Azrieli Group Ltd

Investor Presentation –
Financial Statements 31.03.2011

May 26th, 2011

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•Everything stated in this presentation with respect to an analysis of the Company's business is merely a summary. To obtain a full picture of the Company's business and the risks facing the Company, please review the Company's Annual financial statements as of 31.12.2010 as filed with the ISA through the Magna website, its current reports and financial statements and Board of Directors' report as of March 31, 2011. The Company does not warrant that the Information is either complete or accurate, nor will bear any liability for any damage and/or losses which may result from any use of the Information.

•Various issues addressed in this presentation, which include forecasts, goals, estimates, assessments and other information pertaining to future events and/or matters, whose materialization is neither certain nor within the Company's control, including in connection with data, income forecast, NOI calculations, the value of the Group's holdings, costs of and profit from projects, the development and construction thereof, zoning plan changes, receipt of permits and the projects' concepts are forward-looking information, as defined in the Securities Law. Such Information is based solely on the Company's subjective assessment, based on facts and figures concerning the current state of the Company's business, and macro-economic facts and figures, all as are known to the Company on the date of preparation of this presentation. The Company does not undertake to update and/or change any such forecast and/or estimate to reflect events and/or circumstances occurring after the date of preparation of this presentation. The materialization or non-materialization of the forward-looking information will be affected, *inter alia*, by risk factors characterizing the Company's business, as well as by developments in the general environment and outside factors affecting the Company's business, third-party representations not materializing, delays in the receipt of permits, termination of contracts, a decline in the value of shares on the stock exchange, etc., which cannot be estimated in advance and are beyond the Company's control. The Company's results of operations may differ materially from the results estimated or implied from the aforesaid, *inter alia* due to a change in any one of the foregoing factors.

•The Information included in this presentation is similar to the information included in the prospectus and/or presentations released by the Company shortly thereafter and/or in the financial statements as of March 31, 2011, as released on Magna, and does not include new information. However, some figures which are included in the presentation, are presented differently and/or edited and/or segmented.

•The term "**NOI**" in the presentation refers to representative NOI (unless "actual NOI" is stated), with respect to the Group's income-producing real estate business only, as defined in the ISA's directive, and as included in the valuations of the Company's properties.

•The terms "**Adjusted FFO**" and "**weighted average cap-rate**" relate to the Group's income-producing real estate business only. The reader of the presentation is required to read such figures in conjunction with the board's explanations in the board of directors' report as of March 31, 2011, including the methods of calculation and the underlying assumptions.

•It is further clarified that the financial figures in the presentation attributed to the extended standalone statement, are unaudited. This statement presents a summary of the Company's statement data according to IFRS, apart from the Company's investment in Granite HaCarmel, which is presented in the book value method instead of consolidation of its figures in the Company's statements.

•The Company's estimations with respect to the growth figures are based on actual rental income, both from shopping mall and commercial center areas and from office and other space for lease, and in some cases including expansions performed at the relevant center, which are unaudited, non-GAAP figures, and have been made in good faith and according to the past experience and professional knowledge accumulated by the Company. Such information is presented below for the sake of convenience only, but is not a substitute for information provided by the Company in its financial statements or in connection therewith, and is therefore not to be relied upon independently.

•It is further clarified that in reference to the construction of a second floor at Azrieli Ayalon Mall, no date of commencement has yet been scheduled, and construction thereof is subject to the Company's discretion.

Azrieli Group - Business Card

- The Company has been a public company since June 2010.
- Azrieli Group Ltd. shares are traded on the following indexes: Tel Aviv 25, Tel Aviv 100 and Real Estate 15; Azrieli Group Ltd. stock is the only Israeli stock included in the EPRA index.
- Total shareholders' equity (relating to the shareholders) - NIS 11 billion [(1)].
- Current market capitalization of NIS 11.7 billion [(2)].
- The Company owns leasable areas totaling 666,000 sqm, with another 209,000 sqm under construction.
- The average occupancy rate is close to 100%.
- The Company has 2,400 tenants.
- 93% of the fair value (consolidated) of the income-producing real estate and properties under development relates to real estate located in Israel.
- The Group's bonds are rated AA-/Positive by S&P/Maalot and Aa2/Stable by Moody's/Midroog.
- Dividend distributed in respect of 2010: NIS 240 million, NIS 1.97 per share.

(1) As of 31.03.2011.
(2) As of 17.05.2011.

Azrieli Group – Company structure

AZRIELI GROUP

- 60.8% – Granite Hacarmel Investments Ltd.
  - 100% – GES
  - 100% – SUPER Gas
  - 85% – Tambour
  - 100% – Sonol
- 20% – לאומי קארד (VISA, MasterCard)
- 4.8% – לאומי leumi

Income generating properties - Abroad
GLA – 136,645

Houston, USA
1. Galleria 90%
2. North chase 100%
3. One Riverway 33%
4. Three Riverway 45%

Leeds, England
1. Southern House 100%

Projects under development (100%)
GLA – 209,087

1. Akko
2. Kiryat Ata
3. Azrieli center Holon (83%)
4. Ramla (1)
5. Rishonim
6. Ayalon – 2nd floor
7. Givatayim
8. Be'er shava

Offices and others (100%)
GLA – 279,990

1. Azrieli Tel-Aviv
2. Herzliya
3. Jerusalem
4. Modi'in (offices & residential)
5. Be'er shava
6. Givatayim
7. Caesarea
8. Petach Tikva (50%)

Existing properties - commercial (100%)
GLA – 228,755

1. Azrieli Tel-Aviv
2. Ayalon
3. Jerusalem
4. Givatayim
5. Be'er shava
6. Modi'in
7. Holon
8. Haifa
9. Herzliya
10. Hod Hasharon
11. Or Yehuda

Exclusive tenant Mixture

aroma espresso bar
i'm lovin' it
ALDO
H&M
ZARA
orange™
Cellcom
cafécafé take your time
BLACK Bar 'n' Burger
adidas
crocs™
CASTRO
DIESEL
bezeq
pelephone
Café Hillel
BURGERS BAR
BUG STORE
GAZITH shoes
billabong
CRACKER
HAMASHBIR LAZARCHAN
Lee Cooper JEANS
ניו-פארם
GREG קפה מאוד
Domino's Pizza
Toys"R"Us
G·R·A·S
BLUE BIRD Surf & Urban
RENUAR
RENUAR MEN
SUPER-PHARM Already feeling better
ROLADIN bakery & café
sbarro
ROYALTY JEWELLERY
GOLF
FOX MEN KIDS BABY
swatch
Arcaffè
עגבניה פיצה איטלקית ביתית
POLGAT
GOLF&Co.
SABON סבון של פעם
STEIMATZKY STEIMATZKY MEANS BOOKS
magnolia SILVER JEWELRY
GLOBUS GROUP
HONiGMAN
BONITA
LALINE When body meets soul

Main Events in Q1/2011
(summary of extended standalone statements)

11% revenue growth and 11% NOI growth

- ✓ Additional 11% growth in Q1 2011, totaling NIS 236 million, compared to NIS 213 million in the equivalent quarter in 2010, due to both an internal increase in rent (same property NOI) and the acquisition of the Azrieli Haifa Shopping Mall and the Galleria office towers in Texas.

7% increase in Same Property NOI

- ✓ Additional **Same Property NOI** growth of 7% during Q1 2011 compared to Q1 2010.
- ✓ A 7% increase in the commercial segment and an increase of 6% the the offices and others segment. The growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.

26% growth in real-estate segment FFO

- ✓ **Real Estate segment FFO** (relating to the Group's income-producing real estate business only) totaled NIS 168 million in Q1 2011 compared to NIS 133 million in Q1/2010. The increase is attributed both to an overall improvement in the RE sector and to acquisitions.

Continuation in the development – NIS 734 million

- ✓ The Group's investments in Q1 2011 totaled NIS 700 million: Investments in existing assets and assets under development (NIS 59 million), the office acquisition in Texas ($ 176 million), and the land in Ramla (1) (NIS 20 million).

Appreciation of existing properties

- ✓ In September 2011, the international fashion brand **FOREVER-21** will open it's flagship store in the Azrieli mall inTel-Aviv, with a 1,500 sqm size store.

Leasing

- ✓ Continued leasing of Building E (approx. 13,000 sqm gross leasable area) in Herzliya Business Park. Approx. 70% of the GLA has signed contracts (as of today).
- ✓ The occupancy rate in the company's portfolio is close to 100% as of today.

Net profit of NIS 182 million

- ✓ Net profit of NIS 182 million in the first quarter of 2011 compared to NIS 154 million in the equivalent quarter in 2010. The rise is attributed to increase in the NOI, to the improvement in Granit's results and the dividend from Bank Leumi.

(1) Excluding remaining cost of land of NIS 80 million, paid after the date of this reports.

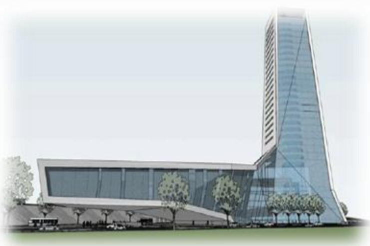
Azrieli Group – Development momentum

Approx. 230,000 sqm GLA; Total investment NIS 1.7 billion

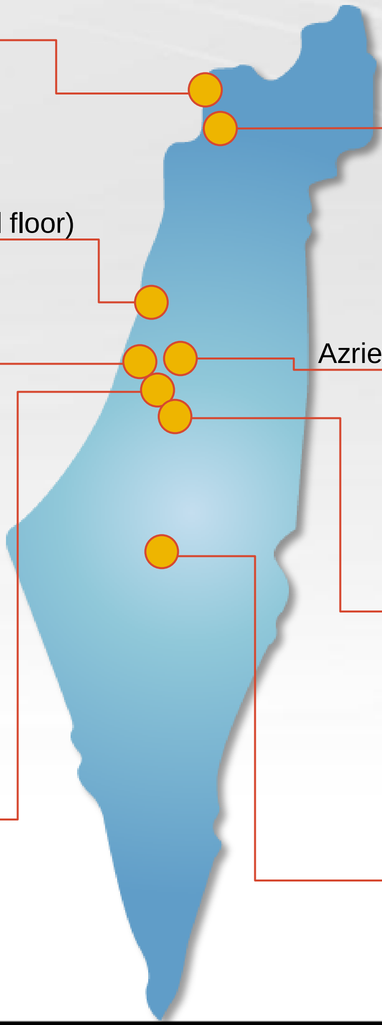
Azrieli Akko
Approx. 12,406

Azrieli Ayalon (additional floor)
Approx. 9,500

Azrieli center Holon
Approx. 120,000



Azrieli Rishonim
Approx. 48,000



Azrieli Kiryat Ata
Approx. 13,095

Azrieli Givataim (offices)
Approx. 1,916

Azrieli Ramla
Approx. 22,000

Azrieli Be'er sheva
Approx. 2,570

Projects under development

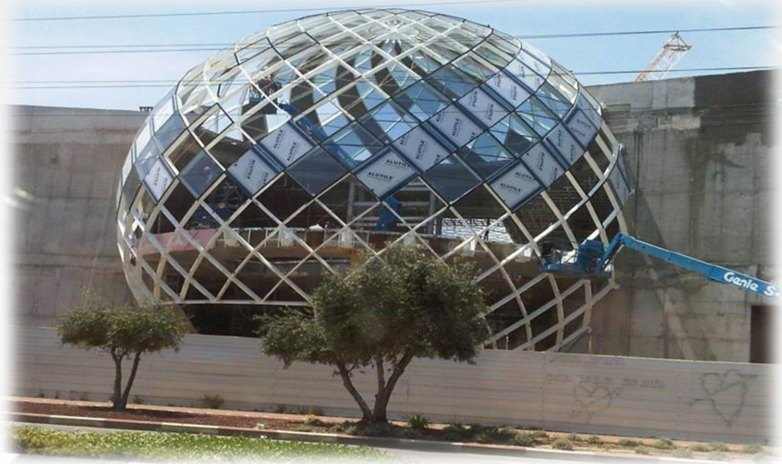
Name of property	% ownership	USE	GLA	Estimated date of completion	Cost as of 31.03.2011	Estimated cost of project completion (NIS in millions)
Azrieli Akko Mall	100%	Commercial	12,406	Q3-Q4/2011	62	68-73
Azrieli Kiryat Ata	100%	Commercial (phase A) Offices +commercial (phase B)	9,095 4,000	Q3-Q4/2011 Q1/2013	59	45-50 45-55
Azrieli Hanegev Mall	100%	Commercial	2,570	7/2011	2	11-12
Azrieli Givatayim – additional floor	100%	Offices	1,916	8/2011	8	13-15
Azrieli Ayalon Mall – additional floor	100%	Commercial	9,500	1.5 years from the start of construction	5	120-150
Azrieli Rishonim	100%	Commercial and offices	48,000	3/2014	80	400-430
Azrieli Center Holon (1)	83%	Offices Commercial	115,000 5,000	2013-2016	22	585-625
Azrieli Mall Ramla (2)	100%	Commercial	22,000	2013	20	290-310 (2)
TOTAL			**229,487**		**258**	**1,577-1,720**

(1) The figures are for 100%.
(2) Including remaining cost of land of NIS 80 million that was deposited in trust after the date of this reports.

Azrieli Akko Mall

- Commercial project.
- Gross leasable commercial area of 12,406 sqm.
- Signed contracts – approx. 80%. (1)
- Completion scheduled for Q3-Q4/2011.
- Investment as of 31.03.2011 – NIS 62 million.
- Remaining cost (2): NIS 68-73 million.

simulation



(1) As of 26.05.2011.
(2) As of 31.03.2011.

Azrieli Kiryat Ata

AZRIELI MALL KIRYAT ATA
AZRIELI GROUP OF MALLS

- Mixed-use project.
- Gross leasable area (commercial and offices) of 13,095 sqm.
- Signed contracts (shopping mall) – approx. 80%. (1)
- Completion (of mall) scheduled for Q3-Q4/2011.
- Investment as of 31.03.2011 – NIS 59 million.
- Remaining cost (1): NIS 90-105 million.

simulation

(1) As of 26.05.2011.
(2) As of 31.03.2011

Agreement to Purchase Land in Ramla

AZRIELI MALL RAMLA
AZRIELI GROUP OF MALLS

- Land – 31,650 sqm.
- GLA – 22,000 sqm.
- Cost of land – NIS 100 million.
- Expected investment in construction - NIS 210-230 million.
- Completion scheduled for 2013.
- Signed leases – 50%.
- closing date – May 2011.

(1) Excluding purchase tax of approx. NIS 5 million.

Acquisition of 3 office towers in Houston, Texas, USA

- Purchase with local partner. The Group's stake is 90%.
- Total GLA – 99,000 sqm.
- Occupancy rate at acquisition – 91% (1).
- The assets are part of a complex that includes one of the biggest shopping malls in the US.
- Cost - $176 million.
- External financing - $ 130 million.
- Projected NOI - $14 million (1).
- Closing date – February 2011.

(1) Including an undertaking by tenant to occupy approx. 18,000 sqm in 2012.

Financial Results – Q1/2011

(NIS in millions)

	2010	Q1/2010	Q1/2011	% Change
Property rental income	1,095	263	**293**	11%
NOI	882	213	**236**	11%
Same property NOI	774	208	**222**	7%
Real estate segment FFO	596	133	**168**	26%
Change in fair value of Investment property [(1)]	731	(10)	**14**	--
Net profit (including minority)	1,255	154	**181**	18%
Net profit (attributed to shareholders)	1,224	141	**162**	15%
Comprehensive profit (including minority)	1,317	129	**152**	18%

(1) Net, after tax.
(2) Includes earnings from Bank Leumi share appreciation and the increase in fair value of Leumi Card shares.

Balance Sheet Value

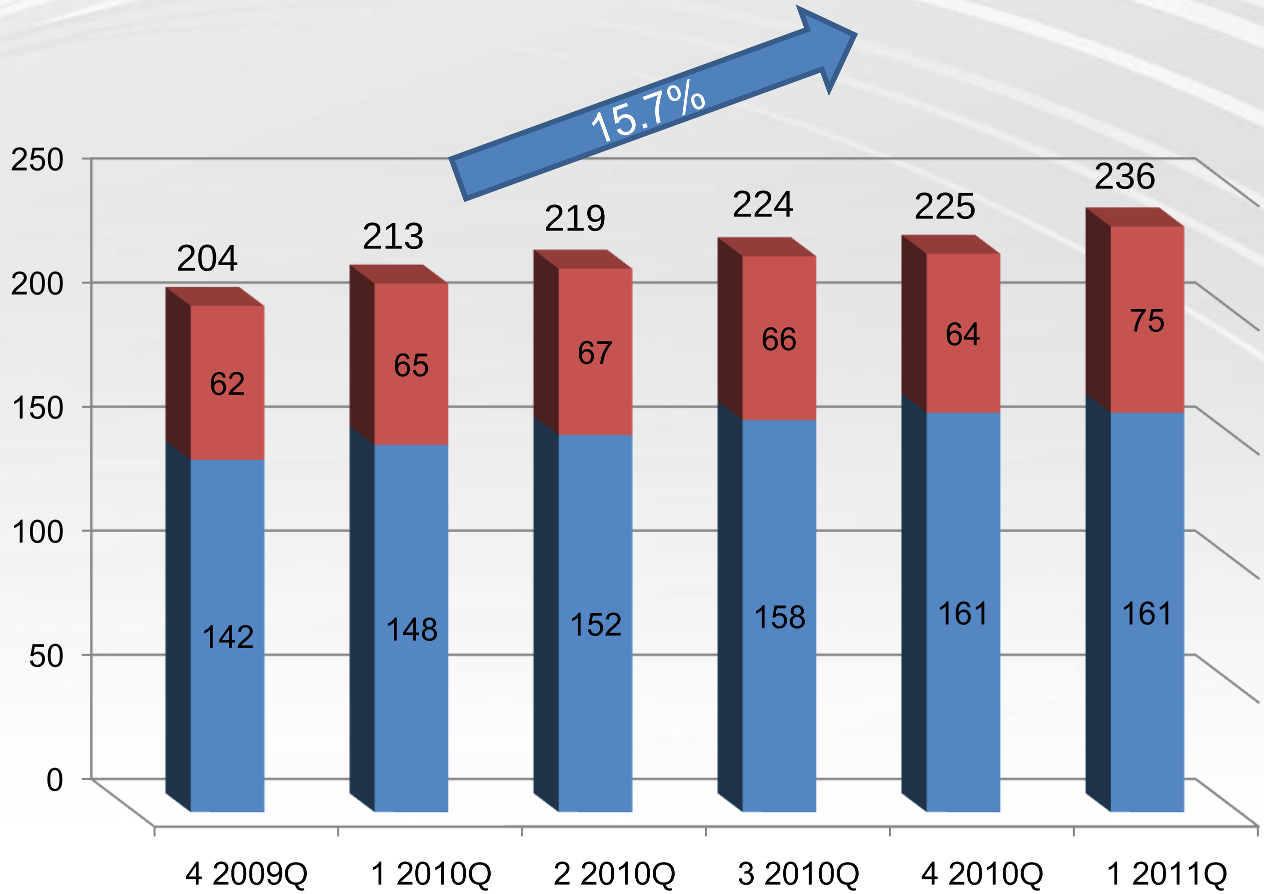
(summary of extended standalone statements)

NIS in millions	31.12.2010	31.03.2011	Change (YTD)
Cash, securities and deposits	2,351	2,118	(10%)
Financial debt, gross	4,422	4,754	7.5%
Financial debt, net (1)	2,071	2,636	27.3%
Financial assets available for sale	1,790	1,765	(1.4%)
Fair value of income-producing real estate	12,137	12,852	5.9%
Shareholders' equity (excluding minority interest)	11,101	10,992	(1%)
Shareholders' equity to balance sheet ratio	65%	62%	
Total balance sheet	17,191	17,698	2.9%
Shareholders' equity per share (NIS)	91.5	90.6	(1%)
EPRA NAV per share (NIS) (2)	103.0	102.0	--

(1) Excluding financial assets.
(2) Excluding the profit component anticipated due to the projects under construction which was assessed by an external appraiser at fair value on the basis of land value plus investments by the date of the Report.

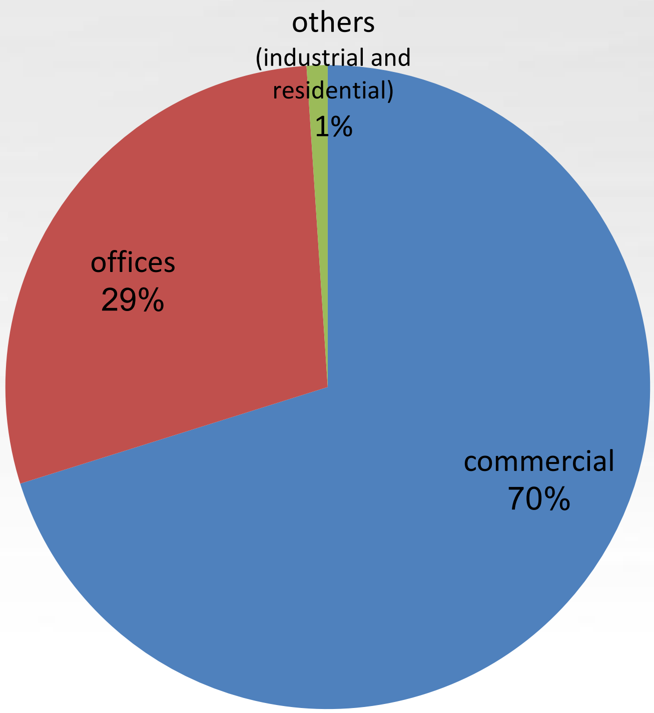
Evolution of Quarterly NOI

(NIS in millions)

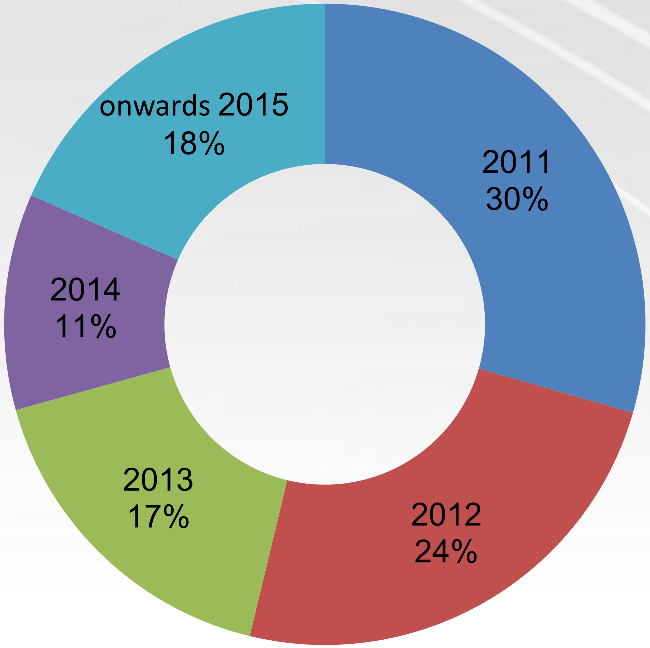


Lease contracts by expiration date(1)
(without exercise of options)

Actual NOI in 2010 in segments



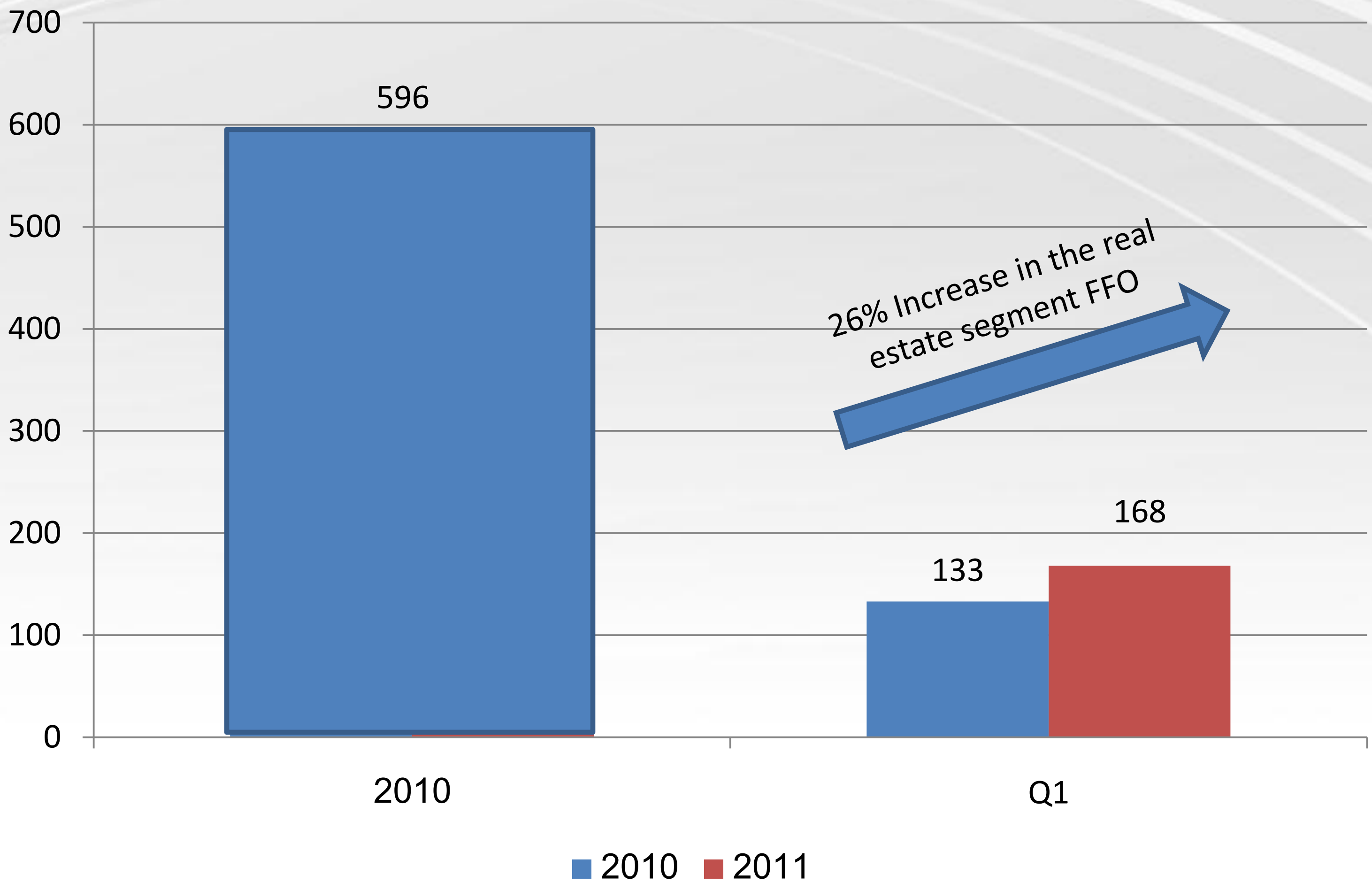
Lease contracts – expiration dates



(1) As of December 31, 2010, according to projected future income.

Real Estate Segment FFO

(NIS in millions)



Average Cap-Rate and FFO Yield [(1)]

(NIS in millions)

Portfolio weighted average cap-rate of 7.9%

Investment properties as of 31.03.2011	12,852
Net of: properties under development, vacant space and building rights	(319)
Total income-producing properties	**12,533**
Actual NOI for Q1/2011	236
Additions to Q1/2011 NOI	11
Adjusted NOI for Q1/2011	247
Annual pro-forma NOI	**988**
Portfolio weighted average cap-rate	**7.9%**

Current real estate segment FFO yield of 10.0%

Net profit for Q1/2011 (attributed to the shareholders)	162
Less: Profit attributed to Granite	(18)
Other adjustments	24
FFO attributed to real-estate operations	168
Annual pro-forma FFO (Real-Estate)	**672**
Azrieli Group market cap [(2)]	11,700
Less: real holdings [(2)]	(2,311)
Less: cash & cash equivalents [(3)]	(2,117)
Less: investment in projects under development [(3)]	(318)
Market cap attributed to real estate operations	**6,740**
Current annual FFO yield	**10.0%**

(1) For further details on the method of calculation and the assumptions, see Sections 1.1.4 and 1.1.5 of the board of directors' report as of March 31, 2010.
(2) As of 15.05.2011
(3) As of 31.03.2011

Debt Structure and Rating[(1)]

(NIS in millions)

Financial stability

- Low leverage – net financial liabilities to balance sheet: 15%[(1)].
- Shareholders' equity to balance sheet: 62%.
- Liquid means of approx. NIS 2.1 billion .
- Non-mortgaged property value of approx. NIS 7.7 billion.
- Bank loans – NIS 3.4 Billion.
- Bonds & commercial paper – NIS 1.4 Billion.
- Weighted average duration – 3.3 years.

Rating

- Azrieli Group bonds: AA(-)/stable (S&P Maalot).
  Aa2/stable (Moody's Midroog).
- Canit Hashalom bonds: - Aa2/stable (Moody's Midroog).

(1) Based on 31.03.2011 extended standalone financial statements.

NIS in millions	**Principle amount**	**Share of total loan**
Up to 1 year	772	16%
1 to 5 years	1,753	37%
5 to 10 years	2,290	47%
	---------------	---------------
Total 31.03.2011	4,754	100%

NIS in millions	**Principle amount**	**Average interest rate**
Linked to CPI	3,718	5.03%
In NIS	390	3.48%
Linked to $	623	5.93%
Linked to £	23	L+1.9%
	---------------	---------------
Total 31.03.2011	4,754	5.00%

Other Holdings – results for Q1/2011

Granite (approx. 60% holding) – Profit of approx. NIS 35 million in Q1/2011 compared to NIS 27 million in Q1/2010 (distributed to the shareholders). Revenues increased, and profit improved in all of the segments (particularly Sonol, Tambour and GES).
Granite announced a dividend of NIS 15 million to be distributed in June 2011 (The Group's share is NIS 9 million).

Bank Leumi (approx. 4.8% holding) – Q1/2011 the share value on TASE did not change, dividend adjusted price (no change in the groups holding value).
Bank Leumi distributed a dividend of NIS 500 million in January 2011 (The Group's share is NIS 24 million).

Leumi Card (20% holding) – Continued growth in revenues and profit in Q1/2011 – revenues increased by 7% and the net income by 18% to NIS 40 million compared to NIS 34 million in Q1/2010.

Summary

- ✓ Consistent growth in same property NOI in this quarter, as in past quarters, mainly due to organic growth, internal improvements (same property NOI growth).
- ✓ Appreciation of existing properties, creating future growth engines.
- ✓ Advancement value of the development projects, and anticipated to be ahead of schedule on the time tables previously set for some of the projects.
- ✓ The acquisition of new income-producing properties and land for future development.

Thank You