



# Full year 2019 results presentation

Creating a major new residential player with a fully integrated platform

Berlin – 31 March, 2020

# Today's presenters

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**Maximilian Rienecker**  
*Co-Chief Executive Officer ADLER*

- ADLER Co-CEO since December 2017. Prior to that, he was Head of Corporate Finance and Strategy
- Previously worked at ING Investment Management in Hong Kong and in Corporate Strategy and M&A at SBM Offshore in Monaco
- Holds a MSc in Management from the University of Nottingham



**Thierry Beaudemoulin**  
*Chief Executive Officer ADO*

- Covivio Germany CEO and member of the Executive board from 2006 to 2019
- Previously held various positions including Managing Director at Batigere, Asset Manager and Managing Director at ING REIM Europe, and Head of Property Management at Foncia
- Holds a Master of Real Estate and Urban Planning from IEP de Paris

# Agenda

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**1**

**Takeover of ADLER to be completed**

**2**

**Well diversified €8.6bn German residential portfolio**

**3**

**Full year 2019 results**

**4**

**The new combination going forward**

**5**

**Increased focus on developments**

**6**

**Outlook**

**7**

**Appendices**

# COVID-19 Update

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## Actions by the German authorities

- German authorities have eased the rules for short time work: **employees will receive 60% to 67% of their net income** for non-worked hours
- Requirements for **obtaining a housing allowance** are also being **relaxed and the process is simplified** to support citizens in their rent obligations
- Rent deferral schemes are currently in place until June 2020
- We are in continuous dialogue with the (local) government(s) and use our central roles in society to actively update tenants on relevant policies and initiatives

## Actions by ADO & ADLER

- Our first concern is for the **safety and well-being of our employees and tenants**
- We encourage **employees working from home** and providing support to our tenants digitally as much as possible
- When visiting apartments or commercial units, we emphasize **keeping appropriate distance** to our employees and tenants

## Business continuity

- We anticipate **no material impact on FFO for 2020** and expect **rental growth outside Berlin to continue**
- We have a **strong liquidity position** with around €500m in cash at hand
- We have no major refinancing events until December 2021, when a €500m bond matures
- At FY19 our combined portfolio is valued at **€1,635 per square meter**, which we deem a resilient valuation



**1. Takeover of ADLER to be completed**

# 1. Successful public offer for ADLER

After the extended tender period 94.15% of ADLER shares have been tendered



- €3.2 billion (>93%) of ADLER debt secured via waivers of change of control
- Non-Euro bonds repurchased
- €116 million of July 2021 ADLER convertible bonds not converted into ADO shares
- No major refinancing until December 2021
- €500 million of cash at hand in the combined company

- Additional acceptance period ended 25 March 2020
- 91.93% of ADLER shares were tendered into the offer, together with the treasury shares amounting up to 94.15%
- Settlement scheduled for 9 April 2020
- Increase of weight in the EPRA indices and potential inclusion in the MDAX index

- Appointment of Maximilian Rienecker as Co-CEO per 9 April 2020
- Integration process and synergy realization started
- Operational synergies potentially realized ahead of schedule

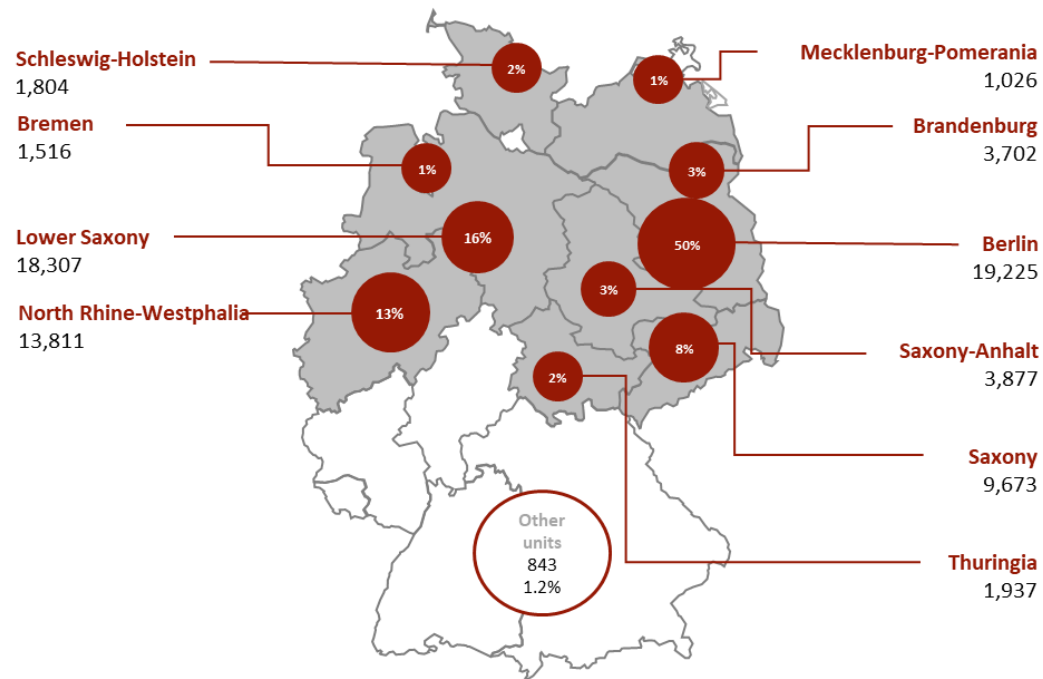
- Intention of public offer for remaining 3.1% Westgrund shares with an anticipated cash out of around €30m based on last NAV, hence no material effect on leverage is expected
- ADO rights issue envisaged for Q3 2020 (subject to market conditions)
- Call option for 50.97% Consus remains valid until June 2021



**2. €8.6bn German residential portfolio**

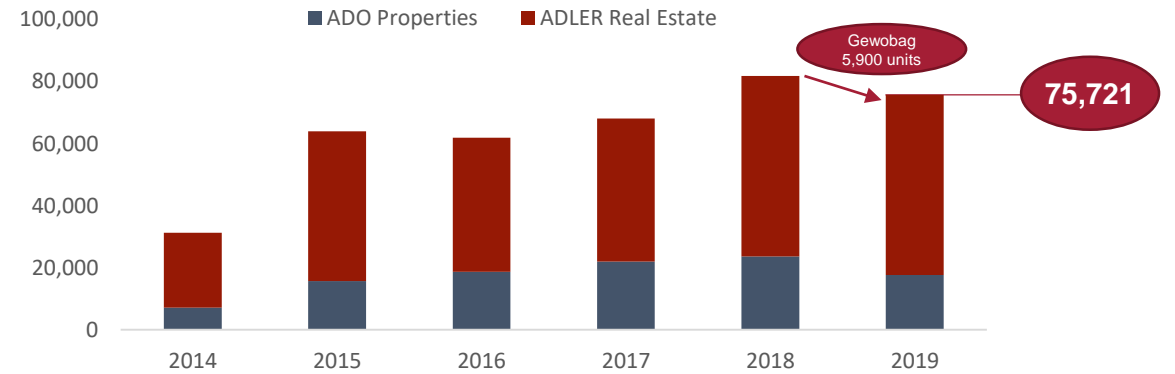
# 2. Well diversified €8.6bn German residential portfolio

## Creating a well balanced geographical portfolio of ADO and ADLER

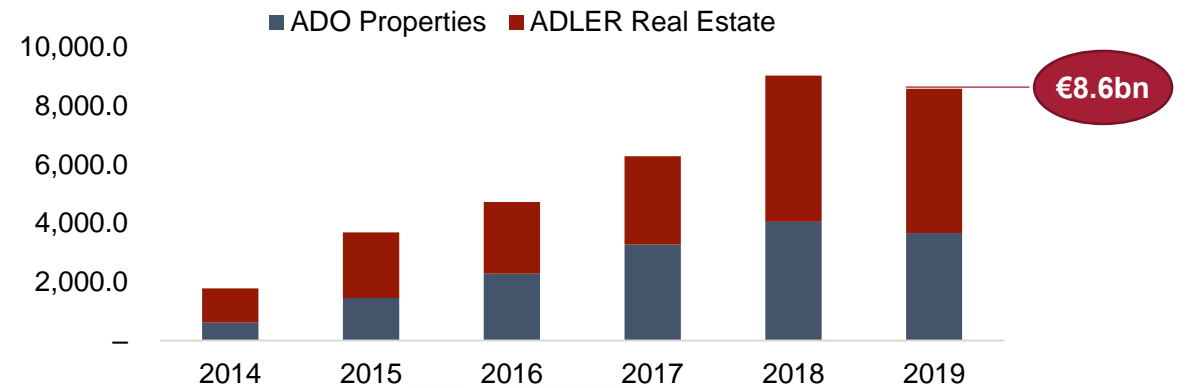


# units  
% value

## Development of number of units over time<sup>1</sup>



## Development of investment properties over time (€m)



<sup>1</sup>Includes ADLER residential (including ground level commercial units) and ADO residential and ground level commercial



## 2. Key portfolio metrics

### Key cities in a well diversified portfolio

Location	Fair Value €m FY19	Fair Value €/sqm FY19	Units	Lettable area sqm	NRI €m FY19	Rental yield (in-place rent)	Vacancy FY19	Vacancy Δ YoY	FY 19 NRI €/sqm/month	NRI Δ YoY
ADLER	265.3	2,374	1,699	111,736	7.9	3.0%	1.8%	-42.3%	5.97	2.0%
ADO	3,655.4	2,995	17,526	1,220,570	111.5	3.0%	2.8%	-12.2%	7.83	9.3%
Berlin	3,920.7	2,943	19,225	1,332,306	119.3	3.0%	2.7%	-19.2%	7.67	4.0%
Leipzig	395.4	1,552	4,749	254,781	17.5	4.4%	3.7%	-36.0%	5.93	3.8%
Wilhelmshaven	394.6	970	6,895	406,643	23.7	6.0%	5.9%	-20.0%	5.15	1.9%
Duisburg	335.2	1,099	4,925	305,003	19.9	5.9%	2.1%	-24.4%	5.55	0.8%
Wolfsburg	136.8	1,562	1,301	87,614	6.5	4.8%	1.2%	-79.8%	6.31	3.0%
Göttingen	133.1	1,561	1,377	85,238	6.1	4.6%	1.7%	-62.9%	6.10	2.7%
Hannover	121.1	1,914	1,113	63,253	5.4	4.4%	1.6%	-52.6%	7.21	3.2%
Dortmund	115.5	1,130	1,770	102,198	7.1	6.1%	1.5%	-38.2%	5.86	2.6%
Kiel	103.4	1,548	970	66,768	5.4	5.2%	0.7%	-41.3%	6.81	3.4%
Halle (Saale)	91.7	866	1,858	105,895	5.5	6.0%	11.9%	8.9%	4.93	2.5%
Essen	86.0	1,297	1,043	66,341	4.4	5.2%	3.0%	-10.8%	5.75	0.9%
Cottbus	85.5	777	1,867	109,988	5.9	6.9%	6.9%	-22.5%	4.79	1.3%
Bremen	72.6	1,354	873	53,645	4.0	5.5%	1.9%	-26.0%	6.34	2.2%
<b>Top 13 total</b>	<b>5,991.5</b>	<b>1,971</b>	<b>47,966</b>	<b>3,039,673</b>	<b>231</b>	<b>3.8%</b>	<b>3.5%</b>	<b>-23.2%</b>	<b>6.55</b>	<b>4.1%</b>
other	1,814.4	1,046	27,755	1,734,010	105.7	5.8%	7.0%	3.5%	5.51	1.7%
<b>Total*</b>	<b>7,805.9</b>	<b>1,635</b>	<b>75,721</b>	<b>4,773,683</b>	<b>336.3</b>	<b>4.3%</b>	<b>4.8%</b>	<b>-11.3%</b>	<b>6.19</b>	<b>2.7%</b>

\* Excl. Developments (Riverside, Schönefeld, Dresden, Späthstraße, Potsdam, Berlin Röbellweg, Eurohaus, Grafenberg and Grafental rental), BCP Commercial and inventories. Figures as of 31.12.2019



### 3. Full year 2019 results

# 3. FY 2019 Highlights of ADO Properties & ADLER Real Estate

## Operational performance

- €6.2 residential rent/sqm/month (€7.4 for ADO and €5.6 for ADLER), up from €6.0 in 2018 (€6.7 for ADO and €5.5 for ADLER)
- 3.3% like-for-like rental growth (5.0% for ADO and 2.4% for ADLER), down from 4.2% in 2018 (5.6% for ADO and 3.4% for ADLER)
- 4.8% vacancy rate (2.7% for ADO and 5.4% for ADLER), down from 5.4% in 2018 (3.2% for ADO and 6.0% for ADLER)
- €147m FFO I (€63m for ADO and €84m for ADLER), up from €141m in 2018 (€67m for ADO and €74m for ADLER)

## Acquisitions / Disposals

- €920m disposal of 5,900 residential units to Gewobag by ADO at a significant premium to latest valuation
- c.€15m of ongoing privatizations by ADO at over 25% premium to latest valuation
- c.€500m worth of disposals at ADLER leading to a marginal book gain

## Valuation

- €8,551m fair value of investment properties (€3,631m for ADO<sup>1</sup> and €4,920m for ADLER), down from €9,039m in 2018 (€4,050m<sup>1</sup> for ADO and €4,989m for ADLER) mainly due to the transaction with Gewobag and the disposal of commercial assets in BCP
- €4,879m EPRA NAV (€2,906m for ADO and €1,973m for ADLER), up from €4,122m in 2018 (€2,430m for ADO and €1,692m for ADLER) due to strong value increases

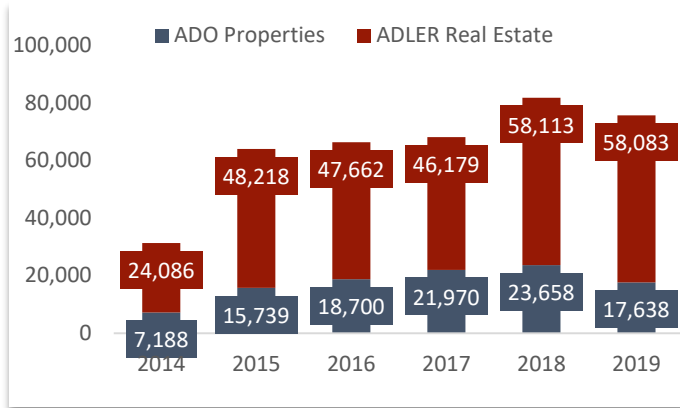
## Financing and LTV

- 1.9% weighted average cost of debt (1.6% for ADO and 2.0% for ADLER), down from 2.0% in 2018 (1.7% for ADO and 2.2% for ADLER)
- 51.4% net LTV (excluding convertibles) and 53.8% net LTV (including convertibles)
- 50% net LTV target for the mid-term

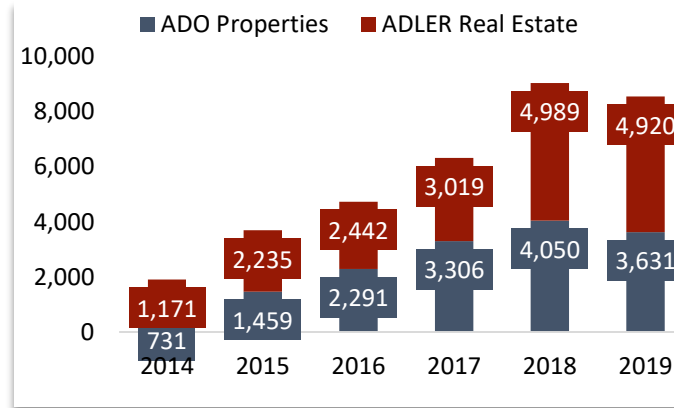
<sup>1</sup>Including advances

# 3. Joining forces to enhance operational performance

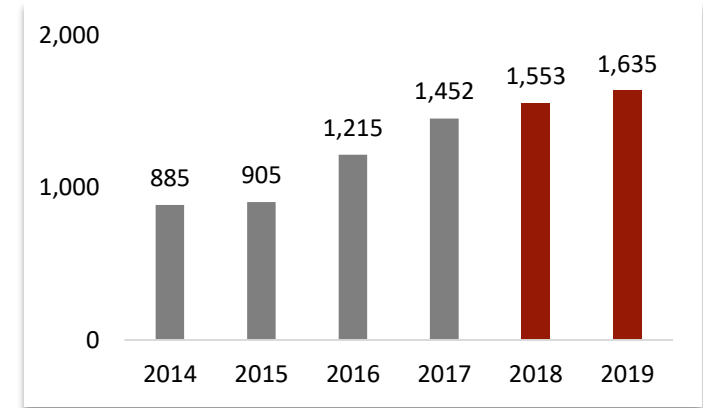
**Total number of units**



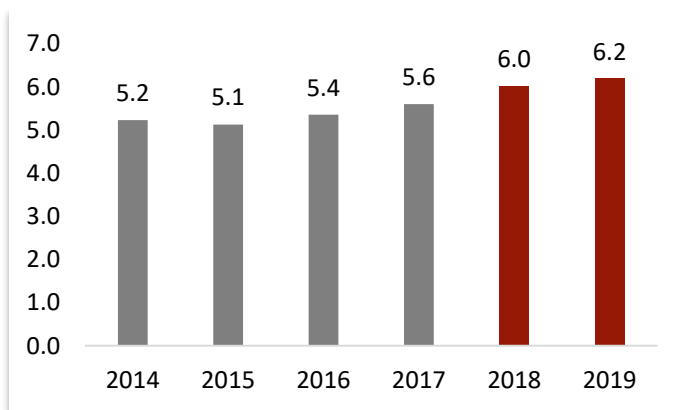
**Investment properties (€m)**



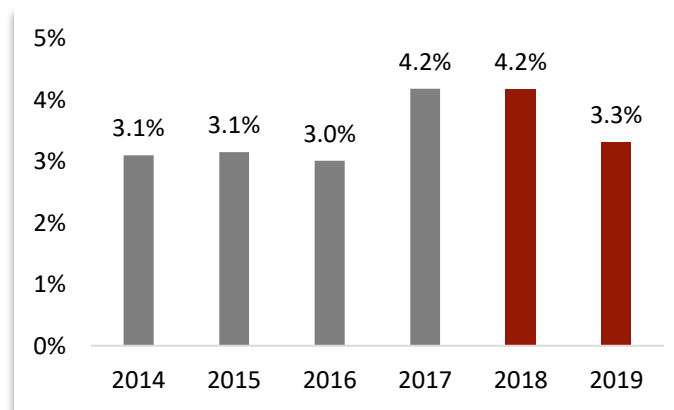
**Combined residential portfolio FV/sqm (€)**



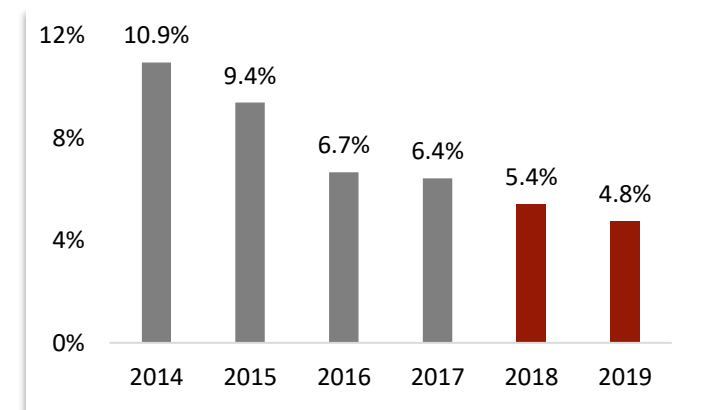
**Combined residential avg. rent (€/sqm/m)**



**Combined LfL residential rent growth (YoY)**



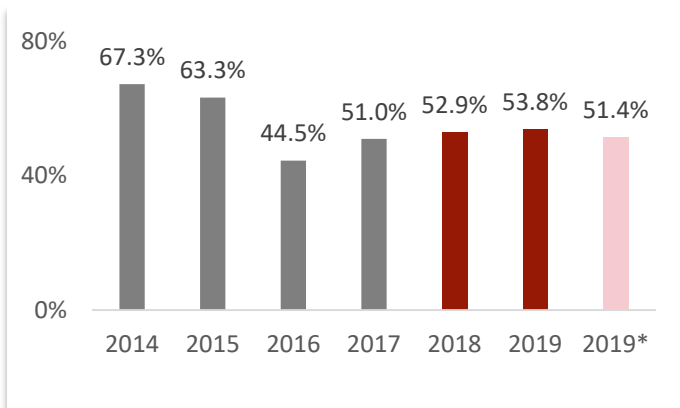
**Combined residential portfolio vacancy rate**



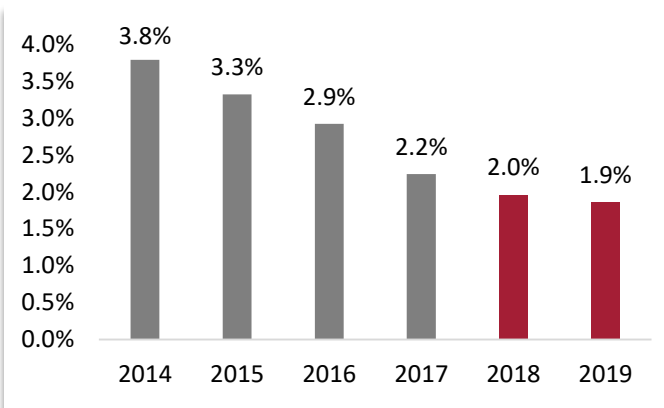
Please note that the numbers for the years 2014-2017 are provided for your convenience and serve illustrative purposes of combining ADO Properties and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information. The numbers for 2018 and 2019 have been based on internal proforma accounts.

# 3. Sources of funding and debt profile of the new combination

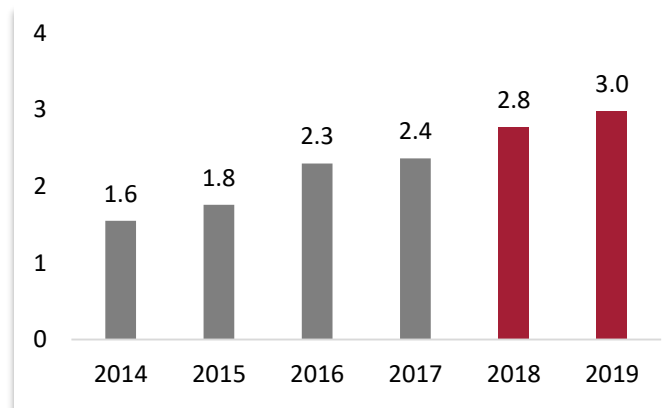
### Combined loan to value<sup>1</sup>



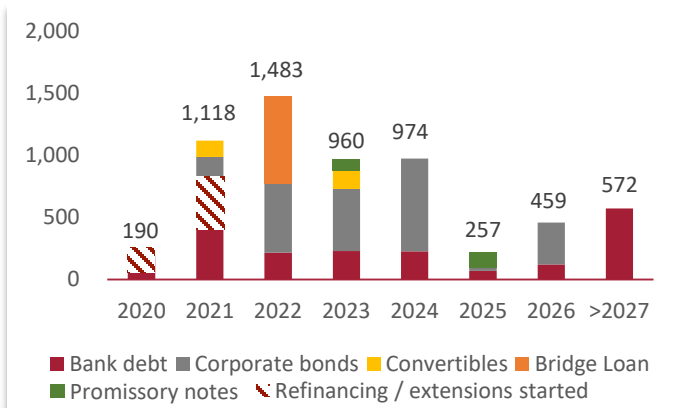
### Combined weighted average cost of debt



### Combined Interest cover ratio



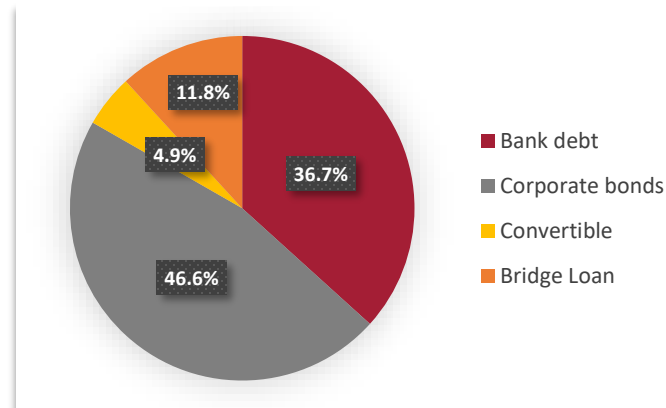
### Combined debt maturity schedule (€m)<sup>2</sup>



### Combined debt KPIs

Total interest-bearing debt (€m)	6,012
Net LTV	51.4%* 53.8% <sup>1</sup>
ICR (x)	3.0
Fixed / hedged debt	84.8%
Unsecured debt	63.3%
Weighted average cost of debt	1.9%
Weighted average maturity	3.8 years

### Combined sources of funding



<sup>1</sup> Including convertible bonds, \* Excluding convertibles <sup>2</sup>Bridge loan will move to ADO Level, does not include advanced stage of refinancing discussions and already committed refinancing/repaid loans post reporting date of €174m in 2020 and of €488m in 2021 | Please note that the numbers for the years 2014-2017 are provided for your convenience and serve illustrative purposes of combining ADO Properties and ADLER Real Estate only. Metrics have been computed by using weighted averages on the back of publicly available information. The numbers for 2018 and 2019 have been based on internal proforma accounts.



## 4. The new combination going forward

# 4. Mietendeckel update (Berlin rent freeze)

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## Summary of the Mietendeckel law / Berlin rent freeze

- The rental freeze (“Mietendeckel”) law came in force on 23 February 2020 after adoption by the Berlin Senate
- Existing rental contracts will be subject to (i) **a freeze of rent levels effective as of 18 June 2019 for a period of 5 years**; (ii) **a reduction of rents that exceed 120% of table rents**; (iii) a rental ceiling based on various characteristics; and (iv) more stringent requirements for rent increases following modernization investments
- New lettings can be done at the lower of the rent ceiling level or the rent level of the previous tenant
- The rent ceiling **can be increased by up to 1.3% p.a. two years after the law comes into force**, i.e. as of 2022
- The law applies to residential apartments, except new stock built in 2014 or later and subsidized housing

## Potential Financial Impact

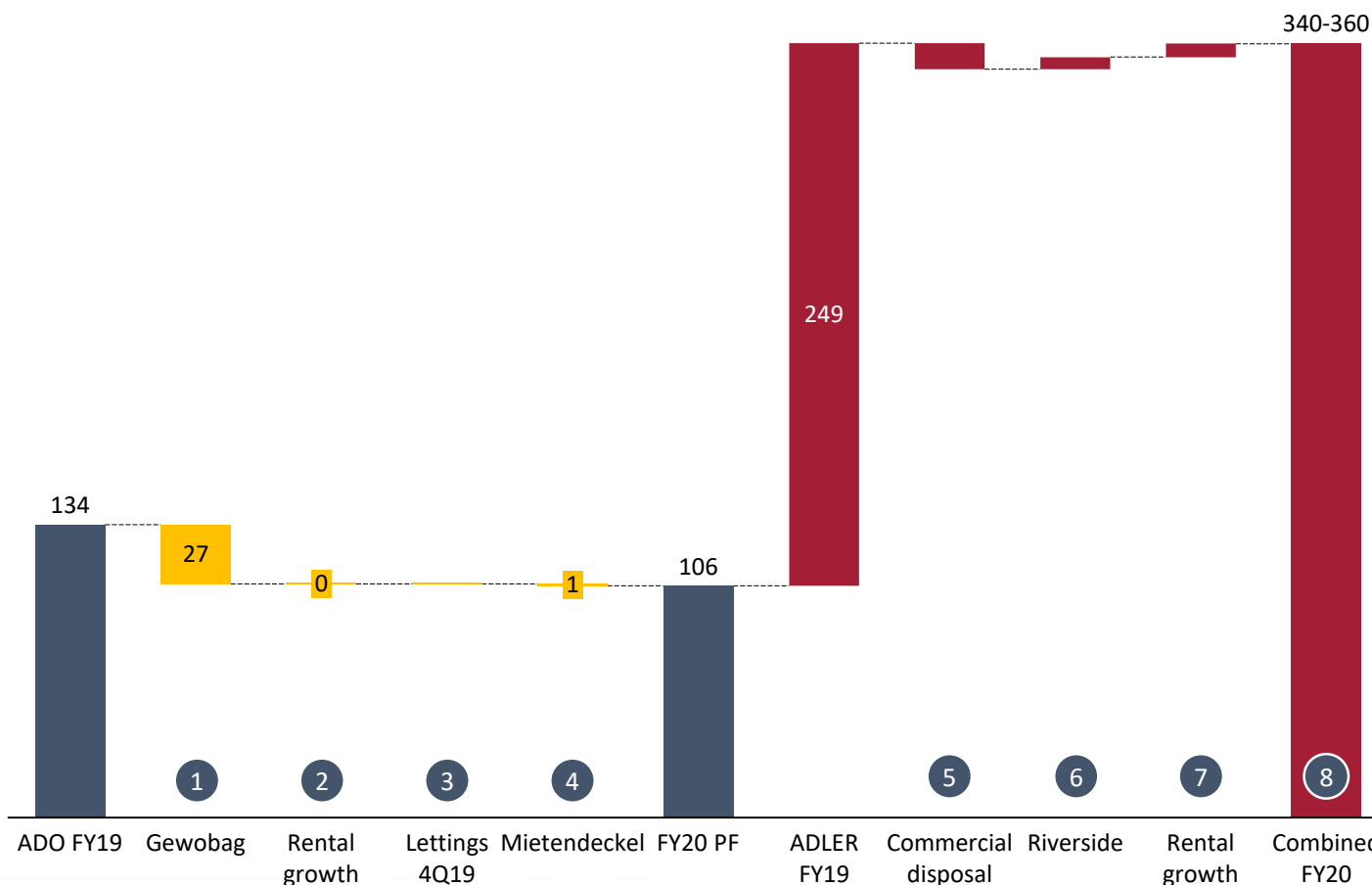
- ADO and ADLER have **a combined €119m of rental income exposed to Mietendeckel regulation**, or c.35% of the total rental income
- ADO and ADLER expect **a combined impact of €1.2m for 2020 and €9.4m for 2021**, mostly due to reversions of rents to maximum levels as from November 2020

## ADO and ADLER view

- ADO and ADLER continue to believe **the law is unconstitutional**
- ADO and ADLER believe landlords, tenants, governments and investors have a common incentive to solve the nationwide housing shortage in Germany
- The Mietendeckel law does not contribute to a sustainable, responsible investment climate needed for continued investments in the German housing sector

# 4. Pro forma net rental income of €340-360m for 2020

Pro forma NRI post integration in the range of €340-360m for existing portfolio for 2020



## Legend

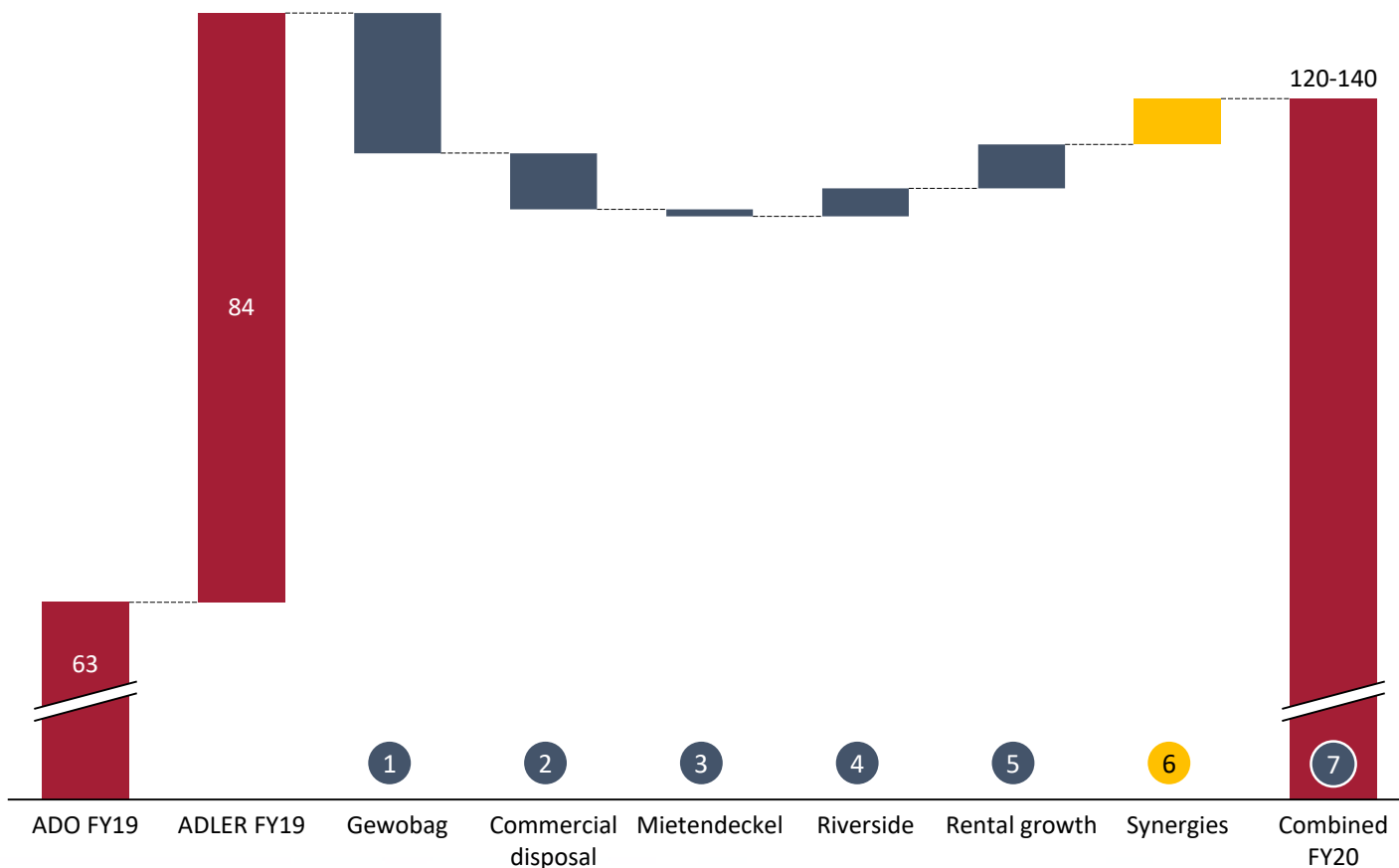
- 1 First full year effect from the €920m disposal of 5,900 units to Gewobag effective 1 December 2019
- 2 Berlin rental growth at zero under new legislation
- 3 Letting activity in 4Q19 lowering vacancy whilst adding to NRI
- 4 Downward adjustment of rents to caps under new legislation initially at -€1.2m in 2020E and -€9.4m in 2021E
- 5 First full year effect from €345m 2019 and anticipated closings in 2020 of BCP commercial asset disposals
- 6 Lease-up phase of Riverside development in Berlin scheduled for completion
- 7 Organic rental growth for 2020
- 8 The combined expected NRI for ADO and ADLER is €340-360m. Note that ADO can only consolidate ADLER post-closing, which means consolidated NRI is lower at an expected €280-300m

The numbers reflected concern the 2020E full-year run-rate. Please note that as a result of the accounting treatment of the merger, the accounts will only be consolidated from April 2020 onwards and as such will reflect a lower reported number and the ADLER 1Q20 result will be reflected directly in equity.



# 4. Growing pro forma FFO I to €120-140m for 2020

Pro forma FFO I post integration of €120-140m generated by existing portfolio\* for 2020



## Legend

- 1 First full year effect from the €920m disposal to Gewobag, corrected for impact of lower overhead and lower financing costs
- 2 First full year effect from €345m 2019 BCP retail asset disposals, corrected for impact of lower overhead and financing costs
- 3 Downward adjustment of rents to caps under new legislation
- 4 Lease-up phase of Riverside development in Berlin
- 5 Berlin indexation at zero under new legislation, but indexation and reversionary in the rest of Germany to continue at a rate of c. 2% LFL
- 6 First operational synergies expected to be visible in 2020
- 7 The combined expected FFO I for ADO and ADLER is €120-140m. Note that ADO can only consolidate ADLER post-closing, which means consolidated FFO I is lower at an expected €105-125m

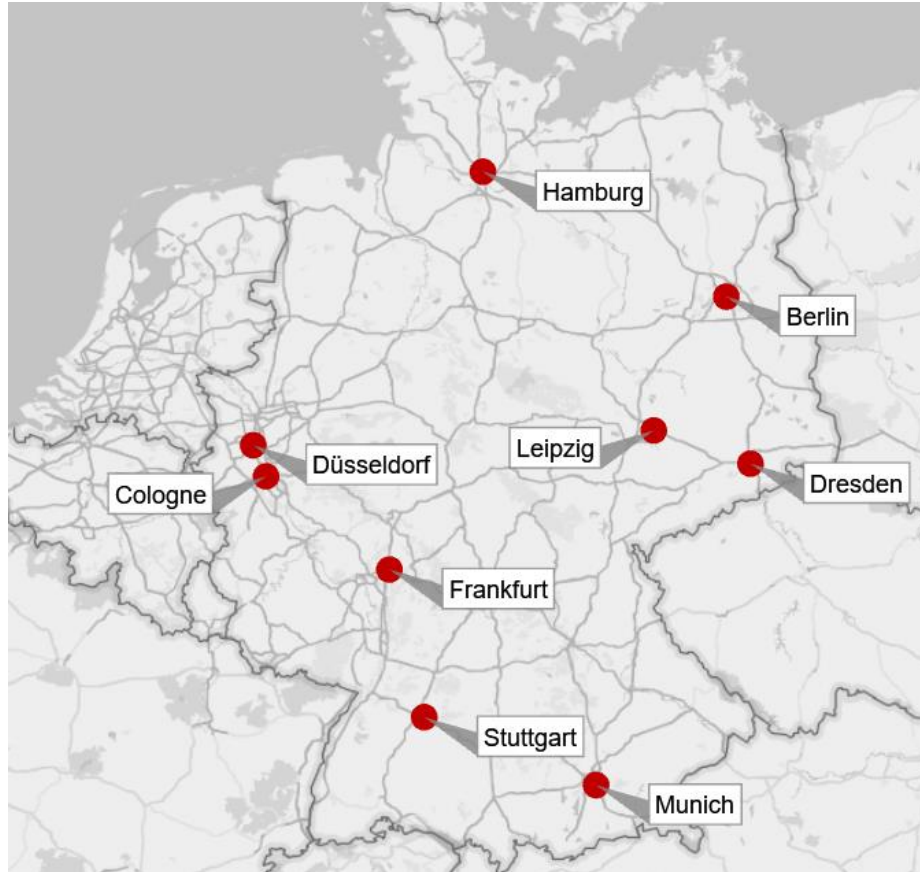
\*Illustrating the run rate impact of synergies to be realized in 2020E, excluding one off expenditures related to the integration. The numbers reflected concern the 2020E full-year run-rate. Please note that as a result of the accounting treatment of the merger, the accounts will only be consolidated from April 2020 onwards and as such will reflect a lower reported number and the ADLER 1Q20 result will be reflected directly in equity.



## 5. Increased focus on developments

# 5. Development allows growth in most attractive German cities

## Map of top 9 cities



## Comments

### Focus on top German cities

- Housing shortage is the highest in the larger cities
- Rental prices and values will continue to rise in the largest cities
  - Continuation of above average population growth in largest cities
  - Decreasing household sizes
  - Increasing scarcity of land positions available for residential development

### Benefits of new built

- Only opportunity to increase our portfolio in top cities, where large investment opportunities are scarce and expensive
- Development costs are well below market values, resulting in secured NAV growth when developing for own portfolio
- Rental growth is not capped under Berlin Mietendeckel regulation
- Maintenance and capex are significantly lower for newbuilt compared to existing stock in Germany
- Contributing to an improving sustainability profile as the total carbon footprint vs existing buildings is clearly lower

### Continued focus on residential areas

- Continued focus on residential real estate
- Larger residential projects might include commercial real estate, which will be kept if part of a residential building

# 5. Increased focus on developments in top 9 German cities

<b>Extensions / redevelopments</b>	<ul style="list-style-type: none"><li>■ Adding housing stock in cities with high housing shortage (Wolfsburg and Göttingen of the ADLER portfolio)</li><li>■ Development of new apartments in combination with significant tenant improvements increasing occupancy</li><li>■ <b>€280m investments</b> in coming three years</li><li>■ Expected <b>IRRs of 13%</b></li></ul>
<b>Existing development projects</b>	<ul style="list-style-type: none"><li>■ Adding housing stock in cities with high housing shortage</li><li>■ <b>€0.7bn develop to hold</b> (Berlin, Düsseldorf and Potsdam) in ADLER</li><li>■ Develop to sell and condo sales (Düsseldorf)</li><li>■ <b>Adding rental income and NAV</b></li></ul>
<b>Strategic land positions</b>	<ul style="list-style-type: none"><li>■ Adding housing stock in cities with high housing shortage (Berlin and Dresden)</li><li>■ Discussions with municipalities to obtain building permits</li><li>■ <b>Marginal initial investment, resulting in €64m book value at YE19</b></li><li>■ Large <b>development potential of c. 2,600 apartments</b> or GDV €1.2bn in ADLER</li></ul>
<b>Strategic cooperation</b>	<ul style="list-style-type: none"><li>■ <b>Strategic stake in Consus of 25%</b> (of which 19% in ADO YE19 accounts)</li><li>■ The Strategic Cooperation Agreement allows: right to match any offer from a third party on residential development projects worked on together</li><li>■ <b>LOI for 180,000 sqm Hamburg - Holsten Quartier (€320m)</b></li><li>■ <b>Call option on 50.97% of Consus</b> shares until June 2021</li></ul>

# 5. Extensions and redevelopments in rental portfolio

## Solving local housing shortage via densification within own portfolio

### Wolfsburg & Göttingen – realizing additional value

- Wolfsburg and Göttingen are two key cities in the 4 million Hanover-Brunswick-Wolfsburg-Göttingen metropolitan region
- Local housing shortage requires both municipalities to build 3,000 apartments in the coming years
- Plans include the refurbishment and modernization of the 1970s building whilst adding:
  - 227 units in Göttingen (+16.5%) and
  - 251 units in Wolfsburg (+19.3%)
- Target investment of €280m, with an expected levered IRR of 13%
- Construction to start in Q2 2020



Current situation in Göttingen



Artist impression post completion

### Tenant improvement & modernisations

- Modernisation of the facade with exterior insulation and finish system and new windows
- Extension of the building with elevators
- Renewal of the entrance areas
- Modernisation of the fresh water with counter and sewage lines
- Modernisation of the stairways and electrical lines
- Roof renovation incl. improvement of thermal insulation
- Addition of a full floor with modern floor plans
- Planning permissions are being obtained, modernisation projects expected to commence in Q2 2020

Modernisation project	Investment volume	IRR (levered)	Completion
Göttingen	€150m	13%	3 years
Wolfsburg	€130m	13%	3 years

# 5. Residential developments – to Hold

Majority of €0.7bn GDV developments at ADLER completed

## Berlin, Riverside



Completed  
Letting at c.45%

### Develop to hold

- 49,356 sqm of lettable area (incl. 5,562 sqm of commercial)
- 711 residential units, of which 213 micro apartments
- 242 parking places
- Expected NRI: €12.9m
- Construction: Resi completed, now 45% let, commercial construction until 2024
- Book value YE19: €418m
- GDV: €450m

## Düsseldorf, Grafental Hold



### Develop to hold

- 43,466 sqm of lettable area (incl. 1,460 sqm of commercial)
- 494 residential units
- 345 parking places
- Expected NRI: €5.3m
- Construction: Q3 2018 to Q3 2024
- Book value YE19: €74m
- GDV: €144m

## Potsdam



### Develop to hold

- 6,821 sqm of resi lettable area
- 72 residential units
- 18 parking places
- Expected NRI: €1.0m
- Obtaining building permit
- Construction: Q4 2020 to Q4 2022
- Book value YE19: €23m
- GDV: €29m

# 5. Residential developments – to Sell

## Düsseldorf, Glasmacherviertel



Sold

### Develop to sell

- 187,000 sqm of lettable area
- BCP notarized the sale of its 75% stake in this development for €281m in H2 2019 closing has not taken place yet

## Düsseldorf, Grafental Sale



Condo sale

### Develop to sell

- 414 residential units developed in phases.
- The first 6 phases have been completed with phase 7 and 8 currently being sold
- Construction: Q2 2014 to Q3 2021
- Book value YE19: €74m
- GDV: €258m

## Düsseldorf, Grafenberg



Condo sale

### Develop to sell

- 13,674 sqm of resi lettable area
- 84 residential units
- 186 parking places
- Obtaining building permit
- Construction: Q2 2020 to Q3 2022
- Book value YE19: €47m
- GDV: €118m

# 5. Adding housing stock in Berlin and Dresden on land positions

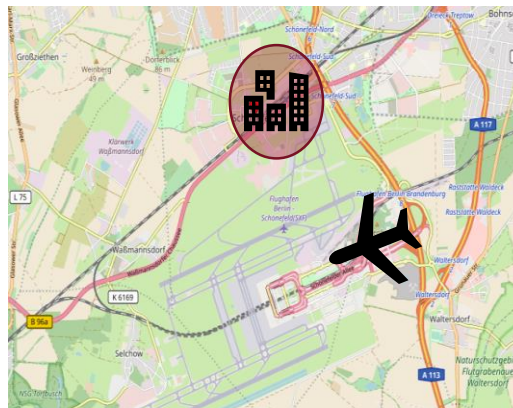
## Dresden, Trachau



### Develop to hold

- 36,796 sqm of lettable area (incl. 5,887 sqm of commercial)
- 444 residential units
  
- Expected NRI: €4.3m
  
- Obtaining building permit
- Construction: Q1 2021 to Q4 2022
- Book value YE19: €6m
- GDV: €111m

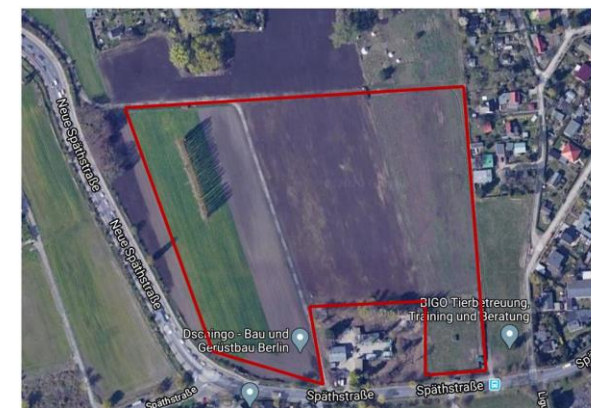
## Berlin, Schönefeld



### Develop to hold

- 236,679 sqm of lettable area (incl. 79,148 sqm of commercial)
- 2,184 residential units
- 2,834 parking places
  
- Expected NRI: €41.5m
  
- Obtaining building permit
- Construction: Q2 2021 to Q3 2024
- Book value YE19: €55m
- GDV: €1,064m

## Berlin, Späthstrasse



### Develop to hold

- 19,035 sqm of lettable area (incl. 19,035 sqm of commercial)
- 346 parking places
  
- Expected NRI: €2.4m
  
- Obtaining building permit
- Construction: Q1 2025 to Q2 2027
- Book value YE19: €3m
- GDV: €46m





## 6. Guidance

# 6. Guidance and outlook 2020

## Objectives 2020

	2019 Combined result	2020 Guidance	2020 Pro-forma guidance
Net rental income (€m)	€134m (ADO) €249m (ADLER)	€280-300m	€340-360m
FFO I (€m)	€63m (ADO) €84m (ADLER)	€105-125m	€120-140m
Dividend (€/share)	€0.75/share (ADO)	50% of FFO I	-



Ahornstraße Steglitz



Allerstr. 46 Neukölln

Note: the difference between 2020 Guidance and 2020 Pro-Forma guidance is an accounting treatment that only allows ADO to incorporate net rental income and FFO from ADLER post-closing of the transaction. The 2020 Pro-Forma guidance shows the net rental income and FFO of both companies combined for the whole year 2020

# Contact

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## ADO Properties and ADLER Real Estate

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# 7. Appendices



# Overview of debt instruments

Full year 2019 financials

# Overview of debt instruments

## Instruments at FY19

	Volume €m	Maturity	Nominal interest rate	Other comments	Premature redemption	Rate, at which premature redemption is possible
<b>ADL Bonds</b>						
2017/21	500	06 Dec 2021	1.50%		Anytime	Under condition of make whole
2017/24	300	06 Feb 2024	2.10%		Anytime	Under condition of make whole
2018/23	500	27 Apr 2023	1.90%		Anytime	Under condition of make whole
2018/26	300	27 Apr 2026	3.00%		Anytime	Under condition of make whole
2019/22	400	17 Apr 2022	1.50%		Anytime	Under condition of make whole
<b>Total</b>	<b>2,000</b>	<b>3.4 years</b>	<b>1.90%</b>			
<b>BCP Bonds</b>						
Debenture A	16	01 Jul 2020	4.80%		Permitted	Under condition of make whole
Debenture B	47	01 Dec 2024	3.29%		Permitted	Under condition of make whole
Debenture C	38	01 Jul 2026	3.30%		Permitted	Under condition of make whole
<b>Total</b>	<b>106</b>	<b>4.9 years</b>	<b>3.50%</b>			
<b>ADO Group bonds</b>						
Series H	142	25 May 2025	2.50%		Permitted	Under condition of make whole
Series G	158	31 Dec 2022	4.05%		Permitted	Under condition of make whole
<b>Total</b>	<b>299</b>	<b>4.2 years</b>	<b>3.30%</b>			
<b>ADO Prop. Bonds</b>						
2019/24	400	26 Jul 2024	1.50%		Permitted	Under condition of make whole
<b>Total</b>	<b>400</b>	<b>4.6 years</b>	<b>1.50%</b>			
<b>Convertibles<sup>1</sup></b>						
ADL 2016/21	130	19 Jul 2021	2.50%	Strike price of €12.5039, no. of potential ADLER shares from conversion: 9.3m	Conversion from 19 Jul 2019	At face value, if trading at more than 130% of strike price for at least 20 out of 30 trading days
ADO Prop. 2018/23	165	23 Nov 2023	1.25%	Strike price of €60.6	Conversion from 14 Dec 2021	At face value, if trading at more than 130% of strike price for at least 20 out of 30 trading days
<b>Total</b>	<b>295</b>	<b>2.9 years</b>	<b>1.80%</b>			
<b>Bank debt</b>	<b>2,207</b>	<b>4.6 years</b>	<b>1.90%</b>			
<b>Bridge loan</b>	<b>710</b>	<b>2.0 years</b>	<b>1.25%</b>			
<b>Total interest bearing debt</b>	<b>6,012</b>	<b>3.8 years</b>	<b>1.89%</b>			

Note 1: Conversions are reflected



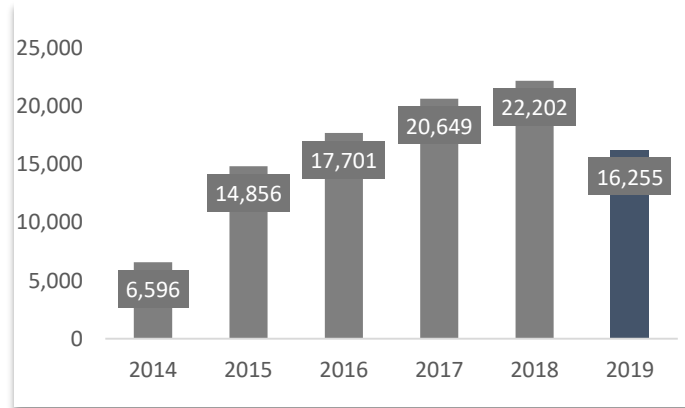
# ADO Properties

Full year 2019 financials

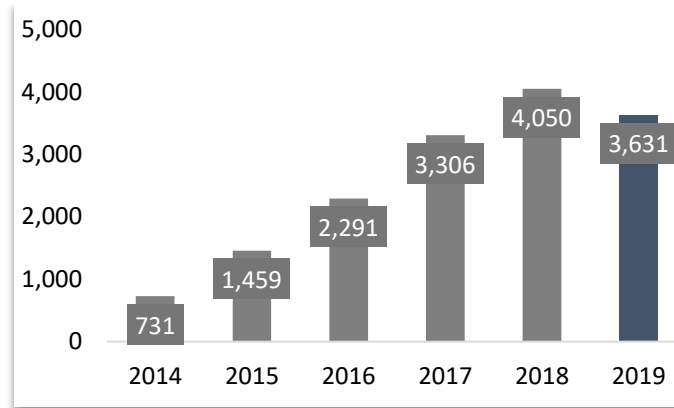


# ADO – Portfolio KPI's

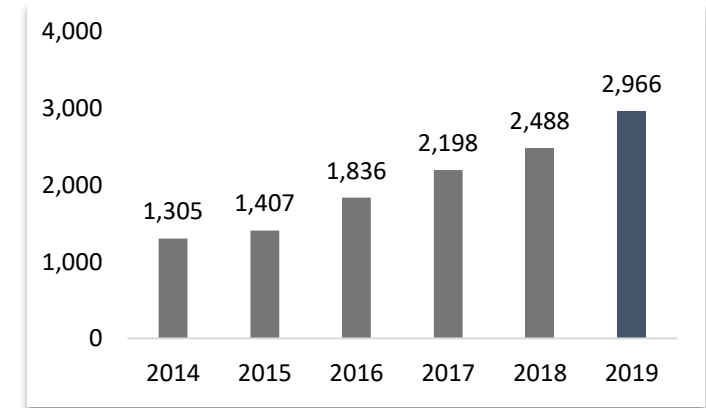
## Total number of residential units



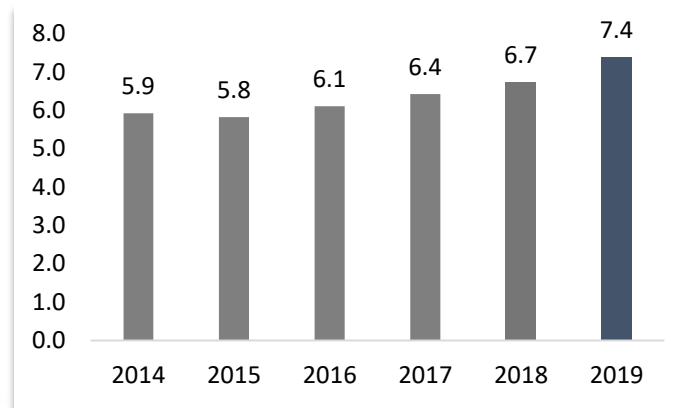
## Investment properties (€m)



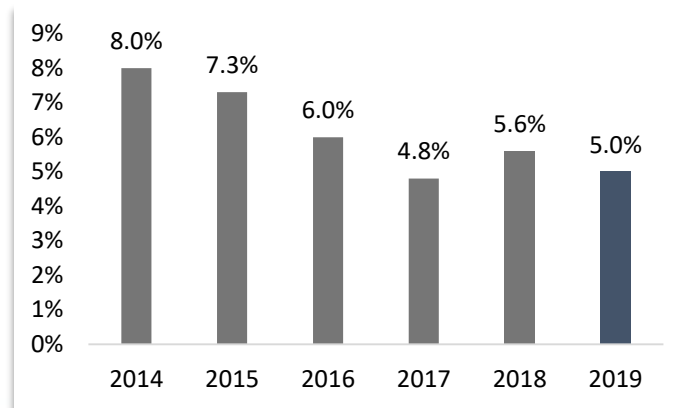
## Residential portfolio FV per sqm (€)



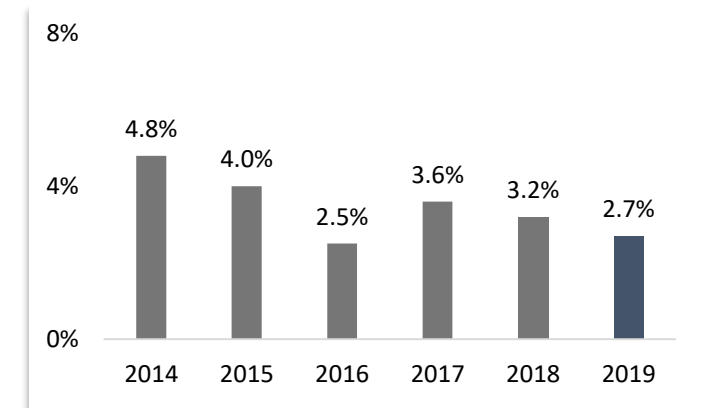
## Residential average rent (€/sqm/month)



## Residential portfolio LfL rental growth (YoY)



## Residential portfolio vacancy rate





# Profit and loss statement

## Profit and loss statement per 31 December 2019

*In €m, except per share data*

	FY 2019	FY 2018
Net rental income	134 <sup>1</sup>	128
Selling of condominiums	15	20
Income from facility services	7	7
<b>Revenue</b>	<b>157</b>	<b>155</b>
Cost of operations	-44	-42
<b>Gross profit</b>	<b>113</b>	<b>113</b>
General and administrative expenses	-25 <sup>2</sup>	-18
Other expenses	-13 <sup>3</sup>	-
Other income	78 <sup>4</sup>	-
Changes investment properties fair value	462 <sup>5</sup>	405
<b>Results from operating activities</b>	<b>614</b>	<b>499</b>
Finance income	102 <sup>6</sup>	1
Finance costs	-32	-33
<b>Net finance costs</b>	<b>70</b>	<b>-32</b>
Income tax expense	-77	-70
<b>Profit for the year</b>	<b>607</b>	<b>397</b>
<b>Profit attributable to:</b>		
Owners of the Company	602	387
Non-controlling interest	5	11
<b>Basic earnings per share</b>	<b>13.63</b>	<b>8.77</b>

## Comments

- Net rental income increased on the back of strong like-for-like rental growth of 5.0%
- The increase in general and administrative expenses is largely due to an increased average number of people employed (416 in 2019 vs. 327 in 2018) as well as costs related to the termination of management team contracts for approximately €4m
- Other expenses mainly include costs associated with the disposal of 5,900 units to Gewobag for €920m
- Other income relates mainly to the profit of the disposal of 5,900 units to Gewobag for €920m
- Changes in fair value show a strong positive, noting that appraisers did not yet apply Mietendeckel regulation to rents as the law was not in force by year-end 2019
- Finance income comprises a change in the derivative component of the convertible bond (€10m) and a change in the fair value of the financial asset (€92m), which is the call option to purchase a 51% stake in Consus

# Statement of other comprehensive income

## Other comprehensive income per 31 December 2019

*In €m, except per share data*

	FY 2019	FY 2018
<b>Profit for the year</b>	<b>607</b>	<b>397</b>
Hedging reserve classified to profit or loss, net of tax	-	0
Effective portion changes fair value cash flow hedges	0	0
Related tax	0	0
Reserve financial asset at fair value, net of tax	-68 <sup>1</sup>	-
<b>Total other comprehensive income</b>	<b>-68</b>	<b>0</b>
<b>Total comprehensive income for the year</b>	<b>539</b>	<b>398</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	534	387
Non-controlling interests	5	11
<b>Total comprehensive income for the year</b>	<b>539</b>	<b>398</b>

## Comments

- <sup>1</sup> Reserve financial asset measures the difference in value of the strategic stake in Consus between the acquisition date and the reporting date and is directly reflected in equity

# Balance sheet

## Balance sheet per 31 December 2019

<i>In €m</i>	FY 2019	FY 2018
Investment properties including advances	3,631 <sup>1</sup>	4,050
Investment in financial instrument	186 <sup>2</sup>	0
Other financial asset	99 <sup>3</sup>	7
Other non-current assets	16	9
<b>Non-current assets</b>	<b>3,932</b>	<b>4,066</b>
Cash and cash equivalents	388 <sup>4</sup>	28
Other current assets	77	76
<b>Current assets</b>	<b>464</b>	<b>104</b>
<b>Total assets</b>	<b>4,396</b>	<b>4,170</b>
Interest-bearing debt	1,332 <sup>4</sup>	1,609
Other liabilities	127	115
Deferred tax liabilities	239	249
<b>Total liabilities</b>	<b>1,698</b>	<b>1,973</b>
Total equity attributable to owners of the Company	2,647	2,151
Non-controlling interests	52	47
<b>Total equity</b>	<b>2,698</b>	<b>2,197</b>
<b>Total equity and liabilities</b>	<b>4,396</b>	<b>4,170</b>

## Comments

- <sup>1</sup> The fair value of the portfolio was assessed by CBRE as at Dec 31, 2019 and shows the combined impact of positive revaluation, the ongoing privatizations and the disposal of 5,900 units to Gewobag for €920m
- <sup>2</sup> Investment in financial instrument is the fair value of the stake held in Consus as per the reporting date, amended for a €68m fair value adjustment reported in other comprehensive income
- <sup>3</sup> Other financial assets relate mainly to the call option to purchase 51% in Consus, measured at fair value of €92m
- <sup>4</sup> Due to the disposal of 5,900 units to Gewobag for €920m being completed in November 2019, a fairly large cash balance is in place. Approximately €340m in debt was transferred as result of the transaction

# FFO and EPRA NAV bridge

## FFO calculation

<i>In €m, except per share data</i>	<b>FY 2019</b>	<b>FY 2018</b>
EBITDA from rental activities	92	94
Net cash interest	-27	-25
Current income taxes	-2	-2
<b>FFO I (from rental activities)</b>	<b>63</b>	<b>67</b>
Maintenance capital expenditures	-12	-13
<b>AFFO (from rental activities)</b>	<b>52</b>	<b>54</b>
Net profit from privatizations	2	2
<b>FFO II (incl. disposal results)</b>	<b>65</b>	<b>69</b>
No. of shares	44	44
<b>FFO I per share</b>	<b>1.43</b>	<b>1.51</b>
<b>FFO II per share</b>	<b>1.47</b>	<b>1.57</b>

## EPRA NAV calculation

<i>In €m, except per share data</i>	<b>FY 2019</b>	<b>FY 2018</b>
Total equity attributable to owners of the Company	2,647	2,151
Fair value of derivative financial instruments	6	16
Deferred tax liabilities	239	249
Revaluation of trading properties	13	13
<b>EPRA NAV</b>	<b>2,906</b>	<b>2,430</b>
No. of shares	44	44
<b>EPRA NAV per share</b>	<b>65.80</b>	<b>55.05</b>

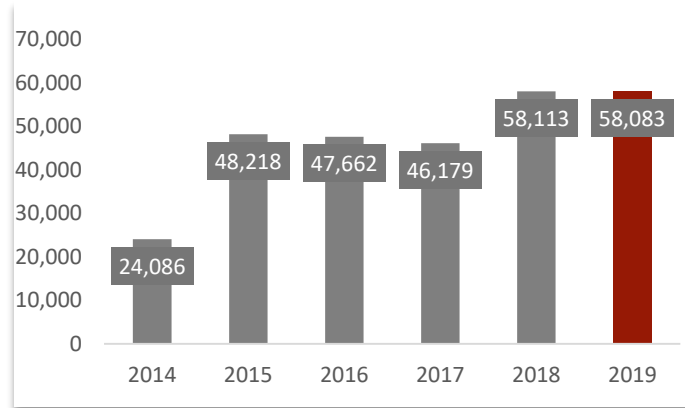


# ADLER Real Estate

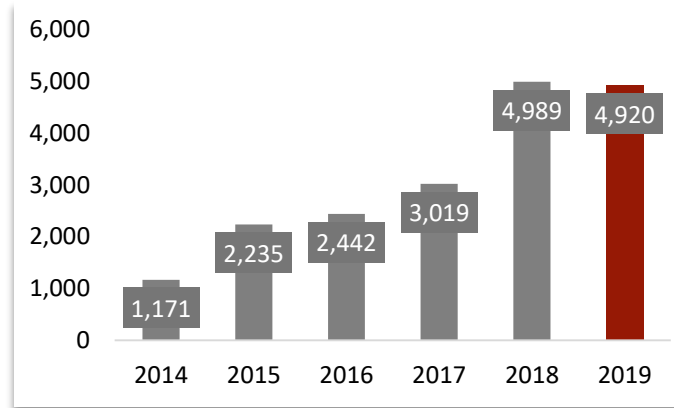
Full year 2019 financials

# ADLER – Portfolio KPI's

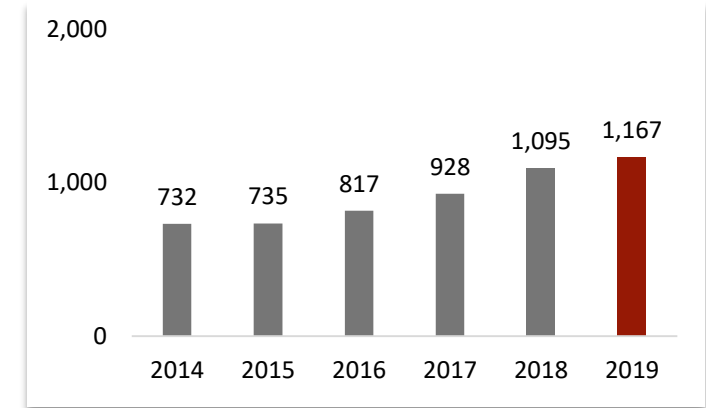
### Total number of units



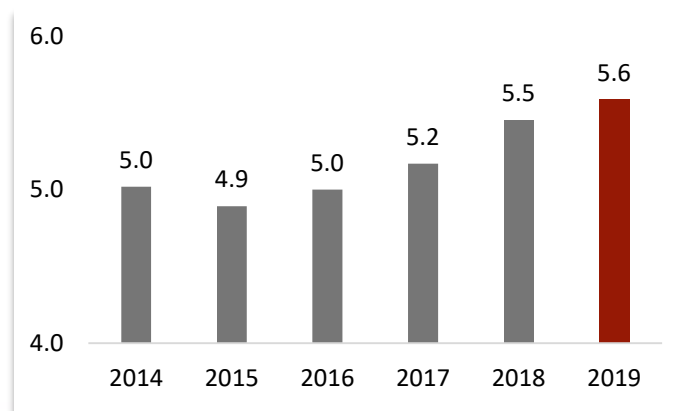
### Investment properties (€m)



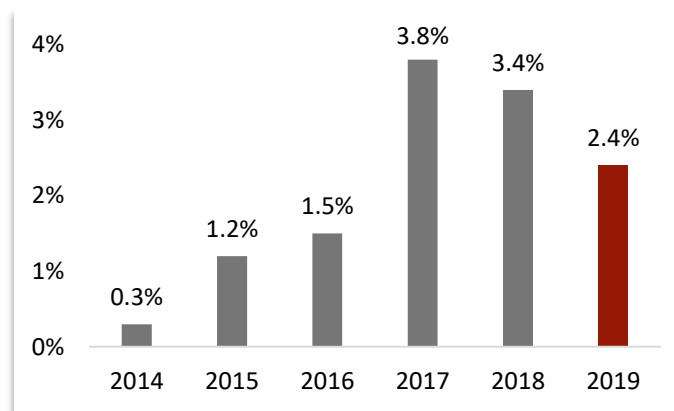
### Residential portfolio FV per sqm (€)



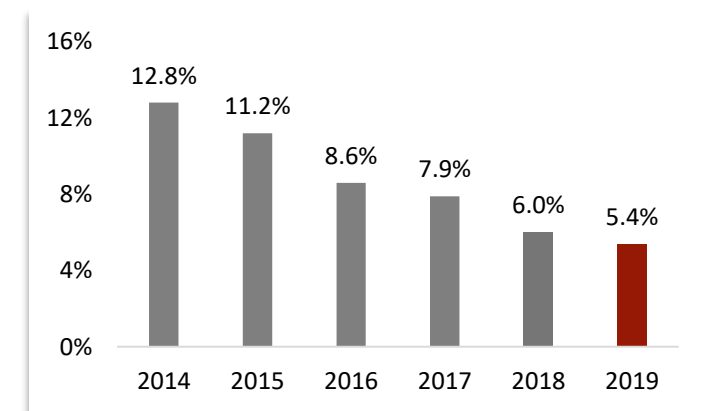
### Residential average rent (€/sqm/month)



### Residential portfolio LfL rental growth (YoY)



### Residential portfolio vacancy rate



# Profit and loss statement

## Profit and loss statement per 31 December 2019

<i>In €k</i>	<b>FY 2019</b>	<b>FY 2018</b>
Gross rental income	370 <sup>1</sup>	350
Expenses from property lettings	-151	-146
<b>Earnings from property lettings</b>	<b>219</b>	<b>204</b>
Income from the sale of properties	534 <sup>2</sup>	75
Expenses from the sale of properties	-533	-67
<b>Earnings from the sale of properties</b>	<b>0</b>	<b>8</b>
Personnel expenses	-47 <sup>3</sup>	-35
Other net operating expenses	-66 <sup>4</sup>	-59
Fair value adjustments to investment properties	363	465
<b>Earnings before interest and tax (EBIT)</b>	<b>469</b>	<b>583</b>
Financial income	9	20
Financial cost	-121	-148
Income taxes	-81	-123
<b>Net profit from continuing operations</b>	<b>276</b>	<b>332</b>
Earnings discontinued operations	92 <sup>5</sup>	0
<b>Consolidated net profit</b>	<b>368</b>	<b>332</b>
<b>Profit from continuing operations attributable to:</b>		
Owners of the Company	208	266
Non-controlling interest	68	67
<b>Basic EPS from continuing operations</b>	<b>3.01</b>	<b>3.96</b>
<b>Diluted EPS from continuing operations</b>	<b>2.69</b>	<b>3.50</b>

## Comments

- Gross rental income increased due to 2.4% like-for-like rental growth, including a further reduction of vacancy to 5.4%, partly offset by disposals of over €500m which mainly relate to commercial assets held by BCP and non-core residential portfolio sold by ADLER
- The bulk of property sales results are related to the disposal of the BCP commercial units, which are labeled as non-strategic, and non-core residential portfolio sold by ADLER
- The majority of this increase is attributable to the full year impact of BCP as well as the internalisation of property and facilities management activities, which led to 94 employees more than in 2018
- Net other operating expenses include mainly legal and consulting expenses, office and IT costs and impairments of receivables
- Earnings from discontinued operations includes the valuation of a call option for the acquisition of further shares in Consus by ADO Properties for €92m

# Balance sheet

## Balance sheet per 31 December 2019

<i>In €m</i>	FY 2019	FY 2018
Investment properties	4,920 <sup>1</sup>	4,989
Other non-current assets	369	244
<b>Non-current assets</b>	<b>5,289</b>	<b>5,233</b>
Cash and cash equivalents	237	78
Other current assets	317	360
<b>Current assets</b>	<b>554</b>	<b>438</b>
<b>Non-current assets held for sale</b>	<b>4,839</b> <sup>2</sup>	<b>186</b>
<b>Total assets</b>	<b>10,682</b>	<b>5,857</b>
Interest-bearing debt	4,713 <sup>3</sup>	3,739
Other liabilities	153	156
Deferred tax liabilities	440	381
<b>Liabilities</b>	<b>5,306</b>	<b>4,277</b>
Total equity attributable to owners of the Company	1,446	1,217
Non-controlling interests	2,102 <sup>4</sup>	362
<b>Total equity</b>	<b>3,548</b>	<b>1,580</b>
<b>Liabilities held for sale</b>	<b>1,827</b> <sup>2</sup>	<b>0</b>
<b>Total equity and liabilities</b>	<b>10,682</b>	<b>5,857</b>

## Comments

- Investment properties shows a combined effect of most notably positive revaluations (€363m) and reclassifications to assets held for sale (€689m) netted with acquisitions
- Non-current assets and liabilities held for sale particularly include the assets and liabilities of ADO Properties. As ADLER is expected to lose control over ADO Properties again in the first half of 2020, these are reported as held for sale under IFRS 5
- Interest-bearing debt increased mainly as a result of the takeover of ADO Group with a bridge loan of approx. €700m and the consolidation of approx. €331m in bonds from ADO Group to the accounts. Loan repayments mainly came from disposals of commercial units in BCP
- As a result of the acquisition of ADO Properties, the shares of non-controlling interests increased by a netted €1,740m.



# FFO and EPRA NAV bridge

## FFO Calculation

<i>In €m, except per share data</i>	<b>FY 2019</b>	<b>FY 2018</b>
Consolidated net profit	368	332
Financial result	19	131
Income taxes	81	123
Depreciation and amortisation	6	2
Income from measurement of investment properties	-363	-465
Income from investments accounted at equity method	1	-4
<b>EBITDA IFRS</b>	<b>112</b>	<b>119</b>
Non-recurring and extraordinary items	58	46
<b>Adjusted EBITDA</b>	<b>170</b>	<b>165</b>
Interest expense FFO	-66	-71
Current income taxes	-2	-2
Capitalisable maintenance	2	0
EBIT from the sales, discontinued operations, minorities	-19	-18
<b>FFO I</b>	<b>84</b>	<b>74</b>
Number of shares (basic)	69	68
<b>FFO I per share (basic)</b>	<b>1.22</b>	<b>1.08</b>
Number of shares (diluted)	80	79
<b>FFO I per share (diluted)</b>	<b>1.06</b>	<b>0.94</b>

## EPRA NAV calculation

<i>In €m, except per share data</i>	<b>FY 2019</b>	<b>FY 2018</b>
Equity attributable to ADLER shareholders	1,446	1,217
Deferred tax liabilities	517	465
Goodwill to deferred taxes and Investment Properties	0	0
Difference fair value - carrying amounts inventory properties	6	5
Fair value of derivative financial instruments	5	6
Deferred taxes for derivative financial instruments	-1	-2
<b>EPRA NAV</b>	<b>1,973</b>	<b>1,692</b>
Goodwill attributable to synergies	-169	-171
<b>Adjusted EPRA NAV</b>	<b>1,803</b>	<b>1,522</b>
<b>Diluted EPRA NAV</b>	<b>2,095</b>	<b>1,810</b>
<b>Adjusted diluted EPRA NAV</b>	<b>1,925</b>	<b>1,639</b>
Number of shares, basic	69	68
<b>EPRA NAV per share</b>	<b>28.40</b>	<b>24.71</b>
<b>Adjusted EPRA NAV per share</b>	<b>25.96</b>	<b>22.22</b>
Number of shares, diluted	80	79
<b>EPRA NAV per share diluted</b>	<b>26.22</b>	<b>22.94</b>
<b>Adjusted EPRA NAV per share (diluted)</b>	<b>24.10</b>	<b>20.77</b>

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