

November 23, 2022

Azrieli Group Releases Q3/2022 Results

NOI in Q3 is up 20% year-over-year, totaling some NIS 513 million

Based on Q3 figures, the annual NOI exceeds NIS 2 billion for the first time, excluding signed Data Center contracts not yet producing income

Same Property NOI in Q3 is up 9% year-over-year

The Group is presenting record occupancy rates in all of its core business – offices, malls and senior housing

FFO in Q3 totaled some NIS 330 million compared with around NIS 357 million year-over-year, including many resident move-ins at Palace Modi'in and Palace Lehavim

Net profit attributable to the shareholders was up around 76% totaling some NIS 330 million compared with around NIS 187 million last year

Financial Highlights for Q3/2022

- **NOI in Q3** totaled some NIS 513 million, up around 20% from Q3/2021. The increase mainly derives from the malls segment (including the acquisition of Mall Hayam), and in the offices segment from rent increases, and the Data Centers segment.
- **Same Property NOI** is up around 9% year-over-year.
- **FFO excluding senior housing** totaled some NIS 321 million in Q3 compared with around NIS 315 million, up some 2% year-over-year. **The total FFO** in Q3 totaled some NIS 330 million compared with around NIS 357 million in the same quarter last year. The growth in the FFO (excluding senior housing) was offset due to the significant investments in the Data Centers segment, which are not yet producing income and also include growth in general, administrative and financing expenses which are mainly related to the acquisition of the Data Centers company Green Mountain. In the senior housing segment, in the same period last year, the Company populated a significant number of apartments in Modi'in and Lehavim.
- **Net profit** attributable to the shareholders totaled approx. NIS 330 million in Q3, compared with a profit of around NIS 187 million last year, up around 76%. **Comprehensive income** in Q3 totaled some NIS 208 million compared with a profit of around NIS 273 million last year. The decrease mainly derives from a decrease in the Bank Leumi stock. During Q3, appreciation of around NIS 174 million was recorded in the value of investment property, mainly due to the rise in the index. The growth in profit was offset in part due to a rise in the interest expenses, also mainly due to the rise in the index together with growth in overseas debt for Data Center investments.
- **During the quarter, the Group invested approx. NIS 1.8 billion in investment property**, in acquisition, development, construction of new properties and in upgrade and betterment of preexisting properties (around NIS 1.4 billion for Mall Hayam), and around NIS 2.6 billion since the beginning of the year.

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Eyal Henkin, CEO of Azrieli Group: "We are happy to close another good quarter in the Group's operations. The offices segment continues to see high demand thanks also to the geographic dispersion and nature of the properties, together with the diversity of the tenants. In addition, the moves we led to upgrade the Triangular Tower are continuing to be reflected in the impressive growth in the operating parameters. From this quarter, the retail operations, are presenting impressive growth in store revenues and the NOI, even without the newly acquired Mall Hayam, despite the significant increase in outgoing travel by Israelis in the summer months. We are pleased to see the increase in the number of mall visitors and are continuing our efforts to maintain this positive trend. Development of the Data Centers operations, one of our key growth engines in the coming years, is making big strides forward, and the significant contribution of the signed contracts that are not yet producing income will be expressed with the completion of the many projects under development. We are continuing to develop our new business segments while exploring new business opportunities across the board".

Occupancy Rates and Store Revenues

- **The average occupancy rate** (excluding properties under lease-up) was 99% in the malls segment, 97% in the office space in Israel segment, and 98% in senior housing.
- **Store revenues** – During Q3, an 8.1% increase was recorded in store revenues in the malls compared with the same quarter last year.

Business Developments

- **At the beginning of Q3, the Company closed the acquisition of Mall Hayam in Eilat**, and the mall's results are reflected in the Group's financial statements for the first time.
- **Bond offering** – In July, Azrieli Group completed a bond offering by way of expansion of three series (D, F, H). Demand of around NIS 3.7 billion was recorded in the offering, and the Company raised around NIS 3 billion in the three series, with an average interest rate of 2% and an average duration of 8.1 years.

Balance Sheet as of September 30, 2022

- The Group has **cash, deposits and short-term investments** amounting to approx. NIS 3.7 billion and together with Bank Leumi stock, cash and cash equivalents and marketable securities – around NIS 4.8 billion.
- **Net debt** (including Leumi) totals approx. NIS 14.4 billion.
- **The value of investment property and investment property under construction** totals approx. NIS 38 billion.
- **The equity to assets ratio** is approx. 46% and the **net debt to assets ratio** is approx. 33%.
- **Unencumbered assets** total approx. NIS 32 billion.

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Conference call

The Company will hold its quarterly conference call, hosted by the Group's senior management, Today (Wednesday, November 23rd, 2022) at 17:00 pm Israel local time (16:00 CET; 15:00 United Kingdom time, and 10:00 am Eastern Time).

The call will include a review of the Company's Q3/2022 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 register in the following link:

<https://register.vevent.com/register/BI0880a55c20964d20be4d03162f013b1e>

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