

May 24, 2023

## **Azrieli Group Releases Q1/2023 Results**

**NOI in Q1 is up 15% year-over-year, totaling some NIS 525 million**

**Same Property NOI in Q1 is up around 9%**

**FFO (excluding senior housing) in Q1 is up 8% totaling some NIS 335 million. Total FFO is up 4% at around NIS 350 million**

### **Financial Highlights for Q1/2023**

- **NOI in Q1 totaled some NIS 525 million, up around 15%** year-over-year. The increase mainly derives from the acquisition of Mall Hayam together with rent increases in malls, offices and data centers.
- **Same Property NOI** was up around 9% in Q1.
- **FFO excluding senior housing** totaled some NIS 335 million in Q1 compared with around NIS 310 million year-over-year, up some 8%. In Q1, **the total FFO** was approx. NIS 350 million, compared with around NIS 337 million year-over-year, up some 4%.
- **Net profit** attributable to the shareholders totaled approx. NIS 377 million in Q1 compared with around NIS 336 million year-over-year. **Comprehensive income** totaled some NIS 330 million in Q1 compared with around NIS 484 million year-over-year.

**Eyal Henkin, CEO of Azrieli Group, said:**

“We are closing another quarter with continued growth in all parameters. The Group’s operations in the malls and offices segments are continuing to present good growth and high occupancy rates. The data centers operations are continuing to gain momentum, and its contribution to the business is growing. During the quarter, the Company reported two significant transactions in the segment. Recently we also announced the expansion of our operations in the long-term rental housing segment with our winning a tender for the construction of a long-term rental housing project in the desirable and developing Glil Yam neighborhood in Herzliya. We intend to develop a high-quality premium product that offers services similar to the standard offered in the U.S. and to become a significant player in the segment. In the hospitality segment we recently acquired the Red Rock Hotel in Eilat, which is situated in a strategic location on the city’s shoreline.

Alongside the continued strengthening of the Group’s core operating segments and the investment in new growth engines, we are working on identifying business opportunities, alongside responsible and well-balanced behavior. This period of uncertainty emphasizes and highlights the Group’s strength and the importance of such behavior.”

### **Azrieli Group Ltd.**

## Occupancy Rates and Store Revenues

- **The average occupancy rate** (excluding properties under lease-up) was 99% in malls, 98% in offices in Israel, and 97% in senior housing.
- **Store revenues** – In January-March 2023, a 14.2% increase was recorded in store revenues in the Group's malls year-over-year.

## Recent Business Developments

- In March 2023, the Group announced a significant data center transaction under which Green Mountain, a wholly-owned subsidiary, will build a DC campus for TikTok, comprised of a number of buildings in which the customer will be supplied with a total power capacity (electricity) of 90 MW. The campus will be built in several stages, and during Q4/2023 the first 30 MW are expected to be supplied under an 11-year contract. The remaining 60 MW of the capacity will be supplied during 2024 in two additional stages under 10-year contracts. The customer was given several options for increasing the capacity by tens of MW. The transaction is expected to produce an average annual NOI of approx. \$79 million, assuming its full operation (90 MW).
- In April 2023, the Group announced that Green Mountain, the wholly-owned subsidiary which engages in the data centers sector, had entered into a joint venture with a German company which engages in the supply of power and energy for the construction of a DC campus that shall comprise several buildings in the Frankfurt region of Germany. The joint venture will be held and financed in equal shares. On the land where the campus will be built, three buildings may be built, such that the maximum capacity on the campus may reach around 54 MW. During Q3/2023, the joint venture is expected to begin construction of the first building with a designed power capacity of around 18 MW.
- In April 2023, the Group announced that it had won a tender of Dira Lehaskir and the ILA in the Glil Yam neighborhood of Herzliya. This is Azrieli Group's first tender under the Dira Lehaskir model. The project, which is situated near Kibbutz Glil Yam, comprises 147 apartments intended for long-term housing for a period of no less than 20 consecutive years from the date of completion of the construction, while one half of the apartments in the project will be rented for price-controlled rent, which will be 80% of market-rate rent.
- In April 2023, the Group announced that it had entered into an agreement for the acquisition of the Red Rock Hotel in Eilat. Azrieli will acquire all of the rights in the land of a total area of around 9,000 sqm on which the hotel is built, including existing and future building rights. The Company intends to work towards exercise of the building rights for the construction of a new hotel.

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### **Balance Sheet as of March 31, 2023**

- The Group has **cash, deposits, and short-term investments** totaling approx. NIS 2.3 billion, and together with Bank Leumi stock, cash and cash equivalents and marketable securities – around NIS 3.2 billion.
- **Net debt** (including Leumi) totals approx. NIS 16 billion.
- **The value of investment property and investment property under construction** totals approx. NIS 41 billion.
- **The equity to assets ratio** is approx. 44% and the **net debt to assets ratio** is approx. 35%.
- **Unencumbered assets** total approx. NIS 34 billion.

### **Conference call**

The Company will hold its quarterly conference call, hosted by the Group's senior management, today (Wednesday, May 24, 2023) at 11:00 am Israel local time (10:00 am CET; 9:00 am United Kingdom time, and 5:00 am Eastern Time).

The call will include a review of the Company's Q1/2023 performance, as well as a discussion of the Company's strategy and expectations for the future. A question & answer session will follow the discussion.

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