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Azrieli Group Signs an Agreement for the Acquisition of Norwegian company Green Mountain, AS, which operates in the Data Centers sector

The Group is making an investment of NOK 7.6 billion, around NIS 2.8 billion

Azrieli Group announces expansion of its operations in the Data Centers sector to Europe with the signing of a significant agreement for the acquisition of a private company that operates in this sector in Scandinavia. In the transaction, the Group is acquiring 100% of the share capital of Green Mountain for around NIS 2.8 billion.

Green Mountain is a private company which was incorporated in Norway in 2009, which has been operating in the field of server farms since its incorporation, in three main areas: (a) planning and construction of server farms with high-level information security; (b) provision of advanced service farm services to organizations and wholesale customers; (c) highly-efficient operation of server farms, while using 100% renewable energies. The company holds several real properties which are leased to third parties and are used by the company for its operations in the field of server farms.

Green Mountain operates three server farms in Norway and, as of the date of this report, has signed contracts for approx. 24 MW with customers for an average period of approx. 7.5 years. Green Mountain also has future construction and development potential at these and additional sites of approx. 520 MW.

Inquiries made by the company indicate that the Scandinavian market, and particularly the Norwegian market, is experiencing significant growth in the Data Centers market, and benefits from exceptional availability of power, alongside power costs among the lowest in Europe. In addition, power in Norway is produced (100%) by means of environmentally-friendly sources.

In recent years, Green Mountain's growth rate has reached some 50% annually; the company's core customers include material customers in the cloud industry, significant High Performance Computing (HPC) customers, and more.

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Green Mountain's key financials (NIS in thousands)

	Forecast for December 31, 2022	June 30, 2021	December 2020	December 2019
MW	49MW	24MW	16MW	10MW
Representative NOI	176,000	85,000	54,000	40,000

The consideration will be self-financed by the company, including through part of the proceeds from the debt raising that the company is currently performing. The company also plans to act to obtain a specific loan, through the Subsidiary or GM from a financial body, in connection with the transaction, for up to 50% of the consideration, the terms and conditions of which, at present, have not yet been agreed.

The acquisition of Green Mountain is being made as part of the company's growth strategy, in the context of which the company has entered the server farm sector, and expansion of its operations in this sector.

The company intends to use Green Mountain's presence in the European Data Centers market, its experienced management, the professional knowledge and its business ties, in order to gain a foothold and grow in this market, which is characterized by high growth rates and high yields. The company also intends to act in the future for expansion of Green Mountain's current operations in the European market.

Danna Azrieli, Chairman of Azrieli Group: "Acquiring Green Mountain is a key milestone in realizing Azrieli Group's strategy for building international operations in the Data Centers sector. The combination of the operations in North America through Compass with the acquisition of Green Mountain in Europe will allow Azrieli Group to become a significant global player in this growing and developing arena.

The Data Centers sector represents the new income-producing real estate world and is experiencing high growth rates. We are making a significant investment in Europe through the acquisition of a high-quality platform with growth potential, experienced and knowledgeable management, and excellent assets. After several years of the Group's operating in the field, I believe that the Data Centers sector will be another significant growth engine for Azrieli Group,

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alongside the other growth engines which are continuing to develop. I would like to give special thanks to the Group's CEO, Eyal Henkin, who shares my vision, and together with Azrieli Group's excellent management led to the signing of the transaction".

Azrieli Group was advised by Rothschild & Co as sole financial advisor and DLA Piper for legal.

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