

FINANCIAL RESULTS Q3 2018



November 14, 2018

OVERVIEW & INVESTMENT HIGHLIGHTS



ADO – THE PURE PLAY BERLIN RESIDENTIAL SPECIALIST

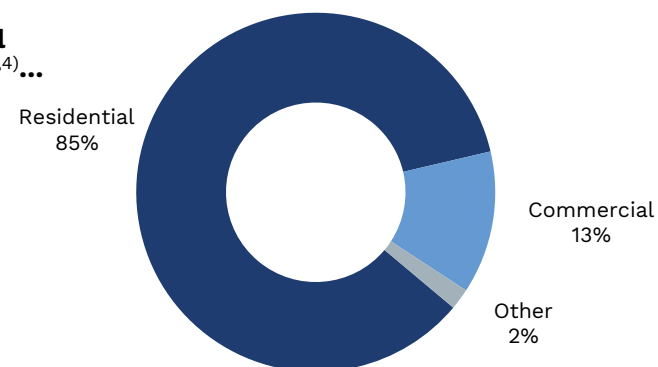
Investment highlights

- 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 40%, our weighted average maturity is approx. 4.9 years and a low average interest cost of 1.8% for the long-term debt

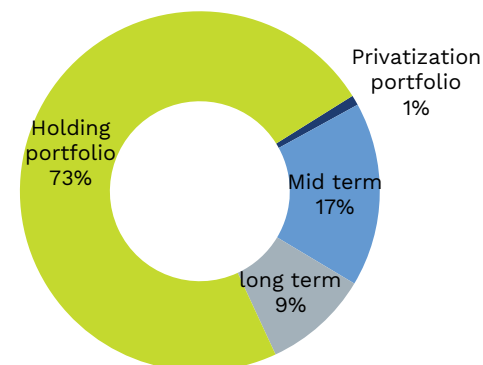
Key metrics (end of Q3 2018)⁽¹⁾

Residential units	22,218
Commercial units	1,449
Total units	23,667
In-place rent	EUR 133m
Lettable area (k m ²)	1,643
Property value	EUR 3,848m
EPRA NAV	EUR 2,201m
Total interest-bearing debts⁽²⁾	EUR 1,609m
Average interest rate of long-term debt	1.8%
Current cash position	EUR 32m
Net LTV	41.9%

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 1,360m long-term debt and EUR 249m 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

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

HIGHLIGHTS Q3 2018

Financials	Q3 2018	Q1-Q3 2018
Income from rental activities	EUR 34.6m	EUR 99.6m
EBITDA from rental activities	EUR 24.0m	EUR 70.7m
EBITDA margin from rental activities	72.5%	74.7%
FFO 1	EUR 17.3m	EUR 50.9m
FFO 1 per share	EUR 0.39	EUR 1.15

Operations & balance sheet	Q3 2018	FY 2017
Rental growth l-f-l (LTM)	5.5%	4.8%
Vacancy rate	3.1%	3.6%
Privatization - avg. sales price/m ²	EUR 3,929	EUR 3,307
Total maintenance & CAPEX/m ²	EUR 36.7	EUR 29.1
EPRA NAV per share	EUR 49.92	EUR 45.10
Net LTV	41.9%	39.6%

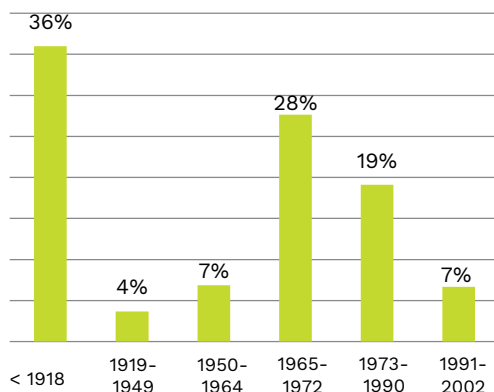
- Strong growth continues with income from rental activities increased by more than 27% compared to the same period 2017
- Like-for-like rental growth of 5.5% ahead of guidance
- Vacancy rate improved by 50bsp due to the increased speed of unit modernization
- Privatization prices remain strong with an avg. selling price of EUR 3,929 per m²
- EPRA NAV per share increased by 11% since the beginning of the year to EUR 49.92 after a dividend payment of EUR 0.60 per share in June 2018
- Net LTV at 41.9% at the end of Q3 2018 and a pro-forma net LTV of 42.0% incl. open commitments
- ADO is currently working on several refinancing projects to term out it's short term funding and replace the proceeds which had been intended to be raised by a Euro benchmark bond
- On October 11, 2018, Moody's downgraded the Company's long-term issuer rating to Baa3 from Baa2 and the short-term rating to P-3 from P-2. All ratings have been placed on review for further downgrade. On November 8, 2018, Moody's announced that the recent financing activities of the Company substantially reduce the likelihood of multi-notch downgrades
- Schuldscheindarlehen of EUR 24.5m with an average maturity of 6 years and average interest rates of 2.3% were closed on 7th November 2018
- To reduce short term maturities further and support the rating, a EUR 50m bilateral credit facility was signed after the end of the reporting period
- To support it's credit profile further the LTV target was reduced after the end of the reporting period to 40%

ADO PORTFOLIO & STRATEGY

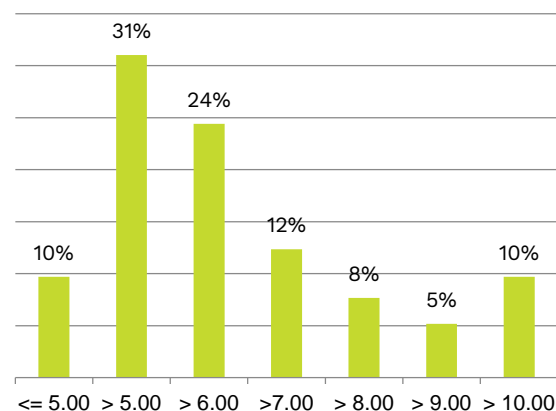


BALANCED, HIGH-QUALITY PORTFOLIO FOCUSED ON BERLIN

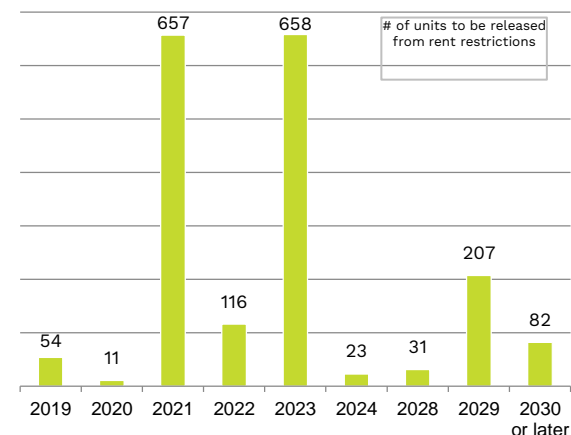
High-quality turn-of-the-century buildings...



...with attractive rents...



...and low number of remaining restrictions



Key metrics residential portfolio (end of Q3 2018)⁽¹⁾

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Fair value (EUR m) ⁽²⁾	1,434	460	641	300	1,014	3,848
Fair value (EUR/m²)	2,858	2,515	2,300	2,370	1,834	2,343
Number of residential units	6,556	2,222	4,179	1,494	7,767	22,218
Avg. in-place rent in (EUR/m²/month)	7.18	6.92	7.06	7.16	5.87	6.65
Avg. new letting rent in (EUR/m²/month) ⁽³⁾	10.94	9.21	9.92	9.26	7.50	9.14
Reversionary potential	52%	33%	41%	29%	28%	37%
Occupancy (physical)	96.4%	95.6%	97.6%	96.1%	97.6%	96.9%
Tenant turnover (LTM)	8.2%	8.6%	7.0%	10.6%	7.1%	7.8%

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

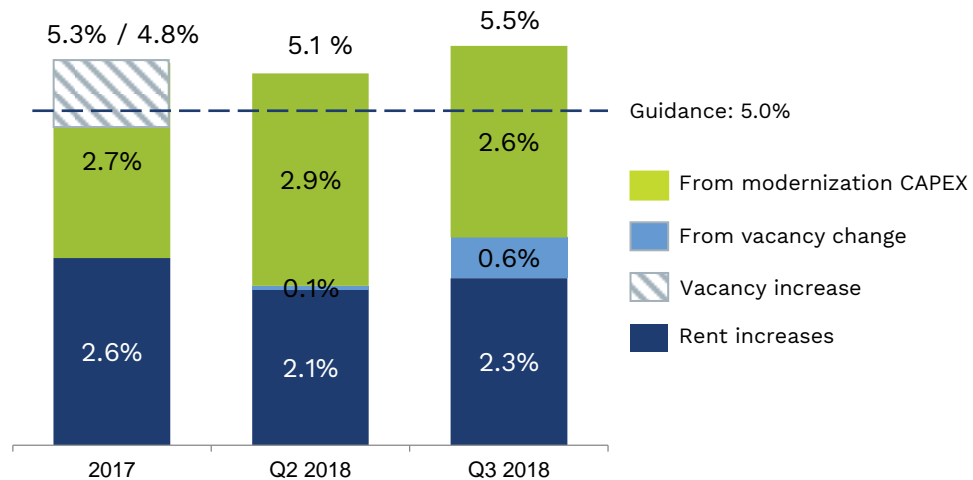
2) Including condominium units with a fair market value of EUR 46m which are held at a book value of EUR 38m

3) Based on the last three months

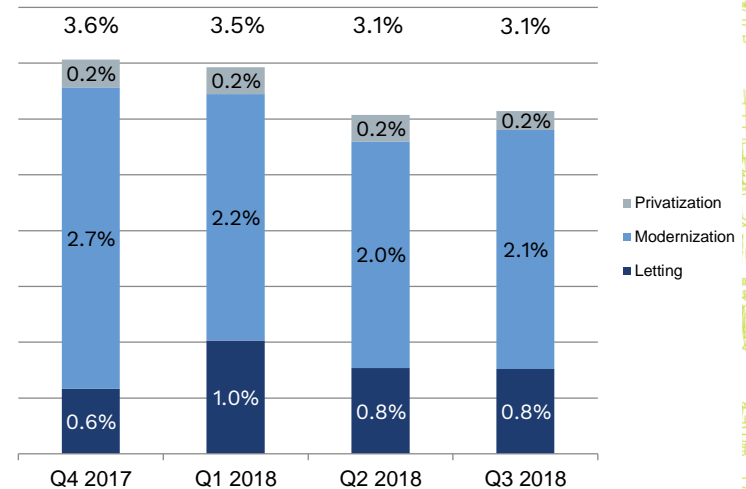
100% exposure within Berlin city borders with approximately 40% in Central Locations

STRONG LIKE-FOR-LIKE GROWTH AND STABLE VACANCIES

Very strong l-f-l result of 5.5% in Q3 2018



Vacancy split



Based on physical vacancy, residential only
EPRA Vacancy Rate is 3.1% for Q3 2018

Maintenance & CAPEX	2016	2017	Avg. 2016-2017	Q3 2018 ^(*)
In EUR per m ²				
Repair & Maintenance	6.8	6.5	6.7	7.5
Capitalized maintenance	6.6	6.3	6.5	7.9
Energetic modernization	0.8	1.7	1.3	2.9
Modernization CAPEX	13.8	14.6	14.2	18.4
Total	28.1	29.1	28.6	36.7

* Annualized figures based on total lettable area

- Speed of unit modernization maintained high with 1,141 units refurbished in 2018 (Q1-Q3)
- Energetic modernization program is ongoing and will deliver additional growth throughout the year

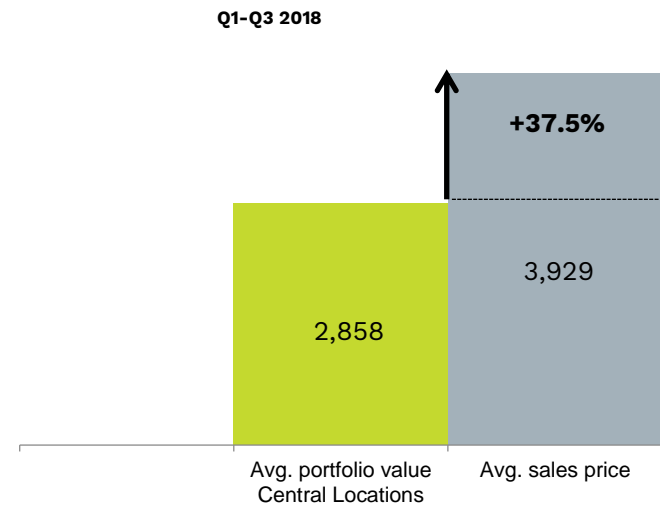
Like-for-like rental growth continues to improve as expected

PRIVATIZATION ACTIVITIES ON TARGET

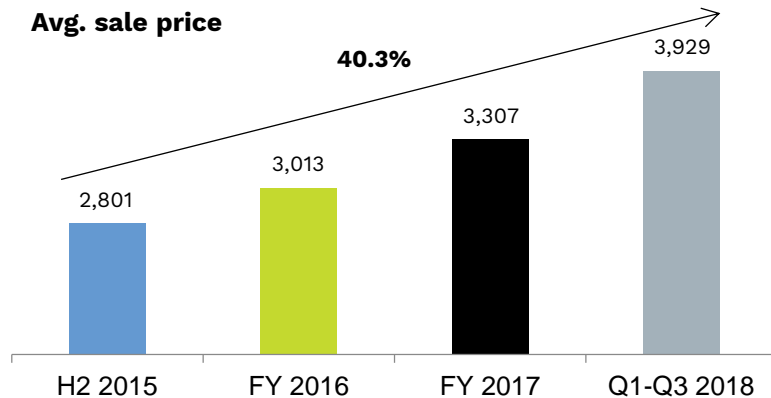
Privatization results and outlook^(*)

- 50 units sold until Q3 2018 for gross proceeds of EUR 16.2m, generating 37.5% value uplift compared to average fair value of Central Locations
- 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

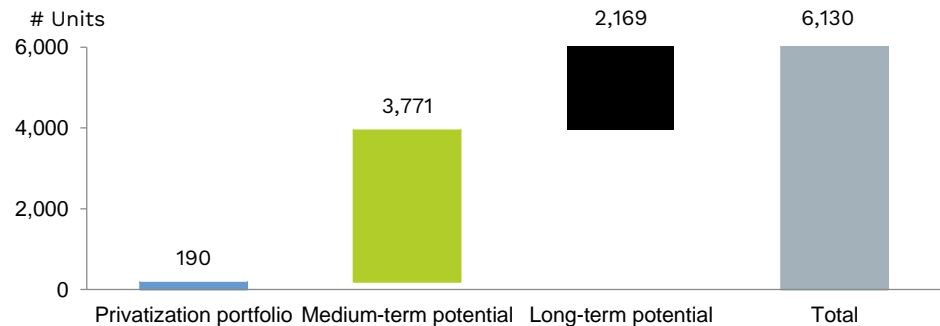
Sales profit – avg. sales price vs. portfolio value



Avg. sale price



Privatization potential



* Residential units

50 units sold until Q3 2018 for an average selling price of EUR 3,929 per m²

FINANCIAL OVERVIEW



OVERVIEW OF BALANCE SHEET

In EUR m	Sep 30, 2018 (Unaudited)	Dec 31, 2017 (Audited)
Investment properties	1 3,811	3,306
Other non-current assets	10	8
Non-current assets	3,821	3,314
Cash and cash equivalents	32	122
Other current assets	1 80	83
Current assets	112	204
Total assets	3,934	3,518
Interest-bearing debt	2 1,609	1,423
Other liabilities	91	80
Deferred tax liabilities	220	183
Total liabilities	1,920	1,687
Total equity attributable to shareholders of the Company	1,971	1,795
Non-controlling interests	43	36
Total equity	2,014	1,831
Total shareholders' equity and liabilities	3,934	3,518
EPRA NAV	3 2,201	1,989
No. of shares	44.1	44.1
EPRA NAV per share	3 49.92	45.10

Comments

- 1 Total portfolio value of 3,848 as at September 30, 2018 includes investment properties (EUR 3,802m) and trading properties (EUR 46m fair value/EUR 38m book value – included in other current assets). The balance sheet positions include in addition advances on signed deals in an amount of EUR 9m
- 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 1,360m and short-term commercial paper in an amount of EUR 249m
- 3 Our EPRA NAV amounts to EUR 2,201m or EUR 49.92 per share as at September 30, 2018, an increase of 11% since the beginning of the year

SOLID BALANCE SHEET WITH FIXED RATE FINANCING

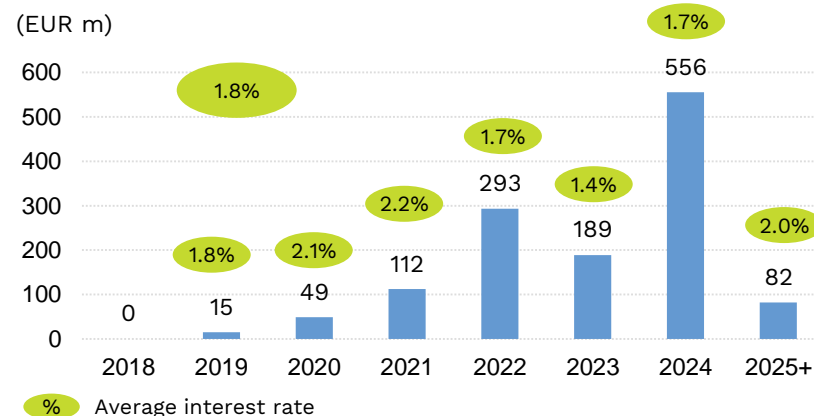
Key financing figures

- Long-term debt of EUR 1,360m, almost completely fixed or hedged from diversified funding sources
- No material near term maturities with weighted average maturity of approx. 4.9 years and average interest rate of 1.8%
- Commercial paper in an amount of EUR 249m was at the end of Q3. We are currently running several refinancing projects to term out short-term maturities, until 8th November we already signed commitments in an amount of EUR 75m reducing the remaining net exposure to approx. EUR 150m
- Net LTV at the end of the quarter is at 41.9%. Taking into account commitments for signed deals, the pro-forma net LTV stands at around 42.0%

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 EUR 200m revolving credit facility supporting our commercial paper program
- We target an LTV of 40% which we expect to reach latest over the course of the next business year
- On October 11, 2018 Moody's downgraded the long-term rating to Baa3 from Baa2 and the short-term rating to P-3 from P-2
- ADO remains to be 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 approx. 4.9 years



Bond Covenants

	Covenant	Q3 2018
Loan-to-value ratio (bond)	≤ 60%	41.1%
Secured loan-to-value ratio	≤ 45%	23.9%
Unencumbered asset ratio*	≥ 125%	155.8%
Interest coverage ratio	≥ 1.8	3.8

* As at October 1, 2018

Conservative financing structure supporting our future growth

OVERVIEW OF PROFIT AND LOSS

In EUR m	Q1-Q3 2018	Q3 2018	Year 2017
Net rental income	94.6	33.1	103.3
Income from facility services	4.9	1.6	5.9
Income from rental activities	1 99.6	34.6	109.2
Cost of rental activities	(18.9)	(7.1)	(20.4)
Net operating income	80.7	27.6	88.8
NOI from rental activities margin	85.3%	83.4%	85.9%
Overhead costs	(10.0)	(3.6)	(11.7)
EBITDA from rental activities	2 70.7	24.0	77.1
EBITDA from rental activities margin	74.7%	72.5%	74.6%
Net profit from privatizations	3.5	2.1	3.9
EBITDA total	74.2	26.1	81.0
Net cash interest	3 (19.1)	(6.3)	(21.7)
Other net financial costs	(1.0)	(0.4)	(6.3)
Depreciation & amortization	(0.3)	(0.1)	(0.5)
EBT	53.8	19.3	52.5

Comments

- 1** Income from rental activities increased by 27% and is driven by l-f-l rental growth of 5.5%. Quarter-on-quarter growth was 3%. Q3 reflects an annualized income from rental activities of EUR 139m

Strong rental growth supported by our investment strategy

In % (LTM*)	Sep 30, 2018	Dec 31, 2017
CAPEX	2.6%	2.7%
Fluctuation & vacancy	0.6%	(0.5%)
Regular increases	2.3%	2.6%
Total	5.5%	4.8%

* Last 12 months

- 2** EBITDA from rental activities increased by 26%.
- 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	Q1-Q3 2018	Q3 2018	FY 2017
EBITDA from rental activities	1 70.7	24.0	77.1
Net cash interest	(19.1)	(6.3)	(21.7)
Current income taxes	(0.7)	(0.3)	(1.0)
FFO 1 (from rental activities)	2 50.9	17.3	54.3
Maintenance capital expenditure ^(*)	3 (9.5)	(3.4)	(8.5)
AFFO (from rental activities)	41.4	13.9	45.9
Net profit from privatizations	4 3.5	2.1	3.9
FFO 2 (incl. disposal results)	54.5	19.4	58.3
Avg. number of shares	44.1	44.1	44.1
FFO 1 EUR per share	1.15	0.39	1.23
FFO 2 EUR per share	1.23	0.44	1.32

* 2017 figures are adjusted for energetic modernization CAPEX

Comments

- EBITDA from rental activities increased by more than 26% due to our strong 5.5% like-for-like rental growth. Q3 reflects an annualized EBITDA of EUR 96m
- FFO 1 has increased by 27% due to our operational performance
- Maintenance is in line with our long-term averages. CAPEX is slightly elevated due to the high level of unit modernization in Q1-Q3 2018
- During Q1-Q3 2018 we sold 50 units, generating net profit of EUR 3.5m

3 Maintenance and CAPEX

In EUR/per m ²	Jan 1 – Sep 30, 2018 ^(*)	Jan 1 – Dec 31, 2017
Maintenance	7.5	6.5
Capitalized maintenance	7.9	6.3
Energetic modernization	2.9	1.7
Modernization CAPEX	18.4	14.6
Total	36.7	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** We tightened our LTV target to 40% which we expect to reach latest over the course of the next business year. Our average cost of long-term debt is approximately 1.8%
- 4** We target a dividend payout ratio of up to 50% of FFO 1



Feurigstraße
Schöneberg



Müllerstraße / Transvaalstraße
Wedding

FINANCIAL CALENDAR



March 20, 2019

Publication
FY 2018
Financial Report

May 22, 2019

Publication
Q1/2019
Financial Report

June 20, 2019

Annual
General
Meeting

August 14, 2019

Publication
Q2/2019
Financial Report

November 13, 2019

Publication
Q3/2019
Financial Report

Allee der Kosmonauten
Pankow



Aronsstraße
Neukölln



ADG
BERLINSIDERS



Hermannstraße
Neukölln



Gutenbergstraße
Köpenick

IMPRINT



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