

August 18, 2020

ADGAR PUBLISHES SECOND QUARTER RESULTS FOR 2020

FFO for Shareholders amounted to about NIS 19.3 million, an increase of 7.7% compared with last year

The Company is raising its FFO forecast for 2020

Equity attributed to the Shareholders amounted to about NIS 1.2 billion as of June 30, 2020, approximately NIS 7.88 per share

NOI and FFO forecast for the years 2020-2021*

	2021	2020
	NIS millions	
NOI forecast	255-260	225-230
FFO forecast*	90-95	75-80

FFO forecast *: The forecast is based on a return to activity in the various markets in which the Company operates and does not take into account other significant restrictions following the re-emergence of the virus, as well as the effect of possible changes such as changes in exchange rates and changes in financing expenses following future changes in interest rates. **(Regarding Forward-Looking Information see note at the bottom of the page)**

Roy Gadish, Company CEO, said: "We are pleased with the results of operations in the quarter in light of the Coronavirus crisis affecting local and global markets. We believe that the geographical distribution of the Group's assets has a particularly noticeable advantage during this period and despite the uncertainty, the strong tenant mix, together with actions we have taken, have reduced the negative impact on NOI and on the other hand led to improvement in FFO and an upward update in the forecast for 2020.

Highlights of the Results

- **Revenues from rental properties amounted in the second quarter** to about NIS 57.7 million, compared with 62.9 in the corresponding quarter last year. The decrease is mainly due to the effect of the decrease in the average exchange rate of the euro and the Canadian dollar, compared to the shekel, which caused a decrease of about NIS 2.5 million. In respect of discounts given to tenants in the commercial sector in the second quarter in the total amount of about NIS 1 million. In addition, revenues in the corresponding period last year include one-time income in respect of compensation from tenants in Poland in the amount of about NIS 2.7 million.

***) Forward-Looking Information, as defined in the Securities Law, the realization of which is uncertain and may differ, inter alia, due to factors beyond the Company's control, such as currency exchange rates, the global economic situation, completion of property development and occupancy and rental conditions, all of which may influence the aforesaid Company assessments.**

- **NOI for the quarter** amounted to about NIS 54.8 million, compared with about NIS 57.4 million in the corresponding quarter last year.
- **FFO for the quarter** increased by approximately 6% and amounted to about NIS 19.3 million, compared with about NIS 18.2 million in the corresponding quarter last year.
- **Loss attributed to Shareholders in the quarter** amounted to about NIS 35.9 million, compared with a profit of about NIS 39.5 million last year. The loss is mainly due to the negative revaluation recorded by the Company in the first quarter of 2020 in the amount of about NIS 57.8 million.
- **The comprehensive loss attributed to Shareholders in the quarter amounted** to about NIS 33.4 million, compared with a profit of about NIS 36.4 million last year.
- **Equity attributed to the Shareholders** amounted to about NIS 1,199 million as of June 30, 2020, approximately NIS 7.88 per share, compared with about NIS 1,271 million (approximately NIS 8.35 per share) as of December 31, 2019.
- **Cash flow** from operating activities in the second quarter of 2020 increased to about NIS 39.3 million, compared with about NIS 29 million in the corresponding period last year.
- The cash and cash equivalents position as of June 30, 2020 amounted to about NIS 288.9 million. The Company has unutilized credit facilities in the amount of NIS 315 million.
- **Investment real estate** (including real estate under construction) - in the quarter there was a decrease in the value of properties in the amount of about NIS 57.7 million. The decrease is due to a number of factors:
 - o An increase in the discount rate in Poland and a decrease in the value of the land near one of the buildings.
 - o In Israel, a decrease in the Consumer Price Index, an increase in the discount rate for the vacant areas only and an increase in respective costs and environmental development.
 - o Canada, in respect of an increase in credit losses in the first year in some of the properties and in part in respect of the extension of the period of occupancy.

During the first half of the year, the Company invested about NIS 178 million in investment real estate (including real estate under construction), of which about NIS 124 million was in respect of the purchase of a new property in the Canadian subsidiary. **In addition, during the reporting period, there was an increase in the exchange rate of the euro against the shekel by about 0.1% and the Canadian dollar, and a depreciation of the Canadian dollar against the shekel by about 4.6%, respectively. These changes resulted in a decrease in this item in the amount of approximately NIS 73 million.**

About the Company

Adgar Investments and Development Ltd. is the real estate investment arm of the Tzur Shamir Holdings Group Ltd. Adgar operates in the field of income-producing real estate and specializes in the acquisition, development and improvement of real estate properties. The Company has extensive international operations spread over 4 countries: Canada (mainly Toronto), Israel, Belgium and Poland (Warsaw). The Company owns properties with a total value of about NIS 4 billion, and it operates from time to time in entrepreneurial activities, by way of improving existing properties and constructing new office buildings for rent.

*) The information is forward-looking information whose realization is uncertain and may differ materially, inter alia, due to factors that are not dependent of the Company. **The forecast does not take into account possible effects of the Corona virus outbreak on Group operations.**

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