



Azrieli Group Ltd.
(the "Company")

3 July 2024

To
The Israel Securities Authority
Via Magna

To
Tel Aviv Stock Exchange Ltd.
Via Magna

Re: Immediate Report of Updates in the Data Center Segment

Further to the Company's report of 3 July 2024 (Ref. 2024-01-068227) regarding the examination of possible debt financing by means of a public offering of commercial paper and/or bonds of the Company, the Company respectfully apprises that as part of its strategy for promotion and expansion of the data center segment, the Company is currently acting to concentrate its holdings in this segment in Europe under a specifically-designated foreign holding company wholly controlled by the Company ("**Concentration of Holdings**")¹. In the Company's estimation, the Concentration of Holdings will allow it to conduct investor capital raising rounds to support acceleration of the data center operations' development rate. The Concentration of Holdings is carried out concurrently with various developments in the Company's data center operations, including:

- Further to the Company's immediate report of 21 December 2023 (Ref. 2023-01-138762), and to Section 2.13 of the Company's board of directors' report as of 31 March 2024 (the "**Board Report**")², the contents of which are incorporated herein by reference, as of the date hereof, the negotiations being conducted by Green Mountain AS ("**GM**")³ with a leading international technology company (the "**Technology Company**") for entry into an agreement for the provision of data center services of approx. 120MW on a campus to be built by GM in Norway, are advancing. As part of its preparation for the aforesaid agreement and for the performance thereof, the Company is currently negotiating with a lender for the receipt of project financing in the amount of approx. €800 million.
- Further to the Company's immediate report of 8 March 2023 (Ref. 2023-01-024873), and to Section 2.13 of the Board Report, the contents of which are incorporated herein by reference, regarding GM's entry into a services

¹ A tax ruling by the Tax Authority in connection with the Concentration of Holdings was received on 19 June 2024.

² As released by the Company on 23 May 2024 (Ref. 2024-01-050791).

³ A Norwegian company 100% of the issued and paid-up share capital of which is (indirectly) held by the Company.

agreement with TikTok Norway AS (the “Customer” and the “Agreement”, as applicable), for the provision of data center services on a campus that GM is building in Norway, as of the date of the report, the process of delivery to the Customer of the first 30MW in which the Customer has already installed all of the equipment has commenced. At the same time, GM and the Customer are discussing, *inter alia*, the dates of delivery of the remaining parts of the project, the postponement of the date on which the Customer’s right to terminate the Agreement arose due to the delay in delivery and the reduction of the Customer’s payments due to such delay. In the Company’s estimation, as of the date of the report, given the continuation of fit-out work and equipment installation (servers and communications equipment) by the Customer in the entire campus and the negotiations being conducted between the parties, the chance that the Customer will terminate the Agreement is low. In the Company’s estimation, the date of delivery of the remaining 60MW will occur in H2/2024. Furthermore, GM and the Customer have commenced preliminary talks with respect to the Customer’s exercise of the option to increase capacity by another 30MW, in accordance with Section 1.2.2 of the aforesaid immediate report.

Furthermore, as of the date of the report, the Company is negotiating with a lender for the receipt of approx. €370 million in non-recourse financing for the said project.

- In addition, as of the date of the report, GM is negotiating with a lender for the receipt of financing in the amount of approx. NOK 7,000 million (approx. €600 million), approx. NOK 5,000 million (approx. €435 million) of which are intended for the refinancing of a preexisting loan of GM⁴, with the remaining amount expected to be used by GM to fund the expansion of its preexisting campuses (capital expenditure).
- Moreover, as of the date of the report, the Company is conducting additional negotiations with leading international technology companies and concurrent negotiations with various lenders the aggregate amount of which is approx. €500 million, in connection with the financing of additional data center projects. Such projects include, *inter alia*: (a) Construction of a data center campus under a joint venture in which the Company’s share is 50% in the area of Frankfurt, Germany⁵, with respect to which GM has signed a non-binding letter of intent to commence negotiations for entry into an agreement for the provision of data center services totaling approx. 54MW, with a leading international technology company’ (b) לאור השינוי האחרון, זו רשימת הפרויקטים ולכן "למימון" הושמט בתרגום]

⁴ As set out in Note 16B(6) to the 2023 financial statements released by the Company on 21 March 2024 (Ref. 2024-01-029448), the contents of which are included herein by reference.

⁵ See the Company’s immediate report of 2 April 2023 (Ref. 2023-01-037008), the contents of which are incorporated herein by reference.

(ואפשר גם במקור) Development and expansion of a preexisting data center campus in England⁶.

The Company intends to continue acting for expansion of the data center segment, considering the growth potential of this segment, and intending that it serve as an additional growth driver for its operations.

It is emphasized that as of the date of the report, there is no certainty that all or any of the negotiations specified herein will evolve into binding transactions, and there is no certainty with respect to their terms and conditions and scope. The Company shall report in accordance with the requirements of the law of material developments to occur in connection with the said negotiations.

The Company's estimations that the Concentration of Holdings will allow for the conduct of capital raising rounds for the data center operations, in relation to the possibility of exercise of the right to terminate the Agreement by the Customer, with respect to the date of delivery of the remaining 60MW and in relation to the continued expansion of the data center segment, constitute forward-looking information, within the definition of this term in the Securities Law, 5728-1968, based on subjective assessments by the Company and GM and on their plans and assumptions, which are uncertain. There is no certainty with respect to the materialization of all or any of these estimations, which may materialize in a materially different manner due to factors beyond the control of the Company and/or GM, including changes in the global data center market, regulatory delays or consequently to the materialization of any of the risk factors listed in Section 29 of the Company's periodic report for 2023⁷.

Sincerely,

Azrieli Group Ltd.

Signed by: Adv. Nirit Zeevi, VP, General Counsel and Company Secretary

⁶ See the Company's immediate reports of 26 June 2022, 25 December 2022 and 24 January 2023 (Ref. 2022-01-078271, 2022-01-154633 and 2023-01-010848, respectively), the contents of which are incorporated herein by reference.

⁷ As released by the Company on 21 March 2024 (Ref. 2024-01-029448), the contents of which section are incorporated herein by reference.