

FINANCIAL RESULTS Q2 2018



August 15, 2018

OVERVIEW & INVESTMENT HIGHLIGHTS



ADO – THE PURE PLAY BERLIN RESIDENTIAL SPECIALIST

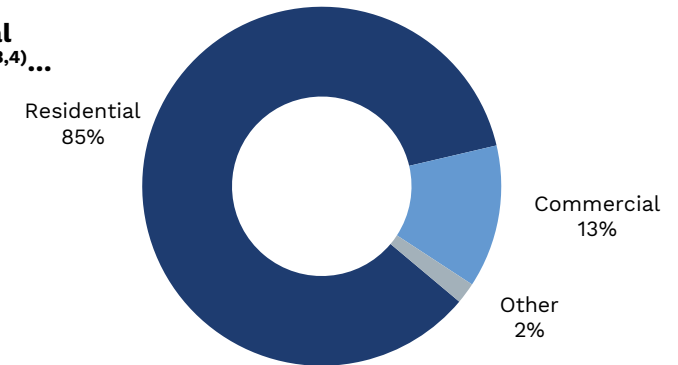
Investment highlights

- 1** Berlin residential pure play with a EUR 3.8bn quality portfolio
- 2** Efficient, fully integrated and scalable platform with 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** Exceptional rental growth demonstrated over recent years, supported by our quality portfolio, smart targeted CAPEX investments and active management
- 4** Conservative financial strategy with a target LTV of maximum 45%, our weighted average maturity is approx. 5.0 years and we have a low (1.8%) average cost of long-term debt

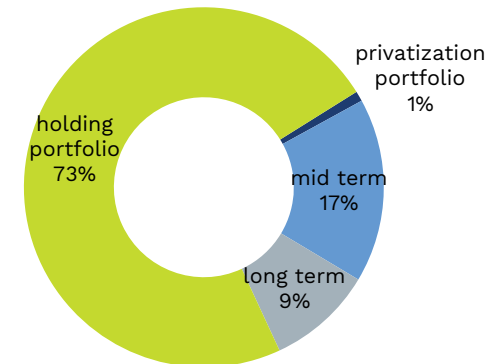
Key metrics (end of Q2 2018)⁽¹⁾

Residential units	22,064
Commercial units	1,423
Total units	23,487
In-place rent	EUR 131m
Lettable area (k m ²)	1,639
Property value	EUR 3,819m
EPRA NAV	EUR 2,118m
Total interest-bearing debts⁽²⁾	EUR 1,577m
Average interest rate of long-term debt	1.8%
Current cash position	EUR 13m
Net LTV	41.8%

A focused residential portfolio^(3,4)...



...with potential for privatization⁽⁵⁾



- 1) A definition of our alternative performance measures like EPRA NAV or FFO 1 is available in our latest financial report ([ado.properties](#))
- 2) Consist of EUR 1,417m long-term debt and EUR 160m of Commercial-Paper
- 3) Based on in-place rent total portfolio
- 4) Commercial in-place rent mainly as part of residential buildings
- 5) Based on total units

Totals might not add up due to rounding

HIGHLIGHTS Q2 2018

Financials	Q2 2018	H1 2018
Income from rental activities	EUR 33.7m	EUR 65.0m
EBITDA from rental activities	EUR 24.2	EUR 46.7m
EBITDA from rental activities margin	76.1%	75.9%
FFO 1	EUR 17.4m	EUR 33.3m
FFO 1 per share	EUR 0.39	EUR 0.76

Operations & balance sheet	Q2 2018	FY 2017
Rental growth l-f-l (LTM)	5.1%	4.8%
Vacancy rate	3.1%	3.6%
Privatization - avg. sales price/m ²	EUR 3,722	EUR 3,307
Total maintenance & CAPEX/m ²	EUR 34.8	EUR 29.1
EPRA NAV per share	EUR 49.62	EUR 45.10
Net LTV	41.8%	39.6%

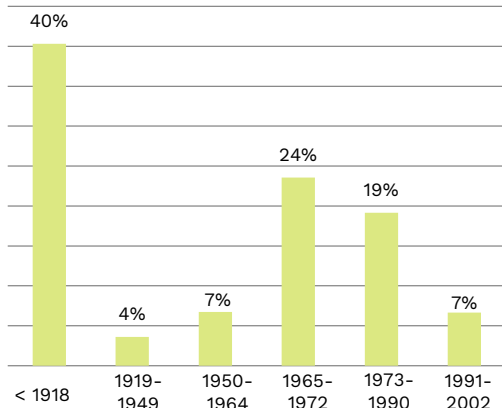
- Strong growth continues with income from rental activities increased by more than 26% compared to the same period 2017
- 1,289 units added in Q2 2018 with 85 further units signed since reporting Q1 2018
- Like-for-like rental growth of 5.1% slightly above guidance of 5.0%
- Vacancy rate improved by 50bsp due to the increased speed of unit modernization
- Privatization prices remain strong with an avg. selling price of EUR 3,722 per m²
- EPRA NAV per share increased by 10% since the beginning of the year to EUR 49.62 after a dividend payment of EUR 0.60 per share in June 2018
- Net LTV at 41.8% at the end of Q2 2018. Taking into account commitments for signed deals, the pro-forma net LTV stands at around 42.4% including all signed acquisitions

ADO PORTFOLIO & STRATEGY

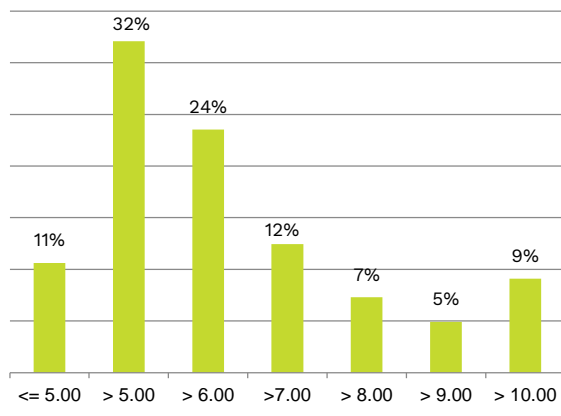


BALANCED, HIGH-QUALITY PORTFOLIO FOCUSED ON BERLIN

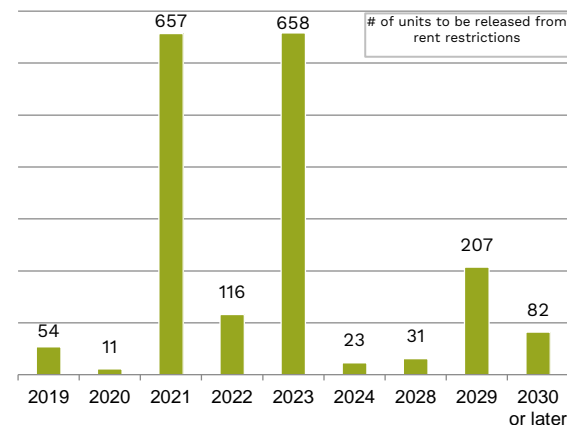
High-quality turn-of-the-century buildings...



...with attractive rents...



...and low number of remaining restrictions



Key metrics residential portfolio (end of Q2 2018)⁽¹⁾

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (in EUR m) ⁽²⁾	1,437	466	623	267	1,026	3,819
Fair value (EUR/m ²)	2,862	2,488	2,296	2,507	1,824	2,343
Number of residential units	6,567	2,181	4,140	1,451	7,725	22,064
Avg. in-place rent in EUR/m ² /month	7.06	6.84	6.99	7.10	5.81	6.57
Avg. new letting rent in EUR/m ² /month ⁽³⁾	13.00 ⁽⁴⁾	10.02	10.54	9.00	7.29	9.98 ⁽⁴⁾
Reversionary potential	84%	46%	51%	27%	25%	52%
Occupancy (physical)	96.3%	95.8%	97.9%	96.2%	97.5%	96.9%
Tenant turnover (LTM)	8.6%	8.7%	8.6%	11.3%	7.0%	8.2%

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

2) Including condominium units with a fair market value of EUR 53m which are held at a book value of EUR 43m

3) Based on the last three months

4) Central location letting includes the letting of 20 units in one building in one block which is positively impacting the average in Central and Total and will not be repeated in the same magnitude going forward. The figures excluding this effect would have been EUR 11.27 in Central and EUR 9.36 for Total

100% exposure within Berlin city borders with approximately 40% in Central Locations

FURTHER UNITS ACQUIRED

85 units acquired in 3 transactions since reporting Q1 2018

- EUR 27m of gross asset value (including transaction costs) acquired in 3 transactions mixing asset and share deals
- 3 buildings in total, of which 1 is in Central Location, 1 in the S-Bahn Ring and 1 in the City Ring
- Substantial average reversionary potential of 61% supporting our like-for-like rental growth target
- In addition, 158 previously signed units were still in the takeover process at the end of Q2
- Prepayments in an amount of EUR 16m are included in the Q2 2018 figures resulting in a remaining funding requirement of EUR 41m

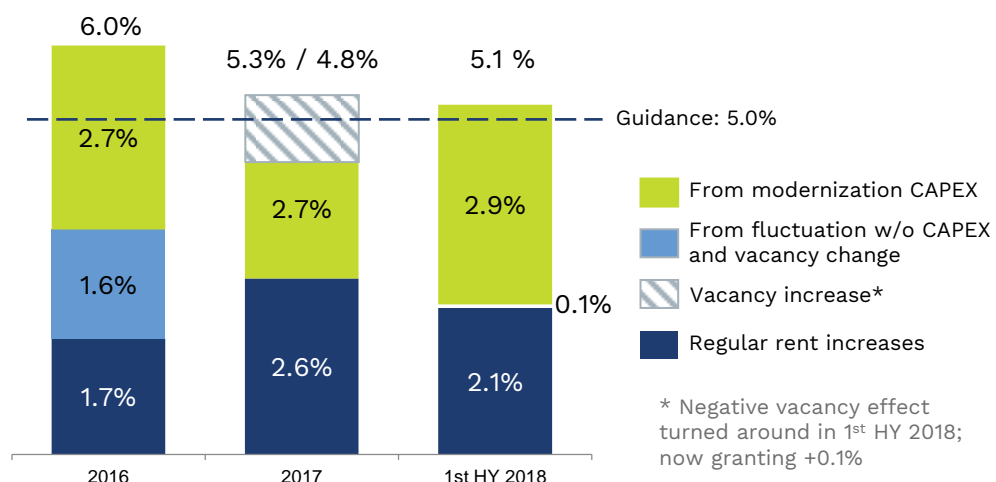


Key metrics	New deals (since Q1 reporting)	Deals previously announced	Total
Acquisition cost	EUR 27.0m EUR 2,715 / m ²	EUR 30.7m EUR 2,333 / m ²	EUR 57.6m EUR 2,497 / m ²
Residential/commercial area m ²	3,791 / 6,152	9,422 / 3,718	13,213 / 9,870
Number of residential/commercial units	64 / 21	145 / 24	209 / 45
Rental income p.a.	EUR 1.0m	EUR 1.0m	EUR 2.0m
Avg. in-place rent in EUR/m ² /month	EUR 5.40	EUR 6.18	EUR 5.96
Avg. new letting rent in EUR/m ² /month	EUR 8.68	EUR 10.03	EUR 9.64
Vacancy residential/commercial	3.1% / 9.5%	2.8% / 29.2%	2.9% / 20.0%

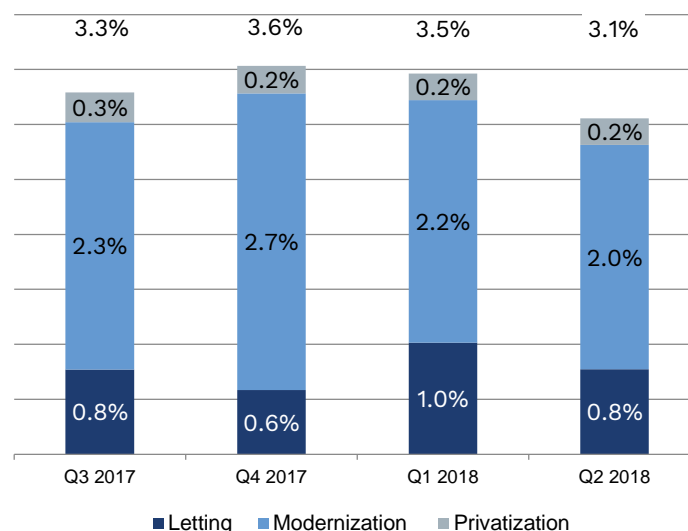
EUR 57.6m of further assets supporting further growth

STRONG LIKE-FOR-LIKE GROWTH AND DECREASING VACANCIES

Continuously strong l-f-l results of 5.1% in 1st HY 2018



Vacancy split



Based on physical vacancy, residential only EPRA Vacancy Rate is 3.0% for 1st HY 2018

- Speed of unit modernization increased significantly with 813 units refurbished in 1st HY 2018 (+48% compared to 1st HY 2017)
- Vacancy rate improved significantly turning around the negative effect on like-for-like rental growth
- Energetic modernization program ongoing and will deliver additional growth throughout the year

Maintenance & CAPEX In EUR per m ²	2016	2017	Avg. 2016-2017	H1 2018 ^(*)
Repair & Maintenance	6.8	6.5	6.7	7.1
Capitalized maintenance	6.6	6.3	6.5	7.7
Energetic modernization	0.8	1.7	1.3	1.6
Modernization CAPEX	13.8	14.6	14.2	18.4
Total	28.1	29.1	28.6	34.8

* Annualized figures based on total lettable area

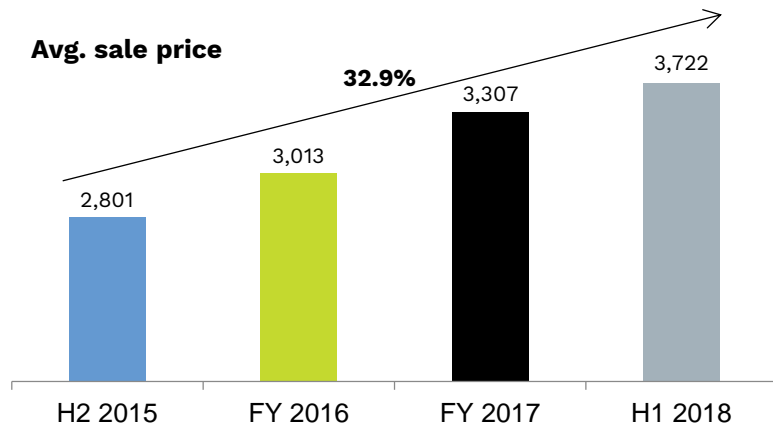
Very successful refurbishment program in 1st HY leading to 50bps lower vacancy rate

PRIVATIZATION ACTIVITIES ON TARGET

Privatization results and outlook(*)

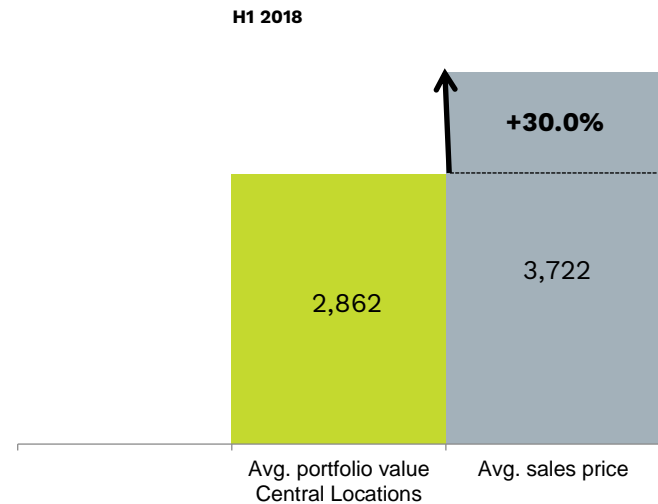
- 35 units sold in H1 2018 for gross proceeds of EUR 8.4m, generating 30.0% value uplift compared to average fair value of Central Locations
- Our acquisitions allowed us to increase our medium term potential by approx. 400 units in Q2
- As we expect further price increases for condominiums especially in inner city locations, we stick to our strategy and continue with a very selective privatization approach to maximize profits, not sales volume

Avg. sale price

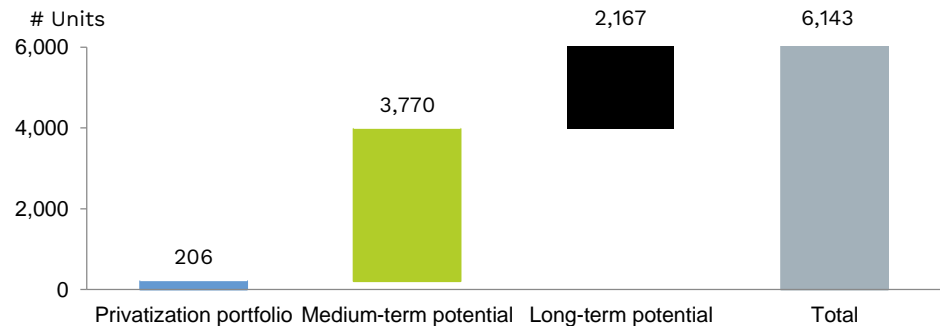


* Residential units

Sales profit – avg. sales price vs. portfolio value



Privatization potential



35 units sold in H1 2018 for an average selling price of EUR 3,722 per m²

FINANCIAL OVERVIEW



OVERVIEW OF BALANCE SHEET

In EUR m	June 30, 2018 (Unaudited)	Dec 31, 2017 (Audited)
Investment properties	1 3,783	3,306
Other non-current assets	10	8
Non-current assets	3,792	3,314
Cash and cash equivalents	13	122
Other current assets	1 85	83
Current assets	99	204
Total assets	3,891	3,518
Interest-bearing debt	2 1,577	1,423
Other liabilities	96	80
Deferred tax liabilities	219	183
Total liabilities	1,892	1,687
Total equity attributable to shareholders of the Company	1,956	1,795
Non-controlling interests	43	36
Total equity	1,999	1,831
Total shareholder's equity and liabilities	3,891	3,518
EPRA NAV	3 2,188	1,989
No. of shares	44.1	44.1
EPRA NAV per share	3 49.62	45.10

Comments

- 1 The fair value of the portfolio was assessed by CBRE as at June 30, 2018. Total portfolio value of EUR 3,819m as at June 30, 2018 includes investment properties (EUR 3,766m) and trading properties (EUR 53m fair value/EUR 43m book value - included in other current assets). The balance sheet positions include in addition advances on signed deals in an amount of EUR 16m
- 2 Interest-bearing debt consists of bank loans, capital market debt, a loan from Harel Insurance related to the WayPoint portfolio in a total amount of EUR 1,417m and short-term commercial paper in an amount of EUR 160m
- 3 Our EPRA NAV amounts to EUR 2,188m or EUR 49.62 per share as at June 30, 2018, an increase of 10% since the beginning of the year

TOTAL PORTFOLIO VALUE OF EUR 3.8bn

Portfolio Valuation⁽¹⁾

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (in EUR m) ⁽²⁾	1,437	466	623	267	1,026	3,819
Fair value (EUR/m ²)	2,862	2,488	2,296	2,507	1,824	2,343
Discount rate	4.67%	4.84%	4.79%	4.90%	5.07%	4.83%
Avg. in-place rent in EUR/m ² /month	7.06	6.84	6.99	7.10	5.81	6.57
CBRE market rent in EUR/m ² /month	8.92	8.60	7.80	8.51	6.78	7.87
Avg. new letting rent in EUR/m ² /month ⁽³⁾	13.00 ⁽⁴⁾	10.02	10.54	9.00	7.29	9.98 ⁽⁴⁾
Reversionary potential	84%	46%	51%	27%	25%	52%

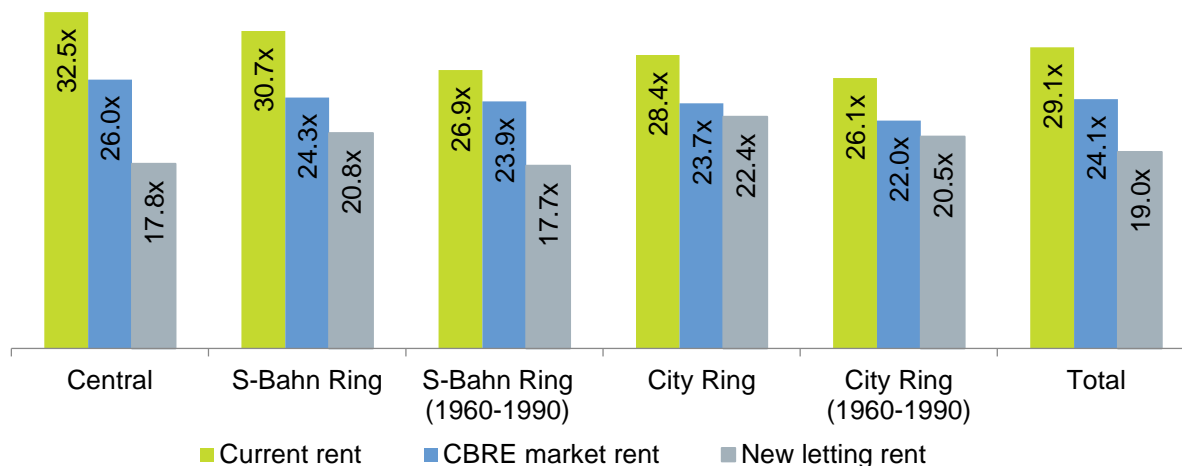
1) All values except the fair value are for the residential portfolio only.

2) Including condominium units with a fair market value of EUR 53m which are held at a book value of EUR 43m

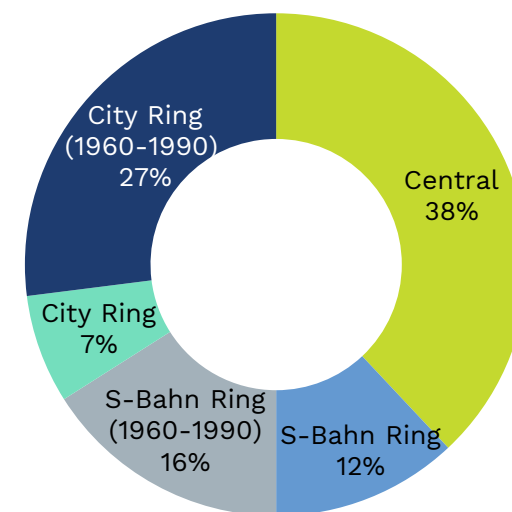
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Rent multipliers



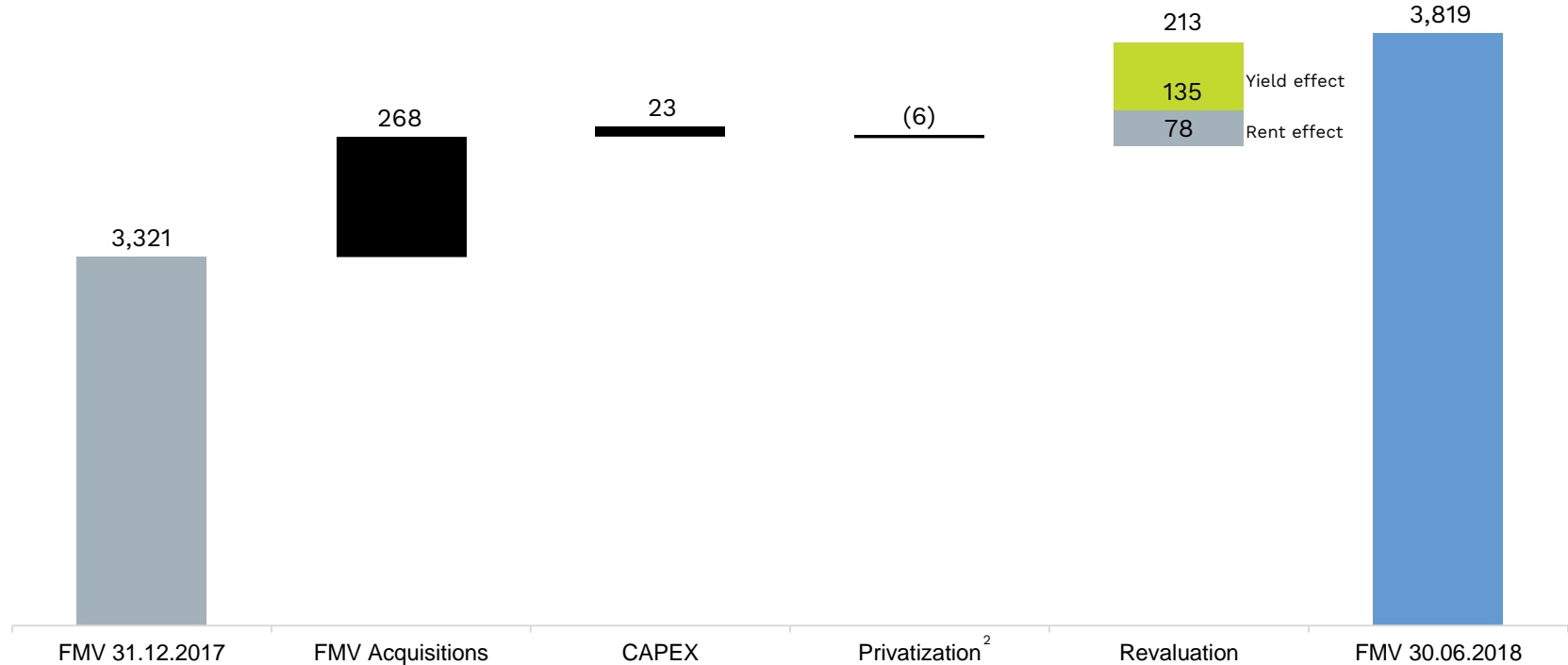
Share of fair value (%)



New letting rents continue to imply further valuation upside

FAIR MARKET VALUE OF PORTFOLIO INCREASED BY EUR 498m

Fair market value (in EUR m)⁽¹⁾:



- 1) Including condominium units with a fair market value of EUR 53m which are held at a book value of EUR 43m
- 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

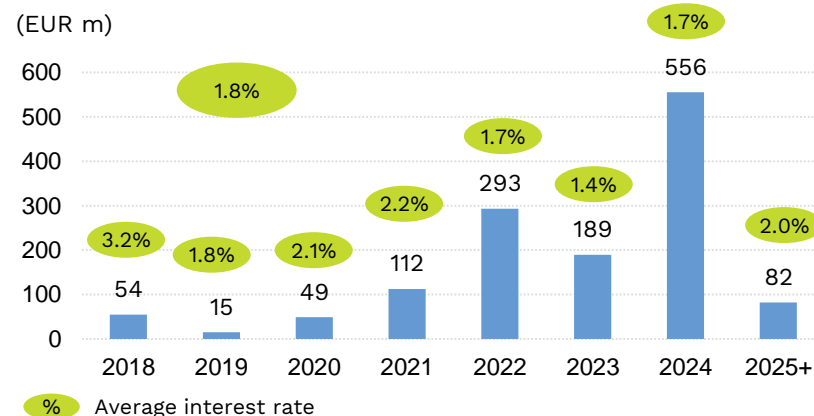
Key financing figures

- Long-term debt of EUR 1,417m, almost completely fixed or hedged
- Diversified funding sources with flexible access to the bank and bond market
- No material near term maturities with weighted average maturity of approx. 5.0 years and average interest rate of 1.8%
- Commercial paper in an amount of EUR 160m has been outstanding at the end of Q2
- Net LTV at the end of the quarter at 41.8%. Taking into account commitments for signed deals, the pro-forma net LTV stands at around 42.4%

Financing strategy with diversified funding sources

- We are funding our assets with balanced mix of equity and fixed rate debt provided by banks or capital market instruments
- We have a solid investment grade rating of Baa2 (Moody's) with a stable outlook which we want to maintain
- We have a committed EUR 200m revolving credit facility supporting our commercial paper program which provides a flexible and cost efficient short-term funding solution
- We target an LTV of maximum 45%

Diversified permanent profile with weighted average debt maturity of approx. 5.0 years



Bond Covenants

	Covenant	Q2 2018
Loan-to-value ratio (Bond)	≤ 60%	41.2%
Secured loan-to-value ratio	≤ 45%	25.6%
Unencumbered asset ratio	≥ 125%	141.2%
Interest coverage ratio	≥ 1.8	3.6

Conservative financing structure supporting our future growth

OVERVIEW OF PROFIT AND LOSS

In EUR m	H1 2018	Q2 2018	Year 2017
Net rental income	61.6	31.8	103.3
Income from facility services	3.4	1.8	5.9
Income from rental activities	1 64.9	33.6	109.2
Cost of rental activities	(11.8)	(6.1)	(20.4)
Net operating income	53.1	27.5	88.8
NOI from rental activities margin	86.2%	86.5%	85.9%
Overhead costs	(6.4)	(3.3)	(11.7)
EBITDA from rental activities	2 46.7	24.2	77.1
EBITDA from rental activities margin	75.9%	76.1%	74.6%
Net profit from privatizations	1.4	0.9	3.9
EBITDA total	48.2	25.1	81.0
Net cash interest	3 (12.8)	(6.3)	(21.7)
Other net financial costs	(0.7)	(0.4)	(6.3)
Depreciation & amortization	(0.2)	(0.1)	(0.5)
EBT	34.5	18.2	52.5

Comments

- 1** Income from rental activities increased by 26% driven by l-f-l rental growth of 5.1% and acquisitions. Quarter-on-quarter growth was more than 7%. Q2 reflects an annualized income from rental activities of EUR 134m

Strong rental growth supported by our investment strategy

In % (LTM)	Jan 1 – June 30, 2018 ^(*)	Jan 1 – Dec 31, 2017
CAPEX	2.9%	2.7%
Fluctuation & vacancy	0.1%	(0.5%)
Regular increases	2.1	2.6%
Total	5.1%	4.8%

* Last 12 months

- 2** EBITDA from rental activities increased by 28%. Quarter-on-quarter growth was more than 7%
- 3** 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 1.8%.

OVERVIEW OF FFO

In EUR m	H1 2018	Q2 2018	Year 2017
EBITDA from rental activities	1 46.7	24.2	77.1
Net cash interest	(12.8)	(6.3)	(21.7)
Current income taxes	(0.6)	(0.5)	(1.0)
FFO 1 (from rental activities)	2 33.3	17.4	54.3
Maintenance capital expenditure ^(*)	3 (6.1)	(4.5)	(8.5)
AFFO (from rental activities)	27.2	12.9	45.9
Net profit from privatizations	4 1.4	0.9	3.9
FFO 2 (incl. disposal results)	34.7	18.2	58.3
Avg. number of shares	44.1	44.1	44.1
FFO 1 EUR per share	0.76	0.39	1.23
FFO 2 EUR per share	0.79	0.41	1.32

* 2017 figures are adjusted for energetic modernization CAPEX

Comments

- EBITDA from rental activities increased by more than 28% due to our strong 5.1% like-for-like rental growth and successful acquisitions. Quarter-on-quarter growth was more than 7%. Q2 reflects an annualized EBITDA of EUR 97m
- FFO 1 has increased by 24% due to acquisitions and our operational performance
- Maintenance is in line with our long-term averages. CAPEX is slightly elevated due to the high level modernized units in H1 2018
- During H1 2018 we sold 35 units, generating net profit of EUR 1.4m

3 Maintenance and CAPEX

In EUR / per m ²	Jan 1 – June 30, 2018 ^(*)	Jan 1 – Dec 31, 2017
Maintenance	7.1	6.5
Capitalized maintenance	7.7	6.3
Energetic modernization	1.6	1.7
Modernization CAPEX	18.4	14.6
Total	34.8	29.1

* Annualized figures based on total lettable area

GUIDANCE 2018

- 1** We anticipate like-for-like rental growth going forward at approximately 5%. This should positively impact portfolio value, EPRA NAV and EPRA NAV per share
- 2** We expect our FFO 1 run rate to be at least EUR 66m after closing all signed transactions based on the long-term financing structure
- 3** Average cost of long-term debt of 1.8% with an LTV target of maximum 45%
- 4** We target a dividend payout ratio of up to 50% of FFO 1



Feurigstraße
Schöneberg



Müllerstraße / Transvaalstraße
Wedding

FINANCIAL CALENDAR

2



November 14, 2018

Publication
Q3/2018
Financial Report



Hakenfelder Straße
Spandau



Hermannstraße / Selchower Straße
Neukölln



Kottbusser Damm / Lenastraße
Kreuzberg



Großbeerenstraße / Obentrautstraße
Kreuzberg

IMPRINT



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