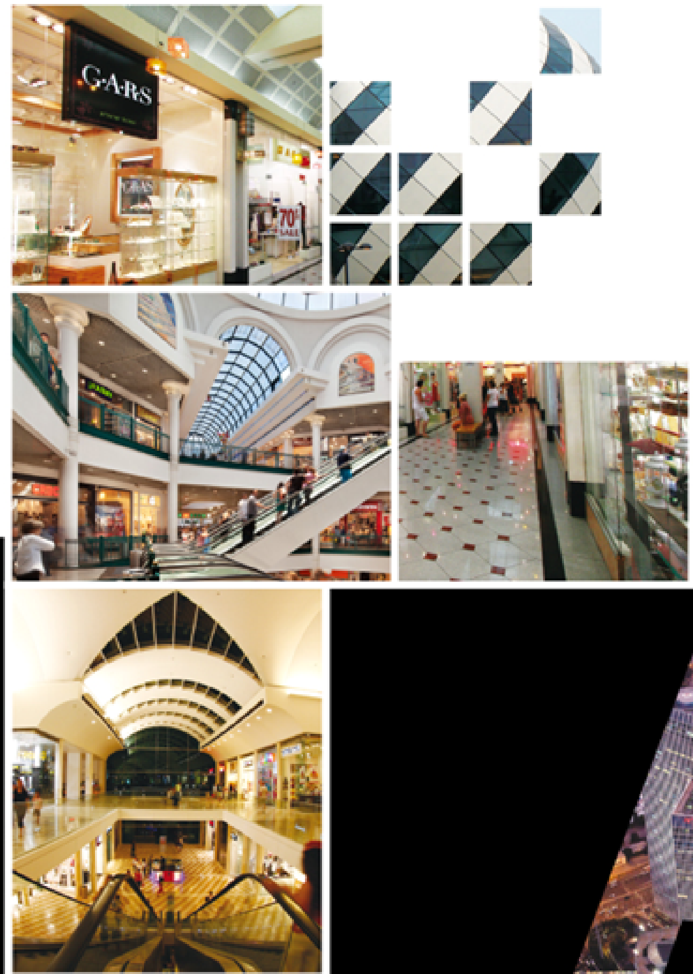
Conference Call Presentation

Financial Statements ■ Q3 2012

21.11.2012



AZRIELI GROUP

AZRIELI

Convenience translation from Hebrew
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- The information included in this presentation is not comprehensive and does not include all the information about the Company and its business, nor is a substitute for inspecting the Annual Report for 2011, the Company's current reports, presentations released thereby and the financial statements and board of directors ' report as of September 30, 2012, as reported to the ISA via the Magna distribution site. The presentation is not an offer or invitation to buy securities of the Company, and its provisions are not a recommendation or opinion, nor a substitute for the investor's discretion. The Company does not warrant the completeness or accuracy of the information, and will not be liable for any damage and/or losses which may result from the use of the information.
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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 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 September 30, 2012, sections 1.1.5 and 1.1.6, 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, which 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 Ayalon mall (expansion) – as of the date of the report, a decision has been made to commence planning for the building of another floor; no decision has yet been made regarding the scope of the project.

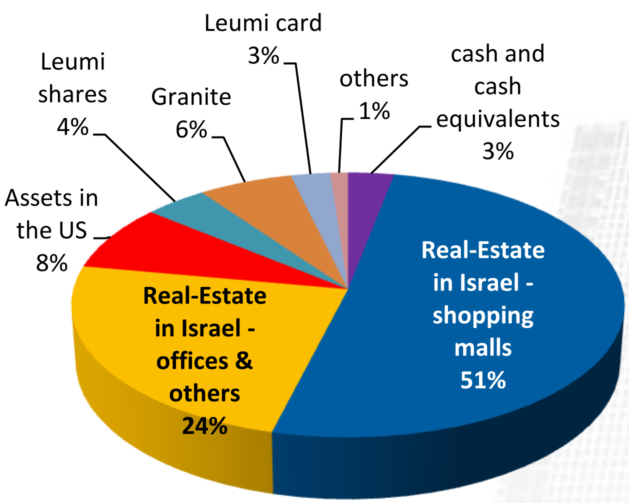
Azrieli Group - Business Card

- 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 10.5 billion (1).
- The Company owns leasable areas totaling 718,000 sqm, with another 325,000 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 15.5 billion.
- Unmortgaged assets of NIS 9.8 billion.
- Total shareholders' equity (relating to the shareholders) - NIS 11.4 billion (2).
- Low leverage (solo extended): Net debt to balance sheet ratio of 23%, and equity to balance sheet ratio of 61%.
- The Group's bonds are rated AA/Stable by S&P/Maalot and Aa2/Stable by Moody's/Midroog.

(1) As of 18.11.2012.
(2) As of 30.09.2012

Azrieli Group - Company Structure

Book value by assets Solo extended (1)



AZRIELI GROUP

Existing properties and under development 1,042,677 sqm (2)

- **13 Shopping Centers** 255,705 sqm
- **9 Office buildings and others** 283,452 sqm
- **6 Projects under development** 325,000 sqm
- **6 Assets overseas** 178,520 sqm

4.8% – leumi

20% – Leumi Card

100% (3) – Granite Hacarmel Investments Ltd.

- 100% – Sonol
- 100% – Tambour
- 100% – Supergas
- 100% – GES

(1) As of 30.09.2012.

(2) GLA are consolidated.

(3) In September 2012, a full tender offer for Granite's publicly-held shares was accepted. As of the Report Release date, Granite is a private company.

Azrieli Group - Real Estate Segments

Real Estate Activity (1)

Existing properties - commercial GLA - 255,705

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

Offices and others GLA - 283,452

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

Projects under development GLA - 325,000

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

Income producing properties - abroad GLA - 178,520

Houston, Texas

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

Leeds, United Kingdom

- Southern House 100%

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

Financial Highlights in Q3/2012
(summary of extended standalone statements)

10% NOI growth

- **NOI** in Q3/2012 totaled NIS 275 million, compared with NIS 250 million in Q3/2011.
- Reflects an increase of 10%.
- 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.

6.1% increase in Same Property NOI

- Growth of 6.1% in **Same Property NOI** during Q3/2012 compared with Q3/2011.
- This growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.

10% growth in real-estate segment FFO

- **FFO** totaled NIS 180 million in Q3/2012 compared with NIS 164 million in Q3/2011.
- Reflects an increase of 10%.
- The increase is attributed mainly to the increase in the NOI.

Increase in the net profit (1) (net of extraordinary effects) of approx. 48% totaled NIS 189 million

- **Net profit of extraordinary effects** totaled approx. NIS 189 million, compared to approx. NIS 128 million in Q3/2011.
- The 48% increase is attributed mainly to an increase in the NOI and decrease in financing expenses.

Net profit totaled NIS 211 million

- **Net profit** of NIS 211 million in Q3/2012 compared with NIS 188 million in Q3/2011.
- **Net profit (attributed to the shareholders)** of NIS 194 million in Q3/2012 compared with NIS 179 million in Q3/2011.

(1) Net profit of extraordinary effects of revaluation, securities and dividends from financial assets held for trade.

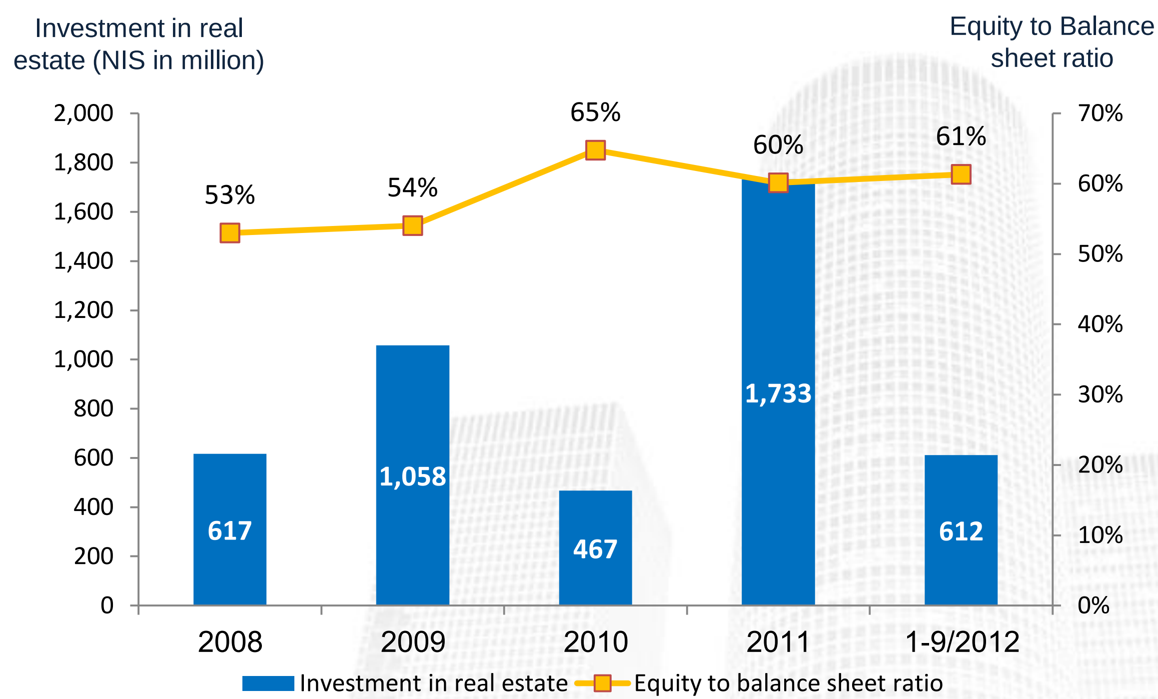
Main Events in Q3/2012

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:** Opening the temporary parking. Choosing a constructor for excavation.
Continuation in the development and acquisition momentum	▪ In Q3/2012, the Group's investments in real-estate properties totaled NIS 52 million. ▪ From the beginning of 2012, the Group 's investments in real-estate properties totaled NIS 612 million.
Occupancy (1)	▪ 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. 88%.
increase turnover in the Shopping Centers (2)	▪ In 1-9/2012 the turnover in the shopping centers in Azrieli Group showed a slight increase, compared with the previous period in 2011.
Subsequent event – Wining a tender for the purchase of a land in Tel Aviv	▪ In October 2012, the Group signed an agreement for the purchase of a land in Tel Aviv for NIS 240 million. ▪ The acquired lot is designated for the construction of a project measuring 75,000 sqm. ▪ The possession of the lot is expected to be handed to the Group no later than 31.12.2014. The seller has the option to postpone the handing for one year against a fixed payment .

(1) As of 30.09.2012

(2) Based on figures received from the tenants. Furthermore, not all tenants report their turnover to the Company.

Maintaining Financial Strength despite Massive Development and Acquisitions



(1) Solo extended.

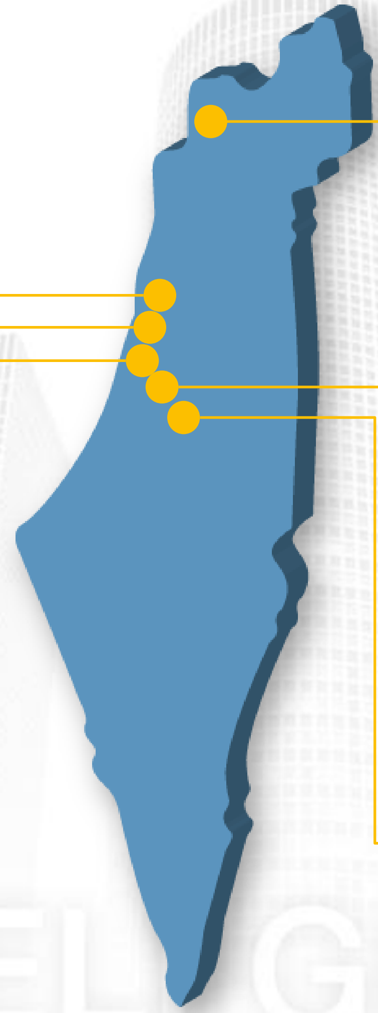
Development Momentum

Approx. 325,000 sqm GLA[(1)]; Total investment of NIS 3.1-3.2 billion

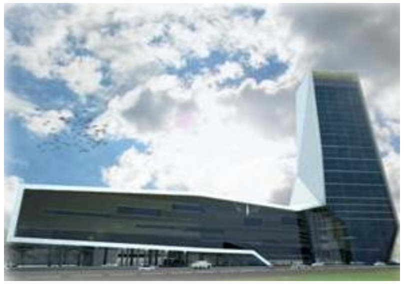
Azrieli Ayalon mall (additional floor)
Approx. 9,500

Azrieli Center Sarona, Tel Aviv
Approx. 121,500

Azrieli Center Holon
Approx. 120,000



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



Azrieli Rishonim
Approx. 48,000

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 30.09.2012 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Commercial and Offices	121,500	2016	582	910-955
Azrieli Kiryat Ata - phase B	100%	Offices and Commercial	4,000	2013	12	42-52
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	2015	78	420-450
Azrieli Center Holon (1)	83%	Commercial and Offices	115,000 5,000	Phase A 2013 Phase B 2016	224	407-442
Azrieli Ramla Mall	100%	Commercial	22,000	2014	109	210-230
Total			**325,000**		**1,010**	**2,109 – 2,279**
Total Book value plus Estimated cost to completion						**3,119 – 3,289**

(1) Figures are for 100%.

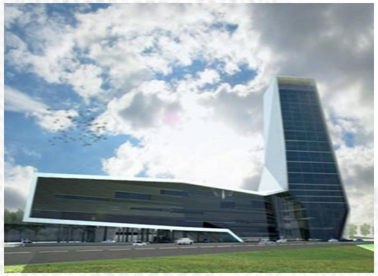
Main Projects under Development

Azrieli Center Srona

- **Ownership:** 100%
- **Gross Leasable Area:** 121,500 sqm
- **Status:** Excavation
- **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:** Opening the temporary parking.
- **Completion** scheduled for 2015

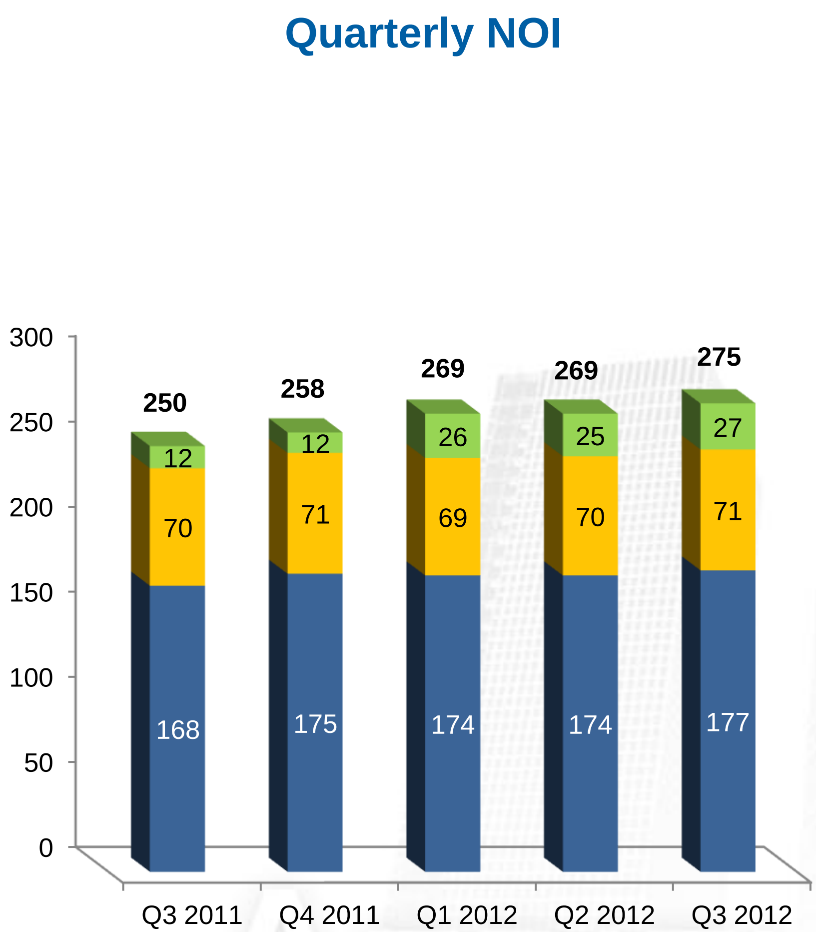
Azrieli Ramla Mall

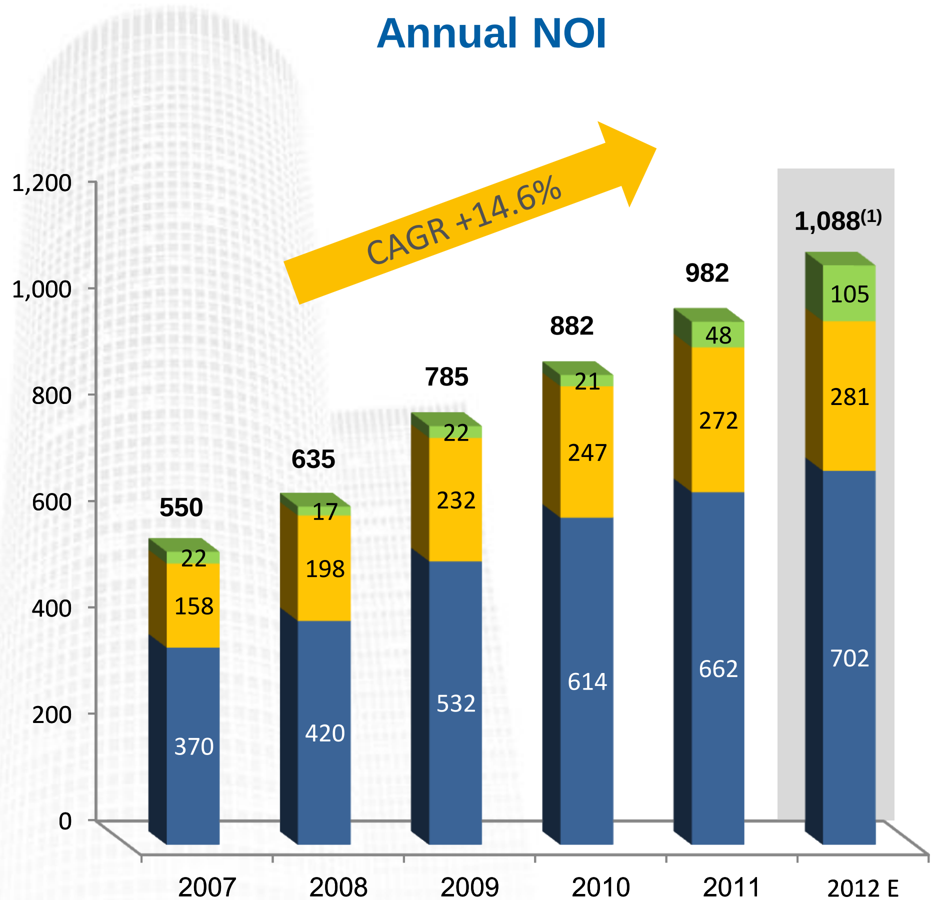
- **Ownership:** 100%
- **Gross Leasable Area:** 22,000 sqm
- **Status:** Under construction
- **Completion** scheduled for 2014

Winning a tender for the purchase of a 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 the land – 2014-2015.

Continuous Growth in NOI
(NIS in millions)



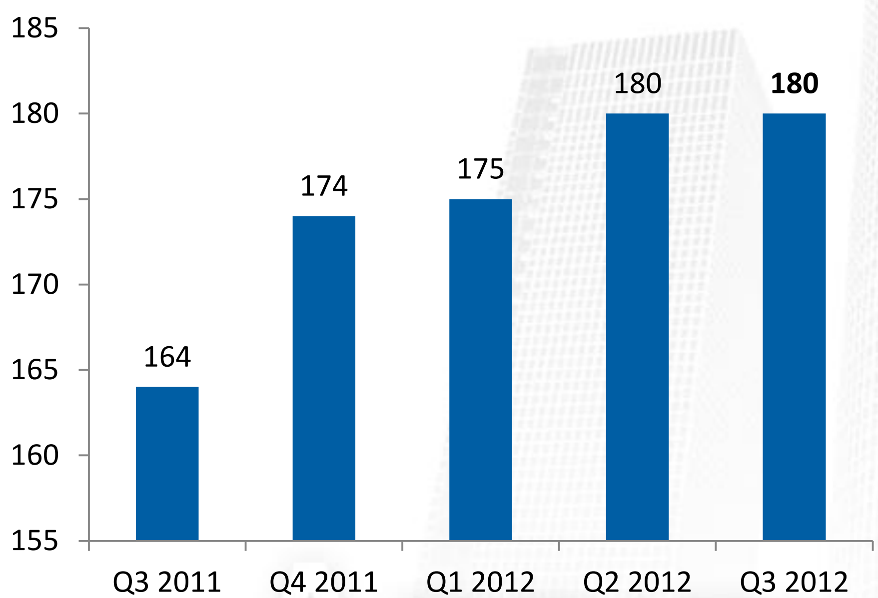


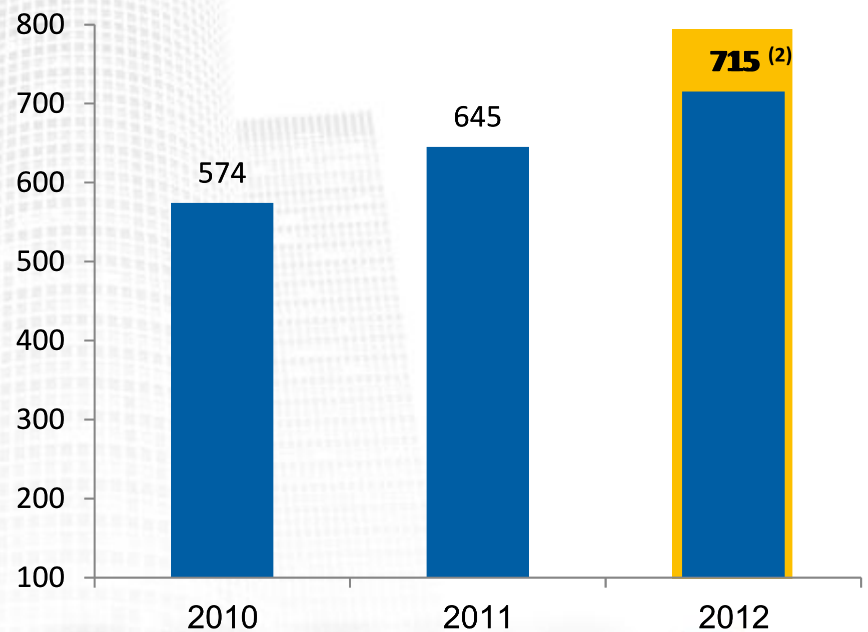
● Shopping malls and commercial
● Offices and others
● Assets in the US.

(1) Actual NOI for the first three quarters of 2012, and assuming an NOI for the fourth quarter identical to the NOI for the third quarter.

Continuous Growth in FFO
(NIS in millions)

Real Estate FFO





(1) Actual FFO for the first three quarters of 2012, and assuming an FFO for the fourth quarter identical to the FFO for the third quarter.

Summary of Financial Results – Q3/2012
(extended standalone)

NIS in millions	7-9/2011	7-9/2012	2011
Property rental income	320	**359**	1,245
NOI	250	**275**	982
Same property NOI	244	**259**	--
Real estate segment FFO	164	**180**	668
Appreciation of investment property (2)	88	**2**	696
Effect of rise in tax liabilities	--	**--**	(582)
Net profit, including minority	188	**211**	623
Net profit, attributed to shareholders (3)	179	**194**	596
Comprehensive profit (loss), attributed to shareholders (3)	(36)	**284**	173

(1) Net, after tax.
(2) Consolidated statement.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	31.12.2011	30.09.2012
Cash, securities and deposits	1,467	563
Financial debt, gross	4,991	4,831
Financial debt, net (1)	3,524	4,268
Financial assets available for sale	1,256	1,259
Fair value of income-producing real estate and under development	14,766	15,487
Shareholders' equity (excluding minority interest)	11,034	11,406
Shareholders' equity to balance sheet ratio	60%	61%
Total balance sheet	18,449	18,700
Shareholders' equity per share (NIS)	91	94
EPRA NAV per share (NIS) (2)	109	113

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

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 30.09.2012 (extended standalone)	15,545
Net of: properties under development, vacant space and building rights	(1,035)
Total income-producing properties	**14,510**
Actual NOI for Q3/2012	275
Additions to future Q3/2012 NOI	5
Adjusted NOI for Q3/2012	280
Annual pro-forma NOI	**1,120**
Portfolio weighted average cap-rate	**7.7%**

Current real estate segment FFO yield of 11.4%

NIS in millions	
Net profit for Q3/2012 (attributed to the shareholders)	194
Net of items attributed to Granite	(22)
Other adjustments	8
FFO attributed to real-estate operations	180
Annual proforma FFO (Real-Estate)	**720**
Azrieli Group market cap[1]	10,436
Less: cash & cash equivalents[2]	(563)
Less: real holdings	(2,508)
Less: investment in projects under development [2]	(1,034)
Market cap attributed to real estate operations only	**6,331**
Current annual FFO yield - real estate	**11.4%**

(1) As of 15.11.2012
(2) As of 30.09.2012

Debt Structure and Rating [1]

(NIS in millions)

Financial stability

- Low leverage - net financial liabilities to balance sheet: 23%.
- Shareholders' equity to balance sheet - 61%.
- Liquid means of approx. NIS 563 million.
- Non-mortgaged property value of approx. NIS 9.8 billion.
- Bank loans: NIS 3.5 billion.
- Bonds & commercial papers: NIS 1.3 billion.
- Weighted average duration: 2.89 years.

Rating

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

	Principal amount	Share of total loan
Up to 1 year	1,628	34%
1 to 4 years	1,109	23%
5 to 10 years	2,094	43%
	---------------	---------------
Total 30.09.2012	4,831	100%

	Principal amount	Average interest rate
Linked to CPI	3,415	5.03%
In NIS	422	3.15%
Linked to $	967	5.18%
Linked to £	27	3.375%
	---------------	---------------
Total 30.09.2012	4,831	4.89%

(1) Based on 30.09.2012 extended standalone financial statements.

Other Holdings - Results for Q3/2012

Granite HaCarmel (100%) – In Q3/2012 net profit of approx. NIS 38 million compared with net profit of NIS 13 million in Q3/2011 (attributed to the shareholders).
In September 2012, a full tender offer for Granite's publicly-held shares was accepted.
As of the Report Release date, Granite is a private company.

Bank Leumi (approx. 4.8% holding) – In Q3/2012, the share value on TASE increased by approx. 17%, representing an increase of approx. NIS 91 million, net of tax.
The group's market holding value as of 30.09.2012 is NIS 774 million.
From the end of the quarter until the date of release of the report, the share value increased by 15% representing an additional increase of NIS 101 million in the Group's holding, net of tax.

Leumi Card (20% holding) – The holding book value as of 30.09.2012 stood at NIS 483 million.

Summary –
Leadership, Innovation and Strength

- Continued growth in the core business activities: NOI, FFO etc…
- Increase the 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 yielding properties and lands for future development.
- Most of the Azrieli Group's activity takes place in Israel.