



AZRIELIGROUP

# AZRIELI GROUP

Conference Call Presentation

Financial Statements December 31, 2020



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- › All numbers and figures are approximate.

# Convenience Translation from Hebrew // Important Notice

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- › The following English translation of Azrieli Group's presentation for the conference call of March 25, 2021 (the "**Presentation**") is provided for convenience. Please note that this document should not be regarded as a substitute for reading the full original Hebrew version of the Presentation. This translation was neither prepared nor checked by the Company. Accordingly, the Company does not warrant that the translation fully, correctly or accurately reflects the Presentation and its contents.
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# Azrieli Group // Business Card



Traded on the capital market since 2010, **the 5<sup>th</sup> largest company<sup>(1)</sup>** on the Tel Aviv Stock Exchange

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Market cap of **NIS 25.8 billion<sup>(1)</sup>**

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Listed in all leading **indices**: TA-35, TA-125, TA-Real Estate

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The company's share is included in the **EPRA** Index

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The Company owns income-producing properties with a total leasable area of **1,331,000 m<sup>2</sup>**, **11 additional projects under construction**, and **7 projects under renovation and expansion**

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Average **occupancy rate** in Israel of **97%<sup>(2)</sup>**

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**90%** of the value of investment and under-construction income-producing properties (on a consolidated basis) attributed to real estate in Israel

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**Rating: AA+** (Ma'alot S&P); **Aa1** (Midroog Moody's)

**Leverage ratio** of only **26%**, and equity to assets ratio of **52%**



(1) As of March 24, 2021

(2) Excluding completed properties in the first stages of occupancy.



# Income-Producing Properties Map



## Malls and Retail Centers

Ayalon Mall	Jerusalem Mall	Holon Mall	Akko Mall
Hod Hasharon Mall	Modi'in Mall	Ramla Mall	Kiryat Ata Mall
Herzliya Outlet	Azrieli Mall	Azrieli Ra'anana	Or Yehuda Outlet
Givatayim Mall	Azrieli Holon Center	Haifa Mall	HaNegev Mall
Sarona Mall	Rishonim Mall		

## Offices and Others in Israel

Azrieli Towers	Modi'in	Givatayim
Azrieli Sarona	Modi'in Residences	Kiryat Ata
Azrieli Holon Center	Petach Tikva	Hanegev
Caesarea	Jerusalem	Rishonim
Herzliya	TOWN building E	Hamanor

## Senior Homes

Palace Tel Aviv  
Palace Ra'anana  
Palace Modi'in  
Palace Lehavim

## Overseas

Galleria  
1 Riverway  
3 Riverway  
Plaza  
8 West  
Aspen II  
San Clemente  
Leeds

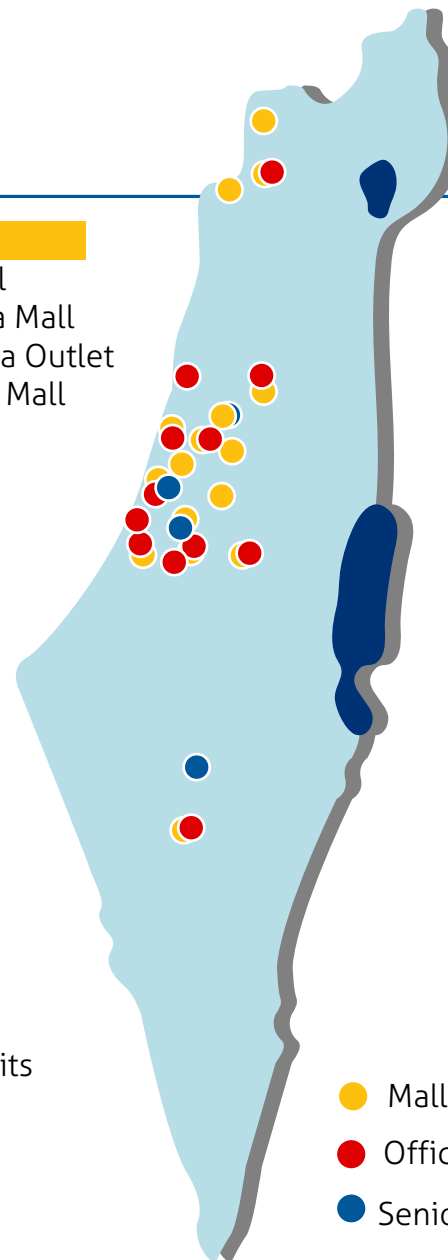
18 Malls and Retail Centers 352,000 m<sup>2</sup>

15 Office properties 628,000 m<sup>2</sup>

4 Senior Homes 105,000 m<sup>2</sup> 1,034 residential units

8 Office properties overseas 246,000 m<sup>2</sup>

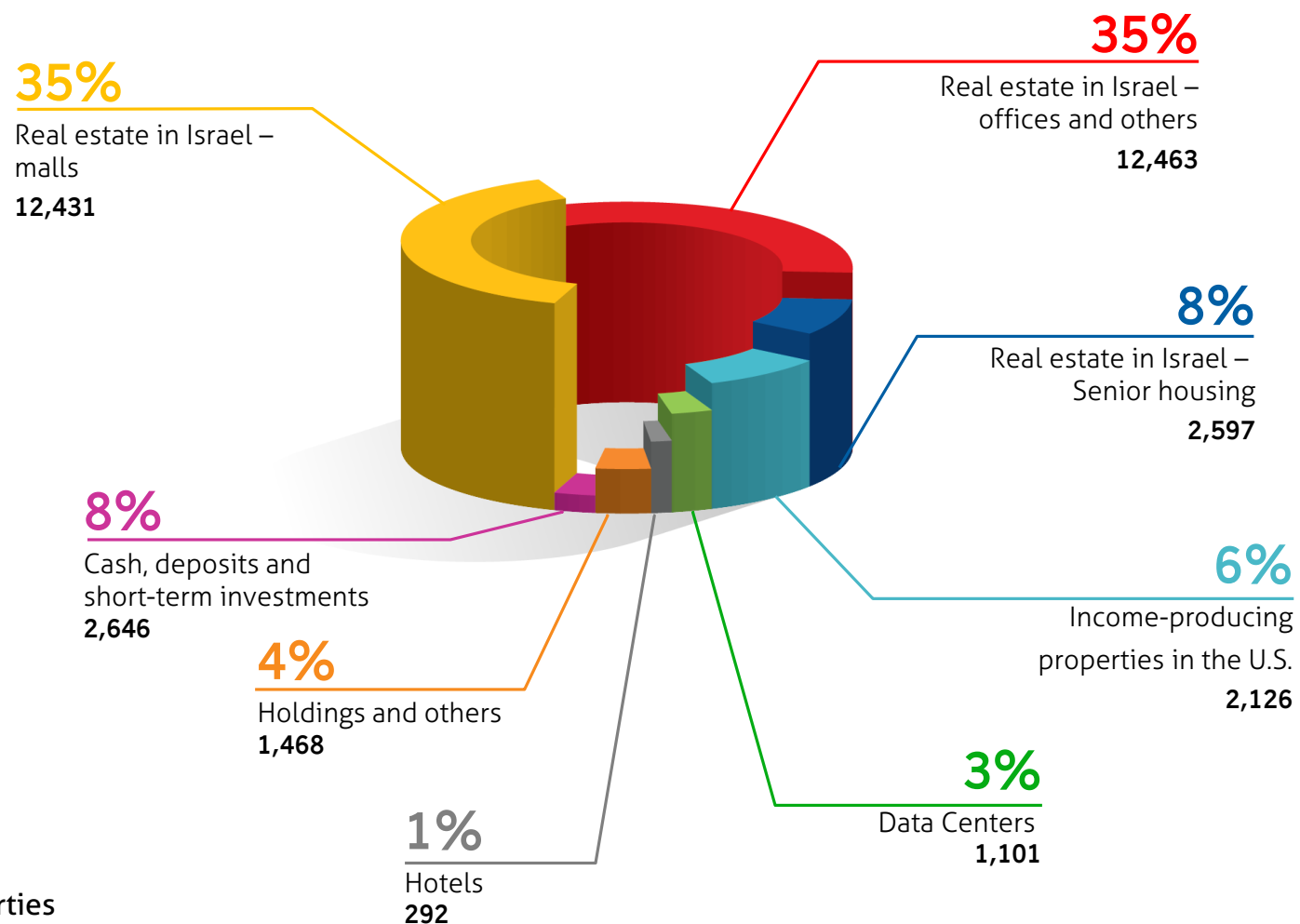
**Total 1,331,000 m<sup>2</sup> (1)**



- Malls
- Offices
- Senior Homes

(1) As of December 31, 2020.

# Azrieli Group // Breakdown of Properties<sup>(1)</sup>



% of Total Properties  
Book Value (NIS in millions)

(1) Consolidated, as of December 31, 2020. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Annual Report.

# Highlights for Q4/2020 and 2020<sup>(1)</sup>

## Financial Highlights

- > NOI totaled **NIS 1,214 million**, which was down 25% compared with 2019, mainly due to relief given to tenants in the retail sector.
- > Same Property NOI – a 26% decrease over the year compared with 2019.
- > FFO totaled **NIS 999 million**, compared with NIS 1,313 million in 2019. **Excluding senior housing, the FFO totaled NIS 878 million**, compared with NIS 1,160 million in 2019.

## Continued Momentum of Development, Betterment and Acquisitions

- > During Q4/2020, the Group invested **NIS 273 million** in investment properties, renovation of existing properties, and development of new properties.
- > In 2020, the Group invested NIS 1,037 million in investment properties, renovation of existing properties and development of new properties, NIS 264 million in the purchase of the Mount Zion Hotel in Jerusalem, and \$67 million (NIS 231 million) in Compass Datacenters.

## An Agreement for the Sale of Azrieli Kiryat Ata

- < The Group signed an agreement to sell its rights (100%) in the Azrieli Kiryat Ata project, which includes a mall and office building, for approx. NIS 90 million. The Group recorded a fair value gain of approx. NIS 25 million (before tax), in Q4/2020.



(1) Some of the highlights present data and events that are subsequent to the report release date.



# Development During and Subsequent to the Quarter



### Business

Diversification	Diversification over several real estate sectors
Tenant diversity	Very broad (more than 2,700 tenants)
Portfolio	High-quality properties in prime locations
Occupancy rate	Close to 100% in all operating segments in Israel
Contracts	Long term, 3-5-10 years

### Financial

Cash and cash equivalents	NIS 2.7 billion. Including Bank Leumi shares ~ NIS 3.5 billion.
FFO	Strong cash flow
Low leverage	26% net debt to assets and 52% <sup>(2)</sup> equity to assets
Unencumbered assets	NIS 24 billion
Debt	Long duration and balanced payment schedule
Financing	Average interest rate of 1.6% and average duration of 5.3 years



(1) As of December 31, 2020.

(2) Including deferred taxes – 62%.

# Renewals and New Lease Agreements (Israel)

During 2020, until the report release date

Segment	Lease Type	Number of Leases Signed	GLA	Change
Offices	Options exercised and new leases (excluding space in the first stages of occupancy)	311	169,311	+8.8%
Retail	Options exercised and new leases (excluding space in the first stages of occupancy)	965	93,692	- 1%

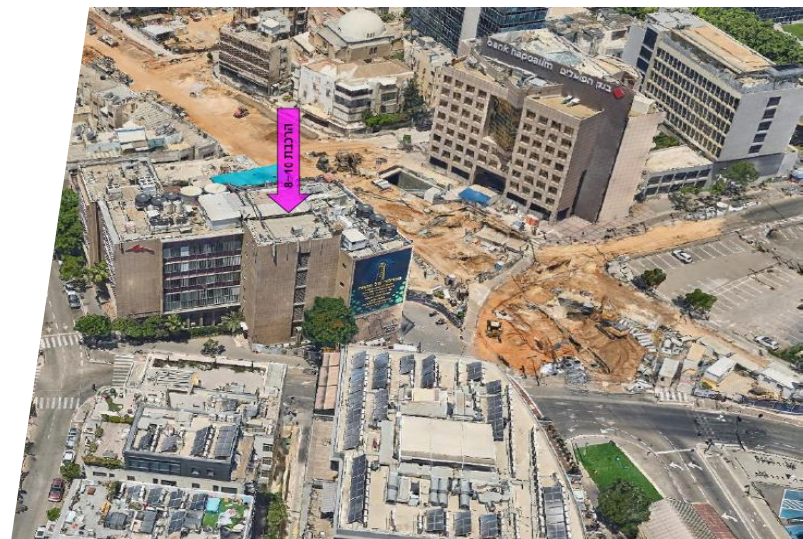
Type	Units	Sum of New Deposits (NIS in millions)	Average Deposit (NIS in millions)	Change
Palace Senior Housing Existing homes and new homes	159	241 <sup>(1)</sup>	1.52 M	+52% <sup>(2)</sup>

(1) Adjusted to deposit payments.

(2) Average rate of increase in the amount of the deposit in an identical payment track, in existing homes only.

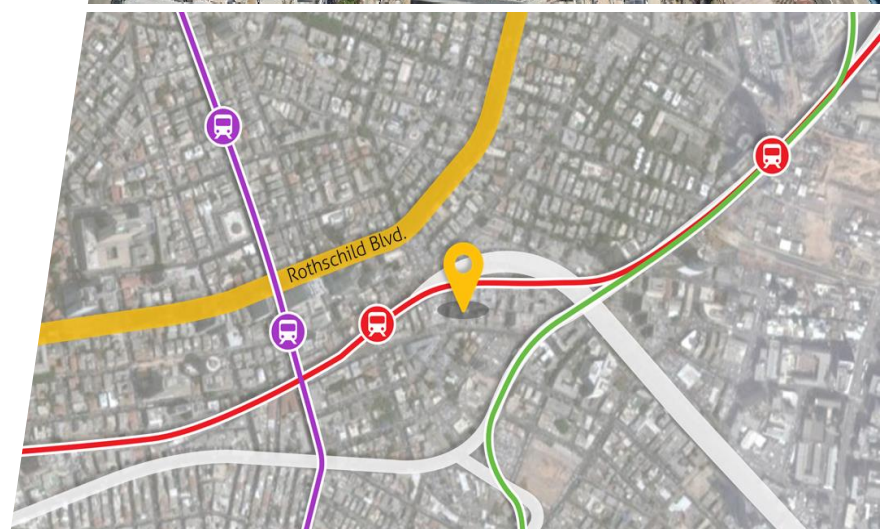
# Purchase a Rental Housing Project in Tel Aviv

- The transaction was closed in in February 2021.
- Property area – **approx. 2,400 sqm in the center of Tel Aviv.**
- Approved zoning plan – **approx. 10,000 sqm** with underground parking.
- The property is leased to the Abraham Hostel until 2035, with an option for Azrieli to terminate the lease in 2029.
- The property is expected to yield an NOI of approx. NIS 7 million a year, under full occupancy.
- Acquisition cost (including purchase tax) – **NIS 191 million.**



## Expansion & Betterment

- The property is adjacent to a red line light rail station near Rothschild Blvd.
- On the property, the Group intends to build **a rental housing project with approx. 110 residential units and approx. 1,500 sqm of retail area on the ground level**, in accordance with the usages permitted under the zoning plan applicable to the property.





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# Real Estate Segments

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# Azrieli Group // Malls and Retail Centers



NOI in 2020 – **NIS 425 million**, compared with NIS 831 million in 2019. The decrease is attributed to discounts given to tenants due to the COVID-19 crisis.

GLA – **352,000 m<sup>2</sup>** <sup>(1)</sup>

Average occupancy rate – **98%** <sup>(2)</sup>

Book value – **NIS 12.4 billion**

## Innovation and Upgrading

- > Azrieli E-Commerce
- > Azrieli Gift Card
- > Azrieli App
- > Betterment and upgrading of malls and retail centers



(1) GLA (gross leasable area) is based on the Company's share as of December 31, 2020.

(2) Excluding completed properties in the first stages of occupancy.





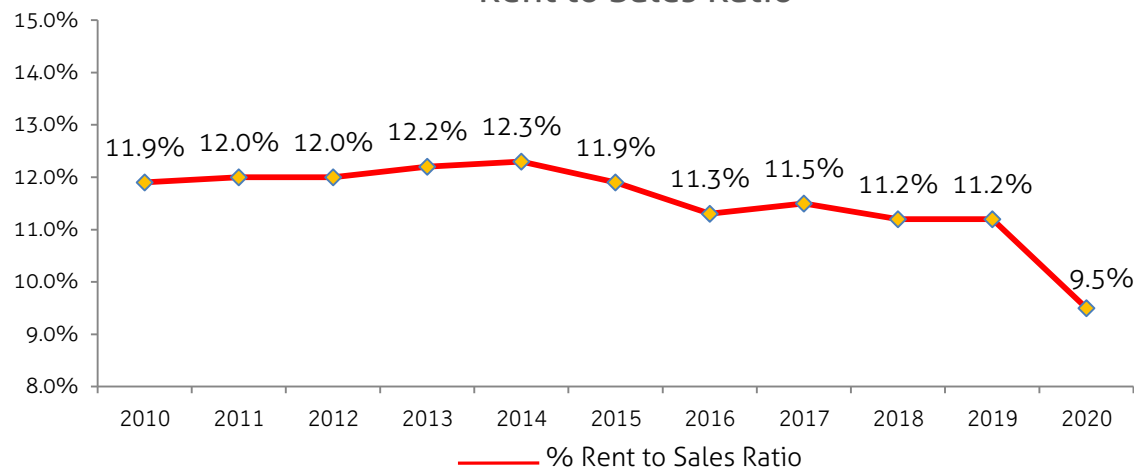
# Azrieli Group Malls // Store revenues and Rent to Sales Ratio

2020 <sup>(1)</sup>  
Vs.  
2019 <sup>(1)</sup>

+ 1.04%

Total Increase in Revenues of  
Azrieli Group Mall Stores

Rent to Sales Ratio



(1) The number of working days has not been standardized for the months of January and February 2019 and 2020. For the months of March to December, the number of working days has been standardized and adjusted to a full month of operation (the months of April, October and November have been excluded from the calculation since the malls were closed during these months). The calculation also excludes store revenues of tenants which did not resume ordinary operations or operated partially during the period due to regulatory restrictions and Government decisions pertaining to the spread of Covid-19, including restaurants and cafés, movie theatres, food venues, gyms, conference centers etc., and further excludes Azrieli Tel Aviv mall, which is materially affected by the restrictions on public train use.



# Azrieli Group // Office and Other Space (Israel)

NOI in 2020 – **NIS 601 million**, compared with NIS 594 million in 2019.

GLA of **628,000 m<sup>2</sup>** <sup>(1)</sup>

Average occupancy rate – **96%** <sup>(2)</sup>

Book value – **NIS 12.5 billion**

## Innovation and Upgrading

- > Community
- > Technology
- > Betterment and upgrading of the office towers



(1) GLA (gross leasable area) is based on the Company's share as of December 31, 2020.

(2) Excluding completed properties in the first stages of occupancy.



# Palace Senior Housing Chain

GBA of 105,000 m<sup>2</sup> <sup>(1)</sup> comprises 1,034 units.

Average occupancy rate – 97% <sup>(2)</sup>

Book value – NIS 2.6 billion

## Operating Homes

**Palace Tel Aviv:** 231 residential units + 4 LTC units

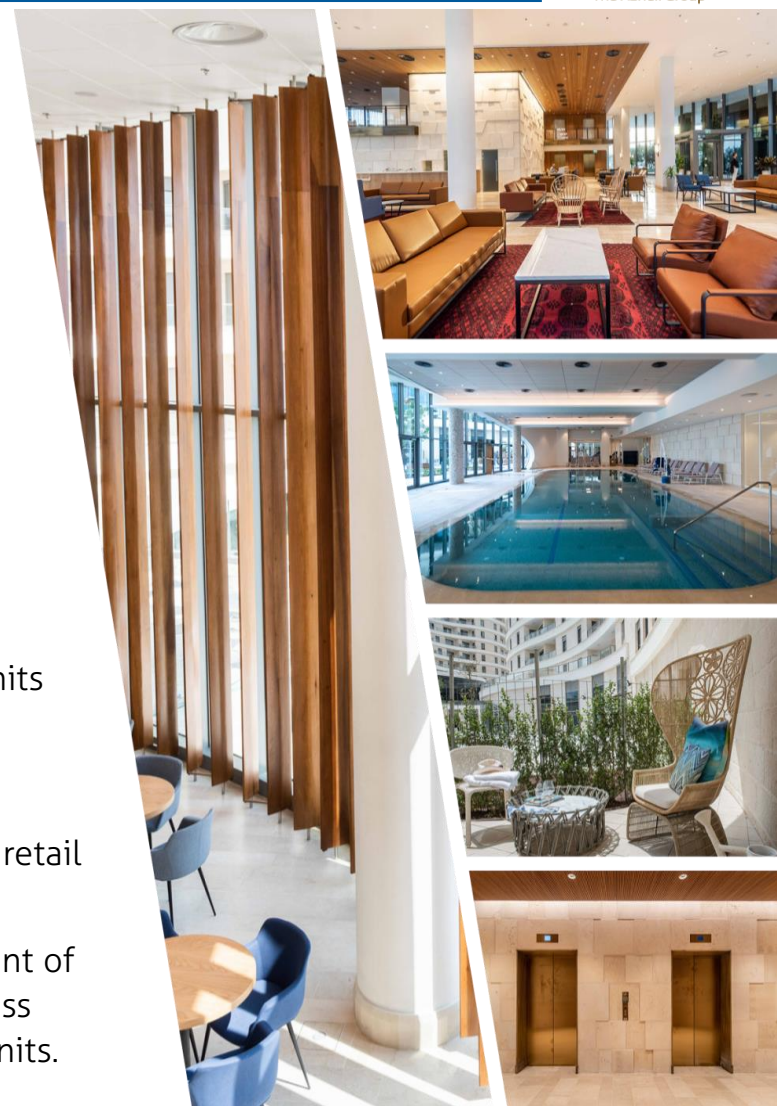
**Palace Ra'anana:** 323 residential units + 2 LTC units

**Palace Modi'in:** 239 residential units + 4 LTC units

**Palace Lehavim:** 350 residential units (241 units in phase A) + 2 LTC units

## Homes under Development

- > **Palace Rishon Lezion:** 275 residential units + 1 LTC unit + 3,000 m<sup>2</sup> retail space
- > **Palace Jerusalem:** the Group is promoting a plan for the development of a new senior home which will be built adjacent to the mall, on a gross area of approx. 40,000 sqm (up to 300 residential units and 4 LTC units).



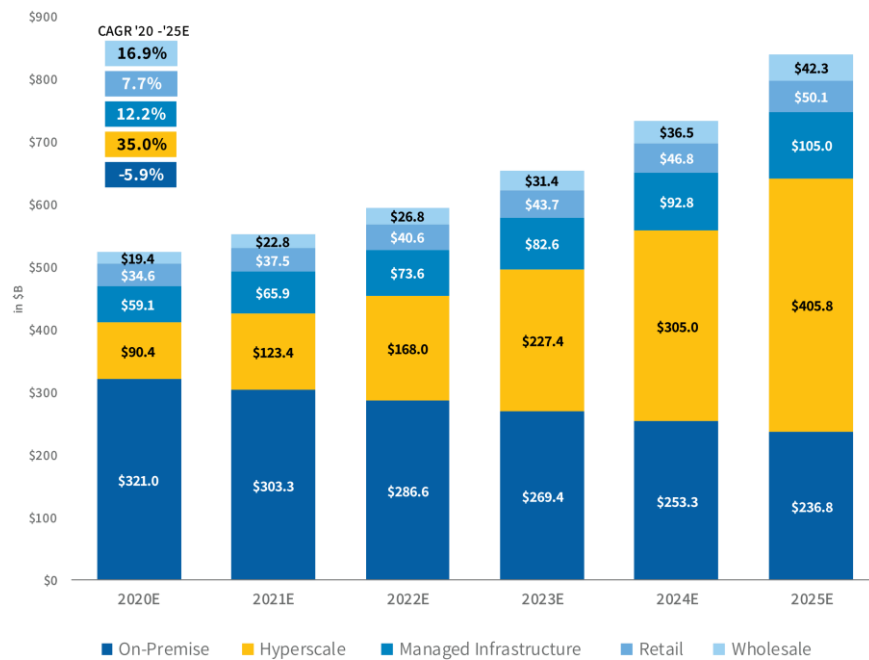
(1) GBA (gross built area) is based on the Company's share as of December 31, 2020.

(2) Excluding completed properties in the first stages of occupancy.

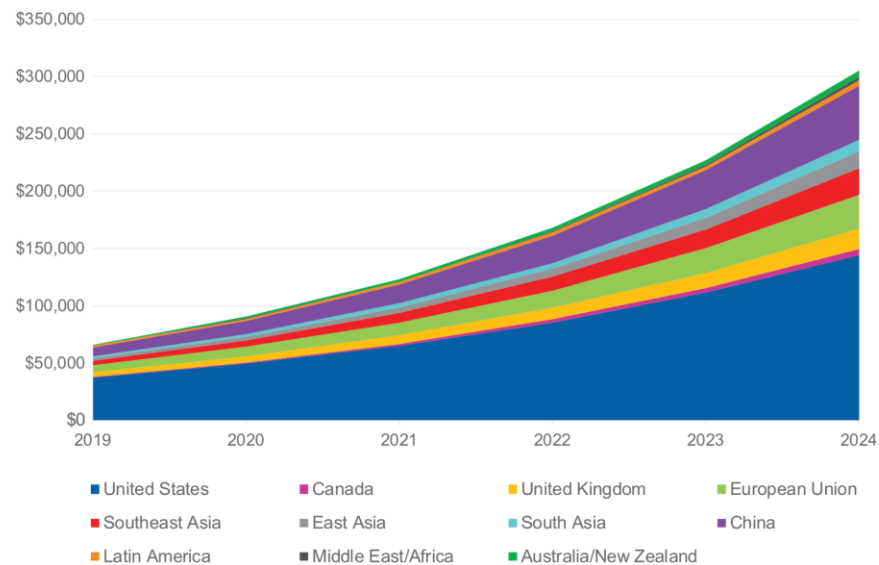


# Data Centers – Global Market Trends

## Total Infrastructure Global Forecast<sup>(1)</sup>



## Projected Hyperscale Cloud (US \$M) <sup>(2)</sup>



(1) Hyperscale is the revenue that each of the eight CSP companies generate (Amazon, Microsoft, Alibaba, Google, IBM, Oracle, Tencent, Huawei). Source: Structure Research (November 2020), Cowen and Company.

(2) Source: Cushman & Wakefield Research.

(3) Source: 451 Research (Q3-20 Global Data Center Knowledgebase), Cowen and Company.

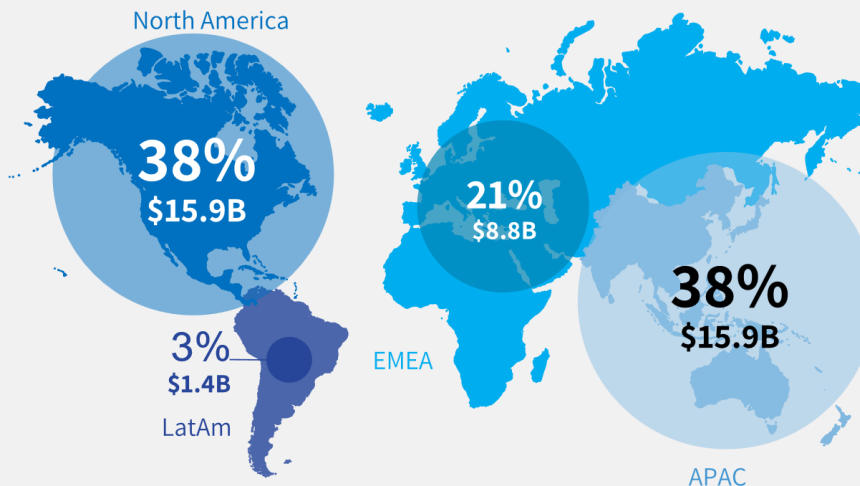


# Data Centers – Global Market Trends

## Global Data Centers Revenue Forecast<sup>(3)</sup>

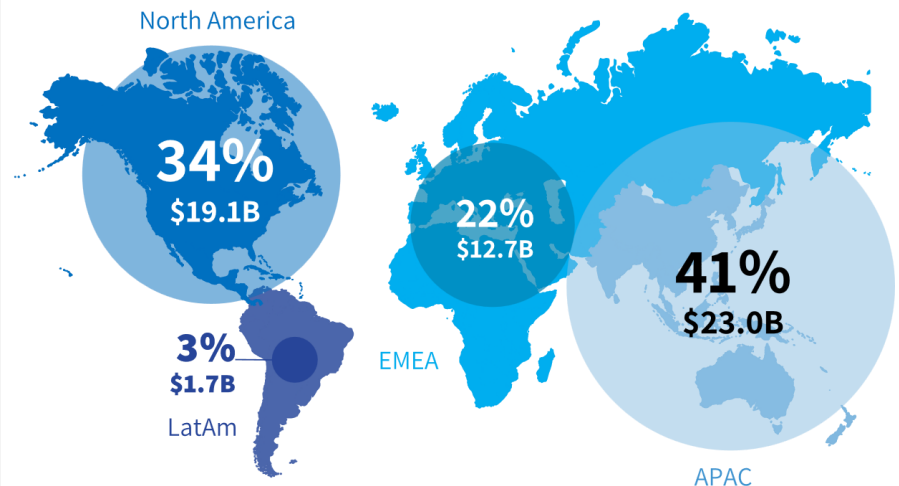
### 2020E

Market Size: Global Data Center Annualized Revenue



### 2024E

Market Size: Global Data Center Annualized Revenue



(1) Hyperscale is the revenue that each of the eight CSP companies generate (Amazon, Microsoft, Alibaba, Google, IBM, Oracle, Tencent, Huawei). Source: Structure Research (November 2020), Cowen and Company.

(2) Source: Cushman & Wakefield Research.

(3) Source: 451 Research (Q3-20 Global Data Center Knowledgebase), Cowen and Company.



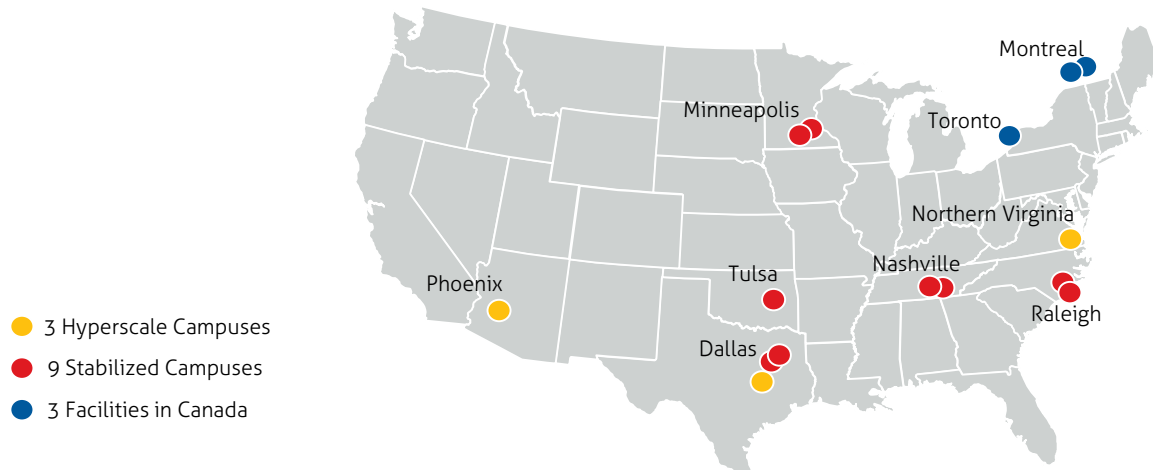


# Data Centers – Investment in Compass

## Significant Development in Compass's Activity

- As of the report release date, the Group holds approx. 24%<sup>(1)</sup> of the stock of Compass, a U.S. company operating in the data centers industry in North America, after an investment of approx. \$202million.
- Completion of infrastructure stages and first buildings in the campuses in North Virginia and Phoenix to shell stage.
- Continued work on the campus in Dallas, Texas, to shell stage.
- Significant contracts signed in terms of customers and size.
- Entering the EMEA markets.

## Data centers in the U.S.A. and Canada



(1) The Company has an option to increase its holdings up to 33% according to the current value against future investments in Compass.



# Data Centers – Investment in Compass



NOI for 100%



Markets



Future development potential

At the time  
of Initial  
investment,  
June 2019

**~\$38 Million**  
Proforma  
Contracted<sup>(1)</sup>  
NOI

North America



**~ 560MW**  
Potential  
output in the  
long term

As of today  
end of 2020

**~\$70 Million**  
Proforma  
Contracted<sup>(1)</sup>  
NOI

North America  
& EMEA



**~ 620 MW**  
Potential  
output in the  
long term



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# Development Pipeline

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# Azrieli Group // Development Pipeline



Expansion of Azrieli Mall and  
the Spiral Tower, Tel Aviv  
**150,000 m<sup>2</sup> (1)(3)**



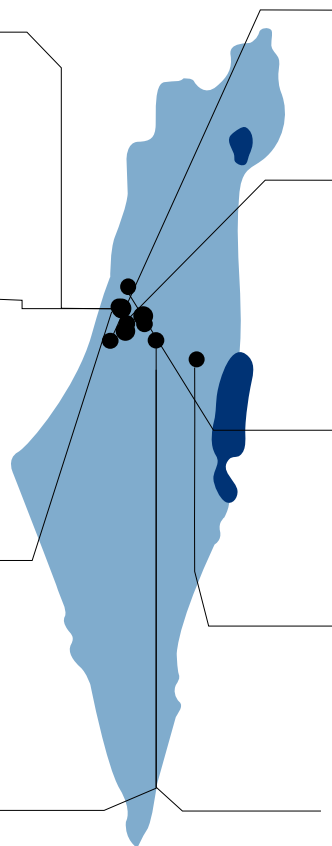
Azrieli Town Building E,  
Tel Aviv  
**21,000 m<sup>2</sup> (4)**



Azrieli Town, Tel Aviv  
**25,000 m<sup>2</sup> (1)(5)**



Lot 10  
Modi'in  
**37,000 m<sup>2</sup>**



Palace Rishon Lezion  
Senior Home  
**37,300 m<sup>2</sup> (1)(3)**

Holon 3 Project  
(formerly Lodzia)  
**250,000 m<sup>2</sup>**

Land for Development  
Petach Tikva  
**53,000 m<sup>2</sup> (2)**












Mount Zion Hotel  
Jerusalem  
**34,000 m<sup>2</sup> (1)**

Lot 21  
Modi'in  
**20,000 m<sup>2</sup> (1)(2)**



(1) The figure depicts the scope of building rights in sqm | (2) The Company is working to increase the building rights to approx. 250,000 sqm in Petach Tikva and to approx. 28,000 sqm in Modi'in. | (3) A plan was published and validated. | (4) Rights for additional construction purchased in May 2018 in the context of the acquisition of the income-producing property Mivney Gazit. | (5) The Company is working to receive additional construction rights in the project to approx. 99,000 sqm.

# Development Projects // The Growth Engine

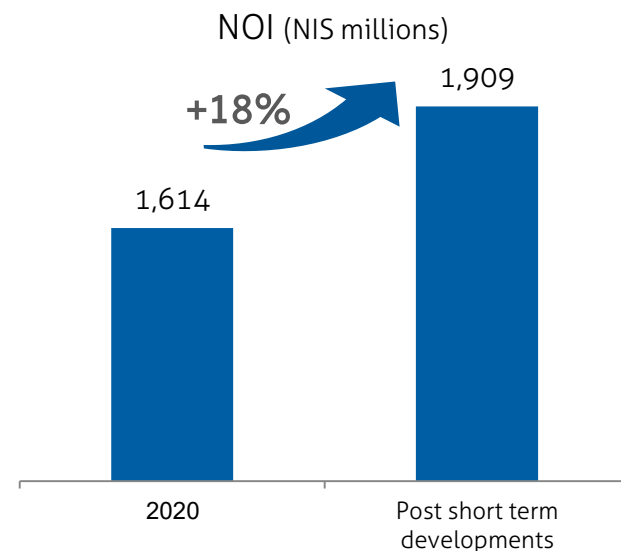
Name of Property	Location	Use	GLA <sup>(2)</sup>	Estimated Completion Date	Estimated Construction Cost, including Land (NIS in millions) <sup>(1)</sup>
Short-term construction projects					
Azrieli Town <sup>(4)</sup>	Tel Aviv		Retail 4,000 Residence 21,000 (210 Residential Units)	2022	550-580
Azrieli Akko Mall	Akko		8,000	Q1/2021	70-75
Palace Lehavim <sup>(3)</sup>	Lehavim		10,000	2022	110-115
<b>Total</b>			<b>43,000</b>		<b>730-770</b>
Medium-term construction projects					
Modi'in, Lot 21	Modi'in		20,000 <sup>(6)</sup>	2023	340-370
Palace Rishon Lezion	Rishon Lezion		37,300 <sup>(5)</sup>	2024	450-470
Expansion of Azrieli Mall and Spiral Tower	Tel Aviv		150,000 <sup>(5)</sup>	2025	2,300-2,500
<b>Total</b>			<b>207,300</b>		<b>3,090-3,340</b>
<b>Total</b>			<b>250,300</b>		<b>3,820-4,110</b>
Development projects in the planning phase					
Holon 3 (formerly Lodzia)	Holon		250,000 <sup>(7)</sup>	TBD	TBD
Petach Tikva land	Petach Tikva		53,000 <sup>(6)</sup>	TBD	TBD
Azrieli TOWN Building E	Tel Aviv		21,000 <sup>(8)</sup>	TBD	TBD
Modi'in, Lot 10	Modi'in		37,000	TBD	TBD
Mount Zion Hotel	Jerusalem		34,000	TBD	TBD
<b>Total</b>			<b>395,000</b>		Projects whose construction cost is yet to be determined
<b>Total</b>			<b>645,300</b>		

(1) Cost without capitalizations and without tenant adjustments | (2) Senior housing and/or residential rights are stated in sqm | (3) Occupancy permit for medical received in July 2020. (4) The Company is promoting an increase of rights for the addition of office and hospitality areas totaling approx. 24,000 sqm (gross). | (5) A plan was published and validated. | (6) The Company is working to increase the building rights to approx. 250,000 sqm in Petach Tikva and to approx. 28,000 sqm in Modi'in | (7) GLA increased due to consolidation of plots of land. | (8) Additional building rights which were purchased in May 2018 in the context of the purchase of the income-producing property Mivney Gazit.

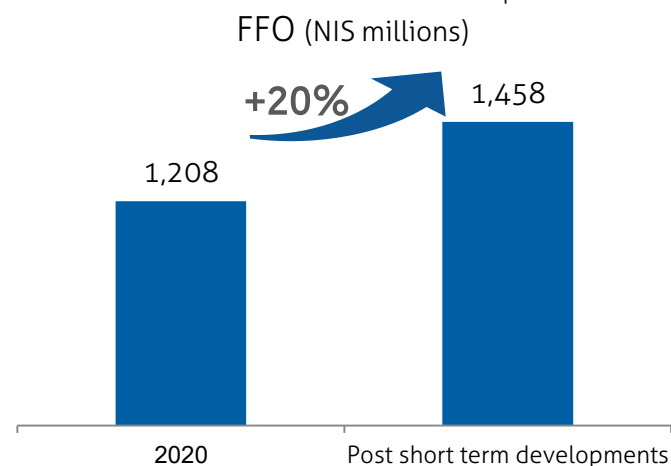


# Development Projects \\ Expected Contribution\* to NOI and FFO

	(NIS millions)
Actual NOI in 2020	1,214
Addition due to COVID-19 relief	400
Additional NOI from development projects <sup>(1)</sup>	99
Annualized additional NOI from existing properties <sup>(2)</sup>	98
Addition due to occupancy of vacant spaces*	98
<b>NOI after population of short-term projects under development and full occupancy</b>	<b>1,909</b>



Actual FFO in 2020 incl. senior housing	999
Net of COVID-19 effect	310
Net of deposits from first-time population of Modi'in and Lehavim	(101)
Actual FFO in 2020 net of deposits from first-time population of Palace Modi'in and Lehavim and Covid-19 effect	1,208
Additional FFO <sup>(1)</sup> (2)*	250
<b>FFO after lease-up of short-term projects under development and full occupancy</b>	<b>1,458</b>



\* The calculations are not forecasts, and the basic assumption is that upon completion, the NOI from income producing properties will be similar to pre-COVID-19 figures.

The main assumptions underlying the calculations are: population of the projects under development and income producing properties, excl. Kiryat Ata that an agreement for its sale was signed, NOI and FFO of senior housing per representative year (excl. first time occupancy), a tax rate of 23%.

(1) **NOI from projects under development includes** Azrieli TOWN (in the existing zoning plan, before additional rights), NIS 22 million from the leasing of residential units in TOWN project and Akko offices, **and excludes** expansion of Azrieli Center Tel Aviv, Holon 3 project (formerly Lodzia), Palace Rishon LeZion, land in Petach Tikva, rights of Azrieli Town Building E, Modi'in Lots 21 and 10 and Mount Zion Hotel.

(2) **Annualized additional NOI from existing properties includes** Azrieli Saron Mall, Azrieli Holon Center, Palace Modi'in opened in October 2018, HaManor Holon opened in October 2020 and Palace Lehavim opened in May 2020.



# Azrieli Group // The CBD of Tel-Aviv





# Development Projects // Expansion of Azrieli Mall and the Spiral Tower, Tel Aviv

Land area – **8,400 m<sup>2</sup>**

GLA – **150,000 m<sup>2</sup>**

including 13,000 m<sup>2</sup> of retail space  
for expansion of the Azrieli Tel Aviv Mall

Cost of land – **NIS 374 million**

Estimated construction cost, including land –  
NIS 2.3-2.5 billion

Use – 

Estimated date of completion – **2025**

## Progress Update

The Group is carrying out excavation and shoring work on the site.

In January 2020 a permit was received for construction of the basements in the project.

In January 2021, the design plan was signed by the approving functions of the City of Tel Aviv.



# Development Projects // Azrieli Town

Land area - **10,000 m<sup>2</sup>**

GLA <sup>(1)</sup> - **50,000 m<sup>2</sup>** of offices  
**4,000 m<sup>2</sup>** of retail space  
**21,000 m<sup>2</sup>** residential (**210 units**)

Estimated construction cost, including land -  
**NIS 1,100-1,150 million**

Estimated date of completion – Offices – **Completed**  
 Residences and Retail – **2022**

Use –     
 RENT

## Progress Update

The Group is carrying out finishing work on the office tower, and structural work on the residential tower. The Group is working to increase the building rights for the addition of office and hospitality areas totaling approx. 24,000 m<sup>2</sup> (gross).

## Marketing

Close to 100% of the office space has been leased to Samsung, law firm Fischer Behar Chen, accounting firm PwC, and WeWork. The projected annual NOI from the office building is NIS 67 million, and the construction cost (land and development including TI) is NIS 677 million.



(1) Figures refer to the current zoning plan.

# Palace Lehavim Senior Home

Land area – **28,000 m<sup>2</sup>**, in the southern part of the town of Lehavim, not far from the train station

## Building rights


Phase A - **32,000 m<sup>2</sup>**

Phase B - **10,000 m<sup>2</sup>**

**350 Residential Units + 2 LTC Units**

Use –  

Estimated construction cost, including land – **NIS 400-410 million**

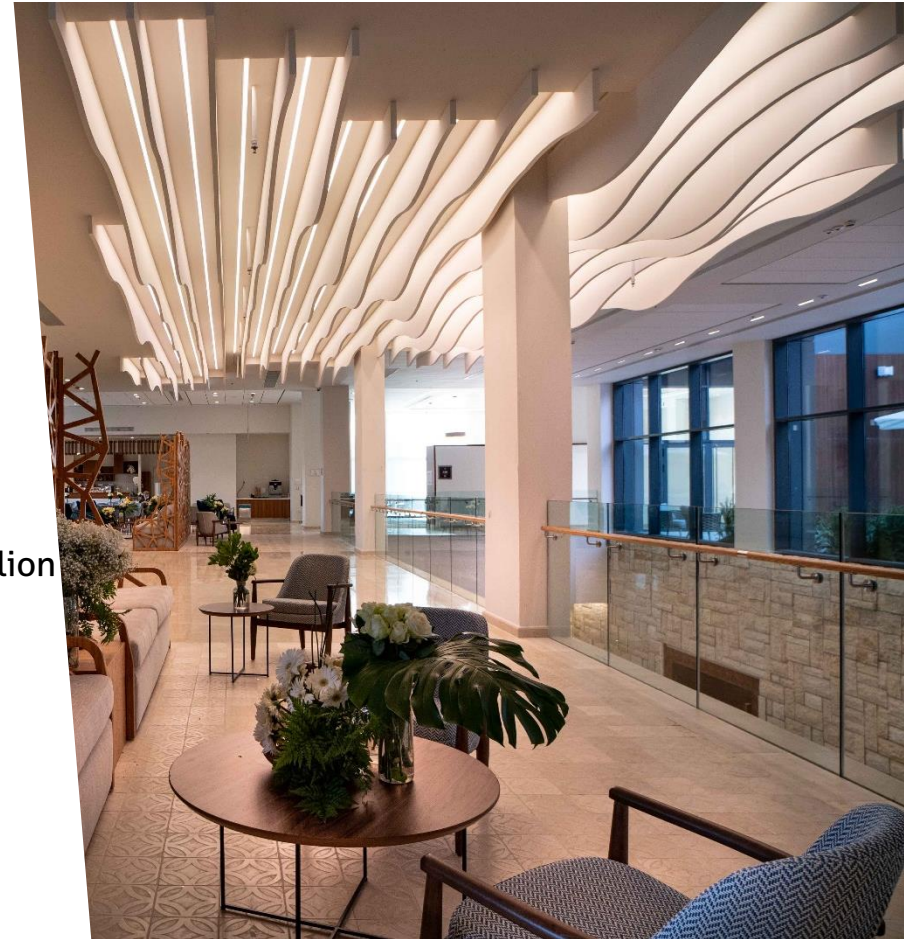
Estimated date of completion – **Phase A – Completed<sup>(1)</sup>**   
**Phase B – 2022**

## Progress Update

Phase A completed and occupancy started in May 2020.

## Marketing

As of the Report Release Date –**166 contracts and preliminary applications** (for 69% of Phase A) have been signed, of which 145 signed contracts, and **124 units have been occupied**.



(1) Phase A – 241 units.  
(2) Occupancy permit for the LTC units received in July 2020.






# Azrieli Holon HaManor

Land area – 6,200 m<sup>2</sup>

GLA – Office space: **28,000 m<sup>2</sup>**

Status – **Completed** 

Use – 

The land is adjacent to the Holon 3 project land (formerly Lodzia) and close to the **Azrieli Holon Center**.




## Progress Update

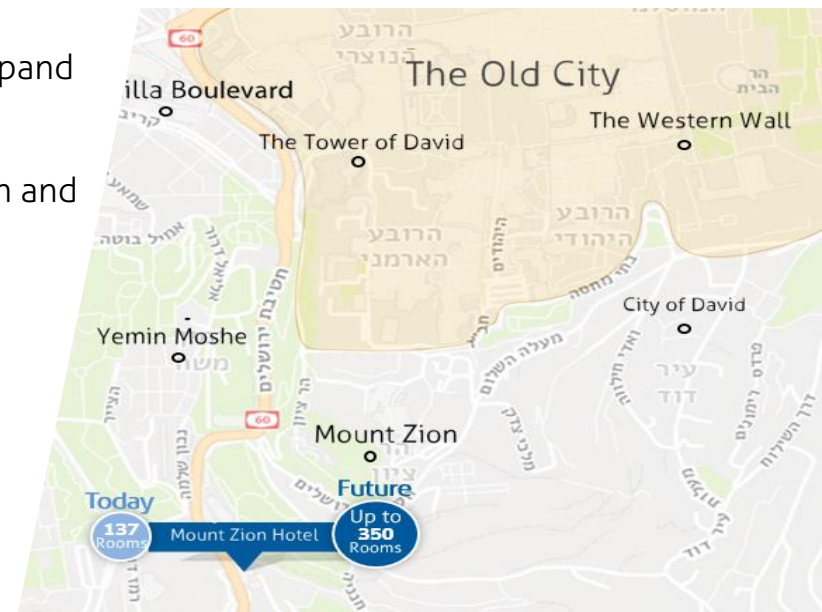
The Group has leased approx. 20,000 sqm to Bezeq, plus approx. 900 parking spaces, of which 600 parking spaces are in the Azrieli Holon 3 project). Bezeq occupied the space at the beginning of October, 2020.

## Marketing

The Group projects an annual NOI of NIS 26 million, and the construction cost (land and construction including TI) is NIS 336 million.

# Azrieli Group // Purchase of Mount Zion Hotel, Jerusalem

- > Land area - approx. 13,000 sqm.
- > Built-up area including renovation and expansion - **34,000 m<sup>2</sup>, up to 350 rooms.**
- > Use – 
- > Acquisition cost – **NIS 275 million.**
- > Expected expansion and renovation cost – approx. NIS 500-600 million.
- > Estimated date of completion – TBD.
- > The Group intends to renovate (from B rating to A+ rating) and expand the hotel in accordance with the lot's applicable zoning plan.
- > Additional uses: parking, restaurants, a spa, a health club, function and reception halls, a swimming pool, and the Cable Car Museum.



## Progress Update

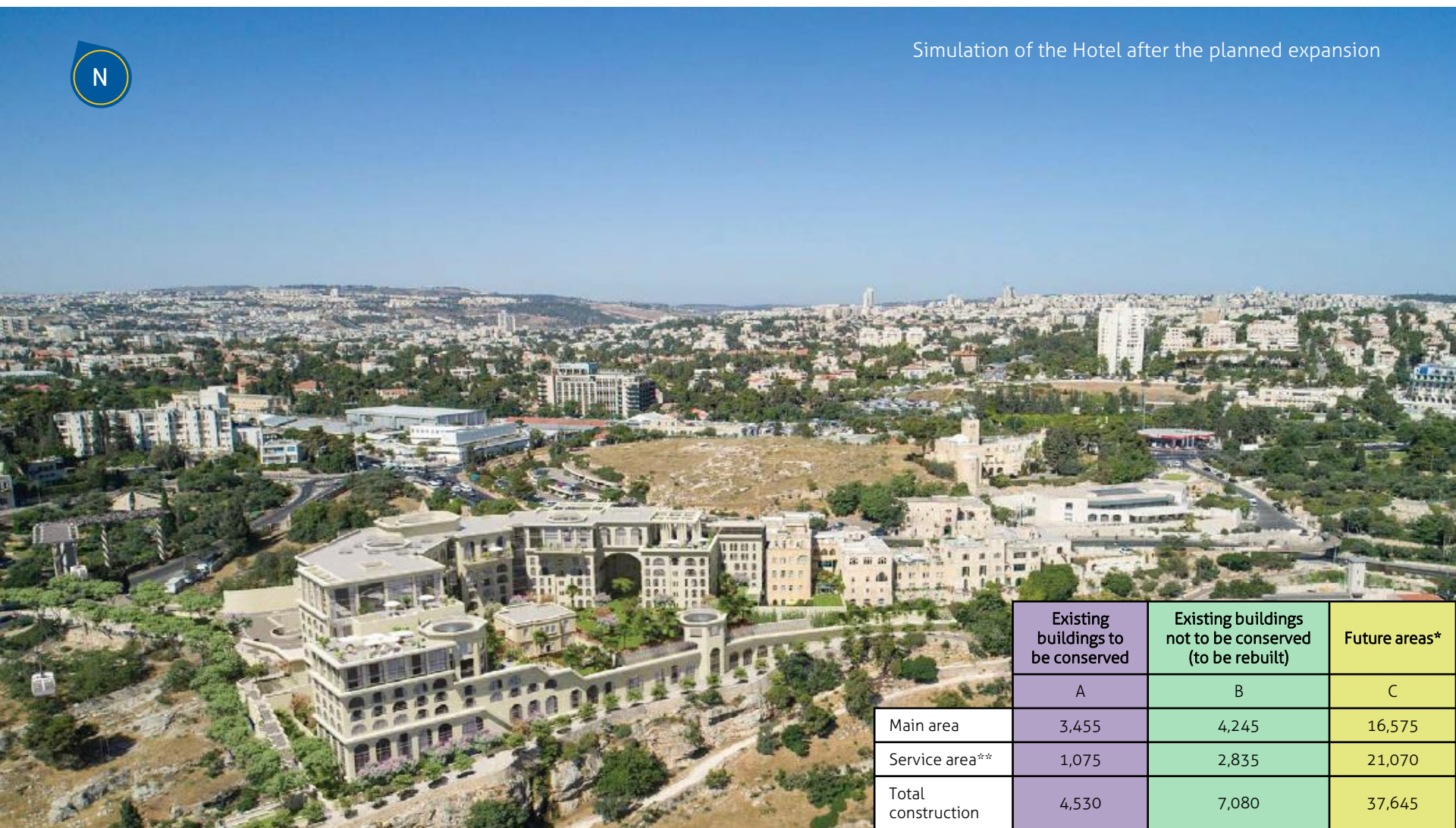
Planning and preparing for permit.



# Azrieli Group // Purchase of Mount Zion Hotel, Jerusalem



Simulation of the Hotel after the planned expansion





	Existing buildings to be conserved	Existing buildings not to be conserved (to be rebuilt)	Future areas*
	A	B	C
Main area	3,455	4,245	16,575
Service area**	1,075	2,835	21,070
Total construction	4,530	7,080	37,645

\* Including additional construction also in the existing buildings

\*\* Including 15,225 sqm for underground parking

# Existing Properties // Expansion and Betterment

The following projects are undergoing betterment and various statutory proceedings:

Name of the Property	Location	Project in the Property	Status	Gross Area	Timeframe for Completion of the Statutory Proceeding
Azrieli Jerusalem mall	Jerusalem	Increasing retail and office space; Construction of senior home 	Zoning plan	100,000 sqm	Medium-term
Petach Tikva land	Petach Tikva	Addition of offices 	Zoning plan	200,000 <sup>(1)</sup> sqm	Long-term
Azrieli TOWN	Tel Aviv	Addition of offices 	Zoning plan	24,000 sqm	Medium-term
Azrieli Rishonim	Rishon Lezion	Addition of offices 	Zoning plan	21,000 sqm	Short-term
Modi'in land (Lot 21)	Modi'in	Addition of offices 	Zoning plan	8,000 sqm	Medium-term
Herzliya Business Park	Herzliya	Addition of offices and retail 	Zoning plan	4,000 sqm	Medium-term
Azrieli Center Tel Aviv	Tel-Aviv	Addition of retail and Cinemas 	Permit	3,300 sqm	Short-term
<b>Total</b>				<b>360,300 sqm</b>	

(1) Some of the building rights are attributed to an existing property owned by the Company.



# Development Projects // Expansion of Azrieli Jerusalem Mall

## Expansion of the Azrieli Jerusalem Mall

The group is promoting a plan for expansion of the area of the Azrieli Jerusalem mall by approx. **100,000 sqm gross above ground**.

If the zoning plan is approved, it **will enlarge the retail areas** by approx. 22,000 sqm and the office areas by approx. 36,000 sqm.

As part of the plan, **a senior home will be built** adjacent to the mall, on an area of approx. 40,000 sqm gross (up to 300 residential units).

Concurrently with the expansion of the mall, work is expected to progress on construction of the blue line of the Jerusalem Light Rail. A light rail station will be built near the mall, further improving transportation access to the area.

## Progress Update

In January 2020, the local committee held a discussion on the objections. The local committee recommended to the district committee to approve the plan as submitted, subject to minor amendments, while denying all of the third-party objections.

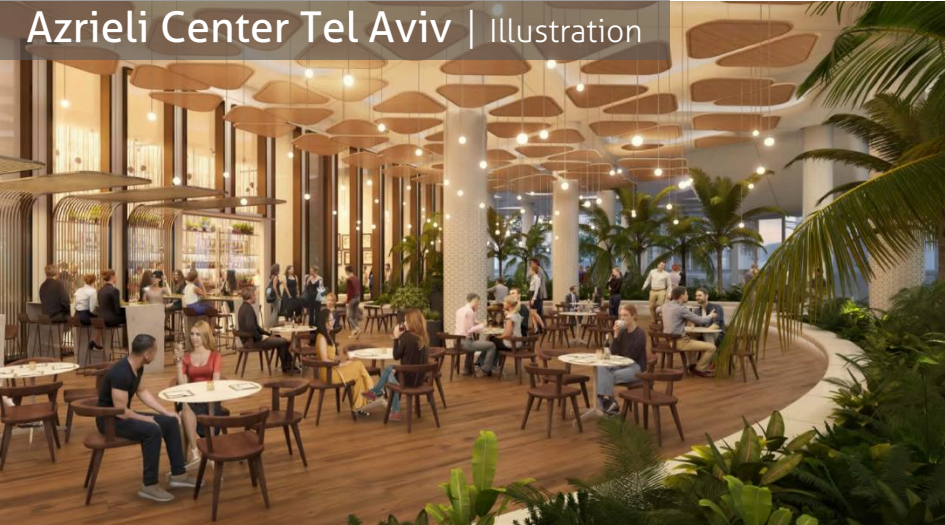
A discussion was held in December 2020, and a decision was made to present design alternatives.





# Development Projects // Renovation and Upgrade of Assets

Azrieli Center Tel Aviv | Illustration



Azrieli Holon Mall | Skylight and Main Mall



Azrieli Center Roof Promenade | Illustration





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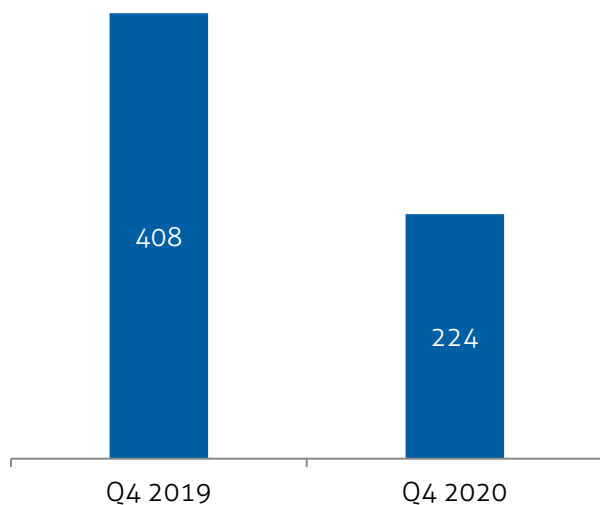
# Financial Highlights

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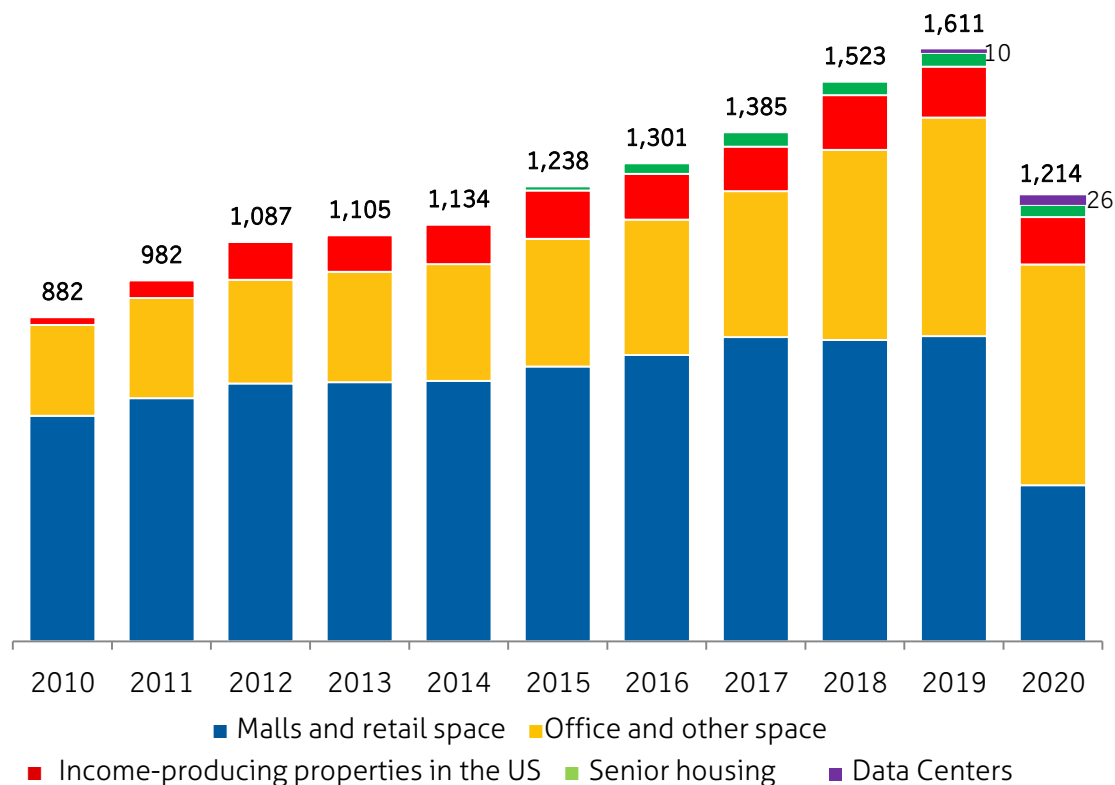
# Constant NOI Growth

Quarterly NOI  
(NIS in millions)

The decrease in the NOI this quarter is attributed mainly to relief given to tenants in the retail sector in the sum of around NIS 175 million, which was recognized in full this quarter.



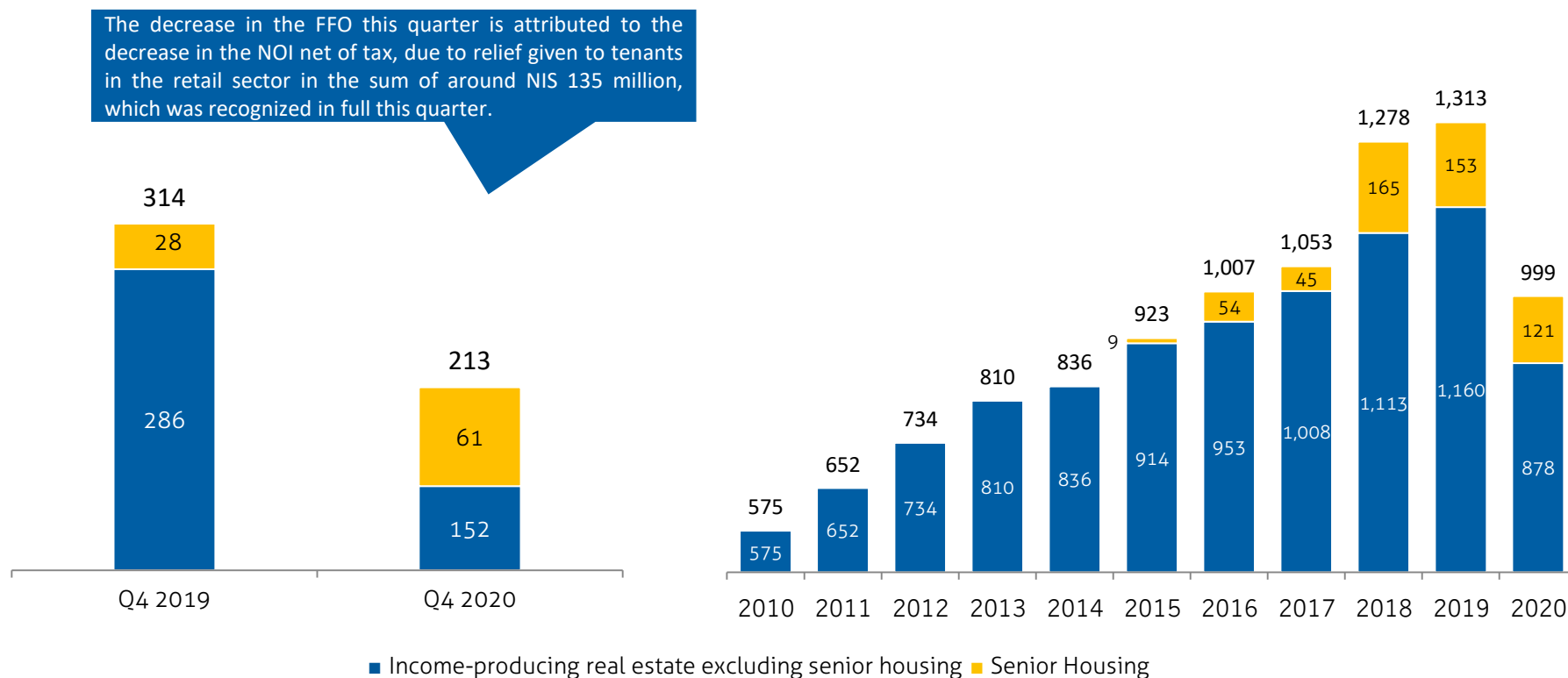
Annual NOI  
(NIS in millions)



# Constant FFO<sup>(1)</sup> Growth

## Funds From Operations (FFO), compared with the equivalent quarter

FFO attributed to the Real Estate Business<sup>(1)</sup> (NIS in millions)

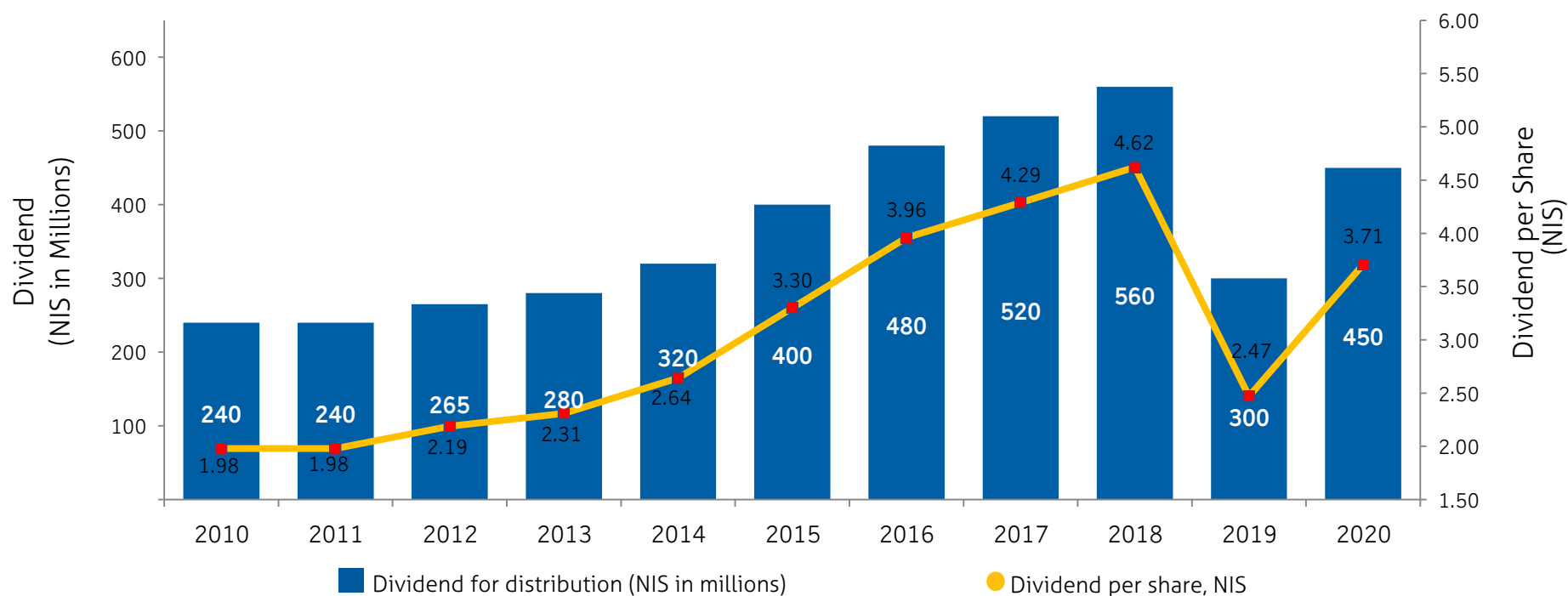


(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report.



# Constant and Increasing Dividend Distribution

A dividend distribution of NIS 450 million for 2020. <sup>(1)</sup>



(1) Notwithstanding the financial soundness of the Company, for the sake of caution, including in view of the uncertainty surrounding the impact of COVID-19, the Board decided to distribute NIS 450 million only, and to re-discuss a distribution of up to NIS 150 million more during the year.

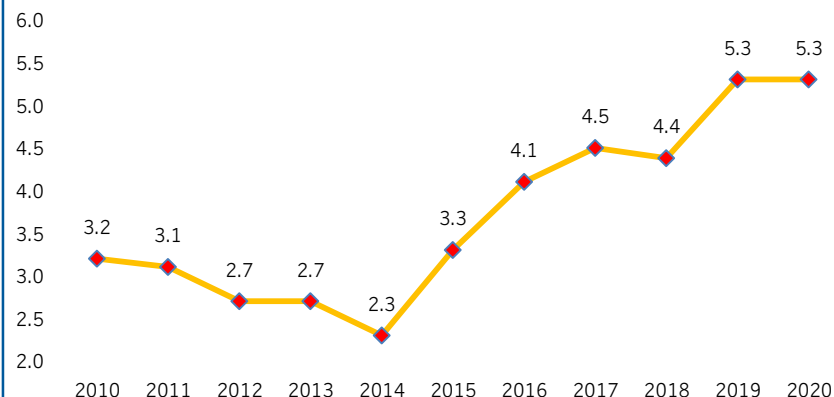


# Extension of the Duration and Reduction of the Cost of Debt

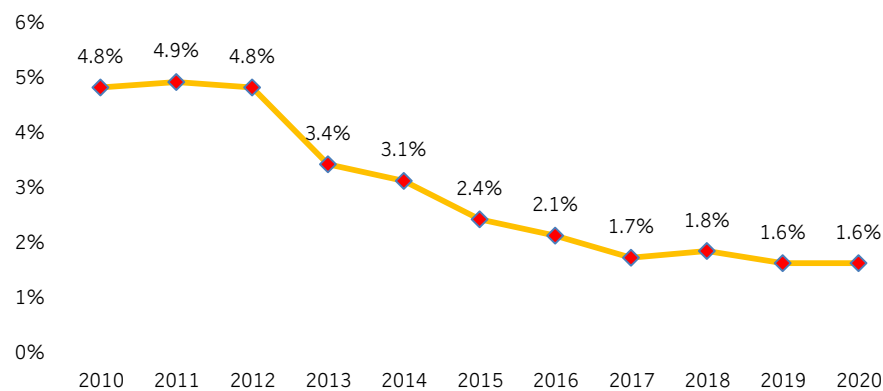
## Financial Strength<sup>(1)</sup>

- > Low leverage – net financial debt to assets ratio of **26%**
- > Equity to assets ratio of **52%**
- > Cash and cash equivalents total **NIS 2.7 billion**
- > Unencumbered assets total **NIS 24 billion**

## Extension of Average Duration of Debt <sup>(2)</sup>

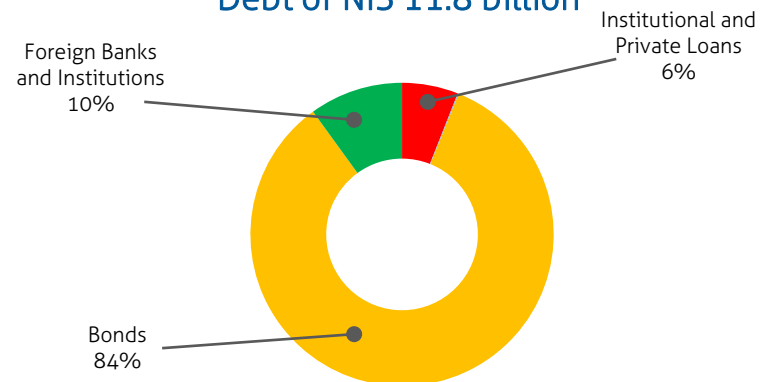


## Decrease of Average Effective Interest Rate Over the Years <sup>(2)</sup>



## Debt Breakdown by Lender

### Debt of NIS 11.8 billion

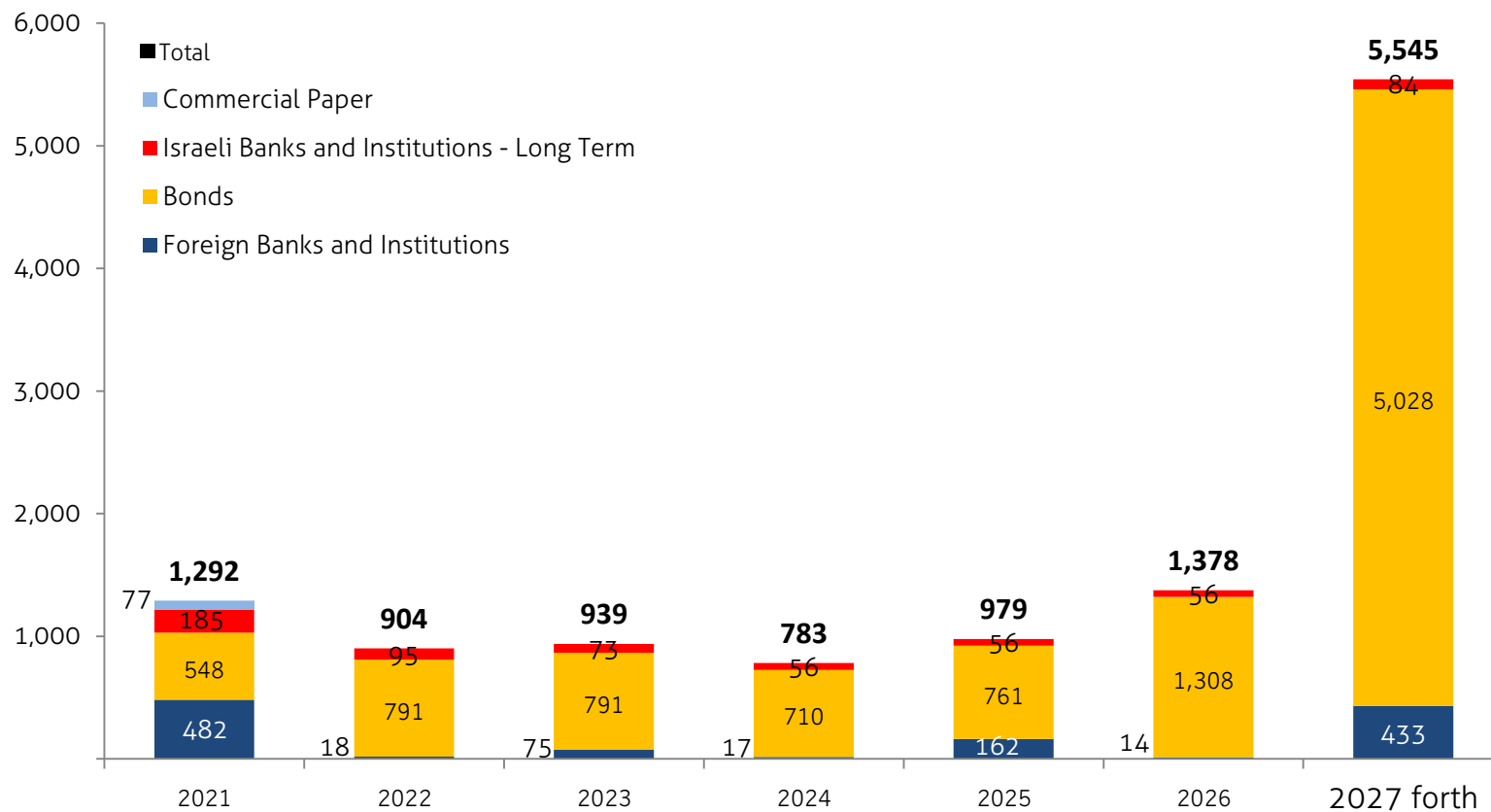


(1) As of December 31, 2020.

(2) Figures are as of the last day of the year / the reported period.

# Payment Schedule (Principal Only)

Consolidated as of December 31, 2020



# Summary of Financial Results (NIS in millions)

	Consolidated Q4 2020	Consolidated Q4 2019	Consolidated 2020	Consolidated 2019
Revenues from rent, maintenance, management fees and sales	371	560	1,798	2,235
NOI	224	408	1,214	1,611
Same-property NOI	222	408	1,192	1,601
FFO attributed to the real estate business <sup>(1)</sup>	213	314	999	1,313
Change in the value of investment properties <sup>(2)</sup>	(237)	559	(588)	694
Net profit (loss), including minority interests	(29)	1,107	184	2,097
Net profit (loss), attributable to the shareholders	(30)	1,109	189	2,099
Comprehensive income (loss), attributable to the shareholders	12	1,116	(139)	2,003



(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report.

(2) Net, after tax.

# Summary of Balance Sheet Data (NIS in millions)

	Consolidated December 31, 2020	Consolidated December 31, 2019
Cash, securities and deposits	2,665	2,861
Gross financial debt	11,820	11,419
Net financial debt <sup>(1)</sup>	9,155	8,558
Net financial debt to assets	26%	24%
Financial assets (mainly Bank Leumi shares)	866	1,167
Fair value of investment properties and properties under construction	29,266	29,145
Equity (excluding minority interests)	18,101	18,534
Equity to assets	52%	53%
Total assets	35,124	35,239
Equity per share (NIS)	149.3	152.8
EPRA NRV per share (NIS) <sup>(2)</sup>	178	182



(1) Excluding financial assets (Bank Leumi shares).  
 (2) Excluding part of the expected profit component in respect of development projects.



# Average Cap Rate and FFO of the Income - Producing Real Estate Business

Weighted average cap rate - 7.2%

	NIS in millions
Total investment properties, as of December 31, 2020	29,396
Net of the value attributed to land reserves, properties under construction and senior housing	(4,830)
Total income-producing properties	24,566
Actual NOI Q4/2020 <sup>(1)</sup>	209
Future quarterly NOI addition <sup>(2)</sup>	233
Total standardized NOI Q4/2020	442
Proforma annual NOI	1,768
Weighted cap rate derived from income-producing investment properties, including vacant space	7.2%

Annual FFO <sup>(3)</sup> attributed to the real estate business - NIS 999 million

	NIS in millions
Net Operating Income (NOI)	1,214
Overhead excl. management fees from Granite	(153)
Depreciation	14
EBITDA	1,075
Net interest expenses	(182)
Tax	(50)
Cash flow from senior housing deposits excl. depreciation	112
Excluding financial expenses attributed to development projects	44
Total FFO attributed to the income-producing real estate business	999

(1) Excluding senior housing, (the weighted cap rate of the senior housing as of the report date is 8.25%) and excluding Mout Zion Hotel and Data Centers which appear in the statements according to the method of fixed assets and investments in companies accounted for by the equity method. | (2) Net of temporary discounts granted in the report period due to the COVID-19 crisis.

(3) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report. |

# Conclusion – Leadership, Innovation and Strength



Continued growth in the key parameters of the core business (NOI, FFO)

Consistent high occupancy rate



Exceptional financial soundness and strength

Significant growth engines:

- Internal growth
- Enterprise and development of new properties
- Acquisition of income-producing properties and land for future development
- New real-estate operating segments
- Innovation



Business focus in Israel

