

**AZRIELGROUP**

# CONFERENCE CALL PRESENTATION

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Financial Statements June 30, 2023

The information included in this presentation is a summary only and does not exhaust all of the information on the Company and its business, nor is it a substitute for inspection of the Periodic Report for Y2022, the Company's current reports and the presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation does not constitute an offering or an invitation to purchase securities of the Company, and the provisions thereof do not constitute a recommendation or opinion or substitute for the discretion of the investor. The Company is not responsible for the integrity or accuracy of the information.

This presentation includes forecasts, estimates, assessments and other information pertaining to future events and/or matters, whose materialization is uncertain and is beyond the Company's control, and which constitute forward-looking information, as defined in the Securities Law, 5728-1968. Such information may not materialize, in whole or in part, or may materialize in a manner significantly different to that forecast. Such information includes, *inter alia*, revenue, FFO and NOI forecasts, the value of the Group's holdings, refinancing, sale of assets, timetables and costs of and profit from projects and the development and construction thereof. With respect to some of the development projects, no decision has yet been made regarding carrying out their construction and occupancy in several stages.

Forward-looking information is based solely on the Company's subjective assessment, based on facts and data regarding the current condition of the Company's business and macroeconomic facts and figures, all as known to the Company at the time of preparation of this presentation. The materialization or non-materialization of the forward-looking information will be affected, *inter alia*, by risk factors characteristic of the Company's activity, as well as by developments in the general environment, in market conditions and in external factors affecting the Company's activity, including a delay in the receipt of permits, termination of contracts, changes in the competition, a significant recession, a change in the financing conditions, and other such events which cannot be estimated in advance and which are beyond the Company's control. The Company does not undertake to update and/or change any such forecast and/or assessment to reflect events and/or circumstances postdating this presentation.

Slide 16 – The Company's estimates regarding the forecasted growth in the results of the data center business constitute forward-looking information, as this term is defined in the Securities Law, based on subjective assessments by the Company and by the investee companies operating in the data center industry as of the date of release of this presentation, the materialization of which, in whole or in part, is not certain and which may materialize in a materially different manner, *inter alia* due to changes in the timetables of the projects, their actual size and marketing and due to factors beyond the Company's control, including changes in the global data center market.

This presentation includes revenue and other figures that are based on external sources and various surveys and studies, or figures received from some of the Company's tenants. The Company is not responsible for the veracity or content thereof, nor for forecasts in respect thereof.

The Company's estimations regarding the growth figures are based on actual rent income, and in some cases include expansions made at the relevant center. These figures are unaudited, are not according to GAAP, and were prepared according to the past experience and professional knowledge accumulated by the Company and in good faith. Such information is presented below for the sake of convenience only, but is not a substitute for the information provided by the Company in its financial statements or in connection therewith, and therefore should not be relied on solely in itself.

The terms "FFO attributed to the real estate business" and "weighted average cap rate" relate to the Group's income-producing real estate business only. Anyone reading the presentation must read such figures in conjunction with the Board's explanations in sections 2.6 and 2.7 in the Board of Directors' report as of June 30, 2023, including the methods of calculation and the underlying assumptions thereof.

The information included in this presentation is similar to the information included in the reports and/or immediate reports of the Company and does not include new material information. However, some of the data included in the presentation are presented in a different manner and/or breakdown and/or are differently edited. In any event of inconsistency between the reports and/or immediate reports of the Company released to the public and the information contained in this presentation, the information released to the public as aforesaid shall prevail.

# CONVENIENCE TRANSLATION FROM HEBREW / IMPORTANT NOTICE

- The following English translation of Azrieli Group's presentation in the conference call of August 17, 2023 (the "**Presentation**") is provided for convenience. Please note that this document should not be regarded as a substitute for reading the full original Hebrew version of the Presentation. This translation was neither prepared nor checked by the Company. Accordingly, the Company does not warrant that the translation fully, correctly or accurately reflects the Presentation and its contents.
- The binding version of the Presentation for all intents and purposes is the original Hebrew version, filed by the Company with the Israel Securities Authority via the MAGNA website on August 17, 2023. Nothing in this translation constitutes a representation of any kind in connection with the Presentation, nor should it be regarded as a source for interpretation of the Presentation or the Company's reports or statements. In any event of contradiction or discrepancy between this translation and the Hebrew version of the Presentation, the Hebrew version shall prevail.





The largest real estate company in Israel

Listed on the capital market since 2010

Free float of 30.1%

**87%** of the value of the investment and under-construction income-producing real estate (on a consolidated basis) is attributed to real estate in Israel

The Company's stock is listed in the

**EPRA** Indexes

The average occupancy rate in Israel is

**98%**<sup>(2)</sup>

Rating

(AA+) by S&P Ma'a lot and

(Aa1) by Midroog-Moody's

Leverage ratio of only **37%**, and equity to assets ratio of **45%**

Listed in all the leading indices

**TA-35, TA-125, TA-REAL ESTATE**

The Company owns income-producing properties with a

Gross Leasable Area (GLA) of **1,381,000 m<sup>2</sup>**<sup>(1)</sup>

with another **11** projects under construction and planning,

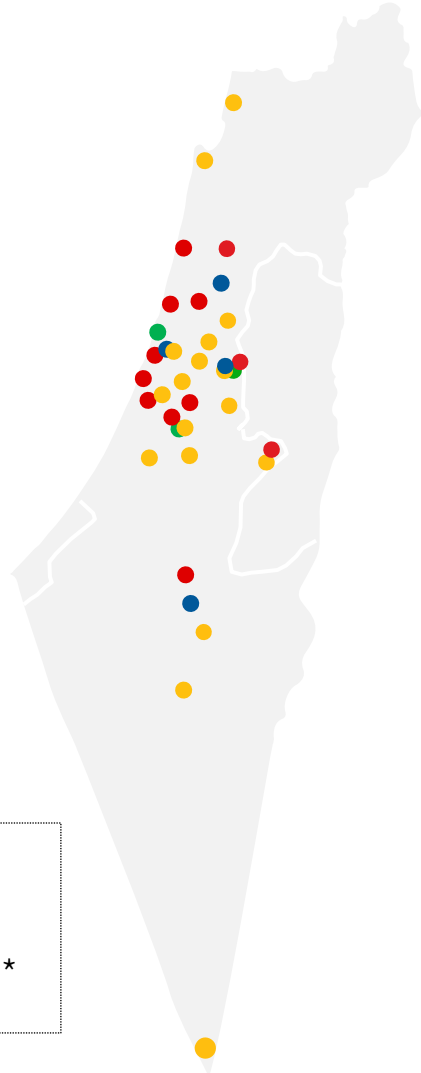
and **5** renovation and expansion projects.

(1) Excluding data centers segment. (2) Excluding fully built-up properties in the first stages of occupancy.






# AZRIELI GROUP / PROPERTIES PORTFOLIO<sup>(1)</sup>



- Malls
- Offices
- Senior Homes
- Rental Housing



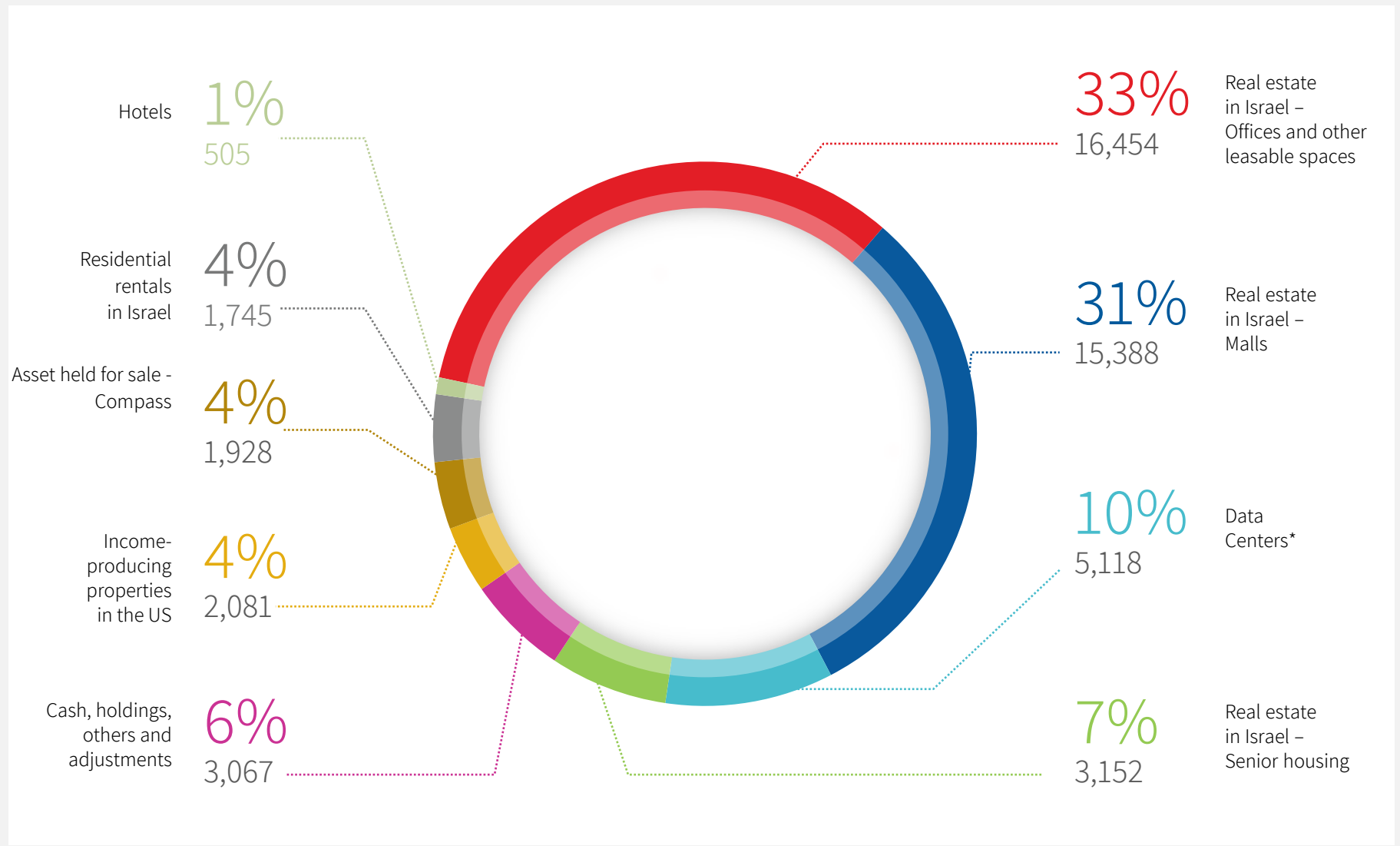
 **2** data center companies overseas\*

	<b>21</b> malls and retail centers	<b>360,000 m<sup>2</sup></b>
	<b>15</b> office properties	<b>632,000 m<sup>2</sup></b>
	<b>8</b> office properties overseas	<b>245,000 m<sup>2</sup></b>
	<b>4</b> senior homes Apartments	<b>115,000 m<sup>2</sup></b> 1,142
	<b>2</b> rental housing properties Apartments	<b>29,000 m<sup>2</sup></b> 277
<b>Total</b>		<b>1,381,000 m<sup>2</sup> <sup>(1)(2)(3)</sup></b>

(1) As of June 30, 2023. (2) GLA figures are based on the Company's share. (3) Excluding the data centers segment.

\*On June 20, 2023 the Company's partners in Compass entered into an agreement for the sale of holdings in Compass. The Company will tag along and sell its holdings in Compass.

# AZRIELI GROUP / BREAKDOWN OF PROPERTIES, GROSS VALUE, NIS IN MILLIONS<sup>(1)</sup>



(1) On a consolidated basis, as of June 30, 2023. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Financial Statements.

\*The figures presented are for Green Mountain only. On June 20, 2023 the Company's partners in Compass entered into an agreement for the sale of holdings in Compass. The Company will tag along and sell its holdings in Compass.

# HIGHLIGHTS FOR / Q2 2023



## FINANCIAL HIGHLIGHTS

- NOI<sup>(2)</sup> totaled **NIS 559 million, up 18% compared with Q2 2022**; increases in the retail, offices, senior housing and data center segments.
- Same Property NOI, **up 8% compared with Q2 2022**.
- FFO<sup>(1)(2)</sup> (Management's method) totaled **NIS 357 million, compared with NIS 331 million in Q2 2022, up 8% year-over-year**. Excluding the senior housing segment, FFO totaled NIS 342 million, compared with NIS 309 million in Q2 2022, **up 11% year-over-year**.

## CONTINUED MOMENTUM OF DEVELOPMENT, ACQUISITIONS AND BETTERMENT

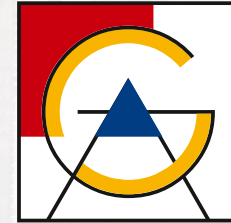
- During Q2 2023, **the Group invested NIS 690 million** in the acquisition of new plots of land for development and investment properties, the betterment of existing properties, and the development of new properties.
- **In Y2022, the investment totaled NIS 3.5 billion.**

## DIVIDEND

- In May 2023, the Company distributed a NIS 700 million dividend

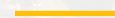
(1) For the FFO calculated according to the ISA's method, see Slide 44.

(2) For Compass's results, see Slide 38.



AZRIELGROUP

# OPERATING SEGMENTS







NOI (Q2 2023)

**NIS 244M**

compared with NIS 205M  
in Q2 2022

GLA

**360,000m<sup>2</sup>(1)**

## INNOVATION & UPGRADES



Azrieli E-Commerce



Azrieli App



Azrieli Gift Card



Betterment and  
upgrade of malls and  
retail centers

Book  
value

**NIS 15.4B**

Average  
occupancy rate

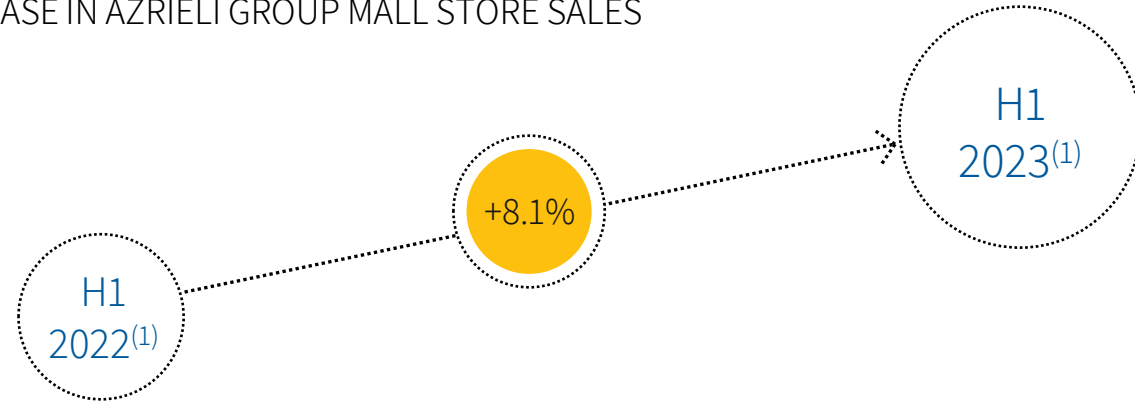
**99%(2)**

(1) As of June 30, 2023, GLA figure is based on the Company's share. (2) Excluding fully built-up properties in the first stages of occupancy.

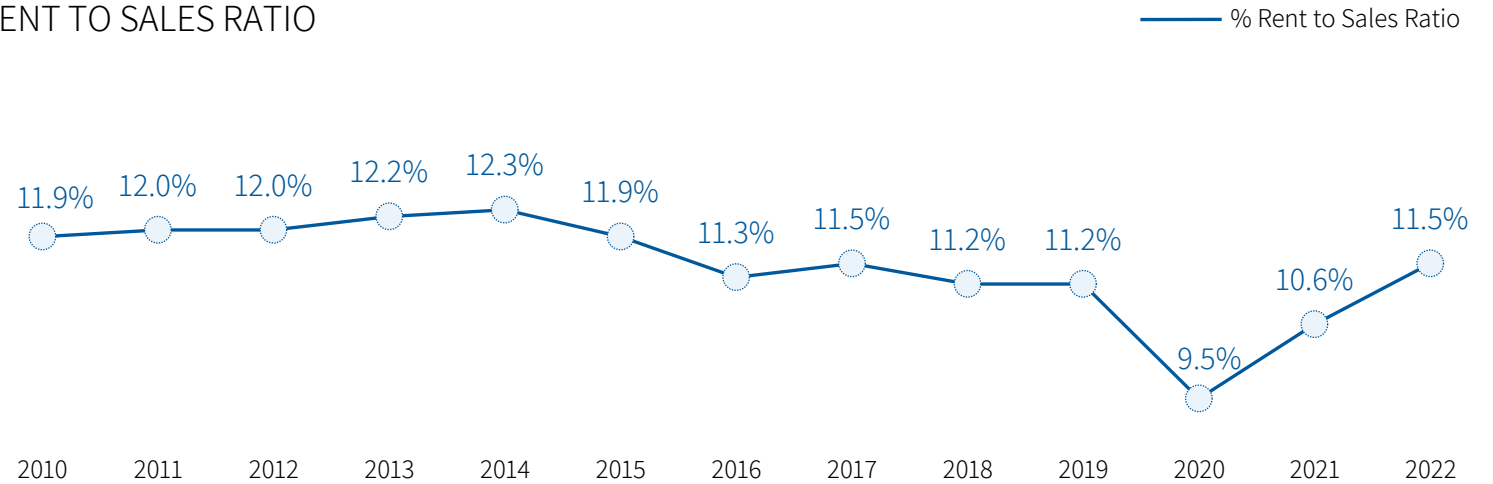
# AZRIELI GROUP / STORE SALES AND RENT-TO-REVENUES RATIO



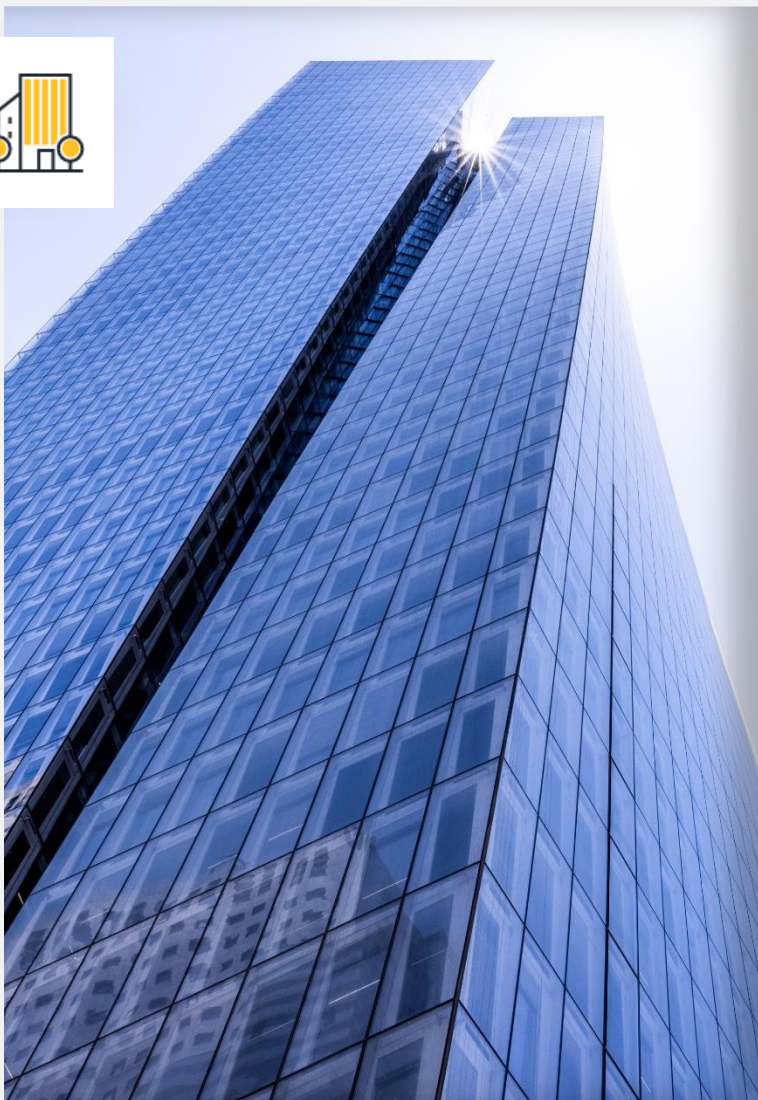
## TOTAL INCREASE IN AZRIELI GROUP MALL STORE SALES



## RENT TO SALES RATIO



(1) Excluding the Azrieli Eilat Mall acquired in July 2022. The store sales in March-June 2023 compared with March-June 2022 were up 4.5%.



NOI (Q2 2023)

**NIS 204M**

compared with NIS 190M  
in Q2 2022

GLA

**632,000m<sup>2</sup>(1)**

## INNOVATION & UPGRADES



Community



Technology



Betterment and  
upgrade of office  
towers

Book  
value

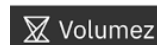
**NIS 16.5B**

Average  
occupancy rate

**98%<sup>(2)</sup>**

(1) As of June 30, 2023. GLA figure is based on the Company's share. (2) Excluding fully built-up properties in the first stages of occupancy.

# AZRIELI GROUP / OFFICES



# AZRIELI GROUP / GLOBAL DATA CENTER OPERATIONS – GREEN MOUNTAIN



NOI in Q2 2023 for Green Mountain only  
**NIS 26.3 million<sup>(1)</sup>**  
v. NOI of NIS 22.2 million in Q2 2022

Contracted NOI / MW  
**NIS 476M / 141MW**

Potential growth to  
**600MW**

Renewable Power  
**100%**

**LOWEST COST**  
On electricity

PUE  
**LOW**

Recognized as a **leading co-location** company in Europe through winning multiple awards



# AZRIELI GROUP / GLOBAL DATA CENTER OPERATIONS – GREEN MOUNTAIN



<p>Overview<sup>(1)</sup></p>	<p>SVG1- Rennesoy</p>	<p>RJU1- RJUKAN</p>	<p>OSL1- Enebakk</p>	<p>OSL1- Hamar</p>
<p>Campus Overview</p>	<p>A former NATO ammunition storage facility converted into a unique, high-security colocation mountain hall data center</p>	<p>Colocation data center located at the nexus of hydro-electric power in a historic region of Norway</p>	<p>Data center located 20 km outside of Norway's capital</p>	<p>Newest data center located in Norway</p>
<p>Build date</p> <hr/> <p>Land lease maturity</p> <hr/> <p>Client Type</p>	<p>2013</p> <hr/> <p>~57 years</p> <hr/> <p>Hyperscaler / Enterprises</p>	<p>2014,2022</p> <hr/> <p>Owned</p> <hr/> <p>HPC / Enterprises</p>	<p>2020,2022,2023</p> <hr/> <p>Owned</p> <hr/> <p>Hyperscaler / Enterprises</p>	<p>2023</p> <hr/> <p>Owned</p> <hr/> <p>Hyperscaler</p>
<p><b>Total available capacity</b></p>	<p><b>25 MW</b></p>	<p><b>40 MW</b></p>	<p><b>93 MW</b></p>	<p><b>150 MW</b></p>

(1)The sites shown above do not include the sites in London and Frankfurt

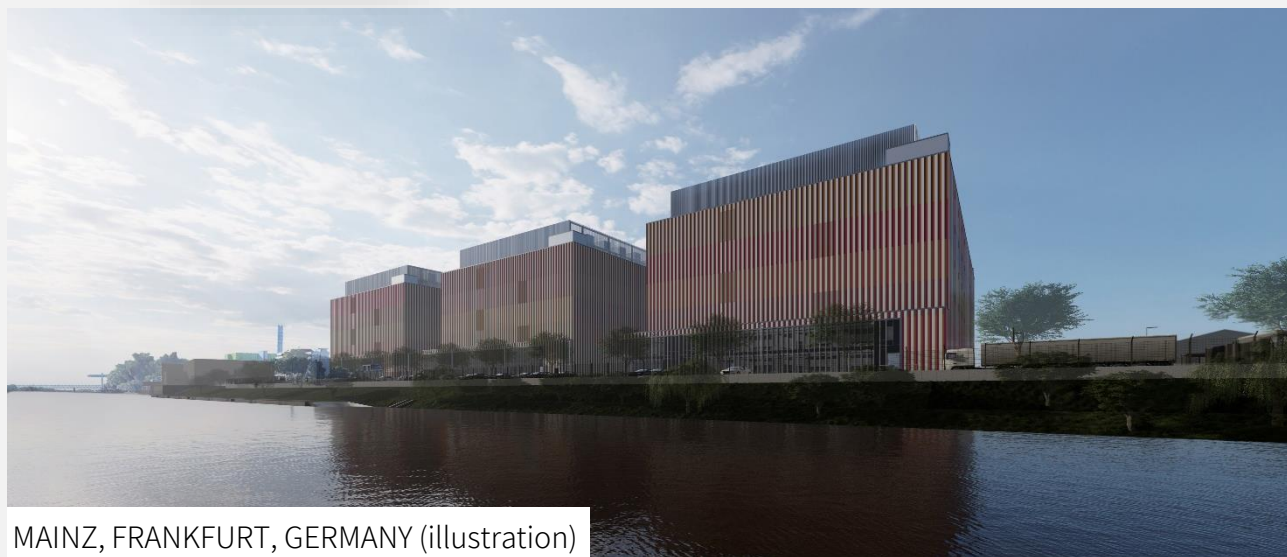
# AZRIELI GROUP / GLOBAL DATA CENTER OPERATIONS – GREEN MOUNTAIN



LONDON, UK

In January 2023, the Company completed a transaction to purchase a company in London with a construction and development potential of

**40MW** (7MW in service)



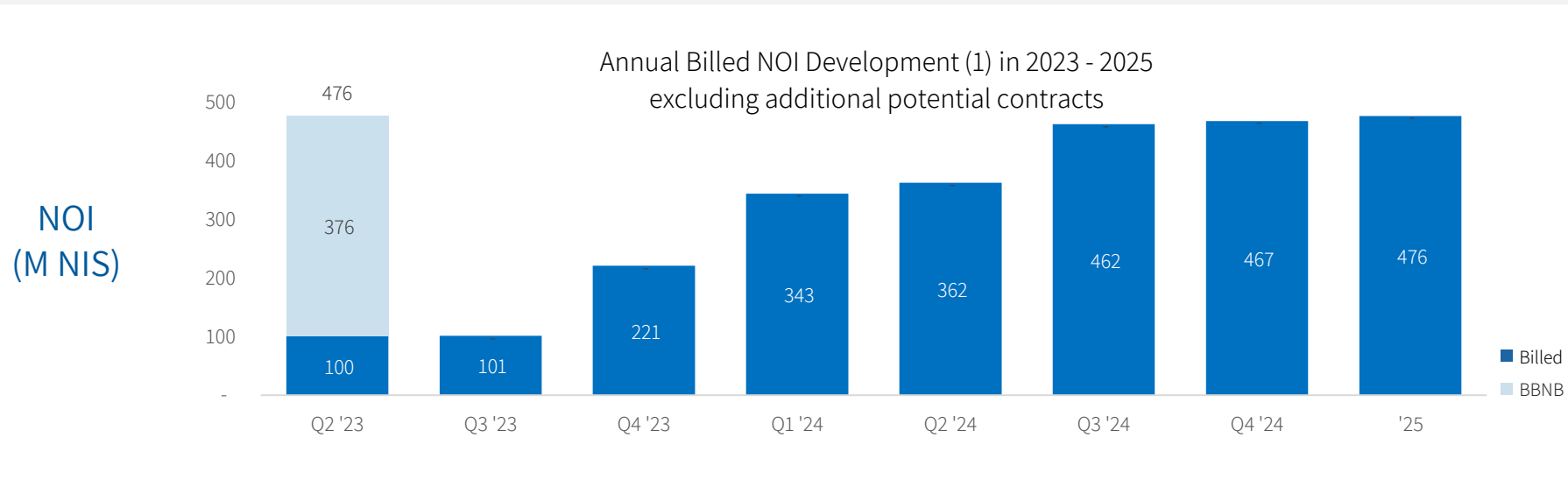
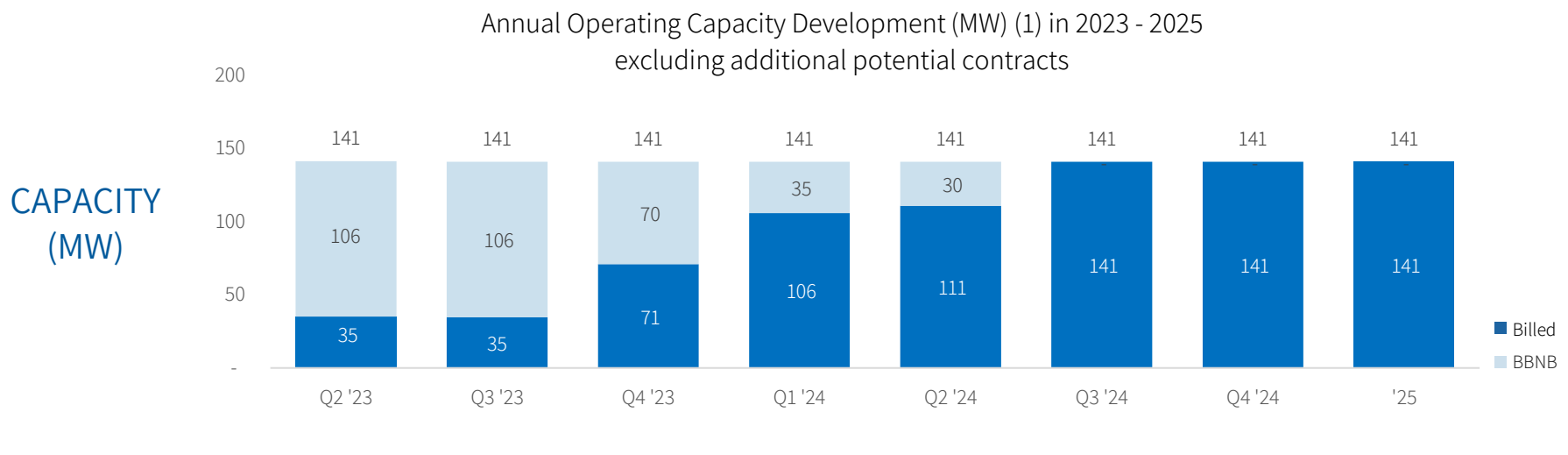
MAINZ, FRANKFURT, GERMANY (illustration)

On April 2, 2023, Green Mountain signed an agreement to establish a JV (50%/50%) with a German energy company (KMW) to establish a

**54MW**

data center campus

# MARKET OVERVIEW / GLOBAL DATA CENTER OPERATIONS – GREEN MOUNTAIN



(1) All figures are according to contracts signed by the date of release of the periodic report of June 30, 2023. The NOI presented includes additional revenues from the sale of electricity in the annual financial sum of \$5-6 million. (2) BBNB – Booked But Not Billed – Signed contracts that are yet to generate income (payable). (3) Investment of CAPEX per MW is \$8.5-9 million. As of June 30, 2023, the amount to be invested is \$720 million



# AZRIELI GROUP / AGREEMENT TO SELL THE HOLDINGS IN COMPASS <sup>(1)</sup>



Gross cash inflow<sup>(2)</sup> on the investment

**NIS 2 billion**

Gross accounting profit  
NIS 1.3 billion

Expected gross consideration<sup>(2)</sup>

**NIS 3.2 billion**

Approx. \$880 million

Compass enterprise value in the sale

**\$5.7 billion**

Gross NIS IRR<sup>(2)</sup> on the date of signing of the sale

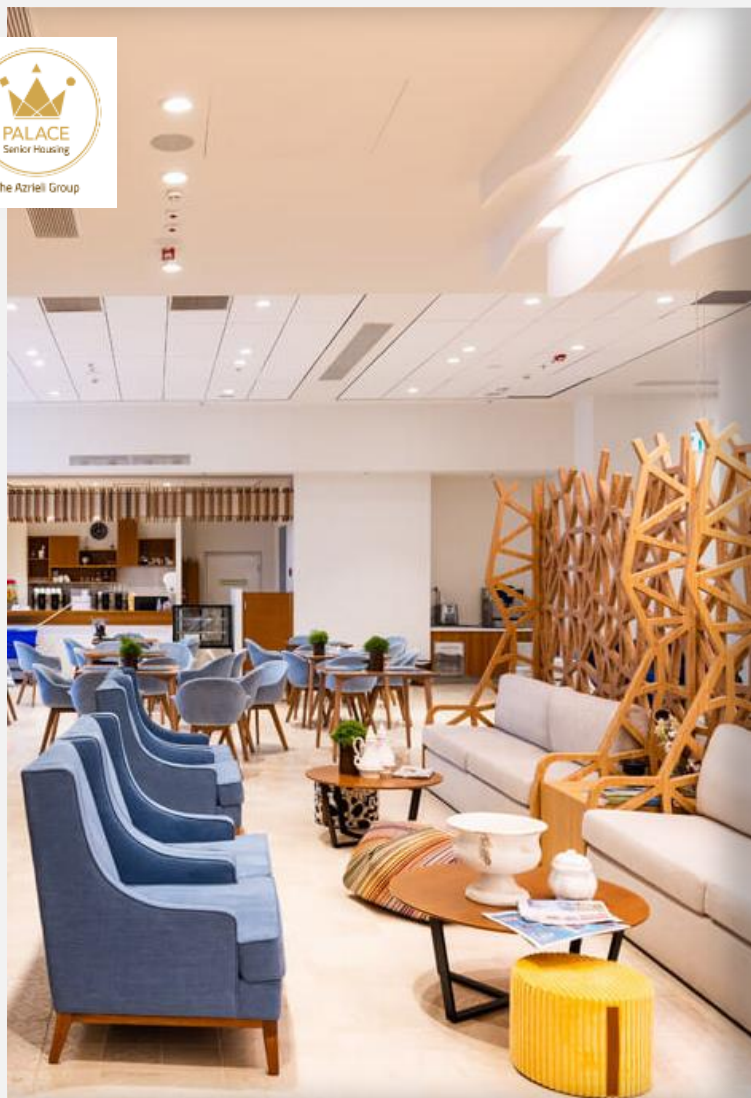
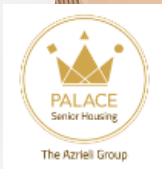
**40.4%**



(1) On June 20, 2023 the Company's partners in Compass entered into an agreement for the sale of holdings in Compass. The Company will tag along and sell its holdings in Compass.

(2) "Gross" means prior to tax and transaction expenses.

# AZRIELI GROUP / PALACE SENIOR HOUSING CHAIN



Aboveground area of

**115,000m<sup>2</sup>(1)**

Comprising  
1,142 apartments

Average occupancy rate

**97%(2)**

Book value

**NIS 3.2B**

## OPERATING HOMES

Palace Tel-Aviv

**231**

apartments

+ 4 'Medical' units

Palace Modi'in

**239**

apartments

+ 4 'Medical' units

Palace Ra'anana

**322**

apartments

+ 2 'Medical' units

Palace Lehavim

**350**

apartments

+ 2 'Medical' units

## HOMES UNDER PLANNING & DEVELOPMENT

Palace Rishon LeZion

**274**

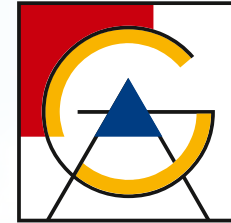
apartments

+ 1 'Medical' units + 3,000M<sup>2</sup> retail space

Palace Jerusalem

The Group is promoting a plan for the development of a new senior home with up to **300** residential units and **4** 'Medical' units, with an above-ground area of **40,000m<sup>2</sup>**

(1) As of June 30, 2023. GLA figure is based on the Company's share. (2) Excluding fully built-up properties in the first stages of occupancy.



AZRIEL GROUP

## DEVELOPMENT PIPELINE

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# AZRIELI GROUP / DEVELOPMENT PIPELINE



Tel Aviv  
Expansion of Azrieli Mall  
and the Spiral Tower  
150,000 m<sup>2</sup> (1)(3)



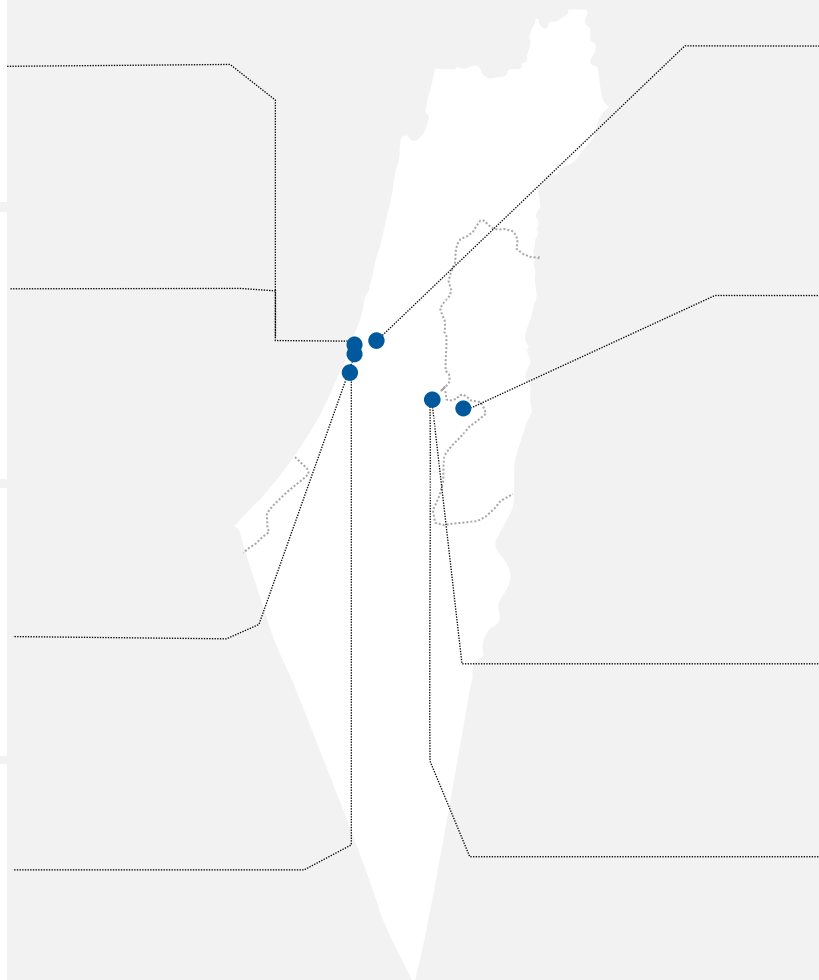
Tel Aviv  
Azrieli Town, Building E  
21,000 m<sup>2</sup> (4)(5)



Holon  
Project 3 (formerly Lodzia)  
250,000 m<sup>2</sup>(1)



Palace Rishon LeZion  
Senior Home  
37,300 m<sup>2</sup>(1)(3)



Petah Tikva  
Land for development  
53,000 m<sup>2</sup> (2)



Jerusalem  
Mount Zion Hotel  
34,000 m<sup>2</sup>(1)



Modi'in  
Lot 21  
31,000 m<sup>2</sup> (1)
























Modi'in  
Lot 10  
37,000 m<sup>2</sup>



(1) The figure represents building rights in sqm | (2) The Company is working to increase building rights to 280,000 sqm | (3) A permit has been received | (4) Rights for additional construction that were acquired in May 2018 as part of the acquisition of the income-producing property Mivnei Gazit | (5) The Company is working to increase building rights in the project to 90,520 sqm.

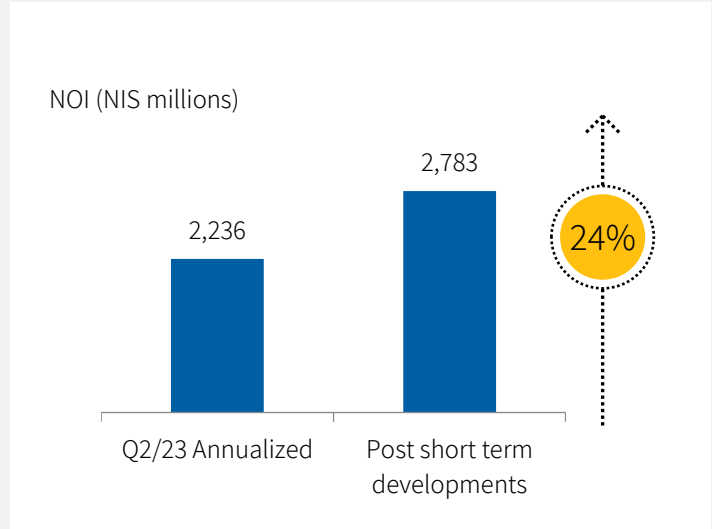
# DEVELOPMENT PROJECTS / GROWTH DRIVER

	Name of Property	Location	Use	GLA <sup>(2)</sup>	Estimated Completion Date	Estimated Construction Cost, Including Land (NIS in millions) <sup>(1)</sup>
<b>Short-term</b> Development Projects Under Construction	Modi'in, Lot 21	Modi'in	   	31,000	2023	445-475
	Check Post	Haifa		10,500	2024	140-150
	Palace Rishon LeZion	Rishon Lezion	 	37,300 <sup>(3)</sup>	2024	490-510
	<b>Total</b>			<b>78,800</b>		<b>1,075-1,135</b>
<b>Medium-Term</b> Development Projects	Mount Zion Hotel	Jerusalem		34,000	2025	910-940
	SolarEdge Campus	Herzliya		38,000	2025	790-810
	Modi'in, Lot 10	Modi'in	 	37,000	2026	570-580
	Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Tel Aviv	   	150,000 <sup>(3)</sup>	2027	2,550-2,750
	Glil Yam	Herzliya		19,630	2027	380-400
	<b>Total</b>			<b>278,630</b>		<b>5,200-5,480</b>
	<b>Total short and mid terms</b>			<b>357,430</b>		<b>6,275-6,615</b>
<b>Development Projects</b> Under Planning	Holon 3 (formerly Lodzia)	Holon	 	250,000 <sup>(5)</sup>	TBD	TBD
	Petah Tikva land	Petah Tikva	 	53,000 <sup>(4)</sup>	TBD	TBD
	Azrieli TOWN Building E	Tel Aviv		<sup>(6)</sup> 21,000	TBD	TBD
	<b>Total</b>			<b>324,000</b>		<b>Projects construction cost of which is TBD</b>
	<b>Total</b>			<b>681,430</b>		

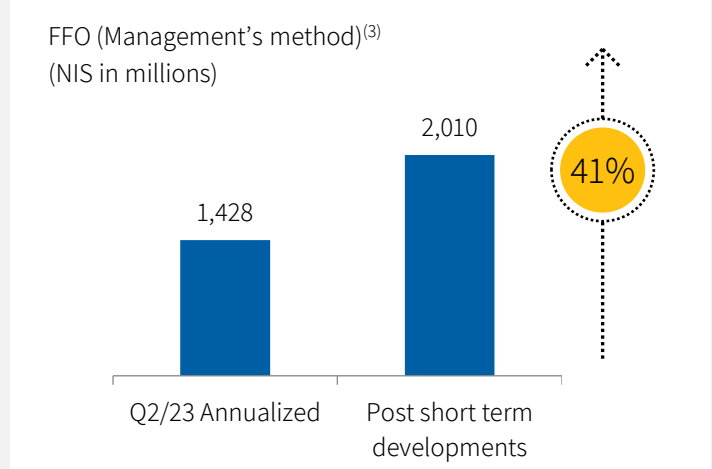
(1) Cost without capitalizations and without tenant adjustments | (2) The figures for senior housing and/or rental housing uses represent building rights in sqm | (3) A construction permit has been received | (4) The Company is working to increase the building rights to 280,000 sqm | (5) Building rights were increased as part of a consolidation of land plots | (6) Rights for additional construction that were acquired in May 2018 as part of the acquisition of the income-producing property Mivnei Gazit.

# DEVELOPMENT PROJECTS / EXPECTED CONTRIBUTION\* TO NOI AND FFO

	(NIS in millions)
Actual NOI for Q2-23, annualized	2,236
Net of Compass NOI	(129)
Actual NOI for Q2-23, annualized, net of Compass	2,107
Additional NOI from DC segment (GM only) based on signed contracts**	371
Additional NOI from development projects <sup>(1)</sup>	123
Addition due to occupancy of vacant spaces*	182
<b>NOI following the occupation of short-term projects under development and full occupancy</b>	<b>2,783</b>



	(NIS in millions)
Actual FFO (Management's method) in Q2-23 incl. senior housing, annualized	1,428
Net of Compass FFO	50
Actual FFO (Management's method) in Q2-23 incl. senior housing, excl. Compass, annualized	1,478
Additional FFO from development projects, DC and occupancy of vacant spaces*	532
<b>FFO (Management's method) following the occupation of short-term projects under development and full occupancy</b>	<b>2,010</b>



\* The aforesaid calculations are not forecasts and are based on the assumption of full occupancy and rent as of June 2023.

\*\* Assuming sale of Compass and, for GM, 141 MW according to contracts signed by the report release date.

The main assumptions underlying the calculations are: Full occupancy of projects under development and income-producing properties, senior housing with NOI and FFO according to a representative year (excl. first time occupancy), tax rate of 23%.

(1) NOI from projects under development includes the following properties: Azrieli Modi'in Lot 21, Haifa Check Post, SolarEdge campus and Rakafot senior home, and does not include the expansion of Azrieli Tel Aviv Center, the Holon 3 project (formerly Lodzia), the land in Petach Tikva, rights of Azrieli Town Building E, Modi'in Lot 10 and the Mount Zion Hotel.

(2) For FFO calculated according to the ISA's method, see Slide 42.

# AZRIELI GROUP / THE CBD OF TEL AVIV



# DEVELOPMENT PROJECTS / EXPANSION OF AZRIELI MALL & THE SPIRAL TOWER, TEL AVIV

Land area  
**8,400 m<sup>2</sup>**

GLA  
**150,000m<sup>2</sup>(1)**  
including 13,000 m<sup>2</sup> of retail space  
for expansion of the Azrieli Tel Aviv  
Mall

Cost of land  
**NIS 374M**

Estimated construction  
cost, including land  
**NIS 2.55-2.75B**

## Uses



Hotels



Retail



Offices



Rental  
housing

Estimated  
date of completion  
**2027**

## PROGRESS UPDATE

In June 2023, an aboveground building permit was obtained, and construction work is underway.





# DEVELOPMENT PROJECTS / EXPANSION OF THE AZRIELI MALL & SPIRAL TOWER, TEL AVIV



# LOT 21 / SITE A – MULTI USE



11,500m<sup>2</sup>

Offices



80

Apartments  
for rent



3,700m<sup>2</sup>

Retail



85

Hotel rooms



# LOT 10 / SITE B



8,000m<sup>2</sup>

Medical center

(included in the retail & offices spaces)



Elevator / escalator / stairs connecting the mall to Site A



±37,000m<sup>2</sup>

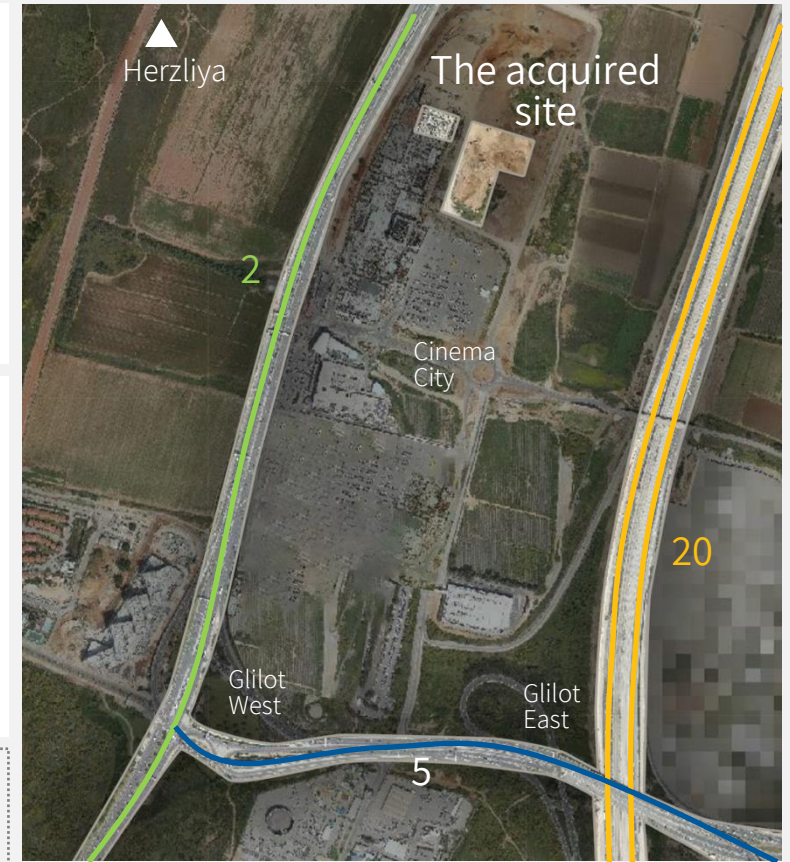
of retail, leisure, & offices



A bustling center with offices, retail, and ~14 movie theaters with an area of 5,000 sqm

# DEVELOPMENT PROJECTS / SolarEdge CAMPUS IN HERZLIYA



<p>Land area <b>26,000 m<sup>2</sup></b> in Herzliya</p>	<p>The investment amount<sup>(1)</sup> <b>NIS 990M</b> (including the land) in the SolarEdge Campus</p>	<p>Campus area <b>38,000 m<sup>2</sup></b> and underground parking</p>
<p>On-site work commenced during <b>Q2 2022</b></p>	<p>The property will be leased to <b>solar edge</b> for a 15-year term with extension options up to an aggregate term of 24 years and 11 months</p>	<p>The transaction was closed in <sup>(2)</sup> <b>Jan. 2022</b></p>
<p>The NOI<sup>(1)</sup> attributed to the campus is expected to total <b>NIS 70M</b> per year</p>	<p><b>ADDITIONAL RIGHTS</b></p> <ul style="list-style-type: none"> <li>• A remaining 9,000 sqm of land is available for construction.</li> <li>• The Group intends to develop additional retail and office spaces.</li> <li>• The Company intends to promote a zoning plan for additional rights in the said site.</li> </ul>	



(1) Including TI and after indexation.

(2) Acquisition of a company that is entitled to receive long term leasehold from the ILA for land located in the Northern Gilot (Ramat HaSharon) site.

# DEVELOPMENT PROJECTS / GLIL YAM – RENTAL HOUSING

<p>Land area <b>5,200 m<sup>2</sup></b> over 2 adjacent plots</p>	<p>GLA <b>630m<sup>2</sup></b>  19,000 m<sup>2</sup> of rental housing (147 apartments)</p>	<p>Estimated construction cost, including land <b>NIS 380M</b></p>
<p>Cost of land per apartment <b>NIS 710 thousand</b></p>	<p>Uses</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Retail         </div> <div style="text-align: center;">  Rental housing         </div> </div>	<p>Estimated date of completion <b>2027</b></p>



**“DIRA LEHASKIR” –**  
State-Owned Rental Housing Company









50% of the apartments in the project will be leased for controlled rent which will be 80% of market rent

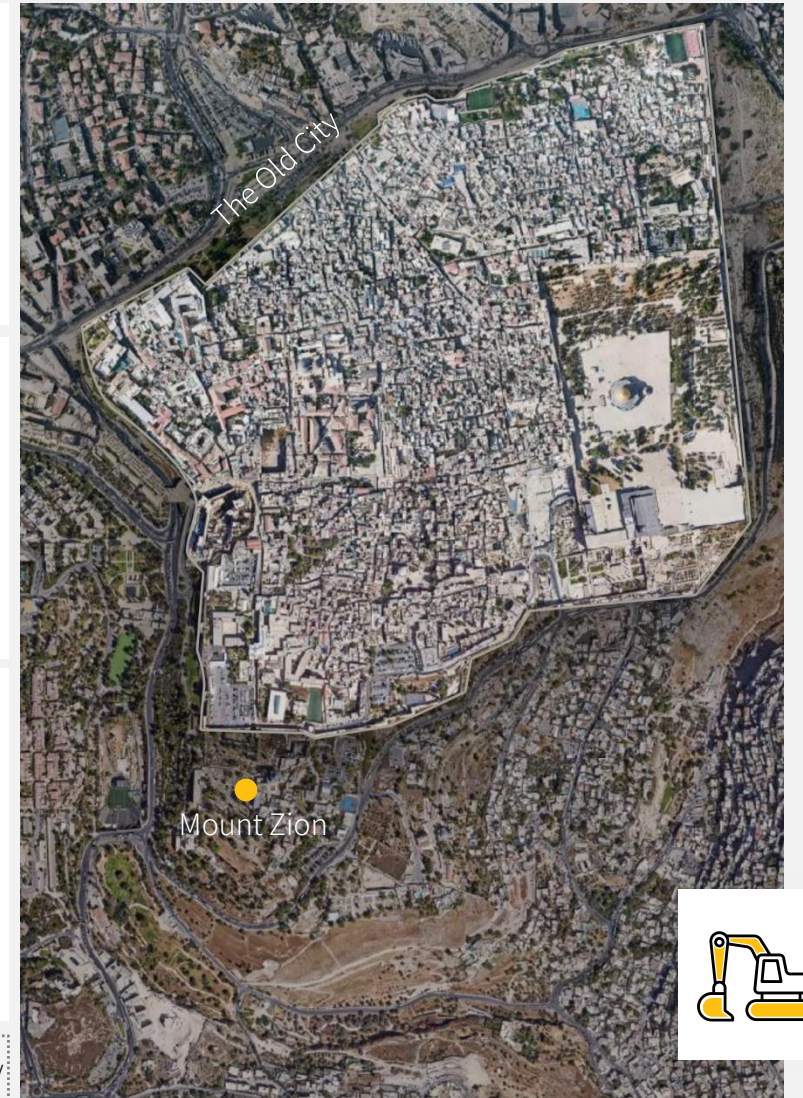
**LAND DESIGNATION**

According to the provisions of the tender, the land is intended for high-rise residential buildings for the purpose of long-term rentals for a term of no less than 20 consecutive years as of the date of completion of the construction.

(1) In April 2023, after the end of Q1 2023, the Group won a tender for construction of 147 apartments

# DEVELOPMENT PROJECTS / MOUNT ZION HOTEL, JERUSALEM

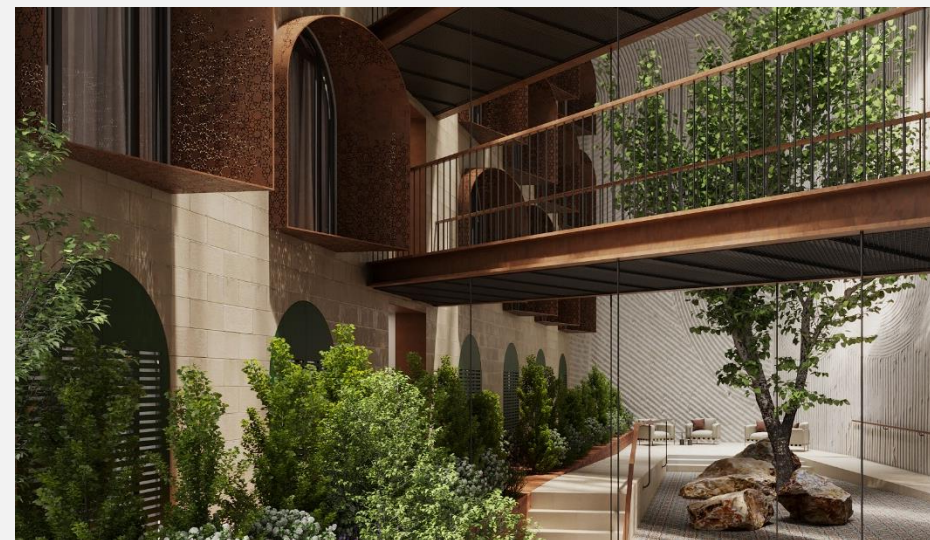
<p>Land area <b>13,000 m<sup>2</sup></b></p>	<p>Planned built-up area according to approved zoning plan <b>34,000m<sup>2</sup></b> up to 350 rooms</p>	<p>Acquisition cost <b>NIS 275M</b></p>	
<p>Estimated construction cost <b>NIS 635-665M</b></p>	<p>The Group intends to remodel the hotel <b>from B- to (A+)</b> and expand it in accordance with the zoning plan applicable to the lot</p>	<p>Estimated date of completion <b>2025</b></p>	
<p>Excavation work and shoring work are currently underway</p>	<p>Uses</p>  <p>Hotel</p>	<p>Additional uses</p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="853 1063 930 1135">  <p>Shops</p> </div> <div data-bbox="1006 1071 1082 1135">  <p>Restaurants</p> </div> <div data-bbox="1172 1071 1261 1206">  <p>Swimming pool</p> </div> <div data-bbox="1363 1078 1439 1206">  <p>The Cable Car Museum</p> </div> <div data-bbox="1363 935 1439 1035">  <p>Spa</p> </div> <div data-bbox="1541 935 1643 1035">  <p>Health club</p> </div> <div data-bbox="1567 1071 1643 1135">  <p>Conference and event halls</p> </div> </div>	



**PROGRESS UPDATE** The construction permit for the entire project has been approved on condition, and the Company is acting accordingly

# MOUNT ZION HOTEL, JERUSALEM

## ILLUSTRATION OF THE HOTEL AFTER EXPANSION







	Existing Land marked Buildings	Existing Non-Landmarked Buildings (for Redevelopment)	Future Areas <sup>(1)</sup>	Total
Main area	3,455	4,245	16,575	24,275
Service area	1,075	2,835	21,070 <sup>(2)</sup>	24,980
Total construction	4,530	7,080	37,645	49,225

(1) Including additional construction in the existing buildings. (2) Including 15,225 m<sup>2</sup> for underground parking.

# EXISTING PROPERTIES / EXPANSION AND BETTERMENT

THE FOLLOWING PROJECTS ARE UNDERGOING BETTERMENT AND VARIOUS STATUTORY PROCEEDINGS:



Name of Property	Location	Project in property	Status	Gross Area Added	Timeframe for Completion of Statutory Proceeding
Azrieli Jerusalem Mall	Jerusalem	Expansion of retail and office space, and construction of senior home 	Zoning plan approved	95,000 m <sup>2</sup>	---
Petah Tikva land	Petah Tikva	Addition of office space 	Zoning plan	227,000 <sup>(1)</sup> m <sup>2</sup>	Long-term
Azrieli Rishonim	Rishon Lezion	Addition of office space 	Zoning plan approved	21,000 m <sup>2</sup>	---
Azrieli Tel Aviv Center	Tel Aviv	Addition of retail space and movie theaters 	Permit approved	3,300 m <sup>2</sup>	Short-term
<b>Total</b>				<b>346,000 m<sup>2</sup></b>	

(1) Including additional rights in respect of an adjacent income-producing property.

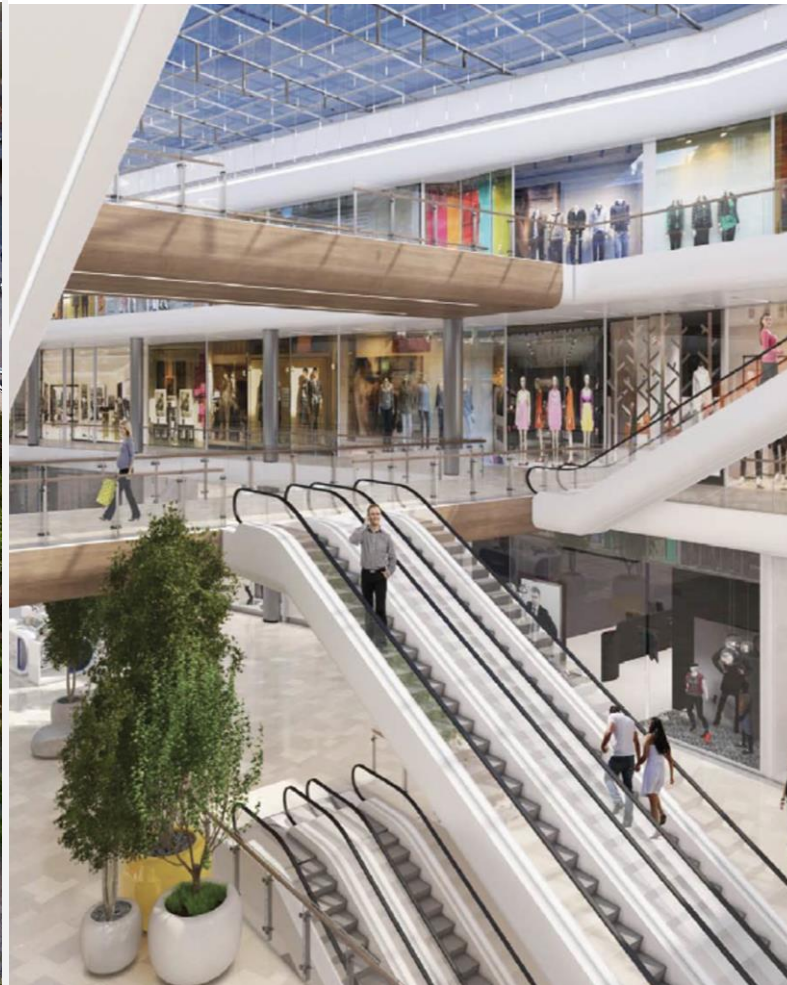


# DEVELOPMENT PROJECTS / UPGRADE OF EXISTING PROPERTIES

AZRIELI TEL AVIV CENTER, MALL ROOFTOP PROMENADE | ILLUSTRATION



AZRIELI GIVATAYIM MALL | ILLUSTRATION



AZRIELI HOLON MALL | SKYLIGHT AND MAIN AVENUE



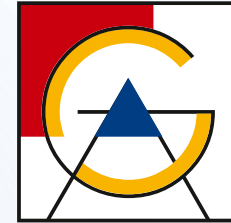
# LEADERS IN GREEN CONSTRUCTION

## PROJECTS UNDER CONSTRUCTION DESIGNED FOR LEED CERTIFICATION



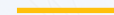
## EXISTING LEED-CERTIFIED PROJECTS





**AZRIELGROUP**

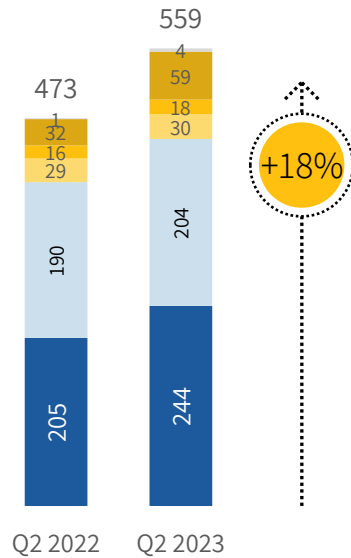
# FINANCIALS



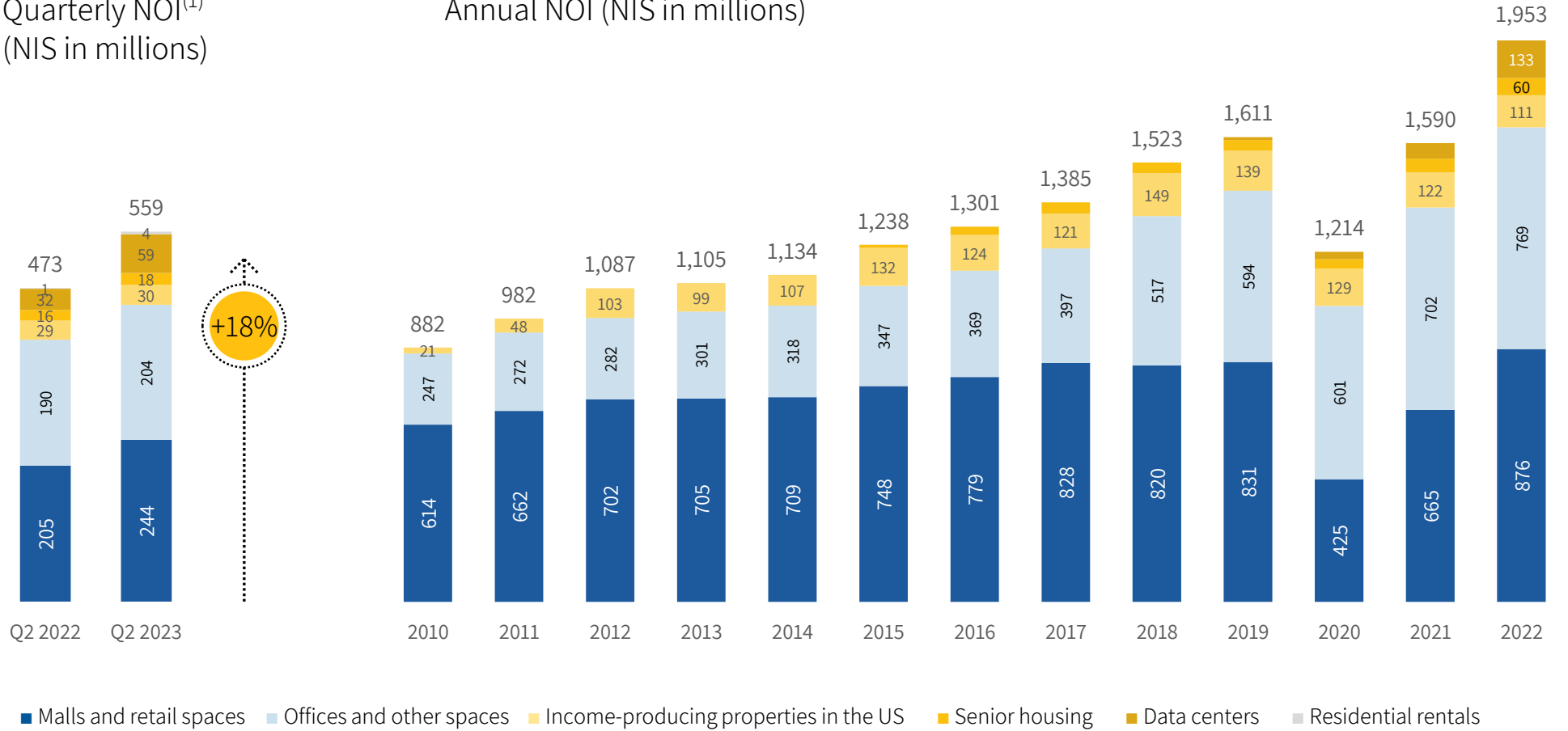
# CONSTANT / NOI GROWTH



Quarterly NOI<sup>(1)</sup>  
(NIS in millions)



Annual NOI (NIS in millions)



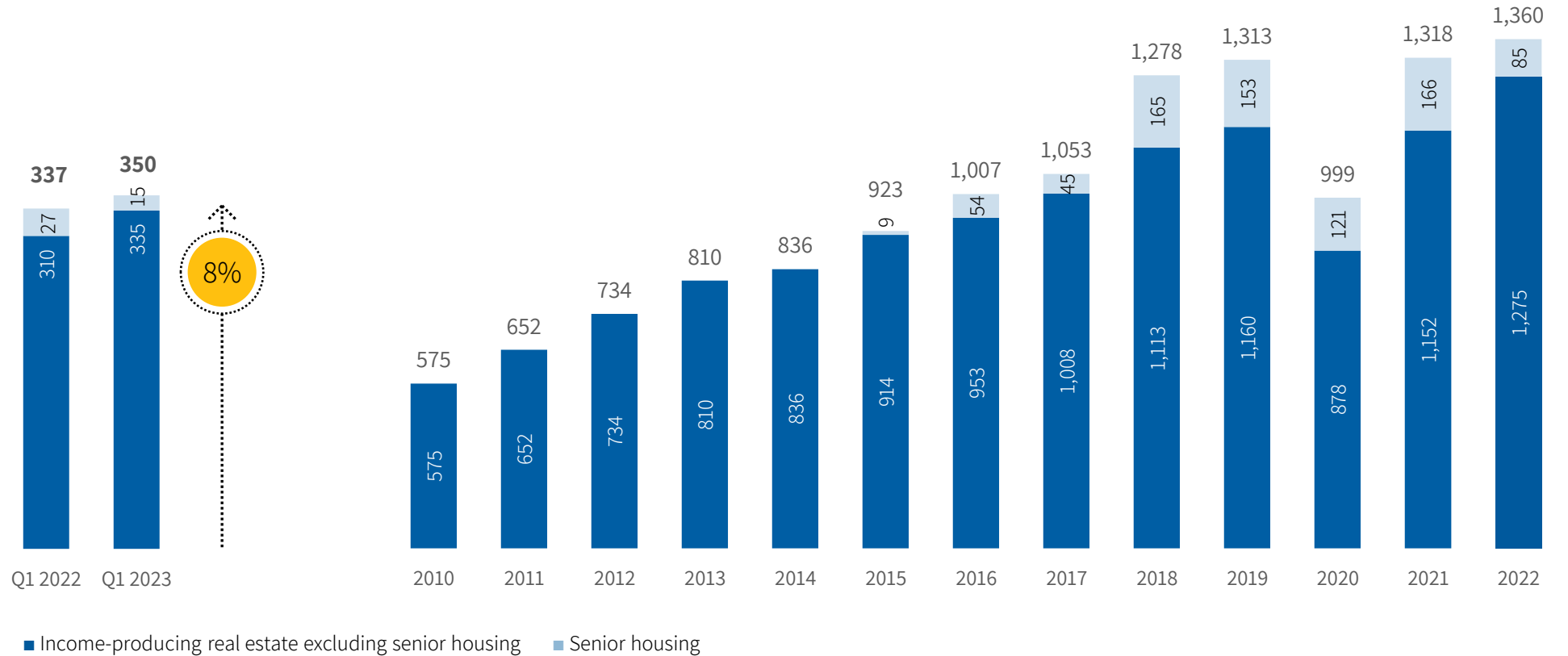
(1) For Compass's results, see Slide 38.

# CONSTANT / FFO GROWTH

## FFO (MANAGEMENT'S METHOD)<sup>(2)</sup> COMPARED WITH THE PREVIOUS YEARS AND YEAR-OVER-YEAR



FFO (management's method) attributed to the real estate business<sup>(1)</sup> (NIS in millions)



(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report. (2) For FFO calculated according to the ISA's method, see Slide 44.

\* For Compass's results, see Slide 38.

# AZRIELI GROUP EXCLUDING COMPASS'S RESULTS

Nis in millions	NOI		FFO	
	Q2 2023	Q2 2022	Q2 2023	Q2 2022
Azrieli Group - consolidated	559	473	357	331
Compass	32	10	-13	-6
Azrieli Group excluding Compass's results	527	463	370	337

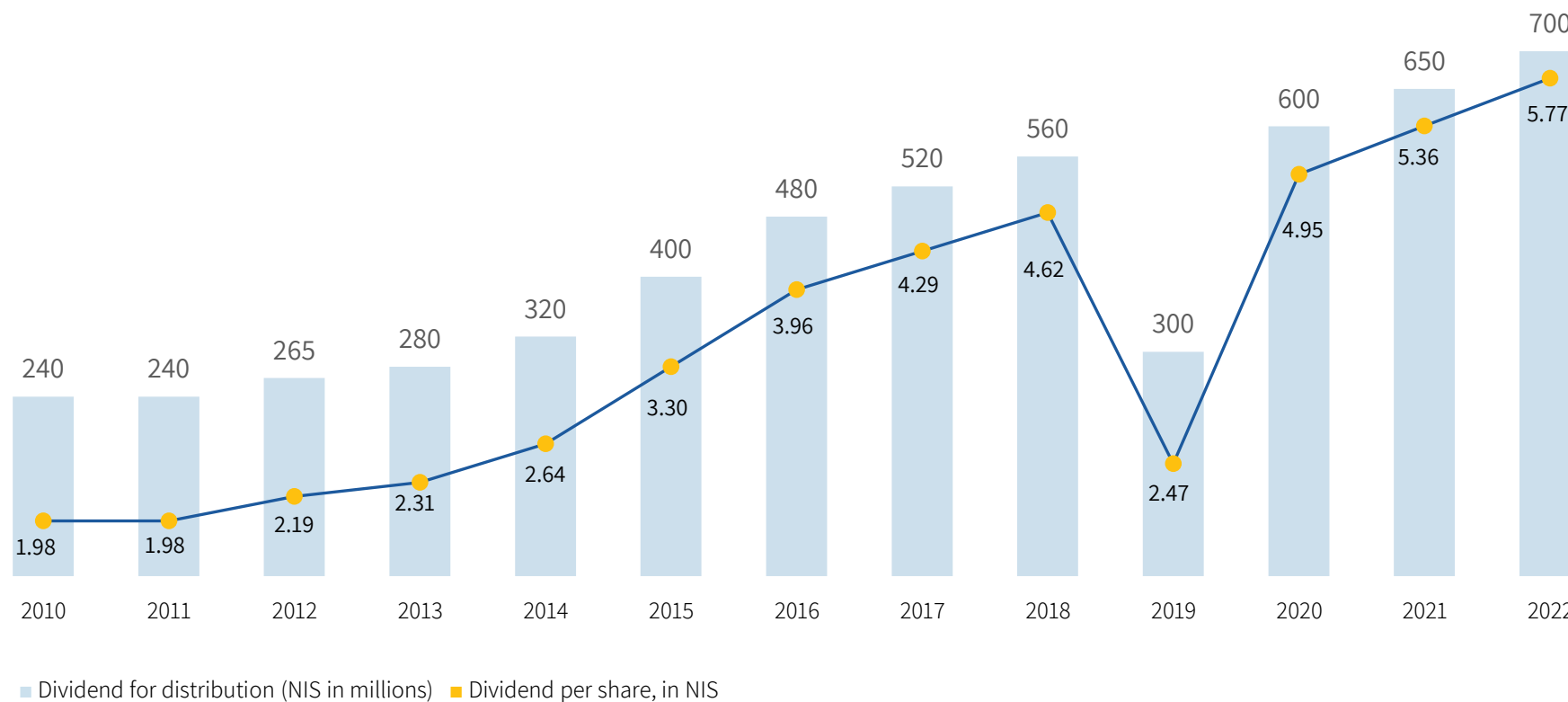
Up 10%

(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report. (2) For the FFO calculated according to the ISA;s method, see Slide 44. Compass's contribution to the FFO results in H1 2023 was a negative contribution of NIS 32 million, and in H1 2022 it was a negative contribution of NIS 13 million.

# DIVIDEND DISTRIBUTIONS / CONSISTENT AND RISING



A dividend distribution of NIS 700 million for 2022



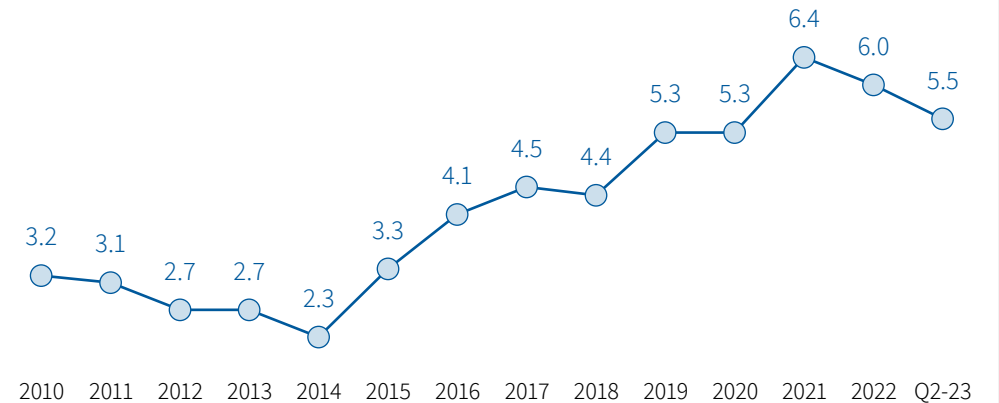
# LEVERAGE RATIO / DEBT DURATION AND COST OF DEBT



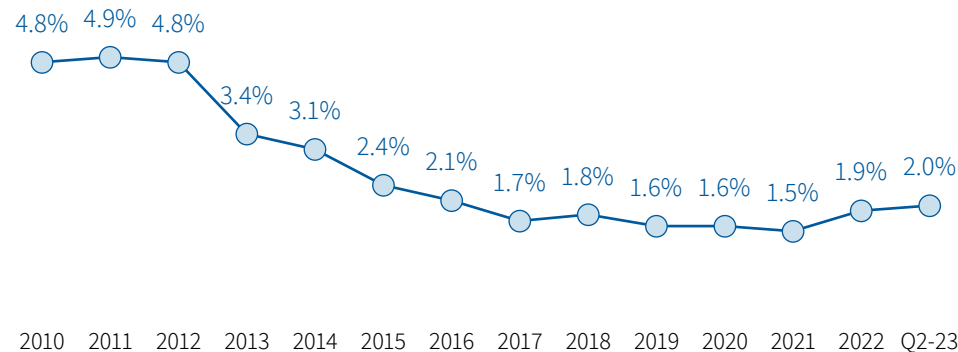
## FINANCIAL STRENGTH<sup>(1)</sup>

- Low leverage ratio – net financial debt to assets ratio of **37%**
- Equity to assets ratio **45%**
- Cash and cash equivalents totaling **NIS 1.3 billion** (approx. NIS 2.2 billion including Bank Leumi shares)
- Unencumbered assets totaling **NIS 35 billion**

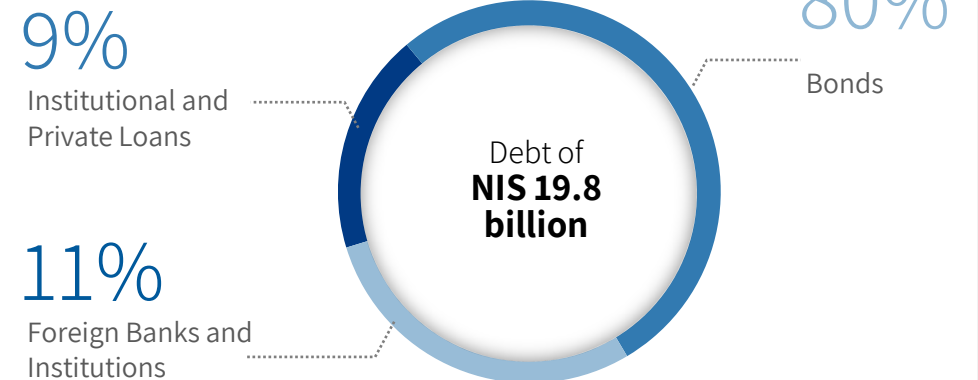
## EXTENSION OF AVERAGE DURATION OF DEBT <sup>(2)</sup>



## DECREASE OF AVERAGE EFFECTIVE INTEREST RATE OVER THE YEARS <sup>(2)</sup>



## DEBT BREAKDOWN BY LENDER

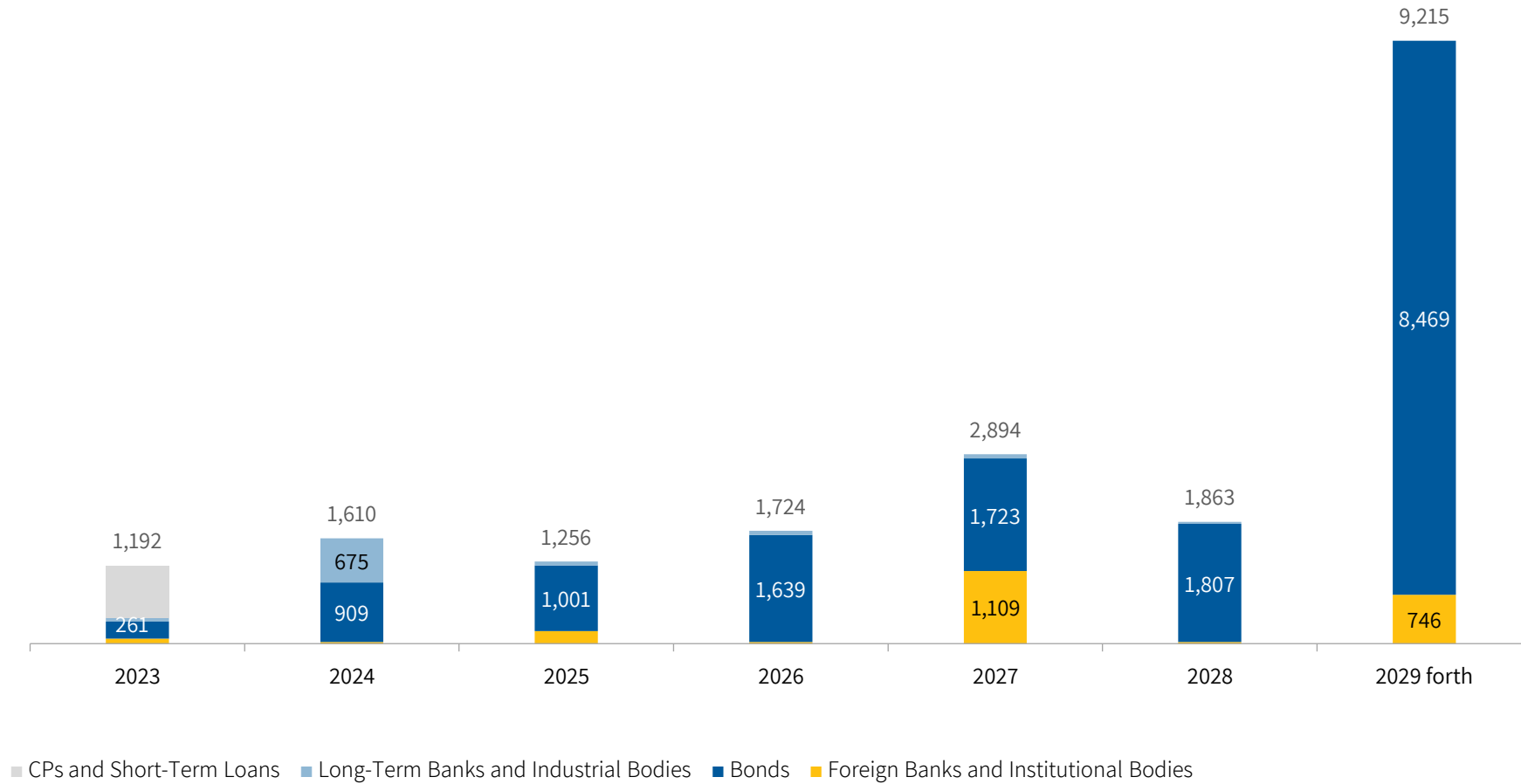


(1) As of June 30, 2023. (2) Figures are as of the last day of the year / reporting period. The average interest rate in Q2 2023 excluding overseas operations was 1.5%



# PAYMENT SCHEDULE (PRINCIPAL ONLY)

Consolidated. As of June 30, 2023



# FINANCIAL STATEMENT / RESULTS SUMMARY (NIS IN MILLIONS)



	Consolidated Q2 2023	Consolidated Q2 2022	Consolidated 2022
Revenues from rent, maintenance, management fees and sales	735	648	2,690
NOI	559	473	1,953
Same-property NOI	509	471	-
FFO (Management's method) attributed to the real estate business <sup>(1)</sup>	357	331	1,360
FFO (ISA's method) attributed to the real estate business <sup>(2)</sup>	127	59	548
Change in the value of investment properties	491	601	1,481
Net profit, including minority interests	419	803	1,792
Net profit, attributable to the shareholders	418	802	1,797
Comprehensive income, attributable to the shareholders	510	839	1,965

(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report. (2) For FFO calculated according to the ISA's method, see slide 44.

# BALANCE SHEET / DATA SUMMARY (NIS IN MILLIONS)



	Consolidated June 30, 2023	Consolidated December 31, 2022
Cash, securities and deposits	1,252	3,408
Gross financial debt	19,754	19,329
Net financial debt <sup>(1)</sup>	18,502	15,921
Net financial debt to assets	37%	33%
Financial assets (mainly Bank Leumi shares)	971	1,030
Fair value of investment properties and properties under construction	42,072	39,380
Equity (excluding minority interests)	22,212	22,073
Equity to assets	45%	46%
Total assets	49,438	48,474
Equity per share (NIS)	183.2	182.0
EPRA NRV per share (NIS) <sup>(2)</sup>	224	221

(1) Excluding financial assets (Bank Leumi shares). (2) Excluding the full expected profit component for the projects in development.

# AVERAGE CAP RATE AND FFO / INCOME-PRODUCING REAL ESTATE BUSINESS



## Weighted average cap rate - 6.81%

NIS in millions	
Total investment properties, as of June 30, 2023	42,211
Net of the value attributed to land reserves, properties under construction, senior housing and data centers	(11,925)
Total income-producing properties	30,286
Actual NOI Q2/2023 <sup>(1)</sup>	477
Addition to future quarterly NOI	39
Total standardized NOI Q2/2023	516
Proforma annual NOI	2,064
Weighted cap rate derived from income-producing investment properties, including vacant space	6.81%

## FFO <sup>(2)</sup> (Management's method) for Q2 2023 attributed to the real estate business - NIS 357 million

NIS in millions		Q2 2023
<b>NOI</b>		<b>559</b>
G&A, sales and marketing		(67)
Depreciation and amortization		4
NOI of associated company		(32)
<b>EBITDA</b>		<b>464</b>
Net financing expenses		(316)
Current tax payments		(21)
<b>FFO (ISA's method)</b>		<b>127</b>
FFO of associated company		(13)
Linkage and exchange rate differentials for assets and liabilities (net of tax effect)		241
Cash flow from incoming resident deposits net of outgoing resident deposits		15
Net of income from forfeiture of resident deposits		(13)
<b>FFO (Management's method)</b>		<b>357</b>

(1) Excluding senior housing (the weighted cap rate of the senior housing segment as of the report date is 8.25%) and excluding the data centers and rental housing. | (2) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report

# RECAP / LEADERSHIP, INNOVATION AND STRENGTH



Continued growth in the key parameters of the core business (NOI, FFO)



Exceptional financial soundness and strength



The Company's operations are predominantly in Israel

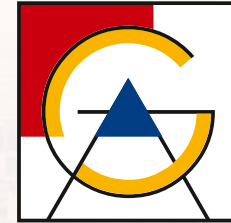


Consistent high occupancy rate over time



## SIGNIFICANT GROWTH DRIVERS:

- Organic growth
- Enterprise and development of new properties
- Acquisition of income-producing properties and land for future development
- New real-estate operating segments
- Innovation



AZRIEL GROUP

THANK YOU

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