

FINANCIAL RESULTS

August 14, 2019

BERL
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6 MONTH
REPORT

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OVERVIEW & INVESTMENT HIGHLIGHTS

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ADO – THE PURE PLAY BERLIN RESIDENTIAL SPECIALIST

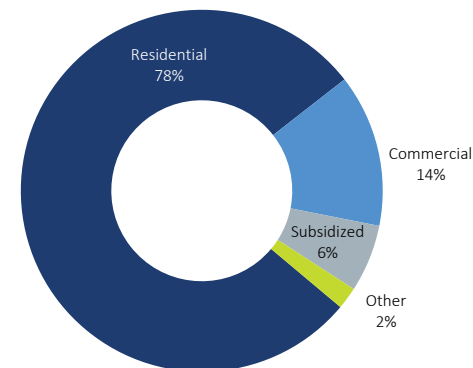
Investment highlights

- 1 Berlin residential pure play with a EUR 4.4bn quality portfolio
- 2 Efficient, fully integrated and scalable platform with a clear strategy to create value. This unique platform enables in-depth knowledge of the Berlin market from more than a decade of local presence
- 3 Strong rental growth demonstrated over recent years, supported by our quality portfolio, smart targeted CAPEX investments and active management
- 4 Conservative financial strategy with a LTV of maximum 40%, weighted average maturity of approximately 4.3 years and a low average interest cost of 1.6% for the long-term debt

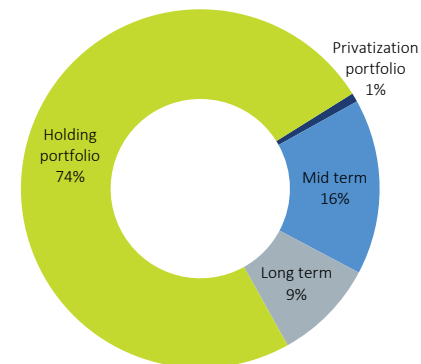
Key metrics (end of Q2 2019)⁽¹⁾

Residential units	22,169
Commercial units	1,458
Total units	23,627
In-place rent	EUR 138m
Lettable area (thousand m ²)	1,652
Property value	EUR 4,375m
EPRA NAV	EUR 2,676m
Total interest-bearing debts	EUR 1,713m
Average interest rate of long-term debt	1.6%
Current cash position	EUR 96m
Net LTV	38.0%

A focused residential portfolio^(2,3) ...



...with potential for privatization⁽⁴⁾



- 1) A definition of our alternative performance measures like EPRA NAV or FFO 1 is available in our latest financial report ([ado.properties](#))
- 2) Based on in-place rent total portfolio
- 3) Commercial in-place rent mainly as part of residential buildings
- 4) Based on total units

Due to rounding, numbers may not add up precisely to the totals

HIGHLIGHTS Q2 2019

Financials	Q2 2019	H1 2019
Income from rental activities	EUR 35.7m	EUR 71.4m
EBITDA from rental activities	EUR 24.0m	EUR 47.9m
EBITDA margin from rental activities	71.0%	71.0%
FFO 1	EUR 16.7m	EUR 33.4m
FFO 1 per share	EUR 0.38	EUR 0.76

- Strong growth continues with an increase of 10% in income from rental activities compared to the same period in 2018
- Vacancy rate improved by 30bps due to the increased speed of unit modernization and strong letting effort of our operational teams
- Privatization prices remain strong with an average selling price of EUR 3,866 per m²
- EPRA NAV per share increased by 10% since the beginning of the year to EUR 60.63 per share after a dividend payment of EUR 0.75 per share in June 2019
- Net LTV at 38.0% at the end of Q2 2019

Operations & balance sheet	Q2 2019	FY 2018
Rental growth I-f-I (LTM)	4.0%	5.6%
Vacancy rate	2.9%	3.2%
Privatization -average sales price/m ²	EUR 3,866	EUR 3,857
Total maintenance & CAPEX/m ²	EUR 46.7	EUR 39.2
EPRA NAV per share	EUR 60.63	EUR 55.05
Net LTV	38.0%	39.6%

6 MONTH
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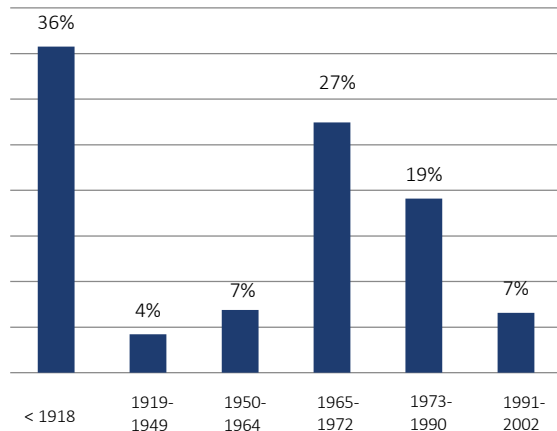


ADO PORTFOLIO & STRATEGY

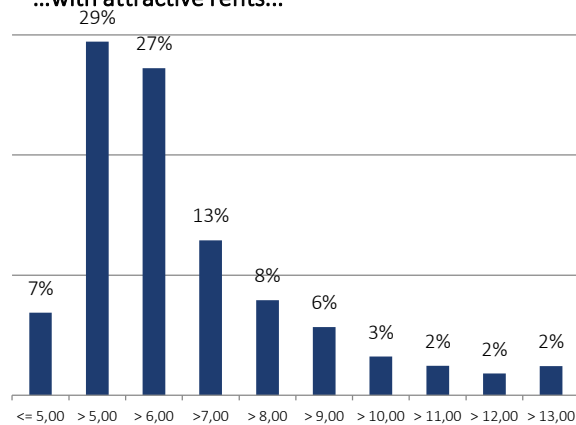
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BALANCED, HIGH-QUALITY PORTFOLIO FOCUSED ON BERLIN

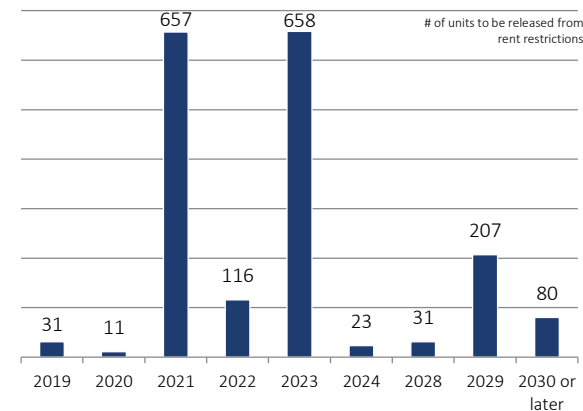
High-quality turn-of-the-century buildings...



...with attractive rents...



...and a low number of remaining restrictions



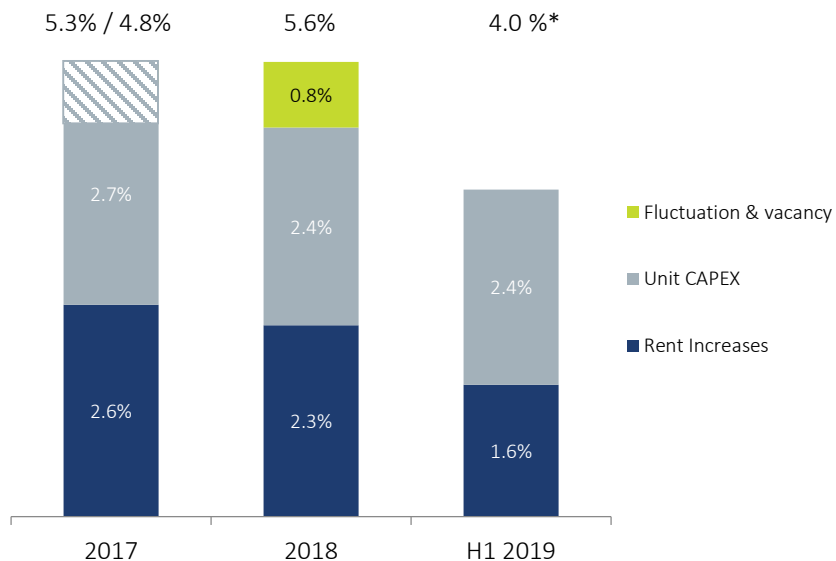
Key metrics residential portfolio (end of Q2 2019)¹⁾

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (in EUR m) ²⁾	1,631	523	720	338	1,163	4,375
Fair value (EUR/m ²)	3,246	2,857	2,578	2,670	2,103	2,660
Number of residential units	6,505	2,224	4,179	1,494	7,767	22,169
Average in-place rent (in EUR/m ² /month)	7.45	7.16	7.08	7.37	5.98	6.81
Average new letting rent (in EUR/m ² /month) ³⁾	13.23	10.68	10.09	9.84	7.56	10.11
Reversionary potential	78%	49%	43%	34%	26%	48%
Occupancy (physical)	97.0%	95.8%	97.4%	95.4%	97.9%	97.1%
Tenant turnover (LTM)	8.2%	9.2%	7.1%	10.6%	6.7%	7.7%

1) All values except the fair value are for the residential portfolio only and are including the achieved rents for furnished apartments
 2) Including condominium units with a fair market value of EUR 46m which are held at a book value of EUR 30m
 3) Based on the last three months

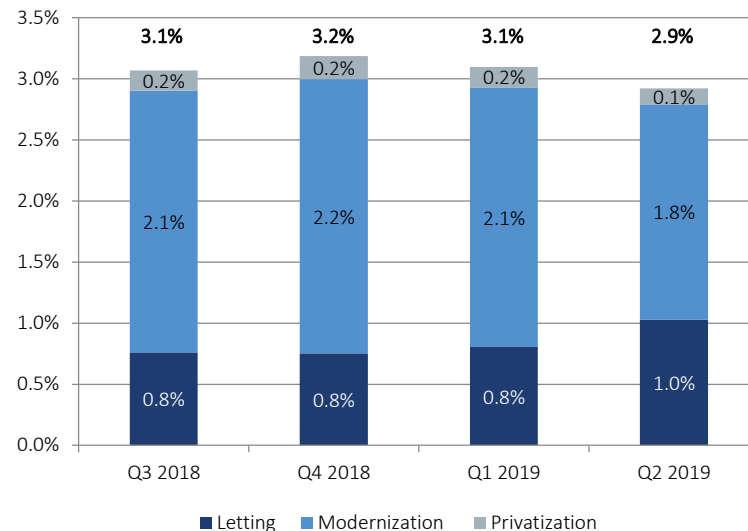
100% exposure within Berlin city borders with 37% in Central Locations

STRONG LIKE-FOR-LIKE GROWTH AND STABLE VACANCIES



* Like-for-like excludes furniture surcharge for furnished apartments. Including the furniture surcharge the like-for-like will be at 4.2%

Vacancy split



Based on physical vacancy, residential only
EPRA Vacancy Rate is 2.9% at the end of Q2 2019

Maintenance & CAPEX

In EUR per m²

	2017	2018	Avg. 2017-2018	H1 2019(*)
Repair & maintenance	6.5	7.5	7.0	7.7
Capitalized maintenance	6.3	8.1	7.2	10.7
Energetic modernization	1.7	3.6	2.6	2.3
Modernization CAPEX	14.6	20.0	17.3	26.1
Total	29.1	39.2	34.1	46.7

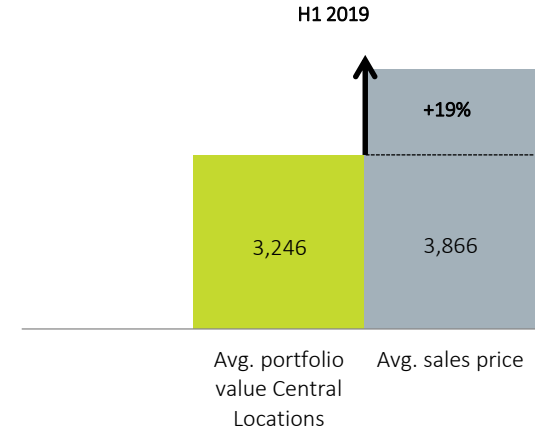
* Annualized figures based on total lettable area

- 789 residential units refurbished in H1 2019
- Vacancy dropped by 20 basis points to 2.9% (compared to Q1 2019)
- Additional EUR 1,293K have been invested in new build activities during H1 2019
- We expect a decrease in CAPEX investment during the near future

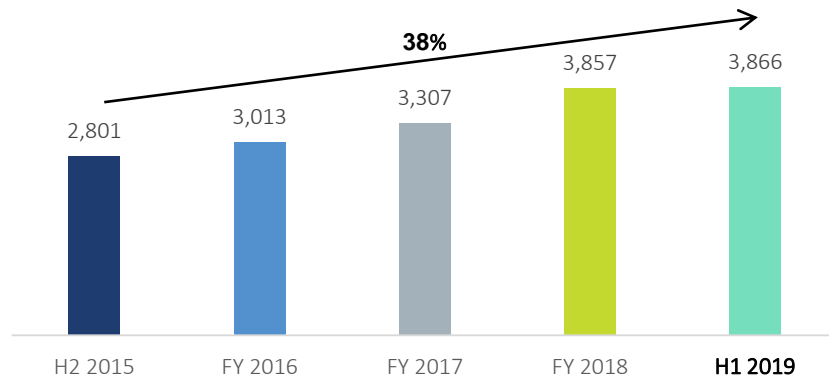
PRIVATIZATION ACTIVITIES CONTINUE

- 38 units sold during H1 2019 for gross proceeds of EUR 8.3m, generating 20% value uplift compared to average fair value of Central Locations
- As we expect further price increases for condominiums especially in inner city locations, we are staying with our strategy and are continuing with a very selective privatization approach to maximize profits, not sales volume
- In addition to our privatization activities, our strategy includes the examination of possibilities of sales of our buildings, which, in our opinion, have reached a value with a limited upside

Sales profit – average sales price vs. portfolio value (*)

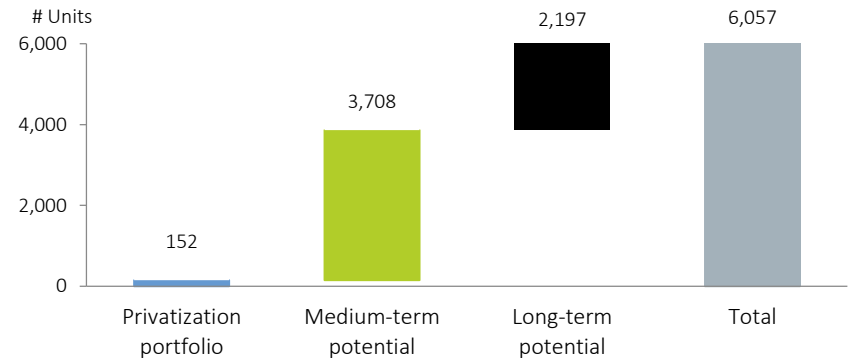


Average sale price (*)



* Residential units

Privatization potential



38 units sold in H1 2019 for an average selling price of EUR 3,866 per m²

6 MONTH
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FINANCIAL OVERVIEW

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OVERVIEW OF BALANCE SHEET

In EUR million	June 30, 2019	Dec 31, 2018	
	(Unaudited)	(Audited)	
Investment properties	4,335	4,050	1
Other non-current assets	23	16	
Non-current assets	4,358	4,066	
Cash and cash equivalents	96	28	
Other current assets	75	76	1
Current assets	171	104	
Total assets	4,529	4,170	
Interest-bearing debt	1,713	1,609	2
Other liabilities	116	115	
Deferred tax liabilities	287	249	
Total liabilities	2,116	1,973	
Total equity attributable to shareholders of the Company	2,363	2,151	
Non-controlling interests	51	47	
Total equity	2,413	2,197	
Total shareholders' equity and liabilities	4,529	4,170	
EPRA NAV	2,676	2,430	3
No. of shares	44.1	44.1	
EPRA NAV per share	60.63	55.05	3

Comments

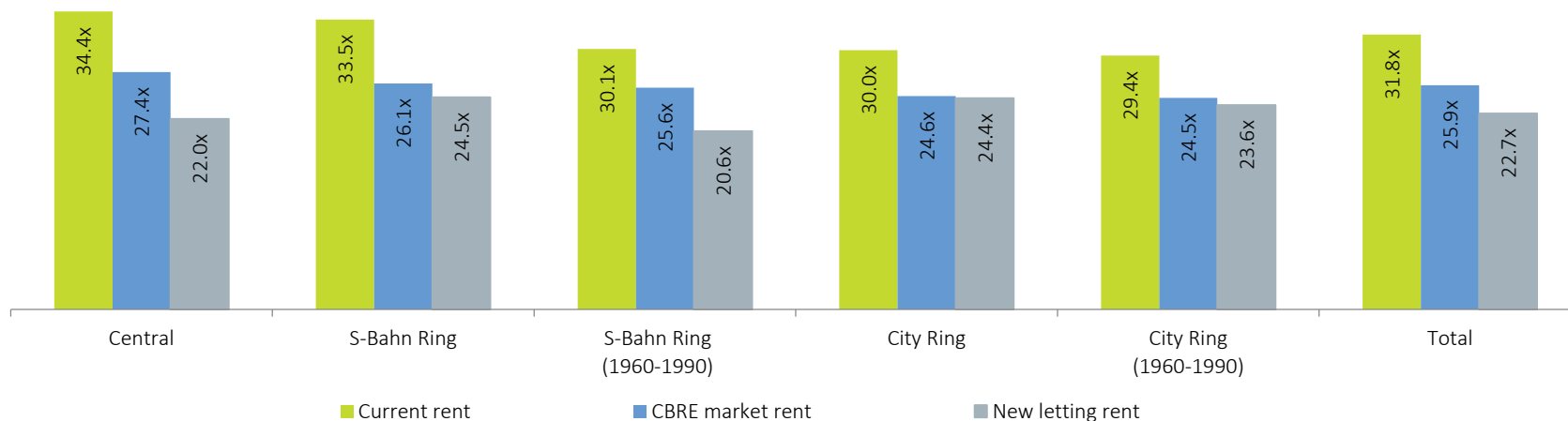
- 1 The portfolio value of EUR 4,375m as at June 30, 2019 includes investment properties (EUR 4,329m) and trading properties (EUR 46m fair value/EUR 30m book value – included in other current assets)
- 2 Interest-bearing debt consists of bank loans, capital market debts and a loan from Harel Insurance related to the WayPoint portfolio in a total amount of EUR 1,713m. The increase compared to the year end 2018 resulted from a new secured loan in an amount of EUR 80m and a short term loan in an amount of EUR 30m that was repaid in July
- 3 Our EPRA NAV amounts to EUR 2,676m or EUR 60.63 per share as at June 30, 2019, an increase of 10% since the beginning of the year after a dividend payment of EUR 0.75 per share

TOTAL PORTFOLIO VALUE OF EUR 4.4bn

Share of fair value (%)

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (in EUR m)	1,631	523	720	338	1,163	4,375
Fair value (EUR/m ²)	3,246	2,857	2,578	2,670	2,103	2,660
Discount rate	4.52%	4.64%	4.67%	4.84%	4.83%	4.61%
Average in-place rent (in EUR/m ² /month)	7.45	7.16	7.08	7.37	5.98	6.81
CBRE market rent (in EUR/m ² /month)	9.56	9.16	8.15	8.93	7.05	8.24
Average new letting rent (in EUR/m ² /month)	13.23	10.68	10.09	9.84	7.56	10.11
Reversionary potential	78%	49%	43%	34%	26%	48%

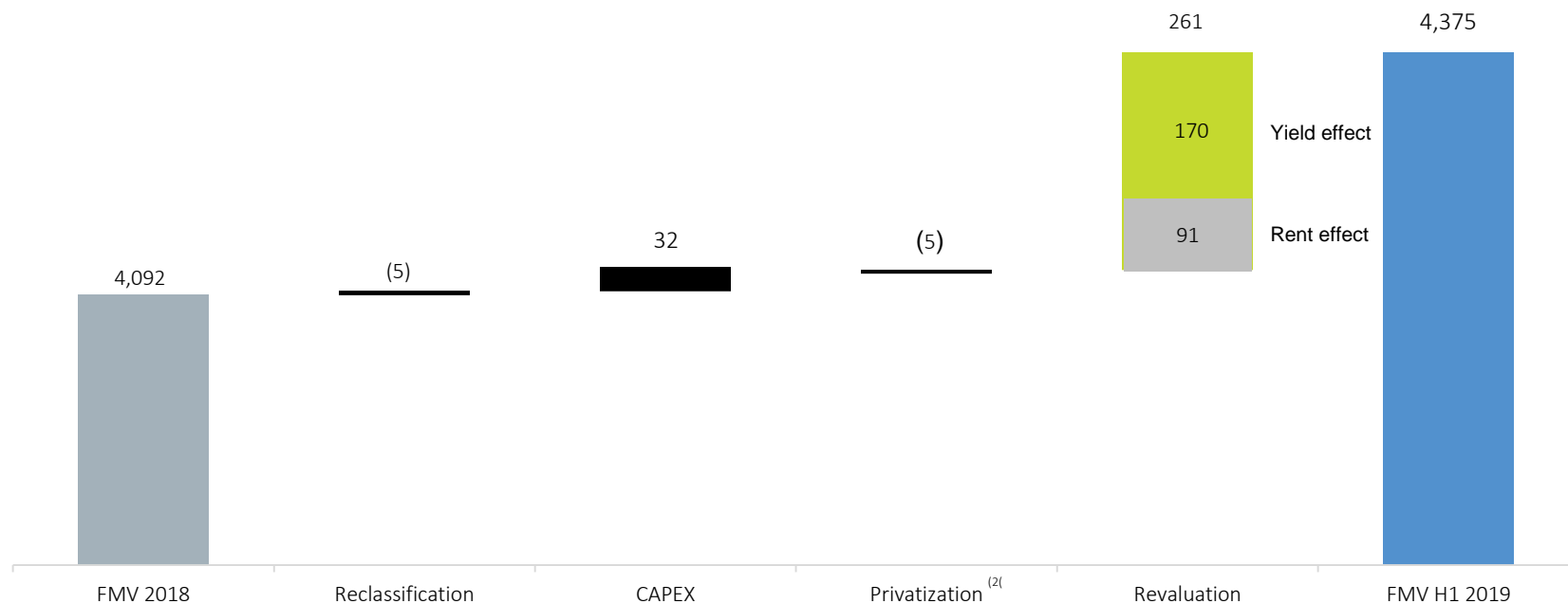
Rent multipliers



At market multipliers stay constant as demand supply imbalance drives portfolio value

FAIR MARKET VALUE OF PORTFOLIO INCREASED BY EUR 288m

Fair market value (in EUR m)¹:



1) Including condominium units with a fair market value of EUR 46m which are held at a book value of EUR 30m

2) Book value of sold condominiums

Revaluation gain of our portfolio is driven by our operational performance and further growing demand

SOLID BALANCE SHEET WITH FIXED RATE FINANCING

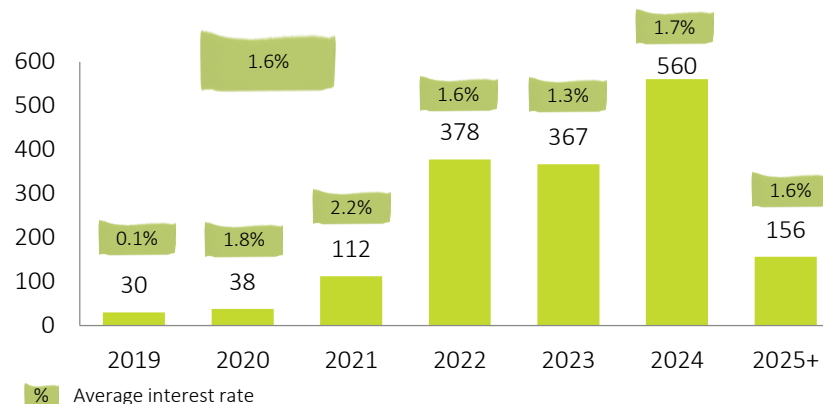
Key financing figures

- Interest-bearing debts of EUR 1,713m (including EUR 30m short-term funding), almost completely fixed or hedged from diversified funding sources
- Diversified funding sources with flexible access to the bank and bond market
- No material short term maturities, a total weighted average maturity of approx. 4.3 years and average interest rate of 1.6% for long-term debts
- Net LTV at the end of Q2 2019 is at 38.0%
- New secured loan of an amount of EUR 80m, with a fixed interest rate of 1.07% and maturity of 8 years
- Short term funding of EUR 30m that was drawn on the reporting date was repaid in July

Financing strategy with diversified funding sources

- We are funding our assets with a balanced mix of equity and fixed-rate debt provided by banks or capital market instruments
- We have a committed revolving credit facility of EUR 200m
- We target an LTV of a maximum 40%
- ADO remains committed to an investment grade rating to maintain stable access to attractive senior, unsecured financing sources

Diversified permanent profile with weighted average debt maturity of approximately 4.3 years



Bond Covenants

	Covenant	Q2 2019
Loan-to-value ratio (bond)	≤ 60%	36.1%
Secured loan-to-value ratio	≤ 45%	23.9%
Unencumbered asset ratio	≥ 125%	232.5%
Interest coverage ratio	≥ 1.8	3.8

Average interest rate improved by 10 bps

OVERVIEW OF PROFIT AND LOSS

In EUR m	H1 2019	Q2 2019	Year 2018
Net rental income	67.4	33.8	128.0
Income from facility services	3.9	1.9	6.6
Income from rental activities	71.4	35.7	134.6
Cost of rental activities	(15.5)	(7.7)	(26.2)
Net operating income	55.8	27.9	108.4
NOI from rental activities margin	82.8%	82.7%	84.7%
Overhead costs	(8.0)	(4.0)	(14.6)
EBITDA from rental activities	47.9	24.0	93.8
EBITDA from rental activities margin	71.0%	71.0%	73.3%
Net profit from privatizations	1.1	0.4	2.5
EBITDA total	48.9	24.4	96.3
Net cash interest	(13.4)	(6.7)	(25.4)
Other net financial income (costs)	4.7	10.5	(6.1)
Depreciation & amortization	(0.7)	(0.4)	(0.5)
EBT	39.4	27.8	64.2

Comments

- Income from rental activities increased by 10% for the same period in 2018 and is driven by I-f-I rental growth of 4.0%. Q2 reflects an annualized income from rental activities of EUR 143m

Strong rental growth supported by our investment strategy

In % (LTM)	Jan 1 - Jun 30, 2019(*)	Jan 1 - Dec 31, 2018
New lettings after CAPEX	2.4%	2.4%
Fluctuation & vacancy	0%	0.8%
Regular rent increases	1.6%	2.3%
Total	4.0%	5.6%

* Last 12 months

- NOI and EBITDA margins are lower than the full year of 2018. However, in line with Q4 2018 as expected
- Financing relies on a mix of bank financing provided by German mortgage banks and capital market instruments. The average interest rate for our long-term debt amounts to 1.6%.

OVERVIEW OF FFO

In EUR million	H1 2019	Q2 2019	Year 2018
EBITDA from rental activities	47.9	24.0	93.8 1
Net cash interest	(13.4)	(6.7)	(25.4)
Current income taxes	(1.0)	(0.5)	(1.6)
FFO 1 (from rental activities)	33.4	16.7	66.8
Maintenance capital expenditure	(8.8)	(4.6)	(13.0) 2
AFFO (from rental activities)	24.6	12.1	53.8
Net profit from privatizations	1.1	0.4	2.5 3
FFO 2 (incl. disposal results)	34.5	17.1	69.3
Avg. number of shares	44.1	44.1	44.1
FFO 1 EUR per share	0.76	0.38	1.51
FFO 2 EUR per share	0.78	0.39	1.57

Comments

- 1 EBITDA from rental activities increased by 2%. Q2 reflects an annualized EBITDA of EUR 96m
- 2 Maintenance is in line with our long-term averages. CAPEX is slightly elevated due to the high level of unit modernization during H1 2019. However, we expect a decrease in CAPEX investment during the near future
- 3 During H1 2019 we sold 38 units, generating gross profit of EUR 2.3m

3 Maintenance and CAPEX

In EUR/per m ²	Jan 1 – Jun 30, 2019 (*)	Jan 1 - Dec 31, 2018
Maintenance	7.7	7.5
Capitalized maintenance	10.7	8.1
Energetic modernization	2.3	3.6
Modernization CAPEX	26.1	20.0
Total	46.7	39.2

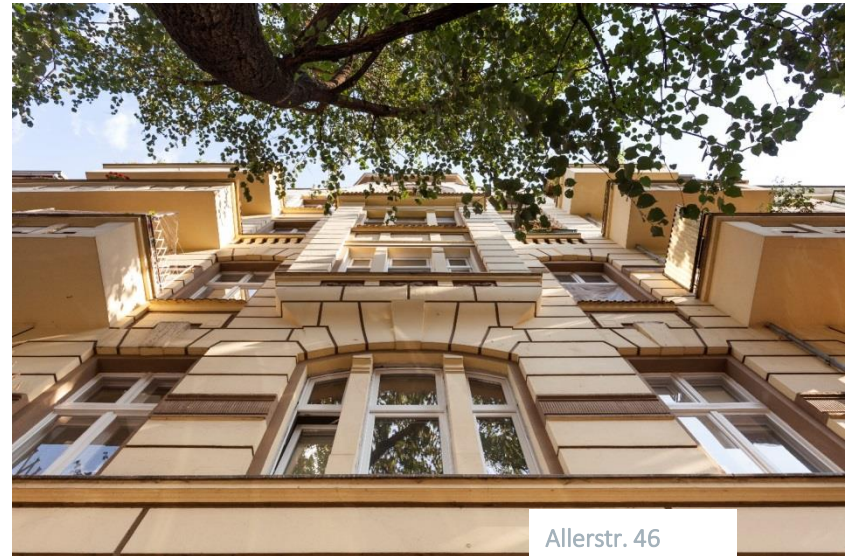
* Annualized figures based on total lettable area

GUIDANCE 2019

- 1 We currently do not provide a forward looking like for like rental growth guidance given the upcoming discussions on potential implementation of new rent legislation
- 2 We expect our FFO 1 run rate to be approximately EUR 65m
- 3 Average cost of long-term debt of 1.6% with an LTV target of maximum 40%
- 4 We target a dividend payout ratio of up to 50% of FFO 1



Ahornstraße
Steglitz



Allerstr. 46
Neukölln

APPENDIX

Financial Calendar¹⁹

November 13, 2019

Publication
Nine-Month
Financial Report
(Q3 2019)

“BERLINER MIETENDECKEL”

Summary

The Berlin Senate has started a process to introduce an additional Berlin specific regulation with the objective to “freeze” the rental growth in the Berlin residential market. Given the Position Paper approved by the Berlin State Government and the current status of the legislative process, it is not possible to predict with any reliability what the terms of the ultimate legislation, if any, will likely be, including whether such legislation is likely to include, among other things, a rental cap, a rental freeze and have retroactive effect.

If a new regulation were to become effective, it would very likely impact our business negatively in the short term. However, we believe that the proposed new regulation will in the medium to long term result in a widening of the demand-supply imbalance which should strengthen the position of our portfolio in the long run. In addition, we agree with the view of most market participants that the proposed new regulation is unconstitutional.

Timeline

- June 18, 2019: Position Paper for Berlin-specific tenancy law approved by Berlin State Government
- End of August 2019: Introduction of Draft Bill by Berlin State Government’s Department for Urban Development and Housing
- Mid- October 2019: Final draft bill to be provided for parliamentary hearings at the Berlin House of Representatives
- December 2019: Vote taken whether to pass bill into law
- January 11, 2020: Corresponding legislation to enter into force (possibly with retroactive effect as of 18 June 2019)

To our best knowledge, the suggested “Berliner Mietendeckel” might not effect certain parts of our portfolio which generate approximately 20% of our income.

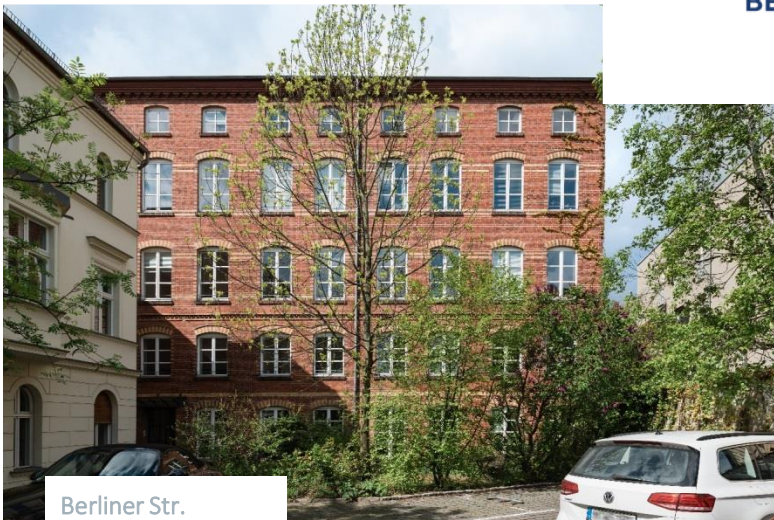
The outcome of this legislative process and the exact impact on our business is highly uncertain. An update will follow when possible to do so



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Mitte



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Wilmersdorf



Berliner Str.
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Buddestraße
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EXHIBITION →



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