



AZRIELIGROUP

Azrieli Group

Conference Call Presentation

Financial Statements March 31, 2023

May 2023





AZRIEL GROUP

Disclaimer

- › 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 Q1/2023, 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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- › With respect to some of the development projects, no decision has yet been made regarding carrying out their construction and occupancy in several stages.
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- › Slide 21 – the Company's estimates regarding the forecasted growth in the results of the data center business constitute forward-looking information, as this term is defined in the Securities Law, based on subjective assessments by the Company and by the investee companies operating in the data center industry as of the date of release of this presentation, the materialization of which, in whole or in part, is not certain and which may materialize in a materially different manner, *inter alia* due to changes in the timetables of the projects, their actual size and marketing and due to factors beyond the Company's control, including changes in the global data center market.
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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 March 31, 2023, 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 in the conference call of May 24, 2023 (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 via the MAGNA website on May 24, 2023. 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



Listed on the capital market since 2010

8th largest company⁽¹⁾ in the Tel Aviv Stock Exchange

Market cap – NIS 25.1 billion⁽¹⁾

Free float of 30.1%

Listed in all the leading indices

TA-35, TA-125, TA-Real Estate

The Company's stock is listed in the EPRA Indexes

The Company owns income-producing properties with a Gross Leasable Area (GLA) of **1,377,000 m²**⁽²⁾, and additionally **10 projects under construction and planning**, and **5 projects of renovation and expansion**

Average occupancy rate in Israel is **98%**⁽³⁾

78% of the value of the investment and under-construction income-producing real estate (on a consolidated basis) is attributed to real estate in Israel

Rating: **(AA+)** by S&P Ma'a lot and **(Aa1)** by Midroog-Moody's
Leverage ratio of only 35%, and equity to assets ratio of 44%



(1) As of May 22, 2023.

(2) Excluding server farms.

(3) Excluding fully built-up properties in the first stages of occupancy.

Azrieli Group Real Estate Portfolio⁽¹⁾



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 Tel Aviv Mall	Azrieli Ra'anana	HaNegev Mall
Givatayim Mall	Azrieli Holon Center	Haifa Mall	Palace Lehavim
Sarona Mall	Rishonim Mall	Palace Modi'in	Eilat Mall
Azrieli TOWN			

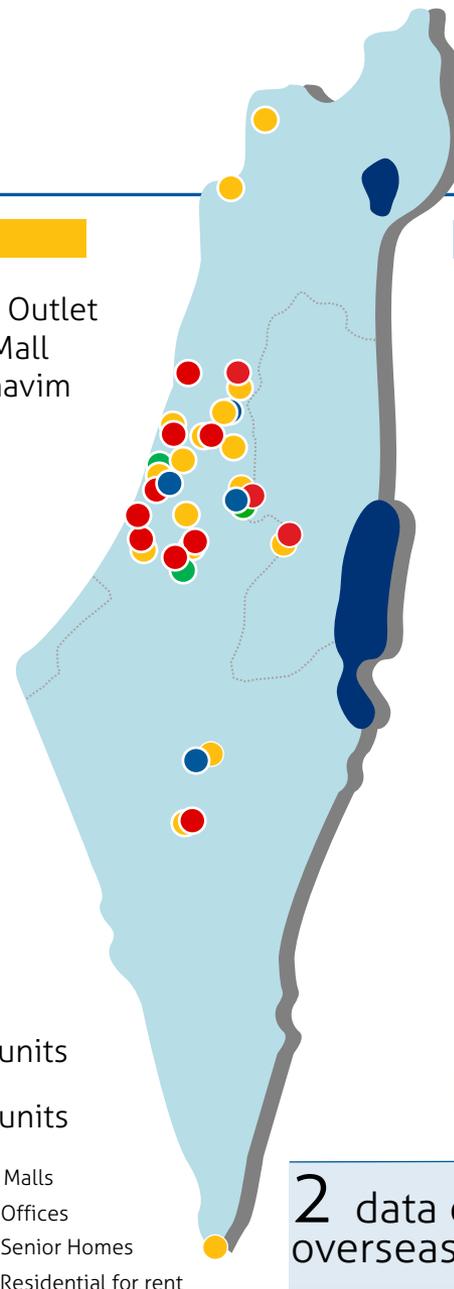
Office and Other Leasable Space in Israel

Azrieli Towers	Modi'in	Givatayim
Azrieli Sarona	Petach Tikva	Hanegev
Azrieli Holon Center	Jerusalem	Rishonim
Caesarea	Azrieli TOWN	HaManor
Herzliya		Akko
Mikveh Israel Tel Aviv		

Rental Housing

Azrieli TOWN	Azrieli Modi'in
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21	malls and retail centers	360,000	m ²
15	office properties	632,000	m ²
4	senior homes	115,000	m ² 1,142 residential units
2	rental housing properties	29,000	m ² 277 residential units
8	office properties overseas	241,000	m ²
Total		1,377,000	m² (1)(2)



Senior Homes

- Palace Tel Aviv
- Palace Ra'anana
- Palace Modi'in
- Palace Lehavim

Overseas

Houston

- Galleria
- 1 Riverway
- 3 Riverway Plaza
- 8 West

Austin

- Aspen II
- San Clemente

U.K.

- Leeds

Data Centers

North America & EMEA

Compass 32.5%

Europe

Green Mountain 100%

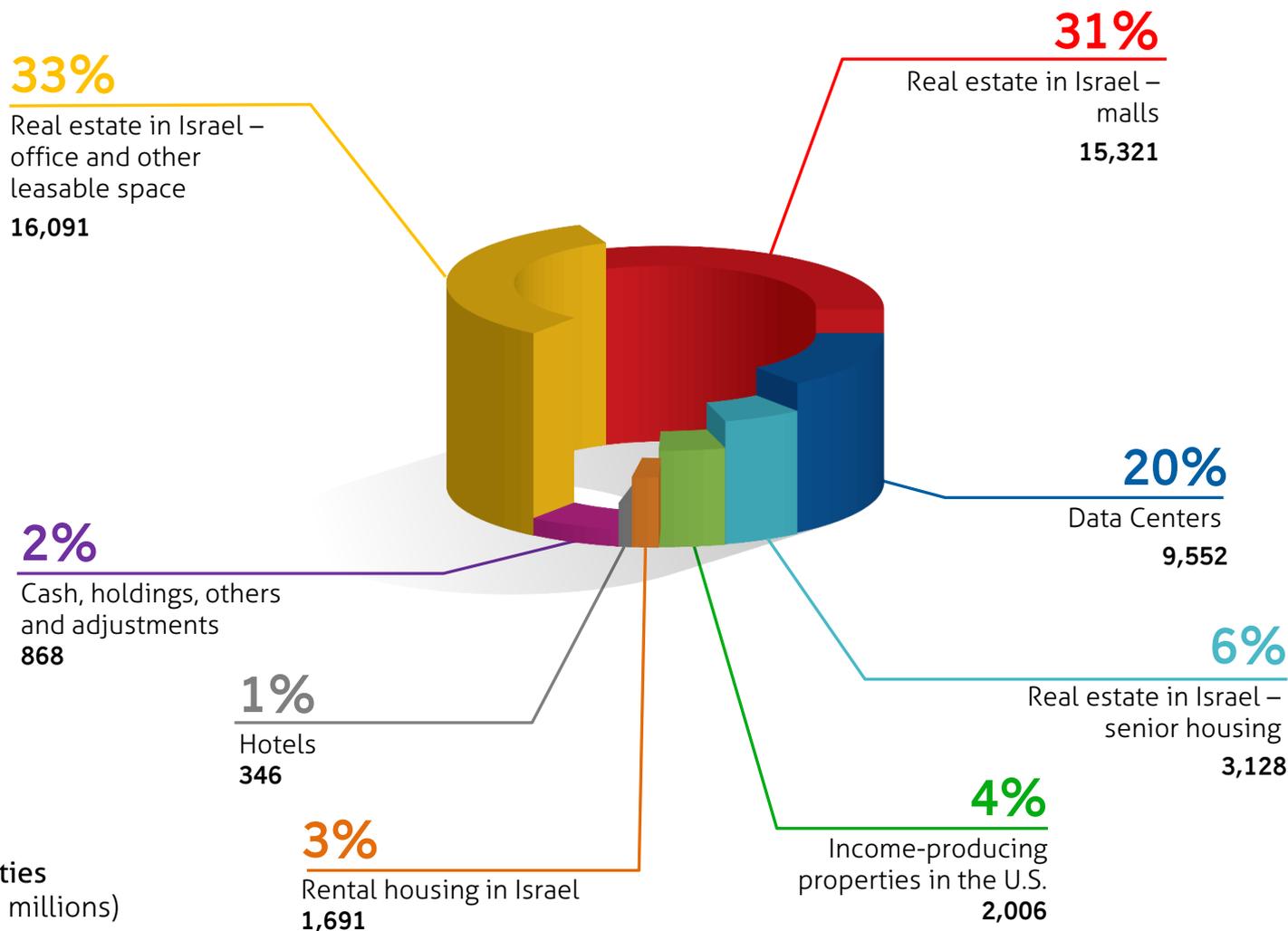
2 data center companies overseas

- Malls
- Offices
- Senior Homes
- Residential for rent

(1) As of March 31, 2023.

(2) GLA figures are based on the Company's share.

Azrieli Group Breakdown of Properties⁽¹⁾



% of Total Properties
Book Value (NIS in millions)

(1) On a consolidated basis, as of March 31, 2023. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Report.

Highlights for Q1 2023

Financial Highlights

- NOI totaled **NIS 525 million, up 15% compared with Q1 2022**; increase in the retail, office and data center segments.
- Same Property NOI, up **9% compared with Q1 2022**.
- FFO⁽¹⁾ totaled **NIS 350 million, compared with NIS 337 million in Q1 2022**. Excluding the senior housing segment, FFO totaled NIS 335 million, compared with NIS 310 million, increase of **8% compared to Q1 2022**

Continued Momentum of Development, Acquisitions and Betterment

- During Q1 2023, **the Group invested NIS 1,106 million** in the acquisition of new land plots for development and investment properties, the betterment of existing properties, and the development of new properties.
- In FY 2022 the investment totaled **NIS 3.5 billion**.

Dividend

- In May 2023, the company will distribute a NIS 700 million dividend.



(1) For the FFO calculated according to the ISA's method, see Slide 43.



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Operating Segments



Azrieli Group Malls and Retail Centers



NOI in Q1 2023 – **NIS 238 million**,
compared with NIS 198 million in Q1 2022

Average occupancy rate –
99% (2)

Book value –
NIS 15.3 billion

GLA –
360,000 m² (1)

Innovation and Upgrades

**Azrieli
E-Commerce**

**Azrieli Gift
Card**

**Azrieli
App**

**Betterment and
upgrade of
malls and retail
centers**



(1) As of March 31, 2023. GLA figure is based on the Company's share.
(2) Excluding fully built-up properties in the first stages of occupancy.



Azrieli Group Malls Store Sales and Rent to Sales Ratio



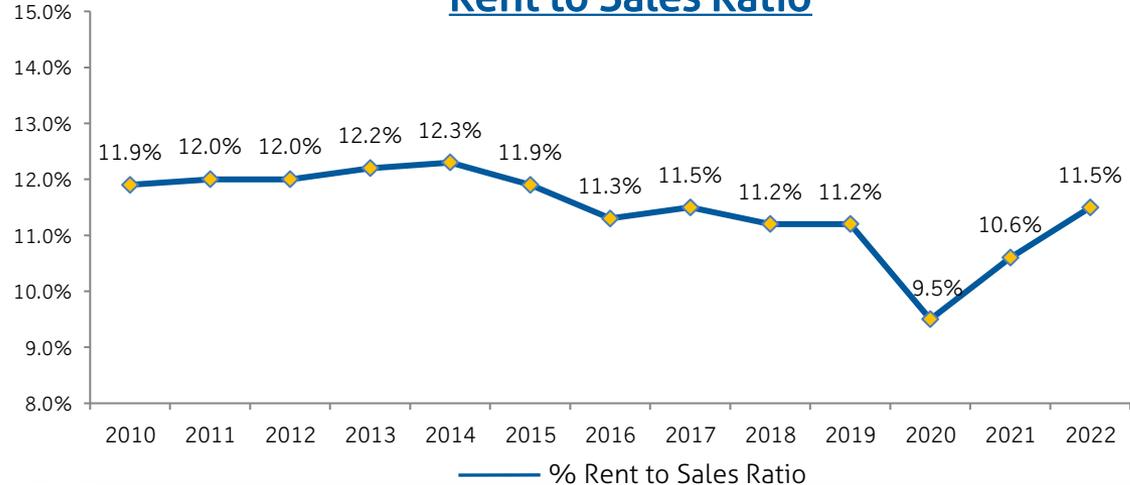
January-March 2023 ⁽¹⁾
Versus
January-March 2022 ⁽¹⁾

+14.2%

Total increase in Azrieli Group
Mall store sales



Rent to Sales Ratio



(1) Excluding the Azrieli Eilat Mall acquired in July 2022.



Azrieli Group Offices



NOI in Q1 2023 – **NIS 201 million**, compared with NIS 183 million in Q1 2022.

Average occupancy rate – **98%⁽²⁾**

GLA – **632,000 m² (1)**

Book value – **NIS 16.1 billion**

Innovation and Upgrades

Community

Technology

Betterment and upgrade of office towers



(1) As of March 31, 2023. GLA figure is based on the Company's share.
(2) Excluding fully built-up properties in the first stages of occupancy.



Azrieli Group Global Data Center Operations

NOI in Q1 2023 – **NIS 39 million**
compared with NIS 30 million in Q1 2022.

Book Value –
NIS 9.6 billion

On April 2, 2023, Green Mountain signed an agreement to establish a JV with a German company for the purpose of establishing a 54MW data centers campus

In January 2023, the company completed the transaction to purchase a company in England with a construction and development potential of 40MW



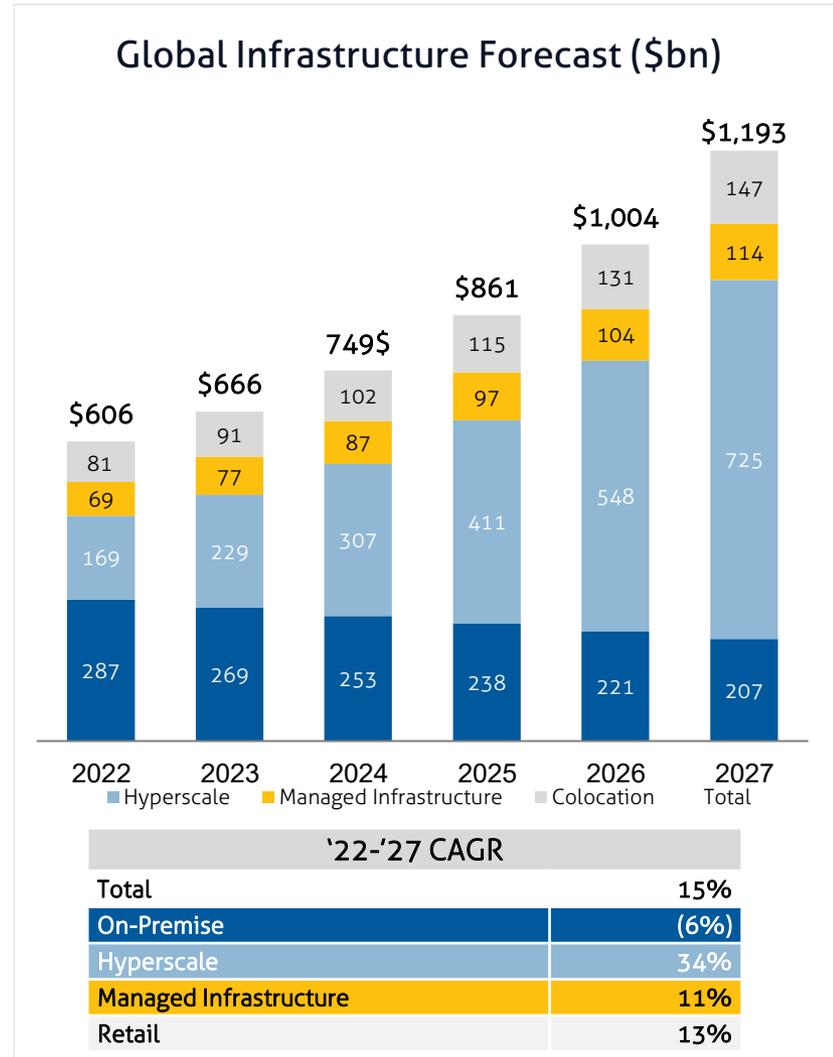


Market Overview Global Data Center Industry

Global Data Center Market Forecast

The demand for data center services is still on the rise, following the accelerated growth of demand drivers.

- 1 Continued rise in digital infrastructure outsourcing
- 2 Acceleration of cloud adoption
- 3 Enduring growth of data traffic and the internet
- 4 Increase in cloud computing and accelerated rise in consumer device proliferation
- 5 Emergence of 5G, IoT and the Edge
- 6 Resilience and survivability requirements



Source: Structure Research.
 Note: Hyperscale refers to the revenue generated by each of the eight CSPs (Amazon, Microsoft, Alibaba, Google, IBM, Oracle, Tencent, Huawei).

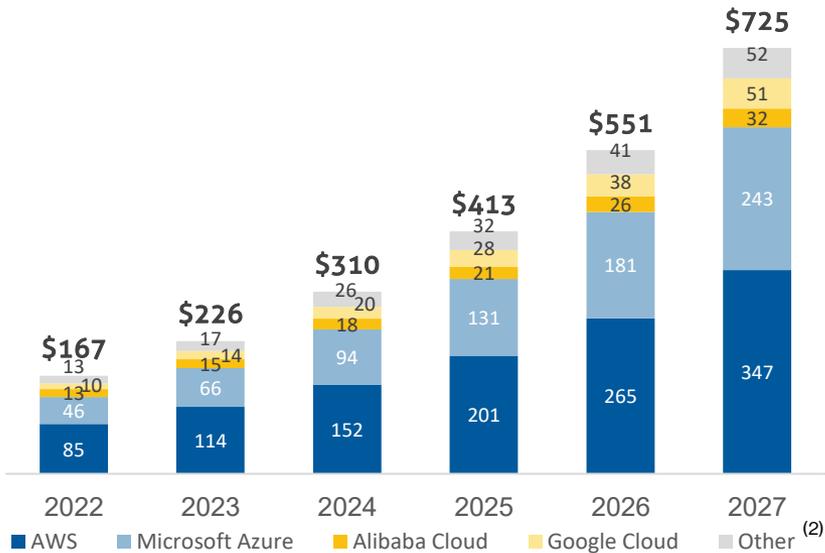


Market Overview Global Data Center Industry

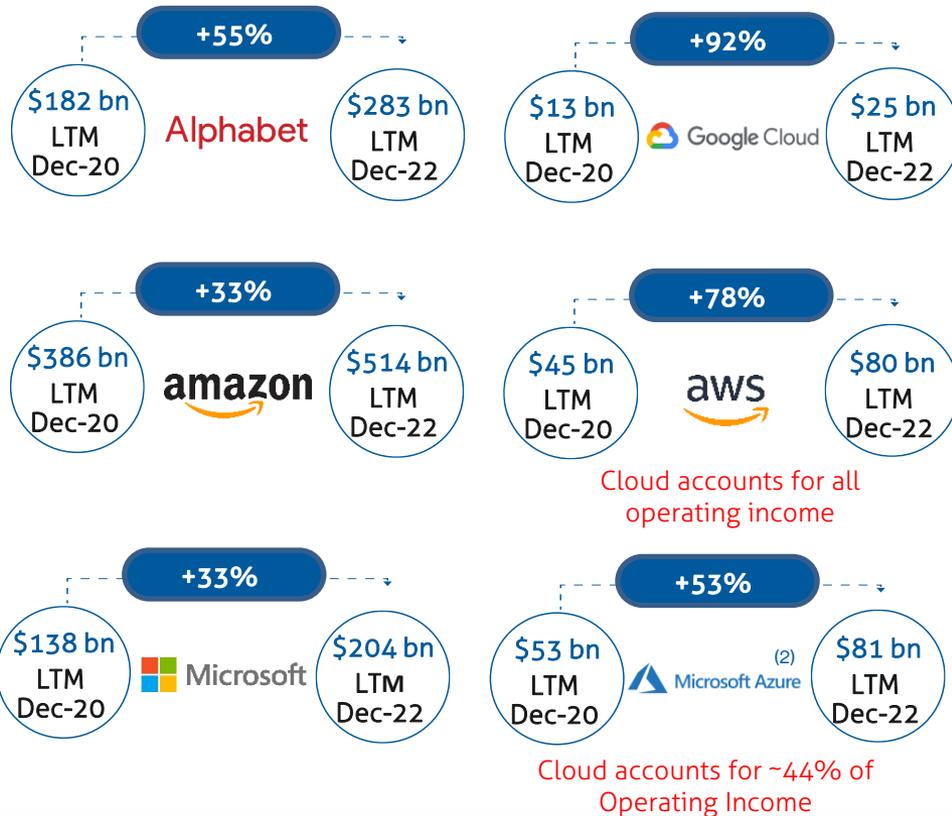
Hyperscale and cloud services continue to drive significant growth

Global colocation market expected to continue displaying steady growth, predominantly fueled by rollout and expansion of Hyperscalers

Cloud Revenue from Hyperscalers (\$bn)



CLOUD SERVICE PROVIDER SEGMENTS REMAIN A SIGNIFICANT GROWTH DRIVER FOR PARENT COMPANIES



CAGR '22-'27

Total	34%
AWS	33%
Microsoft Azure	40%
Alibaba Cloud	20%
Google Cloud	39%

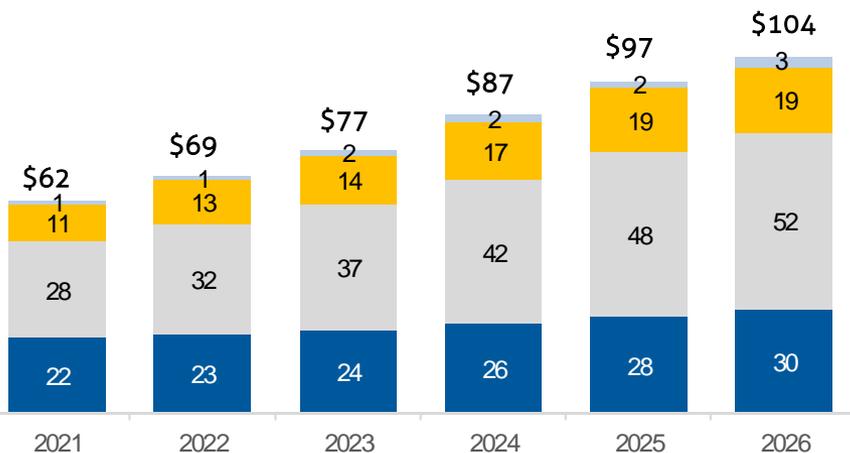
1) 'Other' includes IBM Cloud, Oracle, Tencent, Kingsoft and Huawei.
 2) Server products and cloud service segment.



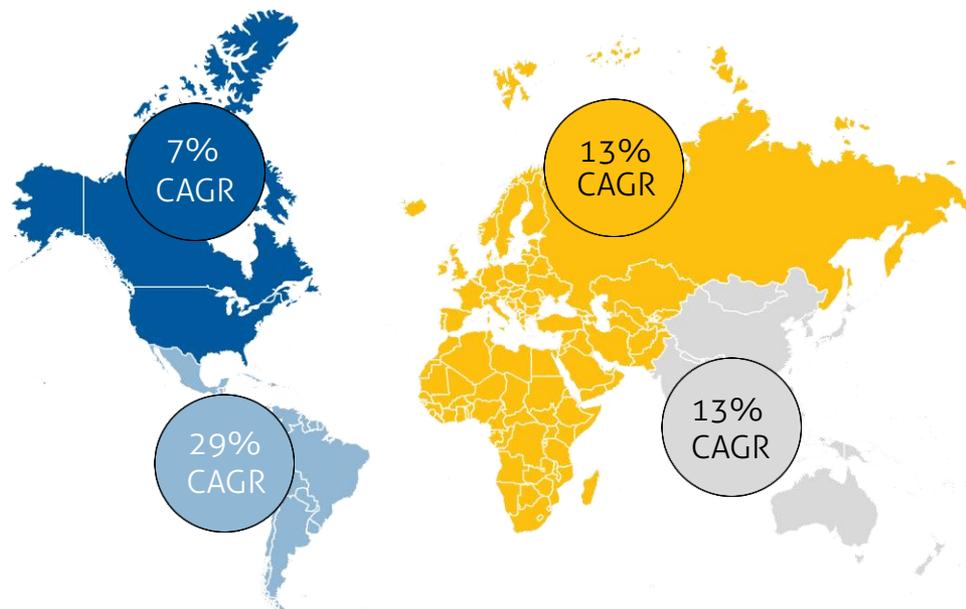
Market Overview Global Data Center Industry

Data center market is expected to exhibit strong growth across geographies

Global Colocation Revenue Forecast (\$bn)



CAGR '21-'26	
Total	11%
North America	7%
APAC	13%
EMEA	13%
Latin America	29%





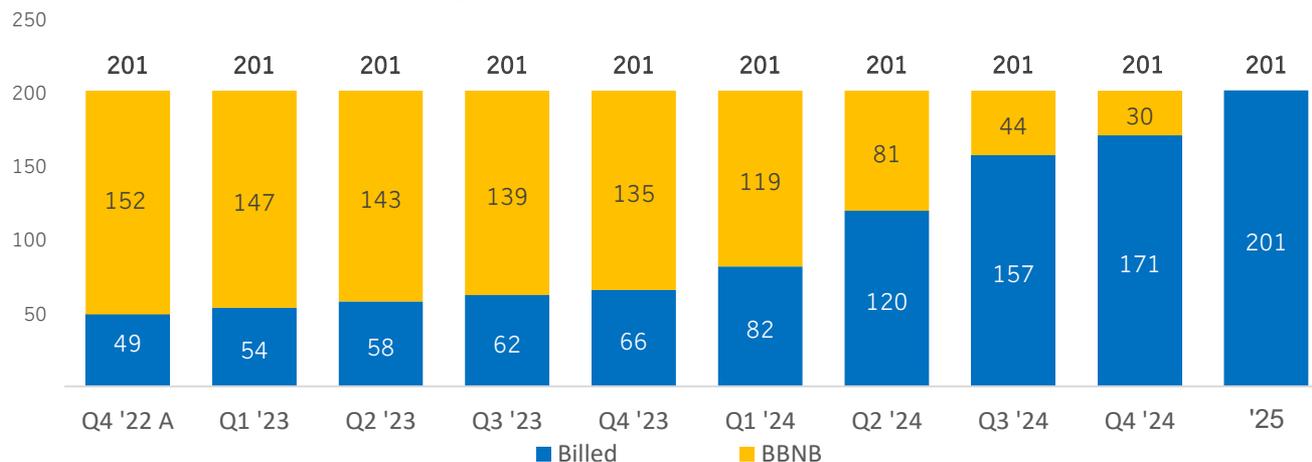
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Azrieli Group Global Data Center Operations

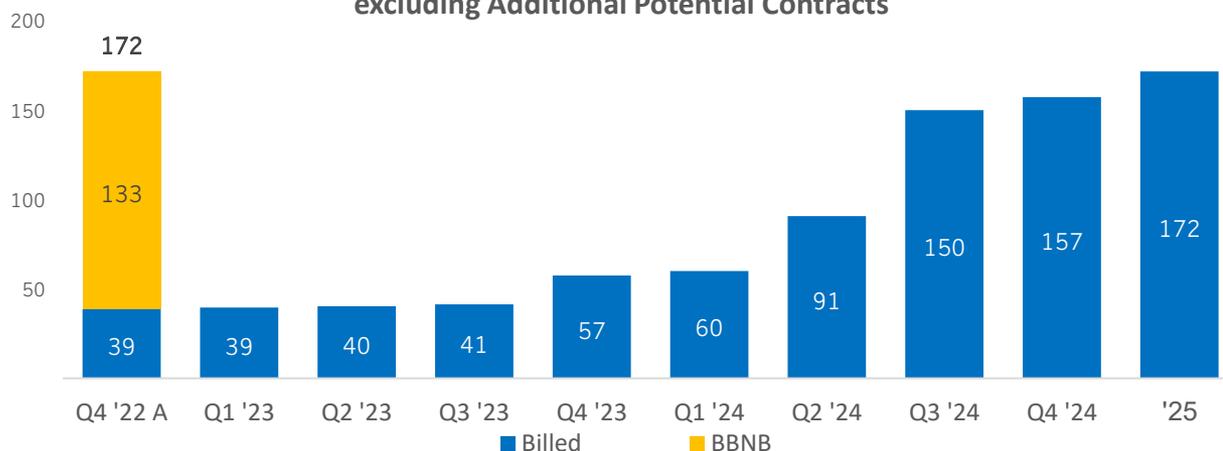
Annual Operating Capacity Development (MW) ⁽¹⁾ in 2023 - 2025
excluding Additional Potential Contracts

Capacity
(MW)



Annual Billed NOI Development ⁽¹⁾ in 2023 - 2025
excluding Additional Potential Contracts

NOI
(\$M)



(1) All figures represent Azrieli's share. *Assuming that the holding rates in Compass and GM are retained and following contracts signed by the date of release of the periodic report for 2022. See Section 12.1 of Description of the Corporation's Business chapter.

(2) BBNB – Booked But Not Billed – Signed contracts that are yet to generate income (payable).

(3) Investment of CAPEX per MW is \$8.5-9 million. As of December 31, 2022, the Company's share in the amount to be invested is \$961 million.



Azrieli Group Palace Senior Housing Chain

Aboveground area of **115,000 m²(1)** comprising **1,142 residential units**

Average occupancy rate – **97%(2)**

Book value – **NIS 3.1 billion**

Operating Homes

Palace Tel Aviv
231 residential units + **4** 'Medical' units

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

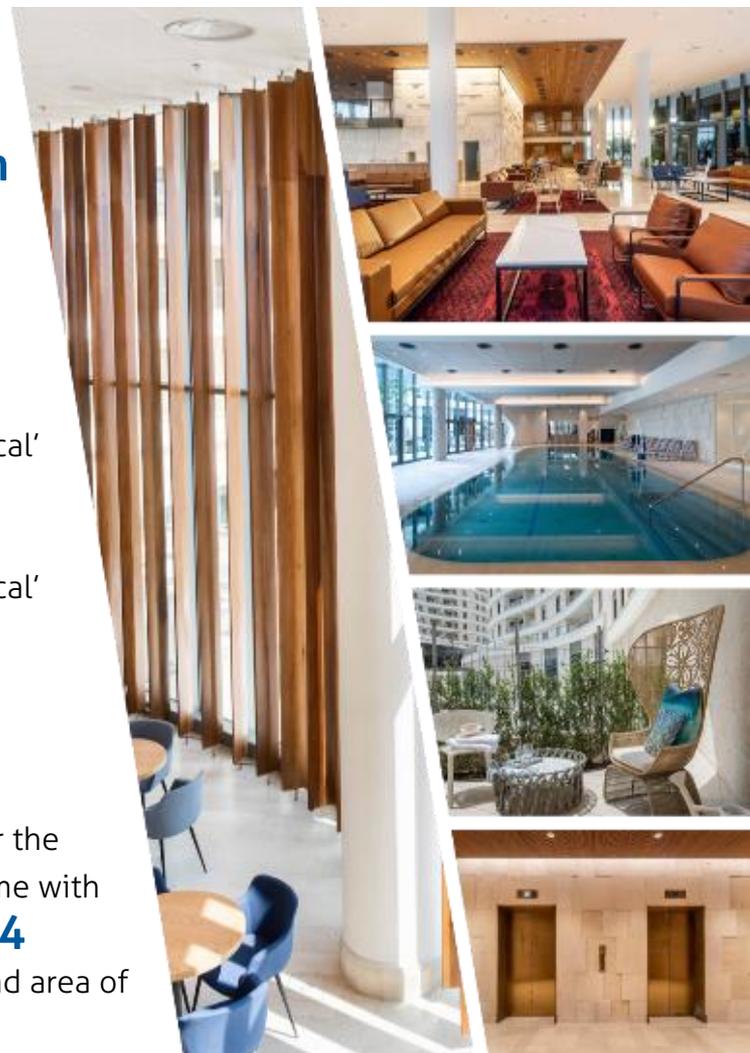
Palace Modi'in
239 residential units + **4** 'Medical' units

Palace Lehavim
350 residential units + **2** 'Medical' units

Homes under Planning & Development

Palace Rishon LeZion
274 residential units
+ **1** 'Medical' unit
+ **3,000** m² retail space

Palace Jerusalem
The Group is promoting a plan for the development of a new senior home with up to **300** residential units and **4** 'Medical' units on an above ground area of **40,000** m²



(1) As of March 31, 2023. GLA figures are based on the Company's share.
(2) Excluding fully built-up properties in the first stages of occupancy.



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Development Pipeline



Azrieli Group Development Pipeline



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



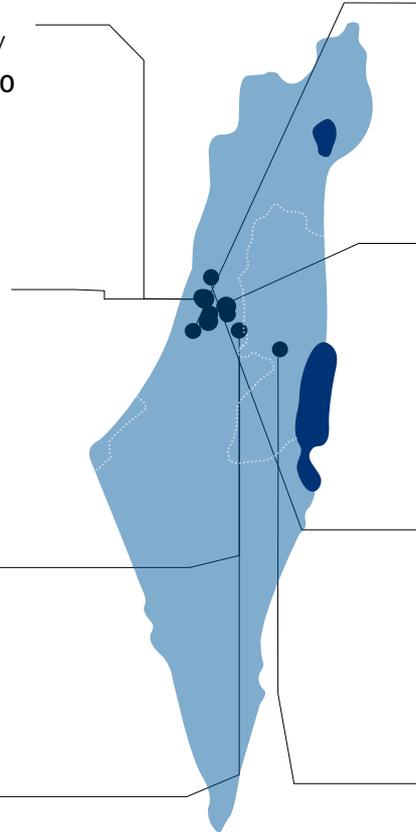
Azrieli Town Building E, Tel Aviv **21,000 m²** ⁽⁴⁾⁽⁵⁾



Lot 21 Modi'in **31,000 m²** ⁽¹⁾



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 in Petach Tikva **53,000 m²** ⁽²⁾

Mount Zion Hotel Jerusalem **34,000 m²** ⁽¹⁾



(1) The figure represents building rights in sqm | (2) The Company is working to increase building rights to 280,000 sqm | (3) A plan has been published and validated | (4) Rights for additional construction that were acquired in May 2018 as part of the acquisition of the income-producing property Mivnei Gazit | (5) The Company is working to increase building rights in the project to 87,000 sqm.



Development Projects Growth Driver

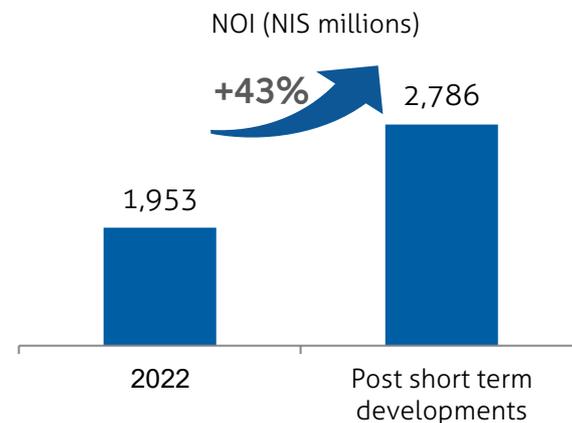
Name of Property	Location	Use	(2) GLA	Estimated Completion Date	Estimated Construction Cost, Including Land (NIS in millions) (1)
Short-term Development Projects Under Construction					
Modi'in, Lot 21	Modi'in		31,000	2023	445-475
Check Post	Haifa		10,500	2024	140-150
Palace Rishon LeZion	Rishon Lezion		37,300 (3)	2024	470-490
Total			78,800		1,055-1,115
Medium-Term Development Projects					
Mount Zion Hotel	Jerusalem		34,000	2025	900-930
SolarEdge Campus	Herzliya		38,000	2025	790-810
Modi'in, Lot 10	Modi'in		37,000	2026	570-580
Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Tel Aviv		150,000(3)	2027	2,550-2,750
Total			259,000		4,810-5,070
Total			337,800		5,865-6,185
Development Projects Under Planning					
Holon 3 (formerly Lodzia)	Holon		250,000(5)	TBD	TBD
Petach Tikva land	Petach Tikva		53,000(4)	TBD	TBD
Azrieli TOWN Building E	Tel Aviv		21,000(6)	TBD	TBD
Total			324,000		Projects construction cost of which is TBD
Total			661,800		

(1) Cost without capitalizations and without tenant adjustments | (2) The figures for senior housing and/or rental housing uses represent building rights in sqm | (3) A plan has been published and validated | (4) The Company is working to increase the building rights to 280,000 sqm | (5) Building rights were increased as part of a consolidation of land plots | (6) Rights for additional construction that were acquired in May 2018 as part of the acquisition of the income-producing property Mivnei Gazit.

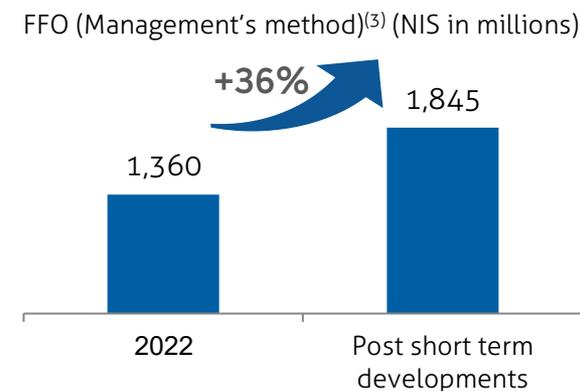


Development Projects Expected Contribution* to NOI and FFO

	(NIS in millions)
Actual NOI in 2022	1953
Additional NOI from DC segment based on signed contracts**	470
Additional NOI from development projects ⁽¹⁾	53
Annualized additional NOI from existing properties ⁽²⁾	45
Addition due to occupancy of vacant spaces*	265
NOI following the occupation of short-term projects under development and full occupancy	2,786



Actual FFO (Management's method) in 2022 incl. senior housing	1,360
Net of deposits from first-time occupation of Palace Lehavim	(56)
Actual FFO in 2022 net of deposits from first-time occupation of Palace Lehavim	1,304
Additional FFO ^{(1)(2)*}	541
FFO following the occupation of short-term projects under development and full occupancy	1,845



* The aforesaid calculations are not forecasts and are based on the assumption of full occupancy and rent as of December 2022.

** Assuming that the holding rates in Compass and GM are retained and following contracts signed by the date of release of the periodic report for 2022. The main assumptions underlying the calculations are: Full occupancy of projects under development and income-producing properties, senior housing in the NOI and FFO by representative year (excl. first time occupancy), a tax rate of 23%.

(1) NOI from projects under development includes the following properties: Azrieli Modi'in Lot 21 and Haifa Check Post and Palace Rishon LeZion, and does not include the expansion of Azrieli Tel Aviv Center, the Holon 3 project (formerly Lodzia), the land in Petach Tikva, rights of Azrieli Town Building E, Modi'in Lot 10, the Mount Zion Hotel and the SolarEdge Campus.

(2) Annualized additional NOI from existing properties includes the following properties: Azrieli Eilat Mall (Mall HaYam).

(3) For FFO calculated according to the ISA's method, see Slide 43.



Azrieli Group The CBD of Tel Aviv



- Under Construction
- Income Producing



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 2.5-2.7 billion

Uses:

Estimated date of completion – 2027

Progress Update

The Group is currently carrying out the basement construction work.

In July 2021, the Company submitted an application for an aboveground construction permit for the entire project, and in December 2021 a decision was issued by the Local Committee, granting conditional approval for the permit.



Illustration



Development Projects SolarEdge Campus in Herzliya

- The transaction was closed ⁽²⁾ in January 2022.
- Land area – 26,000 sqm in Herzliya.
- Campus area – 38,000 sqm and underground parking.
- The property will be leased to SolarEdge for a 15-year term with extension options up to an aggregate term of 24 years and 11 months.
- The NOI⁽¹⁾ attributed to the campus is expected to total NIS 69 million per year.
- The amount of the investment⁽¹⁾ (including land) in the SolarEdge Campus – NIS 990 million.
- On-site work commenced during Q2 2022.

Additional Rights

- Remainder of 9,000 sqm of land available for construction.
- The Group intends to develop additional retail and office space on similar scales which are expected to yield additional NOI in similar amounts.
- The Company intends to promote a zoning plan for additional rights in the said area.



(1) Including TI and after indexation.

(2) Acquisition of a company that is entitled to receive long term leasehold from the ILA for lands in Ramat Hasharon.



Development Projects Glil Yam

Land area – 5,200 m²

GLA – 630 m² of retail space

15,000 m² of housing (147 residential units)

Uses:   

Estimated construction cost including land –
NIS 400 million

Cost of land per residential unit – NIS 710
thousand

Estimated date of completion - 2027

“Dira LeHaskir” – State-Owned Rental Housing Company

50% of the residential units in the project
will be leased for controlled rent
amounting to 80% of market rent

Land Designation

According to the provisions of the tender, the land is intended for high-rise residential buildings for the purpose of long-term rental for a term of no less than 20 consecutive years as of the date of construction completion.



(1) In April 2023 and after the Q1 2023, the Group won a tender for 147 residential units



Acquisition of the Red Rock Hotel in Eilat

Land area: 9,000 m²

Planned built-up area according to approved zoning plan: 14,000 m², up to 290 rooms

Uses: 

Estimated construction cost, including land – NIS 500-600 million

Estimated date of completion – 2027

The Group intends to build an (A+)-rated hotel

Additional uses: Shops, restaurants, spa, health club, conference and event halls and swimming pool



(1) In May 2023 and after the Q1 2023, the Group acquired the Red Rock Hotel in Eilat



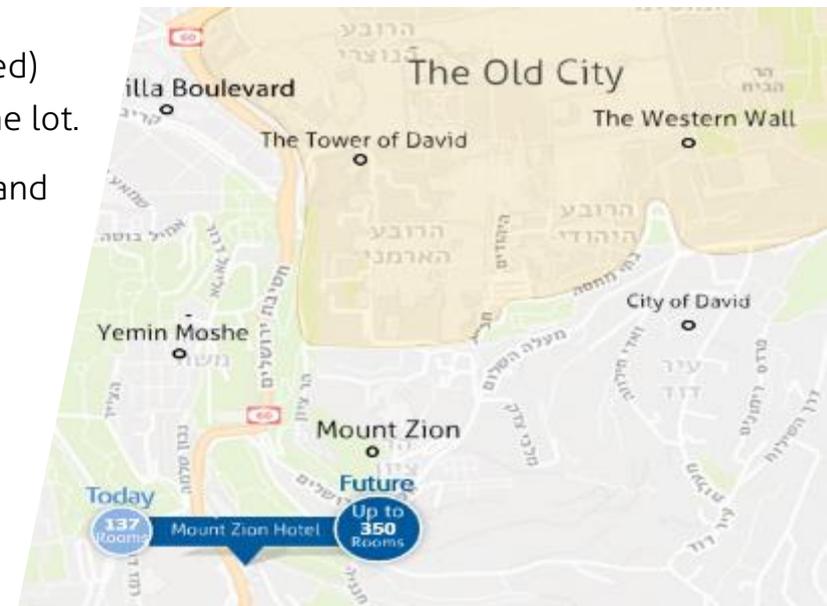
Development Projects Azrieli Holon Center – A Look to the Future





Azrieli Group Mount Zion Hotel, Jerusalem

- > Land area: 13,000 sqm.
- > Planned built-up area according to approved zoning plan - 34,000 m², up to 350 rooms.
- > Uses: 
- > Acquisition cost – NIS 275 million.
- > Expected construction cost – NIS 625-655 million.
- > Estimated date of completion – 2025.
- > The Group intends to remodel the hotel (from B-rated to (A+)-rated) and expand it in accordance with the zoning plan applicable to the lot.
- > Additional uses: Shops, restaurants, spa, health club, conference and event halls, a swimming pool, and the Cable Car Museum.
- > Excavation work and shoring work are currently underway.



Progress Update

Construction permit for the entire project has been approved on condition and the Group is acting accordingly



Azrieli Group Mount Zion Hotel, Jerusalem



Illustration of the hotel after expansion



	Existing Landmarked Buildings	Existing Non-Landmarked Buildings (for Redevelopment)	Future Areas ⁽¹⁾	Total
Main area	3,455	4,245	16,575	24,275
Service area	1,075	2,835	21,070 ⁽²⁾	24,980
Total construction	4,530	7,080	37,645	49,225

(1) Including additional construction in the existing buildings.

(2) Including 15,225 m² for underground parking.



Existing Properties Expansion and Betterment

The following projects are undergoing betterment and various statutory proceedings:

Name of Property	Location	Project in Property	Status	Gross Area Added	Timeframe for Completion of Statutory Proceeding
Azrieli Jerusalem Mall	Jerusalem	Expansion of retail and office space and construction of senior home 	Zoning plan approved	95,000 m ²	---
Petach Tikva land	Petach Tikva	Addition of office space 	Zoning plan	227,000 ⁽¹⁾ m ²	Long-term
Azrieli Rishonim	Rishon Lezion	Addition of office space 	Zoning plan approved	21,000 m ²	---
Azrieli Tel Aviv Center	Tel Aviv	Addition of retail space and cinemas 	Permit approved	3,300 m ²	Short-term
Total				346,000 m²	

(1) Including additional rights in respect of an adjacent income-producing property.



Development Projects Expansion of Azrieli Jerusalem Mall

Expansion of Azrieli Jerusalem Mall

The Group is promoting a plan for expansion of Azrieli Jerusalem Mall by a gross aboveground area of **95,000 m²**.

If approved, the zoning plan **expands the retail areas** by 20,000 m² and the office areas by 35,000 m².

As part of the plan, a **senior housing complex** will be built adjacently to the mall, the gross area of which will be 40,000 m² (up to 300 residential units).

Concurrently with the expansion of the mall, progress is expected in the work for **construction of the Blue Line of the Jerusalem Light Rail**, which include the construction of a Light Rail station near the mall, further improving the area's accessibility by transportation.

Progress Update

The Group began the planning of the project





Development Projects Upgrade of Existing Properties

Ground-floor taxi stand, Azrieli Tel Aviv Center





Development Projects Upgrade of Existing Properties



Ground-floor D.N.A Area, Azrieli Tel Aviv Center





Development Projects Upgrade of Existing Properties

Azrieli Givatayim Mall | Illustration



Azrieli Holon Mall | Skylight and Main Avenue



Azrieli Tel Aviv Center, Mall Rooftop Promenade | Illustration



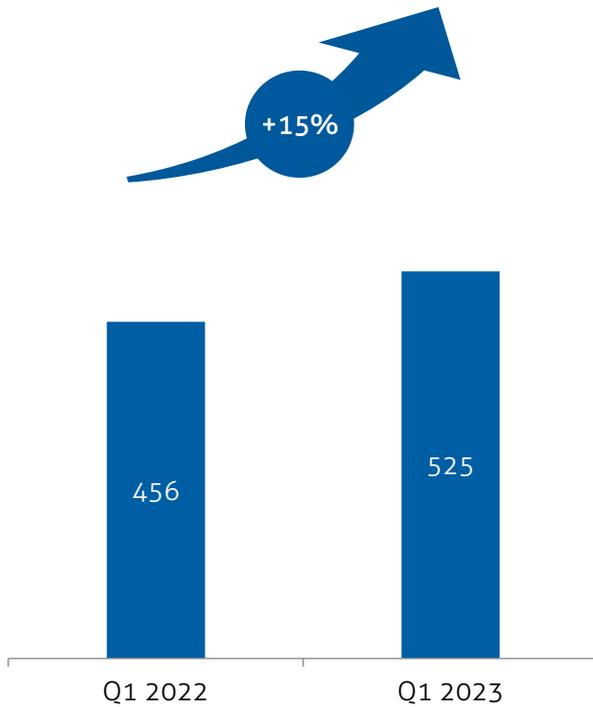


AZRIELGROUP

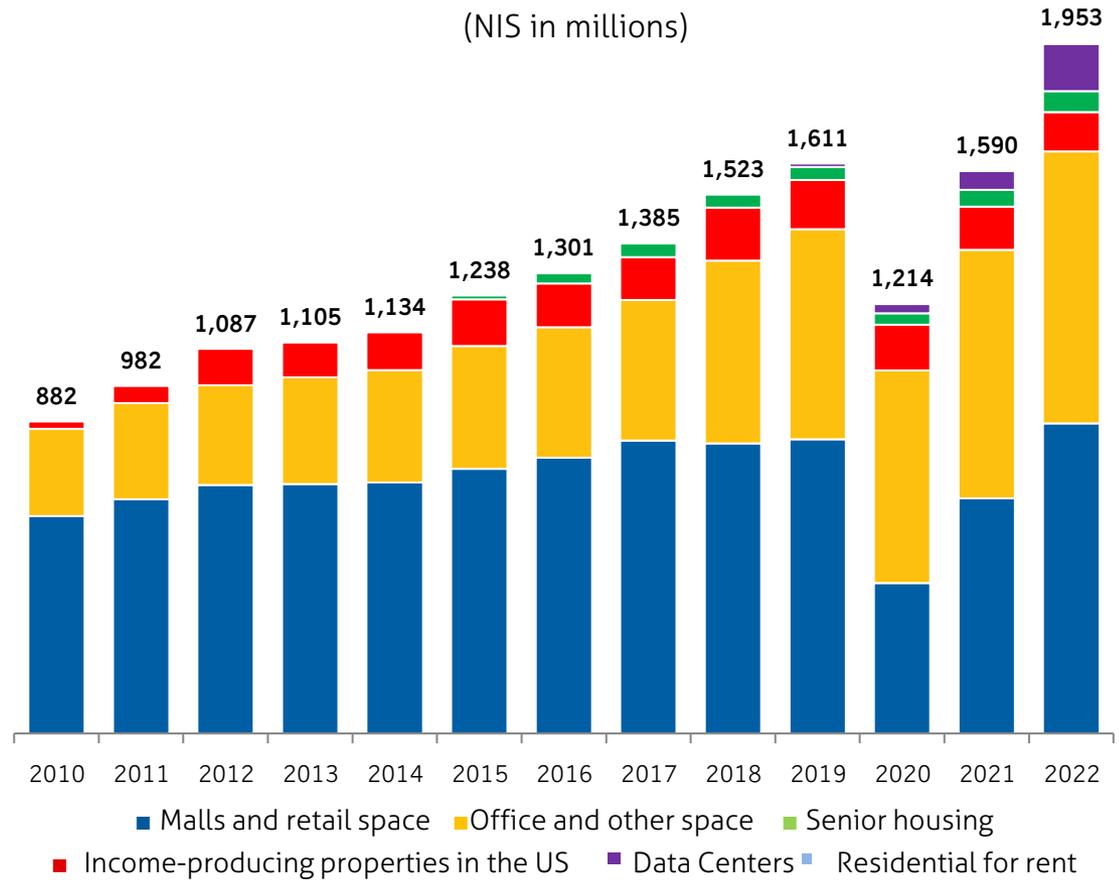
Financials, Debt & Leverage

Constant NOI Growth

Quarterly NOI
(NIS in millions)



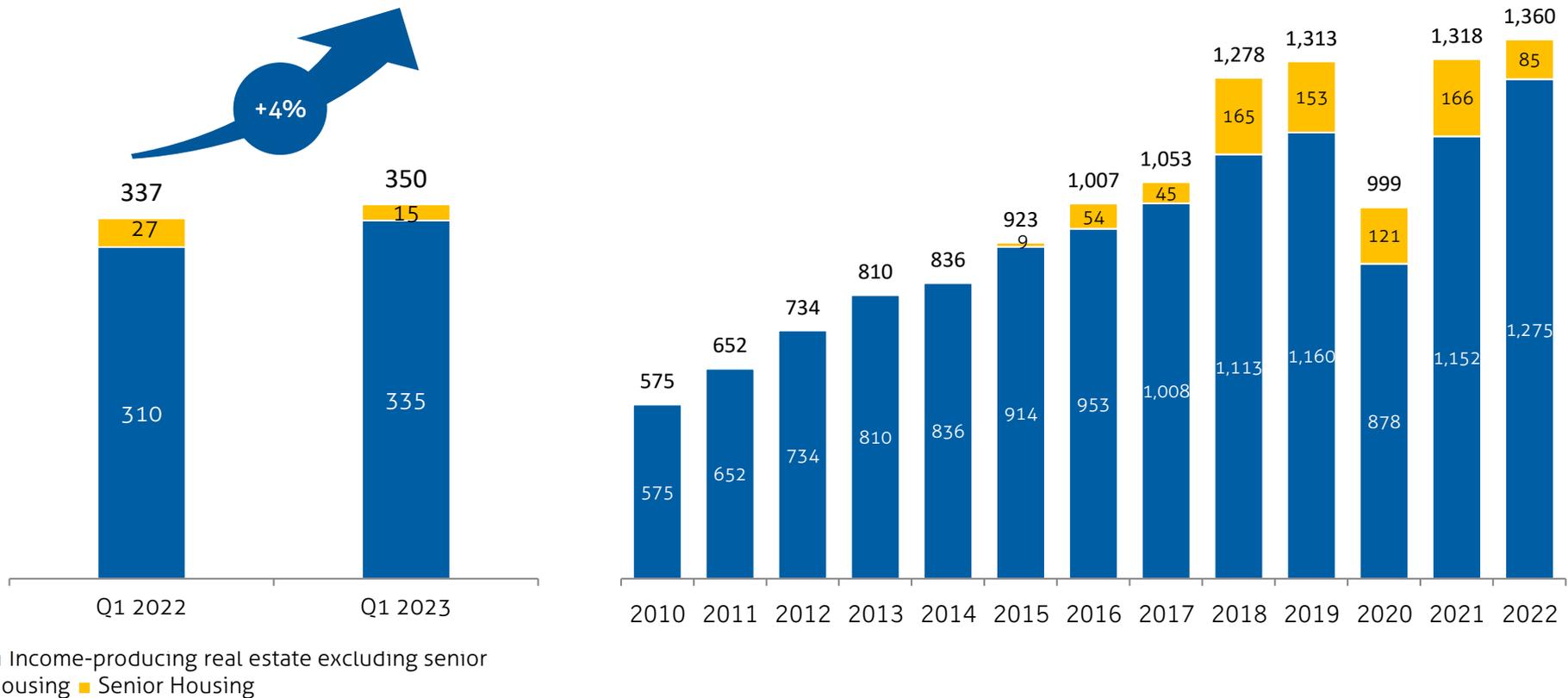
Annual NOI
(NIS in millions)



Constant FFO Growth

FFO (Management's method⁽²⁾) compared with the previous years and equivalent quarter

FFO (Management's Method) attributed to Real Estate Business⁽¹⁾ (NIS in millions)

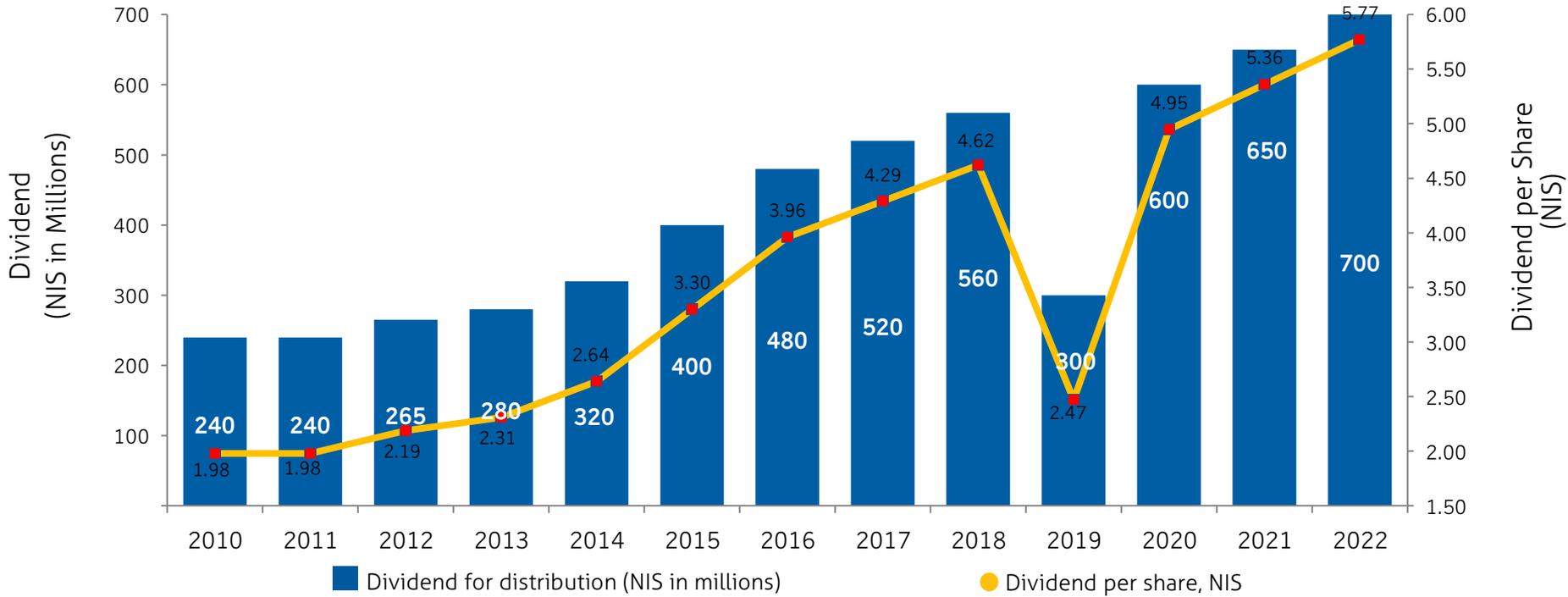


(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' in the Periodic Report.

(2) For FFO calculated according to the ISA's method, see Slide 43.

Consistent and Increasing Dividend Distributions

A dividend distribution of NIS 700 million for 2022

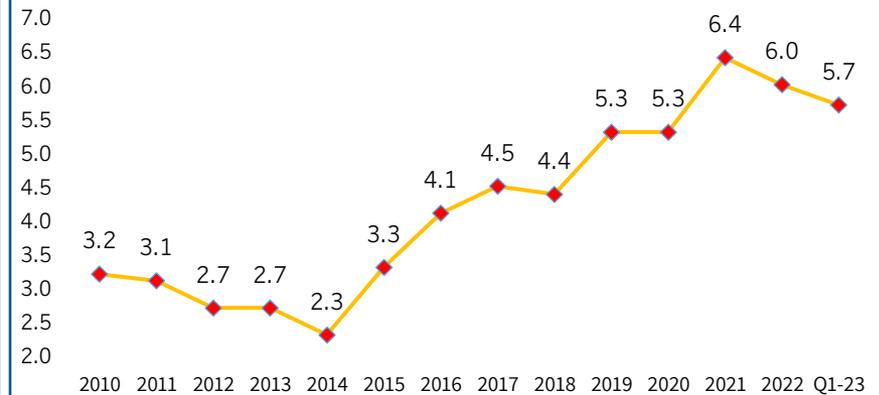


Leverage Ratio, Debt Duration and Cost of Debt

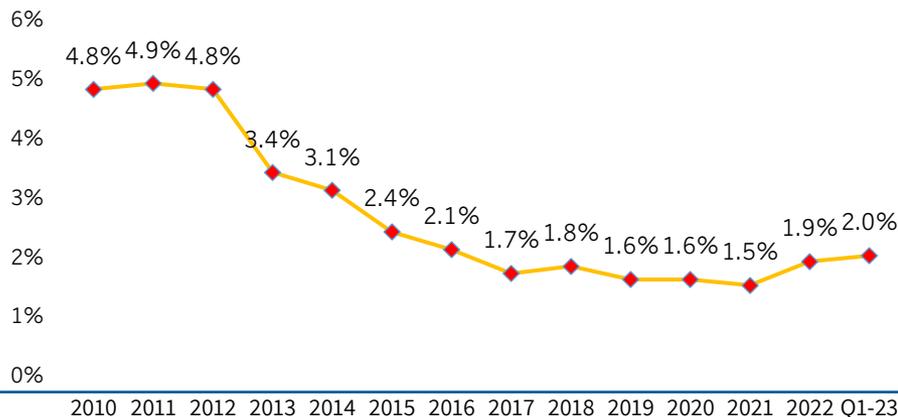
Financial Strength⁽¹⁾

- > Low leverage ratio – net financial debt to assets ratio of 35%
- > Equity to assets ratio – 44%
- > Cash and cash equivalents totaling NIS 2.3 billion
- > Unencumbered assets totaling NIS 34 billion

Extension of Average Duration of Debt ⁽²⁾

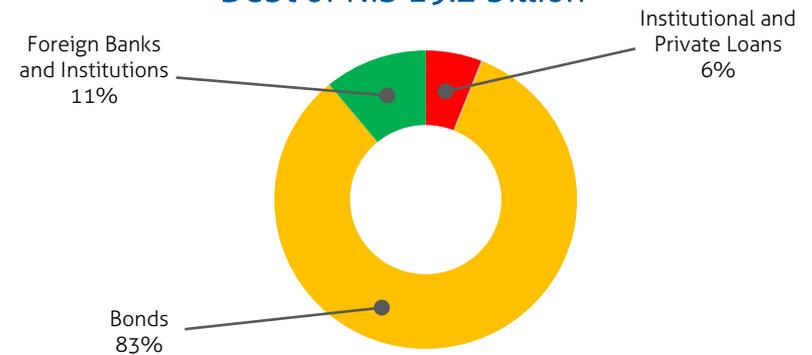


Decrease of Average Effective Interest Rate Over the Years ⁽²⁾



Debt Breakdown by Lender

Debt of NIS 19.2 billion

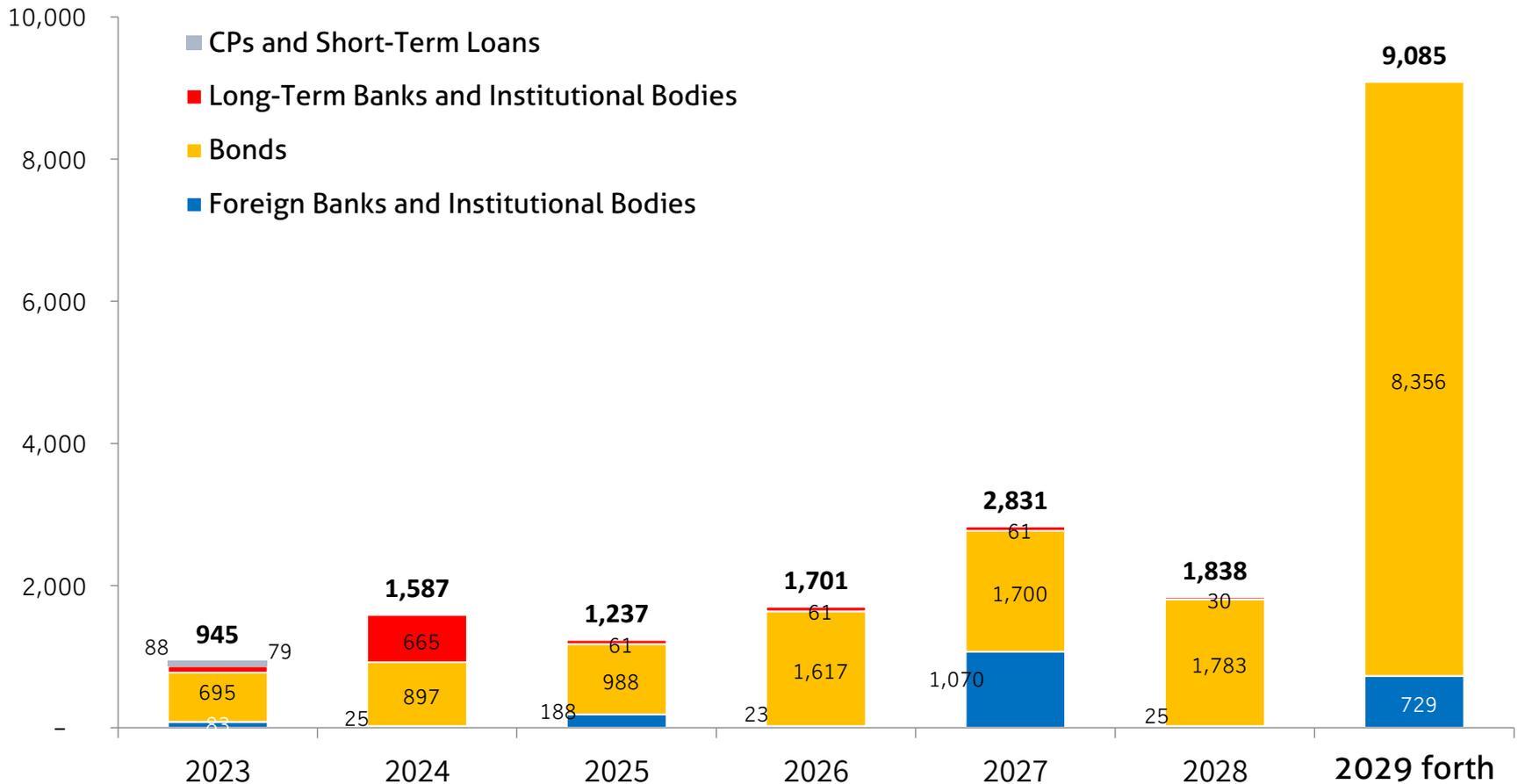


(1) As of March 31, 2023.

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

Payment Schedule (Principal Only)

On a consolidated basis, as of March 31, 2023



Financial Statement Results Summary (NIS in millions)

	Consolidated Q1 2023	Consolidated Q1 2022	Consolidated 2022
Revenues from rent, maintenance, management fees and sales	707	623	2,690
NOI	525	456	1,953
Same-property NOI	495	456	---
FFO (Management's method) attributed to the real estate business ⁽¹⁾	341	350	1,360
FFO (ISA's method) attributed to the real estate business ⁽²⁾	181	159	548
Change in the value of investment properties ⁽³⁾	279	194	1,218
Net profit, including minority interests	377	336	1,792
Net profit, attributable to the shareholders	377	336	1,797
Comprehensive income, attributable to the shareholders	329	484	1,956



(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' in the Periodic Report.

(2) For FFO calculated according to the ISA's method, see slide 43

(3) Net, after tax.

Balance Sheet Data Summary (NIS in millions)

	Consolidated March 31, 2023	Consolidated December 31, 2022
Cash, securities and deposits	2,280	3,408
Gross financial debt	19,224	19,329
Net financial debt ⁽¹⁾	16,944	15,921
Net financial debt to assets	35%	33%
Financial assets (mainly Bank Leumi shares)	949	1,030
Fair value of investment properties and properties under construction	40,840	39,380
Equity (excluding minority interests)	21,702	22,073
Equity to assets	44%	46%
Total assets	49,003	48,474
Equity per share (NIS)	179.0	182.0
EPRA NRV per share (NIS) ⁽²⁾	218	221



- (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 Income-Producing Real Estate Business



Weighted average cap rate – 6.81%

NIS in millions

Total investment properties, as of March 31, 2023	40,981
Net of the value attributed to land reserves, properties under construction, senior housing and data centers	(11,057)
Total income-producing properties	29,924
Actual NOI Q1/2023⁽¹⁾	467
Addition to future quarterly NOI	42
Total standardized NOI Q1/2023	509
Proforma annual NOI	2,036
Weighted cap rate derived from income-producing investment properties, including vacant space	6.81%

FFO ⁽²⁾ (Management's method) for Q1 2023 attributed to the real estate business - NIS 350 million

NIS in millions

Q1 2023

NOI	525
G&A, sales and marketing	(55)
Depreciation and amortization	4
NOI of associate	(19)
EBITDA	455
Net financing expenses	(252)
Current tax payments	(22)
FFO (ISA's method)	181
FFO of associate	(19)
Linkage and exchange rate differentials for assets and liabilities (net of tax effect)	184
Cash flow from incoming resident deposits net of outgoing resident deposits	16
Net of income from forfeiture of resident deposits	(12)
FFO (Management's method)	350

(1) Excluding senior housing (the weighted cap rate of the senior housing segment as of the report date is 8.25%) and excluding rental housing segment Hotel and data centers | (2) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report

Recap Leadership, Innovation and Strength



Continued growth in the key parameters of the core business (NOI, FFO)

Consistent high occupancy rate over time



Exceptional financial soundness and strength



Significant growth drivers:

- Organic growth
- Enterprise and development of new properties
- Acquisition of income-producing properties and land for future development
- New real-estate operating segments
- Innovation



The Company's operations are predominantly in Israel