ADO Properties S.A.: disposal of 5,000 residential assets above book value

- Successful disposal of c.5,000 units at premium to book value
- Following the transaction, ADLER’s vacancy rate will reduce by 0.4% and average rent will increase by 2 cents/sqm/month
- Transaction is the next step in ADLER’s strategy to streamline its portfolio and strengthen its balance sheet in line with ongoing deleveraging commitments
- Net LTV to reduce by 130 bps
- Closing is expected by the end of the year

Berlin, 18 September 2020 – Adler Real Estate AG (ADLER), c. 95% subsidiary of ADO Properties S.A. (ADO), today entered into a binding sale and purchase agreement with a major international real estate investor, to dispose of 5,064 residential and commercial units at a premium to book value as of H1 2020, further demonstrating the resilience of the German residential real estate market at a time of heightened macroeconomic uncertainty. The properties are primarily located in Lower Saxony, North Rhine Westphalia and Rhineland-Palatinate. The units generate net rental income of EUR 18.6m pa and have a 12% vacancy rate with an average rent of 5.46 EUR/sqm/month.

The transaction is a natural next step in ADO’s strategy to streamline its portfolio. The assets are located in 36 cities which are not included in the top 13 cities and represent c.18% of its portfolio outside of the top 13 locations. As such, ADO will be exiting 34 of cities through the transaction as it looks to refocus its portfolio. The sale will have a positive impact on all portfolio KPIs, with vacancy reducing by 0.4% and average rent increasing by 2 cents/sqm/month based on ADLER’s H1 2020 results.

Net proceeds of c.EUR 237m, after debt repayment, taxes and fees, will be used to further strengthen the balance sheet, in line with ADO’s ongoing deleveraging commitments. Following the transaction, net LTV will reduce by c. 130 bps to 51.2% based on ADO’s H1 2020 figures. Management remains committed to reduce leverage to below 50%. The transaction is expected to close by the end of 2020.

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