November 15, 2022

Amot concludes Q3 2022 with growth in all operating parameters

NOI grew this quarter by approximately 22%, amounting to approximately NIS 240 million, compared to approximately NIS 197 million in the equivalent quarter

Same-property NOI increased in Q3 by approximately 9% compared to the equivalent quarter, amounting to approximately NIS 215 million

FFO in the quarter grew by approximately 32%, amounting to approximately NIS 196 million compared to an approximate NIS 149 million in the equivalent quarter

FFO per share in Q3 rose by approximately 16% compared to the equivalent period, alongside an increase of 13% in the company's weighted number of shares

The company makes an upward update to the 2022 forecasts: NOI is expected to amount to NIS 930 million; FFO is expected to amount to approximately NIS 740 million

Shimon Abudraham, CEO of Amot: "We are concluding yet another quarter at the company with peak results reflecting double-digit growth in FFO, NOI and all operating parameters. In this period as well, we are still recording high demands for offices in the areas of demand, alongside an excess of supply in the country's outlying areas. Concurrently, in the commercial and logistics fields we are currently at maximum occupancies. The company's strength originates in a high-quality, expansive portfolio creating a strong and stable cash flow, arising from proper decentralization of the real estate activities and from a growth engine embodied in entrepreneurship and development activity at a significant scope. We have recently reported having entered into a letter of intent with a significant anchor tenant in a long-term agreement to let out approximately one third of ToHa2 tower.

We are also currently in the midst of an upsurge in the entrepreneurship, development, planning and execution of 9 strategically-located projects which we recognize as having great potential at a scope of investment of approximately NIS 3.6 billion (the company's part). We continue to develop the company's core activites and are acting to locate business opportunities and to enter new lines of business in which yielding real estate plays a significant part."

Summary of the Q3 2022 data:

	% of change 2021/22	1-9/2022	1-9/2021	% of change 2021/22	Q3 2022	Q3 2021	2021
NOI	21%	688	567	22%	240	197	780
Net profit		695	314		195	16	932
Real FFO	30%	548	420	32%	196	149	583(1)
FFO per share (agorot)	16%	118.7	101.9	16%	41.7	35.9	138.9(1)
Weighted number of shares (N.V.)	12%	461,280	412,106	13%	469,757	414,684	419,750
Index rate increase in the period		4.40%	2.20%		1.23%	0.79%	2.4%

(1) Neutralizing one-time cash flow financing expenses.

Key data in the statement (according to the expanded consolidated statements):

- **Over the course of Q3, 103 new contracts were entered into, including option realizations and contract renewals at a scope of 33 thousand sqm in an annual rent amount of NIS 35 million (an increase of 11% in the weighted average). In the first 9 months of the year, 308 new contracts were entered into, including option realizations and contract renewals at a scope of 112 thousand sqm in an annual rent amount of NIS 116 million (an increase of 12% in the weighted average).**
- **NOI in the quarter** grew by approximately 22%, amounting to approximately NIS 240 million, compared to an approximate NIS 197 million in the equivalent quarter. The increase arises from new properties purchased, from an increase in existing properties, from increased revenues from areas whose construction has been completed and from reliefs granted to the tenants of the commercial centers in Q1 of last year.
- **Same-property NOI in the quarter** amounted to approximately NIS 215 million, compared to an approximate 197 million in the equivalent quarter, an increase of approximately 9%.
- **FFO in the quarter** grew by approximately 32%, amounting to an approximate NIS 196 million compared to an approximate NIS 149 million in the equivalent quarter. The increase arises from an increase in NOI and from a decrease in current taxes resulting from the impact of the index.

- **FFO per share in Q3** amounted to 41.7 agorot, an increase of approximately 16% compared to the equivalent quarter, alongside an increase of 13% in the company's weighted number of shares.
- **Net profit** in the quarter amounted to approximately NIS 195 million, compared to an approximate NIS 16 million in the equivalent quarter. The increase arises from an increase in NOI and from an increase in fair value in the amount of NIS 119 million in the current quarter, which was offset due to the increased linkage differential expenses on the company's debt.
- **Total value of investment real estate (both yielding and under construction) as of September 30, 2022** amounted to approximately NIS 18.4 billion. The occupancy rate as of September 30, 2022 remains high at about 95%.
- **The equity attributed to the shareholders as of September 30, 2022** amounted to NIS 8.43 billion (equity per share of NIS 17.96) compared to NIS 7.6 billion as of December 31, 2021 (equity per share of NIS 17.17).
- **As of the date of the statement's publication, the company has cash balances and cash equivalents at a scope of approximately NIS 150 million and unutilized credit limits in the amount of approximately NIS 1 billion.**
- All of the company's properties are not charged (with the exception of properties co-owned with partners, valued at approximately 2% of the total value).
- **The net financial debt** as of the balance sheet date is approximately NIS 8 billion, constituting approximately 43% of the total balance sheet (neutralizing cash and cash equivalents).
- **Cap rate** – the weighted return rate derived from the yielding real estate for investmnt as of the end of the period is 6.28%.
- **Amot has 6 projects under construction in which the company's part is 214 thousand sqm. The total expected scope of investment in projects under construction is approximately NIS 3 billion (the company's part):** ToHa2, an office building in Modi'in, Lehi Complex in Bnei Brak, K Complex in Jerusalem, a logistics center in Beit Shemesh and another office tower (Building D) at Amot Afek Park Complex. **The company also has 3 other projects currently in planning stages, in which the company's part is 64 thousand sqm.**

- **Events during and after the quarter:**
- ToHa2: The company has recently reported having entered into a letter of intent with a third party to let out approximately 55 thousand sqm (with an option for an additional approximate 20 thousand sqm) for a period of 10 years starting in January 2027 in return for rent at shell level in an amount of approximately NIS 105 million per year (the company's part – 50%).

  Following reconsideration, the company has decided to make an upward update to its annual forecasts, for the following reasons, among others: acceleration of tenancies of vacant areas, tenancies made at rents higher than the company's estimates and an increase in profits from parking lots that are higher than the company's estimate.

2022 forecast:

	1-9/2022 actual	9/22 updated forecast	6/22 forecast	2021 actual
NOI (in NIS millions)	688	Approx. 930	905-915	780
Real FFO (in NIS millions)	548	Approx. 740	713-723	583
FFO per share (in agorot)	118.7	Approx. 159	154-156	138.9

Dividend

In March 2022, the company's board determined that **in 2022 the company intends to distribute a minimum annual dividend in the amount of 106 agorot per share**, to be paid out in 4 quarterly payments. 26 agorot per share for Q2 and Q3 and 27 agorot per share for Q3 and Q4, subject to a specific resolution of the board at the end of each quarter.

Accordingly, the company announced, in November 2022, a dividend distribution for Q4 in the amount of 27 agorot per share (approximately NIS 127 million), to be paid out in December 2022. Since the start of the year the company has distributed a dividend at a scope of NIS 522 million.

About Amot

Amot Investments, of the Alony Hetz Group, is one of Israel's largest and leading real estate companies. The company's shares are included on the TA 35 Index and on the TA-RealEstate Index. Amot holds 176[1] yielding properties in Israel in a total area of 1.85 million sqm. Most of the company's properties (91%) are located in the big cities in the center of the country and in the areas of demand, and their occupancy rates are high. 49% of the yielding properties' value are offices, 28% are logistics and industrial parks, 17% are commerce, 5% are supermarkets and 1% are other. The company has 6 projects under construction at a scope of approximately 214 thousand sqm (among them ToHa2, a commercial and employment complex on Lehi Street and K Complex at the entrance to the city of Jerusalem), as well as 3 properties currently in planning and initiation stages at a scope of approximately 64 thousand sqm.

The company's prominent properties include: ToHa1 (Totzeret Ha'Aretz Complex), Amot Atrium Tower in Ramat Gan, Amot Holon Campus, Amot Tower, Beit Amot Mishpat, Beit Amot Bituach, Tzrifin Logistics Park, Teva's Logistics Center in Shoham, Shufersal's Online Center in Modi'in, Kiryat Ono Mall, Arim Mall in Kfar Saba, HaGalil Center in Rosh Pina, Power Center B7 in Beersheba and a portfolio comprising approximately 35 supermarkets across Israel.

[1] Since Q1 2022, the Amot Holon Campus property has been redesignated from real estate under construction to investment real estate.