

18 August 2025

Azrieli Group Reports its Q2/2025 Results

NOI in the second quarter up ~17% year-over-year, reaching a record NIS 648 million

Same-property NOI up ~4% year-over-year

FFO excluding senior housing up ~7% year-over-year, totaling NIS 417 million; Total FFO amounted to around NIS 425 million, compared with around NIS 431 million in Q2/2024

Net income attributable to the shareholders increased by 105% year-over-year to NIS 320 million

The Group has recently signed a deal for the provision of 36MW in data center services in Germany (Company's share: 50%)

Ron Avidan, CEO of Azrieli Group: "We continue to present good results in all our operating parameters, with another quarterly record in NOI. The office segment is seeing increased interest in offices in central Tel Aviv, with close to 60% of the office space vacated by a major tenant in Sarona Tower already leased up, and with negotiations for the rest of the space currently underway. The improvement in results was affected by Operation Rising Lion, which had an impact on Israel's commerce and offset some of the improvement. The data center segment is continuing to grow and is making a substantial contribution. We have recently announced an important deal in the Frankfurt area in Germany, marking another step in the realization of our strategy in this segment. This is one of the Group's key growth drivers and the deal is yet another tier on our DC subsidiary's path to becoming a major player in this growing arena. We are working to close the merger transaction with ZMH Hammerman and expect to do so by the end of Q3, thereafter integrating the residential development segment with the Group's operations, while still cultivating our other growth drivers."

Avidan added: "Further to the immediate report issued last night, I have informed Danna Azrieli and the Group's Board of Directors of my wish to step down as CEO of the Group for personal reasons. I would like to take this opportunity to thank Danna Azrieli and the Group's Board for the opportunity to lead Azrieli Group in these recent times, and to wish the management and the employees further success and growth".

Financial Highlights for Q2/2025

- **NOI in Q2/2025** totaled approx. NIS 648 million, compared with around NIS 553 million in Q2/2024, up ~17%. The increase results from the data center and office segments and was partly offset by a drop in the malls segment due to Operation Rising Lion. As of the date of this report, the company's assessment of the impact of Operation Rising Lion on the results of the malls segment is approx. NIS 13 million. In the office segment, a one-time net amount of approx. NIS 14 million was recorded as compensation paid by a

departing tenant, which includes loss of income due to the departure and setoff of income from new tenants that have already moved into areas vacated by that tenant.

- **Same-Property NOI** in Q2/2025 rose ~4% year-over-year, totaling approx. NIS 576 million.
- **FFO excluding senior housing** totaled approx. NIS 417 million in Q2/2025 compared with around NIS 391 million in Q2/2024, increasing ~7% year-over-year. **Total FFO** in Q2/2025 amounted to around NIS 425 million compared with approx. NIS 431 million in Q2/2024, down ~1% year-over-year.
- **Net profit** attributable to the shareholders totaled approx. NIS 320 million in Q2/2025 compared with some NIS 156 million in Q2/2024.

Occupancy Rates and Store Sales

- **Average occupancy rates** (excluding properties under lease-up) were 99% in the malls segment, 94% in the offices in Israel segment and 98% in the senior housing segment.
- **Store sales** in January-May 2025 dropped ~1.5% year-over-year. Store sales exclude the Modi'in West project which was opened during Q4/2024.

Business Developments during and after Q2/2025

- **Debt financing** – In July, the Company completed the issue of a new bond series (Series J), raising approx. NIS 500 million, at a price reflecting an effective yield rate of 3.02%. Series J will be repaid in one (bullet) payment in July 2033 and will pay out interest twice a year. The series is linked to the CPI with a duration of ~7.2 years and rated Aa1 with a stable outlook by Midroog.

The Group also raised approx. NIS 2 billion in July by expanding Series I at a price reflecting an effective yield rate of 3.23% (including a precommitment fee) and a margin of 1.25%. Series I is linked to the CPI with a long duration of ~11.9 years.

- **Merger agreement with ZMH Hammerman** – In August, the shareholders meeting of ZMH Hammerman approved the merger with Azrieli Group and the Competition Commissioner's approval of the merger was received. Both parties are proceeding toward closing the deal.
- **A data center services agreement in Germany** – In August, further to previous reports and the first contract that had been signed, the Company reported that the venture in which it is an equal-share partner with KMW, a German electricity and energy provider, entered into a set of agreements with the customer (including the second agreement) for the supply of 36 MW in data center services (Company's share: 50%). The customer has an option to increase the capacity by an additional 18 MW for a total of 54 MW. The average annual NOI from a 36-MW capacity is estimated at approx. €51 million. The Company's share is approx. €25.5 million.

Balance Sheet as of 30 June 2025

- The Group has **cash, deposits, and short-term investments** totaling approx. NIS 2.6 billion and, together with the Bank Leumi shares, approx. NIS 4.8 billion.
- **Net debt** totaled approx. NIS 21.9 billion.
- **The value of investment property and investment property under construction** totaled approx. NIS 50 billion.
- **Equity to assets ratio:** ~41%; **net debt to assets ratio:** ~37%.
- **Unencumbered assets** total approx. NIS 38 billion.

The Zoom conference call reviewing the results of the quarter will take place today, Monday, 18 August 2025 at 11:00 am

If you wish to attend, please join the call by using this link:

[Join Webinar](#)