



# Wide-Moat Investing Summit 2018, Hosted by MOI Global

ADO Group Ltd. – “The pure Berliner”

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- A sole-asset holding company listed in Israel (Symbol: **ADO.TA**)
- Controls (38.24%) Frankfurt listed ADO Properties SA. (**ADJ.DE**). Current ADO.TA shares price represents a **30% discount to NAV** with catalysts within the next 12 months.
- ADJ.DE is a one of a kind **pure-Berlin, publicly-listed residential platform** that owns over 23,000 apartments and commercial units inside Berlin's borders
- Berlin's residential market – probably the most attractive and **risk averse** in the western world
- ADJ.DE is very well managed with excellent track record of profitable growth

# Berlin Residential – Attractive Economics



Legacy Value Partners

4 straight years as the #1 seed - European cities RE investment prospects.

Still the lowest rents in Germany and amongst major European Urban

hubs. PWC Emerging Trends in Real Estate 2018

A steady population growth of 50-60K pa. (Current Population is

3.7M) – a rare view among European cities

Consistently recognized as a top-10 global destination for Tech

businesses and workers

Fast Company  
Magazine,  
2016:

tech hubs to live and work in.

**#1 Berlin  
'Silicon Allee'**

The capital of Germany is known for its lively techno music scene and now has one of Europe's most thriving startup scenes

4th for Cost of Living  
4th for Annual Paid Vacation

Best Feature: Average Commute - 34 minutes

**#2 Austin  
'Silicon Hills'**

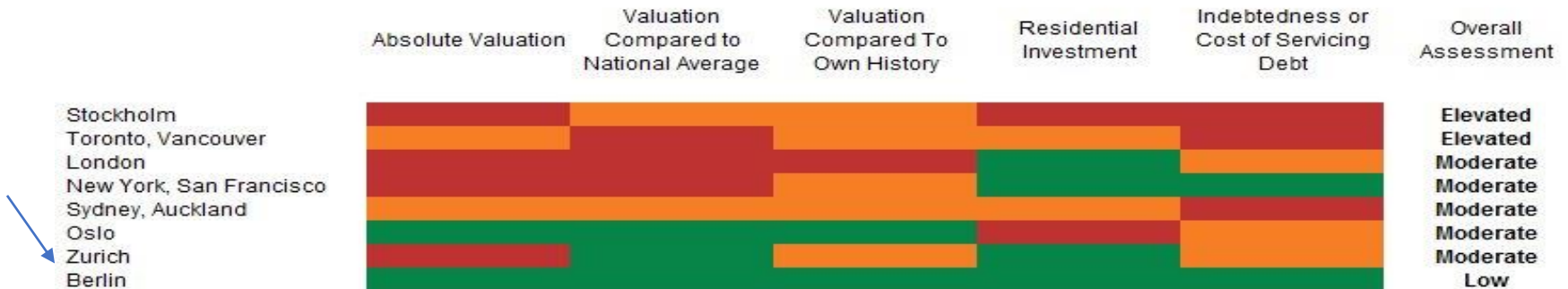
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# Berlin Residential – ...and Safe

A highly regulated Residential market created supply restraints and a competitive advantage for scaled, integrated platforms

Despite years of expansion, risk remains very favorable compared to International peers

**Exhibit 11: Housing Risk Heatmap**

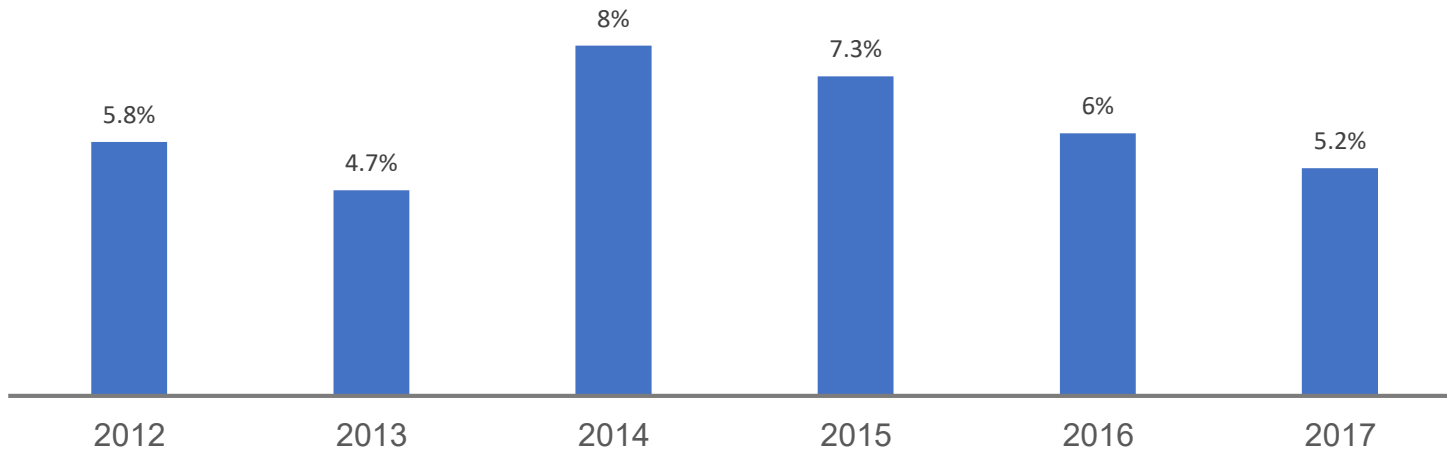


Source: Goldman Sachs Global Investment Research

# ADO Properties SA – A Wide Moat Residential Platform

ADJ.DE's management grew Units count **7X in 6 years** to over 23,000

While maintaining an Average annual **Like-for-Like growth rate of 6.2%:**



Q1 2018's spread between Legacy tenants' contracts to new contracts signed is **44%**



· In house operations: From assets acquisitions to renovations to marketing and maintenance

· Strong understanding of regulations requirements supports ongoing LFL rent growth

· 2/3 of Capex is growth oriented – to support LFL growth – with mid-teens ROIC

· Sound relationships with lenders and a savvy financial management

# ADO Properties SA - And a Strong Financial KPIs Profile

Targeted LTV is 40-45%, currently at 40.5% (Q1 2018)

Weighted average interest rate on the balance sheet down from 3.5% in 2012 to 1.8% during Q1 2018

Recent April 2018 acquisition of a 220 units portfolio was financed by a **~-0.3%** (Negative 0.3%) short term credit facility from a European bank

ADJ.DE's EPRA NAV per share is 45.4 EURO, up 88% since YE 2015

The Dividend recently upped 33%, targeted at 50% of FFO going forward

# ADO Group Ltd. – Not a Common Holding company

· An Israeli company, ADO.TA is publicly listed since 2010 (ADJ.DE was listed at 2015)

· High Insider ownership and relatively low, 1.5M Euro pa.  
· Corporate costs

· Local leverage through Tel-Aviv listed corporate bonds (2.5% interest rate, currently trade for ~1.6%) – Consolidated LTV is ~55%

· Stock trades at a 30% NAV discount – Israeli corporate Tax rate is 23%

· **Current discount to NAV implies owning ADJ.DE's assets at a ~4% Cap Rate**



Since Aug. 2017 There is an ongoing proxy and control fight over ADO.TA between three parties

Private Equity Giant Apollo Group bought a ~15% stake at the company in the open Israeli market, joining forces with the Dayan family (19%)

Long time largest shareholder (37%) Shikun&Binui (SKBN.TA) agreed to a joined control with its counterparties

A third party, Lapidoth Capital Ltd, built a 7% stake

Under Israel's corporate law, Shikun and Apollo will have to tender for at least 5% of the shares before being able to gain control

A litigation with Lapidoth is taking place in open court these days



# Thank You

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