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Azrieli Group Reports Q3/2025 Results

Q3's NOI increased ~12% year over year, with a record total of approx. NIS 657 million

Q3's Same-Property NOI increased ~2% year over year

Q3's FFO w/o senior housing totaled around NIS 395 million, down ~3% year over year, mainly due to an increase in financing expenses and in expenses related to the continued expansion of the data center segment

Net profit attributable to shareholders totaled some NIS 395 million, compared with around NIS 383 million in Q3/2024

Ongoing investment and enhancement of property portfolio: Investments totaled approx. NIS 650 million in Q3 and approx. NIS 2.5 billion in the first 9 months of 2025, in Israel and in the data center segment overseas

Danna Azrieli, Chairwoman and Acting CEO of Azrieli Group said:

"We delivered a strong quarter, with another quarterly NOI record, high occupancy rates across all properties and a maintained trajectory of consistent growth and expansion for the Group. FFO has remained relatively stable, impacted by increased financing expenses and ongoing investment in and reinforcement of our growth drivers, particularly in our data center operations. The office segment is demonstrating recovery, among other factors, owing to the end of the war and a certain increase in the scale of foreign investments in Israel. Around 80% of the office space that had been vacated in Sarona Tower by a major tenant have already been leased, mostly under preferable terms, and we are in advanced negotiations in relation to the rest of the premises.

In the mall segment – following a certain drop in Q2 due to Operation Rising Lion, operations have resumed at full capacity, with a noticeable increase in store sales. The data center segment demonstrates a substantial contribution to our results, while we continue executing

קבוצת עזריאלי בע"מ

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our strategy. At the same time, we have closed the merger with ZMH Hammerman and are in the midst of a process for integration of the residential development segment with the Group's operations, along with advancement and enhancement of our other growth drivers.

We continue to invest in and enhance our property portfolio: Some NIS 650 million in Q3 and around NIS 2.5 billion in the first nine months of the year, both in Israel and in the data center segment overseas. These investments reflect full confidence in our strategy and in our ability to generate future value and sustain the Group's ongoing growth".

Financial Highlights for Q3/2025

- **NOI in Q3/2025** totaled approx. NIS 657 million, compared with around NIS 586 million in Q3/2024, up ~12%, which increase originates from the data center and mall segments.
- **Same-Property NOI** in Q3/2025 increased ~2% year over year, totaling approx. NIS 588 million.
- **FFO excluding senior housing** totaled approx. NIS 395 million in Q3/2025 compared with around NIS 409 million in Q3/2024, mainly due to an increase in financing expenses and in the expenses of Green Mountain Global to support the continued growth of its operations. **Total FFO including senior housing** amounted to around NIS 424 million in Q3/2025 compared with approx. NIS 454 million in Q3/2024, mainly due to a drop in the marketable residential unit inventory, owing to the high occupancy rates in Palace Senior Homes.
- **Net profit** attributable to the shareholders totaled approx. NIS 395 million in Q3/2025 compared with some NIS 383 million in Q3/2024.

Occupancy Rates and Store Sales

- **Average occupancy rate** (excluding properties under lease-up) was 99% in the malls segment, 96% in the offices in Israel segment and 99% the in senior housing segment.
- **Store sales** in January-September 2025 remained unchanged compared with the same period last year. Store sales do not include the Modi'in West project which was opened during Q1/2024 nor the month of June (Operation Rising Lion). Store sales in July-September increased ~4% compared with the same period last year.

Business Developments during and after Q3/2025

- **Merger agreement with ZMH Hammerman** – The transaction was closed this quarter.
- **SolarEdge** – In November, the Company reported that it had reached understandings with SolarEdge, whereby, in exchange for agreed damages (in addition to previous damages for postponing the date of commencement of the term of lease), the leased premises' area would be reduced by approx. 40% and SolarEdge would lease 600 parking spaces (*in lieu* of 950 parking spaces). Based on the amendments specified, annual NOI from the agreement with SolarEdge is expected to total approx. NIS 56 million. Assuming that all project areas are leased, the Company estimates that projected annual NOI from the project will total approx. NIS 80 million.
- **Agreement for supply of data center services in Germany** – In August, the Company reported that, further to previous reports and the first contract signed, the venture in which it is an equal partner with KMW, a German electricity and energy supply company, had entered into a set of agreements with the customer (which includes the second agreement) for the provision of 36 MW in data center services (the Company's share is 50%). The customer was given the option to increase capacity by another 18 MW to a total of 54 MW. The average annual NOI for a capacity of 36 MW is estimated at approx. €51 million, and the Company's share is approx. €25.5 million.
- **Debt issues** – In July, the Company completed the bond issue of a new series (Series J), raising approx. NIS 500 million at a price reflecting an effective yield of 3.02%. Series J will be repaid in one bullet payment in July 2033 and pays interest twice a year. The series is linked to the Consumer Price Index (CPI) with a duration of ~7.2 years and is 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 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.

- **Mount Zion Hotel** – The Company has entered into an agreement with Kempinski, one of the world's leading luxury hotel chains, for management of the hotel in Jerusalem.

Balance Sheet as of 30 September 2025

- The Group has **cash, deposits, and short-term investments** totaling approx. NIS 3.3 billion, which, together with its Bank Leumi shares, amount to approx. NIS 5.5 billion.
- **Net debt** totaled approx. NIS 23.6 billion.
- **The value of investment real estate and investment real estate under construction** totaled approx. NIS 51 billion.

- **Equity to assets ratio:** ~39%, and **net debt to assets ratio:** ~37%.
- **Unencumbered assets** total approx. NIS 39 billion.

A conference call to review the results of the quarter will take place today, Wednesday, 26 November 2025 at 4pm Israel time / 2pm UK time / 9am ET

If you wish to attend, please join the call by using this link: [Conference Call Registration](#)