

20 June 2023

Azrieli Group Sells its Minority Holdings in Compass for NIS 3.2 Billion

The sale transaction reflects an enterprise value for Compass estimated at around \$5.7 billion (some NIS 21 billion)

Compass's net enterprise value is around \$2.7 billion (approx. NIS 10 billion)

The value of Azrieli Group's holdings in Compass (32.5%) is estimated at around \$900 million (some NIS 3.2 billion)

This sale reflects an annual IRR in shekels of 40.4%

Azrieli Group today reported that its partners in the U.S. company Compass had informed it that they today entered into an agreement for the sale of their holdings in Compass in an amount that reflects a value of \$5.7 billion for Compass. In accordance with the mechanisms set forth in the agreement with the partners, the Company will join the sale transaction and sell its minority holdings in the company according to the said value.

Subject to the closing of the transaction, the Group expects to receive around NIS 3.2 billion. In the Company's estimation, if and insofar as the transaction is closed, it is expected to have a material effect on its results and the estimated (pre-tax) surplus cash flow that the Company will record is in the sum of around NIS 2 billion.

As part of the Group's strategy to identify new growth engines, in 2019 the Group made an initial investment in the data centers industry, in Compass, which is active mainly in North America. In 2021, the Group decided to expand its operations and investment in the industry, to enter the European market and to acquire a full holding in Green Mountain, which is currently active in Norway, Germany and England. As the Company reported in recent months, it is continuing to develop this business segment and to enter into significant transactions which have expanded its operations in the segment to other countries in Europe, and to significantly increase the transaction pipeline in Norway with leading hyperscale customers.

Danna Azrieli, Chairwoman of Azrieli Group:

"I am proud to announce a significant transaction in the data centers industry for the sale of the Group's minority holdings in Compass. The Company's investment in Compass was a milestone for the Group for launching our operations in the industry. As the opportunity presented itself, and after the Company explored various alternatives with respect to this minority holding, we chose to sell our holdings with an excellent IRR. I believe in this significant growth engine, and the Group will continue to expand its operations in the sector through Green Mountain. I would like to thank Eyal Henkin, the Group's CEO, and Rafi Wunsh, VP International Real Estate, who is leading the Group's data centers business, for their hard work and professional contribution to the process and its success".

Eyal Henkin, CEO of Azrieli Group:

“The sale of the Group’s minority holdings in Compass reflects a return of x2.5 on the investment with an average duration of 2.3 years and at a price which was an excellent opportunity for the Company. This is an annual IRR in shekels of some 40.4%, which is expected to yield for the Group a profit of hundreds of millions of dollars. In 2021, we entered the European market, through the acquisition of all of the holdings (100%) in the Norwegian company Green Mountain, and significant expansion of its operations. The expected cash flow from the transaction will be used by the Company for development of its various business segments, continued expansion of the operations in the sector and further enhancement of the Group’s significant financial strength. The transaction is further proof of the Group’s abilities to identify growth engines and to bring them to fruition while unlocking significant value for our shareholders”.