



AZRIELIGROUP

Azrieli Group

Conference Call Presentation

Financial Statements September 30, 2021

November 2021



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- › The information included in this presentation is a summary only and does not exhaust all of the information on the Company and its business, nor is it a substitute for inspection of the Periodic Report for 2020, the Interim Report for September 30, 2021 the Company's current reports and the presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation does not constitute an offering or an invitation to purchase securities of the Company, and the provisions thereof do not constitute a recommendation or opinion or substitute for the discretion of the investor. The Company is not responsible for the integrity or accuracy of the information.
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- › The terms "FFO attributed to the Real Estate Business" and "weighted average cap rate" relate to the Group's income-producing real estate business only. Anyone reading the presentation must read such figures in conjunction with the Board's explanations in sections 2.6 and 2.7 in the Board of Directors' report as of September 30, 2021, including the methods of calculation and the underlying assumptions thereof.
- › The information included in this presentation is similar to the information included in the reports and/or immediate reports of the Company and does not include new material information. However, some of the data included in the presentation are presented in a different manner and/or breakdown and/or are differently edited. In any event of inconsistency between the reports and/or immediate reports of the Company released to the public and the information contained in this presentation, the information released to the public as aforesaid shall prevail.
- › All numbers and figures are approximate.

Convenience Translation from Hebrew Important Notice

- › The following English translation of Azrieli Group's presentation for the conference call of November 24, 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.
- › The binding version of the Presentation for all intents and purposes is the original Hebrew version, filed by the Company with the Israel Securities Authority through the MAGNA website on November 24, 2021. Nothing in this translation constitutes a representation of any kind in connection with the Presentation, nor should it be regarded as a source for interpretation of the Presentation or the Company's reports or statements. In any event of contradiction or discrepancy between this translation and the Hebrew version of the Presentation, the Hebrew version shall prevail.

Azrieli Group Business Card



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

Market cap of **NIS 37 billion⁽¹⁾**

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

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

The Company owns income-producing properties with a total leasable area of **1,355,000 m²**, **12 additional projects under construction**, and **6 projects under renovation and expansion**

Average **occupancy rate** in Israel of **99%⁽²⁾**

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

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

Leverage ratio of only **32%**, and equity to assets ratio of **47%**



(1) As of November 22, 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	Or Yehuda Outlet
Herzliya Outlet	Azrieli Mall	Azrieli Ra'anana	HaNegev Mall
Givatayim Mall	Azrieli Holon Center	Haifa Mall	Palace Lehavim
Sarona Mall	Rishonim Mall	Palace Modi'in	

Offices and Others in Israel

Azrieli Towers	Modi'in	Givatayim
Azrieli Sarona	Modi'in Residences	Hanegev
Azrieli Holon Center	Petach Tikva	Rishonim
Caesarea	Jerusalem	Hamanor
Herzliya	Azrieli TOWN	Akko
Mikve Israel Tel Aviv	Azrieli TOWN building E	

19	Malls and Retail Centers	343,000 m ²	
17	Office Properties	645,000 m ²	
4	Senior Homes	105,000 m ²	1,033 residential units
8	Office Properties Overseas	240,000 m ²	
16	Data Centers Overseas	22,000 m ²	
Total		1,355,000 m ² (1)	

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

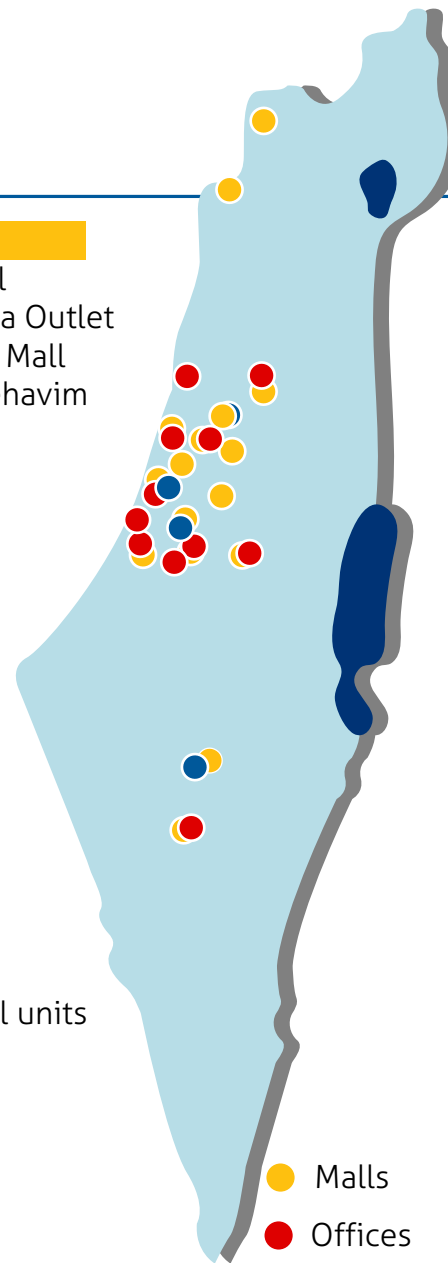
Data Centers

North America

Compass ~24%

Europe

Green Mountain 100%

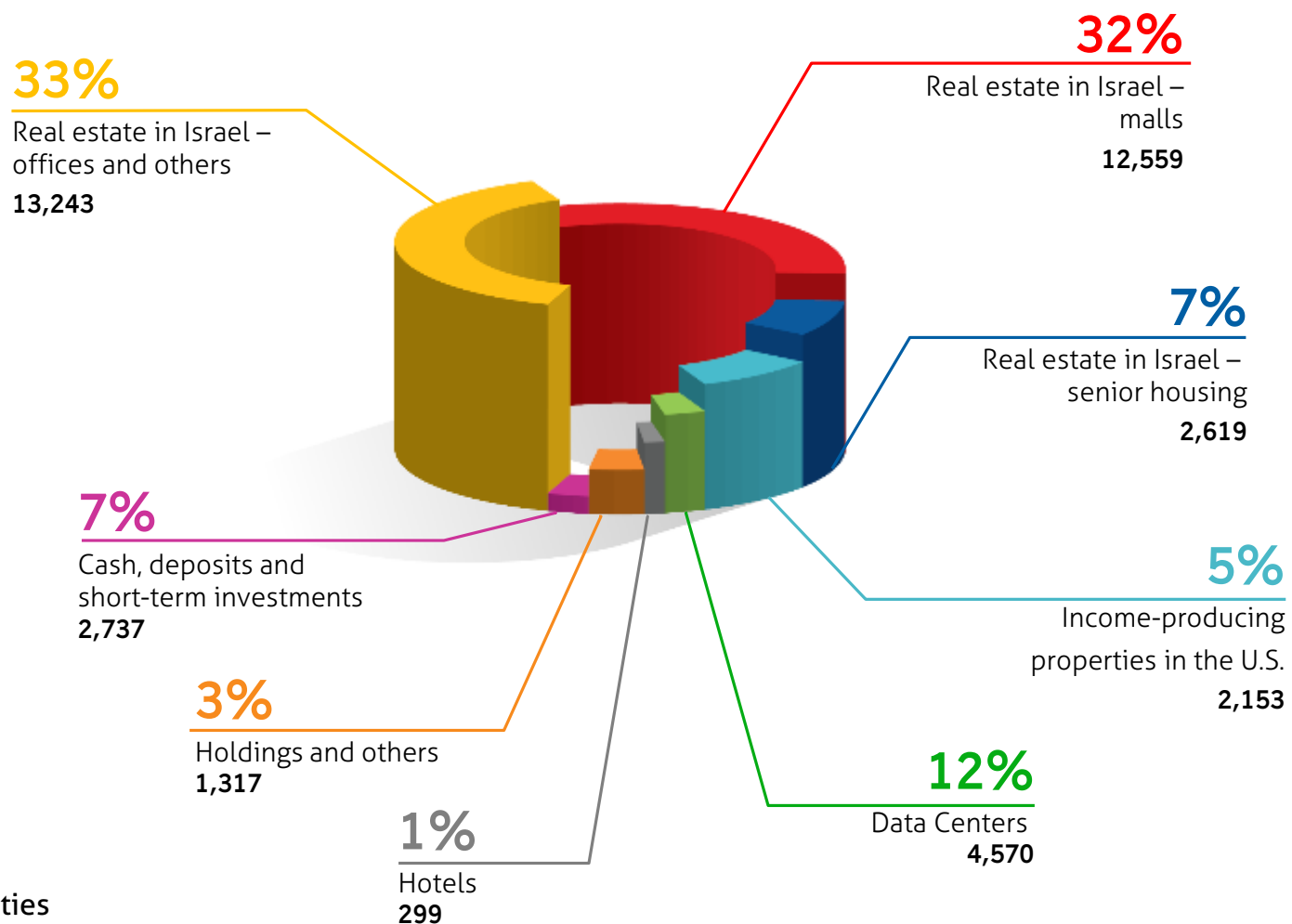


- Malls
- Offices
- Senior Homes

(1) As of September 30, 2021.

(2) GLA (gross leasable area) is based on the Company's share.

Azrieli Group Breakdown of Properties⁽¹⁾



% of Total Properties
Book Value (NIS in millions)

(1) Consolidated, as of September 30, 2021. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Annual Report.

Highlights for Q2/2021⁽¹⁾

Financial Highlights

- > NOI totaled **NIS 428 million**, which was up 5% compared with the previous quarter, and up 22% compared with the same quarter in 2020, mainly due to relief given to tenants in the retail sector and occupation of Azrieli TOWN.
- > Same Property NOI – an increase of 16% compared to the same quarter in 2020.
- > FFO totaled **NIS 357 million**, an increase of 27% compared with NIS 282 million in the same quarter in 2020. Excluding senior housing, the FFO totaled **NIS 315 million**, compared with NIS 260 million in the same quarter in 2020.

Continued Momentum of Development, Betterment and Acquisitions

- > During Q3/2021, **the Group invested NIS 153 million** in investment properties, renovation of existing properties, and development of new properties. During 2021 the investment totaled NIS 643 million.
- > In addition, an investment of ~NIS 2.4 billion in the acquisition of Green Mountain.

Financing

- > In July 2021, the Company raised NIS 3.655 billion through two new bond series.
- > Series 7 and Series 8 bonds, with durations of 9.3 and 13.2 years, carrying an interest rate of 0.9% and 1.69%, respectively.



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



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Development & Acquisitions in 2021



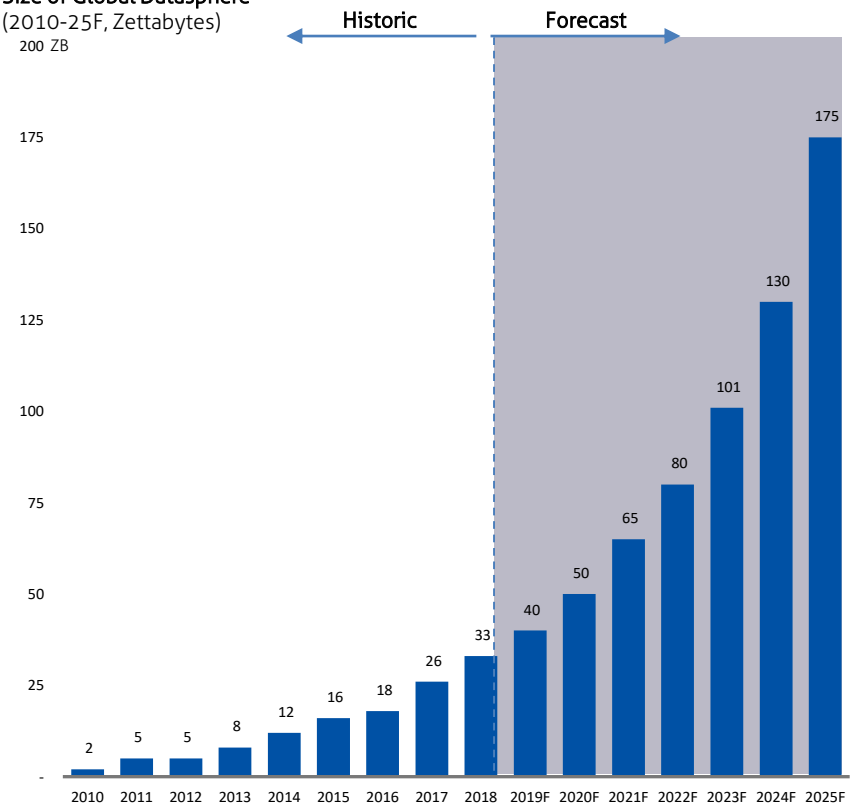
Data Centers Global Market Trends

Cloud growth (notably public cloud) and data storage / processing demand are the core drivers of the global data center market growth, combined with continued adoption of 'as-a-service' software and applications

Former Google CEO Eric Schmidt said, "From the very beginning of humanity to the year 2003, an estimated 5 exabytes of information was created, which corresponds to 0.5% of a zettabyte. In 2013, that amount of information (5 exabytes) took only two days to create, and that pace is continuously growing."

Worldwide data projected to grow-30% YoY post-2018

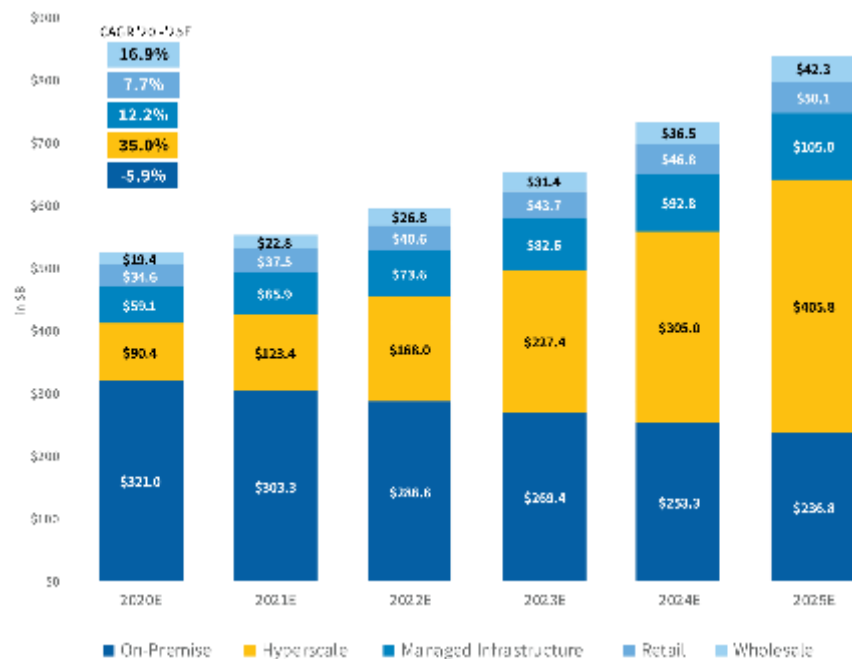
Size of Global Datasphere
(2010-25F, Zettabytes)
200 ZB



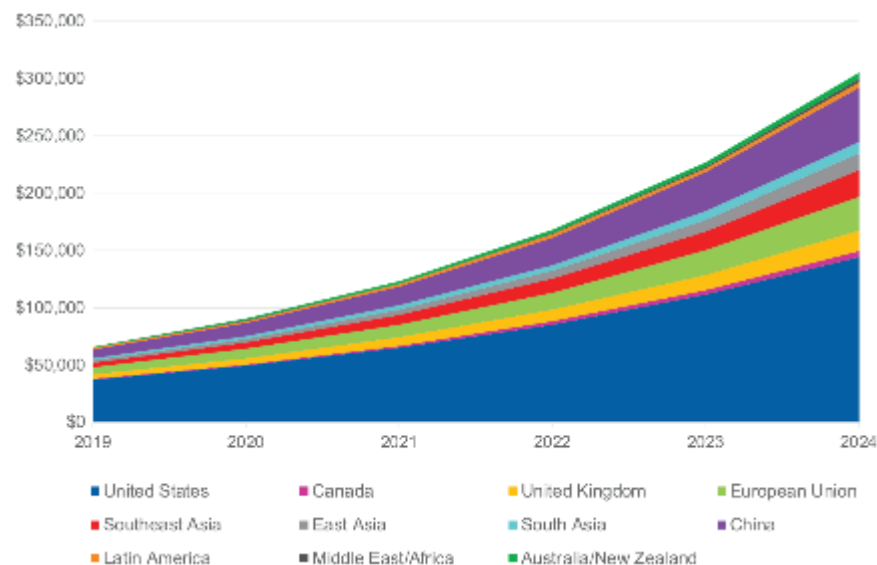


Data Centers Global Market Trends

Total Infrastructure Global Forecast⁽¹⁾



Projected Hyperscale Cloud (US \$M) ⁽²⁾



(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.

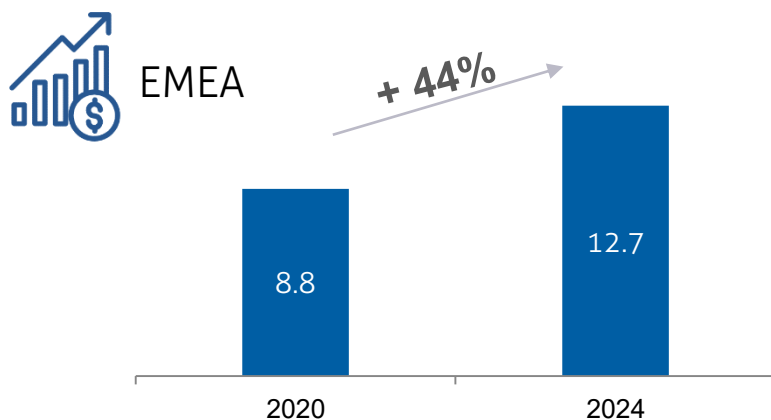
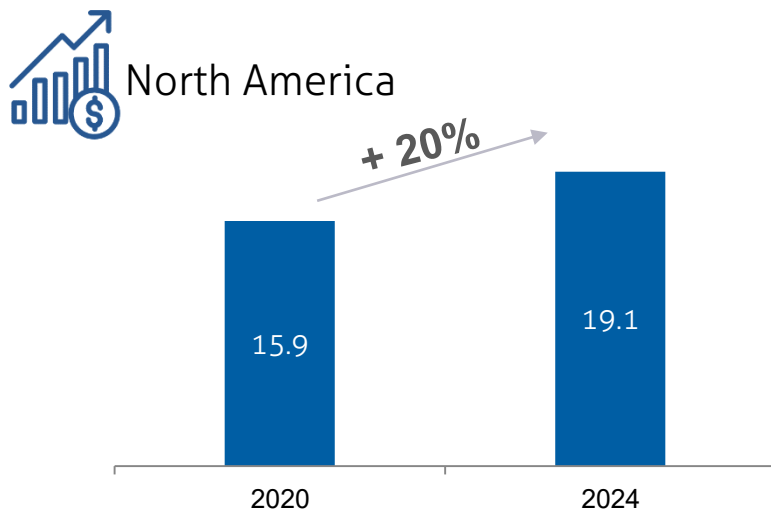
(2) Source: Cushman & Wakefield Research.

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

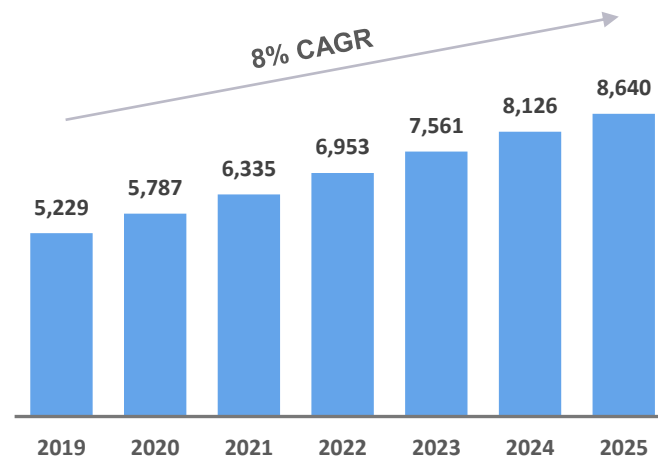


Data Centers Global Market Trends

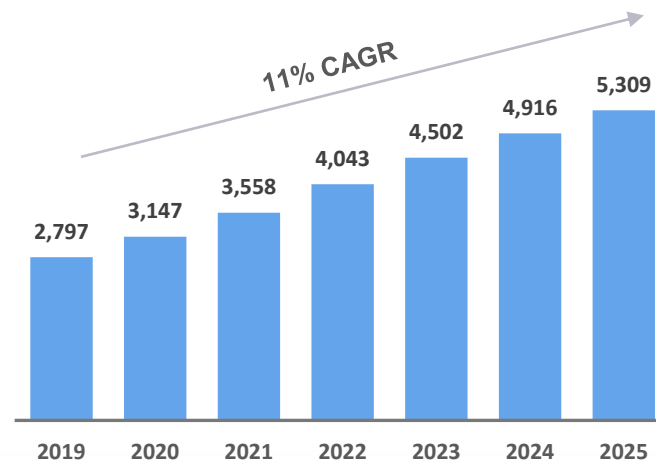
Global Data Centers Revenue Forecast (\$, Billion)



US Data Center Market – MW Demand 2019-25



European Data Center Market – MW Demand 2019-25





Data Centers Strategy

Global
data
center
platform

2021
Green Mountain acquisition



Future Potential: ~520 MW

2019
Compass acquisition



Future Potential: ~620 MW

Clear M&A ambition:



Strategic ambition to acquire additional platform assets across Europe and U.S., with future potential to combine the Azrieli data center portfolio into a global data center player of scale

“ 1 + 1 > 2 ”



Azrieli Group the Acquisition of Green Mountain

Entering the data centers sector in Europe through the acquisition of Green Mountain

- A platform for significant growth throughout Europe.

Nordic countries

- TCO (Total Cost of Ownership) low operating costs.
- Exceptional conditions for the development and construction of server centers suitable for Hyperscalers:
 - a. Land availability.
 - b. Power supply.
 - c. Renewable energy sources.
 - d. Power cost.
 - e. Good connectivity and low latency.
- Incentivizing regulation and governmental policies (Norway, Sweden, Denmark):
 - a. Attractive power tariffs for industry.
 - b. Tax policy.
 - c. Business-supporting policy.





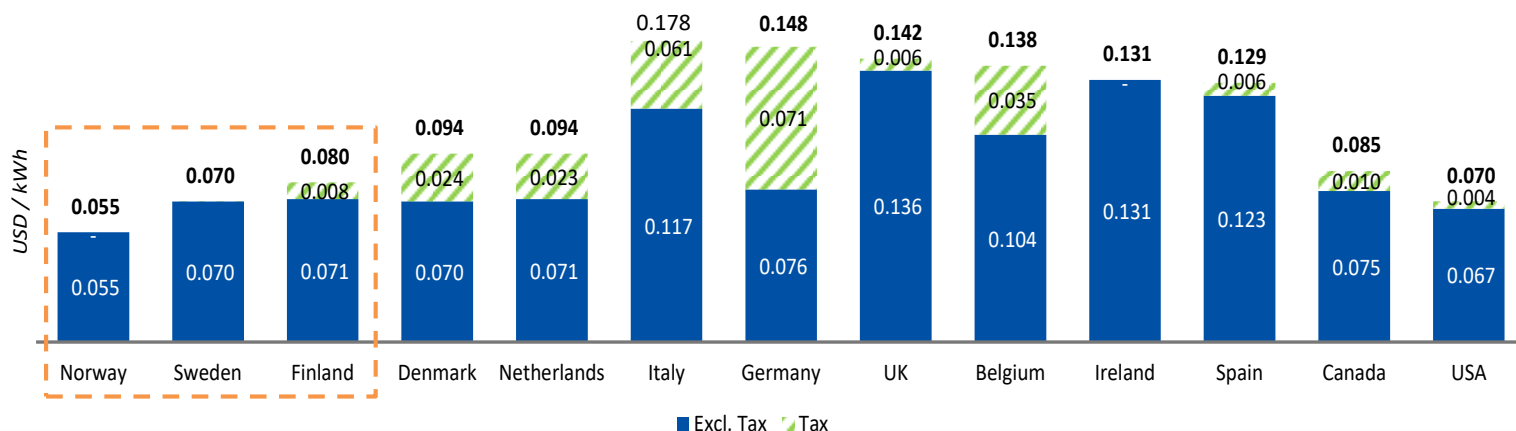
Azrieli Group the Acquisition of Green Mountain



TCO (Total Cost of Ownership) low operational costs. Cool weather , lowest power costs in Europe



Average Country Power Costs Including and Excluding Taxes - Comparable Markets





Azrieli Group the Acquisition of Green Mountain

- The transaction was closed in August 2021.
- Acquisition of 100% of Green Mountain's share capital
- The transaction according to EV of ~ NIS 2.8 billion, including an approx. NIS 500 million debt of the purchased company.

About Green Mountain

Locations and real estate

- 3 operating sites, currently generating ~24MW
- Potential for significant growth of 50-60% within 1-1.5 years

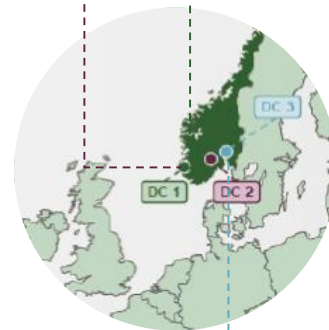
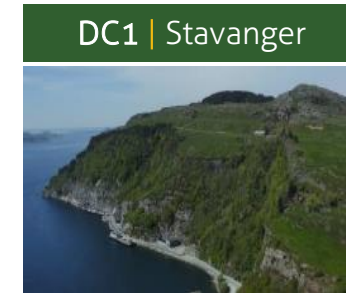
Technical features

- Green Mountain's facilities are fully powered by renewable energy sources
- Located in close proximity to hydro-energetic power supply facilities and fiber networks
- Very high-quality technical specification – suitable for blue chip customers

Management, experience and customers

- Management with significant professional & technical experience.
- Experienced management with connections to the largest global leader customers (Hyperscalers, Enterprises, HPC).

 [Green Mountain - Video 7-2021](#)





Azrieli Group Global Data Centers Activity



Contracted NOI



Markets



Customers



MW Output
Future Potential



~ \$ 26 Million
NOI Annualized
Proforma⁽²⁾

Norway



Hyperscale &
Wholesale

~520 MW



~ \$ 80-85 Million
NOI Annualized
Proforma⁽²⁾

Focus on North America



Hyperscale &
Wholesale

~620 MW



~ \$ 106-111 Million
NOI Annualized
Proforma⁽²⁾

North America & EMEA



Hyperscale &
Wholesale

~1,140 MW

(1) Data presented for 100%. The Group holds 24% of Compass' share capital.

(2) Including agreements for space still under construction.

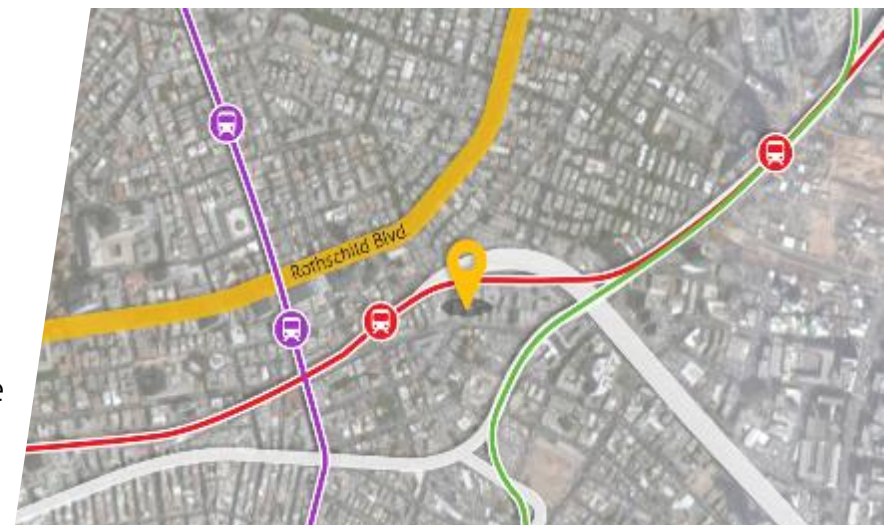


Purchase of a Rental Housing Project in Tel Aviv

- The transaction was closed 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.





Agreement to build the SolarEdge Campus in Herzliya



- The transaction was signed in May 2021.
- Land area – approx. 26,000 sqm in Herzliya.
- GLA for the SolarEdge Office Campus – approx. 38,000 sqm with underground parking.
- The property will be leased to SolarEdge for 15 years with an option to extend for up to 24 years and 11 months.
- The Campus area to be leased to SolarEdge is expected to yield an NOI of approx. NIS 62 million a year.
- Campus build cost (including land) – **NIS 860 million.**



Expansion & Zoning

- There is 9,000 sqm of remaining land available for construction.
- The Group is planning to develop additional areas for retail and commerce of a similar size that are expected to yield similar additional NOI.
- The Company intends to promote a zoning plan for additional rights in the said area.



Agreement to acquire the Mall HaYam shopping Center in Eilat

- The transaction was signed in October 2021.
- Among the leading malls in Israel.
- Land area – approx. 6,000 sqm in the city of Eilat adjacent to the beach.
- GLA – approx. 19,000 sqm.
- Occupancy rate – 100%, leased to 104 tenants.
- Store revenues – the highest per sqm in Israel.
- Representative NOI for 2021 – NIS 86 million.
- Asset cost – **NIS 1,331 million**.
- Debt in the acquired company (SPC) – NIS 641 million, until 2023.
- Additional building rights.

Conditions precedent for the closing of the transaction

- Receipt of the Competition Commissioner's approval.
- Receipt of the Israel Land Authority's (ISA) approval
- Receipt of the Lenders' consent approval for the assignment of the financing agreements.
- No material adverse change shall have occurred.





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Real Estate Segments



Azrieli Group Malls and Retail Centers

NOI in Q3 2021 – **NIS 195 million**, compared with NIS 156 million the same quarter in 2020. The increase is attributed to discounts given to tenants due to the COVID-19 crisis during the same quarter in 2020.

GLA – **343,000 m²** ⁽¹⁾

Average occupancy rate – **99%** ⁽²⁾

Book value – **NIS 12.6 billion**

Innovation and Upgrading

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



(1) As of September 30th, 2021. GLA (gross leasable area) is based on the Company's share.

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



Azrieli Group Malls Store Revenues and Rent to Sales Ratio

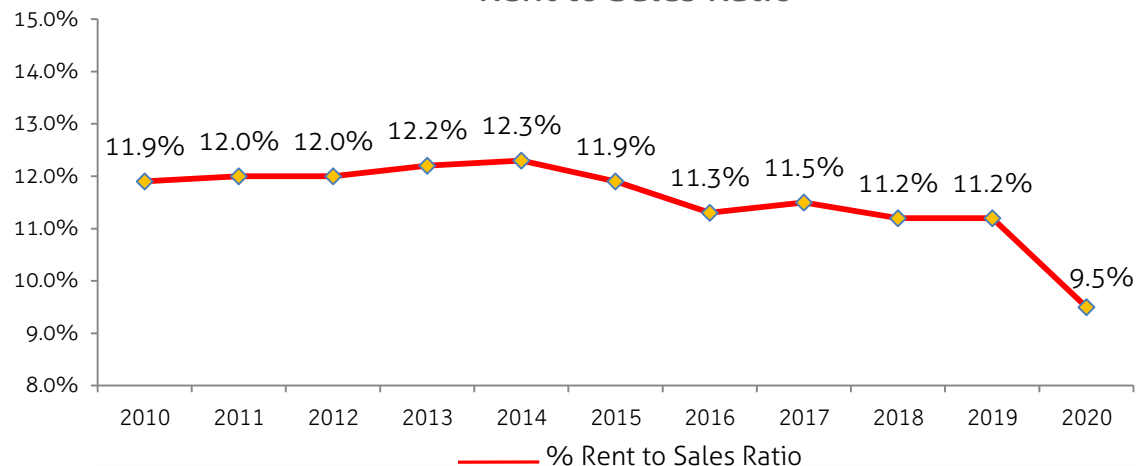


2-9 2021 ⁽¹⁾
Vs.
2-9 2019 ⁽¹⁾

+2.4%

Total Increase in Revenues of
Azrieli Group Mall Stores

Rent to Sales Ratio



(1) February 2021 was standardized to a full month of activity, and excluding 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.



Azrieli Group Office and Other Space (Israel)

NOI in Q3 2021 – **NIS 182 million**, compared with NIS 151 million in the same quarter in 2020.

GLA of **645,000 m²** ⁽¹⁾

Average occupancy rate – **99%** ⁽²⁾

Book value – **NIS 13.2 billion**

Innovation and Upgrading

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



(1) As of September 30th, 2021. GLA (gross leasable area) is based on the Company's share.

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



Palace Senior Housing Chain

Gross Built Area (GBA) of **105,000 m²⁽¹⁾** comprises **1,033 units**.

Average occupancy rate – **98%⁽²⁾**

Book value – **NIS 2.6 billion**

Operating Homes

Palace Tel Aviv: 231 residential units + 4 LTC units

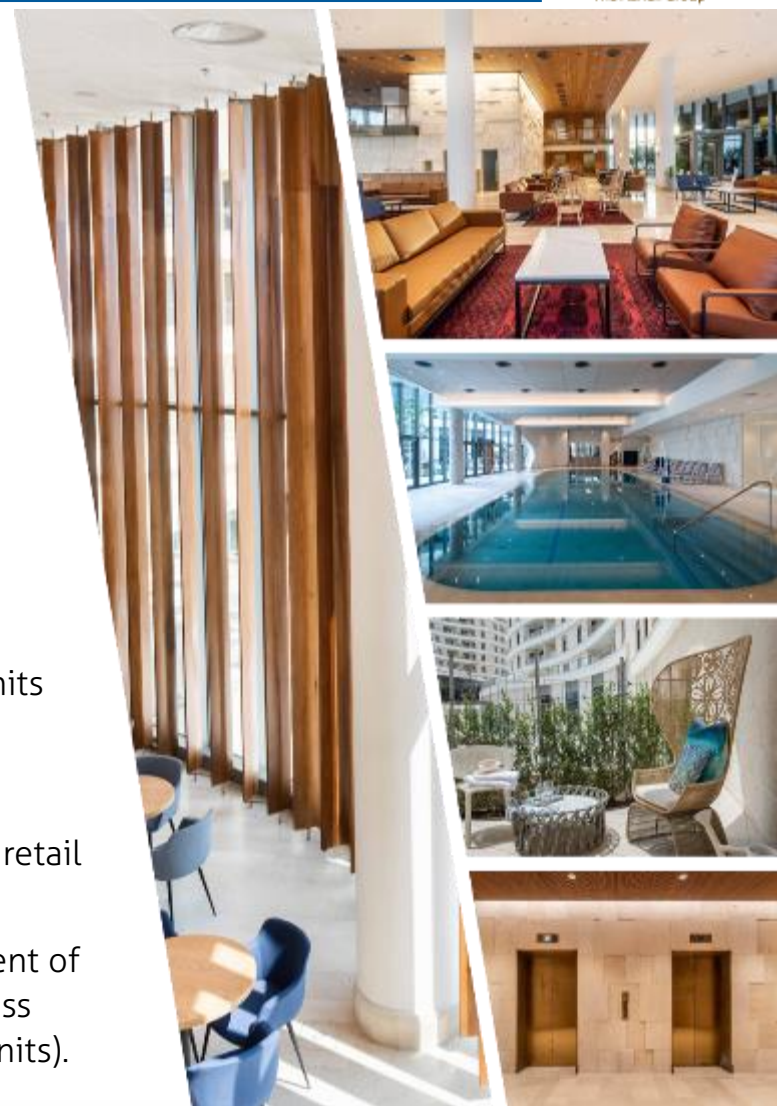
Palace Ra'anana: 322 residential units + 2 LTC units

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 m² 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) As of September 30th, 2021. GLA (gross leasable area) is based on the Company's share.
(2) Excluding completed properties in the first stages of occupancy.



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Development Pipeline



Azrieli Group Development Pipeline



Expansion of Azrieli Mall and
the Spiral Tower, Tel Aviv
150,000 m² (1)(3)



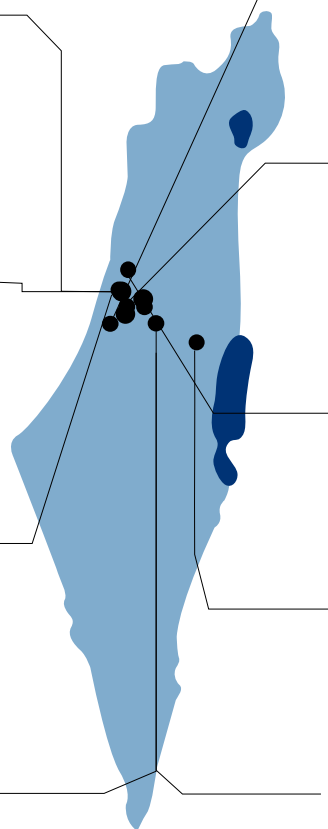
Azrieli Town Building E,
Tel Aviv
21,000 m² (4)



Azrieli Town, Tel Aviv
25,000 m² (1)(5)



Lot 10
Modi'in
37,000 m²



Palace Rishon Lezion
Senior Home
37,300 m² (1)(3)

Holon 3 Project
(formerly Lodzia)
250,000 m²

Land for Development
Petach Tikva
53,000 m² (2)

Mount Zion Hotel
Jerusalem
34,000 m² (1)












Lot 21
Modi'in
31,000 m² (1)



(1) The figure represents the amount of building rights in sqm | (2) The Company is working to increase the building rights to approx. 280,000 sqm. | (3) A plan was published and validated. | (4) Rights for additional construction were purchased in May 2018 in the context of the acquisition of the income-producing property Mivney Gazit. | (5) The Company is working to obtain up to a total of 99,000 sqm of construction rights for the project.



Development Projects The Growth Engine

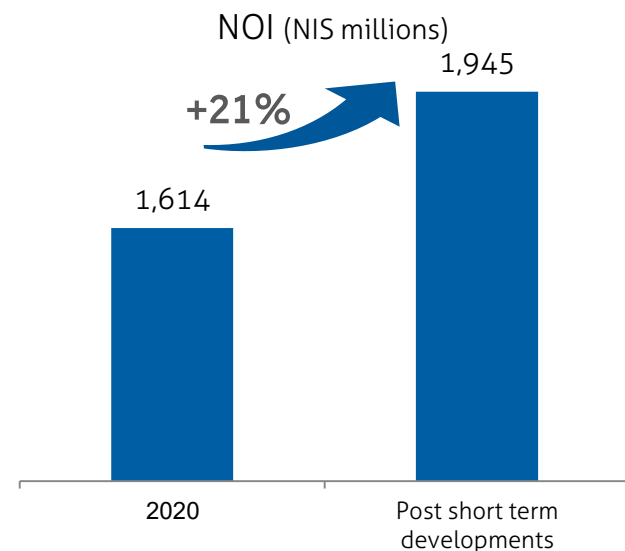
Name of Property	Location	Use	GLA ⁽²⁾	Estimated Completion Date	Estimated Construction Cost, Including Land (NIS in millions) ⁽¹⁾
Short-term construction projects					
Azrieli Town ⁽⁴⁾	Tel Aviv		Retail 4,000	2022	565-595
			Residence 21,000 (210 Residential Units)		
Place Lehavim ⁽³⁾	Lehavim		10,000	2022	130-135
Modi'in, Lot 21	Modi'in		31,000	2023	420-450
Check Post	Haifa		13,000	2023	130-140
Total			79,000		1,245-1,320
Medium-term construction projects					
Palace Rishon Lezion	Rishon Lezion		37,300 ⁽⁵⁾	2024	450-470
Expansion of Azrieli Mall and Spiral Tower	Tel Aviv		150,000 ⁽⁵⁾	2025	2,450-2,650
Mount Zion Hotel	Jerusalem		34,000	2025	850-880
Total			221,300		3,750-4,000
Total			300,300		4,995-5,320
Development projects in the planning phase					
Holon 3 (formerly Lodzia)	Holon		250,000 ⁽⁷⁾	TBD	TBD
Petach Tikva land	Petach Tikva		53,000 ⁽⁶⁾	TBD	TBD
Azrieli TOWN Building E	Tel Aviv		21,000 ⁽⁸⁾	TBD	TBD
Modi'in, Lot 10	Modi'in		37,000	TBD	TBD
Total			361,000		Projects whose construction cost is yet to be determined
Total			661,300		

(1) Cost without capitalizations and without tenant adjustments | (2) Senior housing and/or residential rights are stated in sqm | (3) Occupancy permit for medical care facility 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. 280,000 sqm | (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.

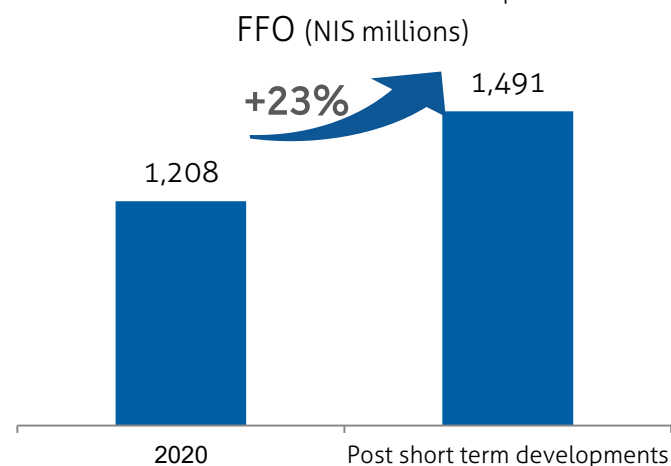


Development Projects Expected Contribution* to NOI and FFO

	(NIS millions)
Actual NOI in 2020	1,214
Addition due to COVID-19 relief	400
Additional NOI from development projects ⁽¹⁾	135
Annualized additional NOI from existing properties ⁽²⁾	98
Addition due to occupancy of vacant spaces*	98
NOI after population of short-term projects under development and full occupancy	1,945



Actual FFO in 2020 incl. senior housing	999
Net of COVID-19 impact	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 impact	1,208
Additional FFO ^{(1)(2)*}	283
FFO after lease-up of short-term projects under development and full occupancy	1,491



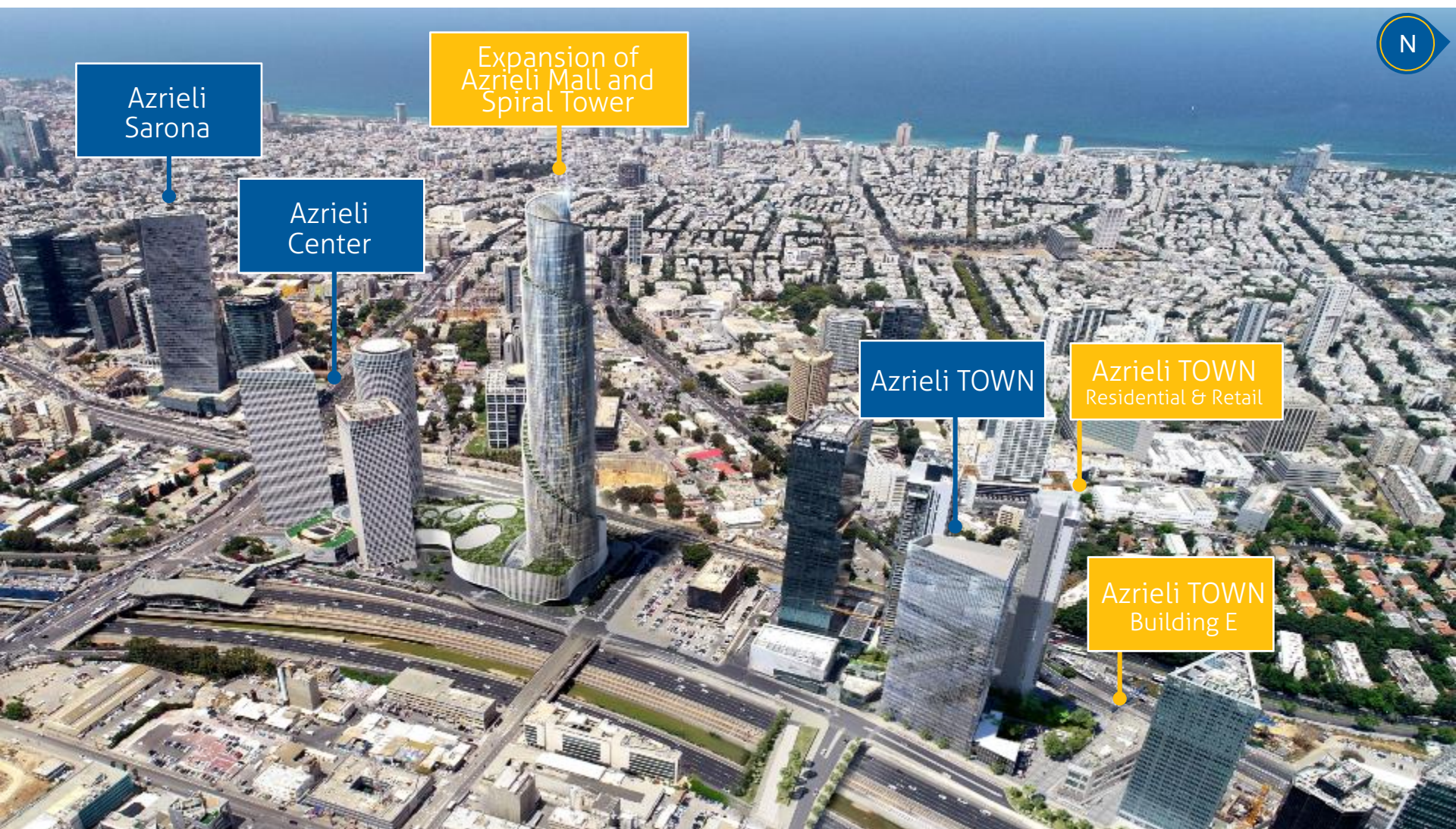
* The calculations are not forecasts, and the basic assumption is that upon completion, the NOI from income producing properties will be similar to pre-COVID-19 figures. The main assumptions underlying the calculations are: population of the projects under development and income producing properties ex. Kiryat Ata sold in 2021, 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 current zoning plan, before additional rights), NIS 22 million from the leasing of residential units in the TOWN project, Akko offices, Modi'in Lot 21 and Check Post Haifa **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 Lot 10 and Mount Zion Hotel.

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



Azrieli Group The CBD of Tel Aviv





Expansion of Azrieli Mall and the Spiral Tower, Tel Aviv

Land area – 8,400 m²

GLA – 150,000 m²

including 13,000 m² 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.



Illustration



Development Projects Azrieli Town

Land area - 10,000 m²

GLA ⁽¹⁾ - 50,000 m² of offices
4,000 m² of retail space
21,000 m² 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 m² (gross).

Marketing

Close to 100% of the office space has been leased to Samsung, the law firm Fischer Behar Chen, the 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) The figures refer to the current zoning plan.



Palace Lehavim Senior Home

Land area – **28,000 m²**, in the southern part of the town of Lehavim, not far from the train station

Building rights


Phase A - **32,000 m²**

Phase B - **10,000 m²**

350 Residential Units + 2 LTC Units

Use – 

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

Estimated date of completion – **Phase A – Completed⁽¹⁾** 
Phase B – 2022

Progress Update

Phase A completed and occupancy began in May 2020.

Marketing

As of the Report Release Date – **213 contracts and preliminary applications** (for 88% of Phase A) have been signed, of which 196 are signed contracts, and **177 units have been occupied (73% occupancy)**.



(1) Phase A – 241 units.

(2) Occupancy permit for the LTC units received in July 2020.



Azrieli Holon Center Looking to the Future






Azrieli Holon HaManor



Land area – 6,200 m²

GLA – Office space: **28,000 m²**

Status – **Completed** 

Use – 

The land is adjacent to the Holon 3 project (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 moved in at the beginning of October, 2020.

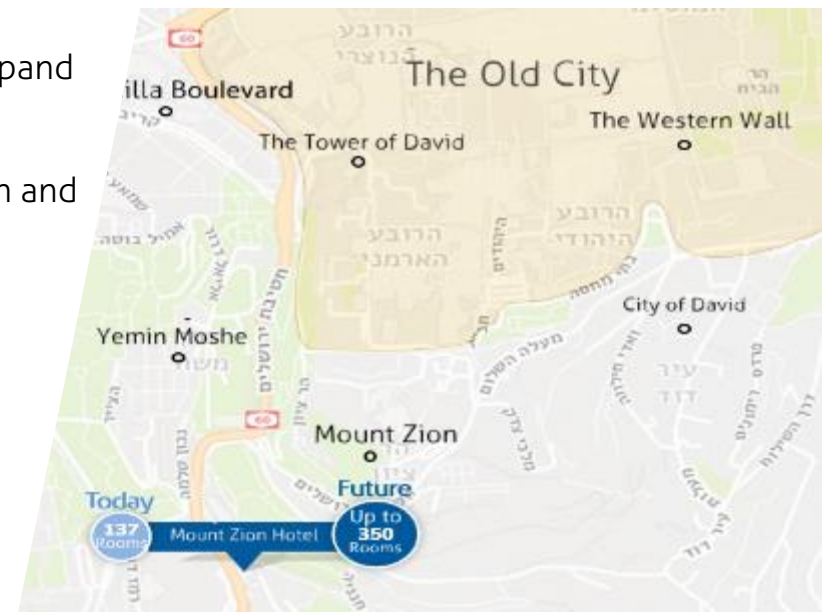
Marketing

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 m²**, up to **350 rooms**.
- > Use – 
- > Acquisition cost – **NIS 275 million**.
- > Expected expansion and renovation cost – approx. NIS 575-605 million.
- > Estimated date of completion – 2025.
- > 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

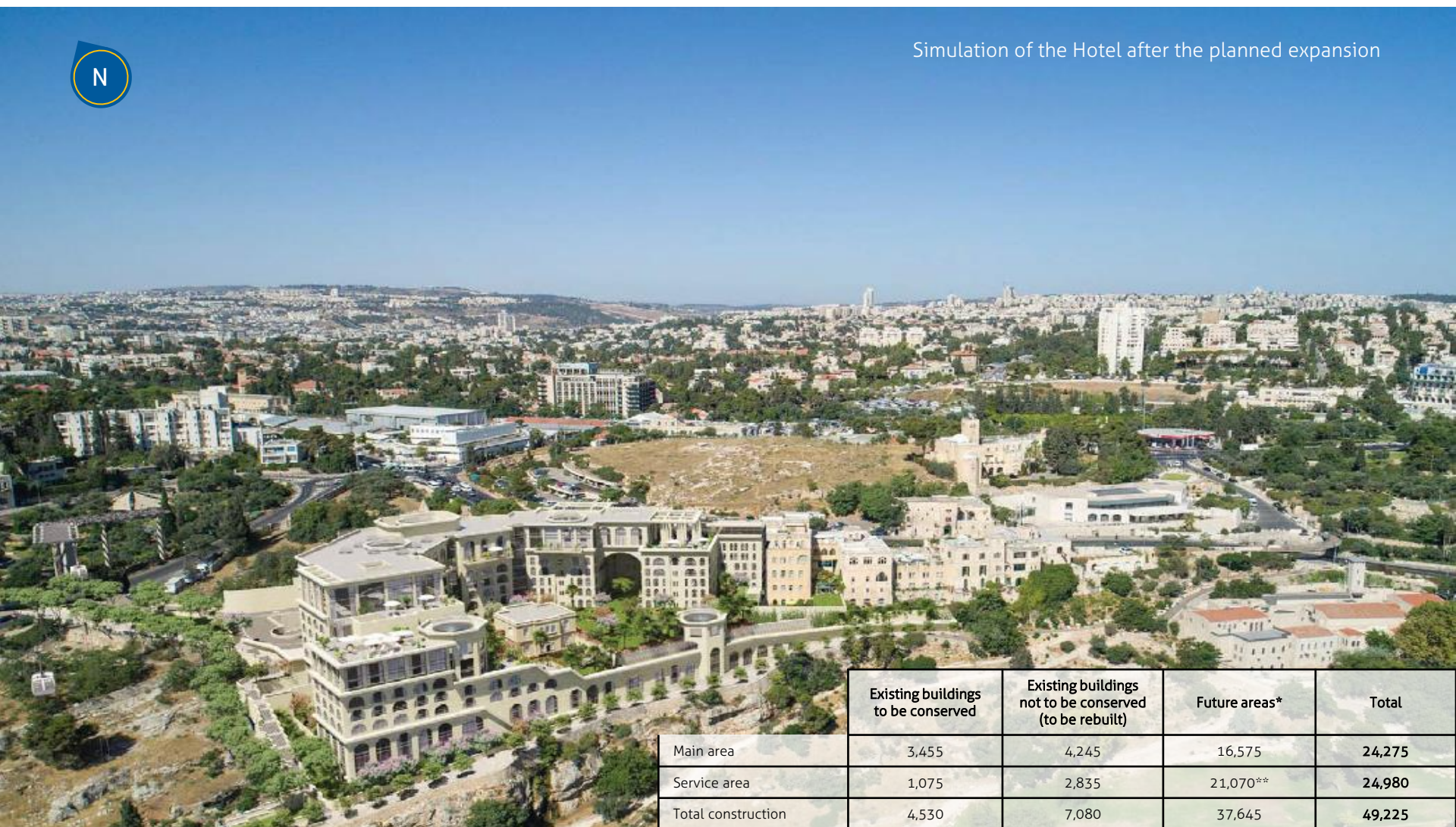
Planning and preparing for permit.



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*	Total
Main area	3,455	4,245	16,575	24,275
Service area	1,075	2,835	21,070**	24,980
Total construction	4,530	7,080	37,645	49,225







* 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 ⁽¹⁾ 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
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
Total				352,300 sqm	

(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 a gross area of approx. **100,000 sqm of floor space 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 a gross area of approx. 40,000 sqm (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



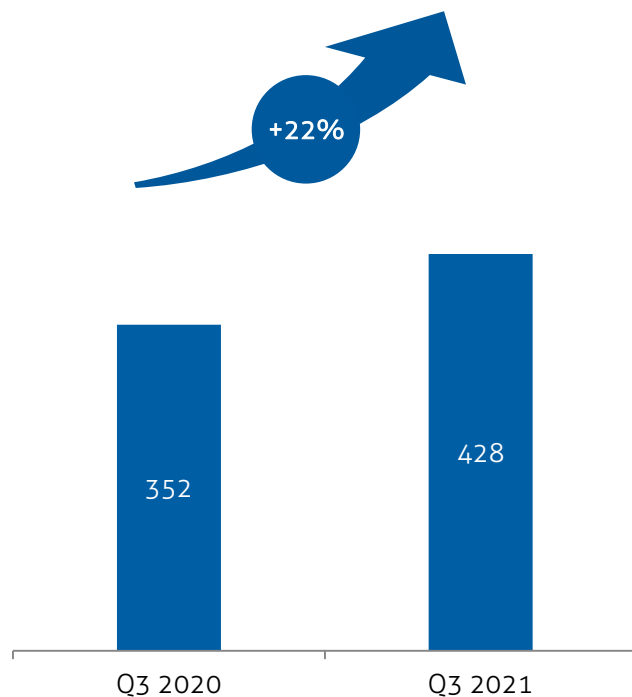


AZRIELGROUP

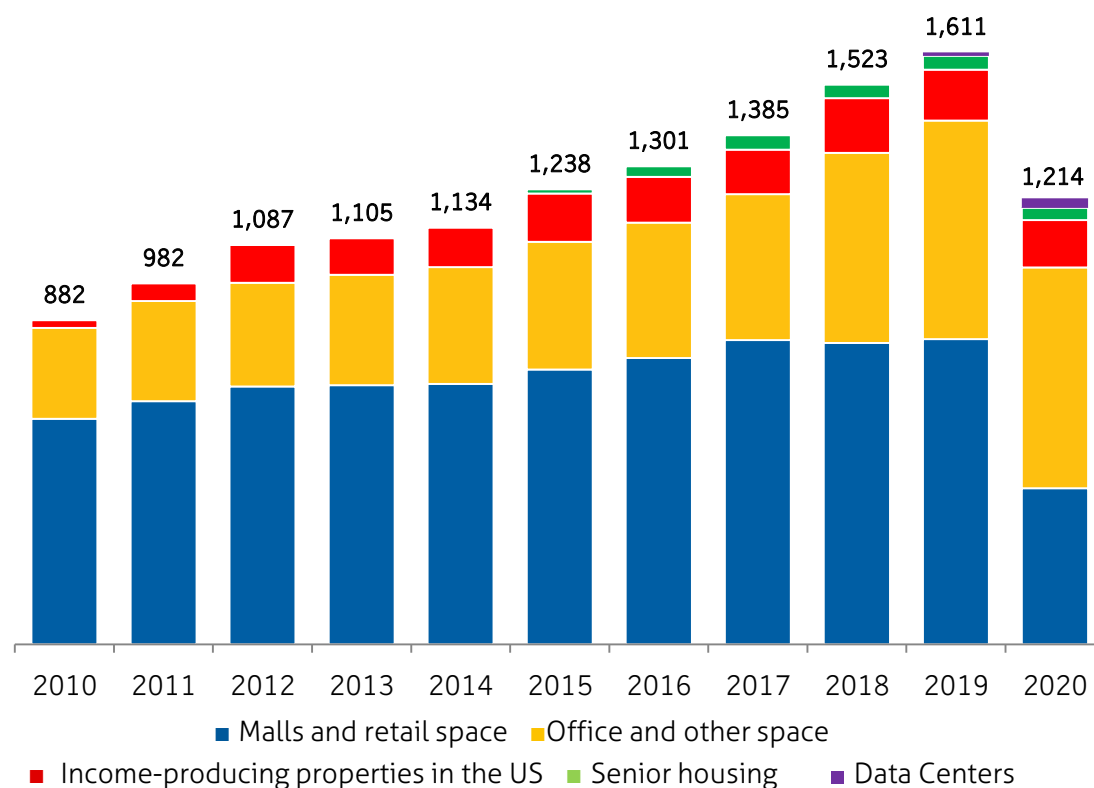
Financial Highlights, Debt & Leverage

Constant NOI Growth

Quarterly NOI
(NIS in millions)



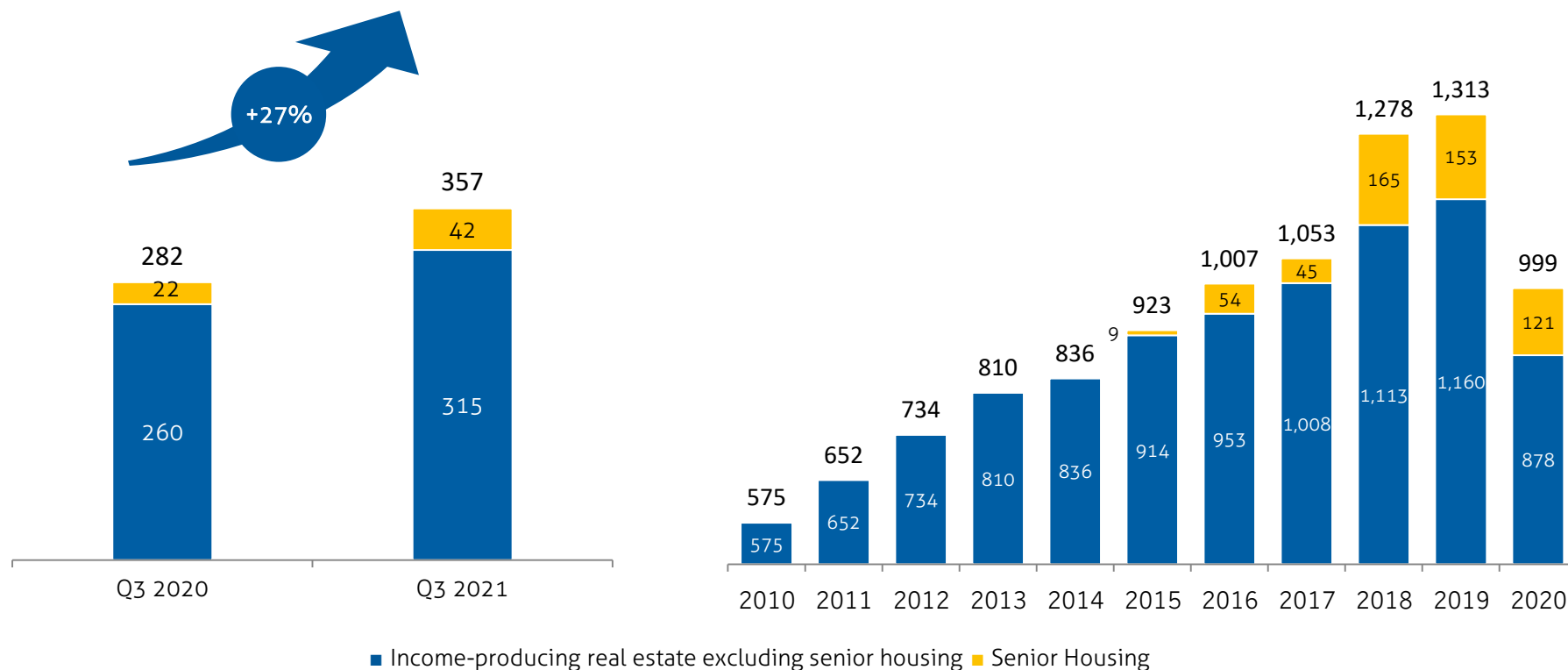
Annual NOI
(NIS in millions)



Constant FFO⁽¹⁾ Growth

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

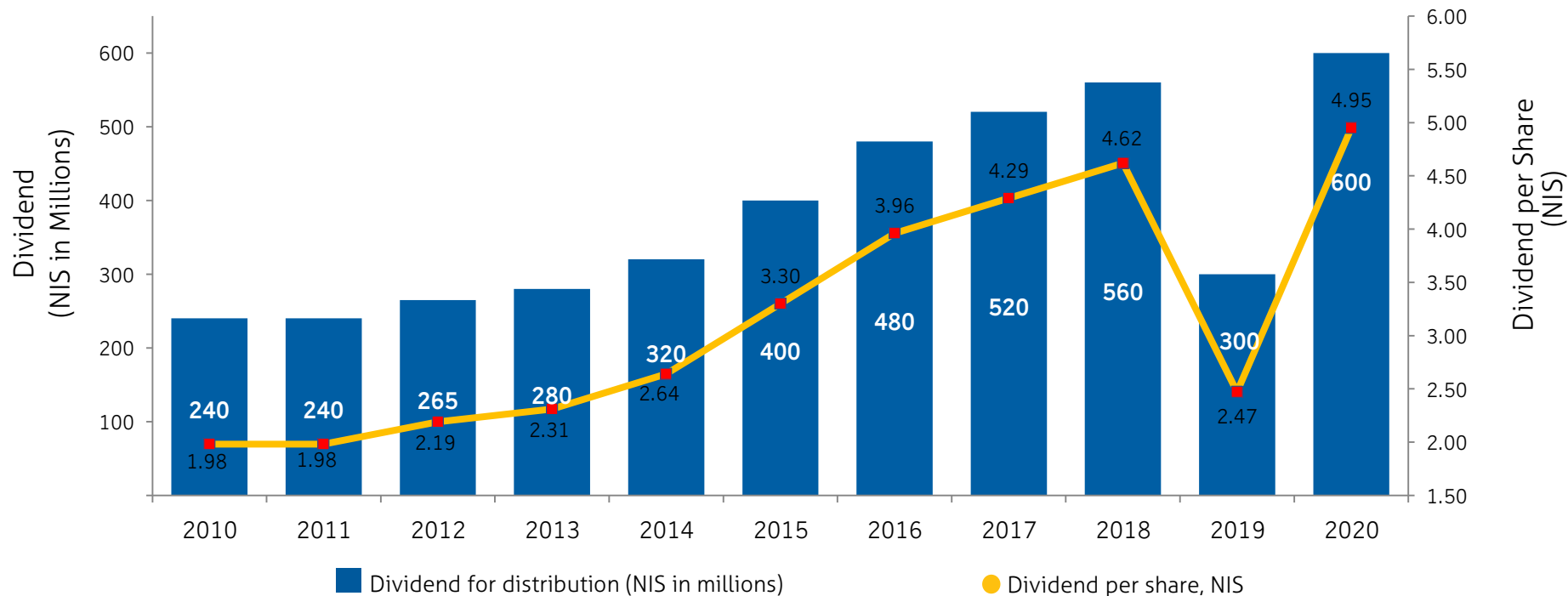
FFO attributed to the Real Estate Business⁽¹⁾ (NIS in millions)



(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 600 million for 2020

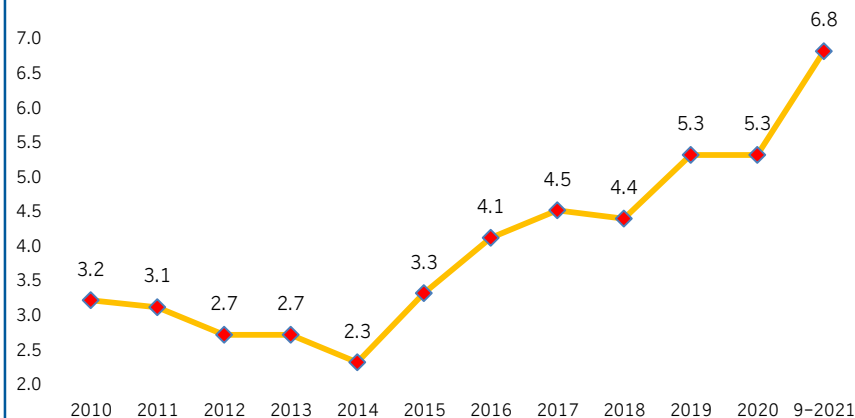


Extension of the Duration and Reduction of the Cost of Debt

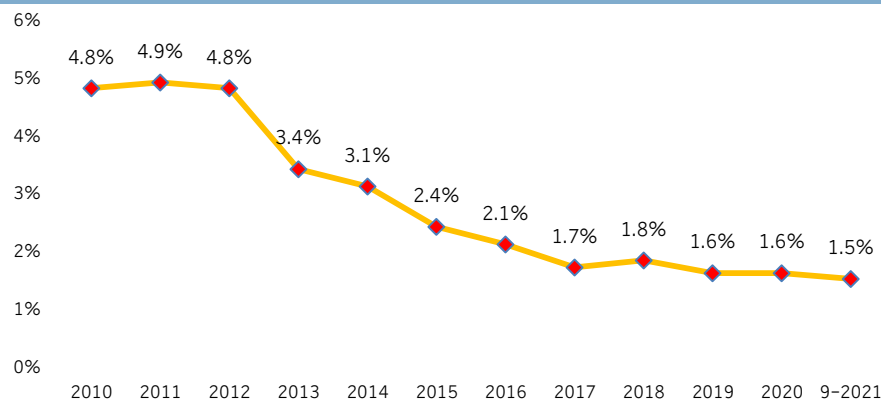
Financial Strength⁽¹⁾

- > Low leverage – net financial debt to assets ratio of **32%**
- > Equity to assets ratio of **47%**
- > Cash and cash equivalents totaling **NIS 2.7 billion**
- > Unencumbered assets totaling **NIS 27 billion**

Extension of Average Duration of Debt ⁽²⁾

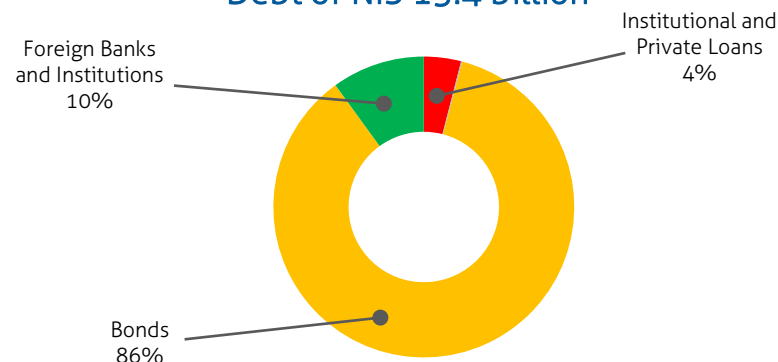


Decrease of Average Effective Interest Rate Over the Years ⁽²⁾



Debt Breakdown by Lender

Debt of NIS 15.4 billion

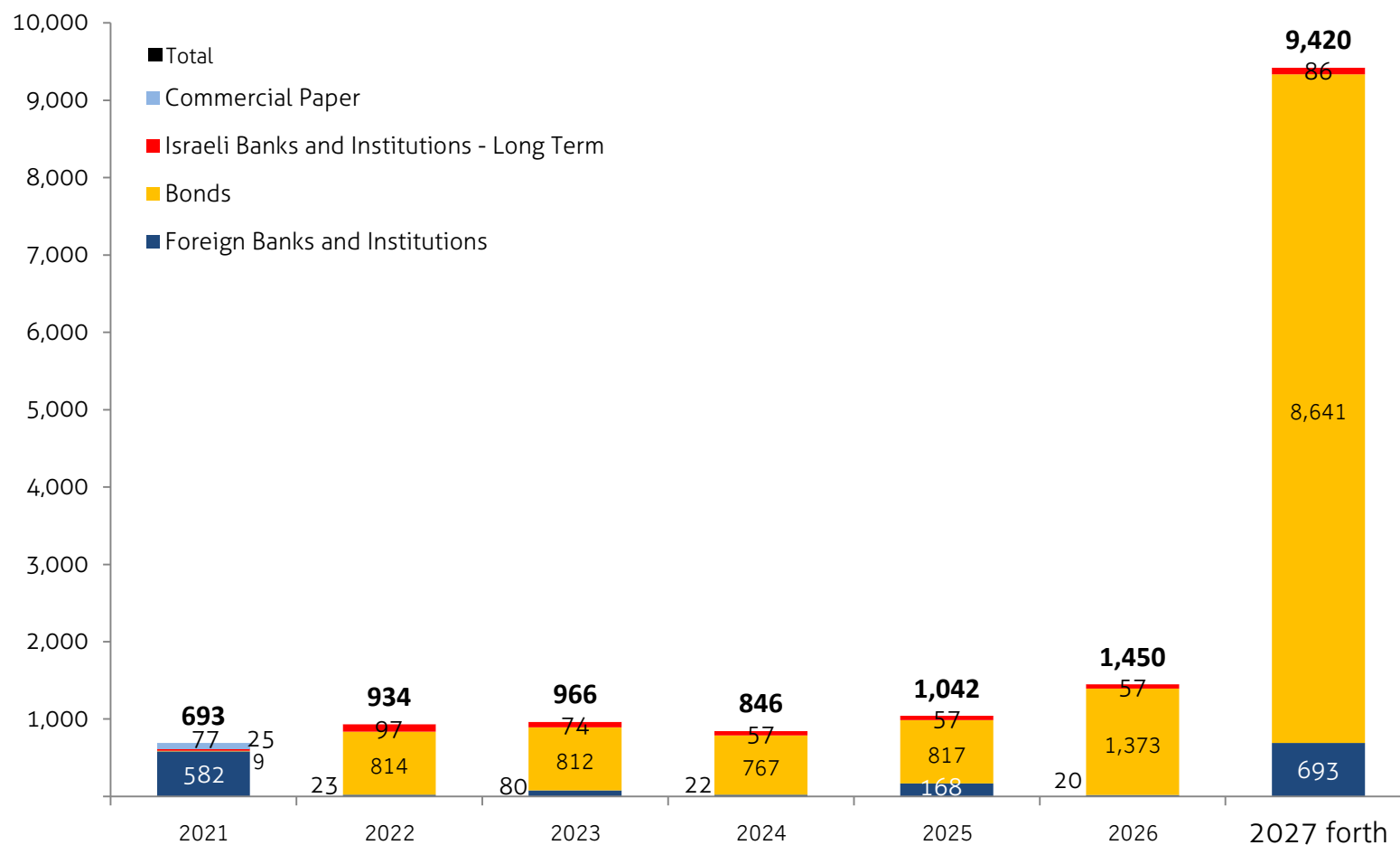


(1) As of September 30, 2021.

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

Payment Schedule (Principal Only)

Consolidated as of September 30, 2021



Summary of Financial Results (NIS in millions)

	Consolidated Q3 2021	Consolidated Q3 2020	Consolidated 2020
Revenues from rent, maintenance, management fees and sales	591	511	1,798
NOI	428	352	1,214
Same-property NOI	406	351	1,192
FFO attributed to the real estate business ⁽¹⁾	357	282	999
Change in the value of investment properties ⁽²⁾	(11)	2	(588)
Net profit, including minority interests	187	193	184
Net profit, attributable to the shareholders	187	192	189
Comprehensive income (loss), attributable to the shareholders	273	107	(139)



(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 September 30, 2021	Consolidated December 31, 2020
Cash, securities and deposits	2,737	2,665
Gross financial debt	15,351	11,820
Net financial debt ⁽¹⁾	12,614	9,155
Net financial debt to assets	32%	26%
Financial assets (mainly Bank Leumi shares)	1,124	866
Fair value of investment properties and properties under construction	31,782	29,266
Equity (excluding minority interests)	18,509	18,101
Equity to assets	47%	52%
Total assets	39,497	35,124
Equity per share (NIS)	152.6	149.3
EPRA NRV per share (NIS) ⁽²⁾	182	178



(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

Weighted average cap rate - 7.1%

	NIS in millions
Total investment properties, as of September 30, 2021	31,944
Net of the value attributed to land reserves, properties under construction and senior housing	(6,799)
Total income-producing properties	25,145
Actual NOI Q3/2021 ⁽¹⁾	409
Future quarterly NOI addition	37
Total standardized NOI Q3/2021	446
Proforma annual NOI	1,784
Weighted cap rate derived from income-producing investment properties, including vacant space	7.1%

Quarterly FFO ⁽²⁾ attributed to the real estate business - NIS 357 million

	NIS in millions
Net Operating Income (NOI)	428
Overhead	(47)
Depreciation	3
EBITDA	384
Net interest expenses	(49)
Tax	(24)
Cash flow from senior housing deposits excl. depreciation	37
Excluding financial expenses attributed to development projects	9
Total FFO attributed to the income-producing real estate business	357

(1) Excluding senior housing, (the weighted cap rate of the senior housing as of the report date is 8.25%) and excluding Mount 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) 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

