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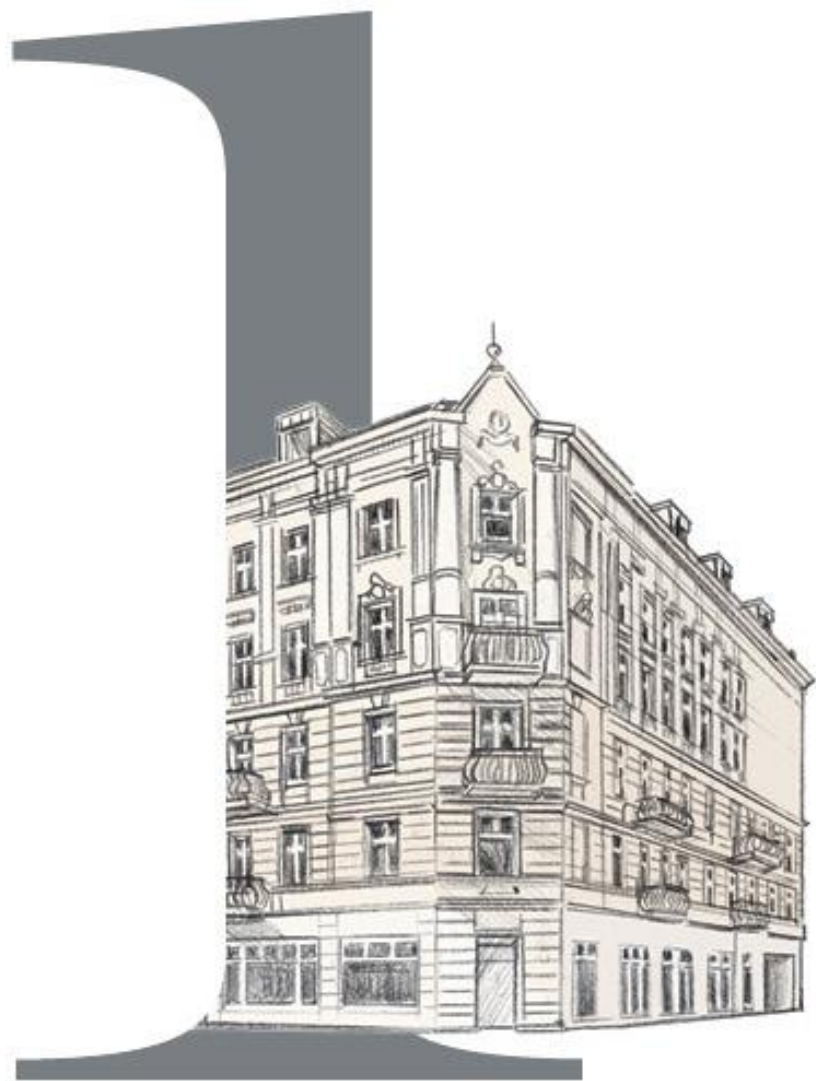
Financial  
Results  
Q1 2017

MAY 17, 2017

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BERLINSIDERS



# Overview & Investment Highlights

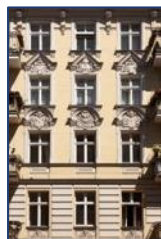
## Investment highlights

- 1 Berlin residential pure play with a € 2.3bn quality portfolio
- 2 Efficient, fully integrated and scalable platform with clear strategy to create value. This unique platform allows management to have in-depth knowledge of the Berlin market from a decade of local presence
- 3 Exceptional rental growth demonstrated over the last years, supported by our quality portfolio, smart targeted CAPEX investments and active management. Q1 2017 like-for-like rental growth of 6.1%
- 4 Conservative financial strategy with a target LTV of around 45%, c. 5 years weighted average maturity, with low (2.1%) average cost of debt

## Key metrics (end of Q1 2017)<sup>1</sup>

Buildings	335
Residential units	17,776
Commercial units	1,025
<b>Total units</b>	<b>18,801</b>
In-place rent	€ 96.5m
Lettable area (k sqm)	1,277
Property value	€ 2.3bn
EPRA NAV	€ 1,601m
Total interest-bearing loans	€ 898m
Average interest rate	2.1%
Current cash position	€ 92m
LTV	33.8%
FFO1 per share	€ 0.30
EPRA NAV per share	€ 36.31

## Our properties...



“Braunschweiger”  
Neukölln

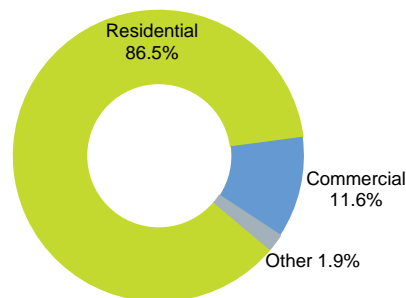


“Möckernstr.”  
Kreuzberg

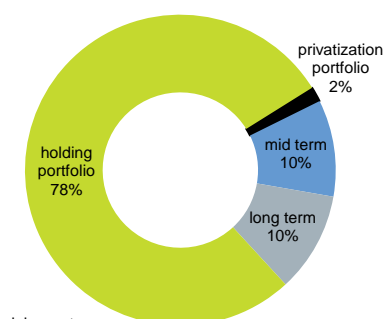


“Müllerstr.”  
Wedding

## ...a focussed residential portfolio<sup>2,3</sup>...



## ...with potential for privatization<sup>4</sup>



- 1 A definition of our alternative performance measures like EPRA NAV or FFO1 is available in our latest financial report (<http://investors.ado.immo/websites/ado/English/4010/reports.html>)
- 2 Based on in-place rent total portfolio
- 3 Commercial in-place rent mainly as part of residential buildings
- 4 Based on total units

# HIGHLIGHTS Q1 2017



## OPERATIONS & BALANCE SHEET

	Q1 2017	2016
Rental growth I-f-I (LTM)	6.1%	6.0%
Vacancy rate	2.7%	2.5%
Privatization - avg. sales price /sqm	€ 3,053	€ 3,013
Total maintenance & CAPEX /sqm	€ 25.4	€ 28.1
EPRA NAV per share	€ 36.31	€ 36.08
LTV	33.8%	31.4%

## FINANCIALS

	Q1 2017	2016
Income from rental activities	€ 25.3m	€ 89.8m
EBITDA from rental activities	€ 18.0m	€ 63.4m
EBITDA Margin	75%	75%
FFO1	€ 13.1m	€ 43.5m
FFO1 per share	€ 0.30	€ 1.11

- Strong operational performance with like-for-like rental growth of 6.1% above our target of 5%
- Income from rental activities increased by 24% compared to Q1 2016
- Privatization program remains strong with an avg. sale price of € 3,053 per sqm
- EPRA NAV per share of € 36.31 at the end of Q1
- LTV at the end of the quarter at 33.8% including free cash in an amount of € 92m
- Dividend of € 0.45 per share approved by the AGM and paid on 5 May 2017
- Free cash already committed for signed transactions which will be integrated during the next months

Uranienburger Straße

Kurfürstendamm

Gendarmen  
markt

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ADG  
Portfolio &  
Strategy

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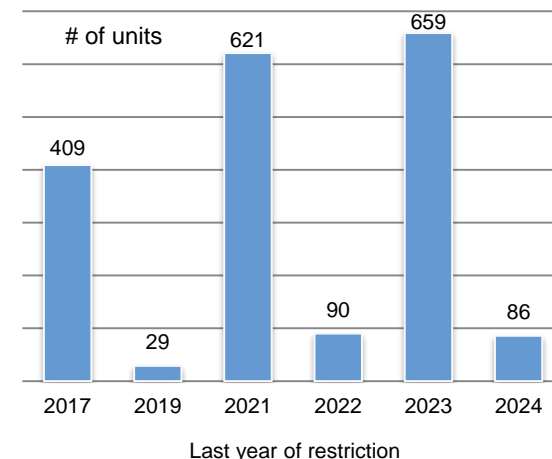
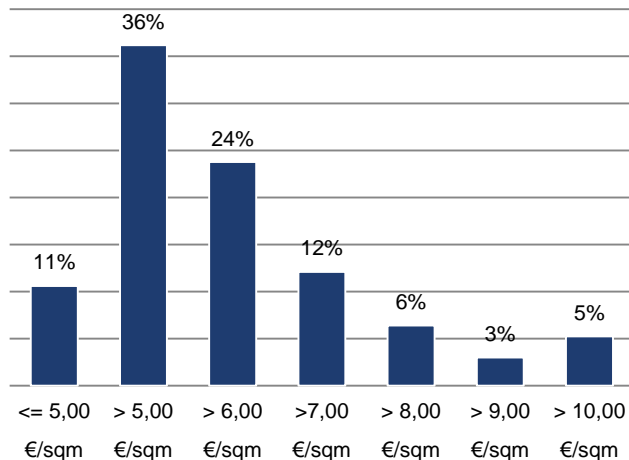
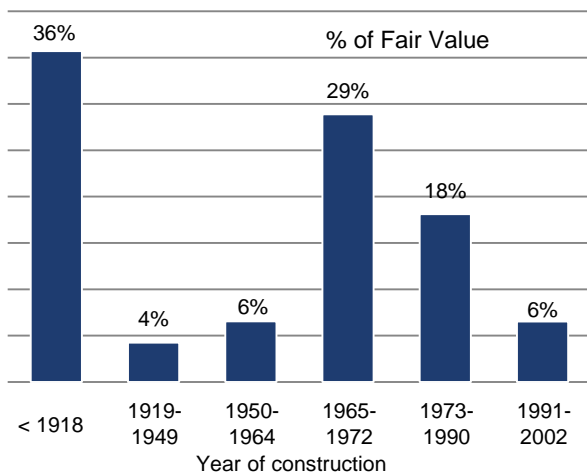
aB

Kell...

# QUALITY, BALANCED, BERLIN FOCUSED PORTFOLIO



High quality turn of the century buildings... ...with attractive rents... ...and low number of remaining restrictions



## Key metrics residential portfolio (end of Q1 2017)<sup>1</sup>

	Central	S-Bahn Ring	S-Bahn Ring (1960-1990)	City Ring	City Ring (1960-1990)	Total
Property value (in € m)	922	287	340	148	652	2,349
Property value (€/m <sup>2</sup> )	2,283	2,015	1,810	2,117	1,380	1,840
Number of units	5,514	1,681	2,988	825	6,768	17,776
Avg. Rent in € / sqm / month	6.64	6.23	6.58	6.91	5.54	6.17
Avg. New letting rent in € / sqm / month <sup>2</sup>	10.41	9.24	10.00	7.95	6.55	8.74
Occupancy (physical)	96.8%	97.3%	97.7%	97.4%	97.5%	97.3%
Tenant turnover (LTM)	9.8%	8.0%	7.5%	9.6%	8.3%	8.7%

<sup>1</sup> All values except the property value are for the residential portfolio only. Including condominium units with a fair market value of € 49m which are held at a book value of € 43m

<sup>2</sup> Based on the last three months

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

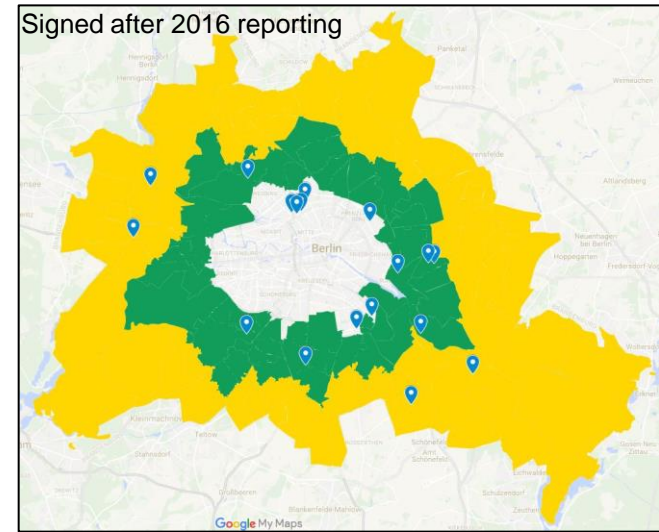
# FURTHER UNITS ACQUIRED

389 units acquired in 2 transactions since reporting FY 2016

- € 76.1m of gross asset value (including transaction costs), mostly Altbau, acquired in 2 transactions mixing asset and share deals
- 22 buildings in total, of which 7 are in Central Locations, 10 in the S-Bahn Ring, 4 in the City Ring and 1 in the City Ring (1960-1990)
- Substantial average reversionary potential of 70% supporting our 5% like-for-like rental growth target
- Purchases are initially financed by free cash
- Expected annual FFO contribution, after refinancing in line with our financing strategy, of c. € 1.5m in the first year
- In addition, 436 units which were signed prior to 2016 reporting are still in the takeover process

## KEY METRICS

Acquisition cost	€ 76.1m € 2,313 / sqm
Residential / commercial area sqm	20,661 / 12,244
Number of residential/commercial units	321 / 68
Rental income p.a.	€ 2.5m
Avg. rent / sqm / month – current	€ 5.62
Avg. new lettings rent / sqm / month	€ 9.58
Vacancy residential/commercial	10.1% / 2.3%
Estimated FFO1	€ 1.5m



Schildhornstraße 75a  
Steglitz



Prühßstraße 26,  
Mariendorf



Schönwalder Str. 53,  
Spandau



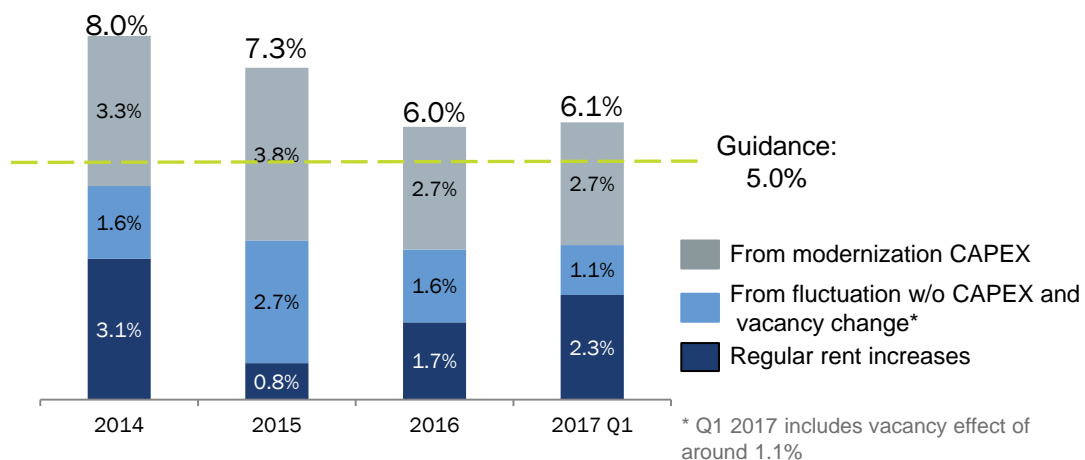
Bastianstraße 22,  
Wedding

Attractive individual asset acquisitions with a strong fit to the existing ADO portfolio

# STRONG LIKE-FOR-LIKE GROWTH AND STABLE VACANCIES



Continuously strong L-f-L results of 6.1% in Q1 2017

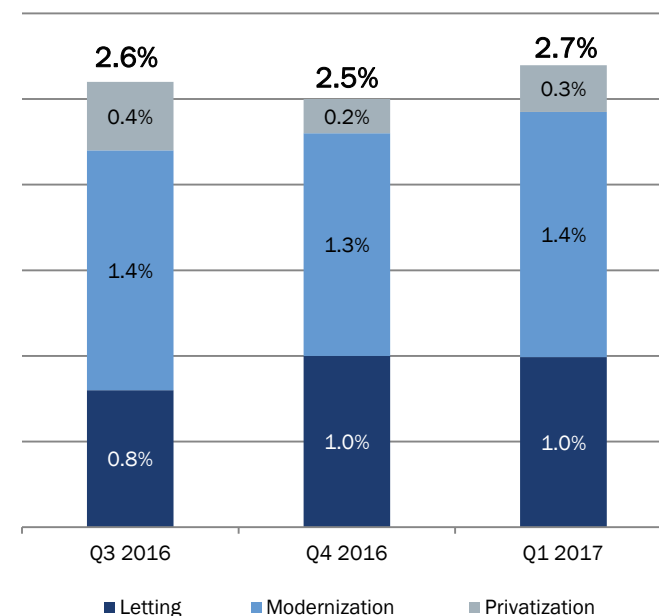


## MAINTENANCE & CAPEX

(€ / sqm)

	2014	2015	2016	Avg. 2014-2016	Q1 2017
Maintenance	6.5	6.3	6.8	6.5	6.9
Capitalized maintenance	7.6	4.6	7.4	6.5	5.6
Modernization CAPEX	13.2	9.9	13.8	12.3	12.9
<b>Total</b>	<b>27.3</b>	<b>20.8</b>	<b>28.1</b>	<b>25.4</b>	<b>25.4</b>

Vacancy split



- Based on physical vacancy, residential only
- EPRA Vacancy Rate is identical at 2.7% for Q1 2017

Strong operational performance continues into 2017



# ADO's COMMERCIAL UNITS SUPPORT OUR GROWTH



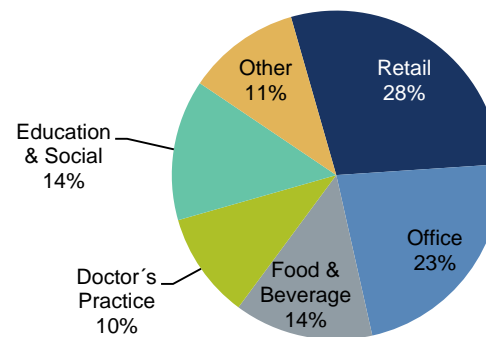
## COMMERCIAL PORTFOLIO

	Q1 2017	2016
Number of units	1,025	999
Average rent / sqm / month	€ 8.84	€ 8.60
Vacancy	4.6%	3.2%

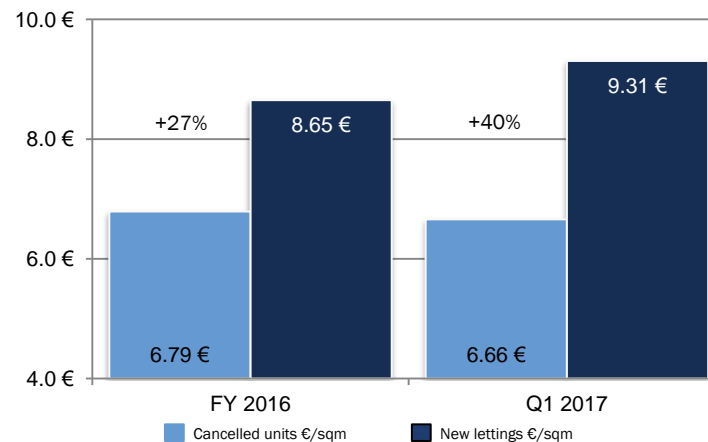
- ADO owns 1,025 commercial units by the end of Q1 which are mainly part of residential buildings
- Commercial units generate almost 12% of total rents
- Commercial L-f-L was 4.9% in FY2016 (LTM basis)
- Currently higher vacancy was deliberately created due to high reversionary potential
- No limitations from the authorities regarding new letting prices of commercial units
- All new commercial contracts have either stepped rent or index clauses



## Commercial units by type



## Strong re-letting results of 40% achieved during Q1



40% re-letting result realized in Q1 2017

# HORIZON PORTFOLIO: Case Study



## Strong new-letting results continue

### KEY METRICS (per April 2017)

Location	Neukölln
Acquisition cost	€ 174m/ € 1,599 per sqm
Current fair value	€ 177m/ € 1,626 per sqm
Number of residential units	1,677
Avg. rent / sqm / month:	
At acquisition	€ 6.17
Current	€ 6.42
new letting rent	€ 9.46
Rent restricted units	None



## Highlights

- 1) Operations achieved an **4.2%** rental growth from August 2016 to April 2017 for residential units
- 2) Modernization program in full effect with 60 residential units already refurbished (c. € 1.2 million invested)
- 3) 43 units have been let in 2017 YTD for an average new letting rent of **€9.46/m<sup>2</sup>**
- 4) Reversionary potential of 47% comparing avg. new letting rent with avg. in-place rent
- 5) Regular rent increases for 540 tenants in effect since April 2017 (c. € 15k additional monthly cash flow, +2.5%)

Very strong operational performance confirms investment decision

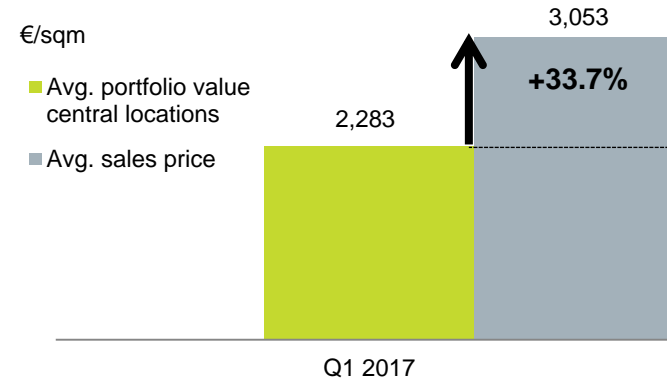
# PRIVATIZATION ACTIVITIES ON TARGET



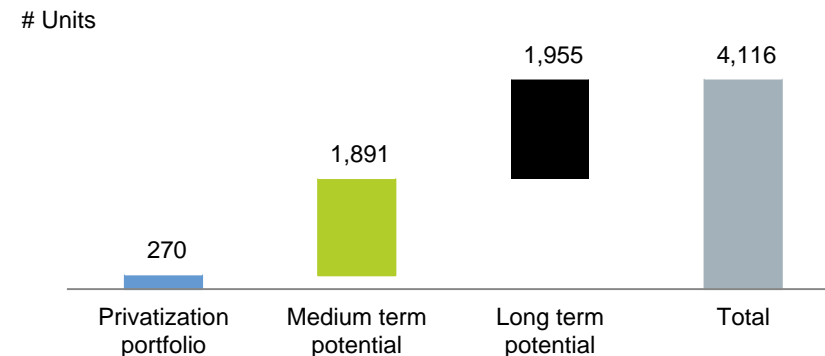
## Privatization results and outlook

- 24 units sold in Q1 2017 for gross proceeds of € 4.8m, generating close to 33.7% value uplift compared to average book value of Central Locations
- Comparably low taxable profit of 15% results from the fact that most units have already been acquired as condominiums and therefore been carried at higher book values
- As we expect further price increases for condominiums especially in inner city locations we stick to our strategy and target to sell around 100 units in 2017 to maximize profits, not sales volume

## Sales profit – Avg. sales price vs. portfolio value



## Privatization potential



24 units sold in Q1 2017 for an average sales price of € 3,053 per sqm

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markt

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# Financial Overview



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Kellerei

Augustenstraße

# OVERVIEW OF BALANCE SHEET



In € m	Mar 31, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
Investment properties	1 2,387	2,291
Other non-current assets	6	6
<b>Non-current assets</b>	<b>2,393</b>	<b>2,297</b>
Cash and cash equivalents	2 92	183
Other current assets	1 83	82
<b>Current assets</b>	<b>175</b>	<b>265</b>
<b>Total assets</b>	<b>2,568</b>	<b>2,562</b>
Interest-bearing loans	3 898	905
Other liabilities	53	53
Deferred tax liabilities	119	118
<b>Total liabilities</b>	<b>1,070</b>	<b>1,076</b>
Total equity attributable to shareholders of the company	1,473	1,462
Non-controlling interests	25	24
<b>Total Equity</b>	<b>1,498</b>	<b>1,486</b>
<b>Total shareholder's equity and liabilities</b>	<b>2,568</b>	<b>2,562</b>
<b>EPRA NAV</b>	<b>4 1,601</b>	<b>1,591</b>
No. of shares	44.1	44.1
<b>EPRA NAV per share</b>	<b>4 36.31</b>	<b>36.08</b>

## Comments

- 1 Total portfolio value of € 2,349m as at Mar 31, 2017 includes investment properties (€ 2,300m) and trading properties (€ 49m fair value / €43m book value). The fair value of the portfolio was assessed by CBRE as of Dec 31, 2016 and will be updated again on June 30, 2017. Investment properties includes in addition advances for acquisitions of €87m
- 2 Most of the net proceeds of our last capital raise have been deployed. The remaining free cash is already committed for new deals which have been signed and will be closed during the next months
- 3 Interest-bearing loans of € 898m include € 877m loans from banks and a loan from Harel Insurance in an amount of € 21m related to the WayPoint portfolio
- 4 Our EPRA NAV amounts to € 1,601m or € 36.31 per share as of Mar 31, 2017

# SOLID BALANCE SHEET WITH FIXED RATE FINANCING

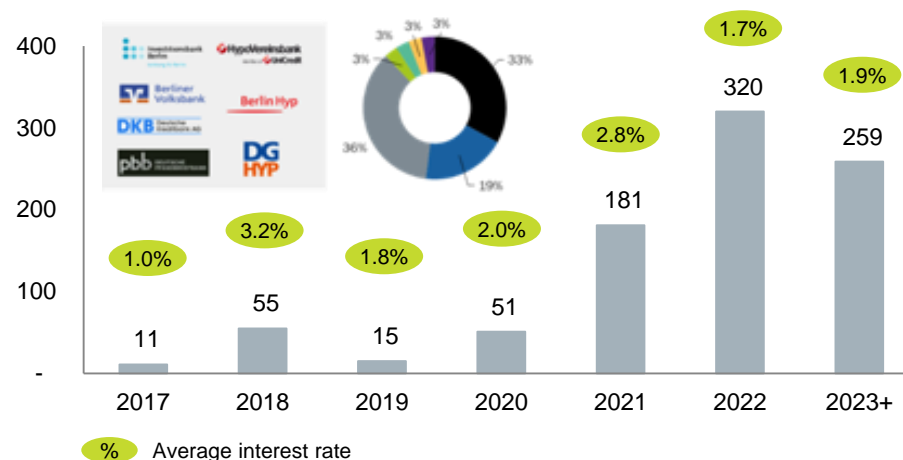


## Key financing figures

- Total debt of € 898m, primarily mortgage backed/secured
- Almost all loans are fixed interest rate or hedged
- No material near term maturities with avg. weighted maturity of c. 5 years and average interest rate of 2.1%.
- LTV at the end of the quarter at 33.8% including free cash in an amount of € 92m, which will allow us to purchase around € 400m of new assets while maintaining our LTV strategy

## Diversified funding profile with weighted average debt maturity of approx. 5 years

Bank debt (€m)



## Financing strategy

- We are funding our assets with equity and fixed rate secured debt
- We target an LTV of around 45%

Conservative financing structure with further room for improvement

# OVERVIEW OF PROFIT AND LOSS



In € m	Q1 2017	Q1 2016	Year 2016
<b>Net rental income</b>	<b>24.0</b>	<b>19.2</b>	<b>84.7</b>
Income from facility services	1.3	1.1	5.1
Income from rental activities <sup>1</sup>	25.3	20.3	89.8
Cost of rental activities	(5.0)	(3.9)	(16.8)
<b>Net operating income</b>	<b>20.3</b>	<b>16.4</b>	<b>73.0</b>
NOI from rental activities margin	85.0%	85.5%	86.2%
Overhead costs	(2.3)	(2.0)	(9.6)
<b>EBITDA from rental activities</b> <sup>2</sup>	<b>18.0</b>	<b>14.4</b>	<b>63.4</b>
EBITDA from rental activities margin	75.2%	75.0%	74.9%
Net result from privatization sales	0.7	0.7	3.2
<b>EBITDA total</b>	<b>18.7</b>	<b>15.1</b>	<b>66.6</b>
Financial cost interest-bearing loans <sup>3</sup>	(4.8)	(4.8)	(19.2)
Other net financial costs <sup>4</sup>	0.2	(0.6)	(8.5)
Depreciation & Amortization	(0.1)	(0.1)	(0.4)
<b>EBT</b>	<b>14.0</b>	<b>9.6</b>	<b>38.5</b>

## Comments

- <sup>1</sup> Income from rental activities increased by 24% driven by I-f-I rental growth of 6.1% and acquisitions. Q1 2017 reflects an annualized income from rental activities of € 101m

### Strong rental growth supported by our investment strategy

In %	Jan 1 – Mar 31, 2017(*)	Jan 1 – Dec 31, 2016
CAPEX	2.7%	2.7%
Fluctuation	1.1%	1.6%
Regular increases	2.3%	1.7%
<b>Total</b>	<b>6.1%</b>	<b>6.0%</b>

(\*) Last 12 months

- <sup>2</sup> EBITDA from rental activities increased by 25%. Q1 2017 results represent an annualized EBITDA of € 72m
- <sup>3</sup> Financing relies predominately on bank financing provided by German mortgage banks. The average interest rate amounts to 2.1%
- <sup>4</sup> Year 2016 includes mostly one-off refinancing costs and non-cash interest adjustments for acquired loans

# OVERVIEW OF FFO



In € m	Q1 2017	Q1 2016	Year 2016
EBITDA from rental activities <sup>1</sup>	18.0	14.4	63.4
Net cash interest	(4.8)	(4.8)	(19.2)
Current income taxes	(0.1)	(0.2)	(0.7)
<b>FFO1 (from rental activities) <sup>2</sup></b>	<b>13.1</b>	<b>9.4</b>	<b>43.5</b>
Maintenance capital expenditure <sup>3</sup>	(1.8)	(2.4)	(8.8)
<b>AFFO from rental activities</b>	<b>11.3</b>	<b>7.0</b>	<b>34.7</b>
Net profit from privatizations <sup>4</sup>	0.7	0.7	3.2
<b>FFO2 (incl. disposal results)</b>	<b>13.8</b>	<b>10.1</b>	<b>46.7</b>
FFO1 € per share	0.30	0.27	1.11
FFO2 € per share	0.31	0.29	1.20
Avg. number of shares	44,100	35,000	39,083

## Comments

- EBITDA from rental activities increased by 25% due to our strong 6.1% like-for-like rental growth and successful acquisitions. The annualized Q1 figures represent an EBITDA of more than € 72m
- FFO1 has increased by 40% due to acquisitions, our operational performance and the relative improvement of our net cash interest expenses. After committing our free cash for further acquisitions we started now the refinancing process of certain loans which we took over with new acquisitions last year. This refinancing is expected to have a positive impact on FFO 1 of c. € 1m p.a. starting from Q3
- Maintenance and CAPEX levels are in line with our long term averages
- In Q1 2017 we sold 24 units for a gross profit of € 0.7m, in line with our 2017 target. Most of these units have already been acquired as condominiums and have therefore been carried at higher values in our books compared to assets which have been acquired as rental only properties, leading to a margin of 15% on these sales

### <sup>3</sup> Maintenance and CAPEX

In € / per sqm	Jan 1 – Mar 31, 2017(*)	Jan 1 – Dec 31, 2016
Maintenance	6.9	6.8
Capitalized maintenance	5.6	7.4
Modernization CAPEX	12.9	13.8
<b>Total</b>	<b>25.4</b>	<b>28.1</b>

(\*) Annualized figures based on total lettable area



1

We anticipate like-for-like rental growth going forward to be at least 5% which should positively impact portfolio value, EPRA NAV and EPRA NAV per share

2

We confirm our year-end 2017 FFO1 run-rate to be at least € 60m after investing our cash position

3

Average cost of debt improving below 2% with an LTV target of around 45%

4

We expect to privatize around 100 units p.a.

5

We target a dividend pay-out ratio of up to 50% of FFO1



“Milastr.”  
Prenzlauer  
Berg



“Lübecker Str.”  
Mitte



“Horstweg”  
Charlottenburg



“Transvaalstr.”  
Wedding



“Selchower Str.”  
Neukölln



“Kalischer Str.”  
Wilmersdorf



“Sommerstr.”  
Reinickendorf

Aug 17, 2017

Publication Q2/2017 financial report

Nov 15, 2017

Publication Q3/2017 financial report



“Leibnizstr.”,  
Charlottenburg



“Böttzowstr.”,  
Pankow



“Ahornstr.”,  
Steglitz



“Gutenbergstr.”,  
Köpenick



“Putbusser Str.”,  
Wedding



“Schichauweg”,  
Tempelhof



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