



# Azrieli Group

## Conference Call Presentation

Financial Statements December 31, 2021

March 2022



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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 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 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

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- › The following English translation of Azrieli Group's presentation for the conference call of March 23, 2022 (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 March 23, 2022. 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 5<sup>th</sup> largest company<sup>(1)</sup> on the Tel Aviv Stock Exchange

## Market cap of NIS 34 billion<sup>(1)</sup>

30.1% of the shares held by the public

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 **1,357,000 m<sup>2</sup>**, **11** additional projects **under construction**, and **7 projects under renovation** and expansion

Average **occupancy** rate in Israel of **98%**<sup>(2)</sup>

**85%** 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 29%, and equity to assets ratio of 49%**



(1) As of March 22, 2022.

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



# Income-Producing Properties Map



## Malls and Retail Centers

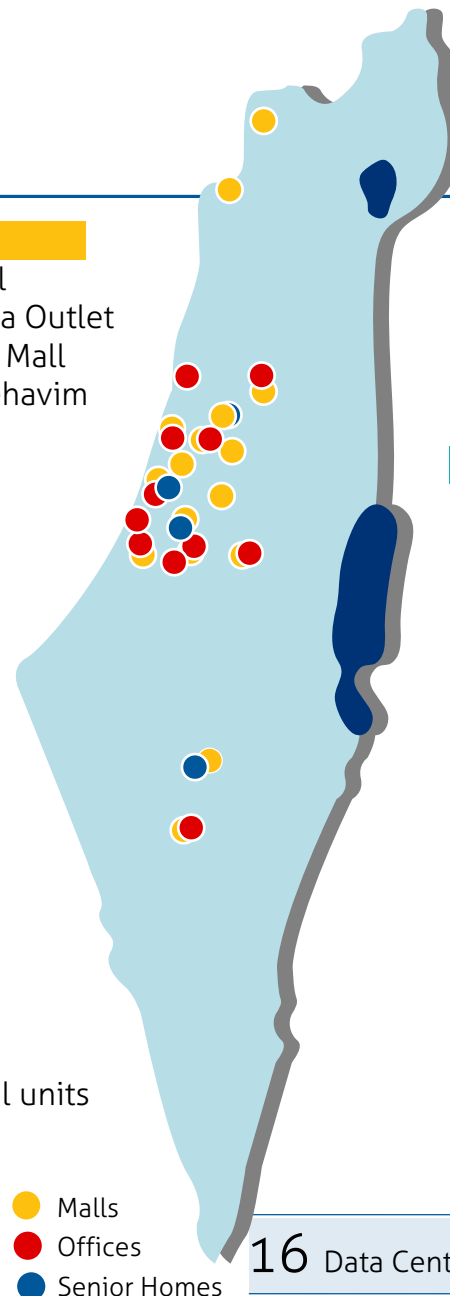
Ayalon Mall	Jerusalem Mall	Holon Mall	Akko Mall
Hod Hasharon Mall	Modi'in Mall	Ramla Mall	Or Yehuda Outlet
Herzliya Outlet	Azrieli Mall	Azrieli Ra'anana	HaNegev Mall
Givatayim Mall	Azrieli Holon Center	Haifa Mall	Palace Lehavim
Sarona Mall	Rishonim Mall	Palace Modi'in	

## 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 <sup>2</sup>	
17	Office Properties	644,000 m <sup>2</sup>	
4	Senior Homes	105,000 m <sup>2</sup>	1,033 residential units
8	Office Properties Overseas	241,000 m <sup>2</sup>	

**Total** 1,333,000 m<sup>2</sup> (1)



- Malls
- Offices
- Senior Homes

## 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

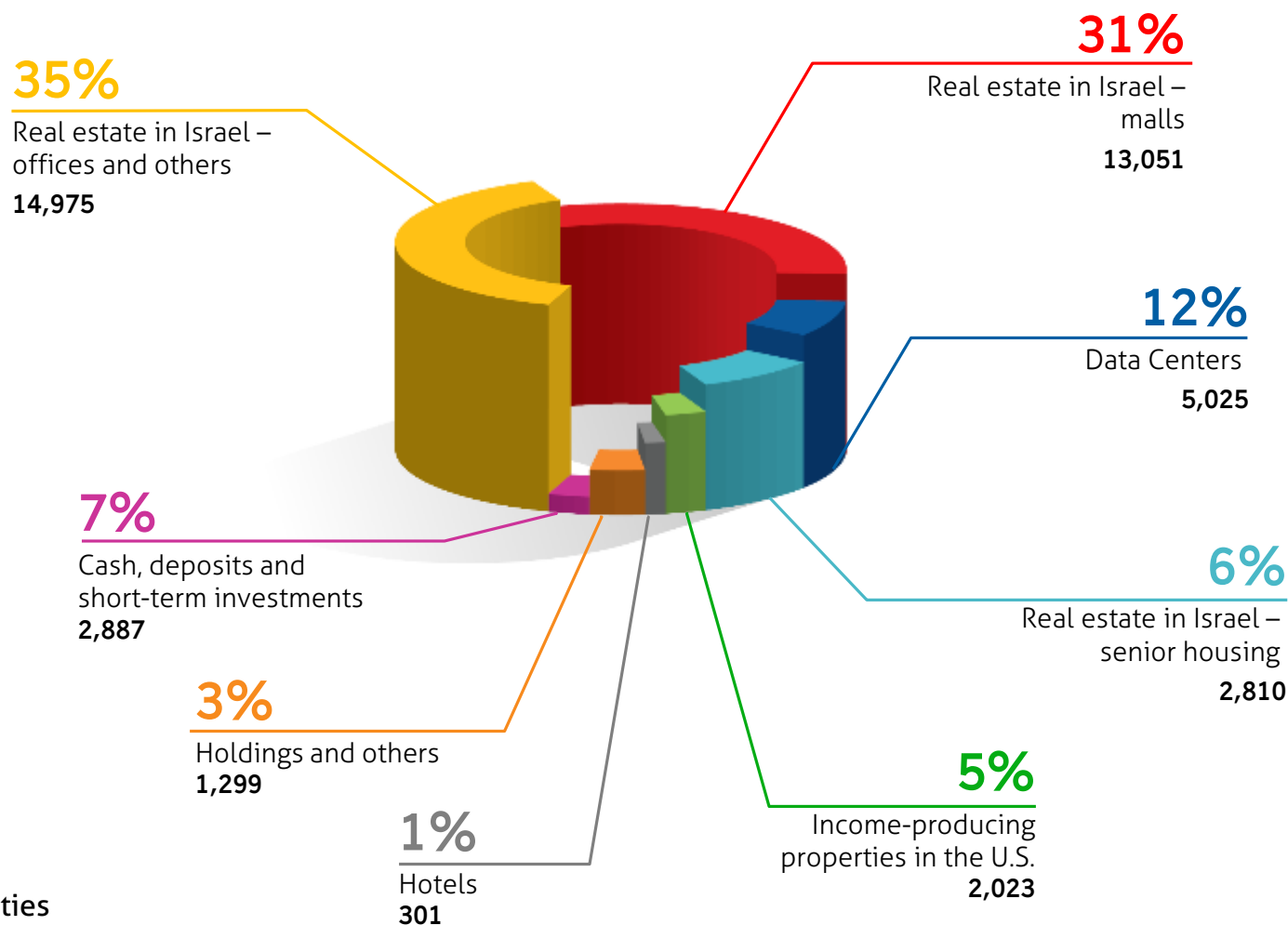
Green Mountain 100%

**16** Data Centers Overseas 24,000 m<sup>2</sup>

(1) As of December 31, 2021.

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

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



% of Total Properties  
Book Value (NIS in millions)

(1) Consolidated, as of December 31, 2021. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Annual Report.

# Highlights for Q4 and FY-2021<sup>(1)</sup>

## Financial Highlights

- NOI totaled **NIS 1,590 million, which was up 31% compared with 2020**, mainly due to more moderate reliefs given to tenants in the retail sector, increase in office sector, senior housing sector and Data Centers.
- Same Property NOI – **an increase of 23% compared to 2020**.
- FFO totaled **NIS 1,318 million, an increase of 32% compared with NIS 999 million in 2020**. **Excluding senior housing, the FFO totaled NIS 1,152 million**, compared with NIS 878 million in 2020.

## Continued Momentum of Development, Betterment and Acquisitions

- During Q4/2021, **the Group invested NIS 304 million** in investment properties, renovation of existing properties, and development of new properties. During 2021 the investment totaled NIS 1.08 billion.
- 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.





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# Development & Acquisitions in 2021

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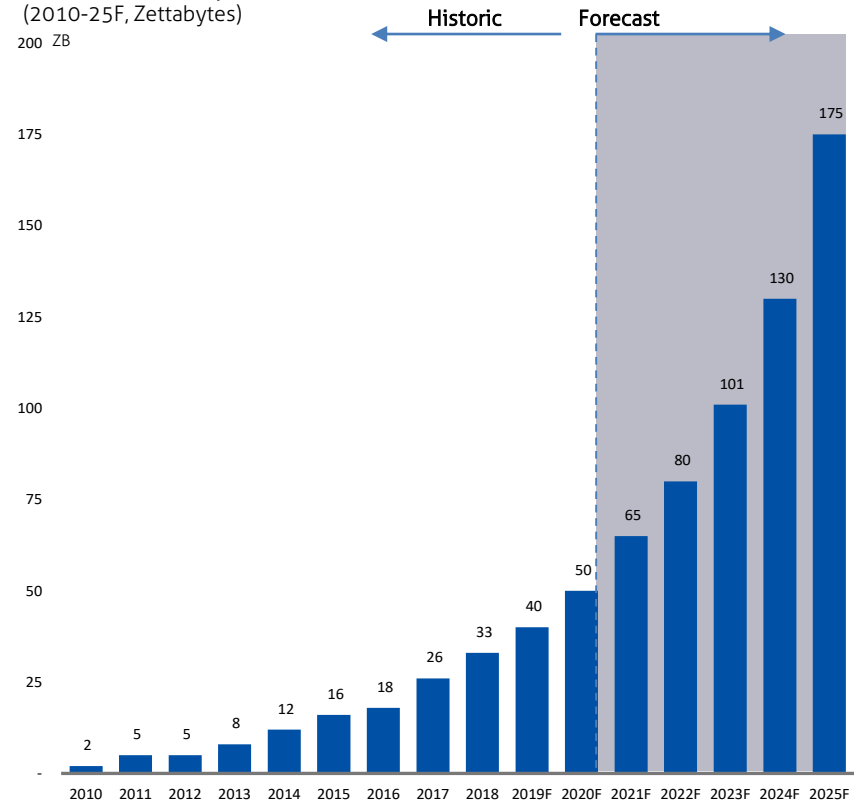
# Data Centers Global Market Trends

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

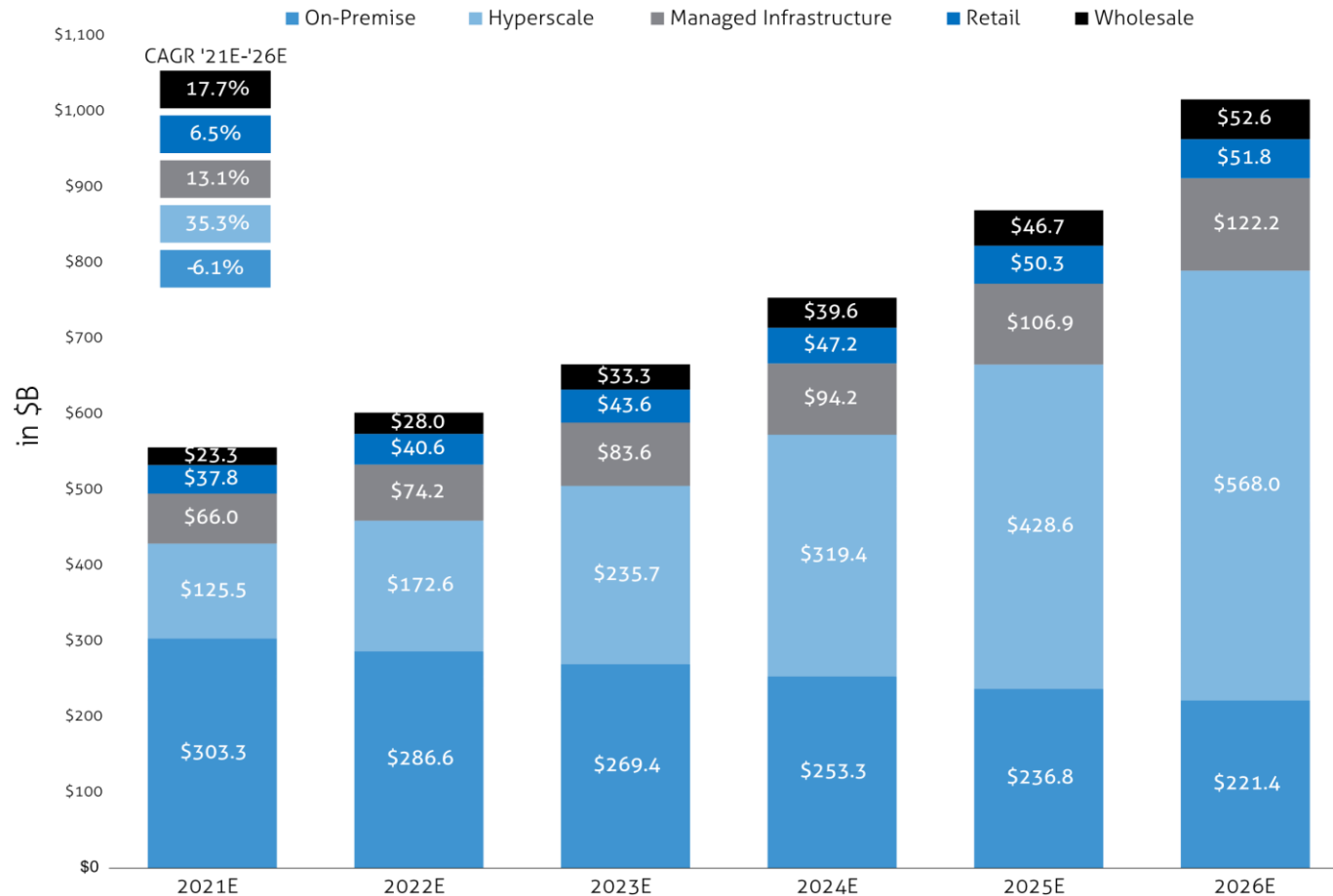
Size of Global Datasphere  
(2010-25F, Zettabytes)





# Data Centers Global Market Trends

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

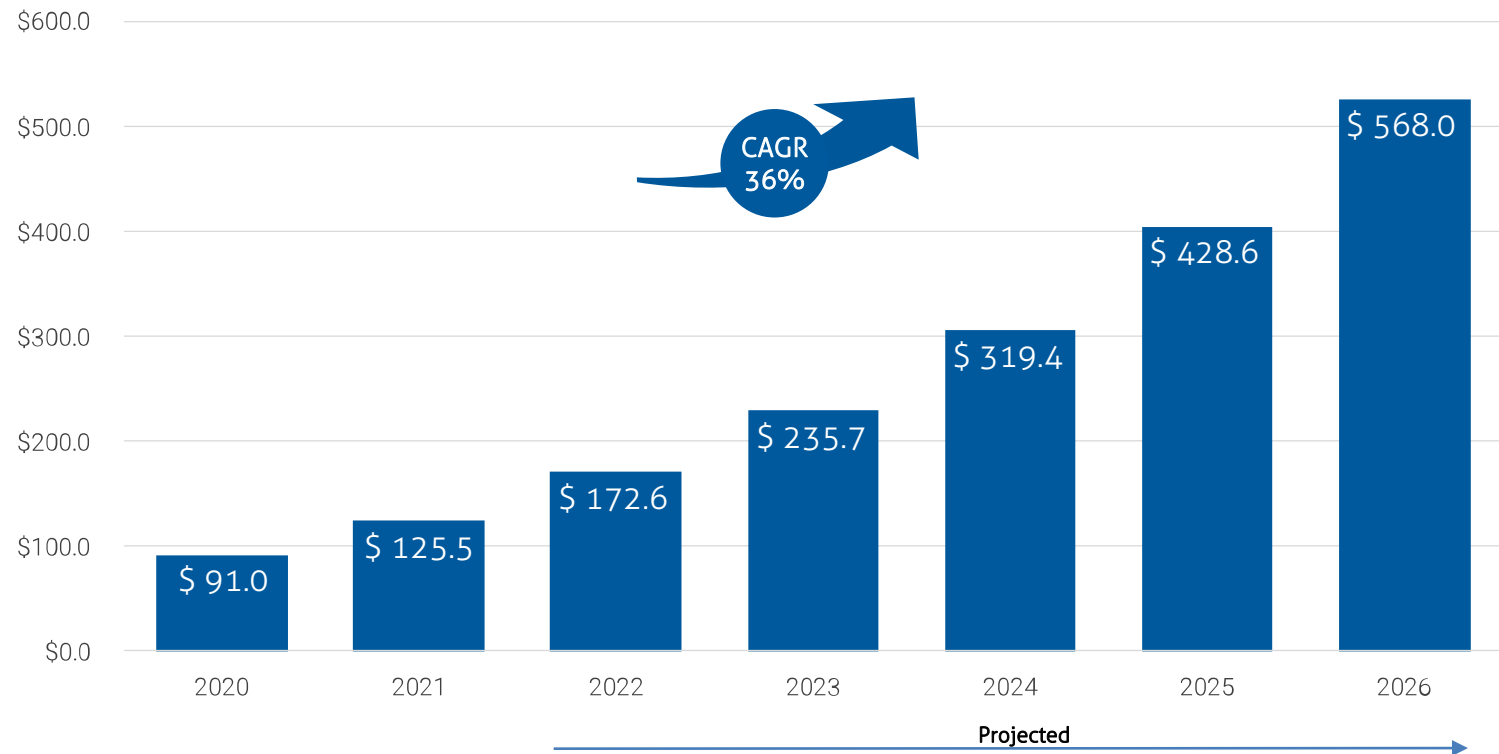


(1) Note: Hyperscale is the revenue that each of the eight CSP companies generate (Amazon, Microsoft, Alibaba, Google, IBM, Oracle, Tencent, Huawei)  
Source: Structure Research (December 2021), Cowen and Company



# Global Cloud Market Trends

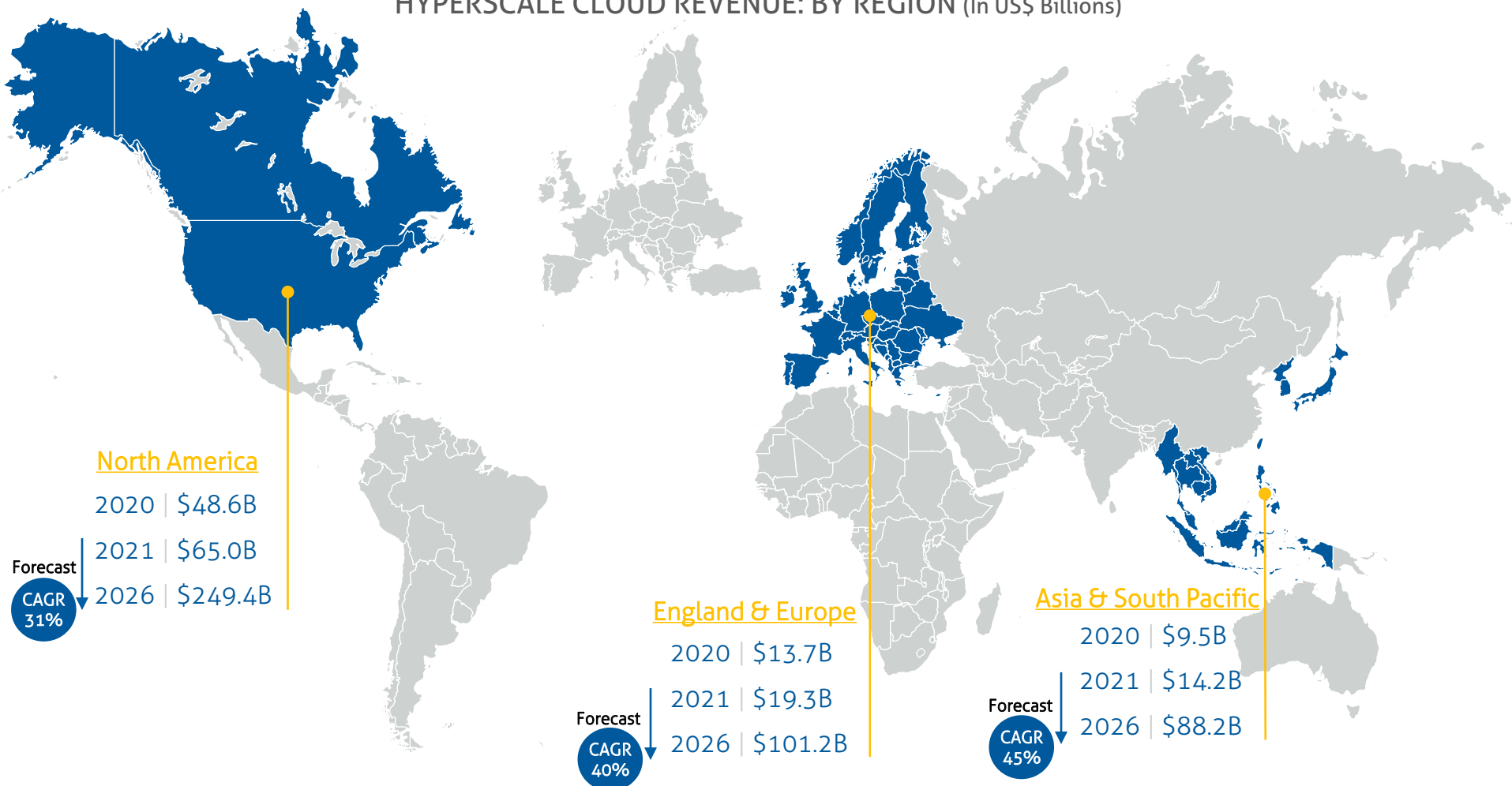
TOTAL HYPERSCALE REVENUE (IN USD BILLIONS): 2020-2026





# Global Cloud Geographic Market Trends

HYPERSCALE CLOUD REVENUE: BY REGION (In US\$ Billions)



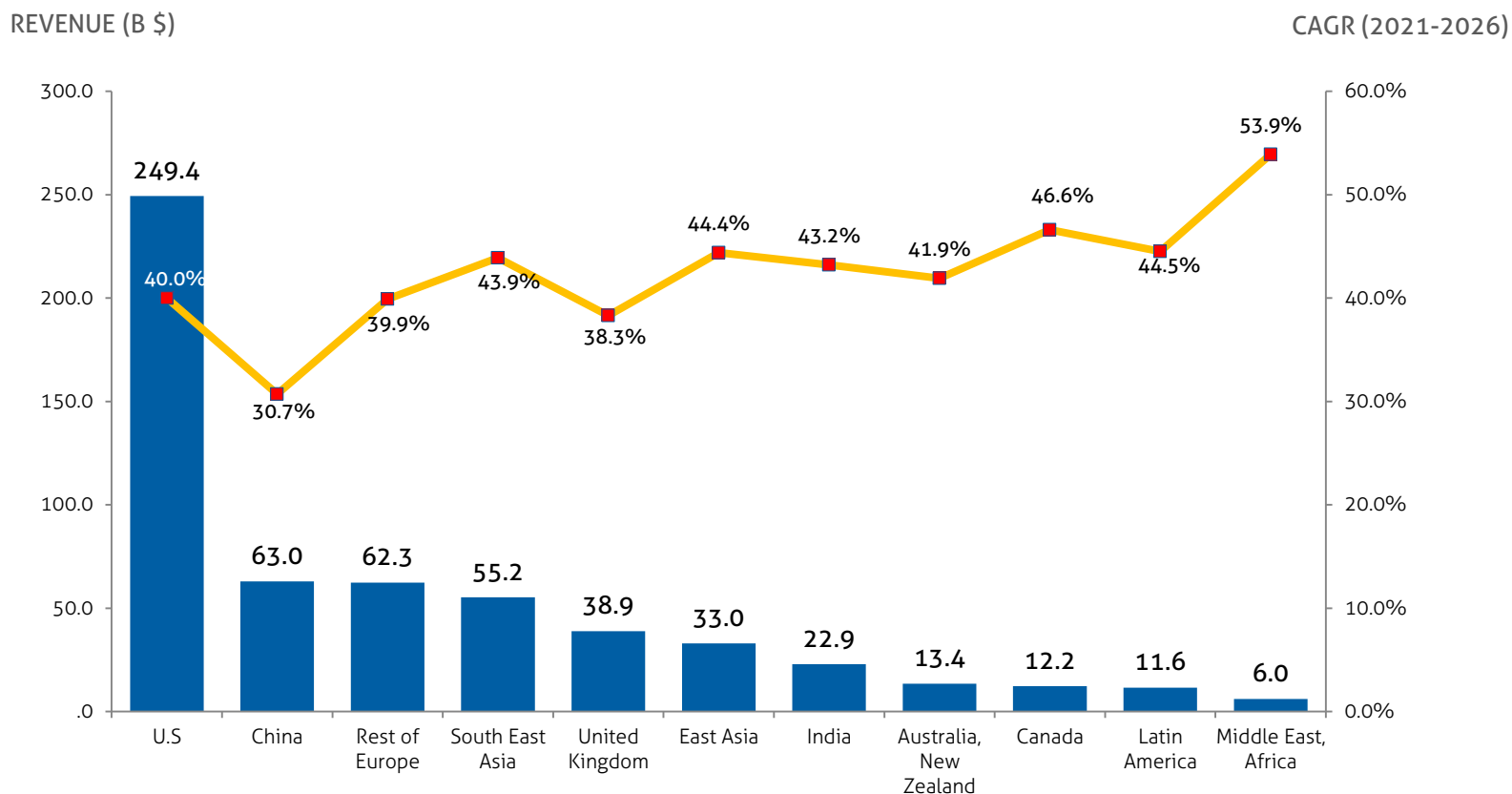
(1) Source: Structure research, November 2021



# Global Cloud Geographic Market Trends



## HYPERSCALE CLOUD REVENUE & GROWTH: BY REGION (2026 Forecast)

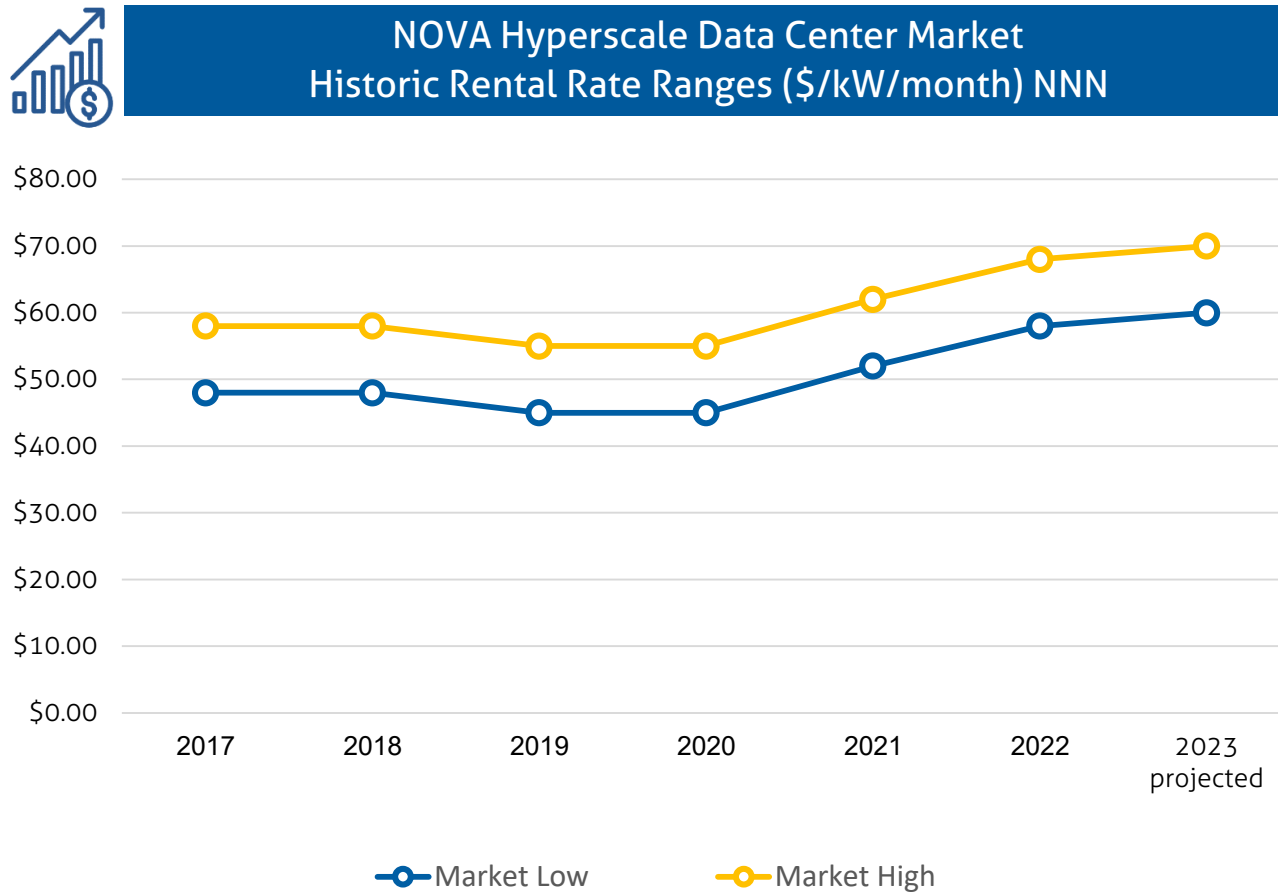


(1) Source: Structure research, November 2021





# Data Centers Global Market Trends





# Data Centers Strategy

Building  
Global  
Data Center  
platform

2021  
Green Mountain acquisition



Future Potential: ~915 MW

2019  
Compass acquisition



Future Potential: ~550 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 ”



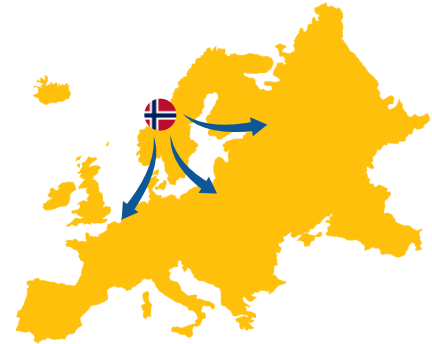
# Azrieli Group the Acquisition of Green Mountain

## Entering the data centers sector in Europe during 2021 through the acquisition of Green Mountain

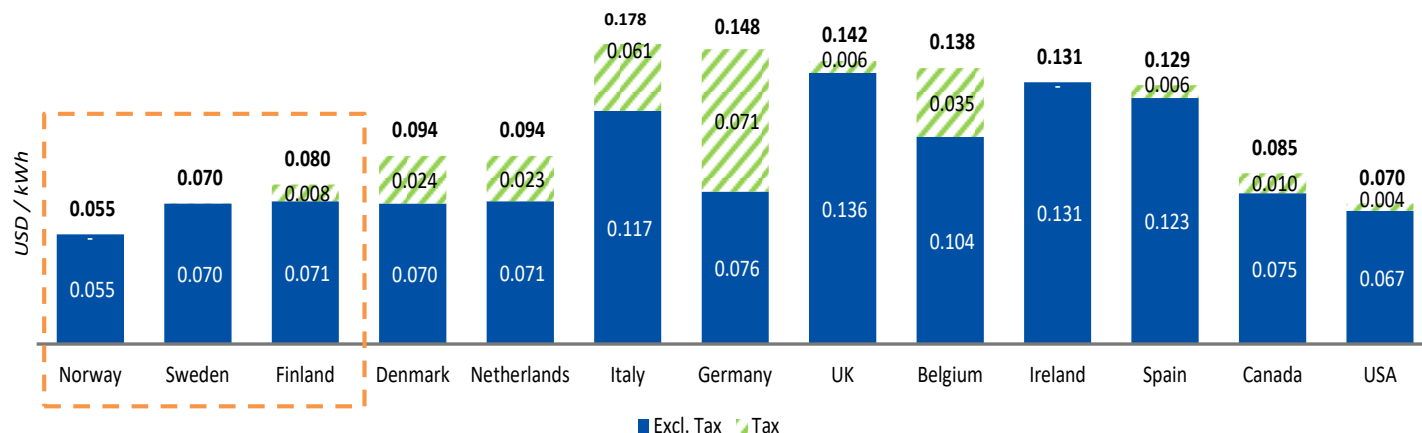
- A platform for significant growth throughout Europe.

### 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.



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

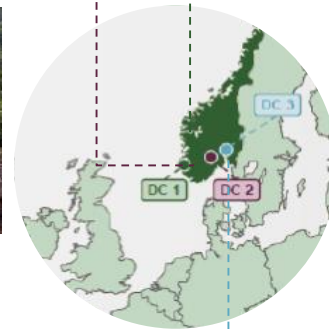
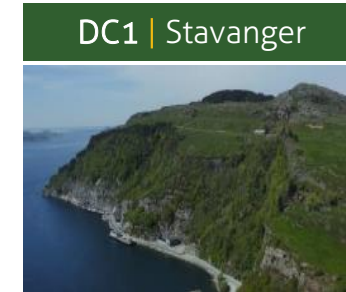
- 3 operating sites, currently generating ~24MW
- Potential for significant growth of 50-60% within 1-1.5 years

### 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
- 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).





# Azrieli Group Global Data Centers Activity



Contracted NOI<sup>(1)</sup>



Markets



Customers



MW Output  
Future Potential



~ \$ 27.8 Million  
NOI Annualized  
Proforma<sup>(2)</sup>

Norway



Hyperscale &  
Wholesale

~915 MW



~ \$ 146 Million  
NOI Annualized  
Proforma<sup>(2)</sup>

Focus on North America



Hyperscale &  
Wholesale

~550MW



~ \$ 173.8 Million  
NOI Annualized  
Proforma<sup>(2)</sup>

North America & EMEA



Hyperscale &  
Wholesale

~1,465 MW

(1) Data presented for 100%. The Group holds approx. 24% of Compass.

(2) Including agreements for space still under construction.





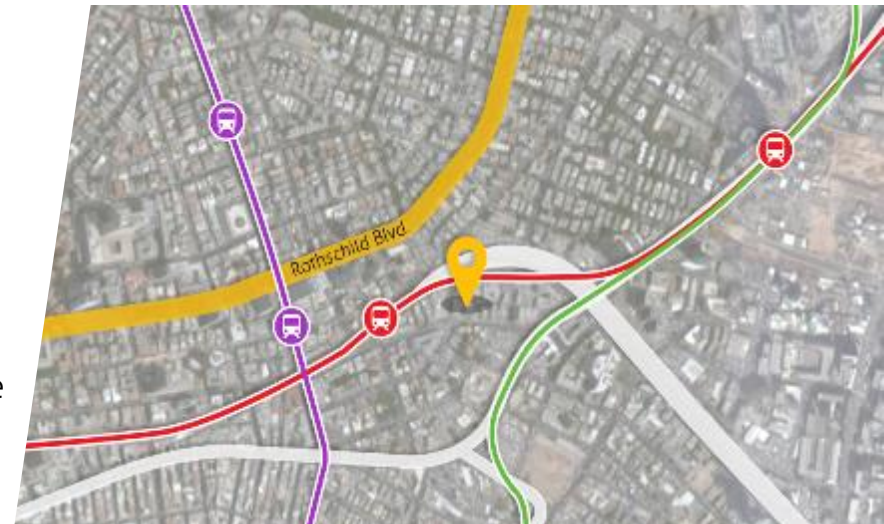
# Purchase of a Rental Housing Project in Tel Aviv

- 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 closed in January 2022<sup>(1)</sup>.
- 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.



(1) Acquiring of a company that is entitled to receive long term lease rights from ILA for lands in Ramat Hasharon.



# 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

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# Azrieli Group Malls and Retail Centers



NOI in 2021 – **NIS 665 million**, compared with NIS 425 million in 2020. The increase is attributed to higher discounts given to tenants due to the COVID-19 crisis during 2020.

Average occupancy rate – **99%**<sup>(2)</sup>

Book value – **NIS 13.1 billion**

GLA – **343,000 m<sup>2</sup>** <sup>(1)</sup>

## Innovation and Upgrading

**Azrieli E-Commerce**

**Azrieli Gift Card**

**Azrieli App**

**Betterment and upgrading of malls and retail centers**



(1) As of December 31<sup>st</sup>, 2021. GLA (gross leasable area) is based on the Company's share.  
(2) Excluding completed properties in the first stages of occupancy.





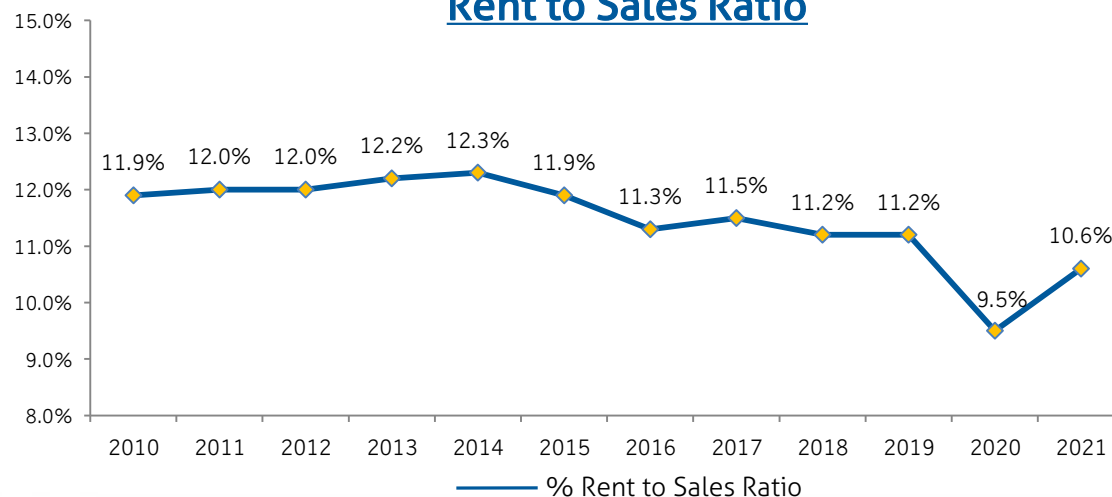
# Azrieli Group Malls Store Revenues and Rent to Sales Ratio

2-12 2021 <sup>(1)</sup>  
Vs.  
2-12 2019 <sup>(1)</sup>

+1.8%

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 2021 –  
**NIS 702 million**,  
compared with NIS 601 million  
in 2020.

GLA –  
**644,000 m<sup>2</sup>** <sup>(1)</sup>

Average occupancy rate –  
**99%** <sup>(2)</sup>

Book value –  
**NIS 15.0 billion**

## Innovation and Upgrading

**Community**

**Technology**

**Betterment and  
upgrading of the  
office towers**



(1) As of December 31<sup>st</sup>, 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 m<sup>2</sup><sup>(1)</sup>**  
comprises **1,033 units**

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

Book value –  
**NIS 2.8 billion**

## Operating Homes

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

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

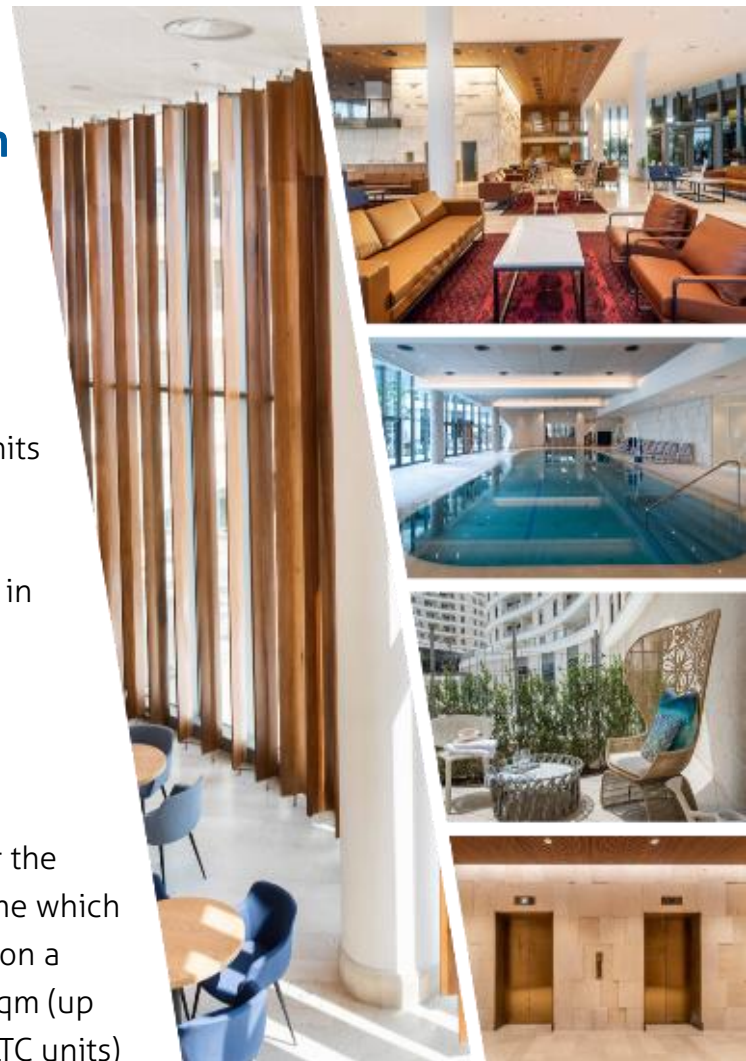
**Palace Ra'anana**  
**322** residential units + **2** LTC units

**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) As of December 31<sup>st</sup>, 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

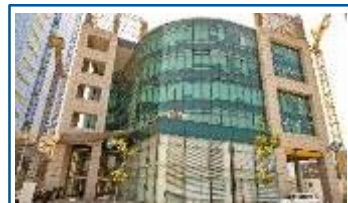
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# Azrieli Group Development Pipeline



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



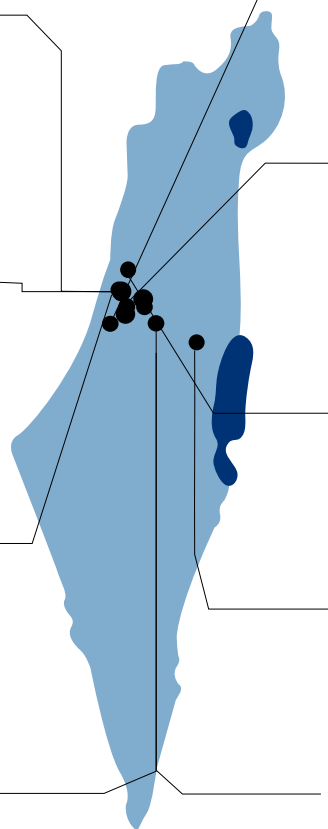
Azrieli Town Building E,  
Tel Aviv  
**21,000 m<sup>2</sup> (4)**



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  
**31,000 m<sup>2</sup> (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

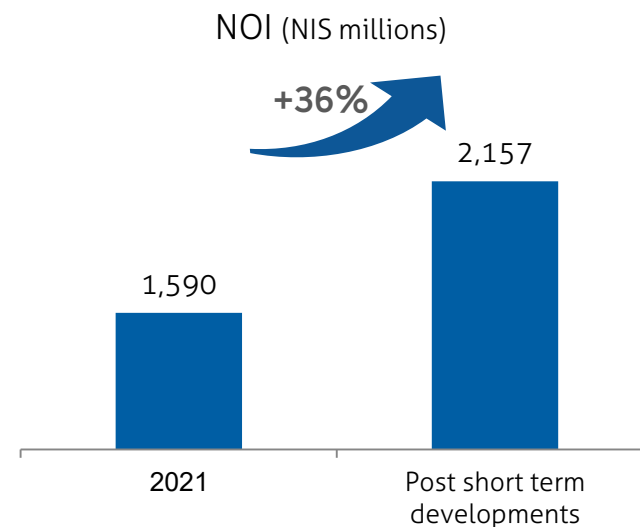
Name of Property	Location	Use	GLA <sup>(2)</sup>	Estimated Completion Date	Estimated Construction Cost, Including Land (NIS in millions) <sup>(1)</sup>
Short-term construction projects					
Azrieli Town <sup>(3)</sup>	Tel Aviv	 	Retail 4,000	2022	565-595
			Residence 21,000 (210 Residential Units)		
Place Lehavim	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
<b>Total</b>			<b>79,000</b>		<b>1,245-1,320</b>
Medium-term construction projects					
Palace Rishon Lezion	Rishon Lezion	 	37,300 <sup>(4)</sup>	2024	450-470
Expansion of Azrieli Mall and Spiral Tower	Tel Aviv	   	150,000 <sup>(4)</sup>	2026	2,450-2,650
Mount Zion Hotel	Jerusalem		34,000	2025	850-880
<b>Total</b>			<b>221,300</b>		<b>3,750-4,000</b>
<b>Total</b>			<b>300,300</b>		<b>4,995-5,320</b>
Development projects in the planning phase					
Holon 3 (formerly Lodzia)	Holon	 	250,000 <sup>(6)</sup>	TBD	TBD
Petach Tikva land	Petach Tikva	 	53,000 <sup>(5)</sup>	TBD	TBD
Azrieli TOWN Building E	Tel Aviv		21,000 <sup>(7)</sup>	TBD	TBD
Modi'in, Lot 10	Modi'in	 	37,000	TBD	TBD
<b>Total</b>			<b>361,000</b>		Projects whose construction cost is yet to be determined
<b>Total</b>			<b>661,300</b>		

(1) Cost without capitalizations and without tenant adjustments | (2) Senior housing and/or residential rights are stated in sqm | (3) The Company is promoting an increase of rights for the addition of office and hospitality areas totaling approx. 24,000 sqm (gross). | (4) A plan was published and validated. | (5) The Company is working to increase the building rights to approx. 280,000 sqm | (6) GLA increased due to consolidation of plots of land. | (7) Additional building rights which were purchased in May 2018 in the context of the purchase of the income-producing property Mivney Gazit.

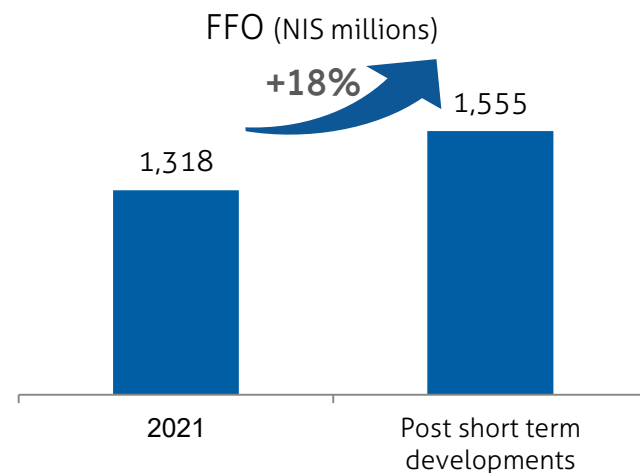


# Development Projects Expected Contribution\* to NOI and FFO

	(NIS millions)
Actual NOI in 2021	1,590
Addition due to COVID-19 relief	130
Additional NOI from development projects <sup>(1)</sup>	61
Annualized additional NOI from existing properties <sup>(2)</sup>	237
Addition due to occupancy of vacant spaces*	139
<b>NOI after population of short-term projects under development and full occupancy</b>	<b>2,157</b>



Actual FFO in 2021 incl. senior housing	1,318
Net of COVID-19 impact	100
Net of deposits from first-time population of Modi'in and Lehavim	(44)
Actual FFO in 2021 net of deposits from first-time population of Palace Modi'in and Lehavim and Covid-19 impact	1,374
Additional FFO <sup>(1)(2)*</sup>	181
<b>FFO after lease-up of short-term projects under development and full occupancy</b>	<b>1,555</b>



\* The calculations are not forecasts, and the basic assumption is occupancy rate of ~100%.

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%.

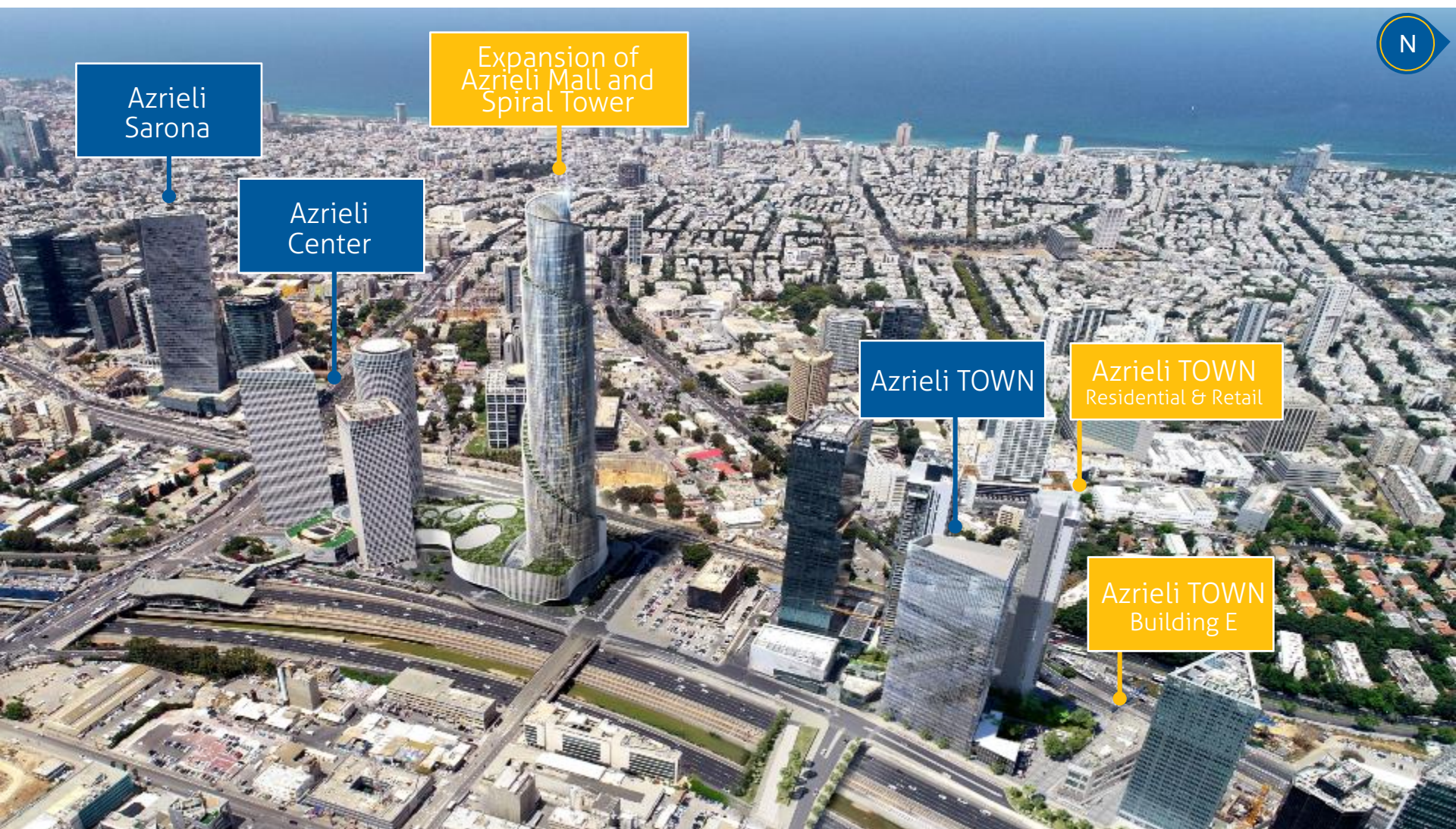
(1) **NOI from projects under development includes** Azrieli TOWN (in the current zoning plan, before additional rights), NIS 22 million from the leasing of residential units in the TOWN project, Modi'in Lot 21 and Check Post Haifa **and excludes** expansion of Azrieli Center Tel Aviv, Holon 3 project (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, Palace Lehavim which opened in May 2020, TOWN offices, Akko offices, Abraham Hostel, COMPASS and GREEN MOUNTAIN.





# Azrieli Group The CBD of Tel Aviv







## 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 – 2026

### 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 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, 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 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 410-420 million**

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

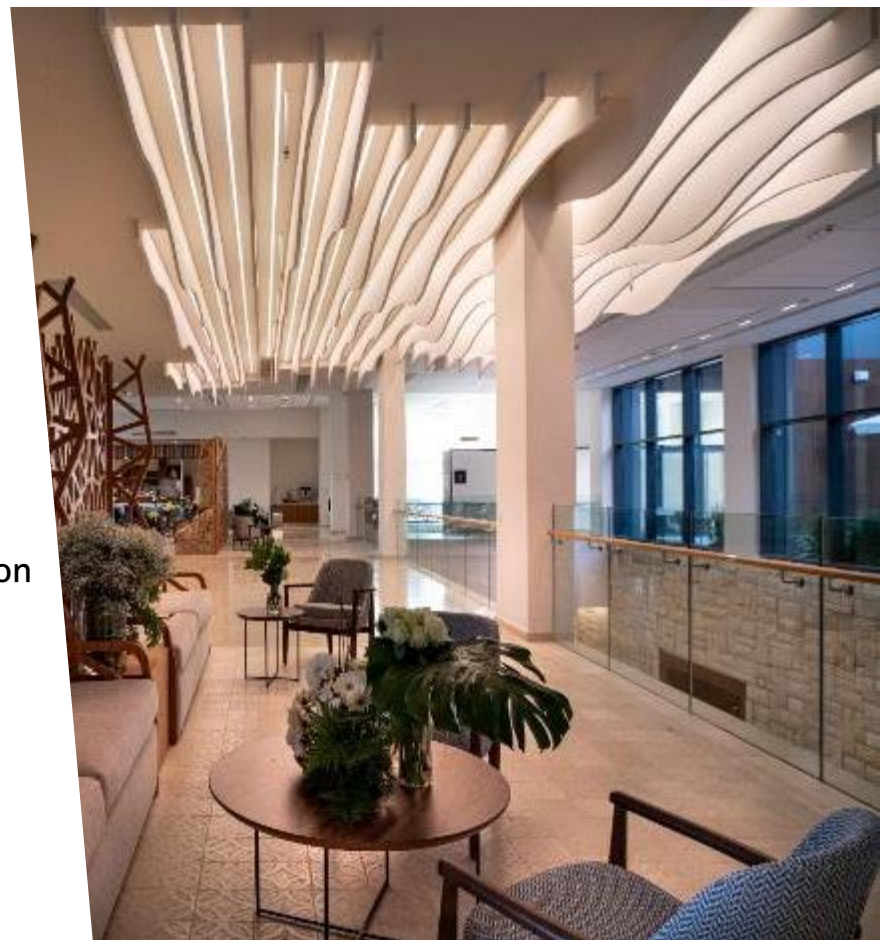
## Progress Update

Phase A completed and occupancy began in May 2020.

## Marketing

As of the Report Release Date – **203 contracts and preliminary applications** (84% of Phase A) have been signed, of which 195 are signed contracts, and **198 units have been occupied** (82% occupancy of phase A).

Phase B – **29 contracts and preliminary applications 27%**.



(1) Phase A – 241 units. Phase B – 109 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 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 (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.

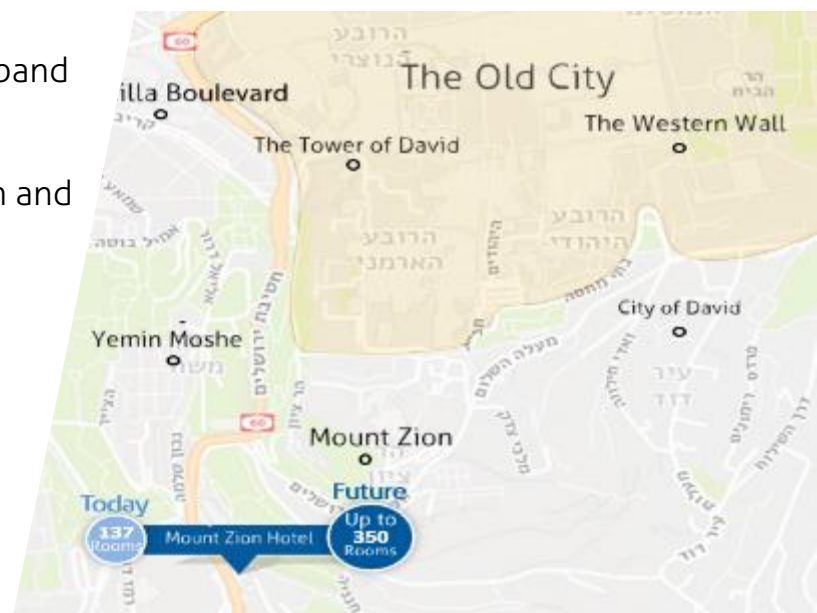
## Marketing

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 m<sup>2</sup>, 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.

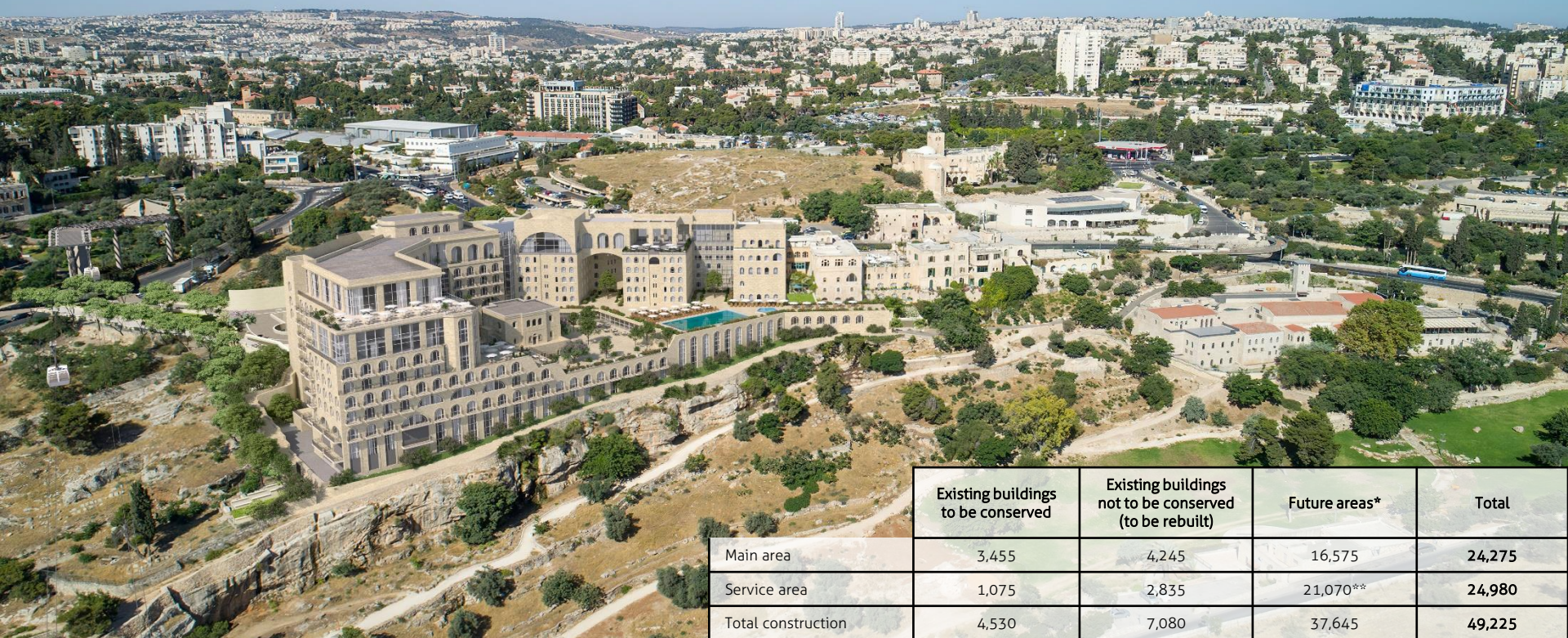




# Azrieli Group Purchase of Mount Zion Hotel, Jerusalem



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 approved under conditions	95,000 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 approved under conditions	24,000 sqm	Medium-term
Azrieli Rishonim	Rishon Lezion	Addition of offices 	Zoning plan approved	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
<b>Total</b>				<b>347,300 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 a gross area of approx. **95,000 sqm of floor space above ground.**

If the zoning plan is approved, it **will enlarge the retail areas** by approx. 20,000 sqm and the office areas by approx. 35,000 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 December 2021, the district committee approved the plan, subject to certain conditions.







# Development Projects Renovation and Upgrade of Assets

Azrieli Center Tel Aviv | Illustration



Azrieli Holon Mall | Skylight and Main Mall



Azrieli Center Roof Promenade | Illustration





# Azrieli Group's ESG Strategy



Building Israel while preserving the environment, developing the economy and nurturing society



## Construction & Design

Green Building Standard

- LEED
- Energy Star
- Israeli Standard 5281



## Environment & Community

Community projects to promote environmental awareness & education



## Corporate Governance

Responsible building practices

High corporate governance standards  
Promote and preserve human capital

Asset accessibility



## Recycling & Waste Reduction

Recycling project at Azrieli Center

Recycling initiatives in five additional assets



## Technology Investments

Promotion of Innovation in real estate and related fields



## Scholarships & Education

Scholarship fund for Group employees, their children and grandchildren

Adoption of:  **SUSTAINABLE DEVELOPMENT GOALS**



Release of first corporate social responsibility report for 2019-2020

[\(click here for the full report\)](#)

Report based on GRI-SRS reporting standard with additional references to SASB and two other real-estate sector standards





# Azrieli Group's Impact Model



## Tenants & Customers

- Creation of comfortable and unique spaces
- Support for durability and strengthening of businesses
- Creation of accessible and safe sites for social gatherings
- Boost the business opportunities for our tenants
- Range of leading brands in one place
- Creation of extraordinary customer experience
- Protection of customers' privacy



## Community & Society

- Development of sustainable sites
- Investment in infrastructures
- Strengthening of the economy
- Creation of jobs and opportunities
- Growth and reinforcement of the community



## Environment

- Planning, Construction and operation of green buildings
- Leading the recycling revolution in Israel
- Reduction of the carbon footprint of the tenants and the Company's properties
- Promotion of environmental innovation and technological development
- Raising of environmental awareness



## Human Capital

- Promotion of organizational transparency and ethics
- Employee training and development
- Promotion of gender diversity and equality
- Promotion of employee welfare and experience
- Creation of a safe workplace

## Impact

**60M**  
visitors per year

**40K**  
office workers

**97%**  
average occupancy rate  
in Israel

**50**  
properties in Israel





# Environment and Sustainability



Construction

**37%**

constructed according to domestic or international green standards

**14** of the Group's properties totaling area of **499,000 m<sup>2</sup>**



Group goals include:

**100%** of planned retail, offices and hospitality spaces to be LEED certified

**10%** of planned parking spaces allocated for electric vehicle charging

**50%** recycled waste within 3 years

Decreasing the amount of waste sent to landfills by 50% over the next 3 years

Current



Recycled waste

In 3 years



Recycled waste



## Sustainable planning

- Mixed use assets
- Access to sustainable transportation
- Accessibility of assets
- Use of sustainable materials
- Integration of advanced waste systems
- Biodiversity considerations
- End user convenience
- Safety and health of structures
- Water saving and water seepage into the soil
- Electricity savings and energy efficiency
- Efficiency of use of land resources



# Society and Governance



## Employees

### Gender Equality

- No gender pay gaps
- 31% women in Group management
- 44% women on Group Board

### Employees and Work Environment

- 361 employees (as of December 2020).
- 9,652 training hours during 2019-2020
- ~84% of employees on average received timely performance assessments
- Average tenure in the company is 6.8 years
- No employees dismissed during COVID outbreak



## Community, Tenants and Visitors

The annual budget for CSR and community involvement:  
**The higher of NIS 20 million or 1.5% of the net profit**

The Azrieli Group is among the five companies that contributed most to Israeli society in 2019, according to a study by Tel Aviv University in collaboration with the Ma'ale Index.



### Establishment of a tenant relief plan and aid fund – During COVID

- NIS 100 million fund
- Full exemption from rent and full / partial exemption from management fees during COVID lockdowns

**5.69%** of the Group's shares held by the Azrieli Foundation, a philanthropic foundation working to strengthen Israeli society.



**8.7%** held by the Azrieli Foundation Canada

**100%** of the Group's properties are accessible



## Corporate Governance and Ethics

### Corporate Governance

- 96% average board meeting attendance
- 100% board of directors with appropriate qualifications
- 55% independent or outside directors
- 44% women on Group board including the chair

### Ethics

- The Group's Code of Ethics → [click here](#)

### Safety

- 700 hours of safety training provided to ~80 employees in 2020
- Procedures for managing, investigating and preventing safety incidents
- Protecting customers' privacy and information security



AZRIELGROUP

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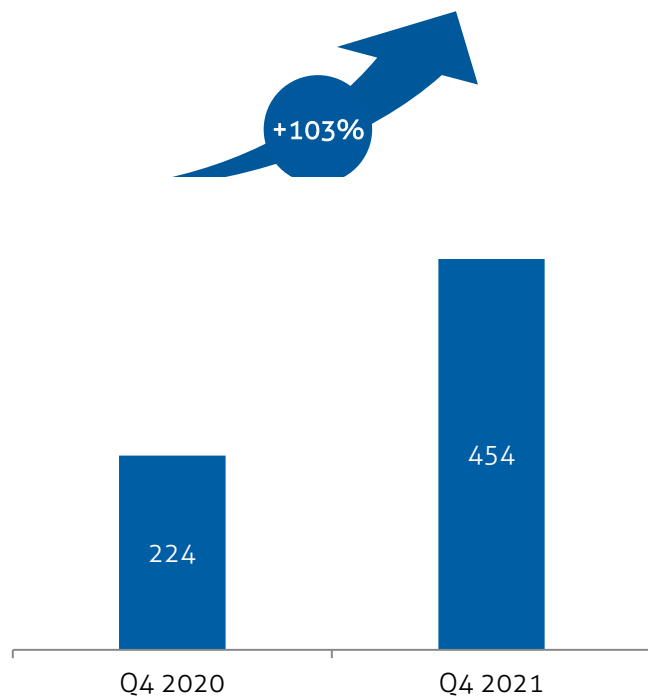
# Financial Highlights, Debt & Leverage

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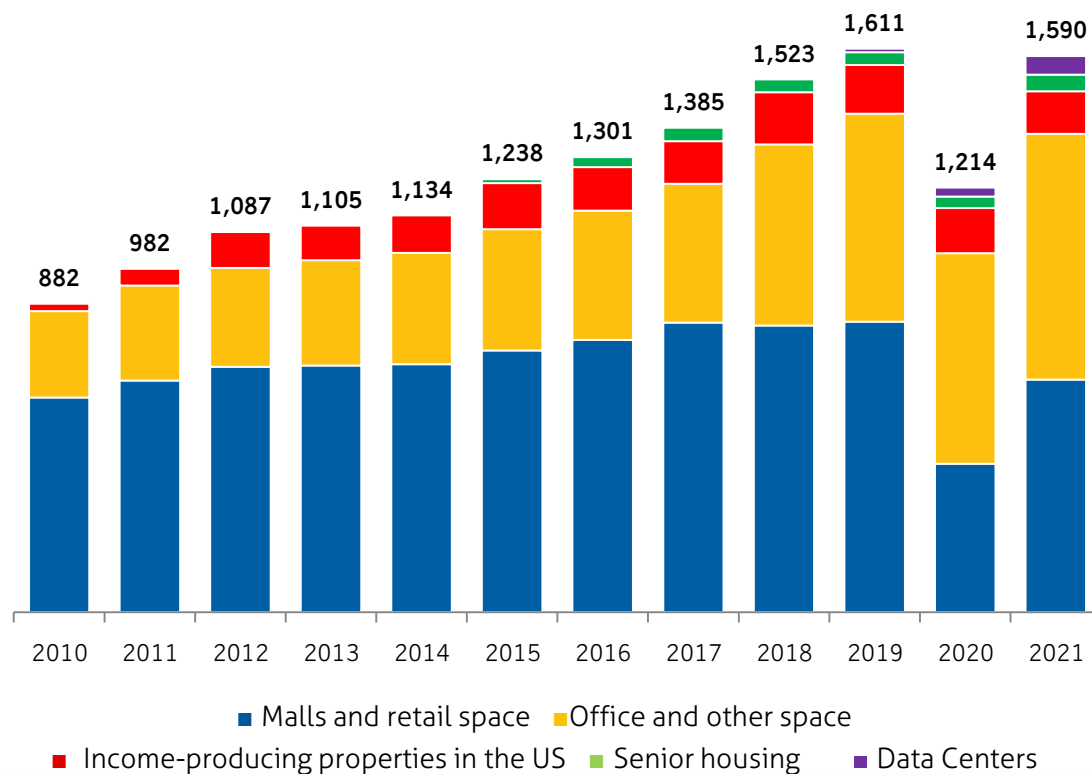


# Constant NOI Growth

Quarterly NOI  
(NIS in millions)



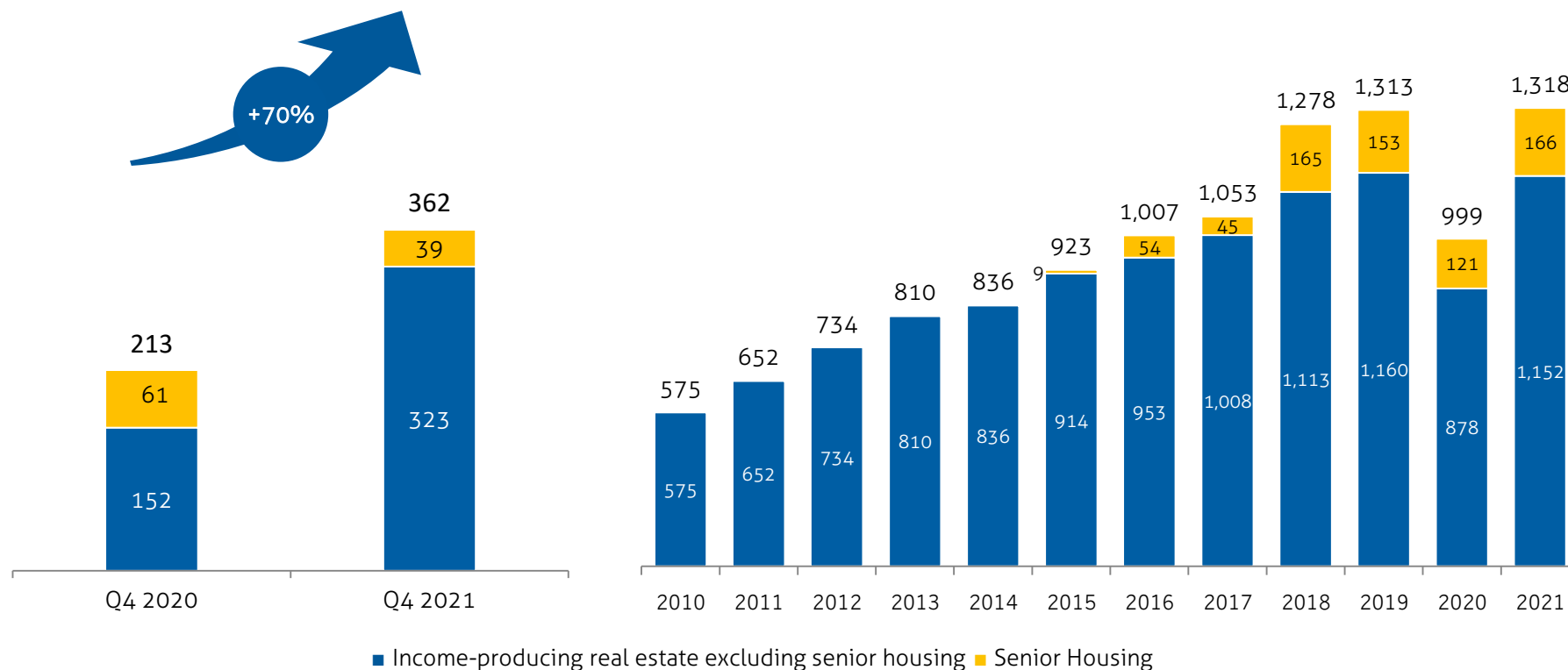
Annual NOI  
(NIS in millions)



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

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

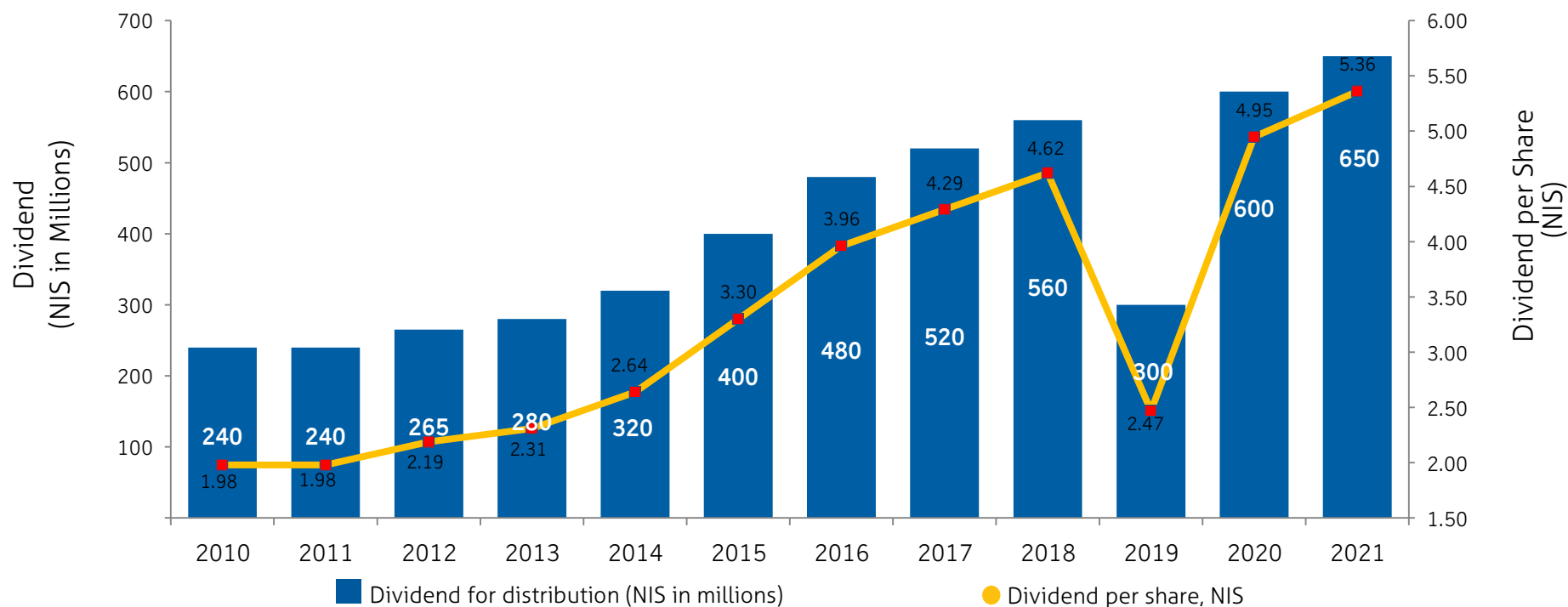
FFO attributed to the Real Estate Business<sup>(1)</sup> (NIS in millions)



(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 650 million for 2021

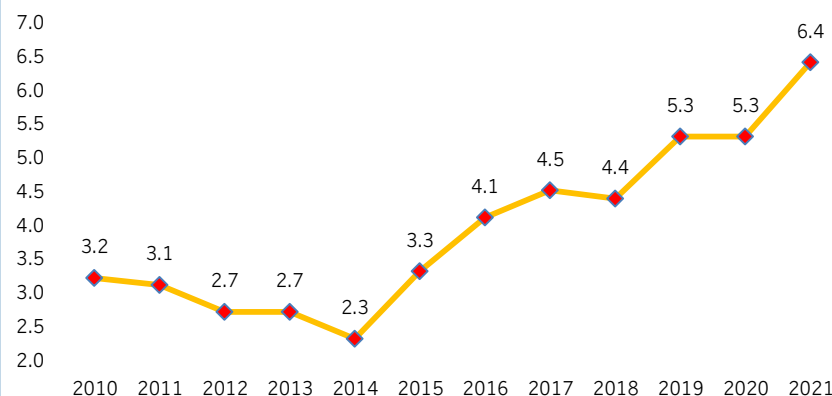


# Extension of the Duration and Reduction of the Cost of Debt

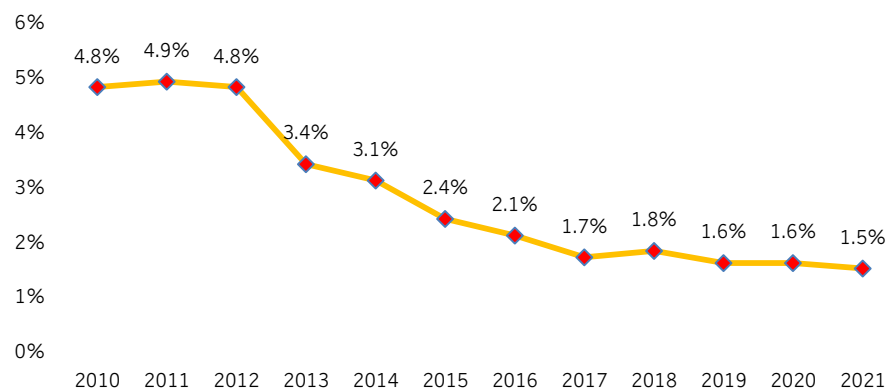
## Financial Strength<sup>(1)</sup>

- > Low leverage – net financial debt to assets ratio of **29%**
- > Equity to assets ratio of **49%**
- > Cash and cash equivalents totaling **NIS 2.9 billion**
- > Unencumbered assets totaling **NIS 29 billion**

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

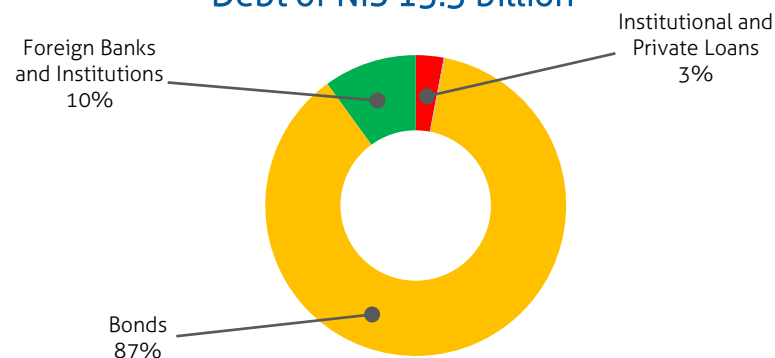


## Decrease of Average Effective Interest Rate Over the Years <sup>(2)</sup>



## Debt Breakdown by Lender

### Debt of NIS 15.3 billion

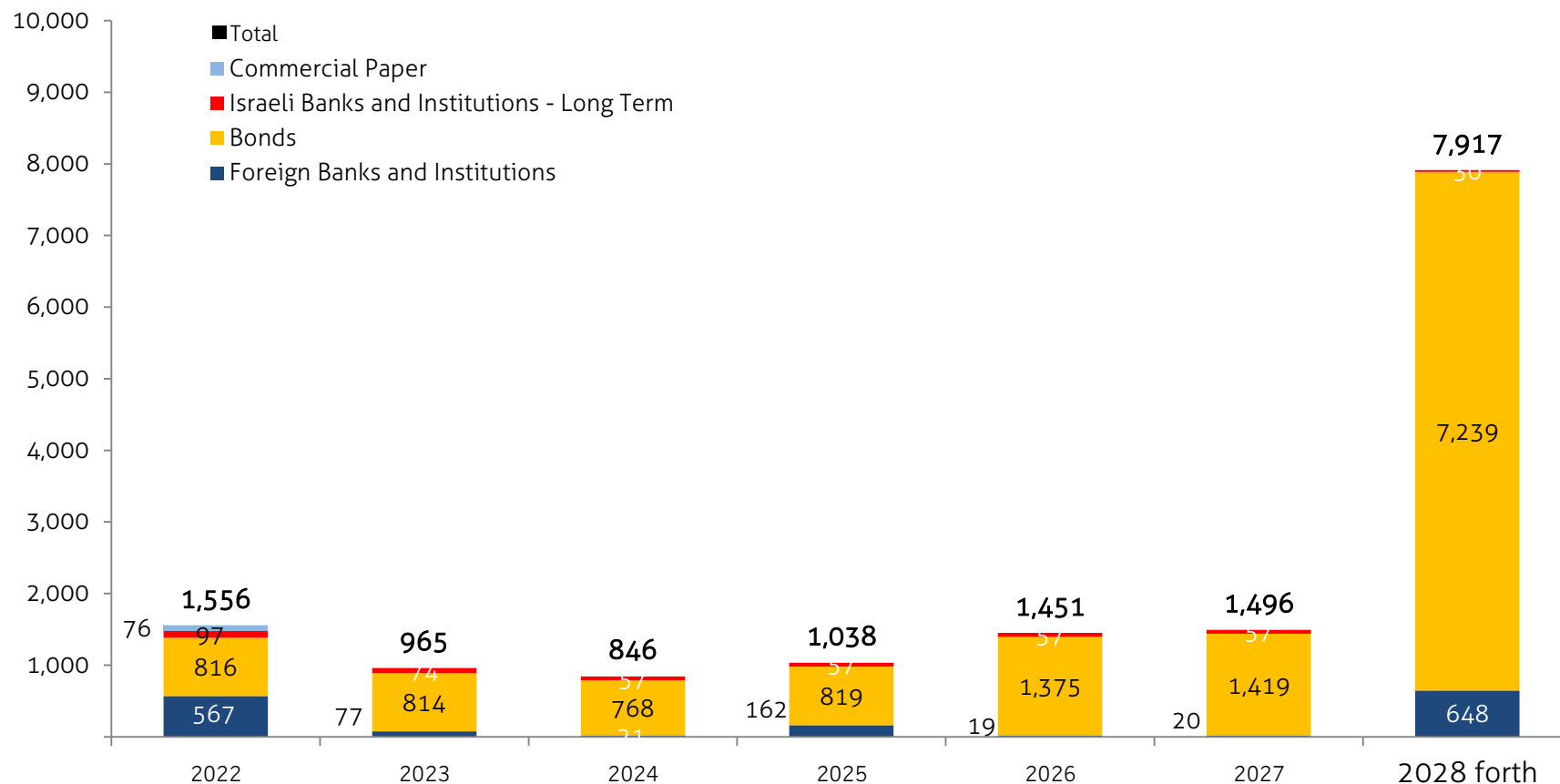


(1) As of December 31, 2021.

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

# Payment Schedule (Principal Only)

Consolidated as of December 31, 2021



# Summary of Financial Results (NIS in millions)

	Consolidated Q4 2021	Consolidated Q4 2020	Consolidated 2021	Consolidated 2020
Revenues from rent, maintenance, management fees and sales	627	371	2,210	1,798
NOI	454	224	1,590	1,214
Same-property NOI	413	221	1,490	1,216
FFO attributed to the real estate business <sup>(1)</sup>	362	213	1,318	999
Change in the value of investment properties <sup>(2)</sup>	1,695	(237)	1,880	(588)
Net profit (loss), including minority interests	2,209	(29)	2,889	184
Net profit (loss), attributable to the shareholders	2,210	(30)	2,889	189
Comprehensive income (loss), attributable to the shareholders	2,232	12	3,237	(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 December 31, 2021	Consolidated December 31, 2020
Cash, securities and deposits	2,887	2,665
Gross financial debt	15,269	11,820
Net financial debt <sup>(1)</sup>	12,382	9,155
Net financial debt to assets	29%	26%
Financial assets (mainly Bank Leumi shares)	1,288	866
Fair value of investment properties and properties under construction	34,137	29,266
Equity (excluding minority interests)	20,742	18,101
Equity to assets	49%	52%
Total assets	42,371	35,124
Equity per share (NIS)	171.0	149.3
EPRA NRV per share (NIS) <sup>(2)</sup>	208	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 – 6.8%

	NIS in millions
Total investment properties, as of December 31, 2021	34,294
Net of the value attributed to land reserves, properties under construction and senior housing and DATA CENTERS	(7,822)
Total income-producing properties	26,472
Actual NOI Q4/2021 <sup>(1)</sup>	411
Future quarterly NOI addition	39
Total standardized NOI Q4/2021	450
Proforma annual NOI	1,800
Weighted cap rate derived from income-producing investment properties, including vacant space	6.8%

Annual FFO <sup>(2)</sup> attributed to the real estate business - NIS 1,318 million

	NIS in millions
Net Operating Income (NOI)	1,590
Overhead	(177)
Depreciation	14
EBITDA	1,427
Net interest expenses	(192)
Tax	(88)
Cash flow from senior housing deposits excl. depreciation	142
Excluding financial expenses attributed to development projects	29
Total FFO attributed to the income-producing real estate business	1,318

(1) Excluding senior housing, (the weighted cap rate of the senior housing as of the report date is 8.25%) which appear in the statements according to the method of fixed assets and excluding Data Centers. |  
 (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

