



November 24, 2021

Azrieli Group Releases Q3/2021 Results

Presents strong results in all operating parameters and investments of over NIS 3 billion since the start of the year

NOI in Q3 is up 22% year-over-year, amounting to some NIS 428 million

FFO in Q3 is up 27% year-over-year, amounting to some NIS 357 million

Same Property NOI is up 16% year-over-year

The Group closed one of the biggest deals in its history – the acquisition of Norwegian Data Center company Green Mountain, according to an EV of some NIS 2.8 billion

Financial Highlights for Q3/2021

- **NOI in the quarter amounted to some NIS 428 million, up 22%** from Q3/2020. The increase mainly derives from relief granted to mall tenants in Q3/2020 as a result of the Covid-19 crisis and from the office segment mainly due to the occupancy of Azrieli Town.
- Same Property NOI is up 16% year-over-year.
- **FFO excluding senior housing** amounted to some NIS 315 million in the quarter, up some 21% year-over-year. **The total FFO in Q3 amounted to some NIS 357 million, up around 27% from Q3/2020.**
- **Net profit** attributed to the shareholders totaled approx. NIS 187 million in Q3, compared with approx. NIS 193 million in Q3/2020. The comprehensive income totaled approx. NIS 273 million compared with approx. NIS 108 million in Q3/2020.
- **During the quarter, the Group invested approx. NIS 153 million in investment property**, in acquisition, development, construction of new properties and in upgrade and betterment of preexisting properties, and approx. NIS 643 million since the start of the year. The Group also invested NIS 2.4 billion in the acquisition of Norwegian Data Centers company Green Mountain.

Eyal Henkin, CEO of Azrieli Group, said: "We are closing a strong quarter with growth in all of the operating parameters alongside significant investments of over NIS 3 billion since the start of the year. The offices segment continues to see keen demand with impressive growth of 6% in the Same Property NOI, and in addition, the retail operations are also continuing the positive trend which we have seen since the reopening of the malls, with growth in store revenues compared with the same period in 2019. Senior housing continues to be a significant growth engine in the Group's operations with completion of the marketing at Palace Modi'in and acceleration of the construction of Stage B of Palace Lehavim. This quarter we also closed one of the largest deals in the Group's history with the acquisition of the Norwegian Data Centers company Green Mountain. This transaction strengthens our global foothold in this growing and

Azrieli Group Ltd.



developing industry, which currently already accounts for around 12% of the Group's assets. As a group with exceptional financial strength, we will continue to constantly explore new business opportunities which are a good fit with the Company's business strategy in the development of its core business".

Occupancy Rates and Store Revenues

- **The average occupancy rate** (excluding properties under lease-up) was 99% in the malls segment, 99% in the office space in Israel segment, and 98% in senior housing.
- **Store revenues** – In February-September 2021, store revenues in the malls increased by 2.4% relative to the same period in 2019 (excluding tenants that did not resume full / regular operations due to the restrictions).

Business Developments

- **Agreement for the acquisition of Norwegian Data Center company Green Mountain, AS** – in August, Azrieli Group completed a significant move for the expansion of its data centers business to Europe, with the acquisition of a private company leading this industry in Norway. In the transaction, the Group acquired 100% of the share capital of Green Mountain according to an enterprise value (EV) of some NIS 2.8 billion (including company debt), for net consideration of NIS 2.4 billion for the shares. Green Mountain is a Norwegian company operating in the data centers 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 centers 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, currently totaling 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.
- **Agreement for the acquisition of Mall Hayam in Eilat** – in October, the Company announced that it had signed an agreement for the acquisition of Mall Hayam in Eilat, which is considered to be one of Israel's leading malls. The area of the mall is approx. 19,000 sqm and is at 100% occupancy. The expected representative NOI in 2021 is approx. NIS 86 million and it was bought in consideration for approx. NIS 1.31 billion (the debt in the acquired company is approx. NIS 641 million). The mall has additional building rights and the transaction is subject to standard closing conditions, including the approval of the Competition Commissioner.
- **Bond offering** – in July, the Company successfully completed the offering 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.

Azrieli Group Ltd.



Balance Sheet as of September 30, 2021

- The Group has **cash, deposits and short-term investments** amounting to approx. NIS 2.7 billion and together with Bank Leumi stock, cash and cash equivalents and marketable securities – NIS 3.9 billion.
- **Net debt** totals approx. NIS 12.6 billion.
- **The value of investment property and investment property under construction** totals approx. NIS 32 billion.
- **The equity to assets ratio** is approx. 47% and the **net debt to assets ratio** is approx. 32%.
- **Unencumbered assets** total approx. NIS 27 billion.

Conference call

The Company will hold its Interim conference call, hosted by the Group's senior management, today (Wednesday, November 24th, 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 Q3 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:

03-9180664 from Israel
1-888-407-2553 from the U.S.
0-800-917-9141 from the U.K.
0-800-024-9936 from the Netherlands
1-888-604-5839 from Canada
or +972-3-9180664 internationally

For further details:

**Moran Goder, Head of Capital Markets and Business Development Analyst,
Azrieli Group**

Office: +972-3-6081310 Mobile: +972-54-5608151, Morango@azrieli.com

Azrieli Group Ltd.