

Tel Aviv, Israel: March 21, 2024

Azrieli Group Reports Q4/2023 and Y2023 Results

For the first time, the annual NOI and net profit have crossed the NIS 2 billion mark

In Y2023, NOI was up some 8%, totaling around NIS 2,113 million; net of a one-time expense for the relief given to tenants, NOI would have been NIS 2,148 million – up 10%

FFO in Y2023 was up some 7% totaling around NIS 1,461 million; FFO (excluding senior housing) in Y2023 was up some 7% totaling around NIS 1,358 million

Following the closing of the transaction for the sale of Compass, the Group increased the planned dividend, and will distribute approx. NIS 1 billion

Danna Azrieli, Chairwoman of Azrieli Group: “2023 was a challenging year for Israeli society, even before the outbreak of the Iron Swords War. Despite this, we are ending the year with continued growth in all of the parameters, and we view this as tangible evidence of the leadership and strength of the Group. Especially during these times, we endeavor to maintain economic, business and social robustness and continuity, rooted in our solid faith in the Israeli economy and society, while looking ahead to the future development of the Group’s business areas.

This year, we presented an NOI of approx. NIS 2.1 billion in our financial statements, constituting an increase of approx. 31% in the past 5 years, and representing the long and successful road we have travelled over this period, including improved performance in all segments.

Azrieli Group is committed to continuing to build Israel and continuing to develop projects in Israel and expand existing projects, totaling over 1 million sqm, while taking a conservative and responsible approach as we have always done. We are vigorously moving forward with the construction of the Spiral Tower, our flagship project, which is expected to change the skyline of Tel Aviv, and in the coming days we will launch an innovative and exciting project in the CBD of Modi’in, which best reflects the Azrieli Group’s characteristic mixed-use concept of recent years.

Since the outbreak of the Iron Swords War, we have given millions of shekels in aid and donations and thousands of hours of volunteering in a variety of activities, to support the community and the people at this critical time for the State of Israel. We hope for better days, for the safe return of the security forces, and for the release of all of the hostages”.

Eyal Henkin, CEO of Azrieli Group: “We are ending a year full of activity and continued growth, with the relief given to the tenants of our malls due to the Iron Swords War having had a relatively moderate impact on the Q4 results. We are presenting good results for 2023, despite the relief that was given, and we view this as strong evidence of the caliber of the Company and its properties. We are proud of our ability to maintain this strength, even in such uncertain circumstances. The Group’s operations in the malls and offices segments presented good results and high occupancy rates over the year and, net of the relief we gave to tenants, the growth in 2023 is in double digits in the key parameters. The data center segment continues to gain momentum through our subsidiary Green Mountain and to constitute a significant growth engine. We are identifying many opportunities in the sector and we believe in our ability to create

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significant value for our shareholders in this industry, alongside the many initiatives that we are continuing to promote in the Group's other core businesses."

Financial Highlights for Q4/2023

- **NOI in Q4** totaled some NIS 494 million, compared with some NIS 511 million year-over-year, down some 3%. The decrease mainly derives from war-related relief in the sum of around NIS 35 million given to tenants in the malls segment and from non-inclusion of the results of Compass, which was sold in October. The decrease was partially offset by the NOI increase in the offices segment.
- **Same Property NOI** was down around 1% in Q4, mainly as a result of the war-related relief given in the malls segment.
- **FFO excluding senior housing** totaled some NIS 314 million in Q4 compared with around NIS 335 million year-over-year, down some 6%. In Q4, **the FFO** totaled approx. NIS 356 million, compared with around NIS 362 million year-over-year, down some 2%.
- **Net profit** attributable to the shareholders totaled approx. NIS 1,070 million in Q4 compared with approx. NIS 323 million year-over-year. **Comprehensive income** totaled some NIS 749 million in Q4 compared with approx. NIS 429 million year-over-year. In Q4, revaluation losses were recorded of some NIS 118 million, which mainly derives from the U.S. income-producing real estate segment. In the same quarter last year, revaluation profits were recorded in the sum of approx. NIS 454 million.

Financial Highlights for Y2023

- **NOI in Y2023** was up around 8% and totaled some NIS 2,113 million, compared with some NIS 1,953 million year-over-year. The increase mainly derives from the increase in rent in the offices segment, the addition of Mall Hayam, and the continuation of the occupation of the Lehavim project. The increase was partially offset by the war-related given to tenants in Q4.
- **Same Property NOI** was up around 5% in Y2023.
- **FFO excluding senior housing** totaled some NIS 1,358 million in Y2023 compared with around NIS 1,275 million year-over-year, up some 7%. In Y2023, **the FFO** totaled approx. NIS 1,461 million, compared with around NIS 1,360 million year-over-year, up some 7%.
- **Net profit** attributable to the shareholders totaled approx. NIS 2,218 million in Y2023 compared with approx. NIS 1,792 million year-over-year. **Comprehensive income** totaled some NIS 2,166 million in Y2023 compared with approx. NIS 1,964 million year-over-year. In Y2023, revaluation profits were recorded of some NIS 912 million, which mainly derived from the data center segment and the Israel offices segment. Last year, revaluation profits were recorded in the sum of approx. NIS 1,418 million.

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.

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- **Same-property store revenues** were up 2.2% in Y2023 (the increase does not include store revenues of Mall Hayam in Eilat and the retail space in Azrieli Town Tel Aviv).

Recent Business Developments

- Issuance of bonds – Towards the end of Q4/2023, the Group completed the issuance of bonds through expansion of the Company's long duration bonds, Series G and H. In the issuance, demand of approx. NIS 3.4 billion was recorded and the Company raised approx. NIS 2.2 billion.
- In the beginning of Q4/2023, the Group completed the transaction for the sale of its minority holdings in the U.S. company Compass, in an amount reflecting an enterprise value of \$5.7 billion and equity value of \$2.7 billion. The transaction reflected a value of approx. NIS 3.2 billion for the Azrieli Group's share. The net cash flow (after a provision for tax and transaction expenses) was approx. NIS 2.7 billion, and the accounting profit was approx. NIS 0.9 billion. The accounting effects of the transaction were recorded in Q4, and the operating results of Compass are not included starting from Q3/2023 results.

Balance Sheet as of 31 December 2023

- The Group has **cash, deposits, and short-term investments** totaling approx. NIS 4.9 billion, and together with Bank Leumi stock, cash and cash equivalents and marketable securities – around NIS 6 billion.
- **Net debt** (including Leumi) totals approx. NIS 16.7 billion.
- **The value of investment property and investment property under construction** totals approx. NIS 44.6 billion.
- **The equity to assets ratio** is approx. 44% and the **net debt to assets ratio** is approx. 33%.
- **Unencumbered assets** total approx. NIS 33.7 billion.

Conference call

The Company will hold its annual conference call, hosted by the Group's senior management, today (Thursday, 21 March 2024) at 16:00 Israel local time GMT+2 (15:00 CET; 14:00 United Kingdom time, and 10:00 am Eastern Time). The call will include a review of the Company's FY-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.

To participate, please register and log in this link:

<https://register.vevent.com/register/BI104a37f80b8c45adb6d43b7606d82af9>

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