

# COMPANY PRESENTATION 30.6.2020

REIT 1 – ISRAEL'S FIRST REAL ESTATE INVESTMENT TRUST

**REIT 1**  
קרן הנדל"ן המניב הראשונה בישראל



## DISCLAIMER

This presentation contains forward-looking information as defined in the Securities Law, 5728-1968 ("Securities Law"). This information includes, among others, various forecasts, assessments and estimates by the Company—as well as information presented through schemes and/or graphs and/or tables—regarding the adverse effects of coronavirus on its revenues, NOI growth, real FFO growth, real FFO per share, dividend distribution and long-term debt maturities, as they relate to the rest of 2020 or to subsequent years. The materialization of this information, in whole or in part, is uncertain and outside the Company's control, and may take a form different, or substantially different, from the way in which it is presented in the presentation.

This information rests, among others, on the estimates of the Company's management and their subjective view based, among others, on their experience and professional know-how and on analysis of information concerning the current state of the Company's businesses, work plans, as well as on macroeconomic facts and data, all as known to the Company's management at the time of preparing this presentation.

This forward-looking information is, by definition, uncertain, subject to significant non-materialization risks, and outside the Company's control. It is uncertain, impossible to predict with accuracy, and its materialization or non-materialization could be influenced, among others, by the Company's risk factors (as described in the periodic report for 2019), by changes in the Company's business plans or strategy and by developments in the general environment affecting the Company, including the COVID-19 (corona) crisis. The Company does not undertake to update and/or revise any such forecast and/or assessment and/or estimate in order to have them reflect events and/or circumstances occurring after the time of this presentation.

**Be it emphasized that the information provided in slide no. 4 about the Company's estimates regarding the expected loss of revenues from its commercial properties following the COVID-19 crisis constitutes forward-looking information as defined in the Securities Law. This information is based, among others, on Company assessments and estimates as of this presentation's issue date with respect to factors it has no influence over. These assessments and estimates might not materialize or might materialize in a substantially different way, due to factors outside the Company's control, including: the coronavirus's rate of spread; the duration of the crisis and the scope of directives and limitations imposed by authorities in Israel and around the world; the magnitude and duration of the economic slowdown that might develop in Israel and around the world, which might entail substantial implications for the Company's tenants and the Company, all this bearing in mind that the COVID-19 crisis is a dynamic event characterized by great uncertainty. For further details on the Company's estimates regarding the effects of coronavirus on the Company, see section 5.1 of Chapter A in the Company's periodic report for 2019 and section 1.1 of the report by the Company's Board of Directors of 30 June 2020, as published on 13 August 2020.**

This presentation does not constitute, and shall not be construed as, an offer to the public or an invitation to the public to buy Company securities or an invitation to receive such offers, and is solely intended for informative purposes. The content of this presentation does not constitute a recommendation or an opinion or a substitute for investor discretion, nor does it pretend to cover all the information that might be relevant for making any kind of investment decision regarding the Company's securities. The information in this presentation is a summary and does not serve to substitute the complete information about the Company as provided in its periodic, quarterly and immediate reports.

This presentation does not substitute the financial statements which include the full financial information.

## OVERVIEW

### ESTABLISHMENT

Established in 2006 as Israel's first Real Estate Investment Trust

### INCOME PRODUCING PROPERTIES

Total assets' value NIS 5.5 billion  
548,000 sqm, 97.3% occupancy rate

### CAP RATE

Weighted average cap rate of properties is 6.83%

### EQUITY

Financially resilient, total equity - NIS 2.6 billion  
(NIS 14.79 per share)

### STOCK EXCHANGE

Traded at TASE since 2006  
Included in the following indices: TA 125, TA Real Estate, Tel Div and Tel Bond 40

### RATING

ilAA/Stable  
by Ma'alot S&P

### DIVIDENDS

Quarterly dividend distribution policy  
Minimum dividend for 2020: NIS 128 million (NIS 0.72 per share\*)  
Dividend yield of 5.6%\*\*  
Dividends distributed since inception total  
NIS 890 million (NIS 7 per share)

### ADJUSTED FFO YIELD

Projected for 2020 – 10.5%\*\*

\*According to the number of shares on the resolution date and is subject to board of directors' approval prior to each distribution

\*\*Dividend and FFO yields are relative to the share price as of august 11, 2020.

- Based on expanded consolidated data In NIS millions, unless stated otherwise.



# Covid-19

## To the best of the Company's estimate at this point in time:

- **Retail** (23% of the portfolio). mainly comprises power centers, which took less of a hit after the lockdown was lifted. During the lockdown period, 30% of retail portfolio consisting of essential businesses such as supermarkets stayed open. Revenue losses of NIS 6 million in rent waivers granted in the second quarter of 2020.
- **Office, industrial, logistics and nursing-homes** (73% of the portfolio). Rent deferrals totaling about NIS 10 million were mainly granted. As of now, about NIS 6 million were collected. Rent waivers amounted to NIS 1 million in the second quarter. According to the Company's estimates, these sectors are not expected to cause substantial losses. Still, the forecast for 2020 includes potential future loss of approximately NIS 5 million due to business difficulties for tenants and delays in letting spaces.
- **parking facilities** (4% of the portfolio), the loss of revenue in 2020 is estimated at NIS 8 million, mainly due to lower public-use (NIS 3 million of that loss has materialized during the report period).
- At this point in time, the rent collection rate is high, as in the months preceding the crisis.
- A decrease in properties' value of NIS 76 million in the first half of 2020, NIS 58 million in the second quarter, mainly due to an expected hit to short-term cash flows.
- From the start of the year to the time of this report, roughly 70 leases were signed for a total GLA of 24,000 sqm, representing an annual rent of NIS 14 million. In addition, around 100 extensions were signed for a total GLA of 53,000 sqm, are expected to yield rent of NIS 34 million per year (a 2% average real growth in rent).

As of now, and in view of the fact that this is a dynamic event characterized by considerable uncertainty, how much the crisis will affect the Company's future activity and results largely depends on the extent to which various variables will materialize in Israel and globally, if at all.



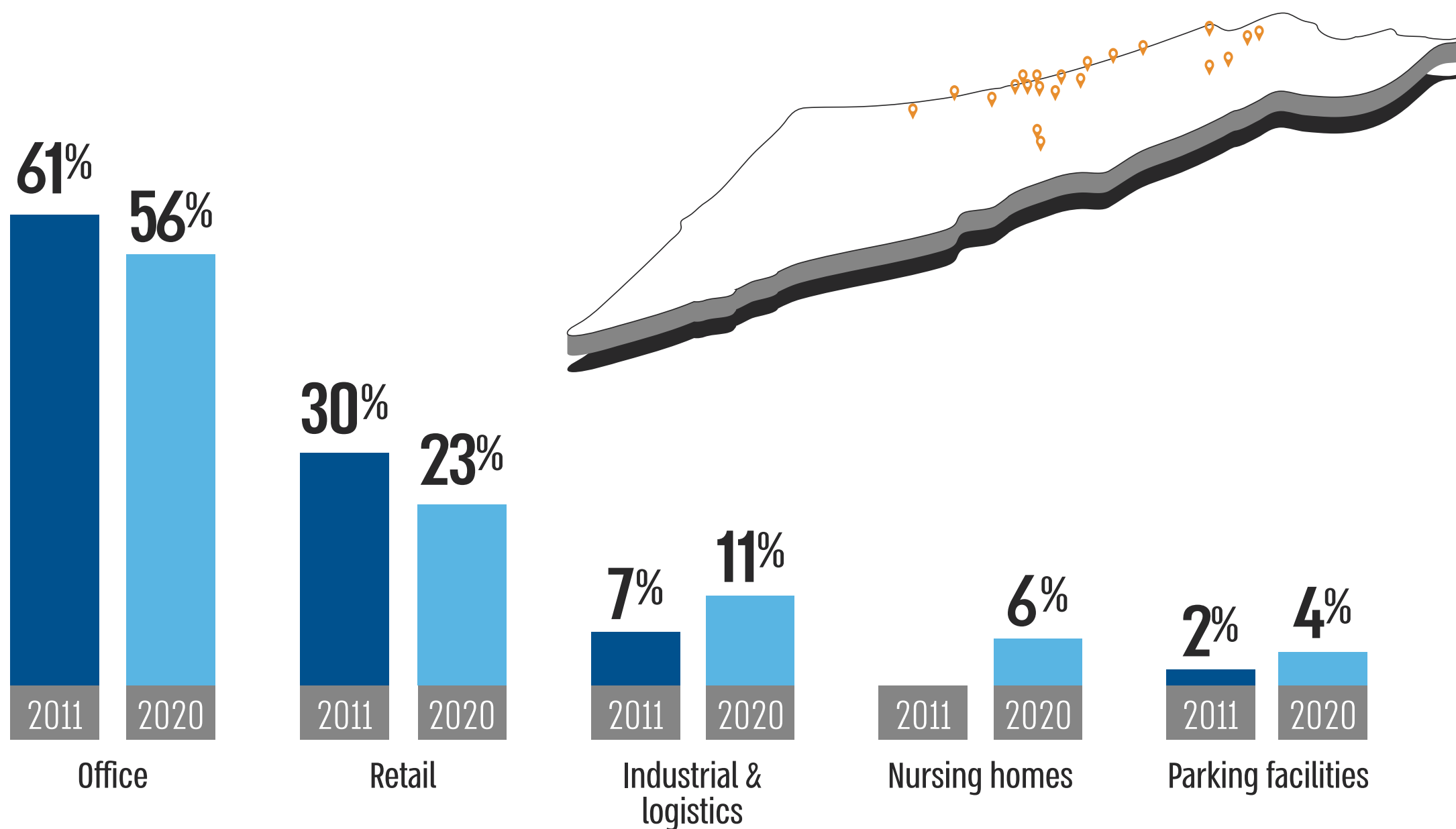
# FINANCIAL STRENGTH AMID THE COVID-19 CRISIS



\* Rating confirmed on 4 August 2020.



## DIVERSIFIED PORTFOLIO ACROSS SECTORS & GEOGRAPHIES



As of 30.6.2020, according to fair value



## STABLE STRATEGY UNDER A PROFESSIONAL MANAGER'S EXPERTISE

### GROWTH STRATEGY:

- Only in Israel
- Diversified market sectors & Geographies

### SUBJECT TO PROVISIONS OF THE REIT ISRAELI LAW:

- Maximum leverage of up to 60% (LTV)
- Development activity limited to 5% of its portfolio
- No controlling shareholders
- Dividend distribution requirement
- Exemption from corporate tax
- Single level taxation - paid only by the shareholders





# DIVERSIFIED PORTFOLIO

Office, retail, nursing homes, industrial & logistics and parking



# COMING SOON **INFINITY PARK 2022 RAANANA**



150,000 sqm\* OF  
**OFFICE SPACE**

10,000 sqm OF **RETAIL &  
RECREATIONAL AREAS**

**PUBLIC PARK AND  
GARDENS**

**HIGH ACCESSIBILITY  
TO TEL AVIV VIA RAILWAY  
AND HIGHWAYS**



\* Currently 90,000 sqm, 60% company's share

- Forward-looking information is based solely on the subjective evaluation of the Company. The realization of the forward-looking information will be affected, inter alia, by factors that are not under the Company's control.





HAMENOFIM, HERZLIYA PITUACH

**GLA:** 17,000 sqm

**Ownership share:** 50%





Daniel Frish, TLV

**GLA:** 20,000 sqm  
**Ownership share:** 40% (parking 100%)



Hayovel Tower, TLV

**GLA:** 67,000 sqm  
**Ownership share:** 50%



Rothschild, TLV

**GLA:** 23,000 sqm  
**Ownership share:** 50%



Ha'arba'ah, TLV

**GLA:** 17,000 sqm  
**Ownership share:** 35% (parking 50%)





Sapir, Herzliya Pituach

**GLA:** 7,500 sqm  
**Ownership share:** 100%



Business Park, Rishon LeZion East

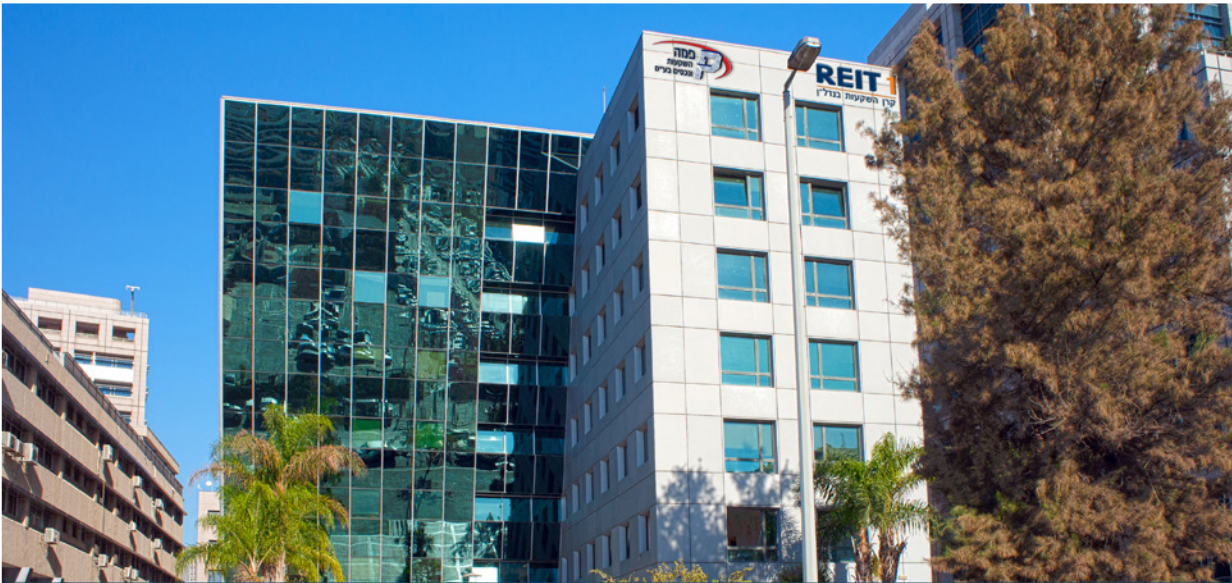
**GLA:** 17,000 sqm  
**Ownership share:** 100%



Hashmonaim, TLV

**GLA:** 8,000 sqm  
**Ownership share:** 60%





Ramat Hachaya, TLV

**GLA:** 10,000 sqm  
**Ownership share:** 50%



Ramat Hachaya, TLV

**GLA:** 5,000 sqm  
**Ownership share:** 100%



Business Park, Netanya

**GLA:** 6,000 sqm  
**Ownership share:** 100%



Eyal, Petach Tikva

**GLA:** 8,000 sqm  
**Ownership share:** 65%





Beit Terminal, Lod

**GLA:** 8,000 sqm  
**Ownership share:** 100%



Rosh Ha'ayin

**GLA:** 8,000 sqm  
**Ownership share:** 100%



Hamelacha, Lod

**GLA:** 16,000 sqm  
**Ownership share:** 100%



Global Park, Lod

**GLA:** 21,000 sqm  
**Ownership share:** 50%





Power Center, Afula

GLA: 22,000 sqm

Ownership share: 60%





"Lev Talpiyot" strip Mall, Jerusalem

**GLA:** 15,000 sqm  
**Ownership share:** 100%



"Hadera Gates" strip Mall, Hadera

**GLA:** 12,400 sqm  
**Ownership share:** 100%



Sarona Gardens, TLV

**GLA:** 6,200 sqm  
**Ownership share:** 50%



Power Center, Netivot

**GLA:** 14,000 sqm  
**Ownership share:** 100%





G6 Mall, Yokneam

**GLA:** 16,000 sqm  
**Ownership share:** 49%



Gan Yavneh strip Mall

**GLA:** 14,000 sqm  
**Ownership share:** 75%



G Rothschild Mall, Rishon LeZion

**GLA:** 8,500 sqm retail and 4,500 sqm office  
**Ownership share:** 49%



Power Center, Modi'in

**GLA:** 11,000 sqm  
**Ownership share:** 50%





Nes Tziona

**GLA:** 19,000 sqm  
**Ownership share:** 80%



Ashdod

**GLA:** 12,000 sqm  
**Ownership share:** 100%



Nesher

**GLA:** 22,000 sqm  
**Ownership share:** 50%





Teradion, Gush Segev

**GLA:** 44,000 sqm  
**Ownership share:** 100%



Rishon LeZion

**GLA:** 20,000 sqm  
**Ownership share:** 65%



Alon Tabor

**GLA:** 42,000 sqm  
**Ownership share:** 50%



Alon Tabor

**GLA:** 40,000 sqm  
**Ownership share:** 25%





Hadera

**GLA:** 7,000 sqm  
**Ownership share:** 95%



Teradion & Sderot

**GLA:** 25,000 sqm  
**Ownership share:** 100%



Tziporit

**GLA:** 9,600 sqm  
**Ownership share:** 67%



Bar-Lev

**GLA:** 16,000 sqm  
**Ownership share:** 67%





Besser 3+4 Parking Lot, Bnei Brak  
Approx. 277 parking spaces | **Ownership share:** 100%



City Tower Parking Lot, Ramat-Gan  
Approx. 400 parking spaces | **Ownership share:** 100%



Karta Parking Lot, Jerusalem  
Approx. 835 parking spaces | **Ownership share:** 100%





# FINANCIAL DATA

For 30.6.2020



## FINANCIAL DATA | Highlights

	% Change 2019-2020	1-6/2020	1-6/2019	% Change 2019-2020	Q2 - 2020	Q2 - 2019	2019
NOI	2.5%	165.9	161.9	(6.7%)	79.5	85.2	341.9
NOI same property	(6.3%)	142.1	151.6	(11%)	69	77.5	-
Adjusted FFO	(1.3%)	117.9	119.4	(9.7%)	57	63.1	249.9
Adjusted FFO per share (NIS)	(1.5%)	0.66	0.67	(8.6%)	0.32	0.35	1.40

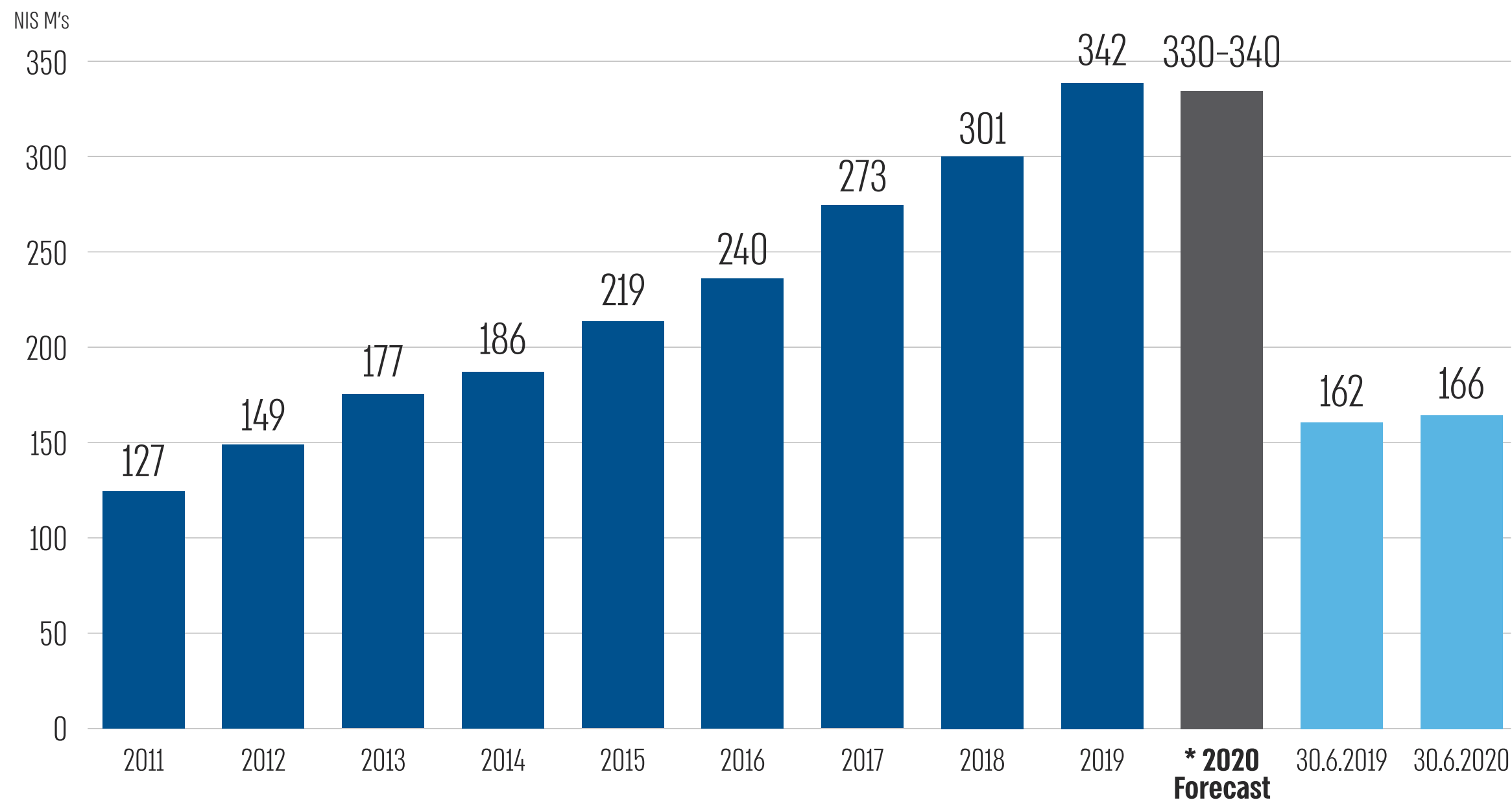
**\* Note that the hit to the NOI and the FFO, resulting from rent waivers totaling NIS 7 million given by the Company in the second quarter of 2020 following the COVID-19 crisis, was fully recognized in this quarter's statements.**

- In NIS millions, unless stated otherwise

- Data based on the Company's expanded consolidated statements



# FINANCIAL DATA | NOI Growth

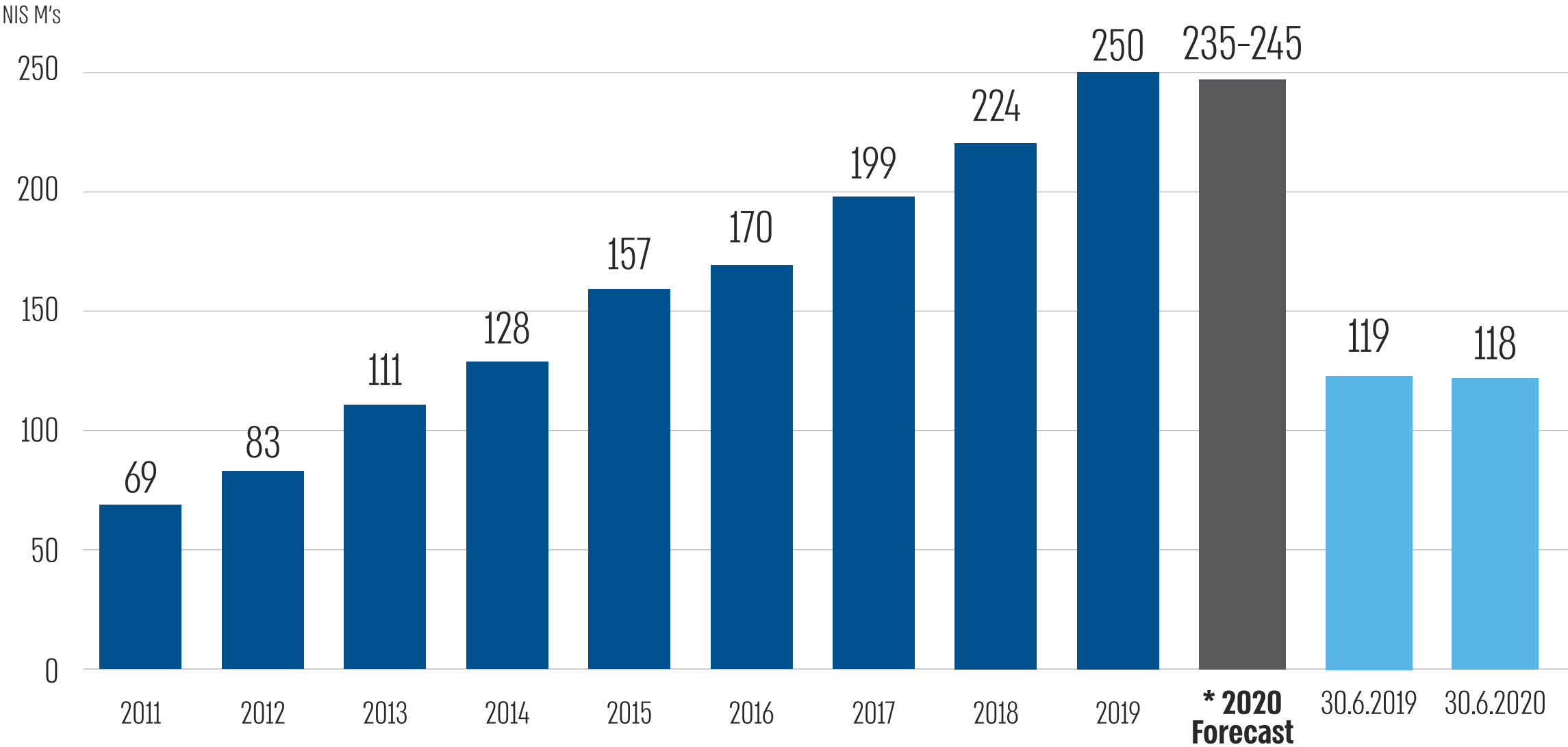


**\* As opposed to 355-360 in the pre-COVID-19 forecast**

- NOI - Net Operating Income - is the industry's accepted profitability measurement for the leasing and operation of properties (revenues from properties minus their operating expenses)
- Based on expanded consolidated data



# FINANCIAL DATA | Adjusted FFO Growth



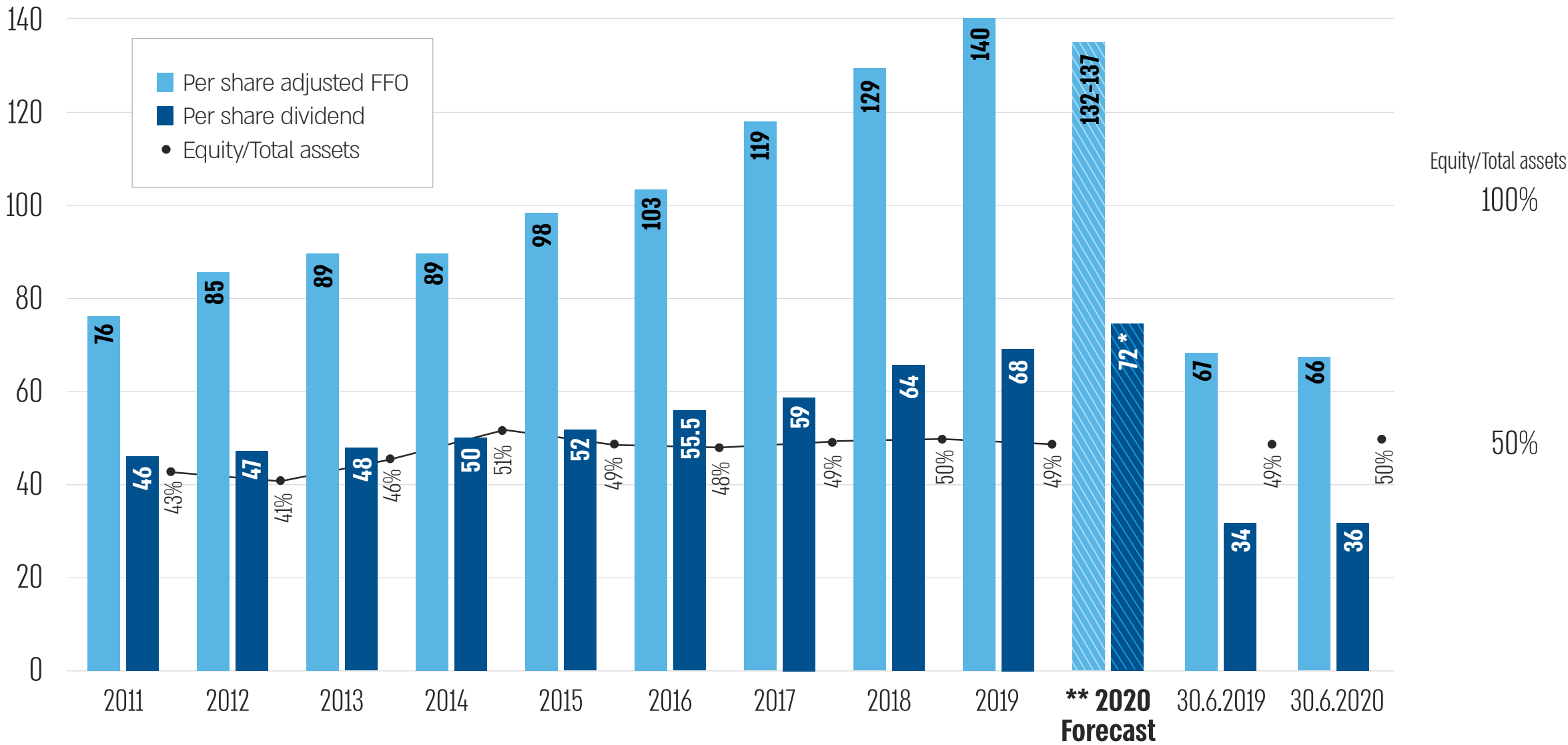
**\* As opposed to 260-264 in the pre-COVID-19 forecast**

- Adjusted FFO – Funds from Operations – is the industry's accepted measurement, expressing net income after neutralizing one-off revenues and expenses, as well as properties revaluation and CPI linkage expenses accrued on loans.
- Based on expanded consolidated data In NIS millions, unless stated otherwise.



# FINANCIAL DATA | Per Share Results

Agorot per share  
[NIS 0.01]



\*According to the number of shares on the resolution date and is subject to board of directors' approval prior to each distribution

\*\* As opposed to 146-148 in the pre-COVID-19 forecast



## FINANCIAL STRENGTH

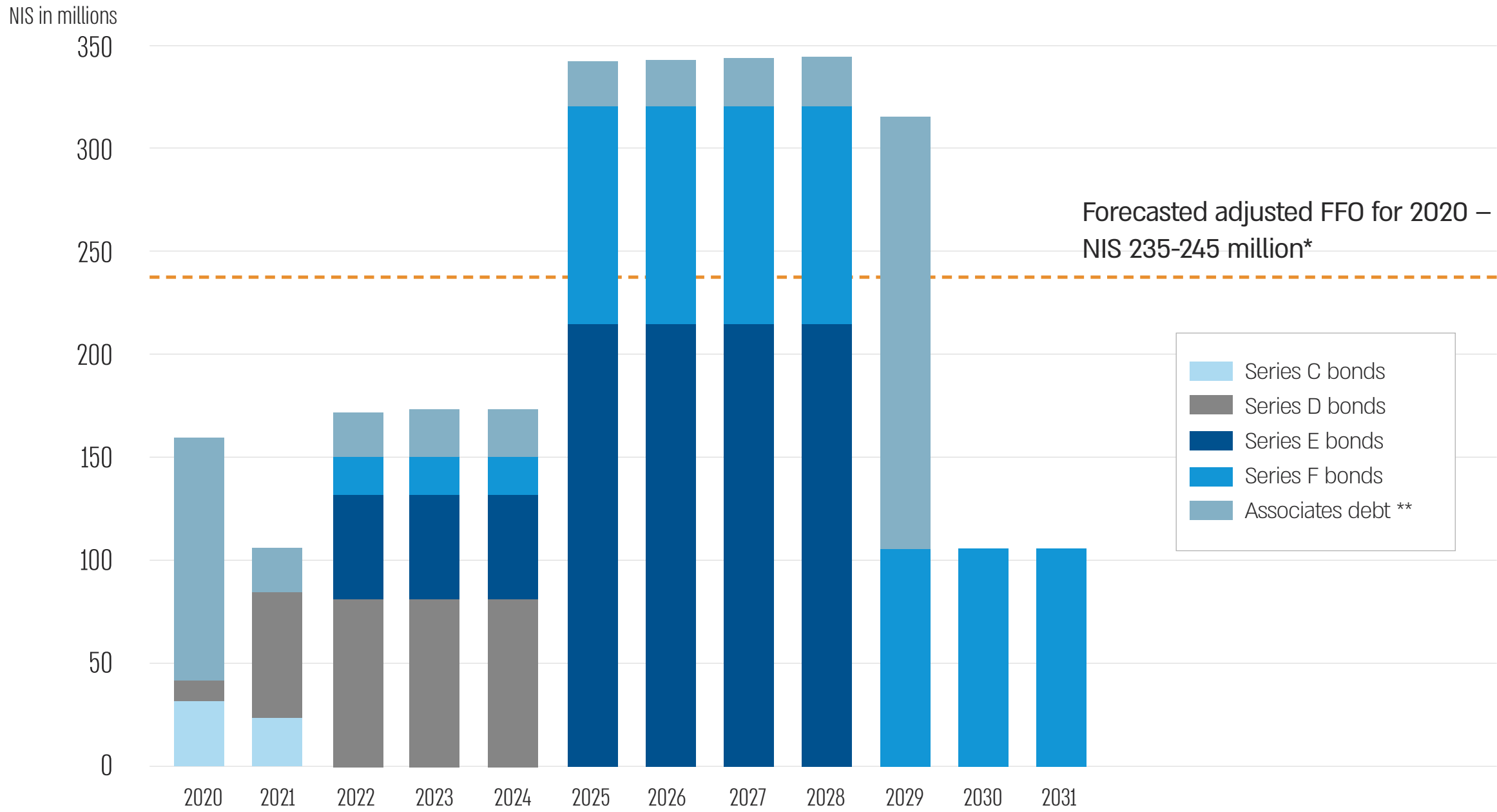
- Equity to total assets of **50%** (IFRS)
  - Net financial debt to Cap **48%** (Solo)
  - Weighted **average cost** of long-term **debt**  
As of 30.6.2020 – **2%** linked to the Israeli CPI.  
Average weighted **Duration** of **5.5** years
  - **Current cost of debt** as of Report's issue date - **0.91%** linked to the Israeli CPI  
(Series F bonds, duration 6.7 as of 11.8.2020)
- **All assets**  
Free of pledges (total NIS **5.5 billion**)\*
  - cash and cash equivalents  
NIS **190 million** as of report's issue date (Solo)
  - Signed **credit facilities**  
NIS **360 million** non utilized  
as of Report's issue date (Solo)
  - **Credit rating**  
July 2017: **iLAA/Stable**  
July 2014: iLAA-/Stable  
June 2010: iLA+/Stable  
May 2007: iLA/Stable

Based on expanded consolidated data unless otherwise stated

\*Except for 14% of assets which are jointly owned



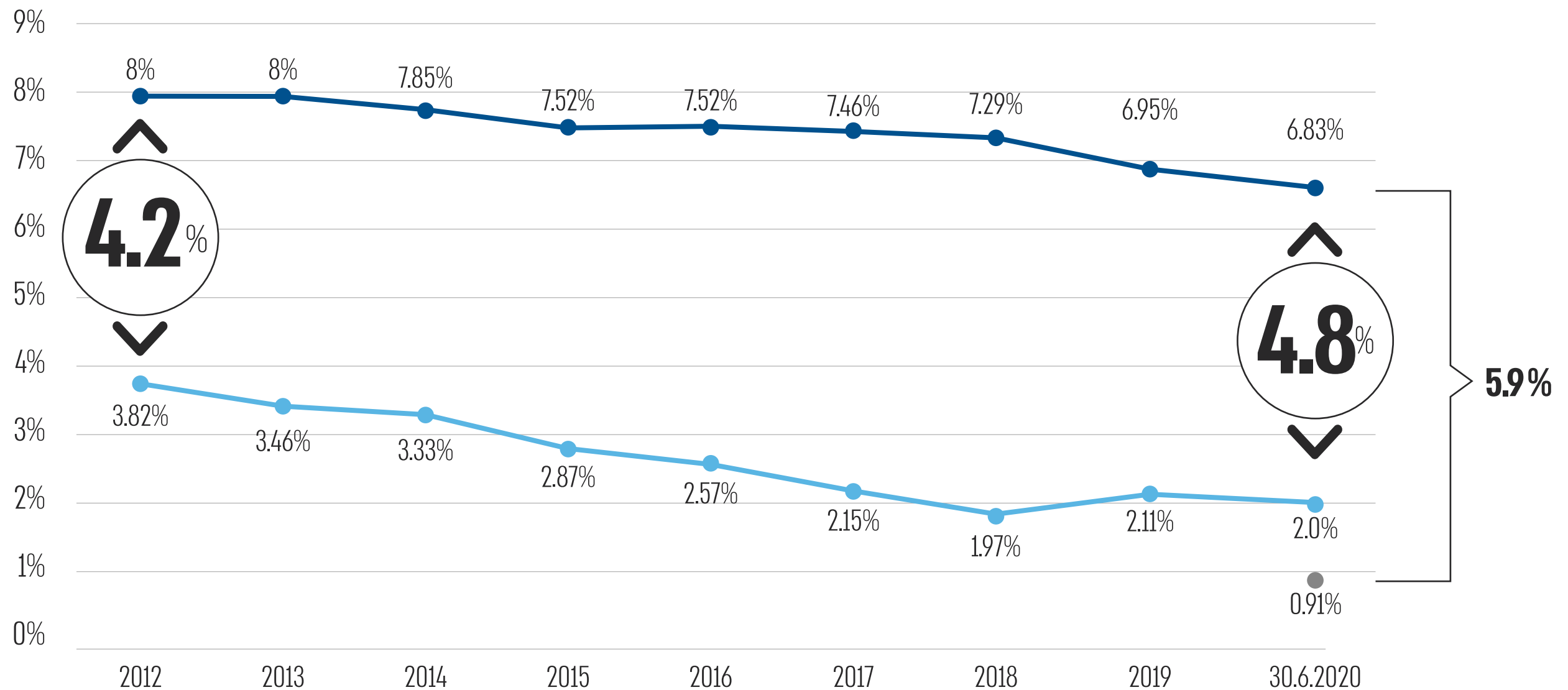
# WELL-BALANCED DEBT MATURITY PROFILE



\* Before dividend distribution required by law. Includes current annual amortization of bond premium.  
\*\* Amount is calculated based on the Company's percentage ownership interest in associates



# CAP RATE OF PROPERTIES VS. WEIGHTED AVERAGE COST OF DEBT



- IFRS based average cap rate deduced from Company's income producing properties
- Weighted effective Israeli CPI linked cost of debt (bonds)
- Israeli CPI linked current cost of debt as of 11.8.20 (Series F bonds average duration 6.7)





THANK YOU