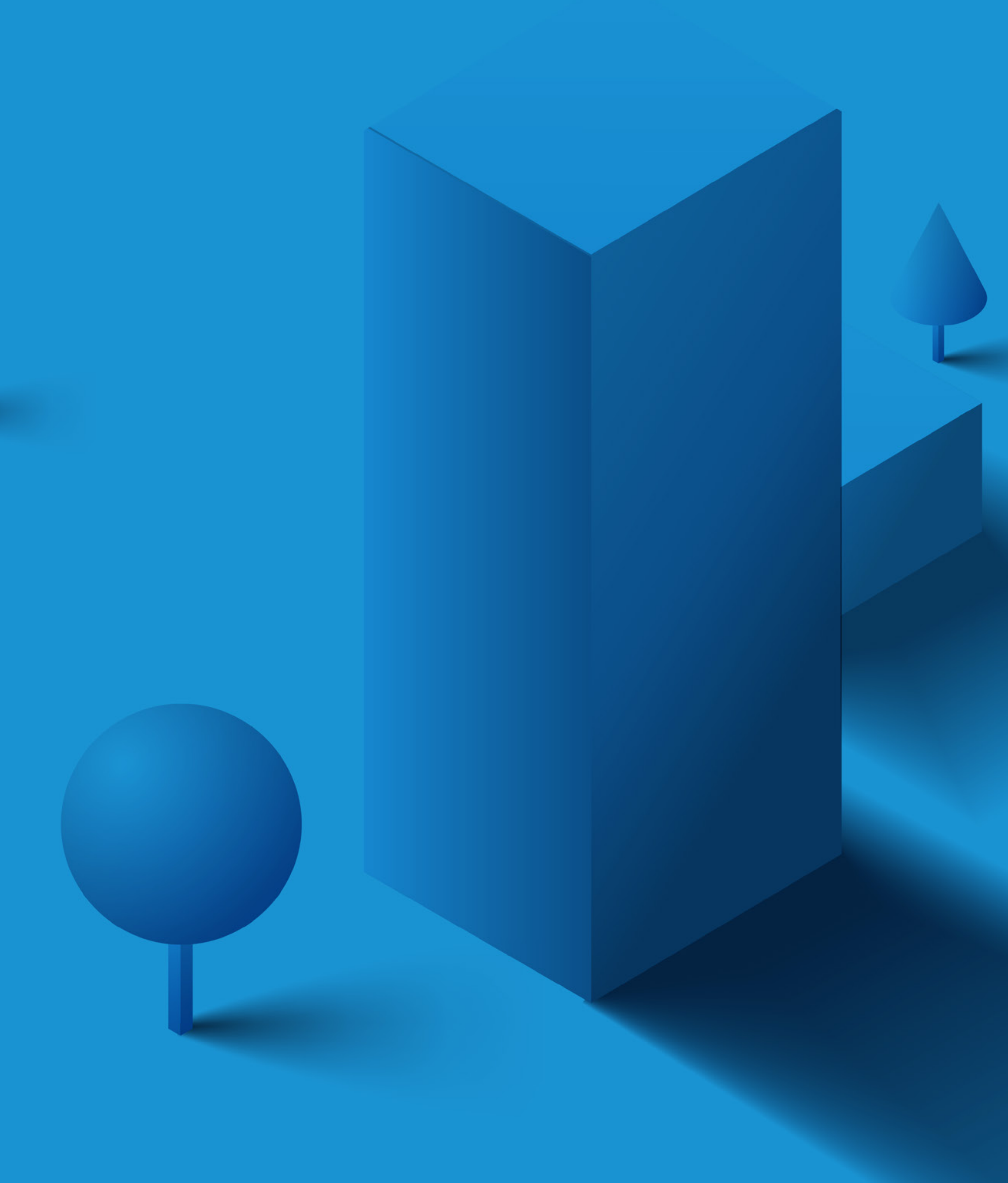
Three-Month Financial Report 2020

ADO

FOREWORD



“In every crisis there lies an opportunity.” This is a statement that you might have heard at least as many times as we have lately. The reason it is repeated so often is, it’s true. We are proud that our business model has proven itself to be resilient in such challenging times: in the first quarter of the financial year 2020, ADO was hit by not one but two such challenges. And now it is clear that the strategic decisions we made in the last quarter of 2019 were spot on. We would like to reveal more on the following pages.

CONTENT

ADO PROPERTIES S.A.

INTERIM MANAGEMENT REPORT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Nansenstraße 35
12047 Berlin

Gustav-Adolf-Straße 100
13086 Berlin

Key Figures Q1

Profit and Loss Statement

IN EUR THOUSAND	For the three months ended MARCH 31, 2020	MARCH 31, 2019	For the year ended DEC 31, 2019
Income from rental activities	29,434	35,696	141,572
EBITDA from rental activities	17,706	23,860	91,997
EBITDA from rental activities margin	63.5%	70.9%	68.6%
EBITDA total	18,419	24,499	93,806
FFO 1 (from rental activities)	11,457	16,716	63,173
AFFO (from rental activities)	10,745	12,456	51,525
FFO 2 (incl. disposal results)	12,170	17,355	64,982

Further KPIs

RESIDENTIAL	MARCH 31, 2020	DEC 31, 2019
Monthly in-place rent (EUR per m²)	EUR 7.29	EUR 7.39
Total vacancy rate	2.7%	2.7%
Number of units	16,248	16,255
Rental growth	2.5%(*)	5.0%

(*) 3.3% including commercial units.

Balance Sheet

IN EUR THOUSAND	MARCH 31, 2020	DEC 31, 2019
Fair value of properties	3,665,116	3,663,723
LTV	29.4%	27.0%
EPRA NAV	2,824,292	2,905,699
EPRA NAV per share (EUR)	63.91	65.80

Maximilian
Rienecker
CO-CEO

Thierry
Beaudemoulin
CO-CEO

Letter from the Senior Management

Dear Investors,

With the outbreak of COVID-19, the past few weeks have been turbulent. Not only for ADO and Berlin, but also for the rest of Germany and the wider world at large. However, despite this uncertainty, ADO remains resilient and well positioned to withstand the current disruption.

The successful closing of the business combination with ADLER Real Estate on April 9, 2020 has enabled ADO to substantially increase in scale and diversified our portfolio across Germany while reducing exposure to commercial tenants. Not only has the combination facilitated our growth into one of the largest real estate companies in Germany, the benefits of transaction outlined above ensure we are better placed to manage the headwinds of COVID-19. This transformation fills us with great pride, and current market conditions confirm that this was a decision made at the right time.

While the outbreak of COVID-19 has brought with it unprecedented challenges, we have taken decisive action to ensure the safety of our tenants, employees and our business partners.

In accordance with government guidelines, we have recommended that all employees in the administrative division of our company work from home and we have made a concerted effort to provide staff with the necessary infrastructure to do so.

As a result of a continued push to increase the digitalization of our services and structures, we have been able to make sure that contact with tenants takes place using digital means where possible. In such cases where actual face-to-face contact is inevitable, when conducting viewings for example, our co-workers ensure that all necessary safety and hygiene rules are observed.

"The successful closing of the business combination with ADLER Real Estate has enabled ADO to substantially increase in scale and diversified our portfolio across Germany while reducing exposure to commercial tenants."

For tenants who get into financial difficulty due to the coronavirus, we will find a solution within the scope of the current legislation that will remain in effect until June 30, 2020. Thus far however, we have seen only a limited financial impact from

COVID-19. At the end of April, ADO rent deferrals amounted to approximately EUR 220,000, which corresponds to 2% of total monthly rents and was derived almost exclusively from our commercial portfolio. As ADO is equipped with stable financing structures and a strong liquidity position, we therefore assume that the pandemic will not have any significant impact on FFO for 2020.

> “We are also pleased to see that our strategic partnership with Consus is progressing successfully: In January 2020, we mutually signed a non-binding letter of intent for the acquisition of the Hamburg Holsten Quartier, a unique development project located in the heart of the Altona-Nord district.”

On February 23, 2020 the Berlin rent cap came into effect. As a result of the business combination with ADLER Real Estate bringing greater diversity to our portfolio, only 29% of our total rental income is affected by the Berlin ordinance. Based on this, we expect that the rent cap will reduce FFO for 2020 by EUR 1 million and negatively impact FFO in 2021 by EUR 9 million. We note that, in a positive development, the Berlin rent cap has been referred to the German Federal Constitutional Court for a definitive ruling. We continue to believe that the rent cap is unconstitutional and unlikely to address the housing shortage in Germany and as such we will monitor the outcome of the legal challenge closely.

We are also pleased to see that our strategic partnership with Consus is progressing successfully: In January 2020, we mutually signed a non-binding letter of intent for the acquisition of the Hamburg Holsten Quartier, a unique development project located in the heart of the Altona-Nord district formerly used by the Holsten brewery. Going forward, we will look to leverage the partnership between Consus and the combined group to support our efforts in addressing the current housing imbalance in Germany.

Finally, we would like to take this opportunity to note that Maximilian Rienecker, Co-CEO of ADLER Real Estate, was appointed Co-CEO of ADO properties by the ADO Board of Directors and took up his position on April 9, 2020. As members of the new Senior Management Team, we are pleased to present you with this quarterly report and the most important figures and developments for the first financial quarter of 2020. We remain confident in the resilience of our business model and look forward to progressing with the integration of ADLER Real Estate in the coming months while remaining true to our commitment to deliver consistent shareholder value.

Sincerely yours,

CO-CHIEF EXECUTIVE OFFICER	CO-CHIEF EXECUTIVE OFFICER
Thierry Beaudemoulin	**Maximilian Rienecker**

Lübecker Straße 18
10559 Berlin

Stock Market and the ADO Share

The Share

Share Information (as at March 31, 2020)

1st day of trading	Jul 23, 2015
Subscription price	EUR 20.00
Price at the end of Q1 2020	EUR 20.60
Highest share price LTM	EUR 50.45
Lowest share price LTM	EUR 13.00
Total number of shares(*)	44.2 m
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ
Class	Dematerialized shares
Free float	66.75%
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

Up to

50%

of FFO 1 dividend payout policy

EUR

33.1m

paid out dividends in 2019

(*) Only the listed shares are taken into account and not the 27.7m shares which were issued via a capital increase on March 31, 2020.

INVESTOR RELATIONS

Key Stock Market Data

ADO shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended March 31, 2020 the shares traded between EUR 13.00 and EUR 50.45. 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

The total number of outstanding shares(*) of ADO Properties S.A. ("ADO") amounts to 44.2 million. Alongside the main shareholder ADO Group Ltd., which holds a 33.25% stake in ADO Properties S.A., the 66.75% free float shares are held mainly by institutional investors.

With the successful closing of the Company's voluntary public takeover offer for ADLER Real Estate AG ("ADLER Real Estate"), which was completed post the reporting date on April 9, 2020, the Company has raised additional 27.7m shares so that the total number of shares of the Company now amounts to 71.8m, of which approximately 20.45% shares are held by ADO Group Ltd., a wholly owned subsidiary of ADLER Real Estate.

Analyst Coverage

ADO shares are currently covered by nine analysts. The target prices range from EUR 15.00 to EUR 39.40 per share with an average target price of EUR 30.40.

Investor Relations Activities

ADO maintains an active dialog with its shareholders and analysts. The Senior Management 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

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.

(*) Only the listed shares are taken into account and not the 27.7m shares which were issued via a capital increase on March 31, 2020.

INTERIM MANAGEMENT REPORT

INTERIM
MANAGEMENT REPORT

Nahariyastr. 25
12309 Berlin

FUNDAMENTALS OF THE GROUP

Fundamentals of the Group

Business Model

Our business model currently focuses on asset and property management, portfolio and facility management and identifying residential properties that present opportunities to create value by increasing rents, decreasing vacancy and privatizing condominiums. 17,620 units (16,248 residential units) are within the city borders of Berlin. Our 319 operational employees based in Berlin are bringing us closer to our assets and tenants. We look for value and rental growth in attractive areas offering good prospects. Central Locations form the largest part of our portfolio, approximately 45%, as these were the first areas to experience increased demand.

On December 15, 2019, the Company and ADLER Real Estate AG ("ADLER Real Estate") entered into a business combination agreement to combine the business of ADLER Real Estate and its subsidiaries with the business of the ADO Properties S.A. (the "Business Combination") following a public takeover offer for all shares in ADLER Real Estate. Following the successful closing of the Business Combination on April 9, 2020, we will focus on becoming a leading integrated residential property group that is active throughout Germany. We will continue to create value by active portfolio and property management and opportunistic growth through strategic acquisitions, for which we broaden our scope from only Berlin to Germany-wide.

In addition, on December 15, 2019, the Company entered into a Strategic Cooperation Agreement with Consus Real Estate AG ("Consus") to acquire 22.18% of its shares which were acquired in December 2019 and January 2020. The Company now has access to an experienced development platform focused on the German Top 9 Cities Berlin, Cologne, Düsseldorf, Dresden, Frankfurt am Main, Hamburg, Leipzig, Munich and Stuttgart, thereby securing a value-creating growth path for the future. In addition, we have acquired the option to purchase another 51% in Consus by June 2021.

17,620

units

319

operational employees

Objectives and Strategy

Our strategy is focused on creating a top-tier, fully-integrated residential real estate platform with a high quality portfolio, diversifying into core locations across Germany and implementing accretive growth. Our high-quality Berlin portfolio will be complemented by ADLER Real Estate's Germany-wide portfolio, focused on German cities with attractive yield potential.

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

Our sustainable financing strategy targets a LTV ratio of 50%.

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

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 laws. 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 the like-for-like rental growth, EBITDA from rental activities and the net results from privatization together with 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 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 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.

FUNDAMENTALS OF THE GROUP

Calculation of EPRA NAV

Total equity attributable to owners of the Company

(+)	Revaluation of trading properties[1]
(–)	Fair value of derivative 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) Net of derivative assets and liabilities stated in the balance sheet.

3) Including deferred taxes presented in liabilities of disposal groups classified as held for sale.

EPRA NNNAV is derived by adjusting 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 EPRA NAV.

Calculation of EPRA NNNAV

EPRA NAV

(+)	Fair value of derivative financial instruments[2]
(+)	Fair value of debt[4]
(+)	Deferred taxes

= EPRA NNNAV

4) 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 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 privatizations to 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[5]
=	**Net operating income (NOI)**
(–)	Overhead costs[6]
=	**EBITDA from rental activities**
(+)	Net profit from privatizations[7]
=	**EBITDA total**
(–)	Net cash interest[8]
(+/–)	Other net financial costs[9]
(–)	Depreciation and amortization

= EBT

5) Cost of rental activities is the aggregate 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 consolidated financial statements.

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

7) Net profit from privatizations is equal to revenue from "Selling of condominiums" less "Selling of condominiums – cost" as presented in the "Revenue" and "Cost of operations" notes to the consolidated financial statements, respectively, less current income taxes related to the sale of condominiums.

8) 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, plus the nominal interest expense on bonds.

9) 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 (8) above.

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

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[8]
(–)	Current income taxes[10]

= FFO 1 (from rental activities)

10) 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.

FUNDAMENTALS OF THE GROUP

Calculation of AFFO (from rental activities)

FFO 1 (from rental activities)	
(–)	Maintenance capital expenditures[11]
= AFFO (from rental activities)	

11) Maintenance capital expenditures relates to public area investments and forms part of the total capitalized CAPEX presented in the "Investment properties" note to the consolidated 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). By adding the net effect of disposals, FFO 2 is used to indicate the total sustained operational earnings power.

Calculation of FFO 2 (incl. disposal results)

FFO 1 (from rental activities)	
(+)	Net profit from privatizations[7]
= 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
(–)	Assets and liabilities of disposal groups classified as held for sale, net
(–)	Deferred taxes related to liabilities of disposal groups classified as held for sale
=	**Net financial liabilities**
(/)	Fair value of properties[12]
= Loan-to-Value Ratio (LTV Ratio)	

12) Including investment properties and trading properties at their fair value, 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.

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

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 m² of vacant units in our properties to 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 above-described non-financial performance indicators are key drivers for the development of rental income.

The total amounts spent on maintenance, capitalized maintenance, energy efficiency modernization and modernization 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 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 the 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), Mr. Thierry Beaudemoulin, Mr. Maximilian Rienecker, Dr. Ben Irle, Ms. Arzu Akkemik, Mr. Jörn Stobbe and Dr. Michael Bütter.

As at the date of this report, the Senior Management team is composed of Mr. Thierry Beaudemoulin (Co-CEO) and Mr. 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 Mr. Jörn Stobbe.

As at the date of this report, the Nomination and Compensation Committee is composed of Dr. Peter Maser (Chairman), Mr. Jörn Stobbe and Ms. Arzu Akkemik.

As at the date of this report, the Ad Hoc Committee is composed of Mr. Thierry Beaudemoulin (Chairman), Mr. Florian Sitta and Ms. Nicole Müller.

The operation 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. Modernization activities caused our vacancy rate to remain at a low level of 2.7%. While average rent of the residential portfolio decreased marginally to EUR 7.29 m² as a result of the Berlin Rent Cap that came into force on February 23, 2020, average rent of our commercial portfolio increased to EUR 10.31 per m².

EUR
7.29
average residential in-place rent per m²

3.3%
like-for-like rental growth

EUR
29.4m
income from rental activities

EUR
11.5m
FFO 1

2.7%
vacancy rate

29.4%
LTV

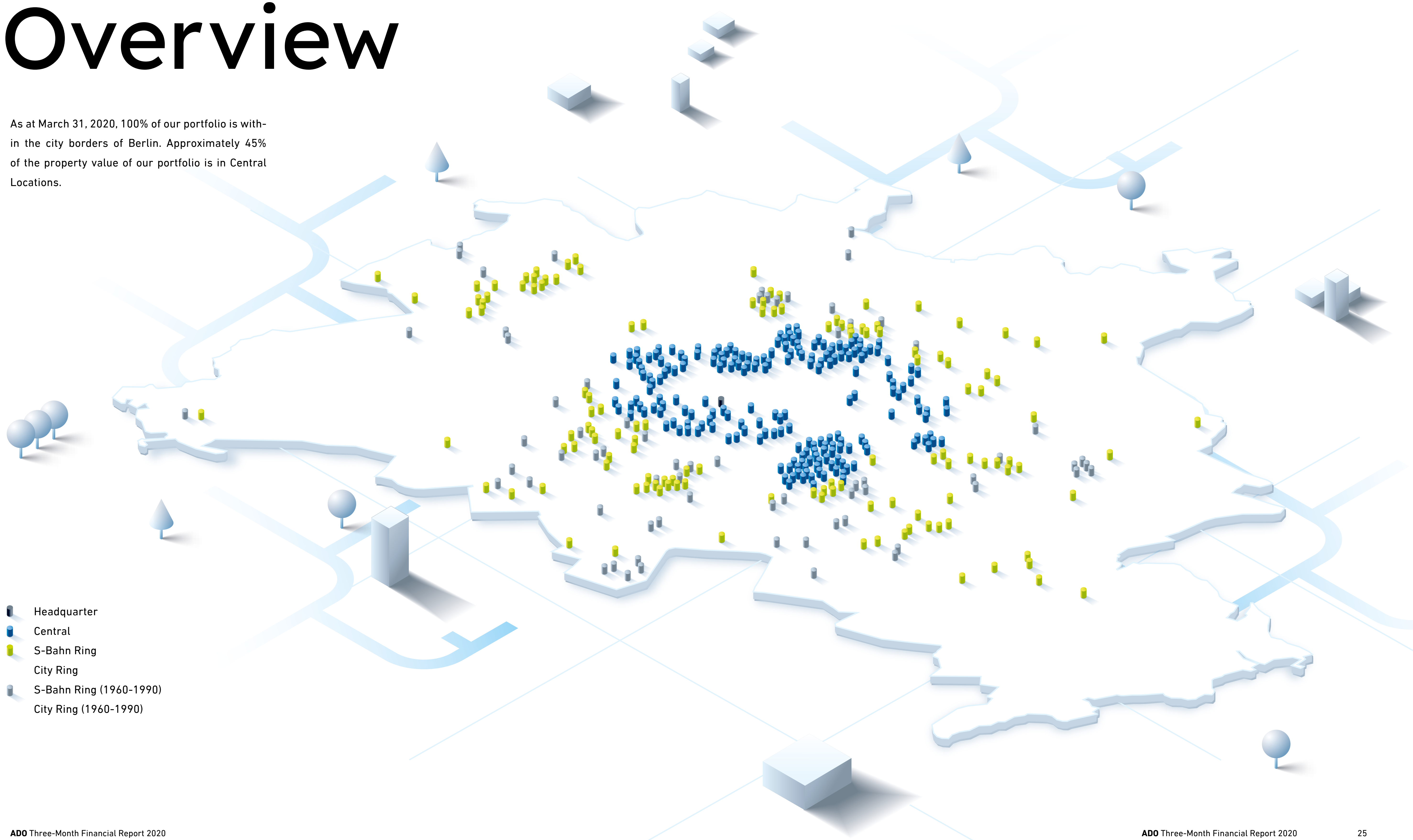
EUR
2,824m
EPRA NAV

Bülowstraße 41, 41 a, 42
10783 Berlin

FUNDAMENTALS OF THE GROUP

Portfolio Overview

As at March 31, 2020, 100% of our portfolio is within the city borders of Berlin. Approximately 45% of the property value of our portfolio is in Central Locations.



Portfolio Overview(*)

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (EUR m)	1,674	537	758	342	354	3,665
Number of residential units	6,478	2,224	4,179	1,463	1,904	16,248
Average in-place rent (EUR/m²)	7.57	7.33	7.17	7.55	6.42	7.29
Average new letting rent (EUR/m²)(**)	8.43	7.59	6.98	8.39	6.64	7.83
Occupancy (physical)	98.1%	96.2%	97.0%	95.9%	97.6%	97.3%
Tenant turnover (%)(***)	7.3%	8.3%	6.9%	9.9%	6.1%	7.4%

(*) All values except the fair value are for the residential portfolio only and are including the achieved rents for furnished apartments.
(**) Based on the last three months.
(***) Last 12 months (LTM).

Portfolio Performance

Residential Portfolio

	March 31, 2020	Dec 31, 2019
Number of units	16,248	16,255
Average rent /m²/ month	EUR 7.29	EUR 7.39
Vacancy	2.7%	2.7%

The average rent per m² decreased to EUR 7.29 since the beginning of the year, while the vacancy rate remained unchanged.

16,248
residential units

EUR
3,665m
fair value of properties

Commercial Portfolio

	March 31, 2020	Dec 31, 2019
Number of units	1,372	1,382
Average rent /m²/ month	EUR 10.31	EUR 10.04
Vacancy	3.2%	3.6%

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 10.31 per m², which represents an increase of EUR 0.27 per m². The vacancy rate of the commercial units decreased by 40 basis points since the beginning of the year to 3.2%.

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.

Residential Rental Growth

In %	LTM(**) March 31, 2020	Jan 1– Dec 31, 2019
New lettings after CAPEX	1.9%	2.7%
New lettings fluctuation	0.4%	0.9%
Regular rent increases	0.2%	1.4%
Total	**2.5%(*)**	**5.0%**

(*) 3.3% including commercial units.
(**) Last 12 months (LTM).

Our fully integrated active asset management is focused on 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 so that the quality meets today’s standards and regulations. Units that do not require CAPEX are let at market rent levels. Applying the relevant regulatory framework accurately and efficiently is key to our success in maximizing rental growth for our letting units.

1,372
commercial units

3.3%
like-for-like rental growth

Maintenance and CAPEX

In EUR per m²	Jan 1 – March 31, 2020 (*)	Jan 1 – Dec 31, 2019
Maintenance	7.8	9.0
Capitalized maintenance	2.3	7.2
Energetic modernization	1.5	1.9
Modernization CAPEX	3.1	18.1
Total	**14.7**	**36.2**

(*) Annualized figures based on total lettable area.

Total investment in the portfolio amounted to EUR 4.6 million. The maintenance and CAPEX cost per m² of EUR 14.7 in the first three months was in line with our expectations.

Vacancy Split

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

Vacancy Split

Residential	March 31, 2020	Dec 31, 2019
Units for sale	0.1%	0.1%
Units under construction	1.7%	1.7%
Marketing (available for letting)	0.9%	0.9%
Total vacancy (units)	**440**	**457**
Total vacancy (m²)	**28,824**	**29,076**
Total vacancy rate	**2.7%**	**2.7%**
Total EPRA vacancy rate	**2.7%**	**2.7%**

With regard to our privatization 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.

2.7%

vacancy rate

Economic Review

Economic and Industry-Specific Parameters

General Market Situation

During the period under review, the overall economic development in Germany was increasingly affected by the global corona pandemic and the measures taken to contain it. The German Institute for Economic Research (DIW Berlin) expects the German economy to have contracted by two percent in the first quarter of 2020. For the second quarter, the institute even expects a slump of ten percent. The DIW's economic barometer fell to 36.9 points in April 2020, a historic low.

Against this background, the labor market in Germany remained relatively stable until the end of the reporting period. In March 2020, the number of people in employment was around 45.0 million. This represents an increase of around 84,000 people or 0.2% compared with March 2019. *(Source: Federal Statistical Office).* 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 increase in population since around 2005. On December 31, 2019, a total of 3,769,495 people were living in the German capital. This corresponds to an increase of 21,347 people or around 0.6% compared to the previous year. *(Source: Berlin-Brandenburg Office for Statistics – Press release dated February 14, 2020).*

In order to keep up with the 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. The Department therefore projects an annual demand of 20,000 flats through 2021. *(Source: Berlin's Senate Department for Urban Development and Housing, press release dated September 1, 2017).* However, the number of building permits and the number of completed residential units in Berlin still lag far behind the development of demand. 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 result of the corona pandemic.

Berlin's Residential Property Market

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

Profit Situation

Income from rental activities for the first three months decreased by 17% driven by selling of a portfolio in Q4 2019 and the "Mietendeckel". The quarterly results reflect an annualized income of EUR 118 million.

EBITDA from rental activities for the three months represent an annualized EBITDA of EUR 71 million. During the first three months, we sold 10 units. The average selling price for residential units of EUR 3,541 per m^2 compares very positively to our current average portfolio value for Central Locations of EUR 3,345 per m^2.

In the first three months, financing cost on interest-bearing debt amounted to EUR 5.7 million. As at the end of the first quarter, our average interest rate on all outstanding debt is 1.6%, with a weighted average maturity of approximately four years.

Financial Performance(*)

	For the three months ended		For the year ended
In EUR thousand	**March 31, 2020**	**March 31, 2019**	**Dec 31, 2019**
Net rental income	27,904	33,653	134,141
Income from facility services	1,530	2,043	7,431
Income from rental activities	**29,434**	**35,696**	**141,572**
Cost of rental activities	(6,389)	(7,822)	(32,953)
NET OPERATING INCOME (NOI)	**23,045**	**27,874**	**108,619**
NOI from rental activities margin (%)	82.6%	82.8%	81.0%
Overhead costs(**)	(5,339)	(4,014)	(16,622)
EBITDA from rental activities	**17,706**	**23,860**	**91,997**
EBITDA from rental activities margin (%)	63.5%	70.9%	68.6%
Net profit from privatizations	712	639	1,809
EBITDA total	**18,419**	**24,499**	**93,806**
Net cash interest	(5,705)	(6,695)	(27,183)
Other net financial costs	17,923	(5,854)	97,283
Depreciation and amortization	(365)	(311)	(1,354)
EBT	**30,272**	**11,639**	**162,552**

(*) Excluding effects from the changes in fair value.
(**) Excluding one-off costs and depreciation and amortization.

FFO

	For the three months ended		For the year ended
In EUR thousand	**March 31, 2020**	**March 31, 2019**	**Dec 31, 2019**
EBITDA from rental activities	17,706	23,860	91,997
Net cash interest	(5,705)	(6,695)	(27,183)
Current income taxes	(544)	(449)	(1,641)
FFO 1 (from rental activities)	**11,457**	**16,716**	**63,173**
Maintenance capital expenditures	(713)	(4,261)	(11,648)
AFFO (from rental activities)	**10,745**	**12,456**	**51,525**
Net profit from privatizations	712	639	1,809
FFO 2 (incl. disposal results)	**12,170**	**17,355**	**64,982**
No. of shares(*)	44,195	44,131	44,163
FFO 1 per share	**0.26**	**0.38**	**1.43**
FFO 2 per share	**0.28**	**0.39**	**1.47**

(*) On July 5, 2019 the Company issued 63,850 new shares to the previous Senior Management.
The number of shares is calculated as weighted average for the related period.

Cash Flow

The cash flow of the Group breaks down as follows:

Cash Flow

In EUR thousand	**Jan 1– Mar 31, 2020**	**Jan 1– Dec 31, 2019**
Net cash from operating activities	4,906	88,764
Net cash used in investing activities	(125,913)	269,062
Net cash from financing activities	147,171	1,767
Net change in cash and cash equivalents	26,164	359,593
Cash and cash equivalents at the beginning of the period	387,558	27,965
Cash and cash equivalents at the end of the period	413,722	387,558

Financial and Asset Position

The Company will update the fair value of the investment properties based on a third-party valuation with the next quarterly report. The current average cap rate is 2.5%.

Financial Position

In EUR thousand	Mar 31, 2020	Dec 31, 2019
Investment properties and advances in respect of investment properties	3,626,994	3,630,753
Other non-current assets	294,788	301,388
Non-current assets	**3,921,782**	**3,932,141**
Cash and cash deposits	413,722	387,558
Other current assets	151,186	76,766
Current assets	564,908	464,324
Total assets	**4,486,690**	**4,396,465**
Interest-bearing debts	1,504,938	1,331,584
Other liabilities	74,122	127,086
Deferred tax liabilities	239,336	239,347
Total liabilities	**1,818,396**	**1,698,017**
Total equity attributable to owners of the Company	**2,569,273**	**2,646,792**
Non-controlling interests	99,021	51,653
Total equity	**2,668,294**	**2,698,445**
Total equity and liabilities	**4,486,690**	**4,396,465**

On March 31, 2020, our EPRA NAV was EUR 63.91 per share and the EPRA Triple Net Asset Value (NNNAV) was EUR 62.87 per share.

NAV

In EUR thousand	Mar 31, 2020	Dec 31, 2019
Total equity attributable to owners of the Company	2,569,273	2,646,792
Fair value of derivative financial instruments	4,226	6,150
Deferred tax liabilities	237,775	239,347
Revaluation of trading properties	13,018	13,410
EPRA NAV	**2,824,292**	**2,905,699**
No. of shares	44,195	44,163
EPRA NAV per share	**63.91**	**65.80**

EUR

63.91

EPRA NAV per share

EPRA Triple Net Asset Value (NNNAV)

In EUR thousand	Mar 31, 2020	Dec 31, 2019
EPRA NAV	2,824,292	2,905,699
Fair value of derivative financial instruments	(4,226)	(6,150)
Fair value of debt	196,153	(30,391)
Deferred taxes	(237,775)	(239,347)
EPRA NNNAV	**2,778,444**	**2,629,811**
No. of shares	44,195	44,163
EPRA NNNAV per share	**62.87**	**59.55**

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	Mar 31, 2020	Dec 31, 2019
Bonds, other loans and borrowings and other financial liabilities	1,507,471	1,379,535
Cash and cash equivalents	(413,722)	(387,558)
Net financial liabilities	1,093,749	991,977
Fair value of properties (including advances)	3,715,508	3,670,023
Loan-to-Value ratio	29.4%(*)	27.0%
Average interest rate	1.6%	1.6%

(*) Including the investment in Consus Real Estate AG, the LTV is 28.3%.

As at the reporting date, our Loan-to-Value (LTV) was 29.4% with an average interest rate of all outstanding debts of 1.6% and a weighted average maturity of approximately four 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. Since its IPO in 2015, ADO Properties S.A. has been a member of EPRA.

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	Mar 31, 2020	Dec 31, 2019	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 the EPRA 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 long-term investment strategy.	2,824,292	2,905,699	(3%)
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 EPRA NAV.	2,784,454	2,629,811	6%
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.	2.7%	2.7%	0 bps

Material Events in the Reporting Period and Subsequent Events

A. On January 30, 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus. Since March 11, 2020, the WHO has classified the spread of the coronavirus as a pandemic. The further spread of the coronavirus and its consequences on the business of ADO Properties S.A. are constantly being monitored. The impact of the coronavirus on the overall economy in Germany is uncertain at the time the condensed consolidated interim financial statements were prepared and could be considerable. However, it is not yet expected to have any direct or significant effects on the German real estate market. Currently in Germany, rents are 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 conditions on the residential market.

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

ADO Properties S.A. is continuously monitoring the impact of COVID-19. The valuation of the investment properties, financial assets and financial liabilities as at March 31, 2020 as disclosed in these condensed consolidated interim financial statements reflect the economic conditions in existence at that date. The Company does not expect the crisis to have any impact on the rental income. 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 December 15, 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 AG ("ADLER Real Estate"). The Company has offered 0.4164 new shares in ADO Properties S.A. as consideration in exchange for each tendered share in ADLER Real Estate. The offered ADO Properties S.A. shares were created on March 31, 2020, by way of capital increase by exercising the authorized capital of the Company pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of ADO Properties S.A.).

The Offer closed on March 25, 2020 with an acceptance rate of 91.93%. As at April 9, 2020, the newly issued shares of ADO Properties S.A. are listed on the Frankfurt Stock Exchange.

Closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER Real Estate and certain other financings entered into by ADLER Real Estate and/or its respective subsidiaries. On April 9, 2020, ADO refinanced the EUR 885 million bridge loan of ADLER Real Estate with a EUR 885 million bridge loan utilized under ADO'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 December 15, 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. ADO has, therefore, not yet utilized further loans under its bridge facility agreement. As at March 31, 2020 the maximum nominal amount of the bridge facility agreement has been reduced to EUR 2,424 million.

As at the reporting date, the Business Combination has not been completed, as the finalization of the tender offer still depends on the finalization of legal, external and internal procedures. The Company concluded that as of March 31 it did not have the current ability to direct the activities that significantly affect ADLER Real Estate's returns. Therefore, ADLER's activities are not consolidated in these financial statements.

The effect of the business combination, however, is not fully disclosed in these interim financial statements. This is in light of lack of confirmed data at the time of acquisition.

C. On December 15, 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 tender offer for the remaining Consus' shares should the Company exercise the call option. As at December 31, 2019 the Company acquired 18.62% of Consus shares. The remaining 3.56% was acquired in January 2020.

Upon investment of the Company into Consus, the Company did not receive any right to appoint any board members and does not have any representation in any of the boards of Consus as at December 31, 2019. The option is exercisable from the date of signing of the option agreement, i.e. December 15, 2019, until June 16, 2021. If the Company wishes to exercise the option, it needs to issue an exercise notice and the assignment of the shares needs to occur within 15 business days after all relevant merger clearance approvals have been obtained.

The Group has assessed its investment in Consus and determined that it 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. In addition, the option is not currently exercisable as it requires various approvals which are not merely a formality. Therefore, the investment is classified as a financial asset and measured at fair value through OCI.

D. On March 25, 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 German Securities and Takeover Act in conjunction with Section 5 para. 4 of the German Securities and Takeover Act Offer Ordinance (WpÜG-Angebotsverordnung) per WESTGRUND Share.

In addition, on April 17, 2020, the Company decided to launch the Takeover Offer also as a compensation offer which is necessary for the delisting of 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 May 6, 2020, the Company published 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 which corresponds to the value of the business calculated on the basis of a valuation of the Target as at the reference date April 16, 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 German Securities and Takeover Act and Section 5 of the German Securities and Takeover Act Offer Ordinance (WpÜG-Angebotsverordnung).

E. On April 28, 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 Real Estate (as controlled entity) in order to further pursue the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S 1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, the approval of the general meeting of ADLER Real Estate.

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

G. On May 13, 2020, the Company has further increased its share capital within the scope of its authorized capital by issuing a total of 174,833 new ordinary dematerialized shares without nominal value against contribution-in-kind of ADLER Real Estate shares in the same ratio as proposed during the Exchange Offer (0.4164), in order to accommodate an ADLER Real Estate shareholder, who, due to a technical error at the level of his custodian bank, could not participate in the Exchange Offer.

Forecast Report

We anticipate that, following the combination with ADLER Real Estate, 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.

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.

Rental Law (Berlin Rent Cap – Berliner Mietendeckel)

On June 18, 2019, Berlin's municipal government (Berliner Senat) announced its intention to freeze rents in Berlin for the next five years. The so-called "Mietendeckel" was passed on January 30, 2020 by Berlin's parliament (Berliner Abgeordnetenhaus) and entered into force on February 23, 2020. On the basis of the Law on Rent Limitation in Housing in Berlin (Gesetz zur Mietenbegrenzung im Wohnungswesen in Berlin – MietenWoG Bln), the rents for living space in Berlin (except for subsidized and newly built living space) shall be capped retrospectively as at June 18, 2019. Among other things, the passed law provides that the administration can take action ex officio against landlords in the event of violations of the permitted rent amount. An application by the tenant to lower the rent to the permissible level, as was provided for by the draft law of the Berlin municipal government (Berliner Senat), is not necessary. Furthermore, violations of the rent freeze in connection with existing rents and future rent increases, insofar as these exceed the limits intended by the rent freeze, constitute administrative offenses. These administrative offenses may be punished with fines of up to EUR 500,000 per individual case. In case we have agreed on provisions in individual or a multitude of cases in connection with our approximately 21,300 existing leases as at December 31, 2019 or with new leases, by which we would violate the provisions of the Law on Rent Limitation in Housing in Berlin or comparable laws that restrict or lower the current rent level, this could have a material adverse effect on our business, net assets, financial condition, results of operations and prospects.

The Combined Group has annualized approximately EUR 98 million of rental income as at March 31, 2020, or 29% of its total rental income as at March 31, 2020, exposed to the "Mietendeckel" regulation. It expects the combined impact of such regulation to result in a decrease of rental income in the amount of approximately EUR 1 million for 2020 and approximately EUR 9 million for 2021, mostly due to the reversion of rents to the maximum levels as at November 2020.

On May 6, 2020, members of parliament from the political parties CDU/CSU und FDP filed a normative judicial review (Normenkontrollklage) in front of the Federal Constitutional Court ("Bundesverfassungsgericht") to check the compatibility of the Mietendeckels rental freeze act with constitutional law.

COVID-19 impact and new legislation

The unprecedented outbreak of coronavirus (COVID-19) has led to a significant economic decline across the world. In Germany, in accordance with the instructions of the German government, business activities were restricted or prohibited, the presence of manpower in workplaces was significantly restricted, education systems were locked down and restrictions were imposed on people leaving their homes.

As we operate throughout this crisis, our top priority is to ensure the safety and wellbeing of our employees, tenants and subcontractors. We continuously ensure the best possible protection of our employees. The management team and the Board are enormously grateful for everyone's commitment and hard work in these very difficult circumstances.

As the potential impact of COVID-19 became apparent, but before any formal legislation was adopted by the German government, we gave our full assurance to our tenants that we would not terminate lease agreements in the period from April 1 to June 30, 2020 should they be unable to pay rent as a consequence of COVID-19 if they can provide credible evidence of the connection between the pandemic and the delay in payment. The Federal Government has since adopted a formal regulation on this and is authorized to extend that regulation from July 1 to September 30, 2020.

The Group has adopted extensive measures to avoid any negative implications which may arise from COVID-19.

According to current estimates, the crisis has not had any material financial impact on ADO´s business model. Based on updated corporate planning, we anticipate little impact on the Group FFO and only a temporary impact on liquidity since the rental business will be subject only to manageable rent deferments or rent losses. Such deferred amounts would still be owed and would likely be settled at a later point in time.

As of May 18, 2020, COVID-19 has not been contained, and the extent of the economic crisis in Germany remains unknown. As we look ahead in these difficult circumstances, the Group's business continuity is assured and all related measures are under constant surveillance.

ADO believes that the overall environment for the German residential real estate sector remains positive. Moreover, ADO has a very low number of commercial units (less than 8% of total units). Being mainly a residential real estate company, ADO is only partially affected by the coronavirus pandemic. In terms of market sentiment, there is still a very strong interest in the Berlin residential sector, notwithstanding the fact that the number of transactions has significantly decreased, which leads to the conclusion that, overall, prices and thus values have not changed.

Particularly on the demand and income side, we do not expect the crisis to have any significant impact. In Germany rents are still continuing to rise and the demand for living space continues to increase. This leads us to the conclusion that notwithstanding the changes in the general conditions on the residential market, there is a very low risk of losing tenants and the high occupancy rate is expected to continue.

We look ahead to the future with optimism and are confident that our financial success will continue.

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.

Responsi-bility 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 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 nine months of the year.

CO-CHIEF EXECUTIVE OFFICER	CO-CHIEF EXECUTIVE OFFICER
Thierry Beaudemoulin	**Maximilian Rienecker**

Kolonnenstr. 10/11 und Leberstr. 1/3
10829 Berlin Friedenau

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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, 2020, 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, 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.

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ ON THE REVIEW OF INTERIM FINANCIAL INFORMATION

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, 2020 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, May 17, 2020

KPMG

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Bobbi Jean Breboneria
Associate Partner

Condensed Consolidated Interim Statement of Financial Position

Assets

In EUR thousand	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Assets				
Non-current assets				
Investment properties	4A	3,626,994	4,054,288	3,624,453
Investment in financial instrument	5B	152,951	-	186,158
Advances in respect of investment properties		-	6,300	6,300
Property and equipment		10,840	9,505	10,927
Other financial asset	5B	87,727	6,635	98,871
Restricted bank deposits		4,273	2,051	3,873
Deferred expenses		668	805	745
Right-of-use assets		563	1,301	814
Loans granted	5B	36,205	-	-
Deferred tax assets		1,561	2,109	-
		3,921,782	**4,082,994**	**3,932,141**
Current assets				
Trading properties	4B	25,104	32,366	25,860
Restricted bank deposits		27,155	28,194	26,494
Trade receivables		16,384	13,229	15,570
Other receivables		32,543	6,278	8,842
Cash and cash equivalents		413,722	24,283	387,558
Advances paid	4C	50,000	-	-
		564,908	**104,350**	**464,324**
Total assets		**4,486,690**	**4,187,344**	**4,396,465**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Equity and liabilities

In EUR thousand	Note	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Shareholders' equity				
Share capital		55	55	55
Share premium		500,608	499,209	500,608
Reserves		174,733	324,244	250,684
Retained earnings		1,893,877	1,336,543	1,895,445
Total equity attributable to owners of the Company		**2,569,273**	**2,160,051**	**2,646,792**
Non-controlling interests		**99,021**	**46,912**	**51,653**
Total equity		**2,668,294**	**2,206,963**	**2,698,445**
Liabilities				
Non-current liabilities				
Corporate bonds	4D	397,568	397,031	397,433
Convertible bonds	4D	156,863	154,764	156,334
Other loans and borrowings	4E	734,749	1,036,917	740,212
Other financial liabilities	5B	998	40,852	46,416
Derivatives	5B	4,059	21,208	6,091
Lease liabilities		414	616	473
Deferred tax liabilities		239,336	251,289	239,347
		1,533,987	**1,902,677**	**1,586,306**
Current liabilities				
Other loans and borrowings	4E	215,758	17,675	37,605
Other financial liabilities	5B	1,535	1,535	1,535
Trade payables		23,853	16,738	22,079
Other payables		42,443	40,838	49,613
Lease liabilities		653	687	823
Derivatives	5B	167	231	59
		284,409	**77,704**	**111,714**
Total equity and liabilities		**4,486,690**	**4,187,344**	**4,396,465**

CO-CHIEF EXECUTIVE OFFICER	CO-CHIEF EXECUTIVE OFFICER
Thierry Beaudemoulin	**Maximilian Rienecker**

Date of approval: May 17, 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 three months ended March 31, 2020 (Unaudited)	For the three months ended March 31, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Revenue	6A	31,622	39,989	156,520
Cost of operations	6B	(7,790)	(10,949)	(44,011)
Gross profit		**23,832**	**29,040**	**112,509**
General and administrative expenses		(6,236)	(4,581)	(25,050)
Other expenses	8B	(6,052)	-	(13,188)
Other income	8E	6,800	-	78,132
Changes in fair value of investment properties		-	-	461,517
Results from operating activities		**18,344**	**24,459**	**613,920**
Finance income		2,010	24	102,475
Finance costs		(25,354)	(12,573)	(32,375)
Net finance costs	6C	**(23,344)**	**(12,549)**	**70,100**
Profit before tax		**(5,000)**	**11,910**	**684,020**
Taxes tax benefit (expense)		2,023	(1,721)	(77,096)
Profit for the period		**(2,977)**	**10,189**	**606,924**
Profit attributable to:				
Owners of the Company		(1,630)	9,880	601,874
Non-controlling interests		(1,347)	309	5,050
Profit for the period		**(2,977)**	**10,189**	**606,924**
Basic earnings per share (in EUR)		**(0.04)**	**0.22**	**13.63**
Diluted earnings per share (in EUR)		**(0.04)**	**0.22**	**12.74**

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, 2020 (Unaudited)	For the three months ended March 31, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Profit for the period	**(2,977)**	**10,189**	**606,924**
Items that may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges	54	(324)	10
Related tax	(7)	51	(2)
Reserve from financial asset measured at fair value through other comprehensive income net of tax	(72,701)	-	(67,510)
Total other comprehensive income (loss)	**(72,654)**	**(273)**	**(67,502)**
Total comprehensive income (loss) for the period	**(75,631)**	**9,916**	**539,422**
Total comprehensive income (loss) attributable to:			
Owners of the Company	(74,284)	9,607	534,372
Non-controlling interests	(1,347)	309	5,050
Total comprehensive income for the period	**(75,631)**	**9,916**	**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 three months ended March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Cash flows from operating activities				
Profit for the period		(2,977)	10,189	606,924
Adjustments for:				
Depreciation		375	315	1,488
Profit from selling portfolio		-	-	(78,132)
Changes in fair value of investment properties	4A	-	-	(461,517)
Net finance costs	6C	23,344	12,549	(70,100)
Income tax expense		(2,023)	1,721	77,096
Share-based payment		63	125	1,530
Change in short-term restricted bank deposits related to tenants		(245)	(761)	(2,142)
Change in long-term restricted bank deposits from condominium sales		(4,892)	(878)	(4,102)
Change in trade receivables		(814)	84	(2,959)
Change in other receivables		(2,135)	(2,921)	(2,931)
Change in trading properties		756	2,662	9,168
Change in trade payables		1,774	(1,702)	5,632
Change in other payables		(8,341)	(38)	15,896
Income tax paid		21	(386)	(7,087)
Net cash from operating activities		**4,906**	**20,959**	**88,764**
Cash flows from investing activities				
Purchase of and CAPEX on investment properties	4A	(2,540)	(15,421)	(44,068)
Advances paid for investment property purchase		6,300	-	-
Proceeds from selling portfolio		-	-	570,335
Investment in financial instrument		(40,159)	-	(254,342)
Purchase of and CAPEX on property and equipment		(66)	(1,055)	(3,121)
Interest received		18	4	39
Grant of long-term loans		(43,542)	-	-
Acquisition of other investments		(50,000)	-	-
Change in short-term restricted bank deposits, net		4,076	-	218
Net cash used in investing activities		**(125,913)**	**(16,472)**	**269,061**
Cash flows from financing activities				
Long-term loans received	4E	-	-	79,427
Repayment of long-term loans		(2,703)	(3,870)	(15,876)
Short-term loans received		175,000	-	-
Upfront fees paid for credit facilities	4E	(168)	(162)	(702)
Interest paid		(3,266)	(3,962)	(26,427)
Payment of lease liabilities		(209)	(175)	(789)
Compensation fee payments in respect of other financial liabilities		-	-	(768)
Prepaid costs of raising debt		(17,418)	-	-
Issuance costs		(4,065)	-	-
Dividend distributed		-	-	(33,098)
Net cash from financing activities		**147,171**	**(8,169)**	**1,767**
Change in cash and cash equivalents during the period		**26,164**	**(3,682)**	**359,592**
Cash and cash equivalents at the beginning of the period		**387,558**	**27,965**	**27,966**
Cash and cash equivalents at the end of the period		**413,722**	**24,283**	**387,558**

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

Condensed Consolidated Interim Statement of Changes in Equity

For the three months ended March 31, 2020 (Unaudited)

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 January 1, 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	-	-	-	-	-	(1,630)	(1,630)	(1,347)	(2,977)
Other comprehensive income (loss) for the period, net of tax	-	-	47	-	(72,701)	-	(72,654)	-	(72,654)
Total comprehensive income (loss) for the period	**-**	**-**	**47**	**-**	**(72,701)**	**(1,630)**	**(74,284)**	**(1,347)**	**(75,631)**
Transactions with owners, recognized directly in equity									
Changes in put option (see note 5B)	-	-	-	(3,298)	-	-	(3,298)	48,715	45,417
Share-based payment	-	-	-	-	-	63	63	-	63
Balance as at March 31, 2020	**55**	**500,608**	**(803)**	**315,746**	**(140,211)**	**1,893,877**	**2,569,273**	**99,021**	**2,668,294**

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 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 January 1, 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	-	-	-	-	9,880	9,880	309	10,189
Other comprehensive income (loss) for the period, net of tax	-	-	(273)	-	-	(273)	-	(273)
Total comprehensive income (loss) for the period	**-**	**-**	**(273)**	**-**	**9,880**	**9,607**	**309**	**9,916**
Transactions with owners, recognized directly in equity								
Changes in put option (see note 5B)	-	-	-	(360)	-	(360)	-	(360)
Share-based payment	-	-	-	-	125	125	-	125
Balance as at March 31, 2019	**55**	**499,209**	**(1,132)**	**325,376**	**1,336,543**	**2,160,051**	**46,912**	**2,206,963**

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

For the year ended December 31, 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 January 1, 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, recognized directly in equity									
Issuance of ordinary shares, net	(*)	1,399	-	-	-	(1,399)	-	-	-
Changes in put option (see note 5B)	-	-	-	(6,692)	-	-	(6,692)	-	(6,692)
Dividend distributed	-	-	-	-	-	(33,098)	(33,098)	-	(33,098)
Share-based payment	-	-	-	-	-	1,530	1,530	-	1,530
Balance as at December 31, 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 – ADO Properties S.A.

ADO Properties S.A. (the "Company" or "ADO") 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 portfolio of mainly residential assets 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 into 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").

The condensed consolidated interim financial statements of the Company as at March 31, 2020 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, 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 authorized for issue by the Company's Board of Directors on May 17, 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.

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 December 31, 2019.

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, 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 December 31, 2019.

A. Initial application of new standards, amendments to standards and interpretations

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

- IFRS 3 *Business Combinations*

The Group has initially adopted the Amendment of IFRS 3 from January 1, 2020, but it does not have a material effect on the Group's condensed consolidated interim financial statements.

The Group will apply the amendment when determining whether the acquisition of ADLER Real Estate Aktiengesellschaft gives rise to a Business Combination. For further details see note 8(B).

Note 4 – Selected Notes to the Condensed Consolidated Interim Statement of Financial Position

A. Investment properties

In EUR thousand	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Balance as at January 1	3,624,453	4,044,023	4,044,023
Additions by way of acquiring subsidiaries	-	-	-
Additions by way of acquiring assets	-	-	-
Capital expenditure	2,541	15,365	44,013
Transfer from investment properties (see note 4A(1))	-	(5,100)	(5,100)
Disposal of subsidiaries	-	-	(920,000)
Fair value adjustments	-	-	461,517
Balance as at March 31	**3,626,994**	**4,054,288**	**3,624,453**

(1) In 2019 the Group reclassified a building from investment properties to property and equipment in a total amount of EUR 5,100 thousand, representing its fair value for the reclassification date. The transfer was evidenced by a change in use (commencement of owner-occupation).

According to the Group's fair value valuation policies for investment properties, the investment properties generally undergoes a detailed valuation as at June 30 and December 31 of each year. For the purpose of this condensed consolidated interim financial statement as at March 31, 2020, CBRE did not perform any valuation. The valuer conducted an analysis considering the impacts of rent freeze and COVID-19. CBRE did not conclude major fair value developments between December 31, 2019 and March 31, 2020 based on asking prices and transaction prices currently observed at a limited number in the market. However, as the valuation performed as at December 31, 2019 is subject to material valuation uncertainty, it is recommended by the valuer to keep the valuation under frequent review.

Since the beginning of 2019, there have been public discussion about a rental freeze proposition for rental apartments in Berlin. The Berlin Parliament ("Berliner Abgeordnetenhaus") enacted the law for rent control in the housing sector ("MietenWoG Bln") as at January 30, 2020. The law came into force as at February 23, 2020 when it was published in the Berlin bulletin for legislation ("Berliner Gesetzes- und Verordnungsblatt"). Berlin is the first federal state which passed such a law. As of March 31, 2020, the endurance of the rental freeze is totally unclear. As published at May 6, 2020, 284 members of the federal parliament, from the political parties have passed in constitutional complaints in front of the Federal Constitutional Court in Karlsruhe ("Bundesverfassungsgericht") to carry out a check of compatibility of this rental freeze act with constitutional law.

The outbreak of the coronavirus ("COVID-19"), declared by World Health Organization as a "Global Pandemic" on March 11, 2020, has impacted financial markets and market activities in many sectors. According to CBRE, despite COVID-19, the overall mismatch between supply and demand of residential housing in Germany is still evident. The valuer even expects 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 asset class residential could be even more sought after than before this crisis. CBRE notes interested investors for German residential property with strong equity capital background.

In terms of the market sentiment, CBRE still observes strong interest in the Berlin residential sector, even though the number of transactions has decreased which leads to the conclusion that, overall, prices and thus value haven't really changed.

B. Trading properties

During the three months ended March 31, 2020, the Group completed the sale of 10 condominium units for a total consideration of EUR 2.2 million (during the first quarter of 2019: 17 units for EUR 4.2 million and during the year 2019: 63 units for EUR 14.9 million) recorded under revenues in the condensed consolidated interim statement of profit or loss.

C. Advances paid

Following the conclusion of the Strategic Cooperation Agreement on January 17, 2020, the Company entered into a letter of intent with Consus Swiss Finance AG, which was amended on February 21, 2020, for the purchase of 89.9% of the shares in all companies that hold plots of land belonging to the Holsten Quartier project development in Hamburg (the "Holsten Quartier"). The provisional purchase price for 100% of the shares in Holsten Quartier is EUR 320 million on a cash-free debt-free basis, subject to finalization of the Company's due diligence. In exchange for a EUR 50 million down-payment, Consus Swiss Finance AG granted the Company exclusivity for twelve months to continue and finalize the legal, technical, economic and tax due diligence. There is no obligation to enter into a share purchase agreement and the signing of the share purchase agreement is subject to the satisfactory completion of the due diligence.

D. Corporate bonds and convertible 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 were mainly used to fund acquisitions.

On November 16, 2018, the Company placed senior, unsecured convertible bonds in a total nominal amount of EUR 165 million with institutional investors, convertible into new and/or existing ordinary registered shares of the Company. The coupon has been set at 1.25% p.a. (effective interest rate of 1.34%), payable semi-annually in arrears. The bonds will mature on November 23, 2023.

The Company undertakes not to incur any financial indebtedness after the issue date of the bonds, 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, 2020, the Company is fully compliant with all covenant requirements.

Following the Company's announcement on December 15, 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 Real Estate AG, S&P and Moody's had placed the Company's long term corporate credit rating of BBB- / Baa3 under review.

On April 23, 2020, following the successful closing of the voluntary public takeover offer for ADLER, the Company received notice from S&P that its rating had 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 ADO's financial position and financing policy, the quality of ADO's portfolio and the strong fundamentals of the German residential market. The Company has received further confirmation of its adequate liquidity position. ADO's corporate rating has been adjusted down by two notches due to perceived execution risk related to the combination with ADLER Real Estate, including the announced rights issue, and comparable rating analysis.

On May 4, 2020, Moody's adjusted the Company's rating to Ba1 from Baa3. The outlook was changed to negative from rating under review due to the perceived execution risk.

E. Other loans and borrowings

As at March 31, 2020, other loans and borrowings carry an average effective interest rate (i.e. considering the swap interest hedging effect from variable to fixed interest) of 1.6% per annum (as at March 31, 2019: 1.8% and as at December 31, 2019: 1.8%). The average maturity of other loans and borrowings is four years (as at March 31, 2019: four years and as at December 31, 2019: four years).

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

On March 9, 2018, the Group signed a EUR 200 million revolving credit facility with a two-year term and two extension options, each for one year. The relating upfront fees were recognized under deferred expenses in the condensed consolidated interim statement of financial position and will be amortized over four years. On January 30, 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. On March 26, 2020 the Group drew down an amount of EUR 175 million.

On December 15, 2019, the Company signed a EUR 3,463 million bridge facility agreement with a 1-year term and four extension options, each for six months (see note 8B). The maximum amount of the bridge facility agreement has subsequently been reduced and, as at March 31, 2020, is EUR 2,424 million.

Note 5 – 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, 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:

	March 31, 2020 (Unaudited)		March 31, 2019 (Unaudited)		December 31, 2019 (Audited)	
In EUR thousand	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Corporate bonds	397,172	362,724	397,031	396,492	397,433	397,140
Convertible bonds	156,863	152,085	154,764	162,542	156,334	172,348
Variable rate loans and borrowings(*)	76,905	80,940	76,611	79,476	75,758	78,878
Fixed rate loans and borrowings(*)	697,799	713,036	977,981	997,681	702,059	713,609
Total	**1,328,739**	**1,308,785**	**1,606,387**	**1,636,191**	**1,331,584**	**1,361,975**

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

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:

	March 31, 2020 (Unaudited)			March 31, 2019 (Unaudited)		December 31, 2019 (Audited)		
In EUR thousand	**Level 1**	**Level 2**	**Level 3**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Other financial asset (1)	-	-	87,727	-	6,635	-	-	98,871
Derivative financial liabilities (2)	-	4,226	-	21,439	-	-	6,150	-
Investment in financial instrument (3)	152,951	-	-	-	-	186,158	-	-
Loan granted (4)	-	-	36,205	-	-	-	-	-

(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 (EUR 6,912 thousand) and a call option agreement with a major shareholder of Consus Real Estate AG ("Consus") to acquire an additional 50.97% in Consus in the amount of EUR 80,815 thousand. The model used by an external and independent valuator for Consus' call option is based on a multivariate Monte-Carlo simulation applying a Cholesky decomposition with correlated random numbers in order to model two correlated stock prices. Both other financial assets are measured at fair value.

(2) The fair value of the interest rate swaps, 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.

The fair value of the derivative component of convertible bonds is determined by an external valuer, calculated by reference to the market terms of similar convertible securities.

(3) On December 15, 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 December 31, 2019 the Company acquired 18.62% of Consus shares. The remaining 3.56% was acquired in January 2020.

The Group has assessed its investment in Consus and determined that it 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. In addition, the option is not currently exercisable as it requires various approvals which are not merely a formality. Therefore, the investment is classified as a financial asset and measured at fair value through OCI.

(4) On February 6, 2020, ADO granted an interest-bearing loan of EUR 43,542,242 to Taurecon Invest IX GmbH i.Gr. ("Taurecon"). The loan has a term until February 15, 2023 and was used by Taurecon to purchase from ADO Group Ltd. (a wholly owned subsidiary of ADLER Real Estate) its minority shareholdings in various entities in which ADO (directly or indirectly) 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 interest by Taurecon and the expiration of the related put option held by ADO Group Ltd., the company recognized an increase in equity in an amount of EUR 45.4 million and derecognized the liability towards ADO Group Ltd.

Note 6 – Selected Notes to the Condensed Consolidated Interim Statement of Profit and Loss

A. Revenue

	For the three months ended		For the year ended
In EUR thousand	**March 31, 2020 (Unaudited)**	**March 31, 2019 (Unaudited)**	**Dec 31, 2019 (Audited)**
Net rental income	27,904	33,653	134,141
Selling of condominiums	2,188	4,293	14,948
Income from facility services	1,530	2,043	7,431
Total	**31,622**	**39,989**	**156,520**

B. Cost of operations

	For the three months ended		For the year ended
In EUR thousand	**March 31, 2020 (Unaudited)**	**March 31, 2019 (Unaudited)**	**Dec 31, 2019 (Audited)**
Salaries and other expenses	2,593	3,202	11,443
Cost of utilities recharged, net	370	435	1,630
Selling of condominiums – cost	1,401	3,127	11,058
Property operations and maintenance	3,426	4,185	19,880
Total	**7,790**	**10,949**	**44,011**

C. Net finance costs

In EUR thousand	For the three months ended March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Interest received on bank deposits	(18)	-	39
Interest on bonds	2,672	2,637	(10,670)
Change in fair value of derivative component of convertible bond	(1,882)	4,777	10,180
Change in fair value of loan granted	7,530	-	-
Change in fair value of other financial assets	11,144	-	92,256
Interest on other loans and borrowings	3,679	4,655	(19,046)
Other net finance expenses	219	480	(2,659)
Total	**23,344**	**12,549**	**70,100**

Note 7 – Segments Reporting

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

Information about reportable segments

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

For the three months ended March 31, 2020 (Unaudited)

In EUR thousand	Residential property management	Privatization	Total consolidated
External income from residential property management	29,303	131	29,434
External income from selling condominiums	-	2,188	2,188
Consolidated revenue	**29,303**	**2,319**	**31,622**
Reportable segment gross profit	**22,952**	**880**	**23,832**
General and administrative expenses			(6,236)
Changes in fair value of investment properties			-
Other expenses			(6,052)
Other income			6,800
Finance income			2,010
Finance expense			(25,354)
Consolidated profit before tax			**(5,000)**
Income tax expense			2,023
Consolidated profit after tax			**(2,977)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2019 (Unaudited)

In EUR thousand	Residential property management	Privatization	Total consolidated
External income from residential property management	35,553	143	35,696
External income from selling condominiums	-	4,293	4,293
Consolidated revenue	**35,553**	**4,436**	**39,989**
Reportable segment gross profit	**27,790**	**1,250**	**29,040**
General and administrative expenses			(4,581)
Changes in fair value of investment properties			-
Finance income			24
Finance expense			(12,573)
Consolidated profit before tax			**11,910**
Income tax expense			(1,721)
Consolidated profit after tax			**10,189**

For the year ended December 31, 2019 (Audited)

In EUR thousand	Residential property management	Privatization	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 expense			(32,375)
Consolidated profit before tax			**684,020**
Income tax expense			(77,096)
Consolidated profit after tax			**606,924**

Note 8 – Material Events in the Reporting Period and Subsequent Events

A. On January 30, 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of coronavirus. Since March 11, 2020, the WHO has classified the spread of coronavirus as a pandemic. The further spread of coronavirus and its consequences on the business of ADO Properties S.A. are constantly being monitored. The impact of coronavirus on the overall economy in Germany is uncertain at the time the condensed consolidated interim financial statements were prepared and could be considerable. However, it is not yet expected to have any direct or significant effects on the German real estate market. Currently in Germany, rents are 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 conditions on the residential market.

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

ADO Properties S.A. is continuously monitoring the impact of COVID-19. The valuation of the investment properties, financial assets and financial liabilities as at March 31, 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 impact on rental income. 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 December 15, 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 AG ("ADLER Real Estate"). The Company has offered 0.4164 new shares in ADO Properties S.A. as consideration in exchange for each tendered share in ADLER Real Estate. The offered ADO Properties S.A. shares were created on March 31, 2020, by way of capital increase by exercising the authorized capital of the Company pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of ADO Properties S.A.).

The Offer closed on March 25, 2020 with an acceptance rate of 91.93%. As at April 9, 2020, the newly issued shares of ADO Properties S.A. are listed on the Frankfurt Stock Exchange.

Closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER Real Estate and certain other financings entered into by ADLER Real Estate and/or its respective subsidiaries. On April 9, 2020, ADO Properties S.A. refinanced the EUR 885 million bridge loan of ADLER Real Estate with a EUR 885 million bridge loan utilized under ADO'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 December 15, 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. ADO has, therefore, not yet utilized further loans under its bridge facility agreement. As at March 31, 2020 the maximum nominal amount of the bridge facility agreement has been reduced to EUR 2,424 million.

As at the reporting date, the Business Combination has not been completed as the finalization of the tender offer still depends on the finalization of legal, external and internal procedures. The Company concluded that as at March 31, it did not have the current ability to direct the activities that significantly affect ADLER Real Estate's returns. Therefore, ADLER Real Estate's activities are not consolidated in these financial statements.

The effect of the business combination, however, is not fully disclosed in these interim financial statements. This is in light of lack of confirmed data at the time of acquisition.

C. On December 15, 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 tender offer for the remaining Consus' shares should the Company exercise the call option. As at December 31, 2019 the Company acquired 18.62% of Consus shares. The remaining 3.56% was acquired in January 2020.

Upon investment of the Company into Consus, the Company did not receive any right to appoint any board members and does not have any representation in any of the boards of Consus as at December 31, 2019. The option is exercisable from the date of signing of the option agreement, i.e. December 15, 2019, until June 16, 2021. If the Company wishes to exercise the option, it needs to issue an exercise notice and the assignment of the shares needs to occur within 15 business days after all relevant merger clearance approvals have been obtained.

The Group has assessed its investment in Consus and determined that it 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. In addition, the option is not currently exercisable as it requires various approvals which are not merely a formality. Therefore, the investment is classified as a financial asset and measured at fair value through OCI.

D. On March 25, 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 German Securities and Takeover Act in conjunction with Section 5 para. 4 of the German Securities and Takeover Act Offer Ordinance (WpÜG-Angebotsverordnung) per WESTGRUND Share.

In addition, on April 17, 2020, the Company decided to launch the Takeover Offer also as a compensation offer which is necessary for the delisting of 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 May 6, 2020, the Company published 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 which corresponds to the value of the business calculated on the basis of a valuation of the Target as at the reference date April 16, 2020 (Section 39 para. 3 sentence 4 BörsG in conjunction with Section 31 para. 1, 2 and 7 German Securities and Takeover Act and Section 5 of the German Securities and Takeover Act Offer Ordinance (WpÜG-Angebotsverordnung).

E. On April 28, 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 Real Estate (as controlled entity) in order to further pursue the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S 1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, the approval of the general meeting of ADLER Real Estate.

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

G. On May 13, 2020, the Company has further increased its share capital within the scope of its authorized capital, by issuing a total of 174,833 new ordinary dematerialized shares without nominal value against contribution-in-kind of ADLER Real Estate shares in the same ratio as proposed during the Exchange Offer (0.4164), in order to accommodate an ADLER Real Estate shareholder, who due to a technical error at the level of his custodian bank, could not participate in the Exchange Offer.

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Financial Calendar 2020

For Financial Calendar dates 2020 please visit
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