A large, modern, multi-story building with a white facade and blue accents. The building features various graffiti art, including a large yellow and green polka-dot pattern, a blue and white geometric pattern, and a blue banner with the word 'BUSINESS'. A group of people is gathered in front of the building on a green lawn. The sky is clear and blue.

Financial Results Q3 and 2019 Analyst Call

November 13, 2019

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ENTRANCE

9 MONTH
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CAPITAL MARKET UPDATE

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The management team



Ran Laufer (1973)
Chief Executive Officer (CEO)

CEO since July 23, 2019

Studied Business Administration with a focus on Marketing and Strategy at Solvay Business School (Brussels, Belgium) and received his MBA in 2006

Previous experience

- 2010 - 2014 Deputy CEO of Grand City Properties (Berlin, Germany)
- 2014 - 2018 Chief Marketing and Sales Officer at Airport City Ltd. (Tel Aviv, Israel)
- 2019 - Today Deputy Chairman of the Supervisory Board of TLG Immobilien AG (Berlin, Germany)



Eyal Merdler (1978)
Chief Financial Officer (CFO)

CFO since October 01, 2019

Studied Business Management at the College of Management (Israel), graduated with a MBA and holds a CPA (certified public accountant)

Previous experience

- 2001 - 2009 Senior Manager at EY in Tel Aviv, Israel
- 2009 - 2015 Various senior positions in several listed companies in Israel and the United Kingdom
- 2015 - 2019 Chief Financial Officer of ADO Group Ltd. (Tel Aviv, Israel)



Eran Amir (1971)
Chief Operating Officer (COO)

COO since October 01, 2019

Studied Civil and Environmental Engineering at the Technion - Israel Institute of Technology (Haifa, Israel) and graduated with a BSc degree in 1998

Previous experience

- 2000 - 2017 Senior Engineer & Project Manager in various international companies
- 2017 - 2018 Consulting Engineer at Lianeo Real Estate GmbH
- 2018 - 2019 Consulting Engineer at UK Hotels

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INVESTMENT HIGHLIGHTS & 3Q19 RESULTS

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1

ADO – THE PURE PLAY BERLIN RESIDENTIAL SPECIALIST

Investment highlights

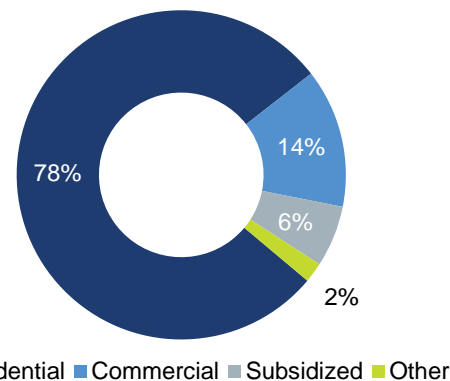
- 1 Berlin residential pure play with a €4.5bn quality portfolio⁽⁵⁾
- 2 Efficient, fully integrated and scalable platform with a clear strategy to create value. This unique platform enables in-depth knowledge of the Berlin market from more than a decade of local presence
- 3 Strong rental growth demonstrated 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 4.1 years and a low average interest cost of 1.6% for the long-term debt⁽⁵⁾

Key metrics

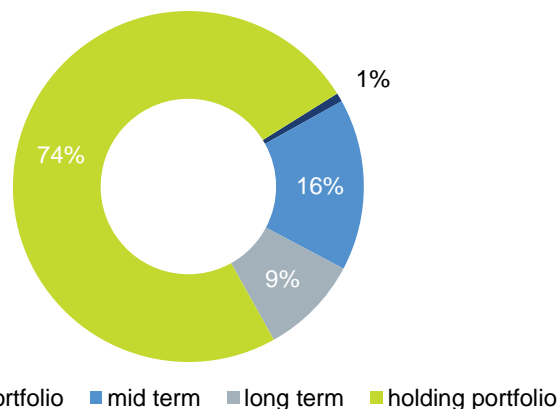
Q3 2019⁽¹⁾

Residential units	22,157
Commercial units	1,458
Total units	23,613
In-place rent	€139m
Lettable area (thousand sqm)	1,652
Property value	€4,466m
EPRA NAV	€2,761m
Total interest-bearing debts ⁽⁵⁾	€1,726m
Average interest rate of long-term debt	1.6%
Current cash position	€57m
Net LTV⁽⁶⁾	21.0%

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



...with potential for privatization⁽⁴⁾



Note: (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; (5) Post selling the assets and liabilities of disposal groups classified as held for sale the value of our portfolio will be €3.5bn, the weighted average maturity will be 4.5 years; (6) Net LTV including the assets and liabilities of disposal groups classified as held for sale and the deferred taxes related to it. General note: Due to rounding, numbers may not add up precisely to the totals

Highlights of Q3 2019

Financials (€m)	Q3 2019	Q1-Q3 2019
Income from rental activities	36.1	107.5
EBITDA from rental activities	24.6	72.4
EBITDA margin from rental activities	71.7%	71.2%
FFO 1	17.0	50.4
FFO 1 (€/share)	0.40	1.14

Operations & balance sheet	Q3 2019	FY 2018
Rental growth I-f-I (LTM)	4.4%	5.6%
Vacancy rate	2.5%	3.2%
Privatization – average sales price/sqm	€4,047	€3,857
Total maintenance & CAPEX/sqm	€41.8	€39.2
EPRA NAV per share	€62.47	€55.05
NET LTV	21.0%	39.6%

Comments

- On September 26, 2019. The Company announced the entering into of a share purchase agreement with Gewobag Wohnungsbau Aktiengesellschaft Berlin for the sale of 100% of the shares of certain subsidiaries owning 23 properties consisting in aggregate of approximately 5,900 residential apartment units. The sale price for the shares is €920 million, less approximately €350 million of net debt of the companies being sold. The assets are located in the Spandau and Reinickendorf districts in the West and the North of Berlin, most of which were acquired in 2015
- Strong rental growth continues with an increase of 8% in income from rental activities compared to the same period in 2018
- Vacancy rate improved by 70bps due to the strong letting effort of our operational teams
- Privatization prices remain strong with an average selling price of €4,047 per sqm
- EPRA NAV per share increased by more than 13% since the beginning of the year to €62.47 per share after a dividend payment of €0.75 per share in June 2019
- Net LTV at 21.0% at the end of Q3 2019 including the assets, liabilities and deferred taxes of disposal groups classified as held for sale

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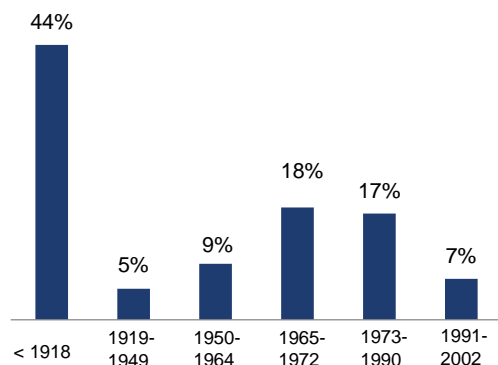
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ADO PORTFOLIO & STRATEGY

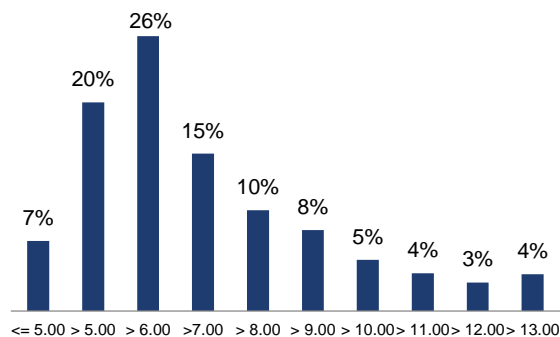
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2

BALANCED, HIGH-QUALITY PORTFOLIO FOCUSED ON BERLIN

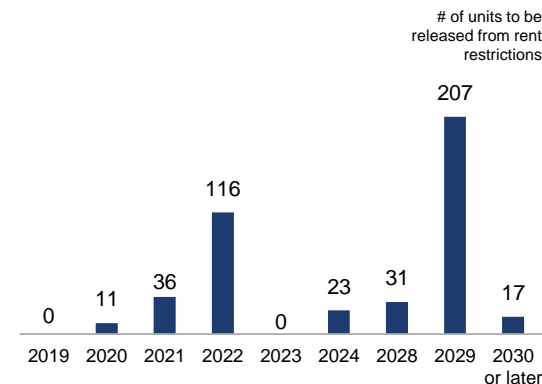
Ageing of the portfolio^(*)



Rent levels^(*)



Rent restrictions^(*)



^(*) Excluding the assets and liabilities of disposal groups classified as held for sale

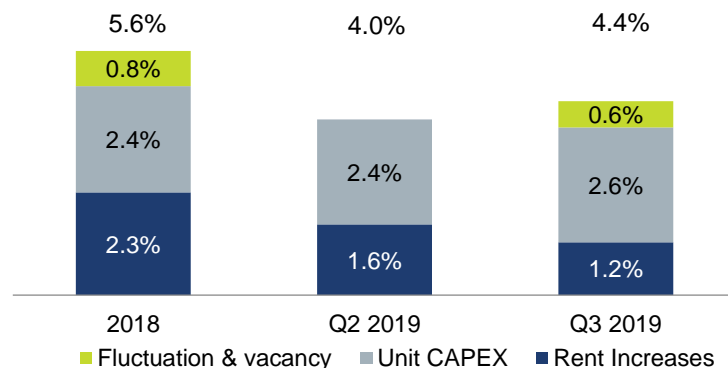
Key metrics residential portfolio (end of Q3 2019) ⁽¹⁾	S-Bahn Ring (1960-90)					Total	Held for sale	Total incl. held for sale
	Central	S-Bahn Ring	S-Bahn Ring (1960-90)	City Ring	City Ring (1960-90)			
Fair value (€m) ⁽²⁾	1,631	524	721	333	337	3,546	920	4,466
Fair value (€/sqm)	3,256	2,866	2,582	2,680	2,272	2,870	2,258	2,718
Number of residential units	6,493	2,224	4,179	1,463	1,904	16,263	5,894	22,157
Average in-place rent (€/sqm/month)	7.50	7.19	7.15	7.44	6.40	7.22	5.89	6.89
Average new letting rent (€/sqm/month) ⁽³⁾	13.26	11.31	10.21	9.37	8.79	11.01	7.22	10.45
Reversionary potential	77%	57%	43%	26%	37%	52%	23%	52%
Occupancy (physical)	97.8%	95.9%	97.5%	96.0%	98.7%	97.4%	97.8%	97.5%
Tenant turnover (LTM)	8.1%	9.3%	6.9%	11.6%	6.9%	8.1%	6.7%	7.8%

**100% exposure within Berlin city borders with 37% in Central Locations.
Post selling 46% of our portfolio will be within Central locations**

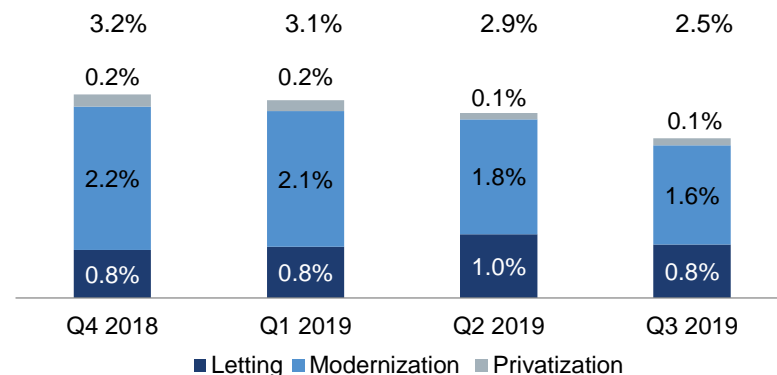
Note: (1) All values except the fair value are for the residential portfolio only and are including the achieved rents for furnished apartments; (2) Including condominium units with a fair market value of €42m which are held at a book value of €28m; (3) Based on the last three months

Strong like-for-like growth and decreasing vacancies

Like-for-like rental growth



Vacancy split⁽²⁾



Maintenance & CAPEX (€/sqm)	2017	2018	Avg. 2017-2018	Q1-Q3 2019 ⁽¹⁾
Repair & maintenance	6.5	7.5	7.0	7.5
Capitalized maintenance	6.3	8.1	7.2	8.4
Energetic modernization	1.7	3.6	2.6	2.9
Modernization CAPEX	14.6	20.0	17.3	22.9
Total	29.1	39.2	34.1	41.8

- 1,277 residential units refurbished in Q1-Q3 2019
- Vacancy dropped by 70 basis points to 2.5% from the beginning of the year and we expect a further decline
- Additional €1,989K have been invested in new build activities during Q1-Q3 2019
- We expect further decrease in CAPEX investment during the near future
- The Company is reducing CAPEX volumes in furnished apartments

During Q3, we significantly decrease our maintenance and CAPEX to the amount of € 32.2 per sqm annualized

“BERLINER MIETENDECKEL”

Summary

- On October 22, 2019, the Berlin Senate has agreed on a draft proposal for additional Berlin-specific rent regulations with the objective of “freezing” the rental growth in the Berlin residential market for a period of five years
- The proposal was the outcome of – purportedly – intense debates within the Berlin government and it remains subject to the legislative process, where further adjustments and changes, are possible, including an abandonment of the project. It is therefore 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 freeze, absolute rental caps, and restrictions on investments. The legislative proposal, if passed in its current form, is subject to further implementation measures which are also likely to effect the exact impact on our business
- 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 and that it does not provide a solution to Berlin’s ongoing housing shortage

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
- October 22, 2019: The Berlin coalition government has agreed on a Draft Bill – later than originally planned
- Q1 2020: Bill expected to become effective, but detailed timing of legislative process currently not available

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

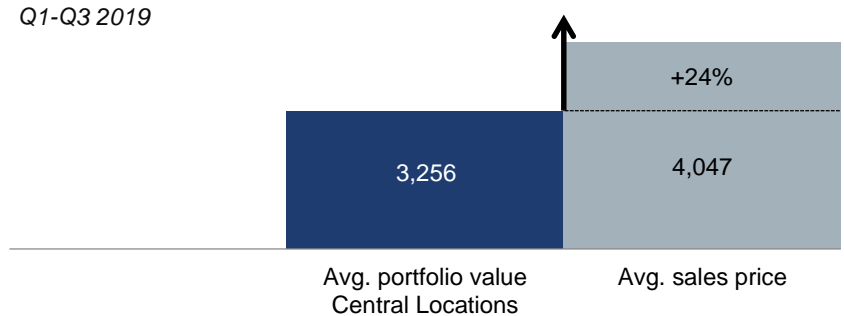
At this stage we are not in the position to provide any reliable estimates of the bill’s impact, if and when adopted, on ADO’s financial performance

PRIVATIZATION ACTIVITIES CONTINUE

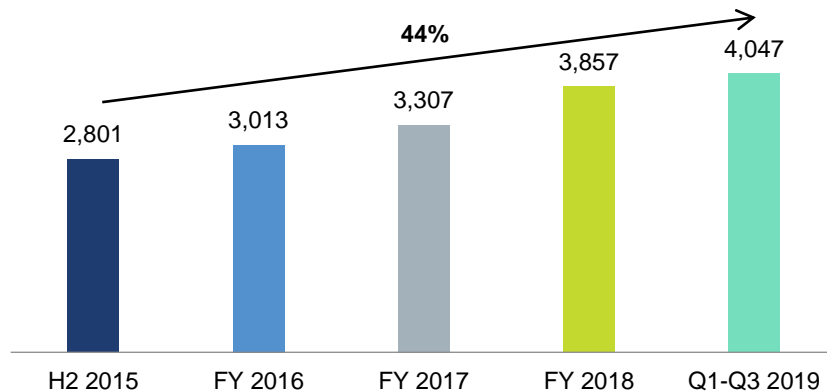
Comments

- 49 units sold until Q3 2019 for gross proceeds of €12.1m, generating 24% 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

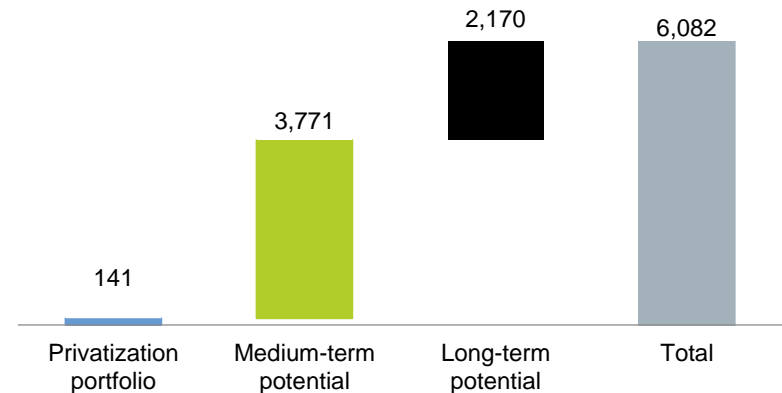
Sales profit –average sales price vs. portfolio value⁽¹⁾



Average sale price ⁽¹⁾



Privatization potential (# units)



49 units sold until Q3 2019 for an average selling price of €4,047 per sqm

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FINANCIAL OVERVIEW

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Operating with a strong balance sheet

Balance sheet (€M)	Notes	Sep 30, 2019	Dec 31, 2018
		(Unaudited)	(Audited)
Investment properties	1	3,510	4,050
Other non-current assets		22	16
Non-current assets		3,532	4,066
Cash and cash equivalents	1	57	28
Assets of disposal group classified as held for sale	1	929	-
Other current assets	1	69	76
Current assets		1,055	104
Total assets	2	4,588	4,170
Interest-bearing debt	2	1,331	1,609
Liabilities of disposal group classified as held for sale		433	-
Other liabilities		115	115
Deferred tax liabilities		255	249
Total liabilities		2,100	1,973
Total equity attributable to shareholders of the Company		2,436	2,151
Non-controlling interests		51	47
Total equity		2,487	2,197
Total shareholders' equity and liabilities		4,588	4,170
EPRA NAV	3	2,760	2,430
No. of shares		44.2	44.1
EPRA NAV per share	3	62.47	55.05

Comments

- 1 The portfolio value of €4,466m as at September 30, 2019 includes investment properties (€3,510m) and trading properties (€42m fair value/€28m book value – included in other current assets) and €920m related to assets of disposal group classified as held for sale
- 2 Interest-bearing debt consists of bank loans (an amount of €348m including in the liabilities of disposal group classified as held for sale), capital market debts and a loan from Harel Insurance related to the WayPoint portfolio in a total amount of €1,679m
- 3 Our EPRA NAV amounts to €2,761m or €62.47 per share as at September 30, 2019, an increase of 13% since the beginning of the year after a dividend payment of €0.75 per share

LTV calculation (€M)

Bonds, other loans and borrowings and other financial liabilities	1,378
Cash and cash equivalents	(57)
Disposal group classified as held for sale, net	(496)
Deferred taxes related to liabilities held for sale	(73)
Net financial liabilities	751
Fair value of properties (including advances)	3,554
Loan-to-value ratio (*)	21.0%

(*) Without the effect of the disposal of the assets and liabilities of disposal groups classified as held for sale the LTV at the end of Q3 2019 amounted up to 37.3%

SOLID BALANCE SHEET WITH FIXED RATE FINANCING

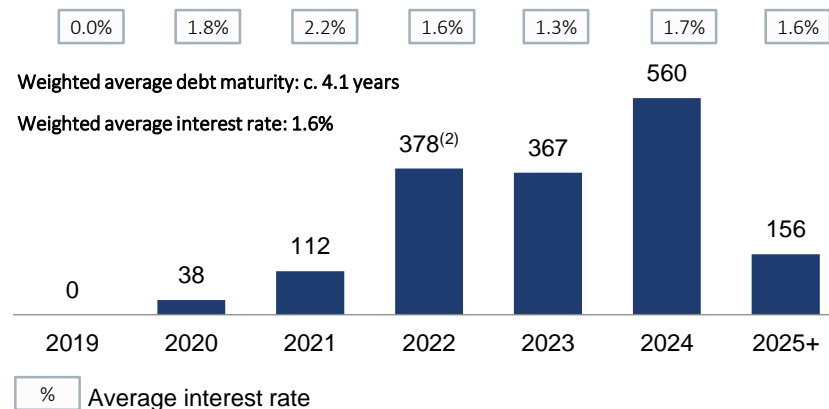
Key financing figures⁽¹⁾

- Interest-bearing debts of €1,679m, 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. 4.1 years and average interest rate of 1.6% for long-term debts
- Net LTV at 21.0% at the end of Q3 2019 including the assets, liabilities and deferred taxes of disposal groups classified as held for sale
- New secured loan of an amount of €80m, with a fixed interest rate of 1.07% and maturity of 8 years

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 €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
- During September and October Moody's and S&P have changed from stable to negative the outlook of the Company

Diversified debt profile



Bond Covenants	Covenant	Q3 2019
Loan-to-value ratio (bond)	≤ 60%	28.8%
Secured loan-to-value ratio	≤ 45%	15.9%
Unencumbered asset ratio	≥ 125%	236.4%
Interest coverage ratio	≥ 1.8	3.7

Net LTV at 21.0% at the end of Q3 2019

Disposal to Gewobag paves the way for new avenues of growth of up to €1.1bn

Disposal of the Carlos portfolio

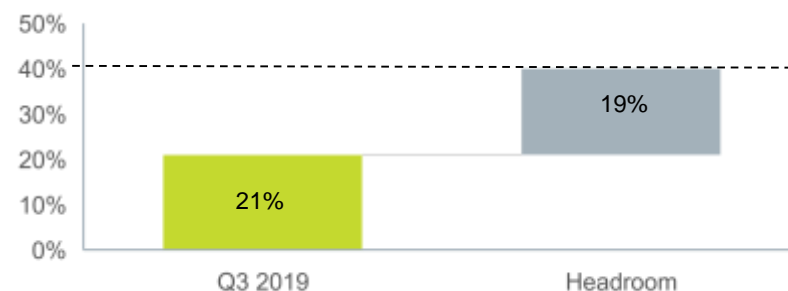
- ADO Properties S.A. entered into a share purchase agreement with Gewobag Wohnungsbau Aktiengesellschaft Berlin
- For the sale of 100% of the shares of certain subsidiaries owning 23 properties consisting in aggregate of approximately 5,900 residential apartment units
- The assets are located in the Spandau and Reinickendorf districts in the West and the North of Berlin, most of which were acquired in 2015
- Leading to an average price of c. €2,258/sqm, an average rent level of c. €5.8/sqm/month
- The Portfolio has been sold for a total price of €920 million
- ADO Properties S.A. is considering various opportunities with respect to the proceeds from the sale, including repaying existing loans as well as new portfolio acquisitions
- The transaction is subject to a number of customary conditions

Geographical overview of the portfolio



Ample headroom to support further growth

LTV target



With a headroom of approximately 19%, ADO could acquire a maximum of approximately €1.1bn worth of assets

Overview of Profit and loss

Profit and loss (€M)	Notes	Q1-Q3 2019	Q3 2019	FY 2018
Net rental income		101.7	34.3	128.0
Income from facility services		5.8	1.9	6.6
Income from rental activities	1	107.5	36.1	134.6
Cost of rental activities		(23.9)	(8.4)	(26.2)
Net operating income		83.6	27.8	108.4
NOI from rental activities margin	2	82.2%	81.0%	84.7%
Overhead costs		(11.2)	(3.2)	(14.6)
EBITDA from rental activities		72.4	24.6	93.8
EBITDA from rental activities margin	2	71.2%	71.7%	73.3%
Net profit from privatizations		1.7	0.7	2.5
EBITDA total		74.2	25.3	96.3
Net cash interest	3	(20.4)	(7.0)	(25.4)
Other net financial income (costs)		3.0	(1.7)	(6.1)
Depreciation & amortization		(1.1)	(0.3)	(0.5)
EBT		55.7	16.3	64.2

Comments

- Income from rental activities increased by 8% for the same period in 2018 and is driven by I-f-I rental growth of 4.4%. Q3 reflects an annualized income from rental activities of €145m
- In line with our expectations, NOI and EBITDA margins came in lower than at FY18.
- 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%

Strong rental growth supported by our investment strategy

In % (LTM)	Jan 1 - Sep 30, 2019 ⁽¹⁾	Jan 1 - Dec 31, 2018
New lettings after CAPEX	2.6%	2.4%
Fluctuation & vacancy	0.6%	0.8%
Regular rent increases	1.2%	2.3%
Total	4.4%	5.6%

Overview of FFO

Funds from operations (€M)	Notes	Q1-Q3 2019	Q3 2019	FY 2018
EBITDA from rental activities	1	72.4	24.6	93.8
Net cash interest		(20.4)	(7.0)	(25.4)
Current income taxes		(1.6)	(0.6)	(1.6)
FFO 1 (from rental activities)		50.4	17.0	66.8
Maintenance capital expenditure	2	(10.4)	(1.6)	(13.0)
AFFO (from rental activities)		40.0	15.4	53.8
Net profit from privatizations	3	1.7	0.7	2.5
FFO 2 (inc. disposal results)		52.2	17.7	69.3
Average number of shares		44.2	44.2	44.1
FFO 1 €/share		1.14	0.38	1.51
FFO 2 €/share		1.18	0.40	1.57

Comments

- EBITDA from rental activities increased by 2%. Q3 reflects an annualized EBITDA of €98m
- Maintenance is in line with our long-term averages. During Q1-Q2 2019 CAPEX is slightly elevated due to the high level of unit modernization. During Q3, we significantly decrease our maintenance and CAPEX to the amount of €32.2 per m² annualized
- During Q1-Q3 2019 we sold 48 units, generating gross profit of €12.1m

Maintenance and CAPEX (€/sqm)	Jan 1 – Sep 30, 2019 ⁽¹⁾	Jan 1 - Dec 31, 2018
Maintenance	7.5	7.5
Capitalized maintenance	8.4	8.1
Energetic modernization	2.9	3.6
Modernization CAPEX	22.9	20.0
Total	41.8	39.2

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 €65m (without the effect of the assets and liabilities of disposal groups classified as held for sale)
- 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 approximately 50% of FFO 1 maintaining at least €0.75 per share as paid out over 2019



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Steglitz



Allerstr. 46
Neukölln

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FINANCIAL CALENDAR

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Financial Calendar²⁰

<p>March 18, 2020</p> <hr/> <p>Publication Annual Report 2019</p>	<p>May 20, 2020</p> <hr/> <p>Publication Three-Month Financial Report (Q1 2020)</p>	<p>June 10, 2020</p> <hr/> <p>Annual General Meeting 2020</p>
<p>August 12, 2020</p> <hr/> <p>Publication Half-Year Financial Report (Q2 2020)</p>	<p>November 11, 2020</p> <hr/> <p>Publication Nine-Month Financial Report (Q3 2020)</p>	

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EXHIBITION →

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