ADLER Real Estate AG
Germany, Real Estate

SCOPE BB STABLE

Corporate profile

ADLER Real Estate AG (ADLER) is one of Germany's largest property companies. In recent years, the company has grown rapidly by making acquisitions. ADLER owns 57,000 residential units. These are mostly located in northern and western Germany and offer affordable homes to tenants with low to medium incomes.

Key metrics

			Scope estimates	
Scope credit ratios	**2018**	**2019**	**2020E**	**2021E**
Scope-adjusted EBITDA interest cover (x)	2.4x	2.3x	1.6x	2.1x
Scope-adjusted debt (SaD)/SaEBITDA (x)	22.6x	34.7x	23.0x	23.0x
Scope-adjusted loan/value ratio (%)	64%	56%	55%	56%

Rating rationale

Scope affirms BB issuer rating of ADLER Real Estate AG and revises Outlook to Stable

ADLER continues to benefit from a supportive business risk profile. This is based on the company's scale (achieved despite Germany's fragmented residential real estate industry), its well-diversified portfolio in terms of geographies and tenants, and its sufficiently high debt protection.

The rating is constrained by ADLER's exposure to the higher-risk development segment, relatively weak but improving asset quality, and comparatively high leverage.

Outlook and rating-change drivers

The Outlook for ADLER has been revised to Stable. The Outlook change incorporates our expectation that the company's business risk profile will remain stable going forward, supported by the further upscaling of asset quality, measured by higher occupancy, like-for-like growth at least in line with inflation rates and the addition of new properties from its development pipeline in strong locations. The Outlook further reflects our expectation that ADLER's financial risk profile will remain broadly stable. We anticipate that Scope-adjusted EBITDA interest cover will stay above 1.7x, although this depends on the allocation of debt between ADLER and its parent (ADO Properties S.A.). Leverage, as measured by the Scope-adjusted loan/value ratio, is expected to remain at around 55%, incorporating a successful debt to equity swap for EUR 0.5bn of the EUR 1.1bn intercompany loan provided by ADO. The allocation of future debt within the group could lead to significant changes in the Scope-adjusted loan/value ratio.

A negative rating action is possible if debt protection, as measured by Scope-adjusted EBITDA interest cover, decreases below 1.7x or if the company's Scope-adjusted loan/value ratio increases to above 60% on a sustained basis. This could be the result, for instance, of a significant drop in achievable rent levels as a consequence of changes in regulation and/or a more prolonged economic downturn due to the Covid-19 pandemic or a strong reliance on debt-financed future growth.

A positive rating action could be warranted once a domination agreement between ADO Properties S.A. (the controlling entity) and ADLER (the controlled entity) is in place and if there is a positive rating differential between ADO and ALDER.

Ratings & Outlook

Corporate ratings	BB/Stable
Senior unsecured rating	BB+

Analyst

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Related Methodologies

Corporate Rating Methodology, February 2020

Rating Methodology European Real Estate Corporates January 2020

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Rating drivers

Positive rating drivers	Negative rating drivers
• Medium-sized German residential real estate company with good access to debt and capital markets • High granularity of the residential tenant base with around 52,000 residential units (after sale of 5,000 units announced in September 2020) spread across the middle and northern parts of Germany • Improving stability of tenant demand going forward with exposure to markets with at least stable demand • Moderate occupancy rates of 94% as at end-June 2020 • Debt protection as measured by Scope-adjusted EBITDA interest cover expected to stabilise above 1.9x going forward, but this is dependent on debt allocation within the group	• Exposure to the higher-risk development segment. However, this risk is deemed manageable with one large-scale development project delivered in 2019 and the majority of developments located in ‘A’-cities, ensuring liquidity and demand going forward • Property portfolio mainly situated in less liquid ‘B’ and ‘C’ locations, but improving thanks to increasing exposure to ‘A’ and ‘B’ locations, 29% by end-June 2020 • Leverage is still comparably high with the Scope-adjusted loan/value ratio at 69% as at end-June 2020. However, disposals as well as the planned partial debt to equity swap of the intercompany loan provided by ADO should reduce the Scope-adjusted loan/value to around 55%.

Rating-change drivers

Positive rating-change drivers	Negative rating-change drivers
• Domination agreement between ADO (controlling entity) and ADLER (controlled entity) and positive rating differential between the two entities	• Reduction of Scope-adjusted EBITDA interest expense to below 1.7x or Scope-adjusted loan/value ratio of above 60%, both on a sustained basis

Financial overview[1]

				Scope estimates	
Scope credit ratios	**2018**	**2019**	**Q2 2020[2]**	**2020E**	**2021E**
Scope-adjusted EBITDA/interest cover (x)	2.4x	2.3x	1.9x	1.6x	2.1x
Scope-adjusted debt/Scope-adjusted EBITDA (x)	22.6x	34.7x	29.9x	23.0x	23.0x
Scope-adjusted loan/value ratio (%)	64%	56%	69%	55%	56%
Scope-adjusted EBITDA in EUR m	**2018**	**2019**	**Q2 2020[2]**	**2020E**	**2021E**
EBITDA	119.3	112.1	101.7	208.8	110.7
Operating lease payments in respective year	6.1	0.0	0.0	0.0	0.0
Other[3]	38.3	57.0	50.2	-64.4	47.9
Scope-adjusted EBITDA	**163.7**	**169.1**	**151.9**	**144.4**	**158.6**
Scope-adjusted funds from operations in EUR m	**2018**	**2019**	**Q2 2020[2]**	**2020E**	**2021E**
Scope-adjusted EBITDA	163.7	169.1	151.9	144.4	158.6
less: cash interest as per cash flow statement	-67.8	-77.4	-85.5	-90.9	-74.7
less: pension interest	-0.1	-0.1	-0.1	-0.1	-0.1
less: interest component, operating leases	-1.0	0.0	0.0	0.0	0.0
less: cash tax paid as per cash flow statement	-6.7	-10.3	-4.8	-34.2	-9.3
add: dividends received	0.5	0.2	0.0	0.0	0.0
Change in provisions	-1.5	-0.4	0.2	0.3	0.0
Scope-adjusted funds from operations (SaFFO)	**87.2**	**81.2**	**61.7**	**19.6**	**74.5**
Scope-adjusted debt in EUR m	**2018**	**2019**	**Q2 2020[2]**	**2020E**	**2021E**
Reported gross financial debt	3,739.7	6,106.9	3,592.1	3,490.1	3,036.9
add: intercompany loan	0.0	0.0	1,113.5	613.5	613.5
less: cash, cash equivalents (accessible)	-77.7	-237.4	-171.7	-787.8	0.0
add: pension adjustment	1.8	2.0	1.5	1.9	1.9
add: operating lease obligations	35.7	0.0	0.0	0.0	0.0
Scope-adjusted debt (SaD)	**3,699.6**	**5,871.5**	**4,535.4**	**3,317.7**	**3,652.4**

[1] All numbers are rounded
[2] 12 months ending June 2020 for cash flow-related metrics
[3] Includes disposal gains and one-off earnings and expenses

Business risk profile: BBB-

ADO Properties acquired majority in ADLER and CONSUS Real Estate AG

As of 9 April 2020 (settlement date), ADO Properties holds 91.9% in ADLER Real Estate following a business combination agreement under which ADO Properties acquired ADLER as part of a public takeover offer (15 December 2019). As at 2 July 2020, ADO exercised its put/call option to acquire around 51% of CONSUS Real Estate AG (adding to the 22.18% previously held by ADO and 3.6% held by ADLER). As a result, the group is now one of Germany's major real estate developers. The purchase price was paid in new shares as well as treasury shares held by ADLER. ADO Properties S.A. will be renamed ADLER Real Estate Group S.A. this year.

Industry risk: A-

ADLER is predominately exposed to the low-risk, regulated residential real estate industry (industry risk of A), which decouples rental growth from developments in the consumer price index and GDP. ADLER's exposure to the development business (industry risk of B) and commercial real estate segment through retail properties acquired via BCP (industry risk: BB) negatively impacts our overall industry risk assessment.

Credit outlook stable for 2020

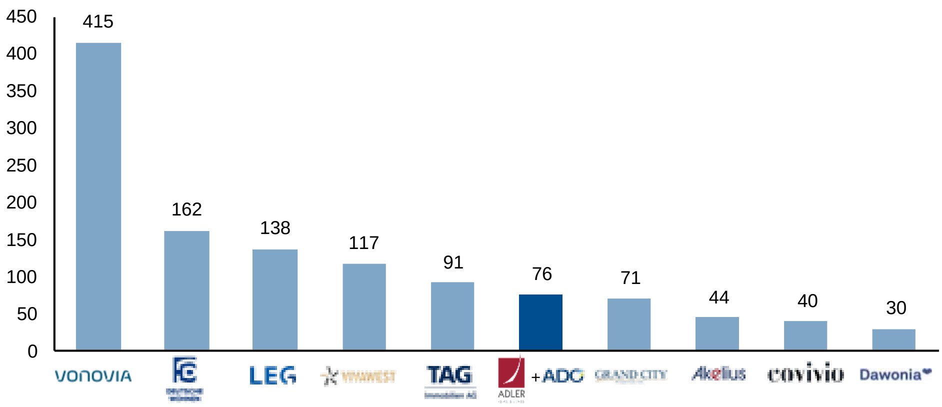
The credit outlook for the European real estate sector in 2020 is stable. The retail sector remains a weak spot as it faces a multi-layered Covid-19 crisis. This may have only a modest impact on credit quality in the short term but the consequences will be more severe if a future recovery falters.

For more information, refer to our corporate outlook for real estate (click here).

Medium-sized residential landlord with adequate visibility on investment and capital markets

Following the takeover by ADO Properties S.A. in April 2020, ADLER had to deconsolidate its holding in the former. As such, the number of residential units held by ADLER stands at around 57,000 (76,000 with ADO). However, in terms of standalone size ADLER ranks seventh among listed residential real estate corporates in Germany. This achieved size directly translates into: i) a granular tenant portfolio; ii) visibility to tenants, investors and vendors; iii) economies of scale; and iv) more stable cash flow.

Figure 1: ADLER and competitors by number of residential units as at Q2 2020[4]



Sources: Public information, Scope

While ADLER's market share is negligible for the German market (0.2%), it holds a dominant market position in its core market of Wilhelmshaven (15.3% market share). Market shares in the second and third largest markets in terms of size, Duisburg and Leipzig, are considerably lower. As regards the group's virtual market shares in Berlin (including ADO's residential units, which are solely located in Berlin), ADLER as part of ADO belongs to the largest landlords in the city, possessing around 1% of non-owner-occupied apartments. Due to the fragmented nature of the German real estate market,

[4] Covivio and Vivawest as at YE 2019
Dawonia as at YE 2018

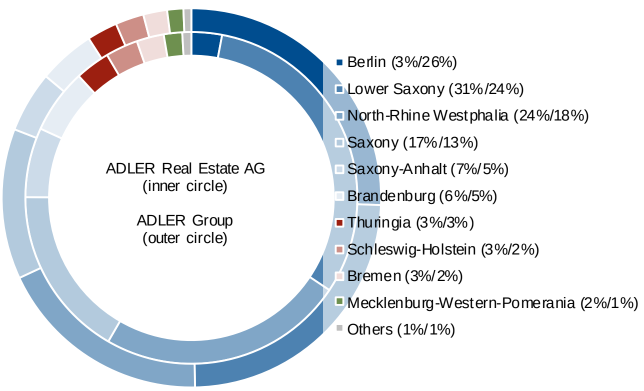
these small market shares are not considered a negative driver. However, we do consider relatively large market shares in core markets to be positive, as they allow housing companies to influence price levels via the local rent table (Mietspiegel).

The combined entity's Scope-adjusted total assets of around EUR 10bn and its 76,000 residential units should further support its market positioning and especially access to capital markets, where similar-sized peers enjoy high visibility.

Good geographic diversification across Germany

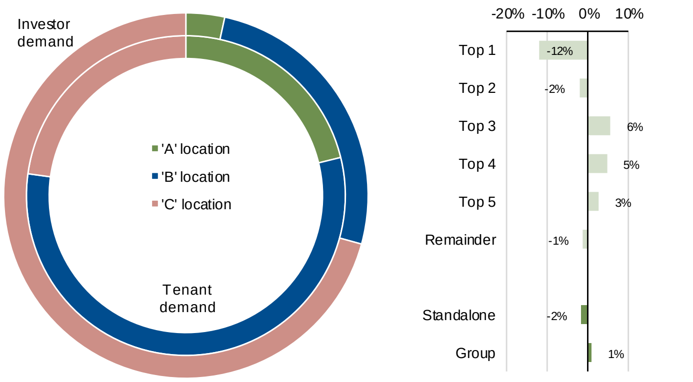
ADLER operates a reasonably diversified portfolio, which is well distributed across Germany. It is chiefly focused on the middle and northern parts of Germany, with the top five markets (standalone) representing 27% of annualised net rental income as at end-June 2020. However, based on jurisdictions (federal states) ADLER has higher concentration, with the top two markets accounting for more than 50% of residential units. This may create some additional risk from regulatory exposure to two jurisdictions in addition to the German regulatory framework. The protection provided by 'rent-controlled' markets, including the de-linking of rental growth from economic growth and inflation, comes at the price of stricter rules that can hurt the top line and profitability.

Figure 2: Geographical diversification by rental income as at end-June 2020



Sources: ADLER, Scope

Figure 3: Categorisation of location and population growth, 2020 to 2030



Sources: ADLER, Statistik Nord, IT.NRW, Scope and others
Note : Location ratings as defined by Scope

Berlin rent freeze

We believe the Berlin 'rent freeze' poses manageable risk for ADLER (standalone) given its low share of residential units in Berlin.

> Berlin: New regulation (the 'rent freeze') with regard to maximum rents and rent increases has been in place since February 2020. The law limits rents for new lettings to the lower of: i) the rent the previous tenant paid, or ii) the limit set out in a 'rent table' provided by the law. Existing rents in excess of 120% of applicable rents according to the 'rent table' must be reduced to the applicable rent from 1 November 2020. New construction and buildings constructed after 2014 are exempt from the law, as is government-owned social housing, for which rents are controlled anyway. From 2022, landlords will be allowed to raise rents in line with inflation of 1.3% per year.

High tenant portfolio diversification, albeit with fairly weak credit quality

ADLER's tenant portfolio is highly diversified, thanks to strong portfolio growth and the company's focus on the residential segment. However, ADLER suffers from comparatively weak tenant credit quality (based on expected credit loss against the company's gross rental income) due to its targeted customer profile of semi-skilled workers. Weak credit quality is likely to impair collection rates if tenants are exposed to severe economic stress. We believe the company's exposure to Germany's regulatory environment[5] would help to protect its top line in such a scenario.

[5] Judged to be relatively tenant protective including state subsidies for those in need

Reasonably diversified development portfolio of an estimated EUR 2bn

With the acquisition of BCP in April 2018, ADLER obtained a development pipeline of an estimated EUR 1bn, comprising four development projects in Düsseldorf and one in Aachen. Together with new projects in Dresden, Potsdam, Berlin and Berlin-Schönefeld, ADLER holds a development pipeline of around 4,000 residential units with an estimated EUR 1.8bn in gross development volume (GDV). The main share of the development pipeline will be added to the company's portfolio once delivered, with the exception of around 500 residential units (GDV of EUR 0.4bn) in Düsseldorf for which condominium sales are targeted, as well as the disposed (75%) Glasmacherviertel development in Düsseldorf (GDV of EUR 0.4bn). The develop-to-hold portfolio is expected to be delivered between 2022 and 2027.

ADLER's development portfolio is reasonably diversified, with projects typically divided into sub-projects of around 100 units, in accordance with the company's development policy. This reduces execution risk and allows ADLER to limit downside risk with regard to weakening customer demand for units that are either develop-to-sell or develop-to-hold, especially as the high supply-demand imbalance in cities such as Berlin, Düsseldorf and Dresden (representing more than 90% of GDV) is likely to continue. Once delivered and added to ADLER's buy-and-hold portfolio, we anticipate an enhancement of the company's property quality, helping to bypass regulatory rental limits and thus strengthen ADLER's recurring income stream.

Property portfolio mainly situated in less liquid 'B' and 'C' locations

ADLER's residential units are located in cities and regions that are forecasted to suffer from a 2% population decline[6] between 2020 and 2030. Negative population growth is not expected to be compensated for by the anticipated decline in household sizes. This will lead to weaker demand for the company's portfolio, thus impairing further like-for-like growth in rents.

The portfolio's location reflects ADLER's strategy up to 2018 of investing in affordable housing property with potential for value enhancement as well as being predominantly located in high and medium-level urban centres (Ober- and Mittelzentren) with a strong macroeconomic environment. As a result, ADLER's assets are still mainly located in 'C' and 'D' cities, such as Wilhelmshaven and Cottbus, which tend to be less liquid than properties in 'A' and 'B' locations and have generally weaker demographics. This increases the risk of potential price haircuts in a distressed sales scenario.

However, we anticipate a growing exposure to strong-demand cities, such as Berlin, Düsseldorf, Dresden and Potsdam from the company's development pipeline. Especially development projects located in the 'A' cities of Berlin and Düsseldorf (share of around 90% of GDV // remainder in Potsdam and Dresden) would ensure higher liquidity in times of economic turmoil, limiting the potential haircuts on this portion of the company's property portfolio.

Limited like-for-like rental growth going forward

ADLER's exposure to markets that are forecasted to suffer from declining demand as well as a housing cost ratio above the German average leave limited capacity for rent increases. According to the company, one third of its tenants rely on government subsidies to make their rental payments. While this boosts the stability of rental income, it further limits scope for rent increases. However, the stickiness of ADLER's tenant portfolio, with an average lease length in line with peers, mitigates the risk of increasing vacancy in the medium term. Furthermore, potential downside risk for the company's top line is somewhat diminished by its average rent per square metre, which is still low compared to market rents in the relevant regions.

[6] Weighted average based on fair value distribution of ADLER's portfolio

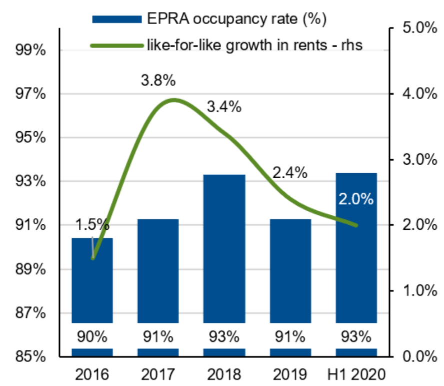
Adequate occupancy rate of 93% expected to improve further going forward

ADLER's strategy up to 2018 also resulted in below-average occupancy in the acquired properties as well as some capex requirements due to the portfolio's average age of above 50 years. We therefore judge ADLER's capital and maintenance expenditure of EUR 30 per sq m in 2019 (+37% YoY) to be adequate for the company's portfolio structure. The anticipated focus on investments in the portfolio (EUR 60m to EUR 80m for 2020) should further benefit asset quality and support the targeted growth as regards occupancy from an adequate 93% as at end-June 2020 (YE 2019: 91%).

Scope-adjusted EBITDA margin of around 65% going forward

ADLER's Scope-adjusted EBITDA margin, excluding sales activity, stood at close to 70% for FY 2019, driven by economies of scale, and rental growth during the year. It remains slightly below that of ADLER's peers, which have margins of more than 70% excluding sales.

Figure 4: Occupancy levels & like-for-like rental growth



Sources: ADLER, Scope

Figure 5: Profitability vs peers

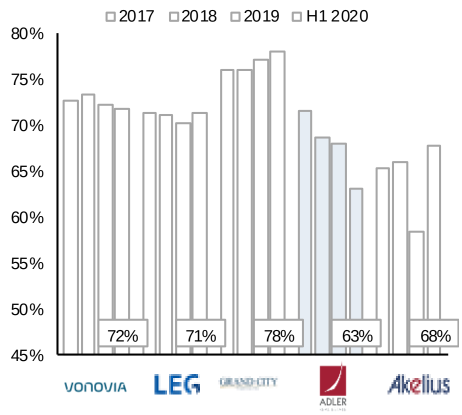
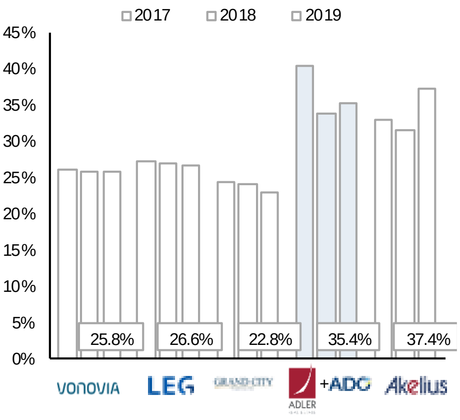


Figure 6: EPRA cost ratio (incl. vacancy) vs peers*



Sources: ADLER, public information, Scope

*Akelius is not a member of EPRA (the European Public Real Estate Association), based on Scope's own calculations

We believe profitability should remain broadly stable in the coming years, with a Scope-adjusted EBITDA margin of around 65% benefitting from reduced costs per unit as a result of synergies of up to EUR 40m per annum from combined group operations (ADLER and ADO). Anticipated stable profitability should benefit from economies of scale (internalisation of key operational functions; a shared service centre established for rent and operating cost administration; and a single IT system throughout the company).

Financial risk profile: BB-

Stable like-for-like growth of operating cash flow

ADLER benefits from increasing Scope-adjusted EBITDA as a consequence of an expanding asset base as well as like-for-like growth in rents at least equal to cost inflation. We forecast that Scope-adjusted EBITDA will decline slightly to between EUR 140m and EUR 150m going forward (2019: EUR 169m), driven by the anticipated exit from the remaining part of the company's retail portfolio and the disposal of around 5,000 residential units (announced in September 2020). However, we anticipate positive like-for-like growth in rents backed by the company's EUR 60m to EUR 80m per year investment in upgrading its property quality as well as further reduction in vacancy.

Capital expenditure related to development pipeline is financed by disposal proceeds

ADLER's acquisition of BCP in 2018 represented a slight shift in strategy, adding a development portfolio in 'A' and 'B' cities to its portfolio. We expect ADLER to execute on these developments, accounting for an estimated EUR 1.8bn in gross development volume. We anticipate that EUR 0.8bn will be spent in the 24 months to YE 2021, including down-payments on the acquired Holsten-Quartier (Hamburg)[7]. We expect

[7] Developer: CONSUS Real Estate AG

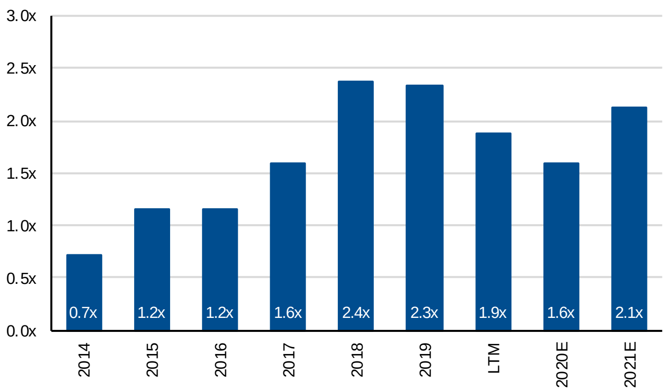
capital expenditure to be financed by proceeds from: i) the disposal of the remaining retail portfolio (around EUR 0.1bn); ii) the develop-to-sell portfolio in Düsseldorf (estimated at EUR 0.4bn); iii) the disposed non-core residential units (estimated EUR 0.4bn); as well as iv) the repayment of the vendor loan granted to the acquiring party of Accentro (around EUR 0.1bn).

The Covid-19 pandemic has had a limited impact on ADLER's cash flow, with collection rates still at very comfortable levels (99% for H1 2020) and most non-payments related to commercial space which the company still operates.

Scope-adjusted EBITDA interest cover to remain above 1.7x going forward

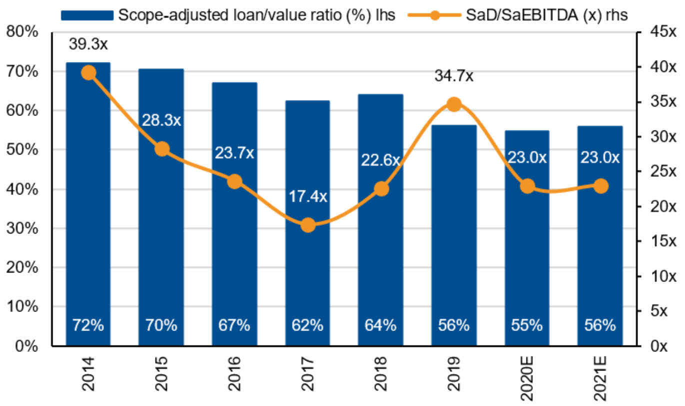
Scope-adjusted EBITDA interest cover has improved over the last few years and remains above 1.9x on a continuing basis. Debt protection for ADLER (standalone) could weaken in the future depending on the allocation of future issued debt. We assume senior unsecured debt issued by ADO Properties S.A. will be provided to ADLER Real Estate AG via intercompany loans. However, we believe the group (excluding CONSUS Real Estate AG) will benefit from stable debt protection of around 1.9x in the next few years. Forecasted development will benefit from group members' lower weighted average cost of debt, which stood at 1.8% as at end-June 2020, and the forecasted stability of Scope-adjusted EBITDA.

Figure 7: Scope-adjusted EBITDA interest cover (x)



Sources: ADLER, Scope estimates

Figure 8: Leverage



Sources: ADLER, Scope estimates; 'Sa' = Scope-adjusted

Relatively high leverage with limited short-term downside potential

We forecast stable leverage for ADLER (standalone) as measured by the Scope-adjusted loan/value ratio after a significant increase to 69% as at end-June 2010. The increase is driven by the EUR 1.1bn intercompany loan provided by ADO Properties S.A. Leverage is expected to decline by YE 2020 as a result of the targeted replacement of the short-term intercompany loan with equity (increase in share capital against a contribution in kind of up to EUR 500m subject to the debt to equity swap). However, as we assume that all future unsecured debt issuances will be guaranteed by ADO Properties S.A. (to be renamed ADLER Real Estate Group S.A.) ADLER should benefit from financing headroom provided by the group's relatively low anticipated Scope-adjusted loan/value ratio of around 50% going forward (not considering the potential impact of the CONSUS Real Estate AG acquisition by ADO Properties S.A.).

Scope-adjusted debt (SaD)/Scope-adjusted EBITDA has stood at an elevated 29.9x for the last twelve months to end-June 2020, representing a steep increase compared to 2018 (22.6x). Such high leverage, which is independent of the relative pricing of properties, makes ADLER one of the most levered companies in its peer group. However, this high leverage has a limited impact on our assessment of an issuer's financial risk profile for companies whose cash flow is not exposed to rapidly changing demand patterns, i.e. residential real estate companies.

Adequate liquidity

ADLER's liquidity is judged to be adequate. In detail:

Position	2020E		2021E	
Unrestricted cash (t-1)	EUR	625m	EUR	1,148m
Open committed credit lines (t-1)	EUR	0m	EUR	0m
Free operating cash flow[8]	EUR	575m	EUR	16m
Short-term debt (t-1)	EUR	300m	EUR	979m
Coverage		**4.0x**		**1.2x**

Debt due in 2020 (EUR 0.3bn) is expected to be fully covered by available cash sources, which amount to EUR 0.6bn, as well as forecasted Scope-adjusted free operating cash flow of EUR 0.6bn for 2020, both on a group level. We also believe the refinancing of the EUR 1.0bn in debt maturing in 2021 should be a manageable risk. Our assessment of liquidity is based on the assumption that cash will be pooled for the combined entity starting in 2020 and that financing activities will be executed by ADO Properties S.A. on behalf of ADLER Real Estate AG. Thus, the numbers shown above reflect our assumptions for the combined entity.

Supplementary rating drivers

Parent support

The rated entity is held by ADO Properties S.A., which acquired the majority in ADLER Real Estate AG in April 2020. We see the willingness of ADO Properties S.A. to financially support ADLER Real Estate AG as high, given the anticipated execution of a domination agreement in September 2020 as well as the implicit commitment provided by the consolidation of operations including treasury and name equality (ADO to be renamed ADLER Real Estate Group). However, the capacity of ADO Properties S.A. to support ADLER Real Estate AG is limited. On the one hand, ADO benefits from the same business risk profile as ADLER Real Estate AG (which forms part of ADO) as well as slightly better credit metrics. On the other hand, ADO's credit metrics are expected to deteriorate following the successful acquisition of a majority share in CONSUS Real Estate AG (July 2020), followed by the anticipated launch in Q4 2020 of a voluntary exchange offer for all remaining outstanding shares in CONSUS. CONSUS has had below-par Scope-adjusted EBITDA interest cover for the last twelve months to end-June 2020 and has comparatively high leverage, with a Scope-adjusted loan/value ratio of 59% as at end-June 2020.

Long-term and short-term debt ratings

Senior unsecured debt: BB+

Our recovery analysis indicates a 'superior recovery'. However, due to risk and the possibility that additional senior secured debt will be introduced into the path to default (capital structure volatility), we have applied just one notch of uplift to the issuer rating, which translates into instrument ratings of BB+. Recovery is based on a hypothetical default scenario in FY 2022 with the company's liquidation value amounting to EUR 3.8bn. This value is based on a 25% haircut applied to ADLER's assets, reflecting a 'BB' category stress as per our methodology (including liquidation costs) and 10% for insolvency proceedings. This compares to secured financing of a forecasted EUR 1.2bn as well an unsecured EUR 1.5bn in bonds. The unencumbered asset ratio stood at 129% as at end-June 2020.

We do not rate the debentures issued by Brack Capital Properties N.V. as they are not irrevocably guaranteed by ADLER Real Estate AG.

[8] Including executed and signed asset sales for 2020 (EUR 0.8bn)

Appendix I: Peer comparison (as at last reporting date)

	ADLER Real Estate AG	Akelius Residential Property AB	Grand City Properties S.A.	LEG Immobilien AG	Vonovia S.E.
	BB/Stable/--	--/--/--*	--/--/--*	--/--/--*	A-/Stable/S-1
Last reporting date	30 June 2020	30 June 2020	30 June 2020	30 June 2020	30 June 2020
Business risk profile					
Scope-adjusted total assets (EUR m)	6,551	12,157	9.121	13,504	58,518
Portfolio yield	4.1%	3.3%	3.6%	3.8%	3.3%
Gross lettable area (million sq m)	3,500	2.956	na	na	26,561
No. of residential units	57,171	43,989	70,646	137,525	414,879
No. of countries active in	1	7	2	1	3
Top 3 tenants (%)	<1%	<1%	<1%	<1%	<1%
Top 10 tenants (%)	<1%	<1%	<1%	<1%	<1%
Office (share by net rental income)	na	na	na	na	na
Retail (share by NRI)	na	na	na	na	na
Residential (share by NRI)	na	94%	na	97%[13]	95%
Hotel (share by NRI)	na	na	na	na	na
Logistics (share by NRI)	na	na	na	na	na
Others (share by NRI)	na	6%	na	3%[9]	5%
Property location	'B' to 'C'	'A'	'A' to 'B'	'B'	'A' to 'B'
EPRA occupancy rate (%)	91.3%[10]	92.2%[11]	93.5%	96.6%	97.2%
WAULT (years) [12]	na	8.4	9.0	11.2	12.7
Tenant sales growth (%)	na	na	na	na	na
Like-for-like rent growth (%)	2.0%	6.3%	3.1%	2.6%	3.9%
Occupancy cost ratio (%)	na	na	na	na	na
SaEBITDA margin[13]	63%	68%	78%	71%	72%
EPRA cost ratio (incl. vacancy)[14]	35.4%	na	22.8%	26.6%	25.8%
EPRA cost ratio (excl. vacancy)[14]	34.8%	na	20.1%	24.5%	24.5%
Financial risk profile					
SaEBITDA interest cover (x)[13]	1.9x	2.2x	5.2x	5.3x	4.0x
Scope-adjusted loan/value ratio (%)	69%	42%	37%	35%	42%
SaD/SaEBITDA (x)[13]	29.9x	23.6x	11.3x	11.0x	15.8x
Weighted average cost of debt (%)	1.8%[15]	2.2%	1.4%	1.4%	1.5%
Unencumbered asset ratio (%)	129%	242%	211%	na	na
Weighted average maturity (years)	na	5.1	7.0	8.0	7.9

* Subscription ratings available on ScopeOne

Sources: Public information, Scope

[9] Based on units with garages counting for one-tenth of a commercial or residential unit
[10] As at end-December 2019
[11] Akelius is not an EPRA member (occupancy as reported)
[12] Weighted average lease length of current tenant portfolio
[13] For the last 12 months to the reporting date
[14] As at end-December 2019
[15] ADO Properties S.A.

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