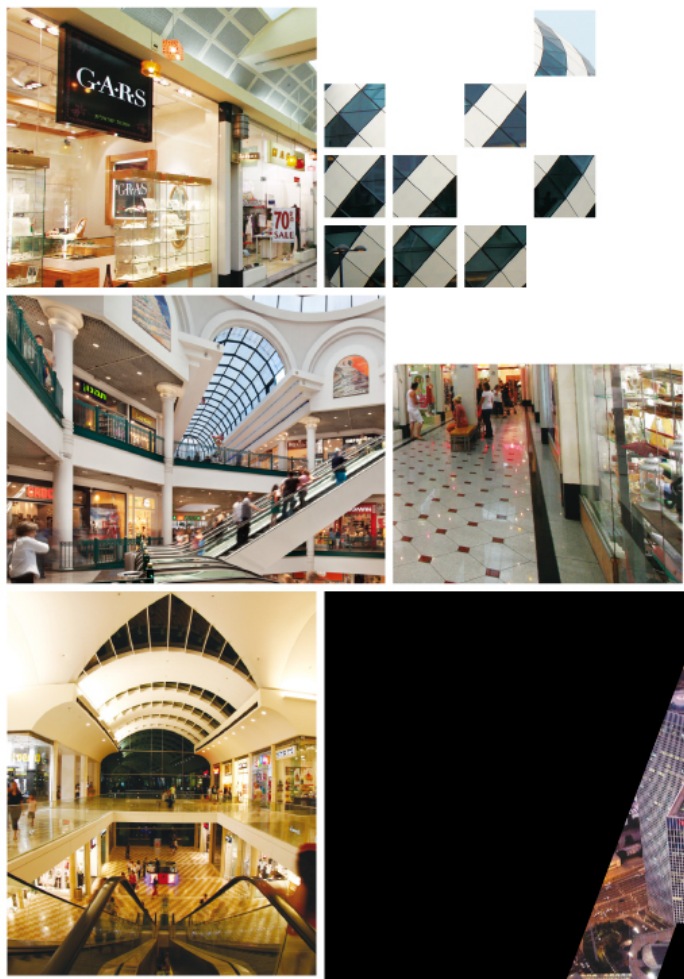


Conference Call Presentation

Financial Statements — 30.06.2014

August 20, 2014



AZRIELI GROUP
AZRIELI



Convenience translation from Hebrew

Important Notice

- The English translation below of Azrieli Group Limited's presentation relating to the financial statements for Q2 2014 (the "Presentation") is provided for convenience. Please note that this document should not be regarded as a substitute for reading the original Hebrew version of the Presentation in full. This translation was neither prepared nor checked by the Company. Accordingly, the Company does not warrant that the translation fully, correctly or accurately reflects the Presentation and its contents.
- The binding version of the Presentation for all intents and purposes is the original Hebrew version, filed by the Company with the Israel Securities Authority through the MAGNA website on August 20, 2014. Nothing in this translation constitutes a representation of any kind in connection with the Presentation, nor should it be regarded as a source of interpretation for the Presentation or the Company's reports or statements. In any event of contradiction or discrepancy between this translation and the Hebrew version of the Presentation, the Hebrew version shall prevail.

AZRIELI GROUP





Disclaimer

- The information included in this presentation is not comprehensive and does not include all the information on the Company and its business, nor is it a substitute for inspecting the Annual Report for 2013, the Interim Financial Statements for June 30, 2014, Company's current reports and the presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation is not an offer or solicitation to buy securities of the Company, and its provisions are not a recommendation or an 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.
- This presentation includes forecasts, estimates, assessments and other information pertaining to future events and/or matters, whose materialization is uncertain and is beyond the Company's control, and which constitute forward-looking information, as defined in the Securities Law, 5728-1968. Such information may not materialize, in whole or in part, or may materialize in a manner significantly different to that forecast. Such information includes revenue and NOI forecasts, the value of the Group's holdings, timetables, costs of and profit from projects and the development and construction thereof.
- Forward-looking information is based solely on the Company's subjective assessment, based on facts and data regarding the current condition of the Company's business and macro-economic facts and figures, all as known to the Company at the time of preparing this presentation. The materialization or non-materialization of the forward-looking information will be affected, inter alia, by risk factors characteristic of the Company's activity, as well as by developments in the general environment, market conditions and external factors affecting the Company's activity, including delays in the receipt of permits, termination of contracts, changes in the competition, a significant recession, change in financial conditions, and other such events which cannot be estimated in advance and which lie beyond the Company's control. The Company does not undertake to update and/or change any such forecast and/or assessment to reflect events and/or circumstances postdating this presentation.
- 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 June 30, 2014, 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. These figures are unaudited, are 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





Azrieli Group - Business Card

- The Company has been publicly traded since June 2010.
- Current market capitalization - NIS 13.6 billion ⁽¹⁾.
- Azrieli Group's shares are traded on the following indices: Tel Aviv 25, Tel Aviv 100 and Real Estate 15.
- Azrieli Group's stock is the only Israeli stock included in the EPRA index.
- The Company owns leasable areas totaling 786,000 m², with another 442,500 m² under construction (on a consolidated basis).
- The average occupancy rate in Israel is approx. 98%.
- More than 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.
- The fair value of the income-producing real estate and properties under development is NIS 17.6 billion.
- The Company has NIS 14.3 billion of non-mortgaged properties.
- Total shareholders' equity (attributed to the shareholders) - NIS 12.8 billion.
- Low leverage (extended standalone): Net debt to balance sheet ratio of 22%, 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.

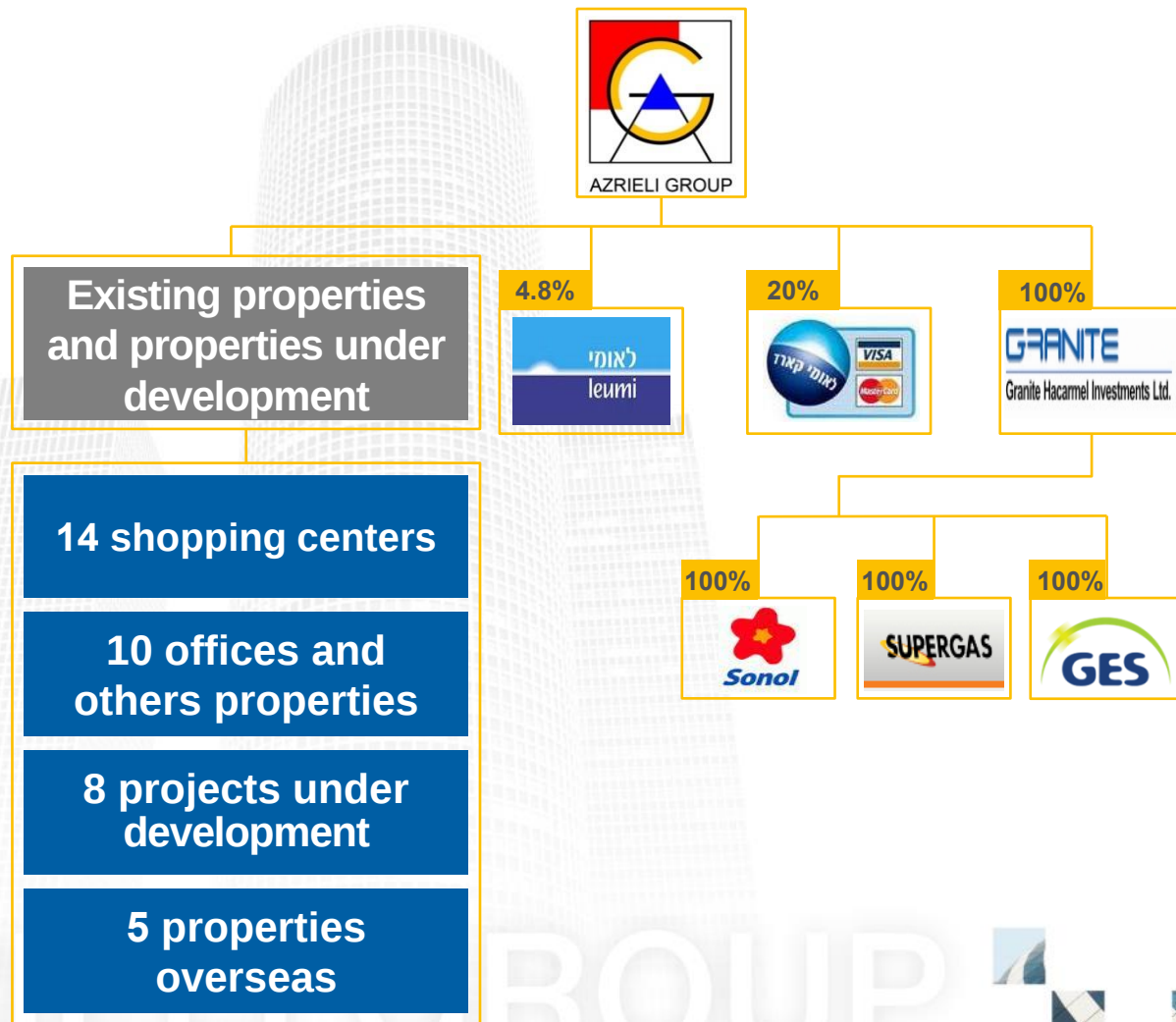
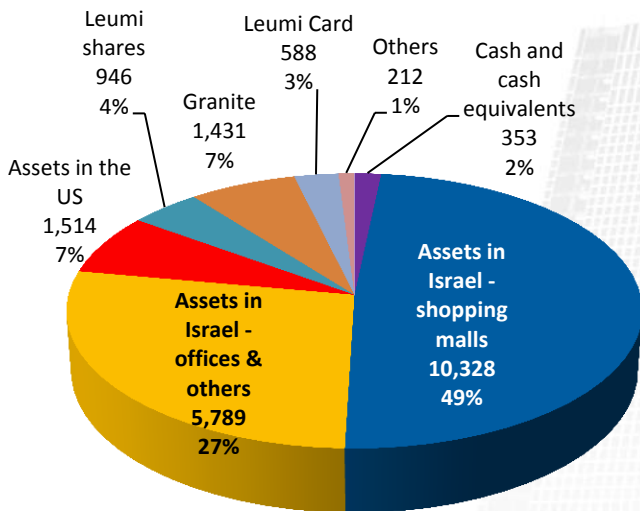


(1) As of August 18, 2014.



Azrieli Group - Company Structure

**Book value by assets
Extended standalone ⁽¹⁾
(NIS in millions)**



(1) As of June 30, 2014, Extended standalone.



Azrieli Group - Real Estate Segments

Real Estate Activity ⁽¹⁾
GLA - 1,228,500 m²

Existing properties - commercial
GLA - 267,000 m²



Offices and others
GLA – 353,000 m²

- Azrieli Tel Aviv
- Herzliya
- Jerusalem
- Modi'in (offices & residential)
- Be'er Sheva
- Givatayim
- Caesarea
- Petach Tikva
- Azrieli Center Holon (83%)
– Phase A
- Kiryat Ata

Projects under development
GLA - 442,500 m²

- Azrieli Center Sarona
- Ramla
- Rishonim
- Azrieli Center Holon (83%)
– Phase B
- Ayalon – 2nd floor
- Azrieli North (Clalit)
- Azrieli Extension Project
- Modi'in Senior Housing

Income producing properties abroad
GLA - 167,000 m²

Houston, Texas

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

Leeds, United Kingdom

- Southern House 100%

(1) GLA is consolidated.



Main Events in Q2/2014

Financial highlights

- **NOI** – About 1.5% up from Q2/2013.
- **Same property NOI** – About 1.5% up from Q2/2013.
- **FFO** – About 4% up from Q2/2013.

Progress in projects under development

- **Azrieli Center Sarona:** Work on the basements is ongoing and a retail permit has been received.
- **Azrieli Center Holon:** Leases currently signed in the project for approx. 48,000 m² of the 64,000 m² in phase A. Construction of phase B continues (57,500 m²), with signed office leases for 8,000 m².
- **Azrieli Rishonim:** Car park construction work continues.
- **Azrieli Ayalon mall:** Advanced stages of development of the second floor.

Development and acquisition momentum continues

- In Q2/2014, the Group's investments in real-estate properties totaled NIS 201 million.
- In H1/2014, the Group's investments in real-estate properties totaled NIS 440 million.

Tambour Sale

- In June 2014, Granite closed the sale (100%) of Tambour for NIS 500 million.
- The Group's after-tax profit totaled NIS 55 million in Q2/2014.

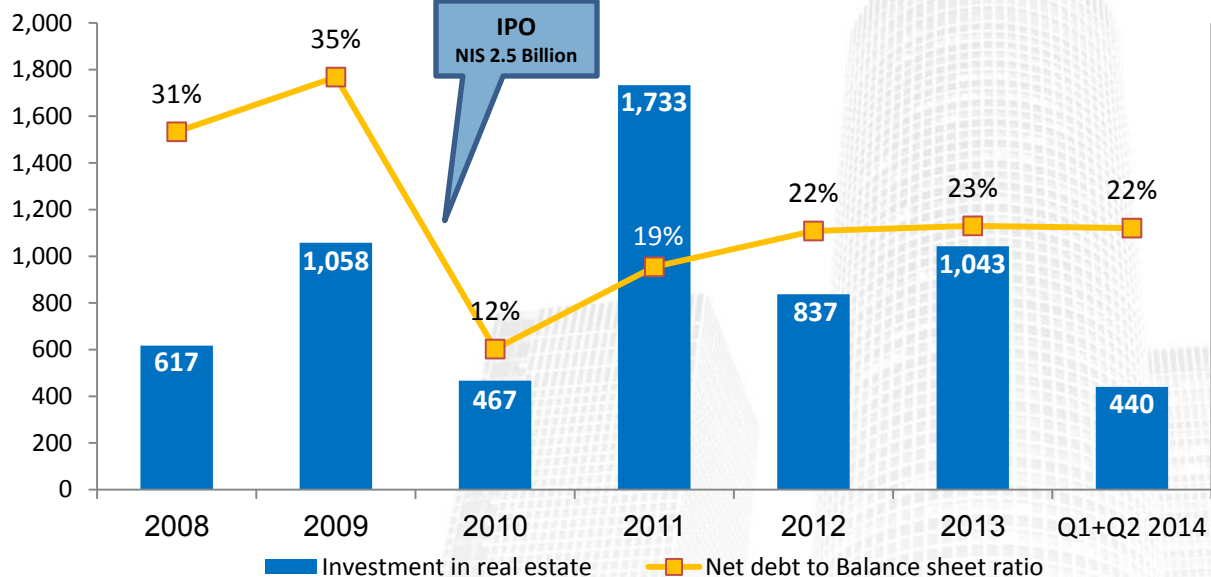
Loan agreement for NIS 300 million

- In May 2014, the Company signed a NIS 300 million loan agreement with an institutional body. The interest rate on the loan is 0.74%.
- The loan is linked to the index with an average duration of 4.5 years. The term of the loan is 9 years, and it is payable in equal quarterly installments.
- Azrieli Ramla mall (under construction) was pledged to the financing body.



Maintaining Financial Strength despite Massive Development and Acquisitions

Investment in real estate
(NIS in million)



Net debt to Balance
sheet ratio ⁽¹⁾



(1) Extended standalone.



Development Momentum

Approx. 442,500 m² GLA⁽¹⁾; Total investment of NIS 5.3-5.6 billion



Azrieli Center Sarona,
Tel Aviv
Approx. 121,500 m²



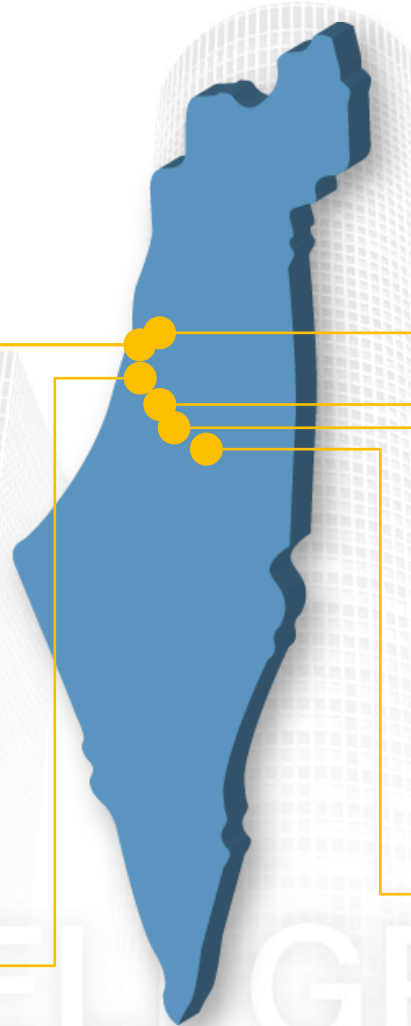
Azrieli Center Extension,
Tel Aviv
Approx. 69,000 m²



Azrieli North (Clalit),
Tel Aviv
Approx. 75,000 m²



Azrieli Center Holon
Phase B
Approx. 57,500 m²



Azrieli Ayalon mall
(additional floor)
Approx. 9,500 m²



Azrieli Rishonim
Approx. 53,000 m²



Azrieli Ramla mall
Approx. 22,000 m²



Modi'in Senior Housing
Approx. 35,000 m²



(1) GLA consolidated.



Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA (m ²)	Estimated date of completion	Book value ⁽¹⁾ 30.06.2014 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Retail and Offices	121,500	2017	737	762-807
Azrieli Rishonim	100%	Retail and Offices	53,000	2016	244	442-472
Azrieli Center Holon ⁽²⁾ Phase B	83%	Offices	57,500	2015	224	68-98
Azrieli Ayalon Mall – 2 nd floor	100%	Retail	9,500	March 2015	146	57-87
Azrieli Ramla Mall	100%	Retail	22,000	March 2015	265	147-167
Azrieli North (Clalit), Tel Aviv ⁽³⁾	100%	Retail, offices and residential	75,000	Not yet determined	142	809-909
Azrieli Extension Project, Tel Aviv ⁽³⁾	100%	Retail, offices and residential	69,000	Not yet determined	109	890-910
Modi'in Senior Housing	100%	Senior Housing	35,000	End of 2016	55	210-220
Total			442,500		1,922	3,385 – 3,670
Total book value plus estimated cost to completion						5,307 – 5,592

(1) The figure reflects the project's book value if a valuation was performed, or the costs invested without capitalizations and without TI's and as shell.

(2) Figures are for 100%.

(3) As of the Report Release Date, the Company has not received possession of this property.

(4) For additional information see BOD report as of June 30, 2014. section 1.1.2.

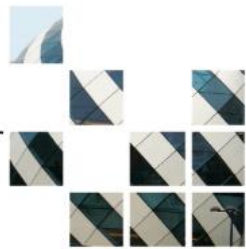




Azrieli Center Sarona, Tel Aviv

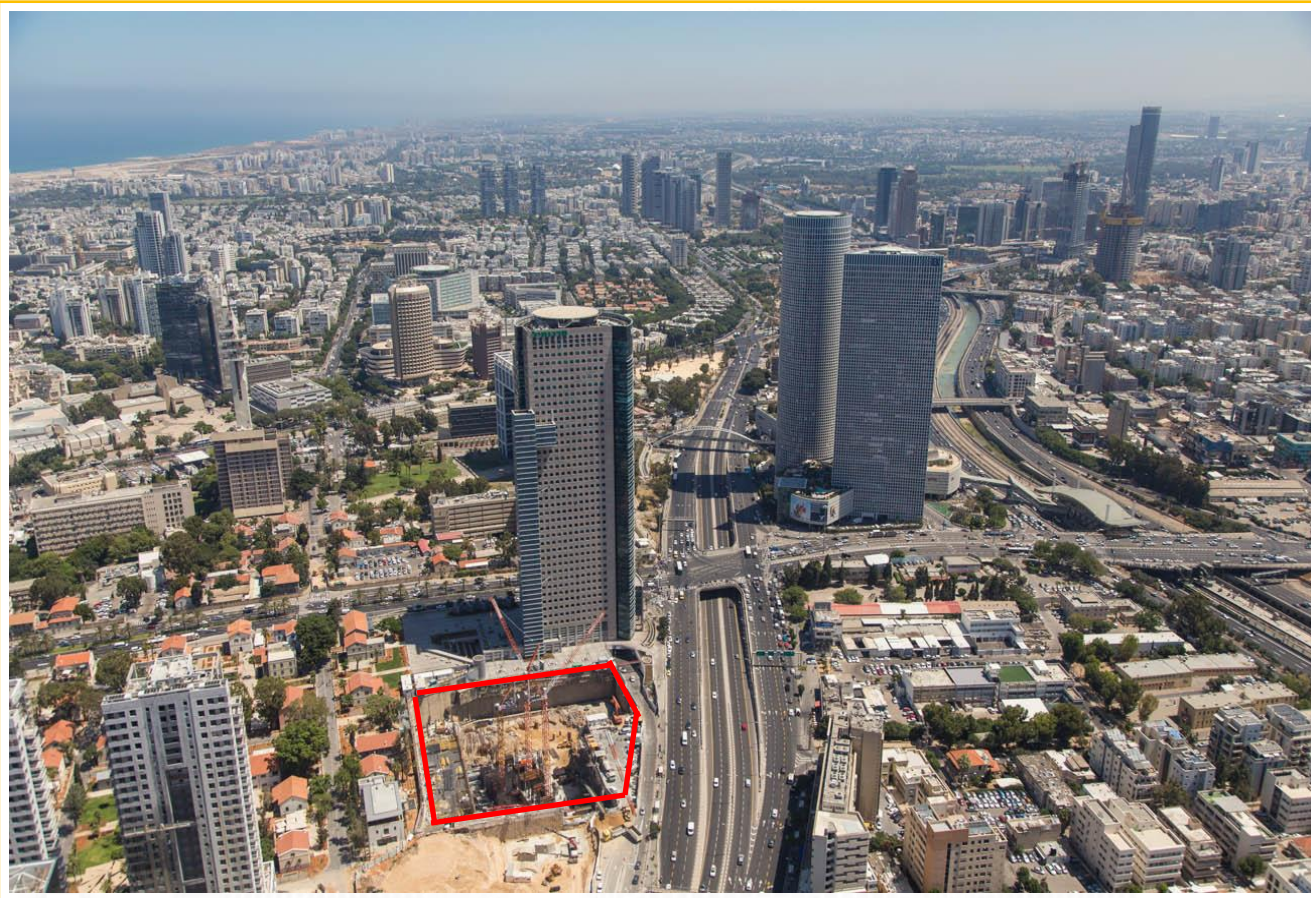


AZRIELI GROUP





Azrieli Center Sarona, Tel Aviv



AZRIELI GROUP





Azrieli Rishonim Project

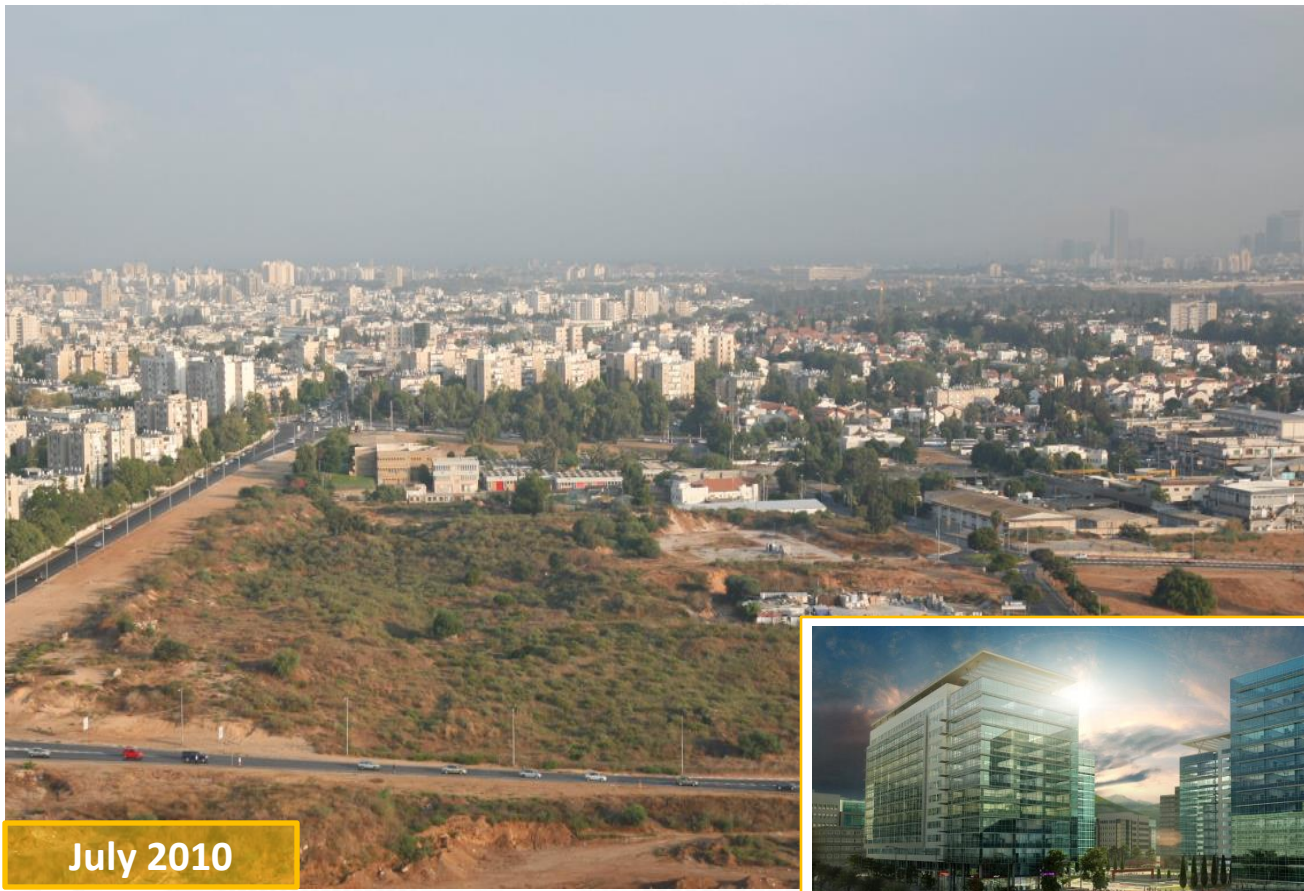


LI GROUP





Azrieli Center Holon



July 2010



Simulation



Azrieli Center Holon

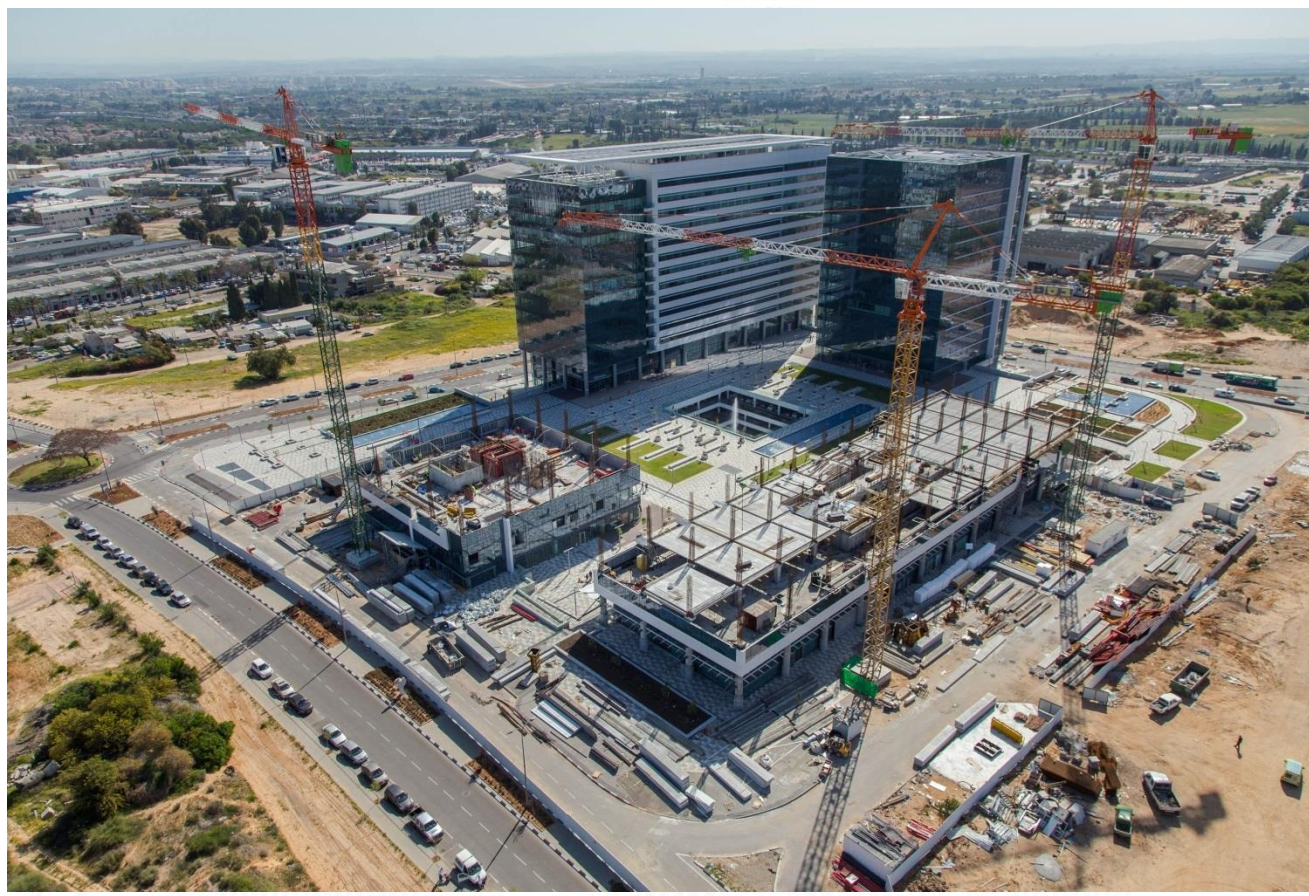


AZRIELI GROUP

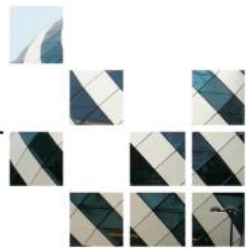




Azrieli Center Holon



AZRIELI GROUP





Azrieli Ayalon Mall – 2nd floor



AZRIELI GROUP



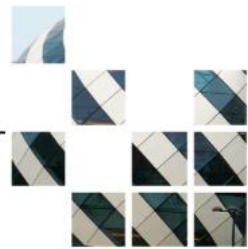


Azrieli Ramla mall



Simulation

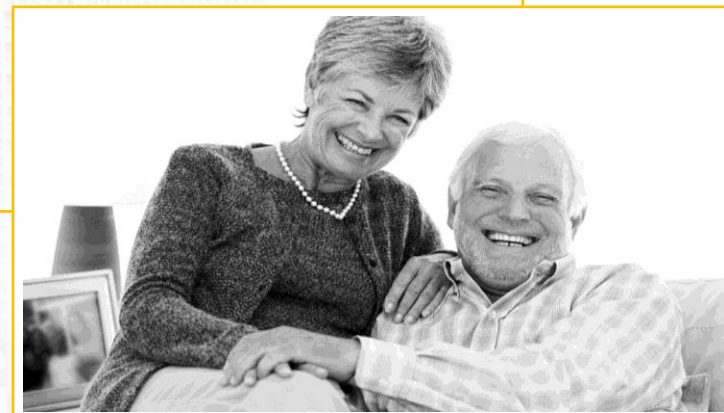
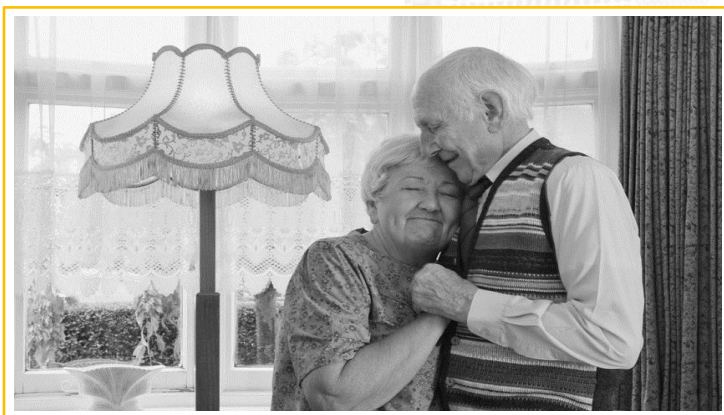
LI GROUP





Azrieli Group – Senior Housing

- Azrieli Group has decided to enter the senior housing market in Israel.
- Senior housing is synergetic with the Group's traditional core businesses of shopping malls and office buildings.
- Use of areas and building rights in existing sites of the Group.
- A high-potential field in Israel.
- Short supply of quality players and long-term investors.
- Regulatory changes have enhanced the advantage of financially-strong players.
- The Group intends to set up a leading platform for senior housing in Israel.
- The activity will be carried out mainly through development – purchase of land at attractive locations and building up a leading senior housing chain.
- Long-term management and holding.





Azrieli Group – Senior Housing

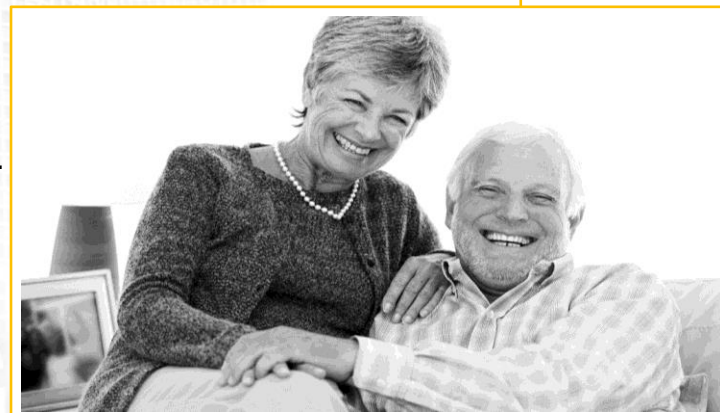
Senior housing in Israel

- Around NIS 10 billion in tenant deposits.
- Revenues of the market in Israel – about NIS 1.5 billion per year.
- Around 12,500 residential units in approx. 70 facilities.
- Approx. 15,000 tenants.
- **Target population (65+ year olds)**
 - ✓ In 2013 – about 10% of the total population = about 0.8 million people.
 - ✓ Forecast of 14% of the total population in 2035 = about 1.66 million people.



Purchase of land for a senior housing facility in Modi'in

- Land area – approx. 12,000 m² at the entrance to Modi'in on Route 443.
- Building rights – about 35,000 m².
- Approx. 240 residential units + 60 supportive units + 2 LTC wings.
- Cost of the land – about NIS 51.5 million
- Estimated cost of construction – about NIS 215 million.

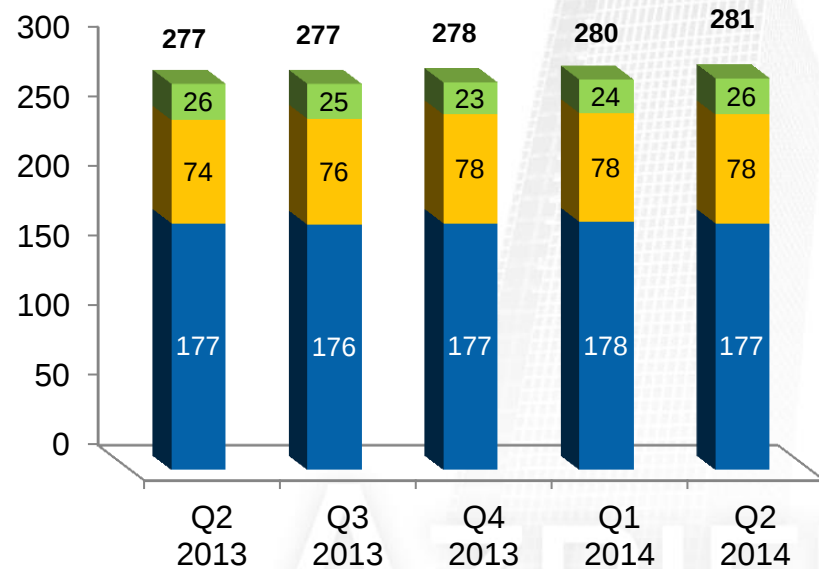




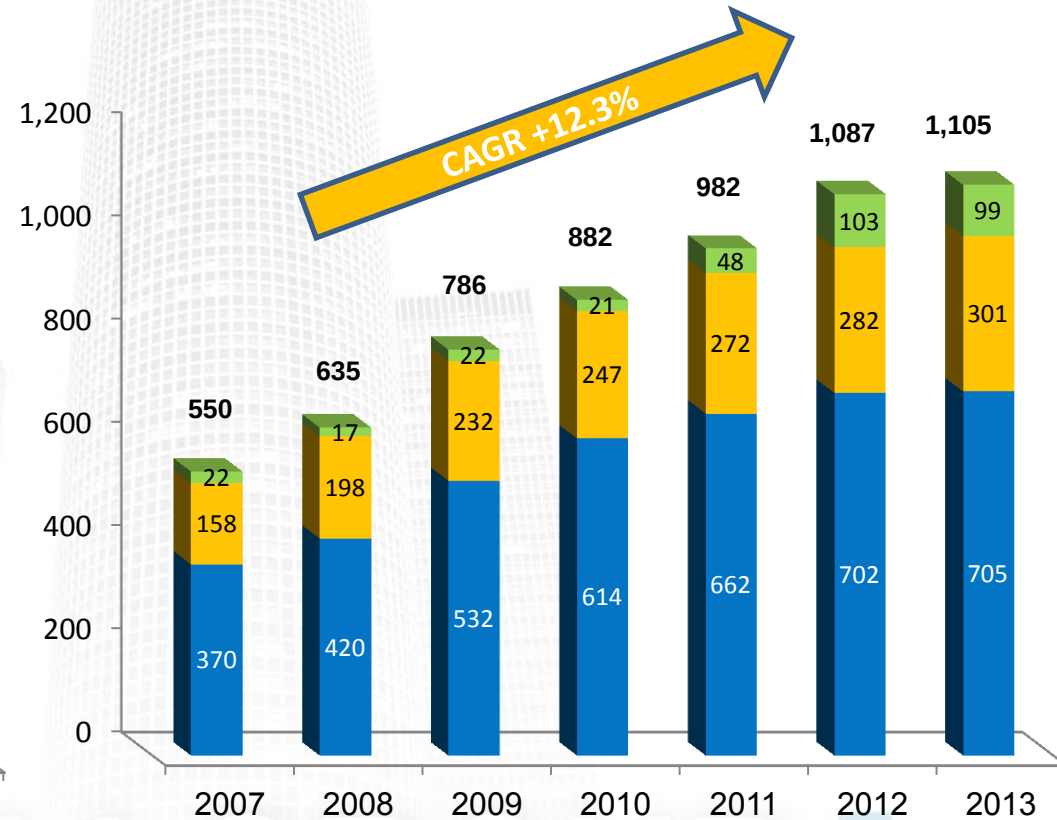
Continuous Growth in NOI

(NIS in millions)

Quarterly NOI



Annual NOI



CAGR +12.3%

• Shopping malls and commercial • Offices and others • Assets in the US

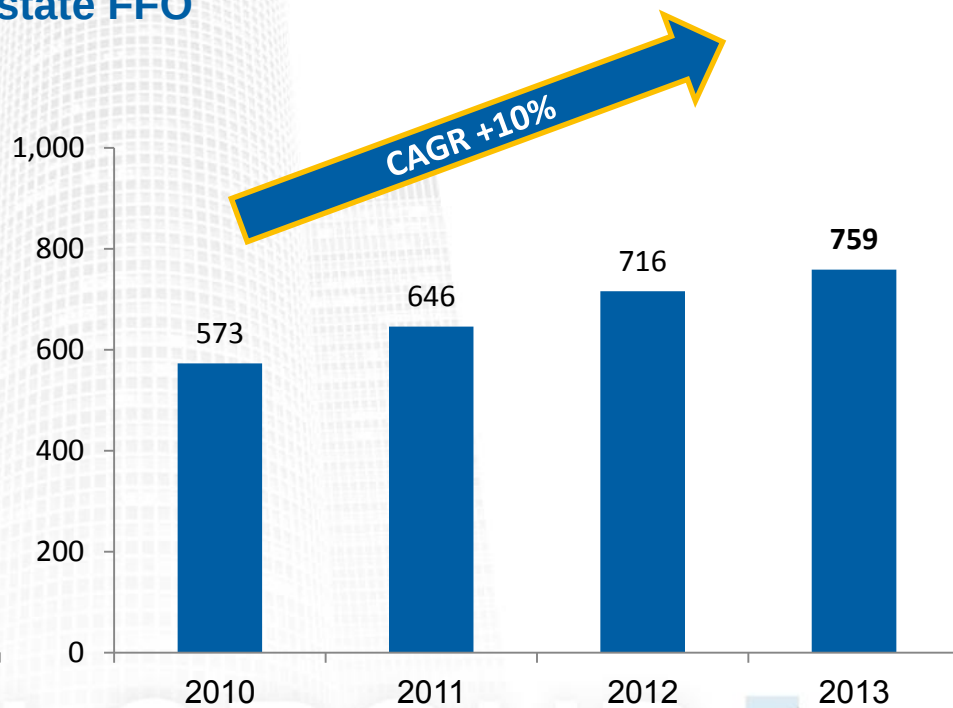
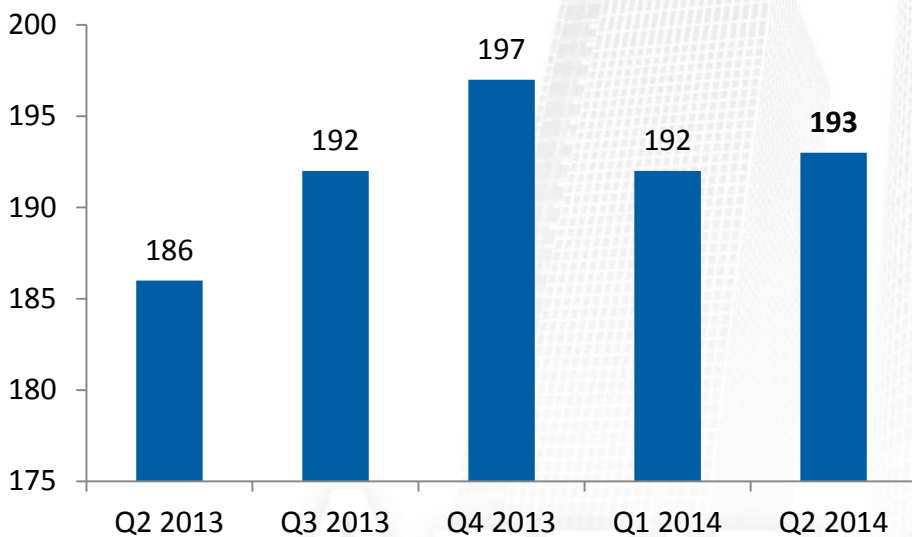


Continuous Growth in FFO

(NIS in millions)



Real Estate FFO





Summary of Financial Results

(extended standalone)

NIS in millions	4-6/2014	4-6/2013	2013	2012
Property rental income	355	352	1,421	1,399
NOI	281	277	1,105	1,087
Same property NOI	280	276	1,067	1,052
Real estate segment FFO	193	186	762	716
Appreciation of investment property ⁽¹⁾	8	93	315	236
Net income, including minority	261	278	944	986
Net income (loss), attributed to shareholders	258	274	930	939
Comprehensive income (loss), attributed to shareholders	244	231	1,026	1,060

AZRIELI GROUP



(1) Net, after tax.



Balance Sheet

(summary of extended standalone statement)

NIS in millions	30.06.2014	31.12.2013
Cash, securities and deposits	353	378
Financial debt, gross	5,097	5,059
Financial debt, net ⁽¹⁾	4,744	4,681
Net financial debt to Total Assets ratio	22%	23%
Financial assets (mainly Leumi & Leumi Card)	1,557	1,612
Fair value of income-producing real estate and properties under development	17,625	17,191
Shareholders' equity (excluding minority interest)	12,779	12,635
Equity to Total Assets ratio	61%	61%
Total balance sheet	21,161	20,706
Shareholders' equity per share (NIS)	105.4	104.2
EPRA NAV per share (NIS) ⁽²⁾	127	126

(1) Excluding financial assets available for sale.

(2) Excluding the projected profit component from projects under development.





Average Cap-Rate and FFO of the Real Estate Business

Portfolio weighted average cap rate of 7.5%

NIS in millions

Investment properties as of 30.06.2014 (extended standalone)	17,686
Net of: properties under development, vacant space and building rights	(2,032)
Total income-producing properties	15,654
Actual NOI for Q2/2014	281
Additions to future Q2/2014 NOI	14
Adjusted NOI for Q2/2014	295
Annual pro-forma NOI	1,180
Portfolio weighted average cap rate	7.5%

Current real estate segment FFO – NIS 772 million

NIS in millions

Net profit for Q2//2014 (attributed to the shareholders)	258
Net of items attributed to Granite	(81)
Appreciation of investment property	(11)
Deferred tax expenses	18
Other adjustments	(1)
Plus interest paid on real investments	10
Quarterly FFO attributed to real-estate operations	193
Annual proforma FFO (real estate)	772

AZRIELI GROUP





Debt Structure and Rating (1)

(NIS in millions)

Financial stability

- Low leverage - net financial liabilities to total assets: 22%.
- Equity to total assets: 61%.
- Liquid resources of approx. NIS 353 million.
- Non-mortgaged property value of approx. NIS 14.3 billion.
- Loans from banks and institutional bodies: NIS 3.7 billion.
- Bonds & commercial paper: NIS 1.4 billion.
- Weighted average duration: 2.54 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	1,358 ⁽²⁾	27%
1 to 4 years	2,615	51%
5 to 10 years	1,124	22%
Total 30.06.2014	5,097	100%

	Principal amount	Average interest rate
Linked to CPI	3,616	3.01%
In NIS	651	1.29%
Linked to \$	805	5.21%
Linked to £	25	1.825%
Total 30.06.2014	5,097	3.14%

Upside

(1) Based on June 30, 2014 extended standalone financial statements.

(2) By the end of 2015 the Group expects to repay loans of about NIS 1.2 billion (excluding short-term loans), about NIS 620 million of which bear an average interest rate of about 5%.



Non-Core Holdings - Results

Granite Hacarmel Investments Ltd.

Granite HaCarmel (100%) – In Q2/2014 Granite's net profit totaled NIS 95 million, compared with NIS 33 million in Q2/2013. the increase is mainly attributed to the profit from the selling of Tambour.

During the quarter, Granite closed the sale of Tambour (100%) for NIS 500 million. About two weeks ago it reported the signing of an agreement for the sale of the desalination plant in Palmachim (100%) for NIS 429 million.



Bank Leumi (approx. 4.8% holding) – In Q2/2014, the share price on TASE decreased by approx. 1.5%, representing a decrease of approx. NIS 11 million, net of tax, in the holding value.

The market value of the Group's holding as of 30.06.2014 is NIS 946 million.

The cost of the investment on the Group's books (dividend-adjusted) is NIS 675 million.



Leumi Card (20% holding) – In Q2/2014 Leumi Card's net profit totaled NIS 53 million compared with NIS 51 million in Q2/2013.

The book value of the holding as of 30.06.2014 was NIS 588 million, according to an external appraiser.

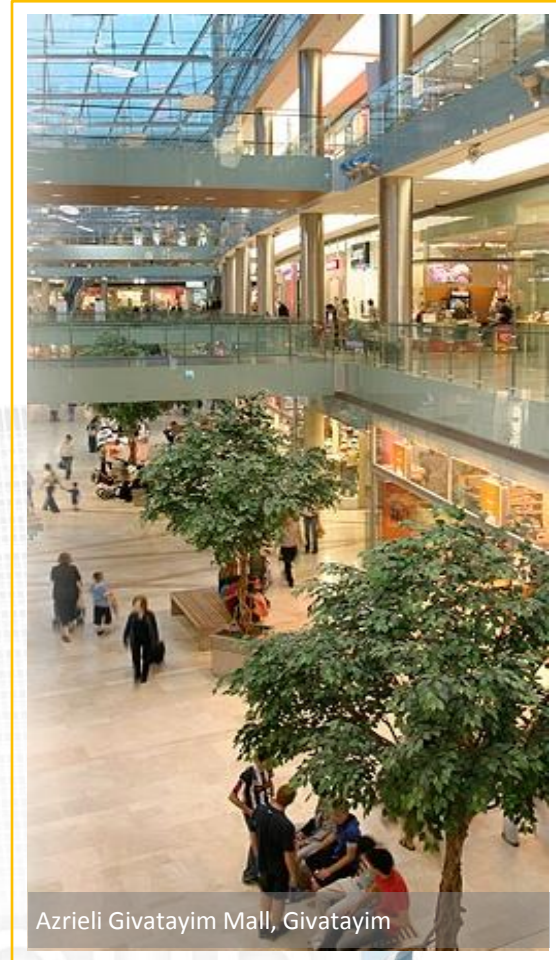
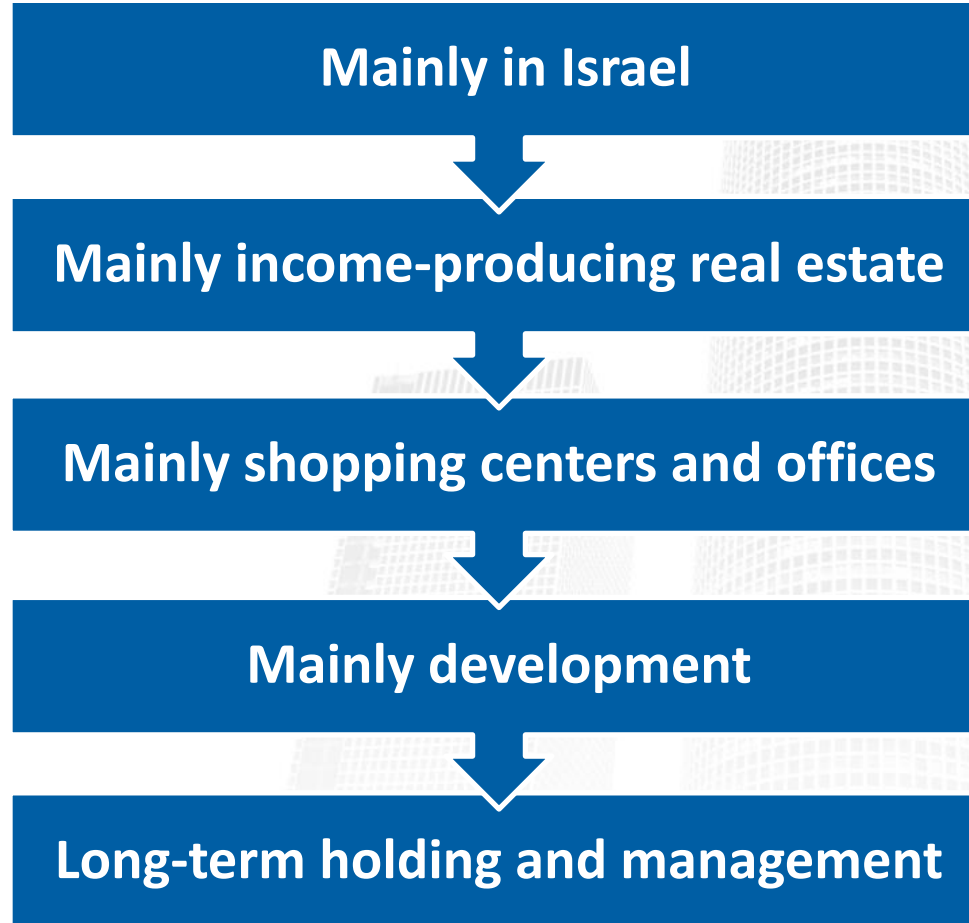
The cost of the investment on the Group's books (dividend-adjusted) is NIS 334 million.

AZRIELI GROUP





Strategy



AZRIELI GROUP





Summary – Leadership, Innovation and Strength

- Continued growth in core business activities: NOI, FFO etc...
- Long term projections show high occupancy rates will continue.
- The Group maintains exceptional financial strength, while making investments in existing properties and acquiring new real estate.
- Significant growth engines:
 1. Internal growth.
 2. Properties under development.
 3. New acquisitions of income-producing properties and land for future development.
 4. New real estate segments (senior housing).
- Most of the Azrieli Group's activity takes place in Israel.



Azrieli Mall Modi'in



Thank you

AZRIELI GROUP

