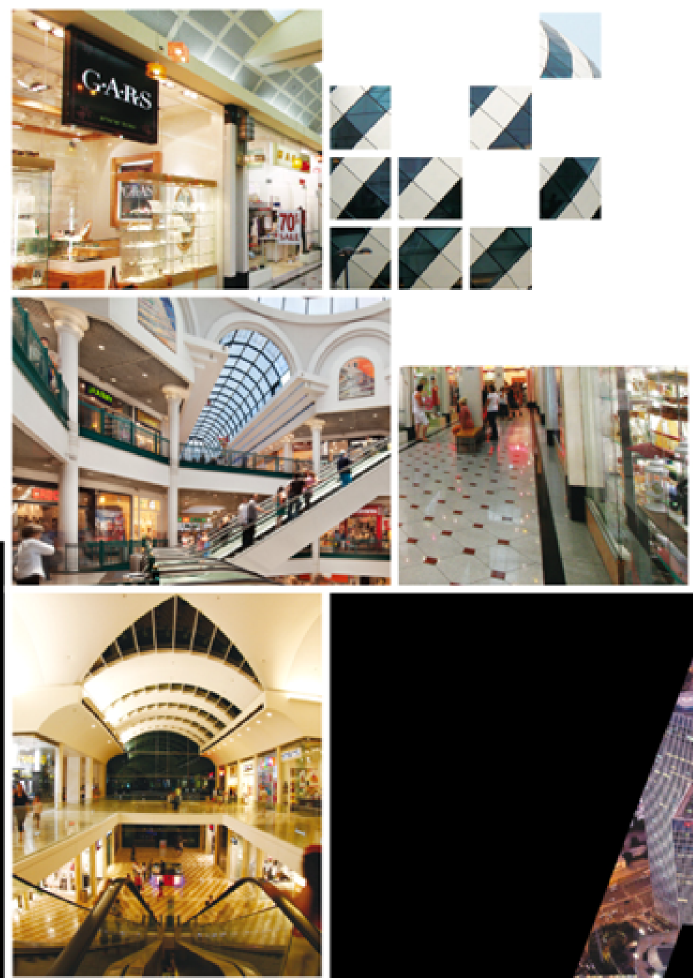
AZRIELI GROUP

Conference Call Presentation

Financial Statements — 31.12.2012

20.03.2013



AZRIELI GROUP

AZRIELI

Convenience translation from Hebrew
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- The financial information in the presentation which is attributed to the extended standalone statement is neither audited nor reviewed by the Company's auditors. The extended standalone statement presents a summary of the Company's consolidated statement figures according to IFRS rules, apart from the Company's investment in Granite Hacarmel which is presented based on the equity method, in lieu of consolidation with the Company's statements.
- The terms "Real Estate 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 December 31, 2012, sections 1.1.6 and 1.1.7, including the methods of calculation and the underlying assumptions thereof.
- The Company's estimations as to the growth figures are based on actual rent income, and in some cases include expansions made at the relevant center. These figures are unaudited and not according to GAAP, and were made in good faith and according to past experience and the professional knowledge accumulated by the Company. 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.

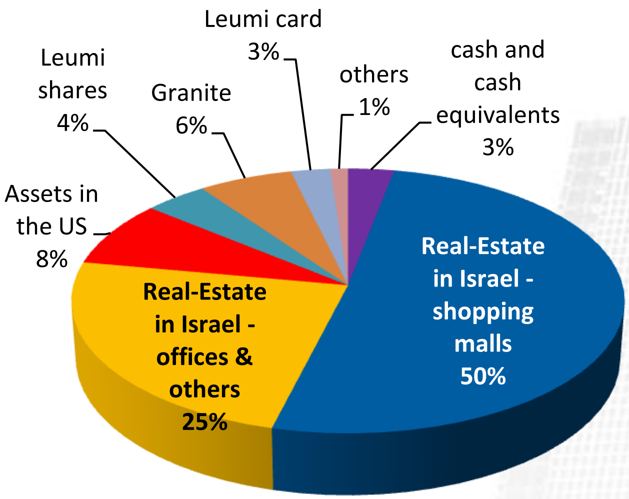
Azrieli Group - Business Card

- The Company has been publicly traded since June 2010.
- Azrieli Group's shares are traded on the following indexes: Tel Aviv 25, Tel Aviv 100 and Real Estate 15.
- Azrieli Group's stock is the only Israeli stock included in the EPRA index.
- Current market capitalization - NIS 12 billion (1).
- The Company owns leasable areas totaling 728,000 sqm, with another 400,000 sqm under construction (on a consolidated basis).
- The average occupancy rate in Israel is close to 100%.
- 90% of the fair value (on a consolidated basis) of the income-producing real estate and properties under development relates to real estate located in Israel.
- Fair value of the income-producing real estate and properties under development of NIS 15.9 billion.
- Unmortgaged assets of NIS 10.2 billion.
- Total shareholders' equity (relating to the shareholders) - NIS 11.9 billion (2).
- Low leverage (solo extended): Net debt to balance sheet ratio of 22%, and equity to balance sheet ratio of 62%.
- The Group's bonds are rated AA/Stable by S&P/Maalot and Aa2/Stable by Moody's/Midroog.

(1) As of 14.03.2013.
(2) As of 31.12.2012.

Azrieli Group - Company Structure

Book value by assets Solo extended (1)



AZRIELI GROUP

- 4.8% leumi
- 20%
- 100% GRANITE Granite Hacarmel Investments Ltd.
  - 100% Sonol
  - 100% Tambour
  - 100% SUPERGAS
  - 100% GES

Existing properties and under development 1,128,024 sqm (2)

- **13 Shopping Centers 256,686 sqm**
- **9 Office buildings and others 292,663 sqm**
- **7 Projects under development 400,000 sqm (3)**
- **6 Assets overseas 178,675 sqm**

(1) As of 31.12.2012.
(2) GLA is consolidated.
(3) Including land purchased from Clalit Health Care Services in Tel Aviv, that will be handed to the company in 2014-2015.

Azrieli Group - Real Estate Segments

Real Estate Activity (1)

Existing properties - commercial GLA - 256,686

- HAIFA
- AZRIELI
- HERZELIA
- AYALON
- HOD HASHARON
- JERUSALEM
- OR YEHUDA
- GIVATAYIM
- AKKO
- HANEGEV
- KIRYAT ATA
- MODIIN
- HOLON

Offices and others GLA - 292,663

- Azrieli Tel Aviv
- Herzliya
- Jerusalem
- Modi'in (offices & residential)
- Be'er Sheva
- Givatayim
- Caesarea
- Petach Tikva (2)

Projects under development GLA - 400,000

- Azrieli Center Sarona
- Ramla
- Rishonim
- Azrieli Center Holon (83%)
- Ayalon – 2nd floor
- Kiryat Ata – phase B
- Clalit Center Project (3)

Income producing properties - abroad GLA - 178,675

Houston, Texas

- Galleria 90%
- Plaza 100%
- Northchase 100%
- One Riverway 33%
- Three Riverway 45%

Leeds, United Kingdom

- Southern House 100%

(1) GLA is consolidated.
(2) In October 2012 the Group acquired it's partners share (50%) in the property, and now holds 100% of the rights.
(3) Acquired in November 2012.

Financial Highlights in 2012
(summary of extended standalone statements)

11% NOI growth

- **NOI** in 2012 totaled NIS 1,087 million, compared with NIS 982 million in 2011.
- Reflects an increase of 11%.
- Due to an internal increase in rent (same property NOI), the acquisition of the Plaza in Texas, and the opening of the malls in Akko and Kiryat Ata.

3.8% Increase in Same Property NOI

- Growth of 3.8% in **Same Property NOI** during 2012 compared with 2011.
- This growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.

11% growth in real-estate segment FFO

- **FFO** totaled NIS 716 million in 2012 compared with NIS 646 million in 2011.
- Reflects an increase of 11%.
- The increase is attributed mainly to new acquisitions, completion of assets under development and an increase in same property NOI.

Net profit totaled NIS 939 million

- **Net profit** of NIS 986 million in 2012 compared with NIS 623 million in 2011.
- **Net profit (attributed to the shareholders)** of NIS 939 million in 2012 compared with NIS 536 million in 2011.

Comprehensive profit totaled NIS 1.06 billion

- **Comprehensive profit** of NIS 1,111 million in 2012 compared with NIS 204 million in 2011.
- **Comprehensive profit (attributed to the shareholders)** of NIS 1,060 million in 2012 compared with NIS 173 million in 2011.

Dividend

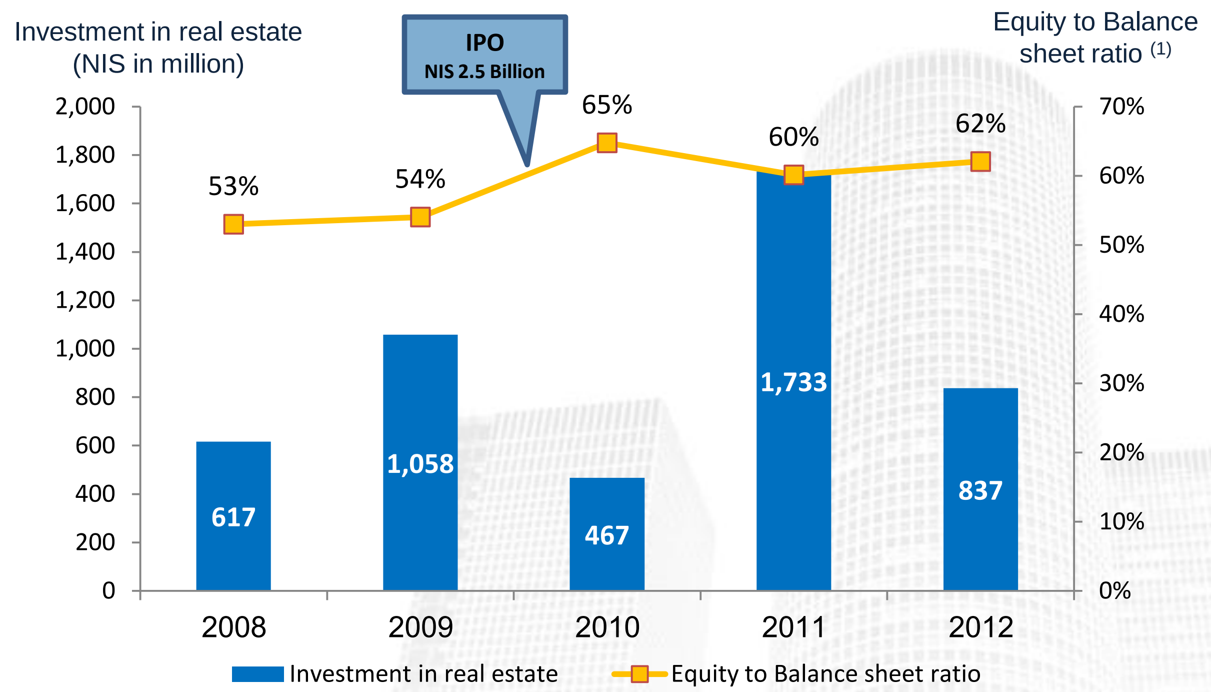
- **The Group announced a dividend** of NIS 265 million (NIS 2.19 per share).

Main Events in Q4/2012 and year 2012

Continued Growth in representative NOI (1)	▪ **Representative NOI as of 31.12.2012 –** NIS 1,131 million. ▪ **Representative NOI as of 31.12.2011 –** NIS 1,083 million. ▪ **Representative NOI as of 31.12.2010 –** NIS 935 million. ▪ **Representative NOI as of the IPO date –** NIS 825 million.
Advancement in projects under development	▪ **Azrieli Center Sarona:** Excavation started. ▪ **Azrieli Center Holon:** Advanced stage of development. Continued negotiation for additional spaces. ▪ **Azrieli Ramla Mall:** Under construction. ▪ **Azrieli Rishonim:** Excavation started.
Continuation in the development and acquisition momentum	▪ In Q4/2012, the Group's investments in real-estate properties totaled NIS 252 million. ▪ In year 2012, the Group 's investments in real-estate properties totaled NIS 837 million.
Increased turnover in Shopping Centers (2)	▪ In 2012 the turnover in the shopping centers in Azrieli Group showed a 2%-4% increase, compared with 2011.
Occupancy (3)	▪ The average occupancy rate in the offices and others segment in Israel - close to 100%. ▪ The average occupancy rate in the shopping center segment in Israel - close to 100%. ▪ The average occupancy rate in the assets in the USA segment is approx. 90%.

(1) According to an independent appraiser.
(2) Based on figures received from tenants. However, not all tenants report their turnover to the Company.
(3) As of 31.12.2012

Maintaining Financial Strength despite Massive Development and Acquisitions



(1) Solo extended.

Development Momentum

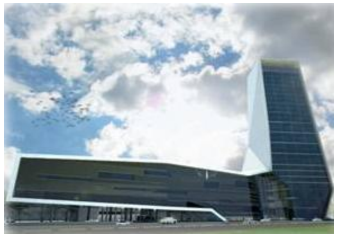
Approx. 400,000 sqm GLA(1); Total investment of NIS 4.2-4.4 billion

Azrieli Center Sarona,
Tel Aviv
Approx. 121,500

Azrieli Kiryat Ata
(phase B)
Approx. 4,000

Azrieli Ayalon mall
(additional floor)
Approx. 9,500

Clalit Center project
Tel Aviv
Approx. 75,000



Azrieli Rishonim
Approx. 48,000

Azrieli Center Holon
Approx. 120,000

Azrieli Ramla
Approx. 22,000

(1) GLA consolidated.

Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA	Estimated date of completion	Book value 31.12.2012 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Commercial and Offices	121,500	2016	595	900-945
Azrieli Kiryat Ata - phase B	100%	Offices and Commercial	4,000	2013	5	38-48
Azrieli Ayalon Mall - additional floor	100%	Commercial	9,500	1.5 years from the start of construction	6	120-150
Azrieli Rishonim	100%	Commercial and offices	48,000	2015	79	500-530
Azrieli Center Holon (1)	83%	Commercial and Offices	115,000 5,000	Phase A1- 2013 Phase A2- 2014 Phase B 2016	296	340-375
Azrieli Ramla Mall	100%	Commercial	22,000	2014	127	210-230
Clalit Center, Tel Aviv	100%	Commercial, Offices and residential	75,000	Not yet determined	49	902-1,002
Total			**400,000**		**1,157**	**3,010-3,280**
					Total Book value plus Estimated cost to completion	**4,167 – 4,365**

(1) Figures are for 100%.

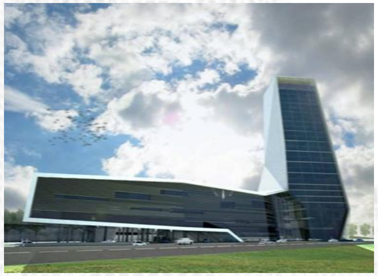
Main Projects under Development

Azrieli Center Sarona

- **Ownership:** 100%
- **Gross Leasable Area:** 121,500 sqm
- **Status:** Excavation started.
- **Completion** scheduled for 2016

Azrieli Center Holon

- **Ownership:** 83%
- **Gross Leasable Area:** 120,000 sqm
- **Status:** Under construction
- **Completion** scheduled for 2013-2016



Azrieli Rishonim

- **Ownership:** 100%
- **Gross Leasable Area:** 48,000 sqm
- **Status:** Excavation started.
- **Completion** scheduled for 2015

Azrieli Ramla Mall

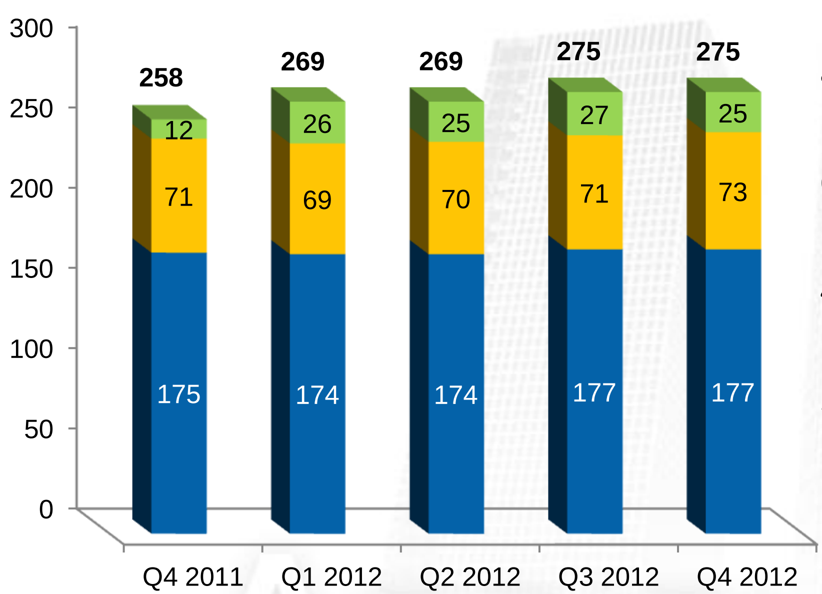
- **Ownership:** 100%
- **Gross Leasable Area:** 22,000 sqm
- **Status:** Under construction
- **Completion** scheduled for 2014

Winning a Tender for the Purchase Of Land in Tel Aviv

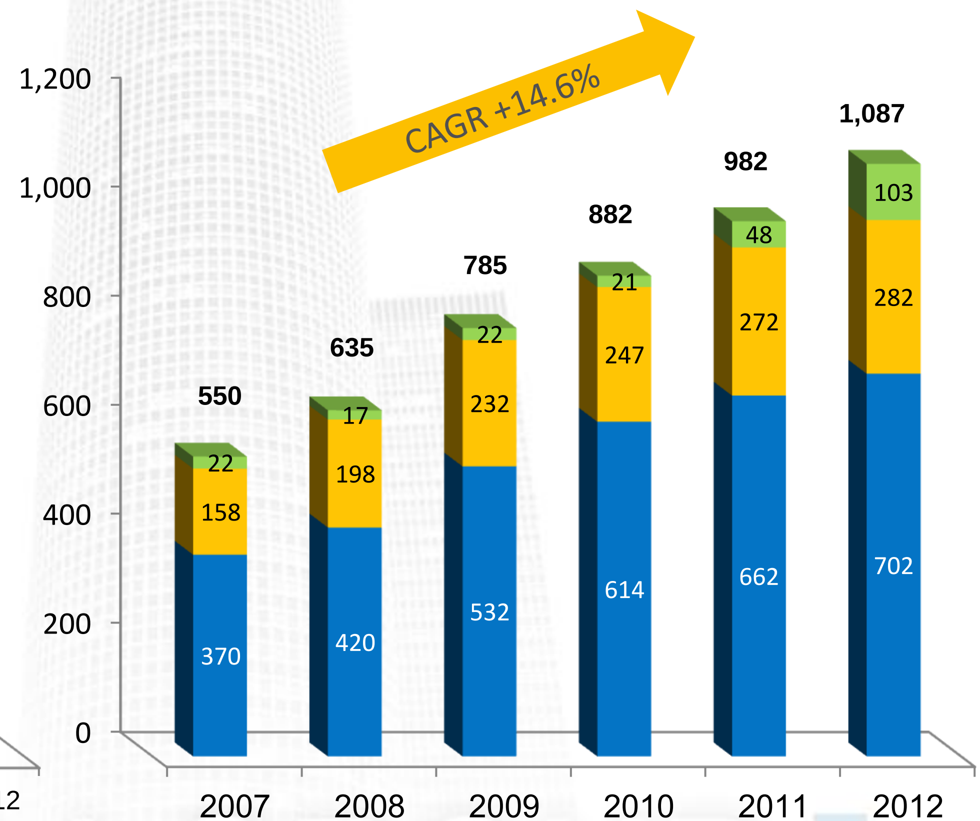
- Ownership – 100%.
- Land of approx. 10,000 sqm in the center of Tel Aviv.
- Gross commercial, office and residential area of 75,000 sqm
  - ✓ Approx. 48,000 sqm of office space
  - ✓ Approx. 10,000 sqm commercial space
  - ✓ Approx. 17,000 sqm residential area (215 apartments)
- 1,500 parking spaces.
- Cost of land – NIS 240 million.
- Estimated cost to completion – NIS 700 million.
- Estimated day of handing over the land – 2014-2015.

Continuous Growth in NOI
(NIS in millions)

Quarterly NOI



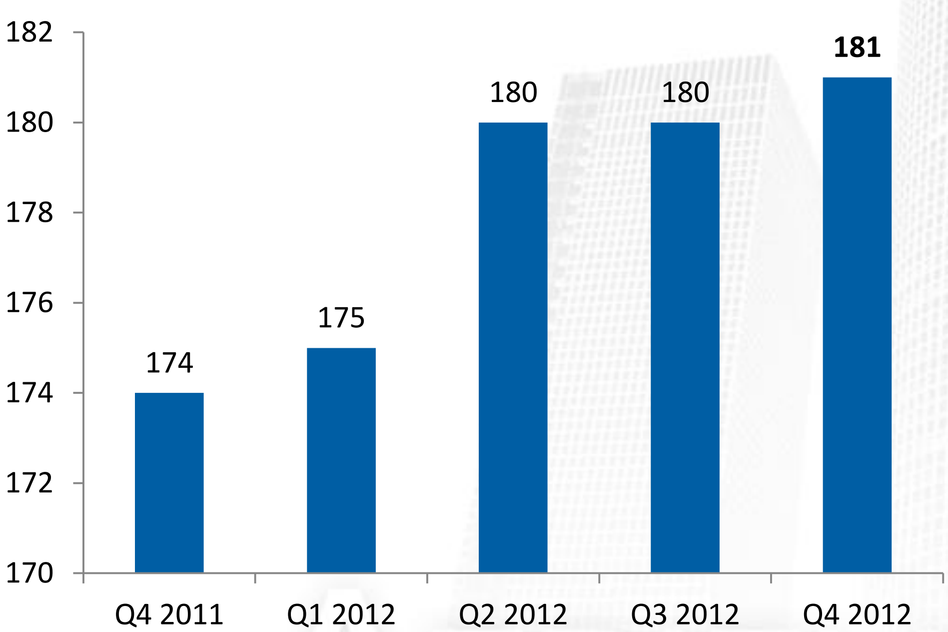
Annual NOI

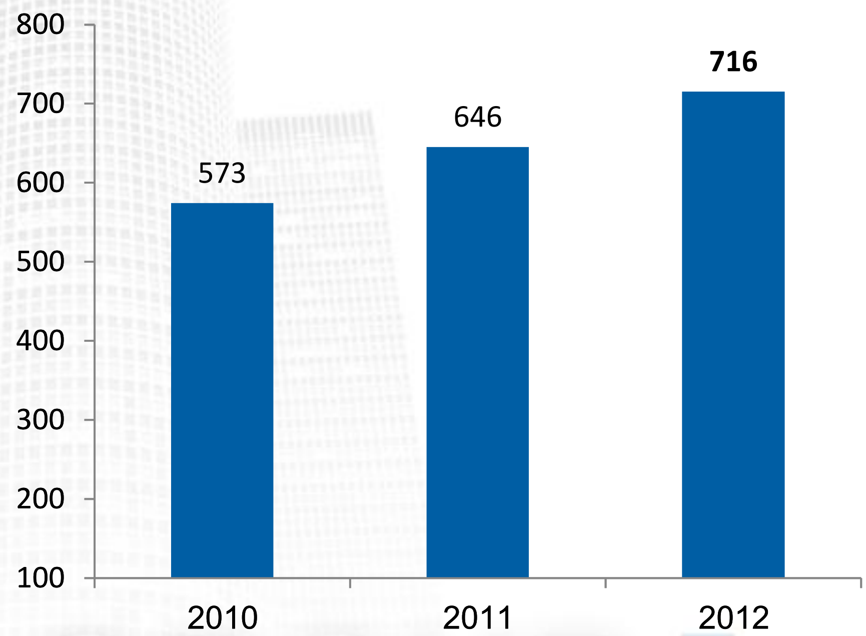


- Shopping malls and commercial
- Offices and others
- Assets in the US.

Continuous Growth in FFO
(NIS in millions)

Real Estate FFO





Summary of Financial Results
(extended standalone)

NIS in millions	10-12/2011	10-12/2012		2011	2012
Property rental income	333	**352**		1,245	**1,399**
NOI	258	**275**		982	**1,087**
Same property NOI	258	**266**		936	**972**
Real estate segment FFO	174	**181**		646	**716**
Appreciation of investment property (1)	317	**167**		696	**236**
Effect of rise in tax liabilities	(582)	**--**		(582)	**--**
Net profit (loss), including minority	(135)	**378**		623	**986**
Net profit (loss), attributed to shareholders	(129)	**369**		596	**939**
Comprehensive profit (loss), including minority	(205)	**477**		204	**1,111**
Comprehensive profit (loss), attributed to shareholders	(201)	**469**		173	**1,060**

(1) Net, after tax.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	31.12.2011	31.12.2012
Cash, securities and deposits	1,467	533
Financial debt, gross	4,991	4,800
Financial debt, net (1)	3,524	4,267
Financial assets available for sale	1,256	1,414
Fair value of income-producing real estate and under development	14,766	15,865
Shareholders' equity (excluding minority interest)	11,034	11,875
Shareholders' equity to balance sheet ratio	60%	62%
Total balance sheet	18,449	19,248
Shareholders' equity per share (NIS)	91	97.9
EPRA NAV per share (NIS) (2)	109	118
EPRA NNNAV per share (NIS) (2)	89	95

(1) Excluding financial assets available for sale.
(2) Excluding the projected profit component from projects under construction.

Average Cap-Rate and FFO Yield of the Real Estate Business

Portfolio weighted average cap-rate of 7.7%

NIS in millions	
Investment properties as of 31.12.2012 (extended standalone)	15,923
Net of: properties under development, vacant space and building rights	(1,185)
Total income-producing properties	**14,738**
Actual NOI for Q4/2012	275
Additions to future Q4/2012 NOI	8
Adjusted NOI for Q4/2012	283
Annual pro-forma NOI	**1,131**
Portfolio weighted average cap-rate	**7.7%**

Current real estate segment FFO yield of 9.4%

NIS in millions	
Net profit for Q4/2012 (attributed to the shareholders)	939
Net of items attributed to Granite	(83)
Other adjustments	(202)
Plus interest paid for real investments	62
Annual 2012 FFO (Real-Estate)	**716**
Azrieli Group market cap[1]	11,948
Less: cash & cash equivalents[2]	(533)
Less: real holdings	(2,620)
Less: investment in projects under development [2]	(1,185)
Market cap attributed to real estate operations only	**7,610**
Current annual FFO yield - real estate	**9.4%**

(1) As of 14.03.2013.
(2) As of 31.12.2012.

Debt Structure and Rating (1)

(NIS in millions)

Financial stability

- Low leverage - net financial liabilities to balance sheet: 22%.
- Shareholders' equity to balance sheet: 62%.
- Liquid means of approx. NIS 533 million.
- Non-mortgaged property value of approx. NIS 10.2 billion.
- Bank loans: NIS 3.4 billion.
- Bonds & commercial papers: NIS 1.4 billion.
- Weighted average duration: 2.66 years.

	Principal amount	Share of total loan
Up to 1 year	1,821 (2)	38%
1 to 4 years	948	20%
5 to 10 years	2,031	42%
	---------------	---------------
Total 31.12.2012	4,800	100%

Rating

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

	Principal amount	Average interest rate
Linked to CPI	3,332 (2)	5.03%
In NIS	521	2.65%
Linked to $	922	5.18%
Linked to £	25	2.425%
	---------------	---------------
Total 31.12.2012	4,800	4.78%

Upside

(1) Based on 30.09.2012 extended standalone financial statements.
(2) Including a load of approx. NIS 930 million against Azrieli Center, maturing on August 2013.

Non-Core Holdings - Results

Granite HaCarmel (100%) – In Q4/2012 net profit of approx. NIS 42 million compared with net loss of NIS 19 million in Q4/2011 (attributed to the shareholders).
In 2012 net profit of approx. NIS 124 million compared with net profit of NIS 39 million in 2011 (attributed to the shareholders).
In October 2012, Azrieli Group completed a tender offer for the minority shares in Granite, and Granite became a private company.

Bank Leumi (approx. 4.8% holding) – In Q4/2012, the share value on TASE increased by approx. 16%, representing an increase of approx. NIS 100 million, net of tax.
The group's market holding value as of 31.12.2012 is NIS 895 million.
From the end of the quarter until the date of release of the report, the share value increased by 4% representing an additional increase of NIS 30 million in the Group's holding, net of tax.

Leumi Card (20% holding) – The holding book value as of 31.12.2012 stood at NIS 514 million, compared to NIS 483 million as of 31.12.2011. According to an external appraiser.

Summary – Leadership, Innovation and Strength

- Continued growth in core business activities: NOI, FFO etc…
- Increase turnover in the shopping centers.
- Long term projections show high occupancy rates.
- Maintain exceptional financial strength while acquiring significant investments for new real estate.
- Significant growth engines:
  1. Internal growth.
  2. Assets under development.
  3. New acquisitions of income-producing properties and lands for future development.
- Most of the Azrieli Group's activity takes place in Israel.