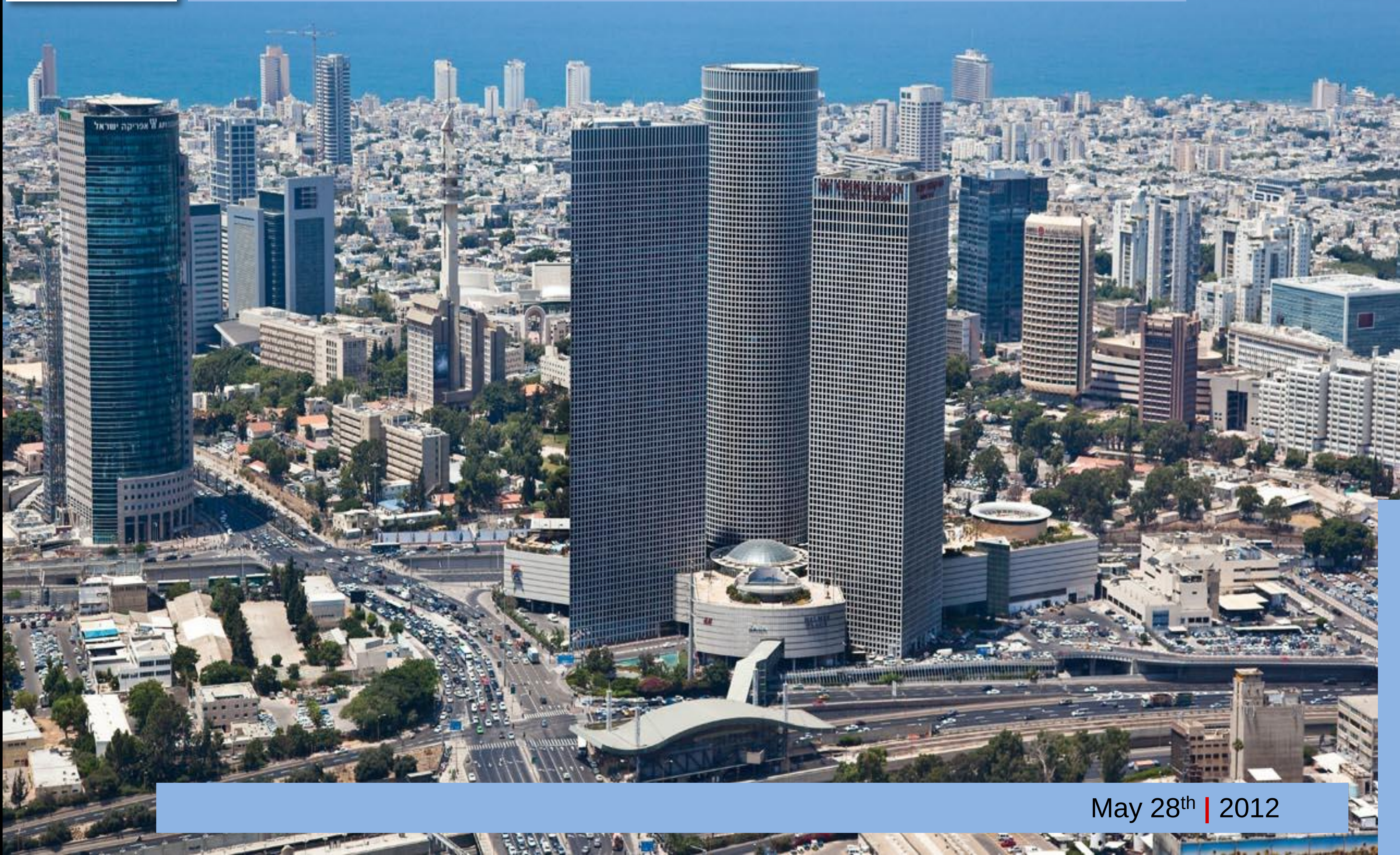
Azrieli Group | Investor Presentation
Financial Statements 31.03.2012



May 28th | 2012

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•The information included in this presentation is similar to the information included in the Company's reports and/or presentations released by the Company in the past and/or in the financial statements as of March 31, 2012, as released on Magna, and does not constitute new information. However, some figures which are included in the presentation, are differently presented and/or edited and/or segmented. There are also figures which are included for the first time, as stated in the immediate report to which this presentation is annexed.

•The term **NOI** in the presentation relates to actual NOI, with respect to the Group's income-producing real estate business only, unless representative/adjusted NOI is stated, as defined in the ISA's directive, which is based on data which reflect assumptions and estimates. For details, see Section 1.1.4 of the board of directors' report.

•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 March 31, 2012, sections 1.1.6 and 1.1.7, including the methods of calculation and the underlying assumptions thereof.

•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, 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.

•In reference to the construction of a second floor at Azrieli Ayalon Mall, As of the date of the report, a decision had been made to commence the planning proceedings of an additional floor and a decision had not been made yet regarding the scope of the Project..

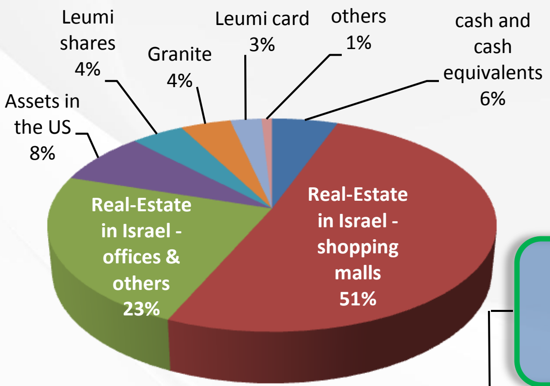
Azrieli Group – Business Card

- 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 10.9 billion (1).
- The Company owns leasable areas totaling 717,000 sqm, with another 328,500 sqm under construction (on a consolidated basis).
- The average occupancy rate 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 15.2 billion, out of it NIS 7.3 billion unmortgaged.
- Total shareholders' equity (relating to the shareholders) - NIS 11 billion (2).
- Low leverage: Net debt to balance sheet ratio of 21%, and equity to balance sheet ratio of 60%.
- The Group's bonds are rated AA/Stable by S&P/Maalot and Aa2/Stable by Moody's/Midroog.

(1) As of 17.05.2012.
(2) As of 31.03.2012.

Azrieli Group –
Company Structure

Book value by assets
Solo extended (2)



AZRIELI GROUP

Existing properties and under development 1,045,011 sqm

- **13 Shopping Centers 255,814 sqm**
- **9 Office buildings and others 282,177 sqm**
- **6 Projects under development 328,500 sqm**
- **6 Assets overseas 178,520 sqm**

60.61% GRANITE – Granite Hacarmel Investments Ltd.

- 100% GES
- 100% SUPERGAS
- 84% (3) Tambour
- 100% Sonol

20% Leumi card

4.8% leumi

(1) GLA are consolidated.
(2) As of 31.03.2012.
(3) After the end of the quarter, Granite completed a purchase of Tambour's publicly-held shares.

Azrieli Group –
Real Estate Segments

AZRIELI GROUP

Real Estate Activity (1)

Existing properties - commercial
GLA – 255,814

AZRIELI MALL AZRIELI
AZRIELI MALL HAIFA
AZRIELI MALL AYALON
OUTLET AZRIELI HERZELIA
AZRIELI MALL JERUSALEM
AZRIELI MALL HOD HASHARON
AZRIELI MALL GIVATAYIM
OUTLET AZRIELI OR YEHUDA
AZRIELI MALL HANEGEV
AZRIELI MALL AKKO
AZRIELI MALL MODIIN
AZRIELI MALL KIRYAT ATA
AZRIELI MALL HOLON
AZRIELI GROUP OF MALLS

Offices and others
GLA – 282,177

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

Projects under development
GLA – 328,500

1. Azrieli Center Sarona
2. Ramla
3. Rishonim
4. Azrieli Center Holon (83%)
5. Ayalon – 2nd floor
6. Kiryat Ata – phase B

Income producing properties – abroad
GLA – 178,520

<u>Houston, Texas</u>

1. Galleria 90%
2. Plaza 100%.
3. Northchase 100%
4. One Riverway 33%
5. Three Riverway 45%

<u>Leeds, England</u>

1. Southern House 100%

(1) GLA are consolidated.
(2) The Group signed an agreement for the purchase of the partners share (50%) in the property.

Financial Highlights in Q1/2012

(summary of extended standalone statements)

AZRIELI GROUP

14% NOI growth

- ✓ NOI in 2011 totaled NIS 269 million, compared with NIS 236 million in Q1/2011.
- ✓ An increase of 14%.
- ✓ Due to an internal increase in rent (same property NOI), the acquisition of the Galleria office towers and Plaza in Texas and the opening of the malls in Akko and Kiryat Ata.

4% increase in Same Property NOI

- ✓ Growth of 4% in **Same Property NOI** during Q1/2012 compared with Q1/2011.
- ✓ 3% increase in the commercial segment in Israel, and an increase of 6% in the offices and others in Israel segment. The growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.
- ✓ An increase of approx. 1.6% compared with the previous quarter (Q4/2011).

10% growth in real-estate segment FFO

- ✓ **Real Estate segment FFO** totaled NIS 174 million in Q1/2012 compared with NIS 158 million in Q1/2012.
- ✓ A 10% increase.
- ✓ The increase is attributed mainly to an overall improvement in the real estate sector, and to acquisitions and the completion of new properties.

Increase in the net profit (net of extraordinary effects) of 25% totaled NIS 175 million

- ✓ Net profit of extraordinary effects of revaluation adjustments and securities.
- ✓ Totaled NIS 175 million, compared to NIS 140 million in Q1/2011.
- ✓ The increase is attributed mainly to increase in the NOI and decrease in financing expenses.

9% growth in Net profit totaled NIS 198 million

- ✓ Net profit of NIS 198 million in Q1/2012 compared with NIS 181 million in Q1/2011.
- ✓ The increase is attributed mainly to increase in the NOI and decrease in financing expenses.

AZRIELI GROUP

Main Events in Q1/2012

Advancement in projects under development

- ✓ **Azrieli Center Sarona:** receiving the approval for the construction of the basements. Started excavation.
- ✓ **Azrieli Center Holon:** continuation of building the basements and the towers.
- ✓ **Azrieli Ramla Mall**: starting excavation.
- ✓ **Azrieli Rishonim**: starting building the temporary parking and receiving the approval of the regional committee for the project

Continuation in the development and acquisition momentum

- ✓ In Q1/2012, the Group ‘s investments in real-estate properties totaled NIS 483 million.
- ✓ In 2011, the Group ‘s investments in real-estate properties totaled NIS 1.7 billion.

Occupancy (1)

- ✓ The average occupancy rate in the shopping center segment in Israel – close to 100%.
- ✓ The average occupancy rate in the offices and others segment in Israel – close to 100%.
- ✓ The average occupancy rate in the assets in the US segment – approx. 87%.

Acquisition of an office building in Houston, Texas

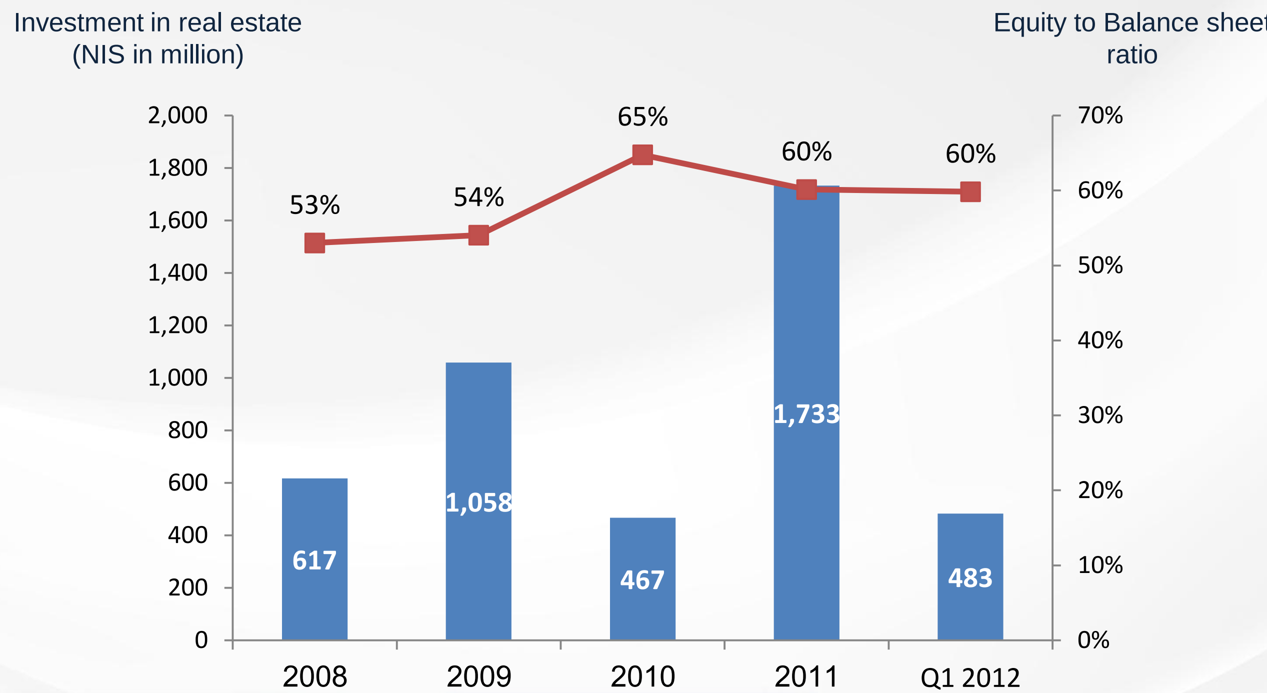
- ✓ In January 2012 the Group acquired an office building in Houston, Texas
- ✓ Cost: $ 107.5 million.
- ✓ Cap rate of 7.5% (2)
- ✓ External financing from foreign institution (Non-Recourse) of $ 70 million. Fixed nterest rate of 3.6% for 5 years.

Subsequent event - An agreement for 50% acquisition of Petah Tikva office building

- ✓ On May, 2012 the Group signed an agreement for the acquisition of the stake (50%) from Isralum in the Petah Tikva Science and Technology Park, for NIS 48 million.
- ✓ After the acquisition, the group will hold 100% of the rights in the asset.
- ✓ The projected NOI for the asset (100%) in 2012 is NIS 11 million, that represent a yield of 11.5% over the acquisition price.

(1) As of 31.03.2012
(2) Calculated on a basis of the total annual average NOI for all of the contracts throughout all of the lease periods.

Maintaining Financial Strength despite Massive Development and Acquisitions



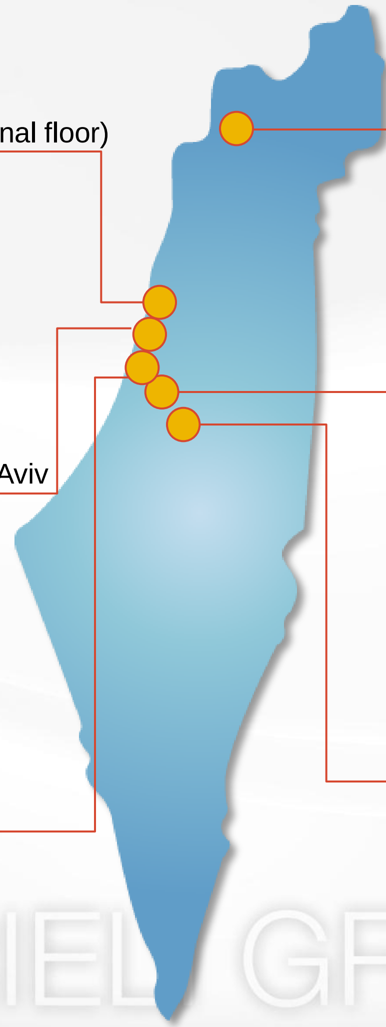
Development Momentum

Approx. 328,500 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. 125,000

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 31.03.2012	Estimated cost to completion of project (NIS in millions)
Azrieli Center Sarona, Tel Aviv	100%	Commercial and Offices	125,000	2016	570	900-945
Azrieli Kiryat Ata – phase B	100%	Offices +Commercial	4,000	2013	8	45-55
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	71	415-445
Azrieli Center Holon (1)	83%	Commercial and Offices	115,000 5,000	Phase A 2013 Phase B 2016	166	450-485
Azrieli Ramla Mall	100%	Commercial	22,000	2014	103	210-230
TOTAL			**328,500**		**923**	**2,140-2,310**

Total Book value plus Estimated cost to completion	3,063-3,233

(1) Figures are for 100%.

Azrieli Center Sarona, Tel Aviv Development Momentum

- Azrieli Group's share – 100%.
- Land of approx. 9,400 sqm in the center of Tel Aviv.
- Gross commercial and office leasable area of approx. 125,000 sqm.
- Approx. 110,000 sqm of office space, and approx. 11,000 commercial.
- 1,600 parking spaces.

- Book value [(1)] – NIS 570 million.
- Estimated cost to completion[(1)] – NIS 900-945 million.
- Completion scheduled for 2016.
- **Status – excavation started after receiving the approval for the construction of the basements.**

(1) As of 31.03.2012.

Azrieli Center Holon

AZRIELI GROUP

- Azrieli Group's share – 83%.
- Gross commercial and office leasable area of 120,000 sqm.
- Status – under development.
- Completion scheduled for – Phase A (62,500 sqm): 2013.
  Phase B (57,500 sqm): 2016.
- Book value [(1)] – NIS 166 million.
- Estimated cost to completion [(1)] – NIS 450-485 million.

מרכז עזריאלי חולון
AZRIELI CENTER HOLON

(1) As of 31.03.2012.

Azrieli Rishonim Project

- Azrieli Group's share – 100%.
- Gross commercial and office leasable area of 48,000 sqm.
- Status – building the temporary parking for the train users.
- Completion scheduled for 2015.
- Book value (1) – NIS 71 million.
- Estimated cost to completion (1) – NIS 415-445 million.

(1) As of 31.03.2012.

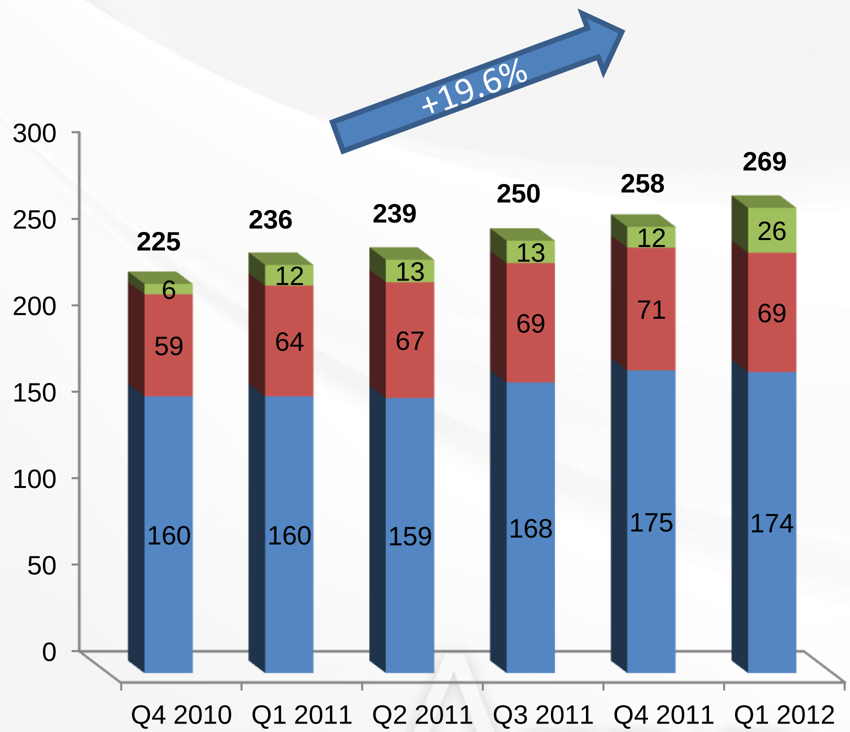
Acquisition of office building in Houston, Texas, USA

- Ownership – 100%.
- Total GLA – approx. 32,000 sqm.
- Occupancy rate at acquisition – 100%.
- Anchor tenant (87% of GLA) – Dow Chemical Ltd, until May 2026.
- Cost - $ 107.5 million.
- External financing - $ 70 million: Fixed interest rate of 3.6%.
- Projected average NOI according to existing contracts - $8 million [(1)].
- Closing date – January 2012.

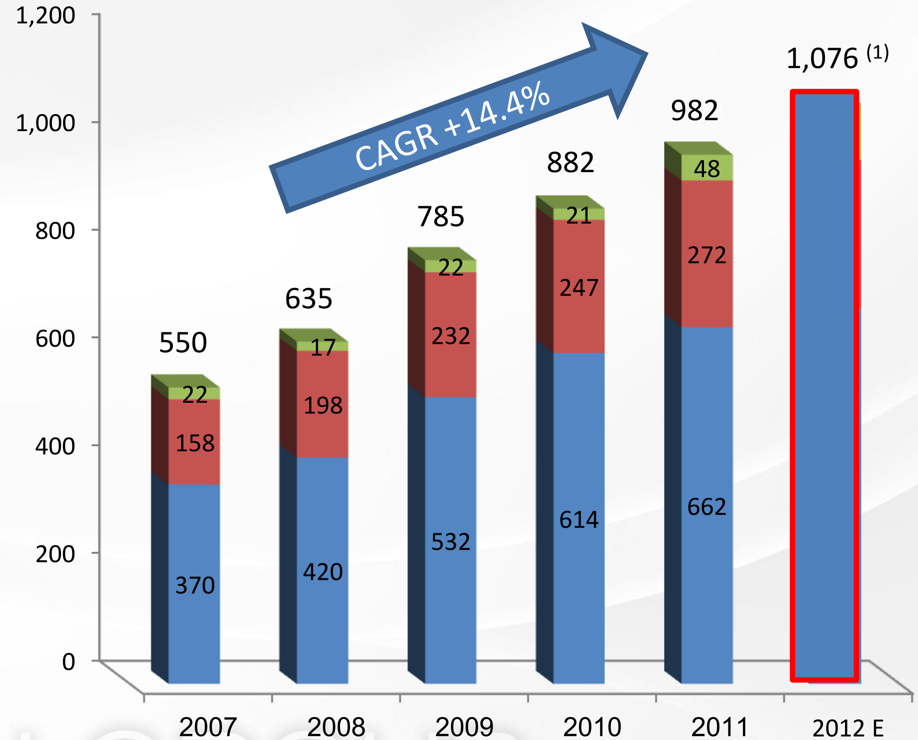
(1) Total annual average NOI for all of the contracts throughout all of the lease periods.

Continuous Growth in NOI
(NIS in millions)

Quarterly NOI



Annual NOI

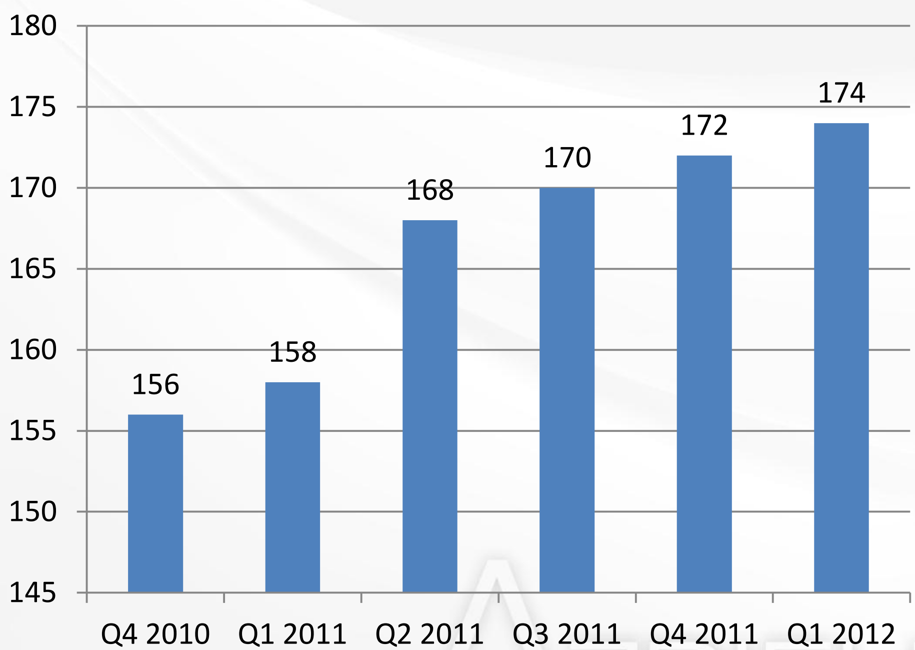


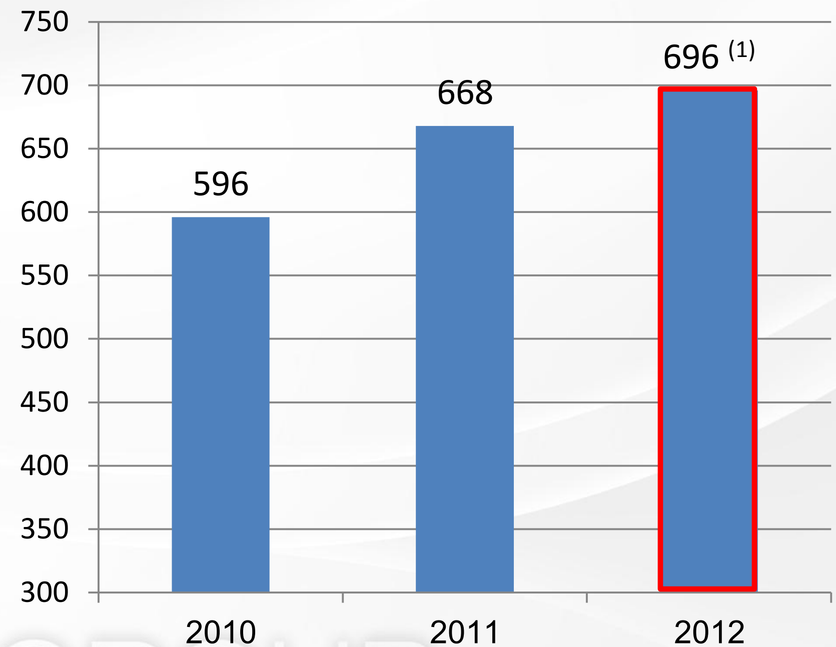
- Offices and others
- Shopping malls and commercial
- Assets in the US.

(1) Actual NOI in Q1/2012 multiplied by 4.

Continuous Growth in FFO
(NIS in millions)

Real Estate FFO





(1) Actual FFO in Q1/2012 multiplied by 4.

Summary Financial Results – Q1/2012
(extended standalone)

NIS in millions	1-3/2011	1-3/2012		2011
Property rental income	293	**341**		1,245
NOI	236	**269**		982
Same property NOI	230	**240**		938
Real estate segment FFO	158	**174**		668
Appreciation (depreciation) of investment property (1)	14	**(6)**		696
Effect of rise in tax liabilities	--	**--**		(582)
Net profit, including minority	181	**198**		623
Net profit, attributed to shareholders (2)	162	**184**		596
Comprehensive profit, attributed to shareholders (2)	135	**218**		173

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

Balance Sheet
(summary of extended standalone statement)

NIS in millions	31.12.2011	31.03.2012
Cash, securities and deposits	1,467	1,020
Financial debt, gross	4,991	4,846
Financial debt, net (1)	3,524	3,826
Financial assets available for sale	1,256	1,311
Fair value of income-producing real estate	14,766	15,194
Shareholders' equity (excluding minority interest)	11,034	11,012
Shareholders’ equity to balance sheet ratio	60%	60%
Total balance sheet	18,450	18,506
Shareholders’ equity per share (NIS)	91	90.8
EPRA NAV per share (NIS) (2)	109	109

(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

(NIS in millions)

Portfolio weighted average cap-rate of 7.8%

Investment properties as of 31.03.2012 (extended standalone)	15,236
Net of: properties under development, vacant space and building rights	(949)
Total income-producing properties	**14,287**
Actual NOI for Q1/2012	269
Additions to future Q1/2012 NOI	9
Adjusted NOI for Q1/2012	278
Annual proforma NOI	**1,112**
Portfolio weighted average cap-rate	**7.8%**

Current real estate segment FFO yield of 9.5%

Net profit for Q1/2012 (attributed to the shareholders)	184
Net of items attributed to Granite	(14)
Other adjustments	4
FFO attributed to real-estate operations	174
Annual proforma FFO (Real-Estate)	**696**
Azrieli Group market cap(1)	10,916
Less: cash & cash equivalents(2)	(1,020)
Less: real holdings(1)	(1,631)
Less: investment in projects under development(2)	(949)
Market cap attributed to real estate operations only	**7,316**
Current annual FFO yield - real estate	**9.5%**

(1) As of 17.05.2012
(2) As of 31.03.2012

Debt Structure and Rating[1]

(NIS in millions)

Financial stability

- Low leverage – net financial liabilities to balance sheet: 21%.
- Shareholders' equity to balance sheet – 60%.
- Liquid means of approx. NIS 1.02 billion.
- Non-mortgaged property value of approx. NIS 9.4 billion.
- Bank loans – NIS 3.5 billion.
- Bonds & commercial papers – NIS 1.3 billion.
- Weighted average duration – 3.17 years.

NIS in millions	Principal amount	Share of total loan
Up to 1 year	760	16%
1 to 4 years	2,015	42%
5 to 10 years	2,071	42%
	---------------	---------------
Total 31.03.2012	4,846	100%

NIS in millions	Principal amount	Average interest rate
Linked to CPI	3,468	5.03%
In NIS	431	3.40%
Linked to $	922	5.18%
Linked to £	25	3.825%
	---------------	---------------
Total 31.03.2012	4,846	4.91%

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 31.03.2012 extended standalone financial statements.

AZRIELI GROUP

Other Holdings – Results for Q1/2012

Granite HaCarmel (approx. 60.61% holding) – In Q1/2012 net profit of approx. NIS 28 million compared with net profit of NIS 38 million in Q1/2011 (attributed to the shareholders).
Increase in the revenues, but a slight erosion in the spreads caused a reduction in the bottom line.

Bank Leumi (approx. 4.8% holding) – In Q1/2012, the share value on TASE increased by approx. 7%, representing an increase of approx. NIS 49 million , net of tax.
The group’s market holding value as of 31.03.2012 is NIS 825 million.

Leumi Card (20% holding) – The Q1/2012 financial statements not yet published.
During Q1/2012 Leumi card distributed a dividend of NIS 40 million. The Group’s share is NIS 8 million.

Summary – Leadership, Innovation and Strength

- Continued growth in the core business activities: NOI, FFO etc…
- Increase in the turnover in the shopping centers.
- Long term projections show high occupancy rates –

  Shopping centers in Israel approx. 100%

  Offices and others in Israel approx. 100%.

  Assets in the US – 87%.
- 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.