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## HIGHLIGHTS

- Takeover of MÜBAU Real Estate GmbH
- Acquisition of a Logistics Property from Thyssen Krupp

## > FINANCIAL RATIOS ADLER REAL ESTATE AG

In EUR	Mar. 31, 2007	Dec. 31, 2006	+/- in %
<b>Balance Sheet Ratios</b>			
Shareholders equity	35.825.236	27.653.596	29,6%
Equity ratio	71,7%	74,6%	
Subscribed capital	15.000.000	15.000.000	0,0%
Total assets	49.991.466	37.048.318	34,9%

In EUR	Mar. 31, 2007	Dec. 31, 2006	+/- in %
<b>Key Figures</b>			
Total operating income	8.340.194	766.990	987,4%
EBIT	7.209.194	235.927	2955,7%
Net profit for the period	7.183.583	240.863	2882,4%
Earnings per share	0,48	0,02	2889,3%
Employees	16	7	128,6%

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## > FOREWORD OF THE MANAGEMENT BOARD

Dear shareholders,

In the first quarter of 2007, ADLER Real Estate AG followed along the path of the exceedingly successful financial year 2006. The first quarter was completely dominated by the takeover of MÜBAU Real Estate GmbH. With MÜBAU Real Estate GmbH, three project development properties with a total of approx. 300,000 sqm were acquired for housing construction as well as three portfolio objects. We were thus able to report an increase in the consolidated result for the first quarter from EUR 0.24 million in the first quarter of 2006 by EUR 6.94 million to EUR 7.18 million. Total operating income amounted to EUR 8.34 million compared to EUR 0.77 million in the first quarter of 2006. After deducting depreciation and expenses, EBIT of EUR 7.21 million arose. Total consolidated assets amounted to approx. EUR 49.99 million as of the cutoff date (March 31, 2007), thus increasing over December 31, 2006 by 34.9%. This success is essentially attributable to the initial consolidation of MÜBAU Real Estate GmbH and the resulting EUR 14.73 million increase in real estate assets.

As a real estate company active in project development, portfolio management and asset management, ADLER Real Estate AG is superbly positioned. Through the takeover of MÜBAU Real Estate GmbH, the company was able to expand its range of business to include the attractive housing construction sector and gain additional expertise in this sector.

Together with THG Real Estate GmbH, ADLER Real Estate AG was also able to acquire a 126,000 sqm property in Duisburg-North in March of this year. In an excellent location, a logistics center will be built there together with our partner, THG Real Estate GmbH. Our company holds a majority share of 60% in the project. The first of the three construction phases is slated to begin this year.

The strategy of diversification by geographical location and property type will be continued in the further course of financial year 2007. In April of this year, two properties in Munich and Berlin were sold for total proceeds of EUR 4.50 million. Further sales

were prepared. These sales confirm the estimated values and will substantially strengthen the liquidity base. This additional increase in liquidity can be profitably invested in the current development projects and portfolio investments. Beyond this, ADLER Real Estate AG remains on the look out for strategic alliances with domestic and foreign partners. Promising projects concerning possible shareholdings or acquisitions will be reviewed in the upcoming period.

It is also the goal of ADLER Real Estate AG to spread the risks of the individual projects through diversification. This approach is of great importance in the capital-intensive real estate industry.

We are grateful for the commitment of our employees, the expert work of our business partners and the sound communication with our Supervisory Board Members.



Barbara Yaltrak



Axel Harloff

Management Board

## > THE ADLER-STOCK AND INVESTOR RELATIONS

### Market Environment

The positive trend on the capital markets appears to be continuing in calendar year 2007. In technical analytical terms, the DAX, the German stock index, exceeded the 6,600-point mark in the first quarter and has worked its way steadily up to 6,917 points. In the first 3 months of the year, Germany's most important stock market barometer registered growth of 303 points or 4.58%. The CDAX performed even more strongly than the DAX. In the first quarter, the CDAX increased from 597 points as of the start of the year by 5.8% to 632 points. In contrast, the DIMAX, the German real estate stock index, decreased in the comparable period by 2.9%, corresponding to a decline from 543 to 527 points as of March 31, 2007. ADLER Real Estate AG is weighted at 0.21% on the DIMAX.

### Development of the ADLER Share Price

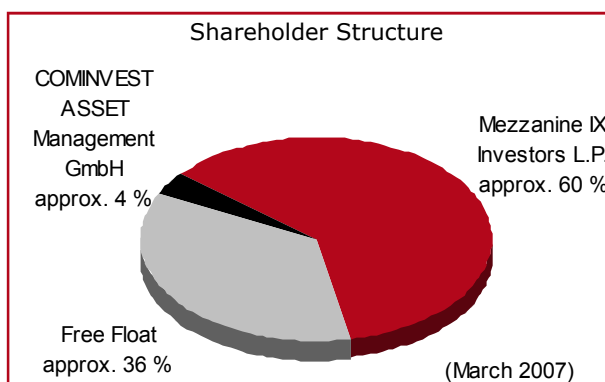
The ADLER share closed at the end of the first quarter of 2007 at a price of EUR 2.99. After starting the year at EUR 3.95, the share dropped by EUR 0.96 or 24.3%. Despite the fact that financial year 2006 went very well in operative terms, the market reacted cautiously in 2007, so that the share continued in January and February of 2007 its sideways movement from the previous year.



Even with positive corporate news at the start of the quarter in the form of new acquisitions and the expansion of the real estate portfolio to the private housing construction sector, the price level did not rise, the share consolidating in March at around EUR 3.00. The ADLER share has stabilized to date at this level. From a business perspective, the price of the ADLER share does not reflect the company's current position.

### Shareholder Structure of ADLER Real Estate AG

The main shareholder, Mezzanine IX Investors L.P., holds approx. 60% of ADLER stock. COMINVEST ASSET Management GmbH holds a share of approx. 4%. Around 36% of shares are in free float.



### Independent Research Study

A company analysis by Independent Research on April 2, 2007 confirmed the ADLER share with a "Buy". The study relied in this regard on the successful restructuring, the management's many years of experience in the real estate sector and the excellent network of business partners and banks. The study also referred to the company's solid and profitable liquidity situation. According to Independent Research, the many promising development projects and strategic long-term interests of the shareholders also count among the strengths of ADLER Real Estate AG.

## > THE ADLER-STOCK AND INVESTOR RELATIONS

### Investor Relations

Precisely in the market environment of small and midcaps, financial market communications is especially important. The current capital market communications of ADLER Real Estate AG therefore include activities beyond the provisions of law for enterprises in the General Standard segment. In addition to continuous roadshows (e.g. in London) and also through participation in the HSBC Trinkaus Real Estate Conference, the company was able to present itself to current and potential investors. ADLER Real Estate AG will also continue these activities in the future in the accustomed professional way. Admission to trading on the Prime Standard Segment, whose transparency level has already been met by ADLER Real Estate AG, is foreseen for the near future.

### The ADLER Share at a Glance

<b>Name</b>	ADLER Real Estate AG	<b>Listed at</b>	Official trading
<b>Registered office location</b>	Frankfurt/Main HRB 7287	<b>Indices</b>	CDAX General Standard Index DIMAX
<b>SIN</b> (10 million non-par shares)	500 800	<b>Stock Exchange Listings</b>	Xetra Frankfurt Berlin-Bremen Duesseldorf Hamburg Munich
<b>ISIN</b>	DE0005008007		
<b>SIN</b> (5 million non-par shares)	A0JQ4G	<b>Designated Sponsors</b>	Bayerische Hypo- und Vereinsbank AG, Close Brothers Seydler AG
<b>ISIN</b>	DE000A0JQ4G5		
<b>Industry</b>	Real Estate	<b>Subscribed Capital</b>	EUR 15 million

## > INTERIM MANAGEMENT REPORT as at March 31, 2007

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### **Course of Business and Major Business Transactions in the First Quarter of 2007**

The first quarter of 2007 was dominated for ADLER Real Estate AG (ADLER AG) by the takeover and integration of MÜBAU Real Estate GMBH (MÜBAU). In January 2007, ADLER Real Estate AG acquired 93.9% of the shares in MÜBAU.

The acquisition costs of EUR 1.239 million for MÜBAU were composed of two components: the purchase price paid to the seller MRE Holding GmbH and the expenses rendered to redeem third-party liabilities.

MÜBAU possesses an attractive portfolio of unencumbered project development properties for housing construction and two leased commercial properties.

**Berlin, Dallgow:** The Municipality of Dallgow with a population of approx. 7,400 is located within a beltway around the capital in the federal state of Brandenburg, approx. 4 km from the city limits and approx. 20 km from downtown Berlin. The company holds building rights for a housing development on the property, which encompasses approx. 38,600 sqm. Single-family homes, duplexes and townhouses and can be built on the 145 free parcels. MÜBAU Real Estate GmbH had already built and sold townhouses on the neighboring properties. Plans call for selling the land to developers, along with building, planning and development rights, or joining with developers to sell the land to investors.

**Berlin, Grossbeeren:** In the southern portion of the Berlin suburbs, the Municipality of Grossbeeren is also located within the beltway in the federal state of Brandenburg, about 6 km from the Berlin city limits and only about 16 km from downtown. A building right for housing development exists on the over 150,000 sqm property. The company plans to collaborate with developers for this property as well.

**Dresden, Altrachau:** As one of the last free inner-city properties in the Saxon state capital of Dresden with its nearly 0.5 million residents, ADLER AG now holds after the acquisition of MÜBAU Real Estate

GmbH an attractive property with approx. 108,000 sqm of land anticipated for development in the near future. The area is located in the District of Altrachau in the northwestern part of the city, approx. 8 km away from the restored historical center of the city (Altmarkt) with excellent access to public transportation. A petition for the approval of a development plan is now in approval proceedings. A building permit is anticipated to be issued within 18 months.

**Berlin, Hellersdorfer Strasse:** On a nearly 11,000 sqm property in a prominent location in the Berlin District of Hellersdorf, two buildings constructed in 1989 are located with 5,600 sqm of usable space, divided into 110 residential units. The complex, most recently used as the district office, is vacant and in need of extensive renovations.

**Guetersloh, industrial zone:** Guetersloh is an industrial center with a population of approx. 95,000 in North Rhine-Westphalia, about 60 km northeast of Dortmund. Located on a plot of land around 37,000 sqm in an industrial zone next to the highway is a European CD and DVD distribution center leased by a subsidiary of the Bertelsmann Group. The total lease space in the complex, which is divided into several buildings (built in 1977 and 1989), amounts to nearly 20,000 sqm. The lease agreement has a residual term of 6 years.

**Gruenstadt, Hauptstrasse:** With a population of approx. 13,000, Gruenstadt is situated in Rhineland Falls, approx. 30 km east of Kaiserslautern and 23 km west of Mannheim. Located on a property of nearly 450 sqm is a commercial building which was renovated and expanded in 1992/93, with about 1,100 sqm of lease space. In the ground floor to the pedestrian zone, there is retail space with offices above. One office unit is currently vacant. It is planned to fully lease the property in a first stage.

The assets acquired are composed as follows:

## > INTERIM MANAGEMENT REPORT

### as at March 31, 2007

<b>MÜBAU Real Estate GmbH</b> <b>in 000 EUR</b>	<b>Jan. 1, 2007</b>
long-term assets	8.378
short-term assets	7.137
equity	9.394
long-term debts	1.218
short-term debts	4.903

From the takeover of MÜBAU, a net surplus with an effect on earnings arose from the difference between the purchase price and the equity of MÜBAU to which the shareholders of ADLER AG are entitled, when reporting all assets at a fair value. The result was EUR 7.166 million in income from the initial consolidation. This income was disclosed as other operating income.

With the takeover of the shares in MÜBAU, 3 employees and 6 subsidiaries were indirectly assumed. The employees were assumed by acquisition agreements as of January 1, 2007 in Adler Real Estate Service GmbH. The project development properties in Dallgow, Grossbeeren and Dresden were contributed within the framework of the restructuring of MÜBAU in the second quarter of 2007 into limited partnerships. The housing construction business will continue to be conducted through the formation of Münchener Baugesellschaft mbH under this tradition-steeped name.

#### **Financial, Liquidity and Earnings Situation**

Total consolidated assets amounted as of the cutoff date to EUR 49.991 million and thus increased by 34.9% compared to December 31, 2006. The increase is essentially attributable to an increase in the real estate assets of EUR 14.727 million, which was conditioned by the initial consolidation of MÜBAU Real Estate GmbH. Moreover, as of the cutoff date (March 31, 2007), net cash in bank amounted to EUR 9.874 million compared to EUR 10.391 million as of the close of the previous year.

Turnover of EUR 207,000 in the first quarter essentially resulted from the leasing of parking spaces and two commercial properties. In the

reporting period, an operating result of EUR 7.209 million was achieved. With respect to this increase in the operating result of EUR 6.973 million, it must be considered that the Homburg Saar project development had already been concluded in the first quarter of the previous year and that the initial consolidation of MÜBAU took place in the first quarter of 2007.

Other operating income increased by EUR 8.101 million and contained income from the initial consolidation of MÜBAU (EUR 7.166 million) and a reversal of a reserve for litigation risks (EUR 960,000), as no further recourse could be expected after the claims expired on December 31, 2006.

The company's free cash flow was substantially influenced in the first quarter by the subsequent investment within the framework of the MÜBAU acquisition of EUR 290,000 and was thus -EUR 516,000 for the first quarter.

#### **RISK REPORT**

The ADLER Group has organized a risk management system, which is tailored to the currently comprehensible size of the enterprise with flat hierarchies. The Management Board Members of ADLER Real Estate AG are currently unaware of any risks jeopardizing the going operations of ADLER AG now or in the future. The statements published in the risk report in the Business Report 2006 are still valid.

#### **OUTLOOK**

The ADLER Group possesses an attractive, largely unencumbered property portfolio, which has continued to expand and improve through the acquisition of MÜBAU Real Estate GmbH. Real estate projects will be developed on these properties over the medium term. The opportunities arising from the continued rising real estate trends will be able to have a direct positive effect.

Some of the expectations described for financial year 2007 in the management report 2006 will already be met in the second quarter of 2007. The

## > INTERIM MANAGEMENT REPORT

### as at March 31, 2007

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following business transactions took place after the first quarter cutoff date:

Via Zehnte Adler Real Estate GmbH & Co. KG, ADLER AG was the owner of a residual property of more than 9,200 sqm of space and a building right for approx. 10,700 sqm in Munich-Dornach, which is located in a largely developed business park across from the former Munich airport grounds, known today as the "New Riem Trade Fair Grounds." This property was sold in April 2007 to a local project developer.

The property in Hellersdorfer Strasse, Berlin held via MÜBAU was sold in April 2007. The purchase price attained corresponded to the valuation of the property within the framework of the initial consolidation.

Together with a regional project developer, a property of 126,119 sqm in Duisburg was acquired from Thyssen Krupp in April 2007. The buyer was Logistik-Zentrum Duisburg-Nord GmbH, in which ADLER AG holds a share of 60%. It is planned to construct a logistics center on the property.

MÜBAU Real Estate GmbH sold the Guetersloh property in May 2007. Under certain conditions, the buyer can avail itself of a rescission right within the second quarter.

With the sale of the Dornach and Hellersdorf properties, ADLER AG further cleaned out its project development portfolio. The currently available funds are slated for investments in projects in Saarbruecken, Frankfurt am Main and Duisburg and for the expansion of projects of the new Münchener Baugesellschaft in Grossbeeren and Dallgow, both near Berlin.

Together with major investors, ADLER AG will continue to take minority shares in real estate portfolios and to generate current income from asset management as a management partner in the future.

> CONSOLIDATED BALANCE SHEET  
(IFRS) as at March 31, 2007

<b>ASSETS in EUR</b>	<b>Mar. 31, 2007</b>	<b>Dec. 31, 2006</b>
<b>Non-Current Assets</b>	<b>2.256.999,94</b>	<b>2.435.516,31</b>
Intangible Assets	4.873,84	4.829,70
Property, plant and equipment	760.785,10	42.345,61
Available-for-sale financial assets	1.436.800,00	2.333.800,00
Shares in the associates	54.541,00	54.541,00
<b>Current Assets</b>	<b>47.734.466,10</b>	<b>34.612.801,56</b>
Inventories	28.879.365,86	22.449.365,86
Trade receivables	209.472,41	792.788,46
Income tax assets	108.314,57	108.319,91
Other current assets	1.084.040,52	871.165,88
Cash on hand and at bank	9.874.252,77	10.391.161,45
Non-current assets held for sale	7.579.019,97	0,00
<b>ASSETS</b>	<b>49.991.466,04</b>	<b>37.048.317,87</b>

> CONSOLIDATED BALANCE SHEET  
(IFRS) as at March 31, 2007

<b>EQUITY AND LIABILITIES in EUR</b>	<b>Mar. 31, 2007</b>	<b>Dec. 31, 2006</b>
<b>Shareholders' Equity</b>	<b>35.825.235,62</b>	<b>27.653.595,86</b>
Share capital	15.000.000,00	15.000.000,00
Retained earnings	420.572,49	420.572,49
Capital reserves	7.841.308,53	7.841.308,53
Net profit	11.586.159,21	4.391.714,84
Minority shares	977.195,39	0,00
<b>Non-Current Liabilities</b>	<b>10.718.903,15</b>	<b>5.711.316,81</b>
Pension provisions	900.833,00	900.833,00
Tax provisions	500.536,57	0,00
Other provisions	1.029.383,58	310.483,81
Financial liabilities	8.288.150,00	4.500.000,00
<b>Current Liabilities</b>	<b>3.447.327,27</b>	<b>3.683.405,20</b>
Other provisions	1.692.907,20	2.055.157,20
Income tax liabilities	239.847,00	266.222,00
Trade payables	428.948,41	624.376,36
Other non-current liabilities	1.085.624,66	737.649,64
<b>EQUITY AND LIABILITIES</b>	<b>49.991.466,04</b>	<b>37.048.317,87</b>

> CONSOLIDATED INCOME STATEMENT  
(IFRS) as at March 31, 2007

In EUR	Mar. 31, 2007	Mar. 31, 2006
Sales revenue	206.793,82	2.561.063,95
Changes in inventories	0,00	-1.826.190,26
Other operating income	8.133.400,03	32.116,38
<b>Total operating income</b>	<b>8.340.193,85</b>	<b>766.990,07</b>
Expenses for materials	-18.714,45	0,00
Personnel expenses	-308.951,65	-165.613,88
Depreciation and amortization	-74.972,35	0,00
Other operating expenses	-728.361,23	-365.449,10
<b>Result from operating activities (EBIT)</b>	<b>7.209.194,17</b>	<b>235.927,09</b>
Interest income	65.528,80	10.562,40
Financial expenditures	-120.538,85	-5.626,52
<b>Profit before income tax (EBT)</b>	<b>7.154.184,12</b>	<b>240.862,97</b>
Income tax	29.399,10	0,00
<b>Consolidated profit for the year</b>	<b>7.183.583,22</b>	<b>240.862,97</b>
Splitted as follows:		
Shareholders of the parent company	7.194.444,36	240.862,97
Minorities	-10.861,14	0,00
Earnings per share	0,48	0,02

> CONSOLIDATED CASH FLOW STATEMENT  
(IFRS) as at March 31, 2007

In EUR	Jan. - Mar. 31, 2007	Jan. - Mar. 31, 2006
Operating profit	7.209.194	235.927
+ Depreciation of non-current assets	74.972	0
- Increase/Decrease in provisions	-971.964	55.518
+/- Decrease/Increase in inventories, trade and other assets not attributable to investing or financing activities	526.186	4.306.206
+/- Increase/Decrease in trade payables and other liabilities not attributable to investing or financing activities	-278.808	669.324
+/- Interest payments	65.529	10.563
+/- Interest disbursements	-120.538	-5.627
+/- Tax payments	3.024	8.777
<b>= Net Cash inflow from operating activities</b>	<b>6.507.595</b>	<b>5.280.688</b>
Acquisition of the subsidiaries less acquired net cash	-6.933.817	0
+ Proceeds from disposals of non-current assets	0	-4.034
- Cash used for investments in plant, property and equipment	-22.243	0
- Cash used for investments in non-current financial assets	-25.000	0
<b>= Net Cash outflow from investing activities</b>	<b>-6.981.060</b>	<b>-4.034</b>
- Cash used for repayments of financial loans	-43.443	0
<b>= Net cash outflow from financing activities</b>	<b>-43.443</b>	<b>0</b>
Cash and cash equivalents and the beginning of the period	10.391.161	1.362.637
= Net cash inflow for operating activities	6.507.595	5.280.688
= Net cash outflow from (dis-) investing activities	-6.981.060	-4.034
= Net cash outflow from financing activities	-43.443	0
<b>= Cash and cash equivalents at the end of the period</b>	<b>9.874.253</b>	<b>6.639.291</b>

> CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(IFRS) as at March 31, 2007

	Subscribed capital	Capital reserves	Retained earnings	Net profit/loss for the year	Capital and reserves owed to the shareholders of the parent company	Minority shares	Total equity
<b>In 000 EUR</b>							
<b>Balance as at Jan. 1, 2007</b>	15.000	7.841	420	4.392	27.653	0	27.653
Consolidated profit	0	0	0	28	28	-11	17
Total net income Q1 2007	0	0	0	28	28	-11	17
Consolidation MÜBAU	0	0	0	7.166	7.166	988	8.154
<b>Balance as at Mar. 31, 2007</b>	15.000	7.841	420	11.586	34.847	977	35.824

	Subscribed capital	Capital reserves	Retained earnings	Net profit/loss for the year	Capital and reserves owed to the shareholders of the parent company	Minority shares	Total equity
<b>In 000 EUR</b>							
<b>Balance as at Jan. 1, 2006</b>	10.000	0	420	-4.164	6.256	0	6.256
Consolidated profit	0	0	0	241	241	0	241
Total net income Q1 2006	0	0	0	241	241	0	241
<b>Balance as at Mar. 31, 2006</b>	10.000	0	420	-3.923	6.497	0	6.497

> **NOTES TO INTERIM FINANCIAL STATEMENTS**  
as at March 31, 2007

**Accounting and Valuation Methods**

All new or modified IFRS and IFRIC interpretations mandatorily applicable for the first time as of January 1, 2007 were observed within the framework of the interim financial statements. The initial application of these new or modified provisions had no effect in the interim financial statements on the financial, liquidity and earnings situation or the cash flow.

When preparing the interim financial statements and computing the comparative figures for the previous year, largely the same consolidation principles and accounting and valuation methods were as in the 2006 consolidated financial statements. A detailed description of such methods has been made in the notes to the consolidated financial statements 2006.

These interim consolidated financial statements correspond to the rules for interim financial reporting in IAS 34.

**Consolidated Group**

The consolidated financial statements of the Group are issued in the name of ADLER Real Estate AG, Hamburg as parent company. As of the balance sheet date, companies were fully consolidated and shareholdings valued in accordance with the equity method. The consolidated group encompassed 10 subsidiaries in accordance with the parent company. They have been integrated into the consolidated financial statements in accordance with the rules for full consolidation.

Integrated into the consolidated financial statements for the first time was MÜBAU Real Estate GmbH, Hamburg with 6 subsidiaries pursuant to IFRS 3.

**Initial Consolidation of MÜBAU**

MÜBAU possesses an attractive portfolio of unencumbered project development properties for housing construction and two leased commercial properties. In January 2007, ADLER Real Estate AG acquired 93.9% of the shares in MÜBAU.

The final condition precedent for the acquisition of MÜBAU was met in January 2007. The acquisition costs are comprised of two components: the purchase price paid to the seller MRE Holding GmbH and the expenses rendered to redeem third-party liabilities, totaling EUR 1.239 million.

	in 000 EUR
<u>acquisition costs</u>	<u>1.239</u>
equity allocated to the shareholders of the parent company after revaluation	8.405
<u>amount</u>	<u>7.166</u>

The amount of the purchase price beyond the prorated, revaluated equity of MÜBAU of EUR 7.166 million was disclosed under "other operating income."

As of the acquisition date, the amounts listed below were incorporated into the consolidated balance sheet.

**MÜBAU Real Estate GmbH**

<u>in 000 EUR</u>	<u>Jan. 1, 2007</u>
<u>long-term assets</u>	<u>8.378</u>
<u>short-term assets</u>	<u>7.137</u>
<u>equity</u>	<u>9.394</u>
<u>long-term debts</u>	<u>1.218</u>
<u>short-term debts</u>	<u>4.903</u>

MÜBAU contributed a share of –EUR 178,000 to the consolidated result.

**Notes to the Financial, Liquidity and Earnings Situation**

Total consolidated assets amounted as of the cutoff date to EUR 49.991 million and thus increased by 34.9% compared to December 31, 2006. The increase is essentially attributable to an increase in the real estate assets of EUR 14.727 million, which was conditioned by the initial consolidation of MÜBAU Real Estate GmbH. Moreover, as of the cutoff date (March 31, 2007), net cash in bank amounted to EUR 9.874 million compared to EUR

## > NOTES TO INTERIM FINANCIAL STATEMENTS

### as at March 31, 2007

10.391 million as of the close of the previous year.

Due to the imminent sale of the Guetersloh property, this was reclassified in accordance with IFRS 5 to long-term assets held for sale.

Turnover of EUR 207,000 in the first quarter essentially resulted from the leasing of parking spaces and two commercial properties. In the reporting period, an operating result of EUR 7.209 million was achieved. With respect to this increase in the operating result of EUR 6.973 million, it must be considered that the Homburg Saar project development had already been concluded in the first quarter of the previous year and that the initial consolidation of MÜBAU took place in the first quarter of 2007.

Other operating income increased by EUR 8.101 million and contained income from the initial consolidation of MÜBAU (EUR 7.166 million) and a reversal of a reserve for litigation risks (EUR 960,000), as no further recourse could be expected after the claims expired on December 31, 2006.

The company's free cash flow was substantially influenced in the first quarter by the subsequent investment within the framework of the MÜBAU acquisition of EUR 290,000 and was thus -EUR 516,000 for the first quarter.

The result from the reporting period was not influenced by seasonal fluctuations.

There were no capital increases or dividends in the first quarter of 2007.

Detailed segment-by-segment reporting will be forgone, because the material part of business operations is still project development.

As of the cutoff date (March 31, 2007), 16 employees (previous year: 7) were employed in the ADLER Group.

#### **Information on the Subscription Rights of Officers and Employees**

Within the framework of the stock option plan approved by the shareholders in general meeting in 2006, the Management Board Members held 200,000 stock options as of the balance sheet date (December 31, 2006: 200,000 stock options). Additional information on the stock option plan can be taken from our business report.

#### **Major Business Transactions after March 31, 2007**

Via Zehnte Adler Real Estate GmbH & Co. KG, ADLER AG was the owner of a residual property of more than 9,200 sqm of space and a building right for approx. 10,700 sqm in Munich-Dornach, which is located in a largely developed business park across from the former Munich airport grounds, known today as the "New Riem Trade Fair Grounds." This property was sold in April 2007 to a local project developer.

The property in Hellersdorfer Strasse, Berlin held via MÜBAU was sold in April 2007. The purchase price attained corresponded to the valuation of the property within the framework of the initial consolidation.

Together with a regional project developer, a property of 126,119 sqm in Duisburg was acquired from Thyssen Krupp in April 2007. The buyer was Logistik-Zentrum Duisburg-Nord GmbH, in which ADLER AG holds a share of 60%. It is planned to construct a logistics center on the property.

MÜBAU Real Estate GmbH sold the Guetersloh property in May 2007. Under certain conditions, the buyer can avail itself of a rescission right within the second quarter.

## > CERTIFICATE OF AUDIT REVIEW

We have subjected the abbreviated interim consolidated financial statements (consisting of an abbreviated balance sheet, abbreviated income statement, abbreviated cash flow statement, abbreviated statement of equity and selected explanatory information) and the interim consolidated financial report of ADLER Real Estate Aktiengesellschaft for the period from January 1, 2007 to March 31, 2007, which are components of the quarterly financial report in accordance with § 37x paragraph 3 of the Securities Trading Act (WpHG), to a critical review. The company's Management Board is responsible for preparing the abbreviated interim consolidated financial statements in accordance with IFRS for interim financial reporting, as applicable in the EU, and the interim consolidated management report in accordance with the provisions of the Securities Trading Act applicable to interim consolidated financial reports. It is our task to certify the abbreviated interim consolidated financial statements and the interim consolidated management report based on our critical review.

We have undertaken our critical review of the abbreviated interim consolidated financial statements and the interim consolidated management report with due regard to the principles for critical review of financial statements issued by the German Independent Auditors' Institute (IDW). In accordance therewith, the critical review must be planned and conducted so that we can rule out with near certainty that the abbreviated interim consolidated financial statements have not been prepared in material respects in conformance with IFRS for interim financial reporting, as applicable in the EU, and that the interim consolidated management report has not been prepared in material respects in conformance with the provisions of the Securities Trading Act applicable to interim consolidated management reports. A critical review is primarily restricted to surveys of company employees and analytical assessments and therefore does not provide the certainty achievable through an audit. Because we have not conducted an audit as commissioned, we cannot issue an auditor's opinion.

Based on our critical review, we did not become aware of any states of affairs that would lead us to assume that the abbreviated interim consolidated financial statements were not prepared in material respects in conformance with IFRS for interim financial reporting, as applicable in the EU, or that the interim consolidated management report was not prepared in material respects in conformance with the provisions of the Securities Trading Act applicable to interim consolidated management reports.

Hamburg, May 30, 2007  
PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

(Muellner)  
Auditor

(Wilke)  
Auditor

## > LEGAL REMARKS

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### **Legal remarks**

This report contains future-oriented statements that reflect the current management views of ADLER Real Estate AG regarding future events. Every statement in this report that reflects intentions, assumptions, expectations or predictions, as well as the assumptions on which they are based, is such a future-oriented statement. These statements are based on plans, estimates and forecasts currently available to the management of ADLER Real Estate AG. Therefore, they only apply to the day on which they are made. By their nature, future-oriented statements are subject to risks and uncertainty factors that can result in actual developments deviating considerably from the future-oriented statements or the events implicitly expressed in them. ADLER Real Estate AG is not obligated, nor does it intend, to update such statements in view of new information or future events.

## > FINANCIAL CALENDARS AND IMPRINTS

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### Financial Calendars

June 26, 2007  
Annual General Meeting

October 2007  
Initiative Immobilienaktien Conference

August 2007  
Semi-annual Report 2007

November 2007  
Nine Months Report 2007

### Imprints

#### **Publisher**

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#### **Management Board**

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Barbara Yaltrak  
Axel Harloff

#### **Concept and Content / Investor Relations**

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ADLER Real Estate AG  
GFEI Gesellschaft für Effekteninformation mbH  
[www.gfei.de](http://www.gfei.de)