26,144**
General and administrative expenses			(3,302)
Changes in fair value of investment properties			(2,729)
Finance income			57
Finance expense			(6,784)
Consolidated profit before tax			**13,386**
Income tax expense			(552)

	Three months ended March 31, 2017 (unaudited)		
In EUR thousand	Residential property management	Privatization	Total consolidated
External income from residential property management	25,057	248	25,305
External income from selling condominiums	-	4,801	4,801
Consolidated revenue	**25,057**	**5,049**	**30,106**
Reportable segment gross profit	**20,464(*)**	**891**	**21,355(*)**
General and administrative expenses			(2,860)(*)
Changes in fair value of investment properties			(1,437)
Finance income			179
Finance expense			(4,754)
Consolidated profit before tax			**12,483**
Income tax expense			(1,208)

(*) Immaterial adjustment of comparative data

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In EUR thousand	For the year ended December 31, 2017 (audited)		
	Residential property management	Privatization	Total consolidated
External income from residential property management	108,303	878	109,181
External income from selling condominiums	-	19,671	19,671
Consolidated revenue	**108,303**	**20,549**	**128,852**
Reportable segment gross profit	**88,368**	**4,310**	**92,678**
General and administrative expenses			(12,762)
Changes in fair value of investment properties			383,638
Finance income			1,602
Finance expense			(29,609)
Consolidated profit before tax			**435,547**
Income tax expense			(68,035)

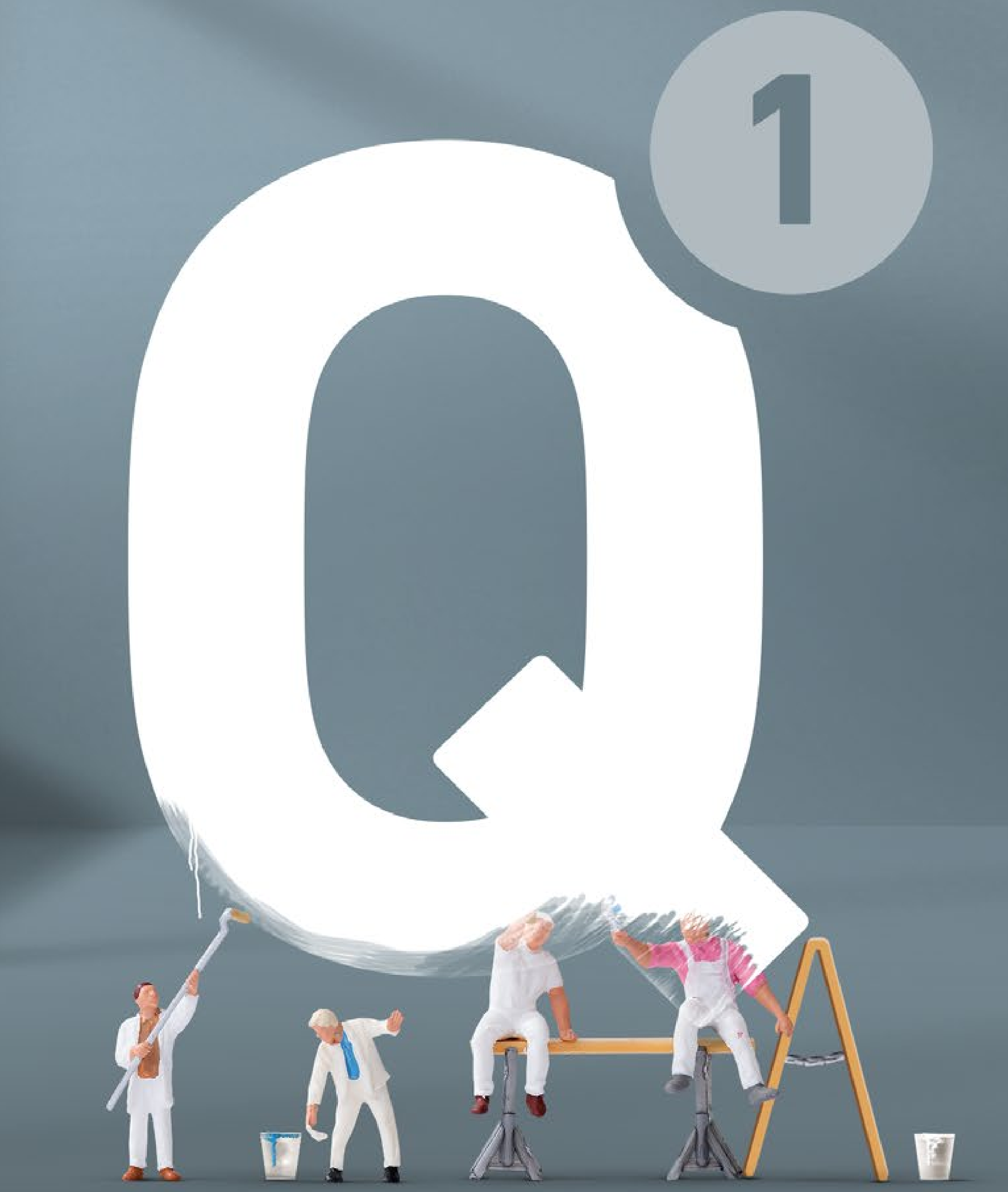
Note 9 – Subsequent Events

A. After the reporting date, the Group carried out a transaction to take over 94% of the issued shares of a Dutch entity holding a residential building complex located in Berlin, Germany. The total consideration amounted to EUR 160.4 million (including approximately 2% transaction costs). The building includes 832 residential units and 24 commercial units with a total leasable area of approximately 66 thousand m². At the date of acquisition, the total annual net cold rent from the new acquisition amounted to EUR 5.6 million. As at March 31, 2018, the Group paid an advance of EUR 15.7 million for the above transaction that was recorded as advance in respect of investment properties.

B. In addition to the above transaction, after the reporting date, the Group acquired 26 assets in 12 different deals, some of them initially assessed as asset deals, and others as share deals, comprising a total of 511 residential units and 97 commercial units in Berlin. The gross purchase price for 100% of the acquired assets amounted to EUR 107.9 million. At the date of acquisition, the total annual net cold rent from the new acquisitions amounted to EUR 3.7 million. As at March 31, 2018, the Group paid an advance of EUR 37.1 million for the above transactions that was recorded as advances in respect of investment properties.

C. After the reporting date, the Group set-up a commercial paper program with a maximum volume of EUR 500 million, which allows funds with a maximum term of 364 days to be raised at short notice. On the basis of the commercial paper program, the Group issued commercial papers in a total amount of EUR 150 million in 8 different tranches. The individual tranches were issued subject to a negative interest rate of between -0.09 and -0.20% and with a term of one to six months.

D. On March 19, 2018, the Company's Board proposed to the Annual General Meeting to pay a dividend in the amount of EUR 26.5 million (EUR 0.60 per share). The Annual General Meeting will take place on June 19, 2018.



June 18, 2018
Ex-Dividend Date

June 19, 2018
Annual General Meeting

June 19, 2018
Dividend Record Date

June 20, 2018
Dividend Payment Date

August 15, 2018
Publication Q2 Financial Report

November 14, 2018
Publication Q3 Financial Report

IMPRINT

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