



March 25, 2021

Azrieli Group Releases Q4/2020 and Y2020 Results

Against the backdrop of the COVID-19 pandemic and the lockdown imposed during most of the quarter, the NOI in the quarter totaled NIS 224 million and the FFO totaled NIS 213 million

The NOI in 2020 totaled NIS 1.2 billion and the FFO totaled NIS 999 million

In the offices segment, new contracts have been signed since the beginning of the year for 169 thousand sqm, up 9% on average

The Company's Board approved the distribution of a NIS 450 million dividend, and is expected to discuss another distribution of up to NIS 150 million later in the year

Financial Highlights for Q4/2020

- **NOI** in Q4/2020 totaled NIS 224 million, compared with NIS 408 million in the same quarter last year. The **NOI** in 2020 totaled NIS 1,214 million, compared with NIS 1,611 million last year. The decrease derives from the lockdowns imposed during the year, as a result of which the malls were closed for 40% of days in 2020. In the offices segment, a very slight 4% decrease was recorded in the NOI, which derived mainly from a decrease in income from parking garages. In 2020, the offices segment recorded a 1% increase.
- **FFO excluding senior housing** totaled NIS 152 million in Q4/2020, compared with NIS 286 million in the same quarter last year. The **total FFO** totaled NIS 213 million compared with NIS 314 million in the same quarter last year. The **FFO excluding senior housing** in 2020 totaled NIS 878 million, compared with NIS 1,160 million last year. The **total FFO** in 2020 totaled NIS 999 million, compared with NIS 1,313 million last year. The decrease derives from the lockdowns imposed during the year. Part of the decrease in the quarter was offset by dramatic growth in the FFO from senior housing operations, mainly due to the occupancy of the new home in Lehavim.
- **The Company reported a loss** attributable to shareholders of NIS 30 million in Q4/2020. The net profit in 2020 totaled NIS 184 million, compared with NIS 2,097 million last year. The decrease in profit derives mainly from fair value adjustments of investment property and the decrease in NOI.
- **In the quarter, the Group invested NIS 273 million in investment properties**, in the development and construction of new properties and in the upgrade and improvement of existing properties. **In 2020, the investments totaled over NIS 1 billion. Furthermore, the Company utilized the lockdowns for upgrades, some of which were significant, in some of the malls.** In addition, the Group invested NIS 264 million in closing the acquisition of the Mount Zion Hotel in Jerusalem, which is presented under fixed assets, and an investment of \$67 million (approx. NIS 231 million) in the U.S. company Compass which operates in the data centers segment and is presented according to the equity method.

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Eyal Henkin, CEO of the Azrieli Group: "Despite the challenging year, in which retail operations were closed 40% of the time, we are ending the year with an FFO of around NIS one billion. We see this as powerful evidence of the Group's strength and of the importance of diversifying into several operating segments. The Group's operations in the offices sector have demonstrated impressive stability throughout the Covid-19 crisis, and we are optimistic about its future, as expressed in the contract renewal and option exercise figures, which have continued the positive trend which characterized the pre-Covid-19 period. The senior housing segment also continues to grow, and the new home in Lehavim will keep on contributing to results with its continued gradual occupancy, against the backdrop of impressive contracts signed throughout the Palace chain.

Alongside the current operations, we continue to vigorously work to intensify the operations in new and synergetic segments. The data centers segment is benefitting from ongoing global growth, and therefore so too our operations in the segment. We recently announced an important milestone, as part of a strategic move that we are leading, to expand our operations to the rental housing sector. With the recent opening of the economy, we are witnessing significant footfall in the Group's malls. We prepared for the reopening in accordance with the Azrieli Group's strictest standards, and we are pleased to see the positive trend in operations.

Occupancy rates and store revenues

- **The average occupancy rate** was 98% in the malls segment (net of properties under lease-up) and 96% in the offices in Israel segment (net of properties under lease-up).
- **Store revenues** – Due to the fact that many sectors had still not resumed normal operations or were operating on a partial basis during the quarter (schools, gyms, movie theatres and restaurants), the quarter's figures cannot be compared with the corresponding quarter. In 2020, a 1% increase was recorded, while April, October and November were excluded and March, May, September and December 2020 were standardized according to actual working days and to exclude the impact of the Covid-19 restrictions. The Azrieli Tel Aviv Mall and tenants that did not resume normal operations due to the restrictions were also excluded.

Business developments

- **Signing of new contracts in the offices segment** – In the course of the year, until close to the report release date, 311 new contracts and/or option exercises took effect, and existing contracts were extended for around 169,311 sqm, for rent 8.8% higher than contracts renewed / extended or signed with a substitute tenant.
- **Signing of new contracts in the malls segment** – In the course of the year, until close to the report release date, 965 new contracts and/or option exercises took effect, and existing contracts were extended for around 93,692 sqm, with a slight decrease of 1% relative to the previous rent for such space.
- **Expansion of operations in the rental housing sector** – At the end of February 2021, the Azrieli Group announced that it may be broadening its strategic process for expansion of its operations to the rental housing sector. It signed an agreement for the acquisition of land in Tel Aviv, on which a building is located which is currently used by the Abraham Hostel and which includes 10,000 sqm in rights for the construction of 110 apartments.
- **Compass Data Centers** – The Company announced that, compared with the date of the first investment in July 2019, there was an increase of 84% in the annualized NOI pace to a total of \$70 million, and the future potential development increased by 11% to 620 MW.

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Balance Sheet as of December 31, 2020

- The Group has NIS 2.7 billion in **cash, deposits and short-term investments**, and NIS 3.5 billion including the Bank Leumi stock, cash and cash equivalents and marketable securities.
- **Net debt** totaled NIS 9.2 billion.
- **The value of investment properties and investment properties under construction** totaled NIS 29 billion.
- **Equity to assets ratio** is 52% and **net debt to assets** ratio is 26%.
- **Unencumbered properties** amount to NIS 24 billion.

Conference call

The Company will hold its Annual conference call, hosted by the Group's senior management, today (Thursday, March 25th, 2021) at 17:00 Israel local time (16:00 CET; 15:00 United Kingdom time and 11:00AM Eastern Time). The call will include a review of the Company's annual 2020 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:
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0-800-917-9141 from the U.K.
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