



March 25, 2020

Azrieli Group Releases Results for Q4 and Y2019

**NOI in 2019 totaled NIS 1,611 million, up 6% compared with last year
In 2019, FFO totaled NIS 1,313 million, up 3% compared with last year**

Same Property NOI in 2019 up 4% compared with last year

The net profit in 2019 totaled NIS 2,097 million compared with NIS 1,219 million last year. The net profit from operations (mainly net of the increased value of investment property and the capital gain from the sale of Supergas) rose by 8% and totaled NIS 958 million compared with NIS 889 million last year

Equity to assets ratio of 53%, and net debt to assets ratio of 24%

For the sake of caution, as is characteristic of the Group and despite its exceptional strength, the Board decided to distribute a dividend in the sum of NIS 300 million, and to re-discuss a distribution of up to NIS 300 million more during the year.

The Group has announced the establishment of a sizeable, NIS 100 million financial aid fund that will give loans and grants to small and medium-sized mall tenants

Financial Highlights for Y2019

- **NOI up 6%, totaling NIS 1,611 million**, compared with NIS 1,523 million last year.
- **Same Property NOI up 4%** compared with last year.
- **FFO excluding senior housing up 4%**, totaling NIS 1,160 million compared with NIS 1,113 million last year. **FFO up 3%** totaling NIS 1,313 million compared with NIS 1,278 million last year. In Q4/2018, the Company reported FFO of NIS 150 million in the senior housing segment, mostly from the initial moving-in of residents into Azrieli Modi'in, compared with NIS 28 million in the current quarter, in which no new homes were populated.
- **Net profit totaled NIS 2,097 million** compared with NIS 1,219 million last year. **Net profit from operations (mainly net of the increased value of investment property and the capital gain from the sale of Supergas) rose 8%** and totaled NIS 958 million compared with NIS 889 million last year.
- **In 2019, the Group invested about NIS 1 billion in investment property**, in the development and construction of new properties and in the upgrade and improvement of existing properties.

Azrieli Group Ltd.



Financial Highlights for Q4/2019

- **NOI up 5%, totaling NIS 408 million**, compared with NIS 388 million last year.
- **Same Property NOI up 3%** compared with last year.
- **FFO excluding senior housing** totaled NIS 286 million compared with NIS 293 million last year. The decrease mainly derives from tax effects, including tax assessment agreements that were signed in Q4/2018 and were expressed in this quarter. Net of these items, FFO is up NIS 10 million.
- **FFO** totaled NIS 314 million compared with NIS 443 million last year. In the same quarter last year, the Company reported FFO of NIS 150 million in the senior housing segment, mostly from the initial moving-in of residents into Azrieli Modi'in, compared with NIS 28 million in the current quarter, in which fewer residents moved into the Modi'in home, since most of the residents have already moved into the home.
- **Net profit totaled NIS 1,107 million** compared with NIS 460 million last year. **Net profit from operations (mainly net of the increased value of investment property and the capital gain from the sale of Supergas)** rose 22% and totaled NIS 262 million compared with NIS 215 million last year.
- **During the quarter, the Group invested NIS 466 million in investment property**, in development, the construction of new properties and the upgrade and improvement of existing properties.

Danna Azrieli, Chairman of the Azrieli Group: "This passing year has been strong for the Group in all parameters. We have continued to strengthen our core business and expand into synergetic fields. The Coronavirus crisis was unexpected, but we are entering the crisis with exceptional financial soundness and with strong and experienced management. We have also initiated measures to create a safety net for our tenants, such as establishing a sizeable, NIS 100 million financial aid fund for loans and grants to our small and medium-sized tenants, in addition to a list of further relaxations. At the same time, we are looking ahead to the future while implementing informed risk and opportunity management".

Eyal Henkin, CEO of the Azrieli Group: "We are rounding out a strong year for the Group during which we led many significant processes for expansion of the Group's core business alongside entry into synergetic fields. We are currently engaged in responsible and firm management of the Coronavirus crisis. It is important to emphasize that the Group enters the global crisis well prepared: With very solid financial soundness and high cash and cash equivalents balances; a low leverage rate and a significant volume of unencumbered assets. We have a long average loan duration with an excellent payment schedule; a robust annual cash flow, which is expected to remain strong also in various scenarios we considered; and our asset portfolio is diverse with high occupancy rates and an extremely wide variety of tenants from different business areas."



Occupancy rates and store revenues

- **The average occupancy rate** in the malls segment was 98% and in the offices segment in Israel was 99%.
- **During September-December, a 2% increase in store revenues was recorded** in Azrieli malls compared with the same period last year (4 months in order to include the Jewish high holidays in both periods). A 2% increase in store revenues in the properties was recorded in the whole of 2019. The growth in the two periods relates to same property store revenues.

Developments during and after the quarter

- **Sale of GES** – after the quarter, in January, the Company reported that it had signed the agreement for the sale of GES in consideration for approx. NIS 110 million, in the framework of the actions to focus the Company's activity on the core sectors in the real estate segment. The transaction is subject to standard conditions precedent and is expected to be closed by the end of April 2020.
- **Bond offering** – the Company raised, towards the end of the quarter, around NIS 2.5 billion in the expansion of Series E and F at an average effective interest rate of 0.45% and with a duration of 7.8 years. Some of the capital raised was used for prepayment, in full, at the Company's initiative, of Series C, at a scope of around NIS 1.03 billion, including prepayment costs.
- **Purchase of the Mount Zion hotel** – during the quarter, the Company announced the purchase of the Mount Zion hotel in Jerusalem in consideration for NIS 275 million, and closed the purchase thereof in February 2020.

Balance Sheet as of December 31, 2019

- The Group has **cash, deposits and short-term investments** in the sum of NIS 2.9 billion, and including the Bank Leumi shares, cash and cash equivalents in the sum of NIS 4 billion.
- **Net debt** totaled NIS 8.6 billion.
- **The value of investment property and investment property under construction** totaled NIS 29 billion.
- **Equity to assets ratio** is 53% and **net debt to assets** ratio is 24%.
- **Unmortgaged properties** amount to NIS 23 billion.



Conference call

The Company will hold its quarterly conference call, hosted by the Group's senior management, today (Wednesday, March 25, 2020) 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 FY2019 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 Ltd.

morango@azrieli.com

Office: +972-3-6081310 Mobile: +972-54-5608151