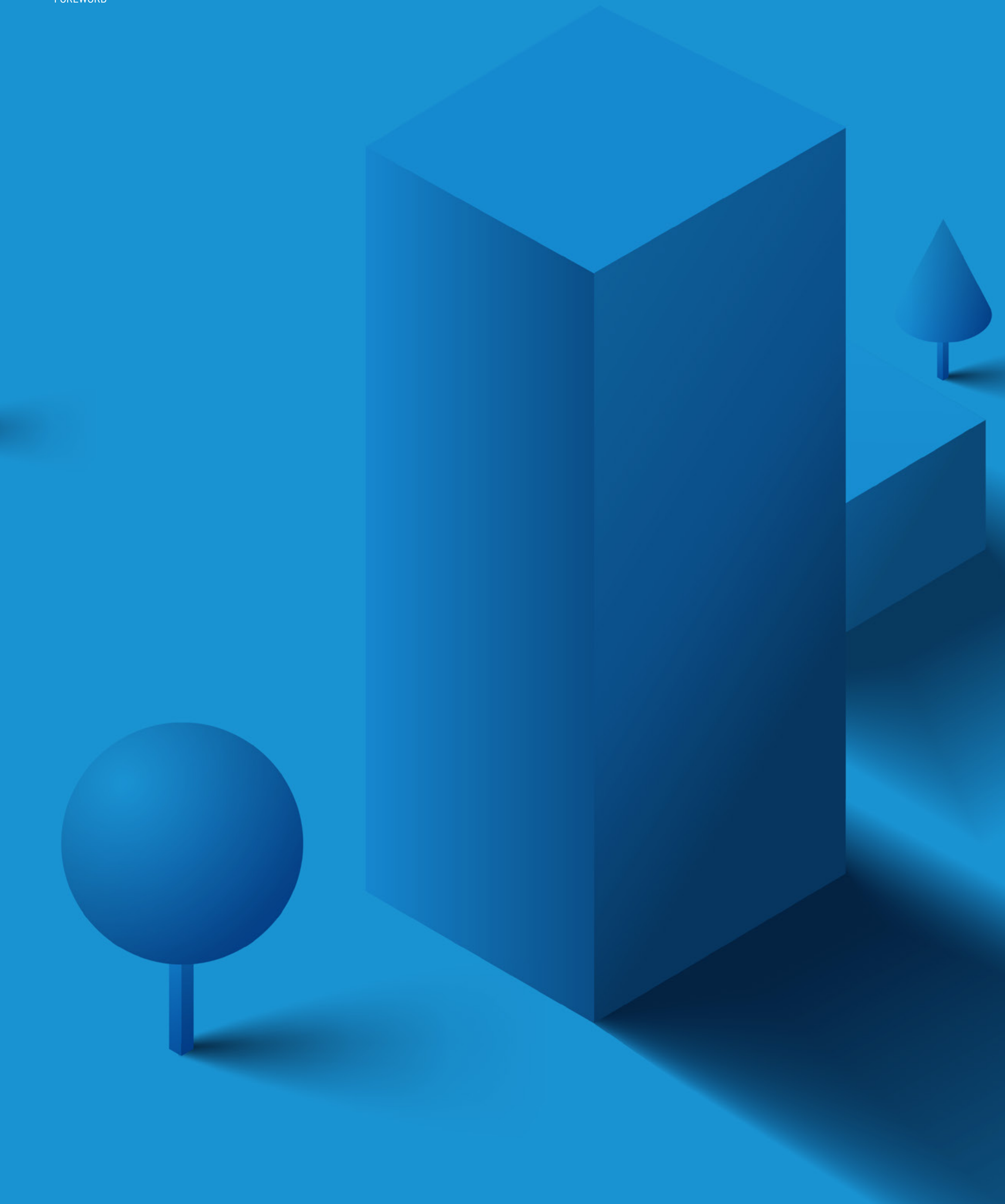
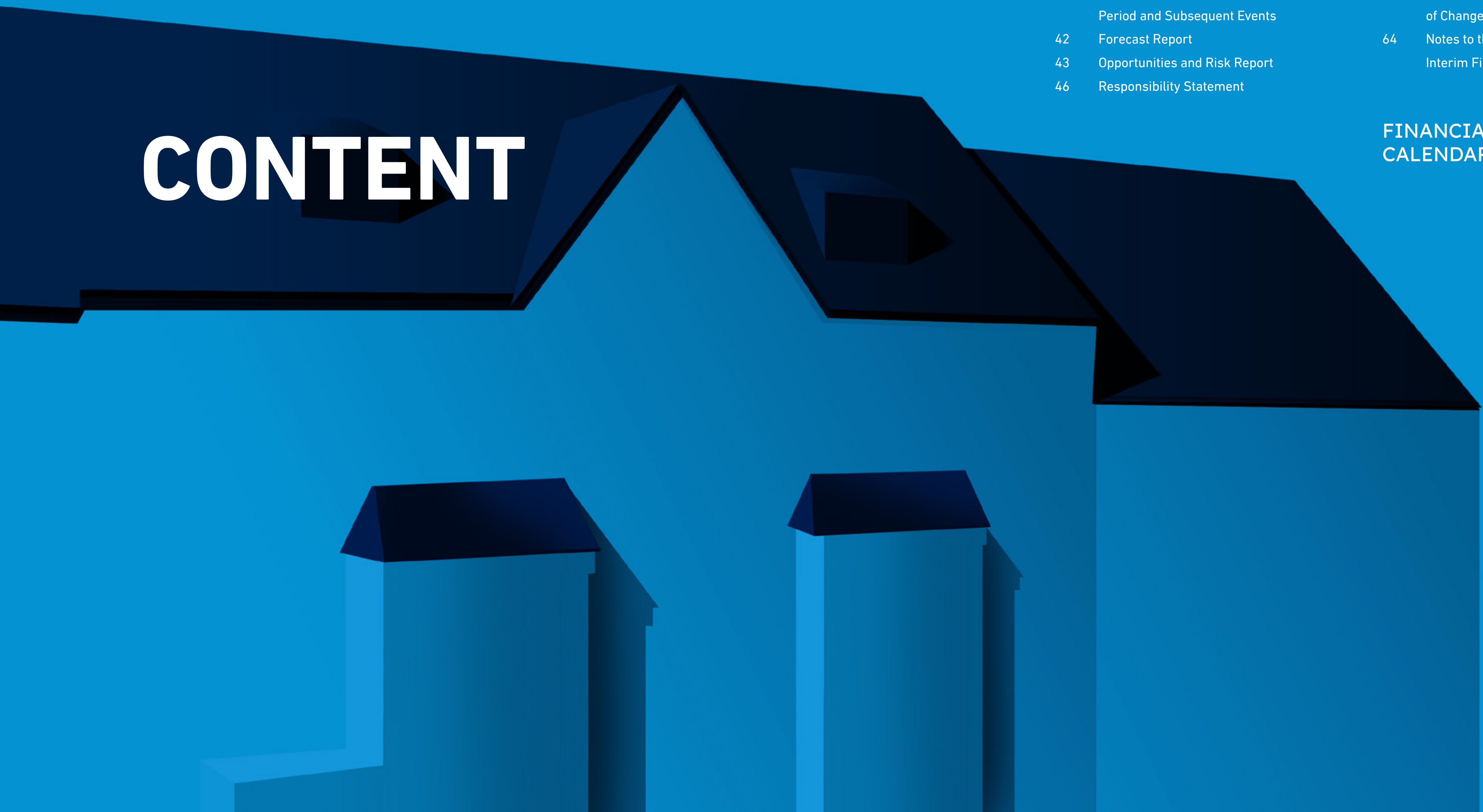
Half-Year Financial Report 2020

ADO



“So far, 2020 has been a transforming year for ADO. We have succeeded in building a smart and resilient group structure that transforms hurdles into opportunities enabling us to confront crises with confidence. We have spent the past months working tirelessly on creating the necessary building blocks. On the following pages, we would like to present you with these new advancements and an outlook for our future strategy.”

CONTENT

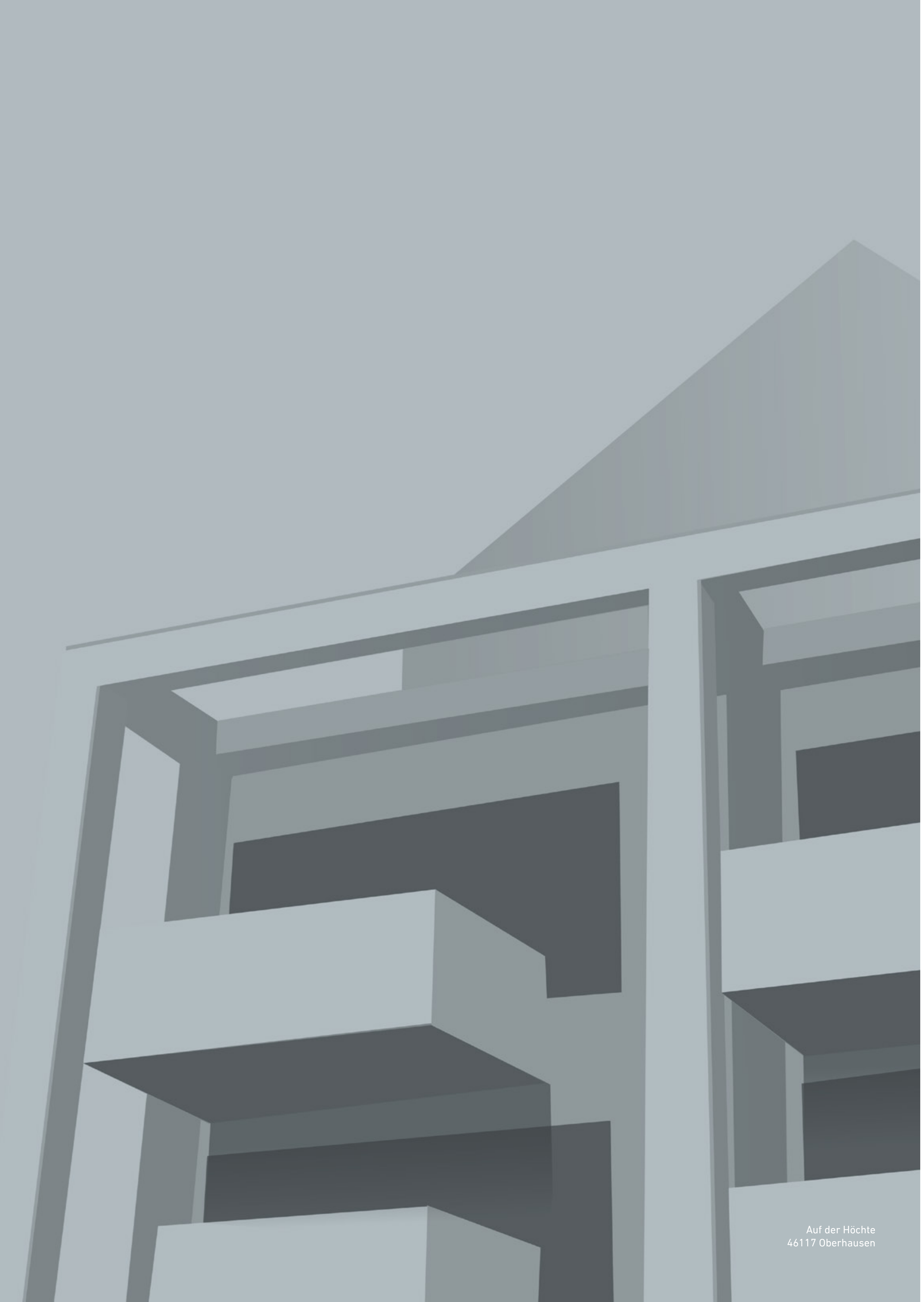


ADO PROPERTIES S.A.

INTERIM MANAGEMENT REPORT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Nansenstraße 35
12047 Berlin



Auf der Höchte
46117 Oberhausen

Key Figures Q2

Profit and Loss Statement

IN EUR THOUSAND	For the six months ended JUNE 30, 2020	For the six months ended JUNE 30, 2019	For the three months ended JUNE 30, 2020	For the three months ended JUNE 30, 2019	For the year ended DEC 31, 2019
Income from rental activities	147,897	71,361	118,463	35,665	141,572
EBITDA from rental activities	77,302	47,857	59,595	23,997	91,997
EBITDA from rental activities margin	67.3%	71.0%	68.6%	71.0%	68.6%
EBITDA total	82,538	48,923	64,119	24,423	93,806
FFO 1 (from rental activities)	44,311	33,430	32,853	16,714	63,173
AFFO (from rental activities)	34,664	24,600	23,919	12,146	51,525
FFO 2 (incl. disposal results)	49,547	34,496	37,377	17,140	64,982

Further KPIs(*)

RESIDENTIAL(**)	JUNE 30, 2020	DEC 31, 2019
Monthly in-place rent (EUR per m²)	EUR 6.20	EUR 6.19
Total vacancy rate	5.6%	4.8%
Number of units	74,682	75,721
Rental growth	1.9%	3.3%

Balance Sheet

IN EUR THOUSAND	JUNE 30, 2020	DEC 31, 2019
Fair value of properties	8,945,711	3,663,723
LTV	53.5%	22.2%
EPRA NRV	4,317,952	3,137,047
EPRA NRV per share (EUR)	75.32	70.98
Pro-forma EPRA NRV (post rights issue and Consus)	5,526,661	-
Pro-forma EPRA NRV (post rights issue and Consus) per share (in EUR)(***)	45.96	-

(*) For the purpose of comparison, the figures for December 31, 2019 are pro-forma and are calculated to reflect the consolidation of ADLER into ADO.
(**) Including ground floor commercial units and excluding developments, BCP commercial portfolio and inventories.
(***) Calculation is based on adjusted number of shares post rights issue and Consus of 120.2m of shares assuming 100% ownership of Consus post VTO.

Letter from the Senior Management

Dear Investors,

The world is facing a challenging year, yet despite the turbulence we are presenting strong results for our activities this year, as well as a confident outlook for the future.

In a very active year for the Group, ADO has grown to become one of the largest listed residential players in Europe with a significant footprint in all of the top seven German cities. The Company is well positioned to become a potential MDAX candidate with an integrated German residential platform that includes about 75,000 units and a unique build-to-hold organic growth pipeline, secured at attractive values. With this significant development capability, ADO is well positioned to help reduce the housing shortage in Germany.

On the path to becoming one of the top German real estate players, we have executed a number of major milestones in the last six months. The successful closing of the business combination with ADLER in April was followed by ADO gaining control of Consus through the exercise of the Consus call option at the end of June. In July 2020, ADO enhanced its capital structure and prolonged its debt maturity profile following the successful completion of the EUR 450 million rights issue and the placement of the EUR 400 million five-year bond.

We have also been very active integrating the three companies into one streamlined organization.

"ADO has grown to be the fourth largest listed residential player in Europe with a significant footprint in the top 7 German cities and an integrated German residential platform with about 75,000 units."

Over this period, Covid-19 has presented multiple operational challenges for the Group. We have taken decisive action throughout to ensure the safety and wellbeing of our employees, customers and business partners, and will continue to retain this focus on health and safety.

As we look to the future, the enlarged group combines three very complementary businesses, positioning it extremely well for further growth. In addition, the German residential business is well positioned to withstand disruption relating to Covid-19, with rent deferrals at the end of August amounting to approximately EUR 400,000, which represents just 1.4% of total monthly rents, and came almost exclusively from our commercial assets.

“Following improved trading volume and increased market capitalization, ADO is well positioned to become a potential MDAX candidate.”

We welcome you to join us at our Annual General Meeting, which will be held on September 29, 2020.

We are pleased to welcome Thomas Zinnöcker, an experienced real estate expert, to our board of directors as an independent member.

We are also pleased to provide you with the first-time consolidated figures for ADO and ADLER.

Sincerely yours,

Co-CEO

Maximilian Rienecker

Co-CEO

Thierry Beaudemoulin

Thomas Zinnöcker is the CEO of ISTA International GmbH and Chairman of the Corporate Governance Initiative of the German real estate industry. He has previously held various board positions at German-listed residential companies: CEO of GSW Immobilien AG, CEO of Gagfah S.A. and Deputy CEO of Vonovia SE.

Barbarossastraße
09112 Chemnitz

INVESTOR RELATIONS

Stock Market and the ADO Share

The Share

Share Information (as at June 30, 2020)

1st day of trading	Jul 23, 2015
Subscription price	EUR 20.00
Price at the end of Q2 2020	EUR 24.22
Highest share price LTM	EUR 41.80
Lowest share price LTM	EUR 13.00
Total number of shares(*)	72.0m
ISIN	LU1250154413
WKN	A14U78
Symbol	ADJ
Class	Dematerialized shares
Free float	63.06%
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 1.9m shares which were issued via a capital increase on June 29, 2020.

Key Stock Market Data

ADO shares are traded on the Prime Standard of the Frankfurt Stock Exchange. During the 12 months ended June 30, 2020 the shares traded between EUR 13.00 and EUR 41.80. 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

As at June 30, 2020, the total number of outstanding shares of ADO Properties S.A. ("ADO") amounts to 72.0 million(*). Alongside the main shareholders ADO Group Ltd. (20.40%), Klaus Wecken (5.73%), Fairwater Multi-Strategy Investment ICAV (5.51%) and Mezzanine IX Investors S.A. (5.30%), the 63.06% free float shares are held mainly by institutional investors.

On July 6, 2020, the Company announced that it had successfully settled the call option with Aggregate Holdings S.A. ("Aggregate") and obtained control of Consus Real Estate AG ("Consus"). In connection with the settlement of the call option, the Company issued 1.9 million new shares and transferred 14.7 million existing shares previously held by ADO Group Ltd. to Aggregate in exchange for 69.6 million shares in Consus. Following the completion of the EUR 457 million rights issue on July 21, 2020, the Company has 104.8 million shares outstanding. As a result of these measures, Aggregate has become the largest shareholder in ADO with a stake of 21.72%.

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 29.80.

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. For the 2019 financial year, ADO's Board of Directors is proposing a one-time cancelation of the dividend in order to reduce the size of the rights issue, which was completed in July 2020.

(*) Only the listed shares are taken into account and not the 1.9m shares which were issued via a capital increase on June 29, 2020.

INTERIM MANAGEMENT REPORT

INTERIM
MANAGEMENT REPORT

Nahariyastr. 25
12309 Berlin

Fundamentals of the Group

Business Model

Our business model currently focuses on asset and property management, portfolio and facility management and identifying residential properties throughout Germany that present opportunities to create value by increasing rents, decreasing vacancy and privatizing condominiums. All 74,682 units are located in Germany. Our 1,228 operational employees are based in our Berlin headquarters as well as in several locations across Germany bringing us closer to our assets and tenants.

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

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

74,682
units

1,228
operational employees

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

Objectives and Strategy

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

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

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

We will continue to focus on increasing rents through active asset management and targeted investments to 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% in the mid-term.

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

Management System

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 and other applicable laws and regulations. The Board of Directors' duties, responsibilities and business procedures are laid down in the Company's Rules of Procedure. The day-to-day management of the Group is executed by the Senior Management Team. In cooperation with the Board of Directors, the Senior Management Team has established various key performance indicators for the daily as well as strategic management of the Group, which reflect the risks and opportunities relevant to a focused residential real estate business. These indicators, which will be defined in more detail further below, are 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), the Loan-to-Value ratio (LTV), and the Net Reinstatement Value (NRV).

Financial Performance Indicators

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

We will therefore start to report NRV going forward, as significant sales activities of the residential properties held are regularly only of minor relevance, as is the case with NTA and NDV.

A significant difference between NRV and the former NAV involves the real estate transfer tax of the properties held, which had previously been deducted for property valuation purposes, and is now included again as sales are not currently expected.

Nevertheless, for comparison purposes, we will continue to report EPRA NAV until further notice and retire EPRA NNNAV.

We calculate our NAV and NRV based on the best practice recommendations of EPRA.

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.

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.

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

Calculation of EPRA NRV

	Total equity attributable to owners of the Company
(+)	Revaluation of trading properties[1]
(–)	Fair value of derivative financial instruments[2]
(–)	Deferred taxes[3]
(+)	Real Estate Transfer Tax on investment properties[4]
	= EPRA NRV

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.

4) Real Estate Transfer Tax on investment properties in the amount of 6.0%.

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 and recharged utilities costs
=	**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; and (c) Property operations and maintenance, as presented in the "Cost of operations" note to the consolidated financial statements excluding one-off costs.

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

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 and interest for development projects, 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 margin from rental activities – calculated as NOI divided by net rental income, as well as EBITDA margin from rental activities – calculated as EBITDA from rental activities divided by net rental income. These metrics are useful to 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]
(–)	Interest of minority shareholders[11]
	= FFO 1 (from rental activities)

10) Only current income taxes relating to rental activities.

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

Continuing from FFO 1 (from rental activities), we derive AFFO (from rental activities), which is adjusted for the impact of 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[12]
	= AFFO (from rental activities)

12) 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)

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.

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

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

Calculation of LTV

	Bonds, other loans and borrowings and other financial liabilities
(–)	Cash and cash equivalents
(–)	Selected financial assets[13]
(–)	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[14] and investment in real estate companies[15]
	= Loan-to-Value ratio (LTV ratio)

13) Including loans granted, other financial assets and purchase price receivables at their book values as at the reporting date (non-current/current).

14) Including investment properties and trading properties at their fair value, advances paid in respect of investment properties and trading properties as well as property and equipment used for energy management services at its book value as at the reporting date.

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

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

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

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

Portfolio Performance Indicators

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

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

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

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

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

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

Corporate Governance

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

As at the date of this report, the Board of Directors is composed of Dr. Peter Maser (Chairman), 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 Mr. Maximilian Rienecker.

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

Business Performance Highlights

The good operational performance of our existing portfolio is well on track despite challenging market conditions. While like-for-like rental growth decreased significantly to 1.9% as a result of the Berlin Rent Cap that came into force on February 23, 2020, average rent of the residential portfolio increased marginally to EUR 6.20 m^2 per month.

EUR
6.20
average residential in-place rent per m²

1.9%
like-for-like rental growth

EUR
147.9m
income from rental activities

EUR
44.3m
FFO 1

5.6%
vacancy rate

53.5%
LTV

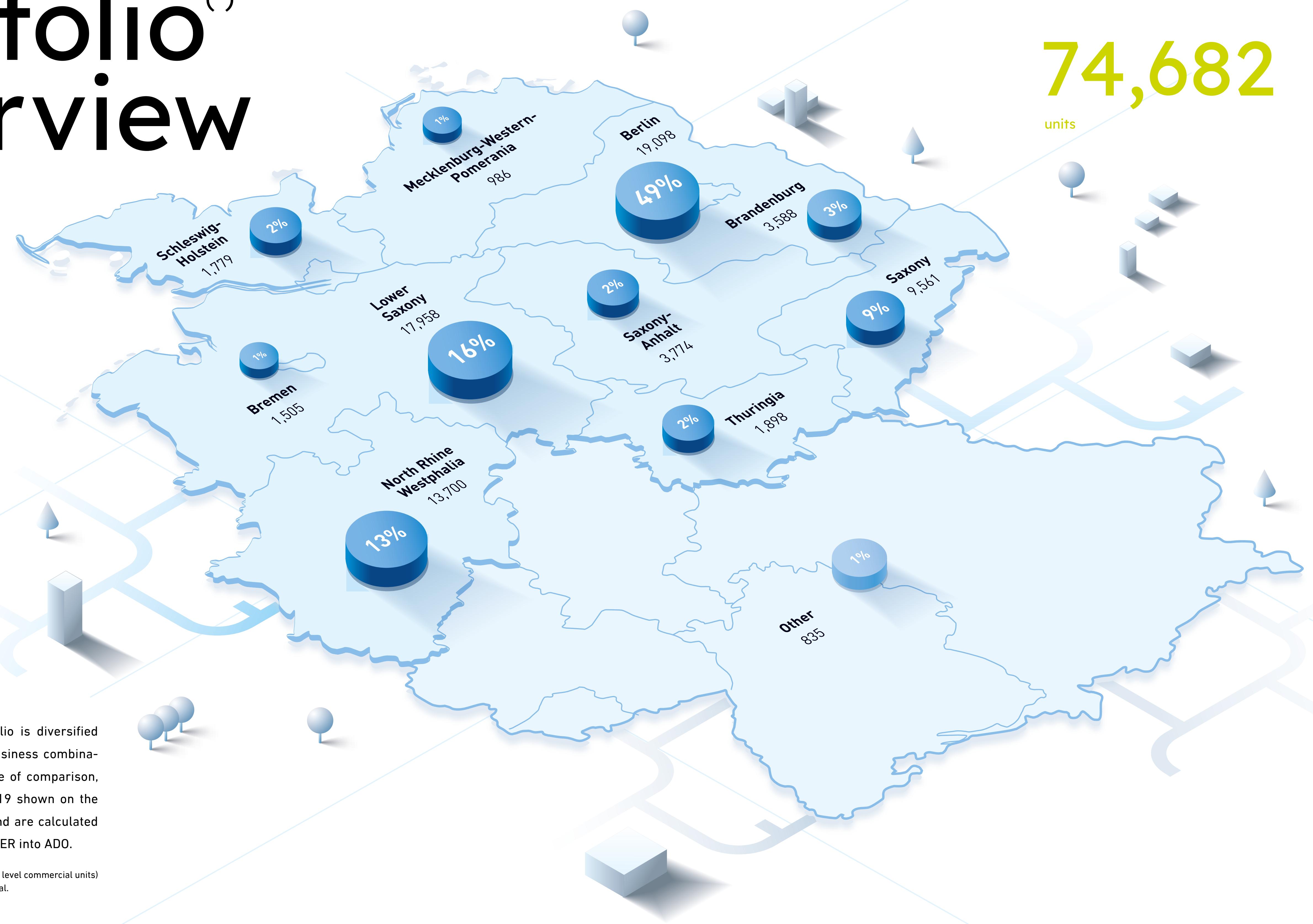
EUR
4,318m
EPRA NRV

FUNDAMENTALS OF THE GROUP

German Portfolio(*) Overview

EUR
7,989m
Total GAV

74,682
units



1% = % of GAV

1,505 = UNITS

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

(*) Includes ADLER residential (including ground level commercial units) and ADO residential and ground level commercial.

Portfolio Overview(*)

Location	Fair Value €/m 1H20	Fair Value €/m² 1H20	Units	Lettable area m²	NRI(**) €m 1H20	Rental yield (in-place rent)	Vacancy 1H20	Vacancy Δ YoY	1H20 Avg. Rent €/m²/ month	Rental growth Δ YoY LFL
Berlin	3,921	2,963	19,098	1,323,066	116.5	3.0%	2.6%	(0.3%)	7.54	1.9%
Leipzig	436	1,711	4,747	254,629	17.3	4.0%	5.3%	(0.8%)	5.98	4.6%
Wilhelmshaven	388	980	6,737	396,416	23.0	5.9%	6.5%	(1.0%)	5.18	2.5%
Duisburg	330	1,088	4,897	303,350	19.6	5.9%	3.3%	(0.4%)	5.57	1.4%
Wolfsburg	146	1,661	1,301	87,614	6.6	4.5%	2.3%	(0.9%)	6.40	3.3%
Göttingen	142	1,671	1,377	85,238	6.2	4.3%	1.7%	(1.8%)	6.12	4.5%
Dortmund	133	1,316	1,754	101,194	6.8	5.1%	4.8%	1.5%	5.93	0.7%
Hanover	124	1,974	1,109	63,044	5.4	4.3%	2.2%	(0.4%)	7.29	2.3%
Kiel	115	1,727	969	66,720	5.4	4.7%	1.7%	0.8%	6.85	1.2%
Düsseldorf	111	3,000	578	36,869	3.5	3.2%	2.3%	(0.4%)	8.18	0.7%
Halle (Saale)	94	928	1,777	101,238	5.2	5.6%	12.8%	0.1%	4.95	2.7%
Essen	90	1,378	1,024	65,100	4.4	4.9%	3.4%	0.5%	5.86	1.5%
Cottbus	85	821	1,763	103,314	5.5	6.5%	7.0%	(0.3%)	4.79	1.5%
Top 13 total	**6,114**	**2,046**	**47,131**	**2,987,792**	**225.6**	**3.7%**	**4.0%**	**(0.2%)**	**6.55**	**2.2%**
Other	1,874	1,089	27,551	1,721,727	104.1	5.6%	8.5%	0.7%	5.55	1.4%
Total	**7,989**	**1,696**	**74,682**	**4,709,519**	**329.7**	**4.1%**	**5.6%**	**0.2%**	**6.20**	**1.9%**

(*) All values include ground level commercial units, excluding developments, Riverside, BCP Commercial, inventories and units pending refurbishment.
(**) Annualized net rental income.

Portfolio Performance

Residential Portfolio(*)

	June 30, 2020	Dec 31, 2019
Number of units	74,682	75,721
Average rent / m² / month	EUR 6.20	EUR 6.19
Vacancy	5.6%	4.8%

(*) All values include ground level commercial units, excluding developments, Riverside, BCP Commercial, inventories and units pending refurbishment.

The average rent per m² increased to EUR 6.20 since the beginning of the year, while the vacancy rate increased to 5.6%.

Like-for-Like Rental Growth(*)

In %	LTM(**) June 30, 2020	Jan 1 – Dec 31, 2019
Like-for-like rental growth	1.9%	3.3%

(*) All values include ground level commercial units, excluding developments, Riverside, BCP Commercial, inventories and units pending refurbishment.
(**) Last 12 months (LTM).

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

Maintenance and CAPEX

In EUR per m²	Jan 1 – June 30, 2020	Jan 1 – Dec 31, 2019
Maintenance	3.4	8.6
CAPEX	8.1	26.1
Total	**11.5**	**34.7**

Maintenance and CAPEX

In EUR million	Jan 1 – June 30, 2020	Jan 1 – Dec 31, 2019
Maintenance	16.4	40.8
CAPEX	39.4	124.3
Total	**55.8**	**165.2**

Total investment in the portfolio amounted to EUR 55.8 million. The maintenance and CAPEX cost per m² of EUR 11.5 in the first six months was in line with our expectations.

1.9%

like-for-like rental growth

Vacancy Split

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

Vacancy(*)

	June 30, 2020	Dec 31, 2019
Total vacancy (units)	**4,305**	**3,567**
Total vacancy (m²)	**266,561**	**227,130**
Total vacancy rate	**5.6%**	**4.8%**
Total EPRA vacancy rate	**5.1%**	**4.2%**

(*) All values include ground level commercial units, excluding developments, Riverside, BCP Commercial, inventories and units pending refurbishment.

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.

5.6%

vacancy rate

Economic Review

Economic and Industry-Specific Parameters

General Market Situation

In the period under review, overall economic development in Germany was strongly influenced by the global corona pandemic and the measures taken to contain it. According to the German Federal Statistical Office, the gross domestic product in the second quarter of 2020 fell by 10.1% compared to the first quarter after price, seasonal and calendar adjustments. This was the sharpest drop since quarterly GDP calculations for Germany began in 1970. As such, the decline in GDP was more pronounced than during the global financial crisis of 2008/2009. Both exports and imports of goods as well as services and private consumer spending fell massively in the second quarter. The economic barometer of the German Institute for Economic Research (DIW) recovered significantly in July 2020 following previous slumps and rose to 90 points.

As consequence of the corona pandemic, the unemployment rate has risen significantly nationwide. The average for Germany as a whole was 6.3% in July 2020, which is 1.4 percentage points higher than in December 2019. However, the effects of the pandemic are now also slowly diminishing in the labor market. The rise in unemployment in July 2020, with an increase of 57,000 persons compared to June, was much more moderate than in the previous months. Seasonally adjusted, the number of unemployed even declined by 18,000 persons. 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, since 2005, has recorded a steady population increase. 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 percent 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 Departments therefore projects an annual demand of 20,000 flats through 2021. *(Source: Berlin's Senate Department for Urban Development and Housing, press release dated 01/09/2017).* 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

ECONOMIC REVIEW

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 consequence 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.

Germany's Residential Property Markets at a glance

According to the Federal Statistical Office, 141,926 dwellings were approved between January and May 2020, 3.9% more than in the previous year. Due to capacity bottlenecks in the construction industry, the number of construction completed did not rise with the same dynamic. With 293,002 completed dwellings in 2019, this was the highest number of construction completions since 2001. However, a backlog of approved but not yet completed dwellings totaling 740,400 units has built up in recent years.

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

With regard to the development of new rents, it can be seen that the previously dynamic development of the A-cities is slowing down and has been outpaced by the dynamic development of Germany as a whole since the beginning of 2019. While rents in the A-cities have increased by 2.2% since 2019, the increase in Germany as a whole was 4.2%. According to the IW Housing Demand Model of 2019, Germany will need around 342,000 new apartments in 2019 and 2020 respectively. Although construction activity is increasing, 293,000 new dwellings were completed in 2019, which is about 50,000 units too few. Even in the period from 2016 to 2018, only 83% of the demand was covered, and in the A-cities even only 71%.

The corona pandemic has so far had less of an impact on the residential property market than on other property asset classes. The demand for residential space is not substitutable and remains high in many places. Surveys of landlords conducted to date have shown that there has hardly been any loss of rent as a result of the corona pandemic so far, and if there is, then only to a small extent. Overall, the experts at the IW Köln therefore see good chances that the German residential real estate market can survive the current crisis relatively unscathed. The low level of construction activity in regions of high demand that does not cover demand is supporting both rents and purchase prices. At the same time, falling construction interest rates are stabilizing the market. Nevertheless, much depends on how quickly the economy recovers in Germany. In the event of a prolonged recession, it can be assumed that falling incomes could lead to lower rent increases or even to stagnation or a decline in rent levels.

Profit Situation

At the beginning of the second quarter of 2020, ADO Properties acquired nearly 92% of the shares in ADLER and consolidated the company and its subsidiaries for the first time. A comparison with the previous year's figures is therefore only possible to a limited extent.

Income from rental activities for the first six months increased in total due to the consolidation of ADLER since the beginning of the second quarter. The selling of a portfolio in 2019 and the "Mietendeckel/ Mietpreisbremse" had an offsetting effect. Income from rental activities due to ADLER amounts to EUR 89.1 million. The quarterly results reflect an annualized income of EUR 384.8 million for the year 2020.

EBITDA from rental activities for the first six months represent an annualized EBITDA of EUR 196.5 million for the year 2020. EBITDA from rental activities increased due to the consolidation of ADLER in an amount of EUR 41.9 million. The net profit from privatizations increased also due to the consolidation of ADLER.

In the first six months, financing cost for interest-bearing debt amounted to EUR 28.3 million. As at the end of the second quarter, our average interest rate on all outstanding debt is 1.82%, with a weighted average maturity of 3.7 years.

Other net financial costs is equal to the total "Net finance costs" from the profit or loss statement less "Net cash interest". The increase in Q2 2020 is mainly due to the call option for Consus, which was exercised on June 29, 2020. Because of the respective change in fair value, financial costs of EUR 92 million were recognized in H1 2020. When the call option was granted at the end of 2019, financial income of EUR 92 million was recognized.

Financial Performance(*)

	For the six months ended		For the three months ended		For the year ended
In EUR thousand	**June 30, 2020**	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**	**Dec 31, 2019**
Net rental income	114,791	67,449	86,887	33,796	134,141
Income from facility services and revenue from charged costs of utilities	33,106	3,912	31,576	1,869	7,431
Income from rental activities	**147,897**	**71,361**	**118,463**	**35,665**	**141,572**
Cost of rental activities(**)	(53,858)	(15,538)	(47,469)	(7,716)	(32,953)
NET OPERATING INCOME (NOI)	**94,039**	**55,823**	**70,994**	**27,949**	**108,619**
NOI margin from rental activities (%)	81.9%	82.8%	81.7%	82.7%	81.0%
Overhead costs(**)	(16,737)	(7,966)	(11,399)	(3,952)	(16,622)
EBITDA from rental activities	**77,302**	**47,857**	**59,595**	**23,997**	**91,997**
EBITDA margin from rental activities (%)	67.3%	71.0%	68.6%	71.0%	68.6%
Net profit from privatizations	5,236	1,066	4,524	427	1,809
EBITDA total	**82,538**	**48,923**	**64,119**	**24,423**	**93,806**
Net cash interest	(28,322)	(13,426)	(22,617)	(6,731)	(27,183)
Other net financial costs(***)	(125,597)	4,662	(107,958)	10,516	97,283
Depreciation and amortization	(2,741)	(735)	(2,376)	(424)	(1,354)
EBT	**(74,122)**	**39,424**	**(68,832)**	**27,784**	**162,552**

(*) Excluding effects from the changes in fair value, other expenses, other income and one-off overhead costs.
(**) Excluding one-off costs and depreciation and amortization.
(***) Including net income from at-equity valued investments.

FFO

In EUR thousand	For the six months ended June 30, 2020	June 30, 2019	For the three months ended June 30, 2020	June 30, 2019	For the year ended Dec 31, 2019
EBITDA from rental activities	77,302	47,857	59,595	23,997	91,997
Net cash interest	(28,322)	(13,426)	(22,617)	(6,731)	(27,183)
Current income taxes	(2,718)	(1,001)	(2,173)	(552)	(1,641)
Interest of minority shareholders of BCP	(1,952)	-	(1,952)	-	-
FFO 1 (from rental activities)	**44,311**	**33,430**	**32,853**	**16,714**	**63,173**
Maintenance capital expenditures	(9,647)	(8,829)	(8,934)	(4,568)	(11,648)
AFFO (from rental activities)	34,664	**24,600**	23,919	**12,146**	**51,525**
Net profit from privatizations	5,236	1,066	4,524	427	1,809
FFO 2 (incl. disposal results)	**49,547**	**34,496**	**37,377**	**17,140**	**64,982**
No. of shares(*)	50,111	44,131	56,094	44,131	44,163
FFO 1 per share	**0.88**	**0.76**	**0.59**	**0.38**	**1.43**
FFO 2 per share	**0.99**	**0.78**	**0.67**	**0.39**	**1.47**

(*) 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 - June 30, 2020	Jan 1 - Dec 31, 2019
Net cash from operating activities	23,312	88,764
Net cash used in investing activities	(209,276)	269,062
Net cash from financing activities	119,582	1,767
Net change in cash and cash equivalents	(66,382)	359,593
Cash and cash equivalents at the beginning of the period	387,558	27,965
Net cash and cash equivalents acquired as a result of business combination	75,095	-
Cash and cash equivalents at the end of the period	396,271	387,558

Financial and Asset Position

Overall, over the course of the first half of 2020, the Group's balance sheet and structure has significantly changed. This is due to the fact that ADLER, the majority of which was acquired in April, was included in the consolidated financial statements for the first time at the end of the first half of the year. In this context, ADO refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilized bridge facility agreement with JP Morgan. A comparison with the previous year's figures is therefore only possible to a limited extent.

Financial Position

In EUR thousand	June 30, 2020	Dec 31, 2019
Investment properties and advances in respect of investment properties	8,825,256	3,630,753
Other non-current assets	695,985	301,388
Non-current assets	**9,521,241**	**3,932,141**
Cash and cash deposits	396,271	387,558
Assets of disposal group classified as held for sale	19,323	-
Other current assets	447,718	76,766
Current assets	**863,312**	**464,324**
Total assets	**10,384,553**	**4,396,465**
Interest-bearing debts	5,878,886	1,331,584
Other liabilities including liabilities of disposal group classified as held for sale	244,070	127,086
Deferred tax liabilities	796,469	239,347
Total liabilities	**6,919,425**	**1,698,017**
Total equity attributable to owners of the Company	**2,935,374**	**2,646,792**
Non-controlling interests	529,754	51,653
Total equity	**3,465,128**	**2,698,445**
Total equity and liabilities	**10,384,553**	**4,396,465**

On June 30, 2020 our EPRA NRV stood at EUR 4.3bn, EUR 5.5bn post rights issue and Consus equating to pro-forma EPRA NRV per share of EUR 45.96.

EPRA NRV

In EUR thousand	June 30, 2020	Dec 31, 2019
Total equity attributable to owners of the Company	2,935,374	2,646,792
Fair value of derivative financial instruments	12,977	6,150
Deferred tax liabilities	791,435	239,347
Revaluation of trading properties	14,932	13,410
EPRA NAV	**3,754,718**	**2,905,699**
Real estate transfer tax on investment properties	563,234	231,348
EPRA NRV	**4,317,952**	**3,137,047**
No. of shares (in thousands) at the end of the period (basic)	57,328	44,195
EPRA NRV per share	**75.32**	**70.98**
Convertibles	99,111	159,718
EPRA NRV (fully diluted)	**4,417,063**	**3,296,765**
No. of shares (in thousands) at the end of the period (diluted)	59,022	46,933
EPRA NRV per share (fully diluted)	**74.84**	**70.24**

In EUR thousand	June 30, 2020
Pro-forma EPRA NRV (post rights issue)	4,774,952
Pro-forma EPRA NRV (post rights issue) - per share (in EUR)(*)	54.17
Pro-forma EPRA NRV (post rights issue and Consus)	5,526,661
Pro-forma EPRA NRV (post rights issue and Consus) per share (in EUR)(**)	45.96

EUR

45.96(**)

Pro-forma EPRA NRV per share

(*) Calculation is based on adjusted number of shares post rights issue of 88.1m of shares.
(**) Calculation is based on adjusted number of shares post rights issue and Consus of 120.2m of shares assuming 100% ownership of Consus post VTO.

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	June 30, 2020	Dec 31, 2019
Bonds, other loans and borrowings and other financial liabilities	5,884,376	1,379,535
Cash and cash equivalents	(396,271)	(387,558)
Selected financial assets	(499,320)	(135,076)
Assets and liabilities of disposal groups held for sale, net	(19,311)	-
Deferred taxes related to liabilities of disposal groups held for sale	34	-
Net financial liabilities	4,969,508	856,901
Fair value of properties and investment in real estate companies	9,282,390	3,856,181
Loan-to-Value Ratio	53.5%	22.2%
Average interest rate	1.8%	1.6%

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

As at the reporting date, our Loan-to-Value (LTV) was 53.5%. The increase is due to the consolidation of ADLER and the drawing down of an amount of EUR 885 million under the bridge facility agreement. At the end of the second quarter, the average interest rate of all outstanding debts is 1.8% and the weighted average maturity 3.7 years. Most 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 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	June 30, 2020	Dec 31, 2019	Change in %
EPRA NRV (in EUR thousand)	EPRA NRV 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 movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.	The objective of EPRA NRV is to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	4,317,952	3,137,047	38%
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.	5.2%	2.7%	2.5 bps

Material Events in the Reporting Period and Subsequent Events

A. On January 30, 2020, the World Health Organisation (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.

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 has not extended these regulations from July 1, 2020 onwards.

ADO Properties S.A. is continuously assessing the impact of Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at June 30, 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 material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.

MATERIAL EVENTS IN THE REPORTING PERIOD AND SUBSEQUENT EVENTS

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 Aktiengesellschaft ("ADLER"). ADO Properties has offered 0.4164 new shares in ADO Properties as consideration in exchange for each tendered share in Adler. The offered ADO Properties shares were created on March 31, 2020, by way of capital increase by exercising the authorized capital of ADO Properties pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of ADO Properties). The Offer closed on March 25, 2020 with an acceptance rate of 91.93%. As of April 9, 2020, the newly issued shares of ADO Properties are listed at the Frankfurt Stock Exchange. On April 9, 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of ADO Properties by the Board of Directors became effective.

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

Closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by Adler and/or its respective subsidiaries. On April 9, 2020, ADO Properties refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilized under ADO Properties' 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 Properties 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.

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 (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, the approval of the General Meeting of ADLER.

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

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 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% Consus shares were acquired in January 2020.

On April 9, 2020, ADO Properties started to consolidate ADLER, which held 3.6% of Consus shares, therefore together with ADLER, ADO Properties held 25.78% of the outstanding shares of Consus.

On June 29, 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and included the transfer of existing shares and issuance of new shares in ADO Properties, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 457 million), which was announced by the Company on July 2, 2020 and subject to approval by the authorities. Therefore, as at June 30, 2020 the Company concluded that it did not have control over Consus. At the reporting date, the business combination has not been completed and the activities of Consus are not consolidated in the financial statements. ADO Properties has assessed its investment in Consus and determined that it also did not have significant influence as at June 30, 2020, due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option was not substantive as at the end of June 2020, because the settlement still required approvals, which were not a mere formality. Therefore, the investment is classified as a financial asset and measured at fair value.

In order to reduce the size of the rights issue to EUR 457 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the financial year 2019 to the General Meeting of ADO Properties S.A.

Having been exercised on July 2, 2020, the call option has been successfully settled and ADO Properties gained control of Consus. In connection with the settlement of the call option, ADO Properties issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in

MATERIAL EVENTS IN THE REPORTING PERIOD AND SUBSEQUENT EVENTS

exchange for 69,619,173 shares in Consus. Taking into consideration the completed rights issue, Aggregate currently holds 21.72% in ADO Properties and ADO Properties currently holds 65.1% in Consus. Following settlement of the call option, ADO Properties intends to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). The Tender Offer will be based on an exchange ratio of 0.272 new ADO Properties shares for each Consus share, corresponding to the exchange ratio under the call option as adjusted for the rights issue.

Furthermore, the Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between ADO Properties, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group.

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

The disclosure regarding the business combination achieved in the beginning of July 2020 cannot be made for lack of valid data at the time of acquisition.

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 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz "WpÜG") and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung "WpÜG-AngebVO") per WESTGRUND Share.

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

On May 6, 2020, ADO Properties published the offer document (the Offer Document) for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on 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 WpÜG and Section 5 WpÜG-AngebVO).

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

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

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

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

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

Forecast Report

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

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

Opportunities and Risk Report

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

ADO and ADLER have reported in detail on the opportunities and risks of their business activities in their 2019 annual reports and have already amended this report for the first quarter of 2020. Since then, the assessments of opportunities and risks has changed slightly in some aspects.

Remarkable risks and opportunities of ADO Properties in detail

The three overall-interdependent, significant risks: "refinancing risk", "deterioration of corporate rating" and "reputation risk on the capital market" are considered very significant for ADO in the future. If the rating should be lowered, this could have a significant impact on refinancing and ADO-group reputation on the capital market. Although the European Central Bank's interest rate remains on a low level, interest rate hikes can be observed in the capital market and among commercial banks due to higher risk provisions by banks and increasing risk aversion among commercial banks and institutional investors.

After the "Business Combination Agreement" between ADO Properties and ADLER took effect, the first steps were taken to develop a uniform structure and to combine the various activities wherever it appears economically reasonable. It is already apparent that synergy potential can be achieved this year.

On June 29, 2020 ADO exercised its call option to acquire control of Consus Real Estate AG ("Consus") and intends to make a voluntary public tender offer in due course to all remaining minority shareholders of Consus. As of June 30, 2020 there was a risk,

OPPORTUNITIES AND RISK REPORT

that the transaction may not be completed, should the CSSF did not approve.

A further significant individual risk is the possible "exit tax of ADO Group Ltd., Israel". Since March 2020, ADO Group Ltd. has its managing directors in Germany but not in Israel. Due to the Covid-19 pandemic the borders to Israel are closed. The management decisions may not take place in Israel and Federal Authorities may come to the conclusion that the future decisions will take place in Germany or Luxembourg. This could trigger a potential exit-tax issue.

Opportunities arise not only from the fact, that costs can be reduced inside larger structures. They also might arise from potential better financing conditions. Further synergies might rise if the new ADO/ADLER/Consus Group will receive lower prices for goods and services. Finally the new group will become more attractive for employees, because of offering a greater, better variety of career development opportunities.

The payment of the outstanding receivables of ADLER sub-group against the purchaser of the shares of ACCENTRO Real Estate AG, Berlin, has been further extended to the end of 2020 with a new payment deadline. ADLER considers the receivables to be secured. Nevertheless, the receivables risk is a potential risk.

In 2019, 75% of the shares of Glasmacherviertel GmbH & Co. KG, Düsseldorf-Gerresheim, were sold by Brack Capital Properties N.V. Amsterdam, Netherland, a sub-group of ADLER, to an investor. The first installment of the purchase price has been paid. The three subsequent purchase price installments are each dependent on the granting of several approvals or development stages of "real estate development Gerresheim", the occurrence of which could be delayed. This could result in longer waiting periods for payment of the purchase price.

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

The rent cap decreed by the Berlin Senate stipulates that rents must be reduced from their current level if they exceed the maximum rents staggered according to the year of construction of the property. In its first quarter report, ADO reported risks of its business activities in connection with the so called "Berliner Mietendeckel" in great details. Since then, the risk assessment has changed significantly. With the acquisition of ADLER Real Estate AG, the Company was able to diversify its portfolio. As only 2.9% of its total real estate portfolio is based in Berlin. The constitutionality of the rent cap initiate by the Berlin Senate still leads to questions. Until the highest court will make decisions, it therefore remains uncertain whether the measures decreed by the Berlin Senate will limit rents or will cause reductions in existing rents. In any case, however, this effect currently is minimal for ADLER.

In case ADO has agreed or will agree on any contractual provisions in existing or 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, we expect the impact of these to only have a minimal effect on our business, net assets, financial condition, results of operations and prospects.

Coronavirus pandemic: impact on ADO Properties

The unprecedented outbreak of coronavirus (Covid-19) has led to a significant economic decline across the world. The German government imposed a lockdown period; kindergarten, schools, universities, and businesses were closed, and people were instructed to stay home.

To mitigate the effects of the coronavirus pandemic, the German government adopted several measures earlier this year, some which also affect rental contracts ADO Properties S.A. currently has in place with tenants. For the period of April through September 2020, we gave our tenants assurance we would not terminate lease agreement of tenants who are not able to pay their rent timely due to the crisis, but defer the rental payments instead. 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 August 31, 2020, Covid-19 has not been contained, and the extent of the economic crisis in Germany remains unknown. Still, we believe that due to continued increase of rents and demand for living space in the German residential market, there is a very low risk of losing tenants and there should continue to be a high occupancy rate. ADO Properties expected no further risks in terms of a continuous inflow of its liquidity. In any case, the tenants had only made isolated use of this option vis-à-vis ADO Properties.

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 Half-Year 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 six months of the year.

CO-CHIEF EXECUTIVE OFFICER

Maximilian Rienecker

CO-CHIEF EXECUTIVE OFFICER

Thierry Beaudemoulin

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Schnackenburgstr. 4
12159 Berlin

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 June 30, 2020, the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period ended June 30, 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 June 30, 2020, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Luxembourg, August 30, 2020

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	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Assets				
Non-current assets				
Investment properties	5A	8,823,997	4,328,953	3,624,453
Investments in financial instruments	6B	207,951	-	186,158
Investments in associated companies	5B	75,948	-	-
Advances in respect of investment properties		1,259	6,300	6,300
Property and equipment		27,732	10,641	10,927
Other financial assets	5C, 6B	355,405	7,127	98,871
Restricted bank deposits		4,273	2,921	3,873
Deferred expenses		13,593	789	745
Right-of-use assets		6,049	1,208	814
Deferred tax assets		5,034	-	-
		9,521,241	**4,357,939**	**3,932,141**
Current assets				
Trading properties	5D	106,782	30,180	25,860
Restricted bank deposits		67,934	29,528	26,494
Trade receivables		48,883	11,292	15,570
Other receivables	5E	174,119	4,342	8,842
Cash and cash equivalents		396,271	95,830	387,558
Advances paid	5F	50,000	-	-
		843,989	**171,172**	**464,324**
Non-current assets held for sale	5G	19,323	-	-
Total assets		**10,384,553**	**4,529,111**	**4,396,465**

Equity and liabilities

In EUR thousand	Note	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Shareholders' equity				
Share capital		89	55	55
Share premium		1,101,004	499,209	500,608
Treasury shares	4	(319,423)	-	-
Reserves		200,791	319,979	250,684
Retained earnings		1,952,913	1,543,285	1,895,445
Total equity attributable to owners of the Company		**2,935,374**	**2,362,528**	**2,646,792**
Non-controlling interests		**529,754**	**50,742**	**51,653**
Total equity		**3,465,128**	**2,413,270**	**2,698,445**
Liabilities				
Non-current liabilities				
Corporate bonds	5H	2,417,793	397,172	397,433
Convertible bonds	5H	211,699	155,283	156,334
Other loans and borrowings	5I	3,001,389	1,111,300	740,212
Other financial liabilities	6B	3,658	44,838	46,416
Derivatives	6B	9,776	10,402	6,091
Pension provisions		4,006	-	-
Lease liabilities		20,216	525	473
Other payables		9,509	-	-
Deferred tax liabilities		796,469	287,119	239,347
		6,474,515	**2,006,639**	**1,586,306**
Current liabilities				
Corporate bonds	5H	10,206	-	-
Other loans and borrowings	5I	237,799	49,023	37,605
Other financial liabilities	6B	1,832	1,535	1,535
Trade payables		44,354	16,190	22,079
Other payables		144,359	41,540	49,613
Lease liabilities		3,147	690	823
Derivatives	6B	3,201	224	59
		444,898	**109,202**	**111,714**
Liabilities held for sale	5G	12	-	-
Total equity and liabilities		**10,384,553**	**4,529,111**	**4,396,465**

CO-CHIEF EXECUTIVE OFFICER CO-CHIEF EXECUTIVE OFFICER

Maximilian Rienecker **Thierry Beaudemoulin**

Date of approval: August 30, 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 six months ended June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	For the three months ended June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Revenue	7A	174,618	79,696	142,996	39,707	156,520
Cost of operations	7B	(74,180)	(21,571)	(66,390)	(10,622)	(44,011)
Gross profit		**100,438**	**58,125**	**76,606**	**29,085**	**112,509**
General and administrative expenses		(26,985)	(9,179)	(20,749)	(4,598)	(25,050)
Other expenses	7C	(24,942)	-	(18,890)	-	(13,188)
Other income	7D	78,743	-	71,943	-	78,132
Changes in fair value of investment properties	5A	141,228	258,729	141,228	258,729	461,517
Results from operating activities		**268,482**	**307,675**	**250,138**	**283,216**	**613,920**
Finance income		4,323	6,886	2,313	11,639	102,475
Finance costs		(158,606)	(15,650)	(133,252)	(7,854)	(32,375)
Net finance income (costs)	7E	**(154,283)**	**(8,764)**	**(130,939)**	**3,785**	**70,100**
Net income from investments in associated companies		364	-	364	-	-
Profit before tax		**114,563**	**298,911**	**119,563**	**287,001**	**684,020**
Income tax expense		(28,873)	(45,190)	(30,896)	(43,469)	(77,096)
Profit for the period		**85,690**	**253,721**	**88,667**	**243,532**	**606,924**
Profit attributable to:						
Owners of the Company		57,241	249,582	58,871	239,702	601,874
Non-controlling interest		28,449	4,139	29,796	3,830	5,050
Profit for the period		**85,690**	**253,721**	**88,667**	**243,532**	**606,924**
Basic earnings per share (in EUR)		**1.14**	**5.66**	**1.05**	**5.43**	**13.63**
Diluted earnings per share (in EUR)		**1.07**	**5.66**	**1.00**	**5.43**	**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 six months ended June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	For the three months ended June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Profit for the period	**85,690**	**253,721**	**88,667**	**243,532**	**606,924**
Items that may be reclassified subsequently to profit or loss					
Effective portion of changes in fair value of cash flow hedges	534	(656)	480	(332)	10
Related tax	(64)	104	(57)	53	(2)
Reserve from financial assets measured at fair value through other comprehensive income	(47,066)	-	25,636	-	(67,510)
Total other comprehensive income (loss)	**(46,596)**	**(552)**	**26,058**	**(279)**	**(67,502)**
Total comprehensive income for the period	**39,094**	**253,169**	**114,725**	**243,253**	**539,422**
Total comprehensive income attributable to:					
Owners of the Company	10,645	249,030	84,929	239,423	534,372
Non-controlling interest	28,449	4,139	29,796	3,830	5,050
Total comprehensive income for the period	**39,094**	**253,169**	**114,725**	**243,253**	**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 six months ended June 30, 2020 (Unaudited)	For the six months ended June 30, 2019 (Unaudited)	For the three months ended June 30, 2020 (Unaudited)	For the three months ended June 30, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Cash flows from operating activities						
Profit for the period		85,690	253,721	88,667	243,532	606,924
Adjustments for:						
Depreciation		2,793	747	2,418	432	1,488
Profit from selling portfolio		3,859	-	3,859	-	(78,132)
Change in fair value of investment properties	5A	(141,228)	(258,729)	(141,228)	(258,729)	(461,517)
Non-cash other income and expense		(74,788)	-	(74,788)	-	-
Non-cash income from at-equity valued investment associates		(364)	-	(364)	-	-
Net finance costs (income)	7E	154,283	8,764	130,939	(3,785)	(70,100)
Income tax expense		28,873	45,190	30,896	43,469	77,096
Share-based payment		227	263	164	138	1,530
Change in short-term restricted bank deposits related to tenants		(20,664)	(1,420)	(20,419)	(659)	(2,142)
Change in long-term restricted bank deposits from condominium sales		(400)	(2,641)	4,492	(1,763)	(4,102)
Change in trade receivables		(367,015)	2,021	(366,201)	1,937	(2,959)
Change in other receivables		4,449	(933)	(211)	1,988	(2,931)
Change in trading properties		1,135	4,848	379	2,186	9,168
Change in trade payables		370,310	(2,250)	368,536	(548)	5,632
Change in other payables		(23,247)	195	(13,887)	233	15,896
Income tax paid		(601)	(6,592)	(1,104)	(6,206)	(7,087)
Net cash from operating activities		**23,312**	**43,184**	**12,148**	**22,225**	**88,764**
Cash flows from investing activities						
Purchase and CAPEX of investment properties	5A	(55,273)	(31,357)	(52,733)	(15,936)	(44,068)
Advances paid for investment property purchase		6,300	-	-	-	-
Grant of the long-term loans		(43,542)	-	-	-	-
Proceeds from investment property disposal		38,022	(2,448)	38,022	(1,393)	570,335
Investment in financial instruments		(89,185)	-	(49,026)	-	(254,342)

In EUR thousand	Note	For the six months ended June 30, 2020 (Unaudited)	For the six months ended June 30, 2019 (Unaudited)	For the three months ended June 30, 2020 (Unaudited)	For the three months ended June 30, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Purchase of and CAPEX on property and equipment		(773)	-	(707)	-	(3,121)
Interest received		18	6	-	2	39
Acquisition of subsidiaries, net of acquired cash		(64,235)	-	(14,235)	-	-
Change in short-term restricted bank deposits, net		(608)	218	(4,684)	218	218
Net cash used in investing activities		**(209,276)**	**(33,581)**	**(83,363)**	**17,109**	**269,061**
Cash flows from financing activities						
Acquisiton of non-controlling interests		(6,258)	-	-	-	-
Repayments of bonds	5H	(15,583)	-	(15,583)	-	-
Long-term loans received	5I	1,323,190	79,427	1,323,190	79,427	79,427
Repayment of long-term loans	5I	(1,282,894)	(8,094)	(1,280,191)	(4,224)	(15,876)
Short-term loans received	5I	175,000	30,000	-	30,000	-
Upfront fees paid for credit facilities		(217)	(305)	(49)	(143)	(702)
Interest paid		(39,120)	(9,310)	(35,854)	(5,348)	(26,427)
Payment of lease liabilities		(1,483)	(358)	(1,274)	(183)	(789)
Compensation fee payments in respect of other financial liabilities		-	-	-	-	(768)
Transaction cost		(6,656)	-	(2,591)	-	-
Payment from settlement of derivatives		(26,397)	-	(8,979)	-	-
Dividend distributed		-	(33,098)	-	(33,098)	(33,098)
Net cash from financing activities		**119,582**	**58,262**	**(21,331)**	**66,431**	**1,767**
Change in cash and cash equivalents during the period		**(66,382)**	**67,865**	**(92,546)**	**71,547**	**359,592**
Net cash and cash equivalents acquired as a result of business combination (note 4)		**75,095**	**-**	**75,095**	**-**	**-**
Cash and cash equivalents at the beginning of the period		**387,558**	**27,965**	**413,722**	**24,283**	**27,966**
Cash and cash equivalents at the end of the period		**396,271**	**95,830**	**396,271**	**95,830**	**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 six months ended June 30, 2020 (Unaudited)

In EUR thousand	Share capital	Share premium	Treasury Shares	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	-	-	-	-	-	-	57,241	57,241	28,449	85,690
Other comprehensive income (loss) for the period, net of tax	-	-	-	470	-	(47,066)	-	(46,596)	-	(46,596)
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**470**	**-**	**(47,066)**	**57,241**	**10,645**	**28,449**	**39,094**
Transactions with owners, recognized directly in equity										
Change relating to business combination (note 4)	34	600,396	(319,423)	-	-	-	-	281,007	409,898	690,905
Transactions with non-controlling interest without a change in control	-	-	-	-	-	-	-	-	(8,961)	(8,961)
Changes in put option	-	-	-	-	(3,298)	-	-	(3,298)	48,715	45,417
Share-based payment	-	-	-	-	-	-	227	227	-	227
Balance as at June 30, 2020	**89**	**1,101,004**	**(319,423)**	**(380)**	**315,746**	**(114,576)**	**1,952,913**	**2,935,374**	**529,754**	**3,465,128**

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

For the six months ended June 30, 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	-	-	-	-	249,582	249,582	4,139	253,721
Other comprehensive loss for the period, net of tax	-	-	(552)	-	-	(552)	-	(552)
Total comprehensive income (loss) for the period	**-**	**-**	**(552)**	**-**	**249,582**	**249,030**	**4,139**	**253,169**
Transactions with owners, recognized directly in equity								
Changes in put option	-	-	-	(4,346)	-	(4,346)	-	(4,346)
Dividend distributed	-	-	-	-	(33,098)	(33,098)	-	(33,098)
Share-based payment	-	-	-	-	263	263	-	263
Balance as at June 30, 2019	**55**	**499,209**	**(1,411)**	**321,390**	**1,543,285**	**2,362,528**	**50,742**	**2,413,270**

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

For the three months ended June 30, 2020 (Unaudited)

In EUR thousand	Share capital	Share premium	Treasury Shares	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 April 1, 2020	**55**	**500,608**	**-**	**(803)**	**315,746**	**(140,211)**	**1,893,877**	**2,569,273**	**99,021**	**2,668,294**
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-		58,871	58,871	29,796	88,667
Other comprehensive income (loss) for the period, net of tax	-	-	-	423	-	25,636	-	26,059	-	26,059
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**423**	**-**	**25,636**	**58,871**	**84,930**	**29,796**	**114,726**
Transactions with owners, recognized directly in equity										
Change relating to business combination (note 4)	34	600,396	(319,423)	-	-	-	-	281,007	409,898	690,905
Transactions with non-controlling interest without a change in control	-	-	-	-	-	-	-	-	(8,961)	(8,961)
Share-based payment	-	-	-	-	-	-	164	164	-	164
Balance as at June 30, 2020	**89**	**1,101,004**	**(319,423)**	**(380)**	**315,746**	**(114,575)**	**1,952,913**	**2,935,374**	**529,754**	**3,465,128**

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

For the three months ended June 30, 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 April 1, 2019	**55**	**499,209**	**(1,132)**	**325,376**	**1,336,543**	**2,160,051**	**46,912**	**2,206,963**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	239,702	239,702	3,830	243,532
Other comprehensive loss for the period, net of tax	-	-	(279)	-	-	(279)	-	(279)
Total comprehensive income (loss) for the period	**-**	**-**	**(279)**	**-**	**239,702**	**239,423**	**3,830**	**243,253**
Transactions with owners, recognized directly in equity								
Changes in put option	-	-	-	(3,986)	-	(3,986)	-	(3,986)
Dividend distributed	-	-	-	-	(33,098)	(33,098)	-	(33,098)
Share-based payment	-	-	-	-	138	138	-	138
Balance as at June 30, 2019	**55**	**499,209**	**(1,411)**	**321,390**	**1,543,285**	**2,362,528**	**50,742**	**2,413,270**

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.

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37081 Göttingen

Note 1 – ADO Properties S.A.

ADO Properties S.A. (the "Company" or "ADO Properties") 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 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.

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

After the business combination with ADLER Real Estate AG, the Company holds and operates a portfolio of mainly residential assets not only in Berlin but throughout Germany.

The condensed consolidated interim financial statements of the Company as at June 30, 2020 and for the six-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 August 30, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 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.

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

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

- IAS 1 and IAS 8

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

- Conceptual Framework

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

- IFRS 9, IAS 39 and IFRS 7

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

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

- IFRS 17 Insurance Contracts from January 1, 2021
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) from January 1, 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS 28) – available for optional adoption/effective date deferred indefinitely

Note 4 – Acquisition of ADLER Real Estate Aktiengesellschaft

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

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

ADLER is a well-established residential property holder with around 92% of the investment properties referred to the residential portfolio. Since June 2015, ADLER is listed on the SDAX index of the Frankfurt Stock Exchange. As at April 1, 2020, ADLER held approximately 58,000 rental units totaling 3.5 million square meters (m^2). The regional focus of the Group's properties is primarily Lower Saxony, North Rhine-Westphalia and Saxony. ADLER's portfolio comprises small and medium-sized residential units. Prior to the voluntary public takeover, ADLER held 33.25% of the voting rights in ADO Properties. With closing, ADLER's stake in ADO Properties amounts to 20.45% due to dilution effects. As at June 30, 2020, ADLER's stake in ADO Properties amounts to 19.86%.

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

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

Identifiable assets acquired and liabilities assumed

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

In EUR thousand	
Investment properties	4,929,746
Investment in financial instruments	350,516
Investments in associated companies	79,539
Advances in respect of investment properties	78,765
Property and equipment	13,533
Other financial assets	340,958
Right-of-use assets	6,323
Deferred tax assets	3,452
Trading properties	85,916
Restricted bank deposits	29,865
Trade receivables	44,371
Other receivables	123,946
Cash and cash equivalents	75,095
Non-current assets held for sale	55,228
Acquired assets	**6,217,253**
Corporate bonds	2,041,760
Convertible bonds	116,462
Other loans and borrowings	2,240,927
Other financial liabilities	2,965
Derivatives	6,255
Lease liabilities	22,839
Pension provisions	4,049
Deferred tax liabilities	535,462
Trade payables	43,531
Other payables	117,162
Non-current liabilities held for sale	12
Assumed liabilities	**5,131,422**
Fair value of acquired net assets	**1,085,831**
Non-controlling interests	409,898
Equity purchase price (consideration)	601,133
Gain from bargain purchase	**74,800**

The portfolio of ADLER has only shown minor differences since December 31, 2019, resulting mainly from the sale of assets. Investment properties valuations were performed by an independent appraiser as at December 31, 2019. In addition, analysis and calculations were performed as at April 9, 2020. Market values and rents have been compared to market information available, which has not shown effects from the Covid-19 pandemic in Q1 2020. There are no material impacts of the rental freeze because ADLER has only a few investment properties in Berlin which are affected by the regulation. There were no signs that the trend observed in 2019 of increasing purchase prices and moderate increase in rental prices in the German residential market would changes significantly. A decline in prices was expected for the commercial real estate due to the weakened financial situation of tenants. The income of ADLER properties is almost entirely derived from residential units, corresponding to a similar distribution in lettable area. ADLER management considers that the effect from the Covid-19 crisis only has an immaterial impact on the monthly rental income because of the low share of commercial assets. Nevertheless, ADLER adjusted the fair values of its commercial assets for EUR 10.3 million in Q1 2020 because of the measures to contain Covid-19. Changes in fair value of the residential portfolio were considered by adding capital expenditures during Q1 2020 as well as by considering changes in the underlying portfolio. Thus, it was assumed that investment properties are reflected with their proper fair value in the balance sheet of ADLER as at the date of the first-time consolidation.

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

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

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

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

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

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

decline of the stock market price of ADO Properties since the date the exchange ratio was determined.

ADLER has contributed EUR 113.0 million to revenues and EUR 161.8 million to results from operating activities since the consolidation. Had the acquisition taken place on January 1, 2020, the acquisition would have contributed EUR 216.0 million to revenues and EUR 170.6 million to results from operating activities.

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

A. Investment properties

In EUR thousand	**June 30, 2020 (Unaudited)**	**June 30, 2019 (Unaudited)**	**Dec 31, 2019 (Audited)**
Balance as at January 1	3,624,453	4,044,023	4,044,023
Additions arising from business combination (Note 4)	4,929,746	-	-
Additions by way of acquiring assets	15,840	-	-
Capital expenditure	22,145	31,301	44,013
Investments in project development properties under construction (acquisition and building costs)	95,916	-	-
Transfer from investment properties to property and equipment	(3,337)	(5,100)	(5,100)
Transfer from investment properties to assets of disposal groups classified as held for sale	(1,994)	-	-
Disposal of subsidiaries	-	-	(920,000)
Fair value adjustments	141,228	258,729	461,517
Balance as at the end of the reporting period	**8,823,997**	**4,328,953**	**3,624,453**

According to the Group's fair value valuation policies for investment properties, the investment properties generally undergo a detailed valuation as at June 30 and December 31 of each year. The fair value of the investment properties as at June 30, 2020 was mainly determined by valuation expert CBRE, an independent industry specialist that has appropriate, recognized professional qualifications and up-to-date experience regarding the location and category of the properties. The fair value of the investment properties under construction (project development) of ADLER was determined by the valuation expert NAI Apollo, an independent industry specialist that has appropriate, recognized professional qualifications and up-to-date experience regarding the location and category of the properties.

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

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

Both valuation experts have considered the impacts of rental freeze for properties located in Berlin and Covid-19 for the fair values. The rental income in Berlin decreases because of the rental freeze.

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

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

Based on the above, the overall fair values as at June 30, 2020 are on a portfolio level increasing.

The fair value adjustment in the first half year 2020 for the residential portfolio of ADO Properties without ADLER was positive at EUR 10.4 million despite the impact of the rental freeze in Berlin as well as Covid-19. CBRE has incorporated changes in the cash flow of the DCF model due to the regulations of the rental freeze.

A positive fair value adjustment of EUR 130.8 million was recognized for the residential portfolio of ADLER (including development projects) in the second quarter of 2020. The remaining commercial properties of the ADLER portfolio, which are planned to be sold, have been affected by the measures to contain the coronavirus, so they were already given a negative fair value adjustment of EUR 10.3 million in the first quarter of 2020 (before the first-time consolidation). No further adjustments were necessary in the second quarter.

B. Investments in associated companies

Because of the first-time consolidation of ADLER, seven companies with a total fair value of EUR 79.5 million were included in the consolidated financial statements of ADO Properties using the equity method (Note 4).

In EUR thousand	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Balance as at January 1	-	-	-
Additions arising from business combination (Note 4)	79,539	-	-
Share of gain and losses (at equity result)	364	-	-
Transfer to non-current assets held for sale	(3,955)	-	-
Balance as at the end of the reporting period	**75,948**	**-**	**-**

The main investments in associated companies are ACCENTRO Real Estate AG, AB Immobilien B.V., Caesar JV Immobilienbesitz und Verwaltungs GmbH and Glasmacherviertel GmbH & Co. KG.

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

ADLER holds interest (25%) in AB Immobilien B.V., which is a property company that pursues the objective of selling its assets at a profit. At the end of June 2020, the interest in AB Immobilien B.V. has a book value of EUR 5.4 million.

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

As a result of the binding sale and purchase agreement concluded in the third quarter of 2019 for the sale of a project development in Düsseldorf, the fully consolidated company Glasmacherviertel GmbH & Co. KG was sold at the end of the first quarter of 2020. As part of the agreed share deal, ADLER retained 25% of the shares in this company. At the end of June 2020, the interest in Glasmacherviertel GmbH & Co. KG has a book value of EUR 56.0 million.

C. Other financial assets

The Group has receivables to third parties in an amount of EUR 219.8 million and to associated companies in an amount of EUR 112.9 million. In addition to these receivables, other financial assets also include an option for purchasing the non-controlling interest and bonds that are held as part of a business model whose aim is both to hold financial assets for the collection of contractual cash flows and to sell financial assets if necessary (Note 6B).

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

On February 6, 2020 ADO Properties granted an interest-bearing loan of EUR 43.5 million 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) its minority shareholdings in various entities in which ADO Properties (directly or directly) owns the majority of shares. The interest on the loan shall accrue at an interest rate of 3.00% p.a. The loan amount may increase or decrease, as the case may be, if and to the extent the final purchase price to be paid by Taurecon for the purchase or the shares may be adjusted going forward. This loan is classified as a financial asset and measured at fair value through profit and loss because it does not meet the "solely payment of principal and interest" criteria. The valuation model is based on a univariate Monte-Carlo simulation. As a result of the acquisition of the non-controlling 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. in the first quarter of 2020. As at June 30, 2020, the fair value of the loan amounts to EUR 37.6 million. At March 31, 2020 this receivable was reported under loans granted in the balance sheet. The disclosure has been adjusted.

The remaining purchase price receivables of ADLER from the sale of the 75% stake in Glasmacherviertel GmbH & Co. KG against the buyer were deferred, subject to customary interest and collateral. For payment of the purchase price receivables, it was agreed that each instalment payment would be due when certain project development milestones, which are determined but not yet fixed regarding the timing, are met. Accounting for default risks, a receivable of EUR 131.9 million from the buyer was recognized as at the balance sheet date. Provided that the set milestone is met on time, a partial payment of EUR 70.0 million would be due by the end of the financial year.

As of the first-time consolidation date of ADLER, an amount of EUR 139.2 million in respect of receivables to associated companies was included at their fair value (Note 4). The receivables from associated companies are mainly based on the following circumstances:

On December 27, 2018, ADLER (seller) entered into a binding agreement with Benson Elliot Capital Management LLP (purchaser), which plans to sell around 2,300 rental units to a joint venture, AB Immobilien B.V., Amsterdam, Netherlands, in which ADLER likewise holds a 25-percent interest. ADLER remains responsible for asset, property and facility management until the properties are sold to third parties. ADLER will benefit from the potential upside of the final sale by the joint venture. The properties were worth approximately EUR 117.7 million. Control over the rental units was transferred in the first quarter of 2019. The agreement for the sale of the around 2,300 rental units to AB Immobilien B.V. does not provide for a significant financing component as the remaining consideration is variable after the partial payment has been made. The amount and date of the consideration depend on the resale of properties to third parties over which ADLER has no significant influence. However, payment is intended by no later than December 31, 2028. As at June 30, 2020, ADLER recognizes receivables from AB Immobilien B.V. of EUR 45.5 million considering default risks.

After the sale of the 75% interest in Glasmacherviertel GmbH & Co. KG, an interest-bearing loan receivable of EUR 59.8 million was recognized by ADLER from the associated company, considering default risks.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

D. Trading properties

During the six months ended June 30, 2020, ADO Properties excluding ADLER completed sales for a total consideration of EUR 2.8 million (during the first six months of 2019: EUR 8.4 million and during the year 2019: EUR 14.9 million) recorded under revenues in the condensed consolidated interim statement of profit or loss.

ADLER recognized revenues of EUR 24.0 million for the sale of trading properties in the second quarter of 2020.

In EUR thousand	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	Dec 31, 2019 (Audited)
Balance as at January 1	25,860	35,028	35,028
Additions arising from business combination (Note 4)	85,916	-	-
CAPEX	13,368	379	430
Disposals	(18,362)	(5,227)	(9,598)
Balance as at the end of the reporting period	**106,782**	**30,180**	**25,860**

E. Other receivables

As at the reporting date, other current receivables include residual receivables of EUR 57.7 million against the buyer of the shares in ACCENTRO which ADLER had sold at the end of 2017. Payment had been postponed several times according to a mutual understanding. The remaining and secured purchase price claim is to be paid in the course of 2020 after a further extension of the time limit and is subject to a market interest rate.

As of the reporting date, other current receivables include short-term receivables of EUR 55.0 million against associated companies and other short-term loans of EUR 24.8 million.

F. 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 320.0 million on a cash-free debt-free basis, subject to finalization of the Company's due diligence. In exchange for a EUR 50.0 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, which is not finalized yet.

G. Non-current assets held for sale

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

Other non-current assets held for sale primarily include investment properties recognized at a value of EUR 15.3 million, for which notarial purchase contracts were available at the balance sheet date. The disposal of non-current assets held for sale did not have any material impact on earnings, as the assets were already measured at fair value. This corresponded to the sale price for the properties less related expenses. Other non-current liabilities held for sale are to be transferred upon disposal of the assets. In the second quarter of 2020, control over further commercial units of ADLER held for sale with a value of EUR 41.7 million was transferred.

H. Corporate bonds and convertible bonds

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

In EUR thousand	June 30, 2020 (Unaudited)	June 30, 2019 (Unaudited)	Dec 31, 2019 (Audited)
ADO Properties Bond 2017/2024	397,711	397,172	397,433
ADO Properties Convertible Bond 2018/2023	96,935	155,283	156,334
ADLER Convertible Bond 2016/2021	114,764	-	-
ADLER Bond 2017/2021	494,474	-	-
ADLER Bond 2017/2024	287,438	-	-
ADLER Bond 2018/2023	487,471	-	-
ADLER Bond 2018/2026	283,011	-	-
ADLER Bond 2019/2022	394,331	-	-
BCP Bond 2011/2020 (A)	0	-	-
BCP Bond 2013/2024 (B)	46,756	-	-
BCP Bond 2014/2026 (C)	36,861	-	-
Total balance	**2,639,698**	**552,455**	**553,767**

On July 20, 2017, the Company placed unsecured, fixed-rate corporate bonds with a total nominal amount of EUR 400 million with institutional investors (ADO Properties Bond 2017/2024). 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 bonds in a total nominal amount of EUR 165 million with institutional investors, which are convertible into new and/or existing ordinary registered shares of the Company (ADO Properties Convertible Bond 2018/2023). 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. With the acquisition of ADLER on April 9, 2020, ADO Properties effectively repurchased 38.24% of its outstanding convertible bond which is extinguished from the Group's perspective (Note 4).

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

The ADLER Convertible Bond 2016/2021 with a total number of 10,000,000 bonds and a nominal value of EUR 13.79 per bond was issued in June 2016. The convertible bond totals EUR 137.9 million, has an interest rate of 2.5% and matures in July 2021. ADLER grants each bondholder the right, within the exercise period, to convert each bond into no-par bearer shares in ADLER each representing a nominal value of EUR 1.00 of the share capital as at the issue date. The conversion price at issuance was EUR 13.79. The conversion price was adjusted to EUR 12.5364 as at June 7, 2017 and then to EUR 12.5039 as at August 31, 2018 as a result of the issuing of bonus shares. A total of 1,922,577 bonds were converted up to June 30, 2020.

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

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

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

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

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

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 has been adjusted from BBB- to BB with

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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 and corresponding synergies, including the announced rights issue, and comparable rating analysis. Following ADO's intention to acquire full control of Consus Real Estate AG, on June 29, 2020, S&P affirmed their 'BB' long-term issuer credit rating with stable outlook.

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

The rating for ADLER from S&P is BB with stable outlook.

I. Other loans and borrowings

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

As at June 30, 2020, other loans and borrowings of ADO Properties excluding ADLER 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 June 30, 2019: 1.7% and as at December 31, 2019: 1.6%). The average maturity of other loans and borrowings is 3.5 years (as at June 30, 2019 and as at December 31, 2019: 4 years). The other loans and borrowings of ADLER carry an average effective interest rate of 2.0% per annum. The average maturity of these other loans and borrowings is 3.8 years. In total the other loans and borrowings of ADO Properties including ADLER carry an average effective interest rate of 1.8% per annum with an average maturity of 3.7 years.

As of June 30, 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 2-year term and two extension options, each for one year. The interest rate is variable (1.45% as of June 30, 2020). 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. As at June 30, 2020, the Group drew down an amount of EUR 125 million in total.

On December 15, 2019, the Company signed a EUR 3,463 million bridge facility agreement with a variable interest rate (1.9% as of June 30, 2020) and a 1-year term and four extension options, each for six months (see note 9B). The maximum amount of the bridge facility agreement with J.P. Morgan Securities Plc, J.P. Morgan AG and J.P. Morgan Europe Limited has subsequently been reduced and, as at June 30, 2020, is EUR 2,424 million. On April 9, 2020, ADO Properties refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilized bridge facility agreement. As at June 30, 2020, the Group drew down an amount of EUR 885 million in total under the bridge facility agreement.

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

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

Note 6 – Financial Instruments

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

	June 30, 2020 (Unaudited)		June 30, 2019 (Unaudited)		December 31, 2019 (Audited)	
In EUR thousand	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Corporate bonds	2,427,999	2,422,488	397,172	393,728	397,433	397,140
Convertible bonds	211,699	219,001	155,283	160,793	156,334	172,348
Variable rate loans and borrowings(*)	1,319,480	1,317,589	76,324	78,527	75,758	78,878
Fixed rate loans and borrowings(*)	1,919,708	1,972,632	1,083,999	1,105,839	702,059	713,609
Total	**5,878,886**	**5,931,710**	**1,712,778**	**1,738,887**	**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:

	June 30, 2020 (Unaudited)			June 30, 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 assets (1)	15,753	-	44,506	-	7,127	-	-	98,871
Derivative financial liabilities (2)	-	10,938	2,039	10,626	-	-	6,150	-
Investment in financial instruments (3)	201,457	-	6,494	-	-	186,158	-	-

(1) Other financial assets include the Group's option for purchasing the non-controlling interest in a transaction completed at the end of 2013 (fair value amounting to EUR 6,955 thousand as at June 30, 2020) and a call option agreement with a major shareholder of Consus Estate AG ("Consus") to acquire an additional 50.97% in Consus (fair value amounting to EUR 92,009 thousand as at December 31, 2019). ADO Properties has exercised the call option on the 29 June 2020, therefore the financial instrument is no longer a call option but rather a contingent forward transaction with a negative fair value as at June 30, 2020, which is included in other current liabilities.

After the first-time consolidation of ADLER, other financial assets include bonds that are held as part of a business model whose aim is both to hold financial assets for the collection of contractual cash flows and to sell financial assets if necessary. These debt instruments are therefore measured at fair value with changes in other comprehensive income. As at June 30, 2020, the fair value amounted to EUR 15,753 thousand based on the market price.

As at June 30, 2020, the fair value of the loan to Taurecon amounts to EUR 37,551 thousand.

(2) The fair value of the interest rate swaps, including both current and non-current liabilities (EUR 8,762 thousand), is measured by discounting the future cash flows over the period of the contract and using market interest rates appropriate for similar instruments. The credit risk used by the bank is not a material component of the valuation made by the bank, and the other variables are market-observable.

The fair value of the derivative component of convertible bonds (EUR 2,176 thousand) is determined by an external valuer, calculated by reference to the market terms of similar convertible securities.

The negative fair value of the contingent forward (EUR 2,039 thousand) with the major shareholder of Consus was calculated based on the stock prices of Consus and ADO Properties and the agreed exchange rate as at June 30, 2020 and is included in other current financial liabilities.

(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. On April 9, 2020 ADO Properties started to consolidate ADLER, which holds 3.6% of Consus shares, therefore together with ADLER, ADO Properties holds 25.78% of the outstanding shares of Consus. On June 29, 2020 the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and includes the transfer of existing shares and issuance of new shares in ADO Properties, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue, which was announced by the Company on July 2, 2020 and subject to approval by the authorities and the underwriters. Therefore, as at June 30, 2020 ADO Properties has no control over Consus.

The Group has assessed its investment in Consus and determined that it also does not have significant influence due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option is not substantive as at the end of June 2020, because the settlement requires approvals which are not a mere formality. Therefore, the investment is classified as a financial asset and measured at fair value. ADO Properties elected to present the changes in fair value of the 22.18% investment in Consus in other comprehensive income ("OCI") and through profit and loss for the 3.6% held by ADLER. As at June 30, 2020, the fair value of the investment amounts to EUR 201,457 thousand.

Furthermore because of the consolidation of ADLER, the remaining shares (in each case 10.1%) in the property companies of BCP, as part of the sale of three commercial units, in the amount of EUR 6,494 thousand are recognized. They are measured at fair value through profit or loss.

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

A. Revenue

	For the six months ended		For the three months ended		For the year ended
In EUR thousand	**June 30, 2020 (Unaudited)**	**June 30, 2019 (Unaudited)**	**June 30, 2020 (Unaudited)**	**June 30, 2019 (Unaudited)**	**Dec 31, 2019 (Audited)**
Net rental income	114,791	67,449	86,887	33,796	134,141
Income from charged costs of utilities	22,819	-	22,819	-	-
Selling of condominiums	26,721	8,335	24,553	4,042	14,948
Income from facility services	10,287	3,912	8,757	1,869	7,431
Total	**174,618**	**79,696**	**142,996**	**39,707**	**156,520**

Net rental income amounting to EUR 59,413 thousand, income from charged costs of utilities amounting to EUR 22,819 thousand, revenues from selling of condominiums amounting to EUR 23,970 thousand and income from facility services with an amount of EUR 6,842 thousand are attributable to the business of ADLER.

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

B. Cost of operations

In EUR thousand	For the six months ended June 30, 2020 (Unaudited)	For the six months ended June 30, 2019 (Unaudited)	For the three months ended June 30, 2020 (Unaudited)	For the three months ended June 30, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Salaries and other expenses	13,679	6,337	11,086	3,135	11,443
Costs of apportionable utilities	25,051	-	25,051	-	-
Costs of utilities recharged, net	544	771	174	336	1,630
Selling of condominiums – cost	18,362	6,033	16,961	2,906	11,058
Property operations and maintenance	16,544	8,430	13,118	4,245	19,880
Total	**74,180**	**21,571**	**66,390**	**10,622**	**44,011**

Salaries and other expenses amounting to EUR 8,775 thousand, costs of apportionable utilities with an amount of EUR 25,051 thousand, costs relating to the selling of condominiums amounting to EUR 16,322 thousand and costs for property operations and maintenance with an amount of EUR 10,272 thousand are attributable to the business of ADLER.

C. Other expenses

Other expenses are mainly due to the business combinations of ADO Properties and ADLER and ADO Properties and Consus Real Estate AG as well as the related legal and consulting fees.

D. Other income

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

E. Net finance income/(costs)

In EUR thousand	For the six months ended June 30, 2020 (Unaudited)	For the six months ended June 30, 2019 (Unaudited)	For the three months ended June 30, 2020 (Unaudited)	For the three months ended June 30, 2019 (Unaudited)	For the year ended Dec 31, 2019 (Audited)
Interest received	18	-	-	-	39
Change in fair value of other financial asset - profit	-	-	-	-	-
Other finance income	3,671	-	3,671	-	-
Interest on bonds	(17,060)	(5,307)	(14,388)	(2,670)	(10,670)
Change in fair value of derivative component of convertible bond	634	6,368	(1,248)	11,145	10,180
Change in fair value of investment in financial assets and other financial assets	(90,644)	-	(79,500)	-	92,256
Change in fair value of loans granted	(6,510)	-	1,020	-	-
Impairment of financial instruments	(1,141)	-	(1,141)	-	-
Interest on other loans and borrowings	(26,891)	(9,344)	(23,212)	(4,689)	(19,046)
One-off refinance costs	(7,444)	-	(7,444)	-	-
Other finance expenses	(8,916)	(481)	(8,697)	(1)	(2,659)
Total	**(154,283)**	**(8,764)**	**(130,939)**	**(3,785)**	**70,100**

Net finance income/(costs) amounting to EUR 28,854 thousand is attributable to the business of ADLER.

Note 8 – Segments Reporting

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

ADLER, the majority of which was acquired in April 2020, is preliminary presented as an independent segment in accordance with current internal reporting to the chief operating decision maker. It is intended to revisit the segment reporting once the businesses of its acquirees are fully integrated with that of ADO Properties.

Information about reportable segments

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

For the six months ended June 30, 2020 (Unaudited)

In EUR thousand	Residential property management	Privatization	ADLER	Total consolidated
External income from residential property management	58,616	206	89,074	147,897
External income from selling condominiums	-	2,751	23,970	26,721
Consolidated revenue	**58,616**	**2,957**	**113,044**	**174,618**
Reportable segment gross profit	**46,953**	**860**	**52,624**	**100,438**
General and administrative expenses				(26,985)
Changes in fair value of investment properties				141,228
Other expenses				(24,942)
Other income				78,743
Finance income				4,323
Finance expenses				(158,606)
Net income from at-equity-valued investments				364
Consolidated profit before tax				**114,563**
Income tax expense				(28,873)
Consolidated profit after tax				**85,690**

For the six months ended June 30, 2019 (Unaudited)

In EUR thousand	Residential property management	Privatization	Total consolidated
External income from residential property management	71,069	292	71,361
External income from selling condominiums	-	8,335	8,335
Consolidated revenue	**71,069**	**8,627**	**79,696**
Reportable segment gross profit	**55,575**	**2,550**	**58,125**
General and administrative expenses			(9,179)
Changes in fair value of investment properties			258,729
Finance income			518
Finance costs			(9,282)
Consolidated profit before tax			**298,911**
Income tax expense			(45,190)

For the three months ended June 30, 2020 (Unaudited)

In EUR thousand	Residential property management	Privatization	ADLER	Total consolidated
External income from residential property management	29,313	75	89,074	118,463
External income from selling condominiums	-	563	23,970	24,533
Consolidated revenue	**29,313**	**638**	**113,044**	**142,996**
Reportable segment gross profit	**24,002**	**(20)**	**52,624**	**76,606**
General and administrative expenses				(20,749)
Changes in fair value of investment properties				141,228
Other expenses				(18,890)
Other income				71,943
Finance income				2,313
Finance costs				(133,252)
Consolidated profit before tax				**119,563**
Income tax expense				(30,896)
Consolidated profit after tax				**88,667**

For the three months ended June 30, 2019 (Unaudited)

In EUR thousand	Residential property management	Privatization	Total consolidated
External income from residential property management	35,516	149	35,665
External income from selling condominiums	-	4,042	4,042
Consolidated revenue	**35,516**	**4,191**	**39,707**
Reportable segment gross profit	**27,785**	**1,300**	**29,085**
General and administrative expenses			(4,598)
Changes in fair value of investment properties			258,729
Finance income			494
Finance costs			3,291
Consolidated profit before tax			**287,001**
Income tax expense			(43,469)

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**

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Note 9 – Material events in the reporting period and Subsequent Events

A. On January 30, 2020, the World Health Organisation (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.

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 has not extended these regulations from July 1, 2020 onwards.

ADO Properties S.A. is continuously assessing the impact of Covid-19. The valuation of the investment properties, financial assets and financial liabilities as at June 30, 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 material impact on the rental income. In Germany, the rents are still continuing to rise and the demand for living space is increasing as well. This leads to a very low risk of losing tenants and a high occupancy rate due to a change in the general condition on the residential markets. In addition, in case the Company will have to deal with deferral of rental income, the Company has sufficient sources of funding its operating continuity.

B. On 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 Aktiengesellschaft ("ADLER"). ADO Properties has offered 0.4164 new shares in ADO Properties as consideration in exchange for each tendered share in Adler. The offered ADO Properties shares were created on March 31, 2020, by way of capital increase by exercising the authorized capital of ADO Properties pursuant to Section 5 of its articles of association (via a Board of Directors' resolution of ADO Properties). The Offer closed on March 25, 2020 with an acceptance rate of 91.93%. As of April 9, 2020, the newly issued shares of ADO Properties are listed at the Frankfurt Stock Exchange. On April 9, 2020, the appointment of Maximilian Rienecker, Co-CEO of ADLER, as Co-CEO of ADO Properties by the Board of Directors became effective.

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

Closing of the Offer triggered change-of-control rights under, inter alia, a EUR 885 million bridge loan of ADLER and certain other financings entered into by Adler and/or its respective subsidiaries. On April 9, 2020, ADO Properties refinanced the EUR 885 million bridge loan of ADLER with a EUR 885 million bridge loan utilized under ADO Properties' 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 Properties 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.

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 (as controlled entity) to further implement the integration. Such measures include, among others, the appointment of a valuer to perform the required IDW S1 company valuation. The conclusion of the domination agreement is subject to further steps, among others, the approval of the General Meeting of ADLER.

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

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 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% Consus shares were acquired in January 2020.

On April 9, 2020, ADO Properties started to consolidate ADLER, which held 3.6% of Consus shares, therefore together with ADLER, ADO Properties held 25.78% of the outstanding shares of Consus.

On June 29, 2020, the Board of Directors of the Company resolved to exercise the call option to acquire control of Consus. The call option was settled in multiple tranches and included the transfer of existing shares and issuance of new shares in ADO Properties, in each case to the major shareholder of Consus. The settlement of the call option was subject to a successful launch of rights issue (EUR 457 million), which was announced by the Company on July 2, 2020 and subject to approval by the authorities. Therefore, as at June 30, 2020 the Company concluded that it did not have control over Consus. At the reporting date, the business combination has not been completed and the activities of Consus are not consolidated in the financial statements. ADO Properties has assessed its investment in Consus and determined that it also did not have significant influence as at June 30, 2020, due to, inter alia, its current voting rights, the lack of board representation, the relative size and dispersion of the holdings of other shareholders. In addition, the option was not substantive as at the end of June 2020, because the settlement still required approvals, which were not a mere formality. Therefore, the investment is classified as a financial asset and measured at fair value.

In order to reduce the size of the rights issue to EUR 457 million, the Board of Directors resolved to recommend the cancelation of any dividend distributions for the financial year 2019 to the General Meeting of ADO Properties S.A.

Having been exercised on July 2, 2020, the call option has been successfully settled and ADO Properties gained control of Consus. In connection with the settlement of the call option, ADO Properties issued 1,946,093 new shares and transferred 14,692,889 existing shares (treasury shares) previously held by ADLER to major shareholder of Consus, Aggregate Holdings S.A. ("Aggregate") in exchange for 69,619,173 shares in Consus. Taking into consideration the completed rights issue, Aggregate currently holds 21.72% in ADO Properties and ADO Properties currently holds 65.1% in Consus. Following settlement of the call option, ADO Properties intends to make an offer to all Consus' shareholders to acquire their Consus shares by way of a voluntary public tender offer in the form of an exchange offer (the "Tender Offer"). The Tender Offer will be based on an exchange ratio of 0.272 new ADO Properties shares for each Consus share, corresponding to the exchange ratio under the call option as adjusted for the rights issue.

Furthermore, the Board of Directors intends to initiate proceedings to potentially conclude a domination agreement between ADO Properties, as the controlling entity, and Consus, as the controlled entity, (the "Domination Agreement") in order to facilitate the integration of Consus into the Group.

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

The disclosure regarding the business combination achieved in the beginning of July 2020 cannot be made for lack of valid data at the time of acquisition.

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 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz "WpÜG") and in conjunction with Section 5 para. 4 of the German WpÜG Offer Ordinance (WpÜG-Angebotsverordnung "WpÜG-AngebVO") per WESTGRUND Share.

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

On May 6, 2020, ADO Properties published the offer document (the Offer Document) for the Takeover Offer and Delisting Tender Offer and offered to acquire all WESTGRUND Shares against payment of a consideration of EUR 11.74 in cash per WESTGRUND Share, corresponding to the value of the business calculated on 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 WpÜG and Section 5 WpÜG-AngebVO).

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

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

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

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

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


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Financial Calendar 2020

For Financial Calendar dates 2020 please visit
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Imprint

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