

March 22, 2023

Azrieli Group Releases Q4/2022 and Y2022 Results

NOI in Q4 is up 13% year-over-year, totaling some NIS 511 million

The NOI in 2022 up 23% year-over-year, totaling approx. NIS 1,953 million

Same Property NOI in Q4 is up 7% year-over-year and up 16% in Y2022 year-over-year

FFO (excluding senior housing) in Q4 totaled some NIS 335 million and in Y2022 some NIS 1,275 million, up 4% and 11%, respectively, year-over-year

The Company will distribute a NIS 700 million dividend

Financial Highlights for Q4/2022

- **NOI in Q4 totaled some NIS 511 million, up around 13% year-over-year.** The increase mainly derives from the acquisition of Mall Hayam and from the rent increases in malls and offices.
- **In 2022, the NOI totaled some NIS 1,953 million, up some 23% compared with 2021.** The increase derived mainly from the acquisition of Mall Hayam, occupancy of Bezeq's former space in the Azrieli Towers, and the acquisition of Green Mountain. Also, at the beginning of 2021 the malls business was impaired by Covid (Omicron wave).
- **Same Property NOI** was up around 7% in Q4 and 16% in Y2022, year-over-year.
- **FFO excluding senior housing** totaled some NIS 335 million in Q4 compared with around NIS 315 million year-over-year, up some 4%. In Q4, **the total FFO** was approx. NIS 362 million, similar to last year. The increase in the FFO (excluding senior housing) was offset due to the significant investments in the data center business, which are not yet producing income and which also include an increase in general, administrative and financing expenses mainly related to the acquisition of the data center company Green Mountain. A decrease in the NOI of the income-generating real estate operations in the U.S. also contributed.
- **The FFO excluding the contribution of senior housing** totaled approx. NIS 1,275 million in 2022, compared with approx. NIS 1,152 million in 2021, up some 11%. The **total FFO** for 2022 was approx. NIS 1,360 million, compared with NIS 1,318 million in 2021, up some 3%. The FFO increase was offset mainly due to the significant investments in the data center business.
- **Net profit** attributable to the shareholders totaled approx. NIS 323 million in Q4 and approx. 1,792 million in 2022. **Comprehensive income** totaled some NIS 429 million in Q4 and some NIS 1,964 million in 2022. The profit decreased in comparison with 2021 mainly due to higher revaluations year-over-year, as well as a rise in the interest expenses (linkage differentials due to the rise in the index) together with growth in overseas debt for data center investments.

Azrieli Group Ltd.

Danna Azrieli, Chairwoman of Azrieli Group, said: “We are closing 2022 with record results for the Azrieli Group and continued growth in all of the Company’s areas of business in Israel. In a year full of challenges for both the Israeli and global economies, the high standard of our properties, our diversity of operations, financial robustness, and conservative and responsible management, highlight the Group’s strengths, enable us to continue the expansion and betterment of existing projects, which create significant opportunities for us in the market. Alongside the growth of our various operations, we have continued to prioritize promoting corporate social and environmental responsibility, which is an important and main pillar of the Group’s operations. I hope that in 2023, which began with an upheaval in Israeli society, we will focus our efforts on what unites us, and find a common path for the continued growth and resilience of the State of Israel”.

Eyal Henkin, CEO of Azrieli Group, said: “We are closing a good year with continued growth in the core business and in retail, offices, and senior housing, as expressed in an increase in the operating parameters. These areas form a strong anchor of the Group’s operations, and we will continue to work to maintain this trend. The development of the data center business, which is one of our growth engines, is making huge progress, and we recently reported a significant transaction for the construction of a data center campus for TikTok, which is a significant step forward in the development of the business and in the expansion of our presence in Europe. The Azrieli Group has always been characterized by investment in new growth engines alongside uncompromising conservative conduct. We believe that this period of global uncertainty highlights the importance of this strategy, which we intend to continue implementing.”

Occupancy Rates and Store Revenues

- **The average occupancy rate** (excluding properties under lease-up) was 99% in malls, 97% in the office spaces in Israel, and 98% in senior housing.
- **Store revenues** – In March-December 2022, a 4.9% increase was recorded in store revenues in the Group's malls year-over-year (January-February 2021 were excluded due to the lockdown and Omicron wave). The increase is excluding the Mall Hayam in Eilat.

Data Centers

- **At the beginning of March 2023**, the Group announced a significant data center transaction in which Green Mountain, a wholly-owned subsidiary, will build a data center campus for TikTok, comprised of a number of buildings in the which the customer will be supplied with a total power capacity (electricity) of 90 MW. The campus will be built in a number of stages, and during Q4/2023 the first 30 MW of supply are expected on an 11-year contract. The remaining 60 MW of the capacity will be supplied during 2024 in 2 more stages with 10-year contracts. The customer has a number of options to increase the capacity by tens of MW. **The transaction is expected to produce an average annual NOI of some \$79 million, assuming its full operation (90 MW).**

Balance Sheet as of December 31, 2022

- The Group has **cash, deposits, and short-term investments** totaling approx. NIS 3.4 billion, and together with Bank Leumi stock, cash and cash equivalents and marketable securities – around NIS 4.4 billion.
- **Net debt** (including Leumi) totals approx. NIS 16 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 33 billion.

Conference call

The Company will hold its annual conference call, hosted by the Group's senior management, today (Wednesday, March 22nd, 2023) at 16:00 Israel local time GMT+2 (15:00 CET; 14:00 United Kingdom time and 10:00AM Eastern Time). The call will include a review of the Company's FY-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 and log in this link:

<https://register.vevent.com/register/Bla3d76872b35c447d8e39bde684f7b4e4>

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