Azrieli Group Reports Q2/2026 Results; The Group Delivers Strong Operational Results, Affected by the Appreciation of the Shekel

- **NOI for the quarter totaled approx. NIS 651 million, compared with approx. NIS 648 million year-over-year – <u>excluding the impact of exchange rates, NOI increased by 4%</u>**
- **Total FFO including senior housing totaled approx. NIS 426 million, compared with approx. NIS 425 million year-over-year – <u>excluding the impact of exchange rates, FFO including senior housing increased by approx. 1%</u>. FFO in Q2/2026 excluding senior housing totaled approx. NIS 411 million, compared with approx. NIS 417 million year-over-year – <u>excluding the impact of exchange rates, FFO excluding senior housing remains unchanged</u>**
- **Net income in Q2/2026 totaled approx. NIS 155 million, compared with approx. NIS 320 million year-over-year. The decrease results primarily from the decline in the investment property revaluation gain**
- **Growth in retail operations – tenant sales in the quarter grew by approx. 8.3% year-over-year**
- **Ongoing investment and enhancement of property portfolio: Investments in H1/2026 totaled approx. NIS 1.7 billion in the portfolio of offices, malls and senior housing in Israel and in the data center segment overseas**
- **Subsequent to the report date, Green Mountain signed two data center service agreements for a total capacity of approx. 19 MW, which are expected to generate annual NOI of approx. NIS 125 million, primarily during 2027**

Danna Azrieli, CEO of Azrieli Group: “We are concluding the second quarter with strong operational results and continued progress in the Group’s growth engines. In Israel, we continue to invest in the enhancement of existing properties, alongside the promotion of new projects. The Spiral Tower project continues to progress in the heart of Tel Aviv, and upon its completion, it is expected to add a significant mixed-use asset to the Group which will change the city's skyline.

Global data center operations continue to expand, and we recently signed two new agreements in London and Norway, which are expected to contribute a combined annual NOI of approx. NIS 125 million. These agreements join signed contracts and income-producing operations, which together are expected to contribute an annual NOI of over NIS 1 billion, illustrating the significant growth potential of this activity.

At the same time, we expanded our senior housing operations with the opening of Palace Rishon LeZion, the chain's fifth home. The home is in the process of occupancy and already shows high marketing rates, the contribution of which we expect to see in the coming quarters.
Retail operations continue to show growth and an increase in tenant sales, even excluding the effects of the war, and in the office segment, we are seeing great interest from large international companies.
We continue to develop, build, and invest with a long-term perspective and belief in the Israeli economy, alongside the expansion of international operations. The responsible management of the Group's segments, together with consistent investment in the development and enhancement of the portfolio, will continue to form the basis for the Group's growth and value creation over time."

Financial Highlights for Q2/2026

- **NOI** totaled approx. NIS 651 million in Q2/2026, compared with approx. NIS 648 million year-over-year. The increase was partially offset by the appreciation of the shekel. **Excluding the impact of exchange rates, NOI increased by 4%**.
    - **Retail** – NOI in the malls was affected by the reduction in the Azrieli Mall's area due to construction work carried out in the area of the mall for the purpose of connecting it to the Spiral Tower. As part of these works, approx. 300 sqm of retail space were removed from the mall. The works are expected to significantly upgrade the mall and increase retail space by approx. 16,000 sqm.
    - **Offices** – excluding a one-time compensation received in the corresponding quarter last year in connection with a tenant vacating Sarona Tower, NOI increased by 4%.
    - **Data Centers** – excluding the impact of exchange rates, NOI increased by 3%.
- **Same-Property NOI** totaled approx. NIS 649 million, compared with approx. NIS 648 million year-over-year. The increase was partially offset by the appreciation of the shekel. Excluding the impact of exchange rates, Same-Property NOI increased by 3%.
- **Total FFO in Q2/2026 including senior housing** totaled approx. NIS 426 million compared with approx. NIS 425 million year-over-year. Excluding the impact of exchange rates, exchange rates, FFO including senior housing increased by approx. 1%. **FFO in Q2/2026 excluding senior housing** totaled approx. NIS 411 million, compared with approx. NIS 417 million year-over-year. Excluding the impact of exchange rates, FFO excluding senior housing remains unchanged. FFO was primarily affected by the increase in marketing, administrative and general expenses related to the continued growth in the Data Centers segment.
- **Net income** in Q2/2026 totaled approx. NIS 155 million, compared with approx. NIS 320 million year-over-year. The decrease resulted from a decline in the investment property revaluation gain compared with the corresponding quarter last year. The decrease was partially offset by revaluation gains in the Data Centers operations.

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<u>**Occupancy Rates and Tenant Sales**</u>

- **Occupancy rate** (excluding properties under lease-up) was 99% in the mall segment, 96% in the offices in Israel segment, and 97% in the senior housing segment.
- **Tenant sales** in Q2/2026 increased by approx. 8.3% year-over-year.

<u>**Recent Developments**</u>

- **Data Center Services Agreement in London** – Subsequent to the report date, the Group announced that its wholly-owned subsidiary, Green Mountain Global (GMG), signed an agreement for the provision of data center services at its active campus in East London, where expansion work is underway. The agreement is for services in the scope of 13.6 MW for a term of 8 years, with two-year extension options. The agreement is projected to generate an annual NOI of approx. £24.9 million (approx. NIS 101 million according to current exchange rates). The costs of the expansion work, including costs attributed to the acquisition of ownership of the land on which the operating campus is built, is estimated at approx. £230 million, plus financing costs in the amount of approx. £6 million. Last year, GMG entered into a financing agreement for the expansion work in the amount of £100 million.
- **Data Center Services Agreement at the Norway Campus** – Subsequent to the report date, Green Mountain entered into an agreement with an international technology company for the provision of 5 MW of data center services at an active campus in Norway for a term of 15 years (with an option for the customer to extend the service period by up to 15 years). The average annual NOI from the transaction is expected to be approx. NIS 24 million.
- **Bond Issuance** – In June, the Group completed an issuance of a new bond series (Series K) and raised approx. NIS 2.1 billion. The interest rate closed at 3.02%, with an effective spread, including an early commitment fee, of 104 bps. The series is CPI-linked with a duration of approx. 15 years and is rated ilAA+ with a stable outlook by Ma'alot. Series K is one of the longest-duration bond series on the Tel Aviv Stock Exchange.
- **Opening of Palace Rishon LeZion** – Towards the end of the quarter, the Company opened its new senior housing home in Rishon LeZion and began the apartment occupancy process. The home includes 274 units, a medical wing, and 3,000 sqm of retail space, with approx. 40% of the apartments already sold.

<u>**Balance Sheet as of 30 June 2026**</u>

- The Group has **cash, deposits, and short-term investments** totaling approx. NIS 4.5 billion, which, together with its Bank Leumi shares, amount to a total of approx. NIS 6.2 billion.
- **Net debt** totaled approx. NIS 24.2 billion.
- The value of **investment property and investment property under construction** totaled approx. NIS 53 billion.

- **Equity-to-assets ratio** was approx. 39%, and the **net debt-to-assets ratio** was approx. 37%.
- **Unencumbered assets** totaled approx. NIS 40 billion.

For further information: Vered Lev, Scherf Communications, Tel: 052-7202706