



August 18, 2021

Azrieli Group Releases Q2/2021 Results

Presents strong results in all operating parameters

NOI in Q2 is up 75% year-over-year, amounting to some NIS 407 million

FFO in Q2 is up 86% year-over-year, amounting to some NIS 371 million

The Group has recently announced its signing of an agreement for the acquisition of Norwegian Data Center Company Green Mountain, according to an EV of some NIS 2.8 billion

Financial Highlights for Q2/2021

- **NOI** in the quarter amounted to some NIS 407 million, up 75% from Q2/2020, which was affected by the lockdown in that quarter. Some of the increase was partially offset by Bezeq's relocation from the triangular tower in Azrieli Tel Aviv to Hamanor building in Holon, vacating over 24,000 sqm in the triangular tower (agreements have been signed for the entire vacated area, which will be occupied over the coming months, with a significant contribution to the NOI).
- **Same Property NOI** is up 66% year-over-year.
- **FFO excluding senior housing** amounted to some NIS 308 million in Q2, up about 77% year-over-year. **The total FFO in the quarter amounted to some NIS 371 million, an increase of approx. 86% year-over-year.**
- **Net profit** attributed to the shareholders totaled approx. NIS 382 million in Q2, compared with a loss of approx. NIS 66 million in Q2/2020. **During the quarter, the Group invested approx. NIS 187 million in investment properties**, acquisition, development, construction of new properties and upgrade and betterment of preexisting properties. Investments from the beginning of 2021 amount to some NIS 490 million.

Eyal Henkin, CEO of Azrieli Group, said: "This quarter's results serve as tangible evidence of the Group's excellent performance in all its business sectors. During the quarter we reported on significant agreements in the offices sector, which further reflect the solid demand for high-quality offices in the heart of the business districts. Retail activity is continuing the positive trend we have seen since the reopening of shopping centers in Israel, with a growth in store revenues relative to Q2/2019. In the senior housing sector, we are placing significant emphasis on resident health, and are preparing to launch the marketing of Stage B of the House in Lehavim, alongside the pending completion of full marketing of Stage A. We have recently announced a significant transaction strengthening our global foothold in the data centers industry. We are making a major investment following an in-depth examination process, and are acquiring a top-quality platform with significant growth potential".

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Occupancy Rates and Store Revenues

- **The average occupancy rate** (excluding properties under lease-up) was 98% in the mall segment, 98% in the Israel office segment, and 99% in senior housing.
- **Store revenues** – In February-June 2021, store revenues in the malls increased by 5.2% relative to the same period in 2019 (excluding tenants that did not resume full operations due to the restrictions).

Business Developments

- **Agreement signed for the acquisition of Norwegian Data Center Company Green Mountain, AS** – in July, Azrieli Group announced the expansion of its data centers business to Europe, with the signing of a significant agreement for the acquisition of a private company leading this industry in Norway. In the transaction, the Group will acquire 100% of the share capital of Green Mountain according to an enterprise value (EV) of some NIS 2.8 billion (including some NIS 500 million in company debt). Green Mountain is a Norwegian company operating in the data center industry, using energy from renewable sources only. The company holds several properties, which are leased to third parties and serve the company in its data center business. Green Mountain currently operates three data centers in Norway. In addition, the company has future construction and development potential at these and other sites, of some 520 MW. The company's customers include several of the largest companies in the world. The company's customers are bound therewith in agreements for an average period of approx. 7.5 years.
- **Bond issue** – in July, the company successfully completed the issue of two new bond series, with demand exceeding NIS 4 billion. The company raised some NIS 3.655 billion in the two series, with an average interest rate of 1.28% and an average duration of 11.5 years. In this financing round, the company issued two new bond series, G and H, linked to the CPI, with an average duration of around 9.93 and 13.22 years, respectively. The interest rate in Series G was closed at 0.9%, and the company raised therein around NIS 1.904 billion. The interest rate in Series H was closed at 1.69% and the company raised therein around NIS 1.75 billion.
- **In May 2021 Azrieli Group and SolarEdge** announced the signing of an agreement under which Azrieli Group will build SolarEdge's new campus on land being purchased by Azrieli at the North Giliot quarter, which will house a stand-alone building of some 38 thousand sqm and 950 parking spaces. The lease agreement with SolarEdge is for 15 years, with options for extension up to a total period of 24 years and 11 months. The agreement is expected to produce annual NOI of around NIS 62 million. The total cost of construction of the campus (including the part of the land attributed to the campus) is expected to total around NIS 860 million. On the remaining land, the Group is planning to develop additional areas for retail and commerce at a similar scope, which are expected to also yield a similar NOI.
- **In April 2021 Azrieli Group and fintech company Rapyd** announced the signing of a significant lease agreement for an area of around 13,500 sqm in the Triangular Tower at the Azrieli Center, and another 14,000 sqm in the Spiral Tower, scheduled for occupancy in 2026. The two towers are adjacent to one another, and are both part of the Azrieli Tel

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Aviv Center. The size of the transaction is estimated at approx. NIS 100 million in the Triangular Tower and another NIS 150 million in the Spiral Tower, over the first five years of the agreement in each tower.

Balance Sheet as of June 30, 2021

- The Group has **cash, deposits and short-term investments** amounting to approx. NIS 1.9 billion and together with Bank Leumi stock, cash and cash equivalents and marketable securities – NIS 2.9 billion. These figures do not include the proceeds from the bond issue completed after the balance sheet date in July 2021.
- **Net debt** totals approx. NIS 9.5 billion.
- **The value of investment properties and investment properties under construction** totals approx. NIS 29.9 billion.
- **The equity to assets ratio** is approx. 52% and the **net debt to assets ratio** is approx. 27%.
- **Unencumbered assets** total approx. NIS 25 billion.

Conference call

The Company will hold its Interim conference call, hosted by the Group's senior management, today (Wednesday, August 18th, 2021) at 17:00 Israel local time (16:00 CET; 15:00 United Kingdom time and 10:00AM Eastern Time). The call will include a review of the Company's Q2 2021 performance as well as a discussion of the Company's strategy and expectations for the future. A Question & Answer session will follow the discussion.

To participate, please dial:

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0-800-917-9141 from the U.K.
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