



August 17, 2022

## Azrieli Group Releases Q2/2022 Results

The NOI in the quarter totaled NIS 473 million, up 16% compared with last year  
The annual NOI rate based on Q2 is NIS 1.9 billion, excluding Mall Hayam and the signed contracts that are not yet producing income in the Data Centers sector

The Same Property NOI in the quarter was up 11% compared with last year  
The Group presents record high occupancy levels in all segments – Offices, Retail and Senior Housing

The FFO in the quarter totaled NIS 331 million compared with NIS 371 million in the same quarter last year, which included many resident move-ins in Modi'in and Lehavim

The net profit attributed to the shareholders totaled NIS 803 million and the comprehensive income totaled NIS 843 million, significant year-over-year growth

### Financial Highlights for Q2/2022

- **NOI this quarter totaled approx. NIS 473 million, up around 16%** year-over-year. The increase mainly derives from the acquisition of the Data Centers company Green Mountain, lease-up of the space formerly occupied by Bezeq in the Triangular Tower in Azrieli Tel Aviv, and higher rent in the malls segment.
- **Same Property NOI** increased by some 11% in the quarter compared with last year.
- **FFO excluding senior housing** totaled approx. NIS 309 million this quarter compared with around NIS 308 million in the same quarter last year. **Total FFO** totaled approx. NIS 331 million this quarter compared with around NIS 371 million in the same quarter last year. The increase in the FFO (excluding senior housing) was offset due to the significant investments in the Data Centers sector, which are not yet producing income, and include also growth in financing, general and administrative expenses, which are mainly connected to the acquisition of the Data Centers company Green Mountain. In the senior housing segment, in the same period last year, the Company filled a significant number of apartments in Modi'in and Lehavim.
- **Net profit** attributed to the shareholders totaled approx. NIS 803 million in the quarter compared with profit of around NIS 383 million last year. **Comprehensive income** this

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quarter totaled approx. NIS 843 million compared with profit of around NIS 445 million last year. During the quarter, appreciation of investment property was recorded in the sum of around NIS 601 million, which mainly derives from the rise in the CPI. The increase in profit was partially offset due to an increase in the interest expenses, also due to the rise in the CPI.

- **During the quarter, the Group invested approx. NIS 284 million in investment property,** in the acquisition, development, construction of new properties and the upgrade and betterment of preexisting properties, and since the beginning of the year around NIS 737 million.

**Eyal Henkin, CEO of Azrieli Group:** "We are concluding another good quarter for the Group. The offices segment is continuing to see high demand which is expressed in significant growth in the same property NOI. The retail segment is presenting strong growth in store revenues, and the NOI is nearing an all-time high. We are continuing the accelerated development of the Data Centers segment, and recently announced a first transaction in London, one of the fastest-growing global hubs in this industry. This segment's contribution to the results is expected to be expressed upon completion of the many projects under development. In the senior housing segment, we are working hard to meet the considerable demand for the unique product that we are offering our customers. Thanks to the accelerated business momentum, the annual NOI rate is some NIS 1.9 billion, excluding the many contracts in the Data Centers segment which are not yet producing income, and excluding Mall Hayam in Eilat, whose acquisition we closed after the end of the quarter. We are continuing to strive to develop the new operating segments, hospitality and long-term rental housing, while exploring new business opportunities in all of the operating segments".

### Occupancy Rates and Store Revenues

- **The average occupancy rate** (excluding properties under lease-up) was 99% in the malls segment, 97% in the office space in Israel segment, and 99% in senior housing.
- **Store revenues** – In May-June 2022, a rise of 5.5% was recorded in store revenues in the malls compared with the same period in 2021. A rise of 10.4% was recorded in the quarter in store revenues in the malls compared with the same quarter last year.

### Business developments

- **In July 2022, after the balance sheet date, the Company closed the acquisition of Mall Hayam in Eilat.** The mall will begin contributing to the results from Q3/2022.
- **Expansion of the Data Centers operations in Europe** – at the end of June the Group acquired an active Data Center with significant potential for expansion and adjacent land for future development at a total scope of 40 MW in London with existing contracts at a scope of around 7.4 MW, in an investment of some £52 million (around NIS 220 million).
- **Bond offering** – in July, Azrieli Group completed an offering of bonds by way of expansion of three series (D, F, H). In the offering, demand was recorded of around NIS 3.7 billion and the Company raised around NIS 3 billion in the three series, at an average interest rate of 2% and with an average duration of 8.1 years.

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### Balance Sheet as of June 30, 2022

- The Group has **cash, deposits and short-term investments** totaling approx. NIS 2 billion and together with Bank Leumi stock, cash and cash equivalents and marketable securities – around NIS 3.1 billion.
- **Net debt** (including Leumi) totaled approx. NIS 12.5 billion.
- **The value of investment property and investment property under construction** totaled approx. NIS 36 billion.
- **The equity to assets ratio** is approx. 49% and the **net debt to assets ratio** is approx. 31%.
- **Unencumbered assets** total approx. NIS 31 billion.

### Conference call

The Company will hold its quarterly conference call, hosted by the Group's senior management,  
Today (Wednesday, August 17<sup>st</sup>, 2022) at 17:00 pm Israel local time (16:00 CET; 15:00 United Kingdom time, and 10:00 am Eastern Time).  
The call will include a review of the Company's Q2/2022 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 dial:**  
03-9180664 from Israel  
1-888-407-2553 from the U.S.  
0-800-917-9141 from the U.K.  
0-800-024-9936 from the Netherlands  
1-888-604-5839 from Canada  
or +972-3-9180664 internationally

### For further details:

**Moran Goder, Head of Capital Markets and Business Development Analyst,**  
**Azrieli Group**  
Office: +972-3-6081310, Mobile: +972-54-5608151, [Morango@azrieli.com](mailto:Morango@azrieli.com)

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