

Amot: Quarter 2 2021 Results

- **The NOI in the second quarter increase by 15% compared to the corresponding quarter and amounted to 193 million NIS.**
- **The same property NOI in the second quarter amounted to 188 million NIS, a 15% increase relative to the corresponding quarter last year.**
- **The FFO in the second quarter amounted to 145 million NIS, which constitutes a 27% increase compared to the previous year.**
- **The FFO per share in the second quarter amounted to 0.352 NIS, a 17% increase over the corresponding period last year, alongside an 8% increase in the weighted number of shares.**
- **Amot adjusted its forecasts for 2021 upward, and according to them, the NOI is expected to amount to 755-770 million NIS, the FFO is expected to amount to 550-560 million NIS and the FFO per share, 1.34-1.36 NIS per share.**

Mr. Shimon Abudarham, CEO of Amot Messer: “We conclude the second quarter with good results and an increase in operating parameters. With the gradual return to routine, we experienced an increase in the number of employed people who returned to work in the office towers and an increase in redemptions in the shopping centers. In the field of offices, there is a noticeable increase in interest from tenants and a sharp increase in demand for space, with an emphasis on the Tel Aviv business center. The overall occupancy rate remains high and the data on contract renewals and the exercise of options for the second quarter reflect a slight increase in rent per square meter.

Amot has projects that are in the construction, planning and initiation stages worth NIS 4.5 billion, which constitute a major part of the company's growth engines in the coming years, with half of them in the construction stages and half in the initiation stages. A few years ago, we marked the field of logistics as a key growth engine in the company, and we continue to implement this strategy more vigorously, while expanding our activities in this field.

Looking ahead, we will continue to focus on strengthening our asset portfolio on our own initiative, improving the asset portfolio, acquiring quality assets and constantly examining opportunities to enter other areas of activity in which income-producing real estate is a significant part.”

Summary of data for the first half of 2021 (in millions of NIS):

	% Change 2020/21	1st Half 2021	1st Half 2020	% Change 2020/21	2nd Quarter 2021	2nd Quarter 2020	2020
NOI	-	370	369	15%	193	168	734
Net profit		298	98		196	9	289
Real FFO after neutralizing one- time financing costs, net of tax	5%	271	257	27%	145	114	512
FFO per share (in 0.01 NIS) after neutralizing one- time financing costs, net of tax	(2%)	66.0	67.3	17%	35.2	30.0	131.5
Weighted number of N.V. shares	8%	410,798	381,372	8%	411,680	381,490	389,183
Change in CPI rate in the period		1.4%	(0.7%)		1.3%	(0.2%)	(0.6)

Data and key points of the report (according to expanded consolidated reports):

- **Over the course of the second quarter, 113 new contracts were signed including option exercises and contract renewals to the scope of 31,000 m² in yearly rental fees totaling 31 million NIS (excl the agreement below).**

Shortly before the time of the publication of the report, the Company signed on an agreement with a hi-tech company (hereinafter: "The tenant") in connection with the rental of a building in Givatayim, which is owned by Amot, (the former Pelephone building) in its entirety, with an overall area of approximately 17,500 square meters.

The transaction was signed for a period of ten years with an option for an additional 5 years. The building is currently undergoing a significant upgrade, at an estimated costs of approximately NIS 100 million (including adaptations for the tenant), which includes the replacement/ upgrading of all of the electro-mechanical systems in the building, including the elevators, air, conditioning and parking facilities, as well as the upgrading of the windows of the building to smart glass, which prevents the loss of cooling energy and improves the acoustic conditions, the instillation of advanced systems, which

include, inter alia, the cladding of the façade with electricity generating solar panels, and additional measures, in order to adapt the building to the U.S. Green Building Council's requirements and to meet the ground-breaking target of the property being a "zero energy building."

The building will be handed over in two tranches. In 2022, in the first tranche, floorspace will be handed over with an area of approximately 12,500 square meters and the second tranche, comprising the balance of approximately 5,000 square meters, will be handed over five years later.

The Company will take action to lease out the said area during the first five years of the contract, until it is handed over to the tenant

- **Second quarter NOI** amounted to 193 million NIS compared to 168 million NIS in the corresponding quarter last year, a 15% increase deriving from reliefs given in the corresponding quarter last year to commercial center tenants to the sum of 30 million NIS.
- **The same property NOI in the quarter increase by 15%** and amounted to 188 million NIS compared to 164 million NIS in the corresponding quarter last year. Most of the increase derives from relief given as a result of the lockdown to tenants at commercial centers in the corresponding period.
- **The second quarter FFO** amounted to 145 million NIS, a 27 increase compared to 114 million NIS in the corresponding period last year. The increase largely derives from the increase in NOI in the quarter as well as from a decrease in current taxes as a result of the influence of the CPI.
- **The FFO per share in the second quarter** amounted to 0.352 NIS versus 0.3 NIS in the corresponding period, a 17% increase, alongside an 8% increase in the weighted number of Company shares.
- **Net profit in the quarter amounted to** 196 million NIS compared to 9 million NIS in the corresponding quarter last year, the increase derives from an increase in fair value in the quarter to the sum of 127 million NIS as a result of the CPI increase versus the drop in fair value in the corresponding quarter to the sum of 148 million NIS as a result of the impact of the Covid-19 crisis on commercial properties and the drop in CPI.
- **The total value of investment property (cash-generating and under construction) as of June 30 2021** amounted to 14.3 billion NIS.
- **The occupancy rate as of June 30 2021** remained high and stable, at 96.9%.
- **The equity attributed to shareholders as of June 30 2021** amounted to a total of 6.45 billion NIS (equity per share of 15.65 NIS) compared to a sum of 6.32 billion NIS (equity per share of 15.42) on December 31 2020. The increase derives from comprehensive income in the period offset by dividend distribution.
- **As of the publication of this report, the Company has cash balances totaling 300 million NIS and unused credit frameworks totaling 1,000 million NIS.**

- None of the Company's assets are pledged (with the exception of properties owned with partners, worth 2% of the total value).
- **Net financial debt** as of the balance sheet date is 6 billion NIS, constituting 42% of the balance sheet total (after neutralizing cash and cash equivalents).
- **Cap rate** – the weighted cap rate derived from cash-generating investment properties as of the end of the period amounts to 6.49%.
- **Amot has ten projects in various stages of construction and planning, the Company's portion of which is 320,000 m².** The total expected scope of investments in the projects is 4.5 billion NIS (the Company's share an office building in Holon, an office building in Modi'in, Halehi Compound in Bnei Brak, the K Compound in Jerusalem, Beit Havered in Givatayim, land in Beit Shemesh and ToHa2).
- **Events over the course of the quarter:**
 - In June the Company signed an agreement to purchase 60% of the rights to land in the Beit Shemesh Industrial Zone in return for a total of 53 million NIS (without transaction costs). On the 4.05-hectare lot, the partnership plans to design and build a two-story logistical center with a total gross area of 45,000 m².

2021 Forecast:

The 2021 forecast was prepared regarding macroeconomic data that was known in practice in 2020 and in accordance with the following directives:

- **The Consumer Price Index –a 1.5% increase in CPI.**
- **No material changes will occur in the business environment in which the Group is active in Israel.**
- **Signed leases and Company management's projections regarding current lease renewals in 2021.**
- **The possible impact of additional lockdowns over the course of the coming year was not taken into account.**

	1-6/2021 in Practice	2021 Updated Forecast	2021 original Forecast	2020 in Practice
NOI (In Millions of NIS)	370	755-770	735-765	734
Real FFO (In Millions of NIS)	271	550-560	535-555	512
FFO/share (in 0.01 NIS)	66.0	134-136	130-135	131.5

Dividends

In March 2021 the Company Board of Directors announced that in 2021 the Company **intends to distribute a minimum yearly dividend of 1 NIS per share**, payable in 4 quarterly installments of 0.25 NIS per share, subject to a specific decision by the Board of Directors at the end of each quarter. Accordingly, in August 2021 the Company declared that it would distribute dividends for the third quarter to the sum of 0.25 NIS per share (some 103 million NIS), to be paid during August 2021.

About Amot

Amot, of the Alony Hetz Group, is one of Israel's largest and leading cash-generating real estate companies. The Company's shares are included in the TA 35 Index and the TA Real Estate Index. Amot holds 105 cash-generating properties in Israel with a total area of 1.5 million m². Most of its properties are in central Israel and have high occupancy rates (some 96.9%). The Company has 10 projects in various stages of construction, amounting to 320,000 m² in size (including an office building in Holon, and office building in Modi'in, Halehi Compound and the ToHa2 parking garage). According to its business strategy, the Company is acting to expand its activities in the field of logistical centers.

Its prominent properties include ToHa1 (Totzeret Ha'arezt Compound), Atrium Tower in Ramat Gan, the Teva logistical center in Shoham, the Shufersal online center in Modi'in, Amot Tower (the former IBM Building), Beit Amot Mishpat, Beit Amot Bituach, the Kiryat Ono Mall and a portfolio of 35 supermarkets across the country.