



Press release

Swallowbird Trading & Investments Limited (ADO Properties) announces IPO plans for 2015

- Swallowbird Trading & Investments Limited, to be renamed ADO Properties S.A., targets listing on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in 2015
- The pure-play Berlin residential specialist has an approximate EUR 1.2 billion quality portfolio with c. 13,700 residential units
- Significant rental growth potential with 6.2% average annual like-for-like residential rental growth over the period 2012 to 2014, due to active asset management and focused capex
- Strong track record in expanding the portfolio: IPO proceeds are intended to be used mainly for add-on acquisitions of residential portfolios in Berlin and targeted investments in the current portfolio

Press contact
RUECKERCONSULT GmbH
Thomas Rücker
Wallstraße 16
10179 Berlin, Germany

Berlin, 2 June 2015: Swallowbird Trading & Investments Limited, to be renamed ADO Properties S.A. ("ADO Properties" or the "Company"), a pure-play Berlin residential specialist, is preparing for an initial public offering ("IPO"). The Company intends to list its shares on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in 2015. This would create the only Prime Standard listed real estate specialist focused exclusively on Berlin.

Tel.: +49 30 2844987-48
Fax: +49 30 2844987-99
ruecker@rueckerconsult.de

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The offer is expected to consist of an issue of new ordinary shares and a sale of existing shares from ADO Group Ltd., the Company's sole shareholder, which is listed on the Tel Aviv Stock Exchange. To support a fast-track inclusion into the EPRA index, an offering size of at least EUR 400 million is envisioned.

Kempen & Co and UBS Investment Bank are acting as Joint Global Coordinators and Joint Bookrunners. Barclays and COMMERZBANK are mandated as additional Joint Bookrunners. Arbireo Capital is acting as process manager and sole financial adviser in the transaction.

"ADO Group Ltd. has actively supported ADO Properties in its dynamic expansion during the past decade and is pleased to jointly enter the next stage in the Company's development", says Shlomo Zohar, Executive Vice Chairman of ADO Properties.

ADO Properties intends to use the net proceeds for add-on acquisitions of residential properties or portfolios in its Berlin market as well as targeted capex investments in its



current portfolio to continue its expansion and improve its portfolio in line with its targeted 45% to 50% LTV-ratio.

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“ADO Properties has the clear strategy to create value through targeted investments in its portfolio, privatizations and accretive acquisitions. We aim to approximately double the number of units over the next few years to generate value for our shareholders, capitalize on our existing platform and further enhance the efficiency of our operations”, says Rabin Savion, CEO of ADO Properties.

Strong track record in building a pure-play Berlin residential real estate portfolio

ADO Properties specializes in the purchase and management of income producing residential buildings in Berlin. The Company focuses on creating value through focused modernization, refurbishment and repositioning of current and future portfolio assets. ADO Properties has local expertise in acquiring and repositioning properties and unlocking value potential through investments and re-lettings. The strong Berlin residential market is characterized by a combination of positive migration, increasing workforce quality, increasing purchasing power, decreasing unemployment, decreasing average household size and limited supply of new rental stock. This is expected to result in continued rental growth to the benefit of the Company's business.

Since 2006, the Company has built an approximately EUR 1.2 billion quality portfolio with a total of approximately 13,700 residential and approximately 700 commercial units in Berlin's central locations and other districts with attractive growth potential. The portfolio has a lettable area of approximately 963,000 sqm. The most recent acquisition consisting of approximately 5,750 residential units, has provided a significant contribution to annual in-place rent, which has strongly increased from EUR 42 million as at year-end 2014 to approximately EUR 66 million as at end of Q1 2015, and including the acquired units.

Driven by active asset management and targeted capex investments, ADO Properties achieved 6.2% average annual like-for-like rental growth for the residential portfolio from 2012 to 2014. In 2014, annual like-for-like rental growth increased to 8.0% and moreover to even 8.5% in the twelve-month period ending 31 March 2015. In addition, the portfolio still has a reversionary potential to market rents of approximately 22%. The focus on Berlin enables the Company to capture additional growth potential and the opportunity to create above average returns on its portfolio acquisitions.

Value creation through a fully integrated, scalable in-house platform, active asset management and portfolio strategy

ADO Properties has built a fully integrated platform and organization with expertise in in-house asset management, property and facility management and construction management. The Company is continuously tailoring its platform to the needs of its growing portfolio, by which the Company can exploit economies of scale by managing a



larger residential portfolio, without incurring significant additional costs. The focus on the Berlin market further increases the platform's efficiency and allows for a lean and specialized operational setup. Further economies of scale from add-on acquisitions are expected to have beneficial effects on profitability. This approach has led to an EBITDA margin of 77% for 2014.

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Because of the scalable platform and management's knowledge of the Berlin market for almost a decade, ADO Properties is able to identify undermanaged assets whose quality can be improved to current market standards through targeted investments. As their core belief, ADO Properties is committed to tenant satisfaction through its business approach.

"Our in-depth understanding of the local market provides us with attractive acquisition and repositioning opportunities, particularly for undermanaged assets", says Rabin Savion. "Our strategy of active asset management allows us to realize upside potential and to continuously improve our tenant structure and apartment quality, due to refurbishments at fluctuation."

In 2014, ADO Properties successfully initiated its strategy to realize value by converting properties into condominiums and selling them at prices exceeding the current appraisal value of the properties. Approximately 13% of the current residential portfolio has been identified as having potential for privatization. ADO Properties targets privatizations of approximately 100 to 150 units per year from 2016 onwards. The Company will continue to assess the potential for condominium conversion and privatization in portfolios that will be acquired in the future.

Sustainable financing strategy

ADO Properties focuses on a sustainable financing strategy that allows the Company to benefit from attractive financing conditions and to react quickly to opportunities for potential acquisitions. ADO Properties has a conservative balance sheet consisting mainly of mortgage backed loans with approximately 2.6% average cost of debt, no major maturities until 2018 and a weighted average maturity of approximately six years.

As of the end of Q1 2015, ADO Properties has a LTV-ratio of 57%. Post-IPO, the Company targets a moderate LTV-ratio of 45% to 50%, thus allowing for fast execution of acquisitions from the proceeds of the capital increase.

"Our conservative capital structure allows for predictable growth, supporting attractive and continuous dividends whilst ensuring that our indebtedness does not restrict our business or strategy", says Rabin Savion.

"ADO Group Ltd. and its major shareholder Shikun & Binui, are committed as long-term strategic investors in ADO Properties", says Shlomo Zohar. Shikun & Binui is a globally

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established, leading Israeli infrastructure and real estate company, that has supported the Company in its growth over the past years.

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About ADO Properties

ADO Properties is a pure-play Berlin-based residential real estate company with approximately 13,700 residential units, including recent acquisitions. The Company has a fully integrated, scalable in-house platform with its own property management. Along with the responsibility for the condition of its apartments and buildings, ADO Properties also assumes responsibility towards people, employees and neighborhoods. The portfolio of ADO Properties is focused on central locations in Berlin and attractive districts at the city's outskirts.

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