Azrieli Group Ltd.

Investor Presentation –
Financial Statements 31.12.2010

March 30th, 2011

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•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 December 31, 2010, as released on Magna, and does not include new information. However, some figures which are included in the presentation, are differently presented 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 December 31, 2010, 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 in itself.

Azrieli Group - Business Card

- The Company has been a public company since June 2010.
- The Azrieli share is included in the following indexes: Tel Aviv 25, Tel Aviv 100 and Real Estate 15; and is the only Israeli stock included in the EPRA index.
- Total shareholders' equity (relating to the shareholders) - NIS 11.1 billion (1).
- Current market capitalization of NIS 11.7 billion (2).
- The Company owns leasable area totaling 556,000 sqm, with another 230,000 sqm under construction.
- The average occupancy rate is close to 100%.
- The Company has 2,250 tenants.
- 98% of the fair value (consolidated) of the income-producing real estate and properties under development relates to real estate in Israel.
- The Group's bonds are rated AA-/Positive by S&P/Maalot and Aa2/Stable by Moody's/Midroog.
- Dividend – the Company's board of directors has resolved to distribute a dividend of 240 million shekels in respect of the profit in 2010.

(1) As of 31.12.2010.
(2) As of 24.03.2011.
(3) Excluding Houston and Ramla transactions

Main Events in year 2010

11% revenue growth and 12% NOI growth	✓ Additional growth of 10% in 2010, totaling NIS 882 million, compared to NIS 786 million in 2009, due to both an internal increase in rent (same property NOI) and the acquisition of the Azrieli Haifa Shopping Mall.
6% increase in Same Property NOI	✓ Additional **Same Property NOI** growth of 6% during 2010 compared to 2009. The growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.
10% growth in real-estate segment FFO	✓ **Real Estate segment FFO** (relating to the Group's income-producing real estate business only) totaled NIS 596 million compared to NIS 543 million in 2009, reflecting a 10% increase. The increase is attributed to an overall improvement in the RE sector.
Increase in the fair-market value of real-estate of NIS 731 million (net of tax)	✓ Fair value of NIS 12.1 billion compared to NIS 11.3 billion in investment properties on 31.12.2009. The rise is attributed to revaluations of the RE properties due to increase in the cash flow (same property NOI growth) and decrease in the cap rates.
Leasing	✓ Continued leasing of Building E (approx. 13,000 sqm gross leasable area) in Herzliya Business Park. Approx. 60% of the GLA has signed contracts (as of today). ✓ Also in the other office buildings in Herzliya Business Park, occupancy increased from 86% on 31.12.2009 to close to 100% as of today.
Appreciation of existing properties	✓ Continued appreciation of existing properties – Azrieli Haifa mall's NOI continues to improve dramatically. The asset value increased by 34% since the acquisition in January 2010.
Net profit of NIS 1,255 million	✓ Net profit of NIS 1,255 million in the forth quarter compared to NIS 1,000 million in 2009. The rise is attributed to increase in the NOI and to re-evaluations of the Real Estate properties during the year.

Main Events in Q4/2010

Continued NOI Growth of 10%	✓ Additional growth of 10% in the **fourth quarter NOI**, totaling NIS 225 million, compared to NIS 204 million in the same quarter last year, due to both an internal increase in rent (same property NOI) and the acquisition of the Azrieli Haifa Shopping Mall.
6% increase in Same Property NOI	✓ Additional **Same Property NOI** growth of 6% during the fourth quarter compared to the same quarter in 2009. The growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.
Net profit of NIS 787 million	✓ Net profit of NIS 787 million in the forth quarter compared to NIS 163 million in the equivalent quarter in 2009. The rise is attributed to increase in the NOI and to re-evaluations of the Real Estate properties during the quarter.
Comprehensive profit of NIS 896 million	✓ Comprehensive profit of NIS 896 million in the forth quarter compared to NIS 163 million in the equivalent quarter in 2009. The rise is attributed to increase in the Net profit and the appreciation of the holdings in Bank Leumi and Leumi card.
Increase in the fair-market value of real-estate of NIS 622 million (net of tax)	✓ Fair value of NIS 12.1 billion compared to NIS 11.3 billion in investment properties on 30.09.2010. The rise is attributed to revaluations of the RE properties during the quarter due to increase in the cash flow from the properties (same property NOI growth) and decrease in the cap rates.

Development and Acquisition Momentum: More than NIS 2 billion invested in real estate in the last 3 years

NIS in millions	2008	2009	2010	2011
New Assets		853	315	634
Lands and development	69	11		100 (1)
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Total	**69**	**864**	**315**	**734**

(1) The Ramla land acquisition. Closing pending.
(2) Including purchase taxes and commissions.

Galleria Portfolio in Houston, USA

AZRIELI MALL GIVATAYIM
AZRIELI GROUP OF MALLS

AZRIELI MALL HAIFA
AZRIELI GROUP OF MALLS

AZRIELI MALL RAMLA
AZRIELI GROUP OF MALLS

Projects under development

- A total gross leasable area (GLA) of approx. 230,000 sqm under development, and projected investments of NIS 1.7 billion in 2011 onwards.

Name of property	USE	GLA	Estimated date of completion	Cost on the Books as of 31.12.2010	Estimated cost of project completion (NIS in millions)
Azrieli Akko Mall	Commercial	12,406	Q3-Q4/2011	40	75-95
Azrieli Kiryat Ata	Commercial, Offices	9,100 4,000	Q3-Q4/2011 (Mall)	47	95-130
Azrieli Hanegev Mall	Commercial	2,570	8/2011	1	15-20
Azrieli Givatayim – additional floor	Offices	1,916	8/2011	4	10-13
Azrieli Ayalon Mall – additional floor	Commercial	9,500	1.5 years from the start of construction	5	120-150
Azrieli Rishonim	Commercial, offices	48,000	3/2014	80	400-430
Azrieli Center Holon	Offices Commercial	115,000 5,000	2013-2016	17	590-630
Azrieli Mall Ramla (1)	Commercial	22,000	2013	0	220
TOTAL		229,487		194	1,525-1,688

(1) Excluding cost of land (NIS 100 million). Closing pending.

Azrieli Akko Mall

- Commercial project.
- Gross leasable commercial area of 12,400 sqm.
- Signed contracts – approx. 70%. [1]
- Completion scheduled for Q3-Q4/2011.
- Book value – NIS 40 million.
- Remaining cost [2]: NIS 75-95 million.

(1) As of today.
(2) As of 31.12.2010

Azrieli Kiryat Ata

- Mixed-use project.
- Gross leasable area (commercial and offices) of 13,100 sqm.
- Signed contracts (shopping mall) – approx. 70%. [(1)]
- Completion (of mall) scheduled for Q3-Q4/2011.
- Book value – NIS 47 million.
- Remaining cost [(1)]: NIS 95-130 million.

(1) As of today.
(2) As of 31.12.2010

Agreement to Purchase Land in Ramla

- Land – 31,650 sqm.
- GLA – 22,000 sqm.
- Cost of land – NIS 100 million.
- Remaining cost - NIS 220 million.
- Completion scheduled for 2013.
- Signed leases – 50%.
- Estimated closing date – Q2/2011.

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 to occupy approx. 18,000 sqm in 2012.

Financial Results – Q4/2010

(NIS in millions)

	2010	2009	% Change	Q4/2010	Q4/2009	% Change
Property rental income	1,095	986	11%	279	262	6%
NOI	882	786	12%	225	204	10%
Same property NOI	774	733	6%	217	204	6%
Real estate segment FFO	596	543	10%	155	128	21%
Investment property impairment(1)	731	182	302%	622	43	1,347%
Net income	1,255	1,000	26%	787	163	383%
Comprehensive income	1,317	1,478	(11%)	896	412	117%

(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

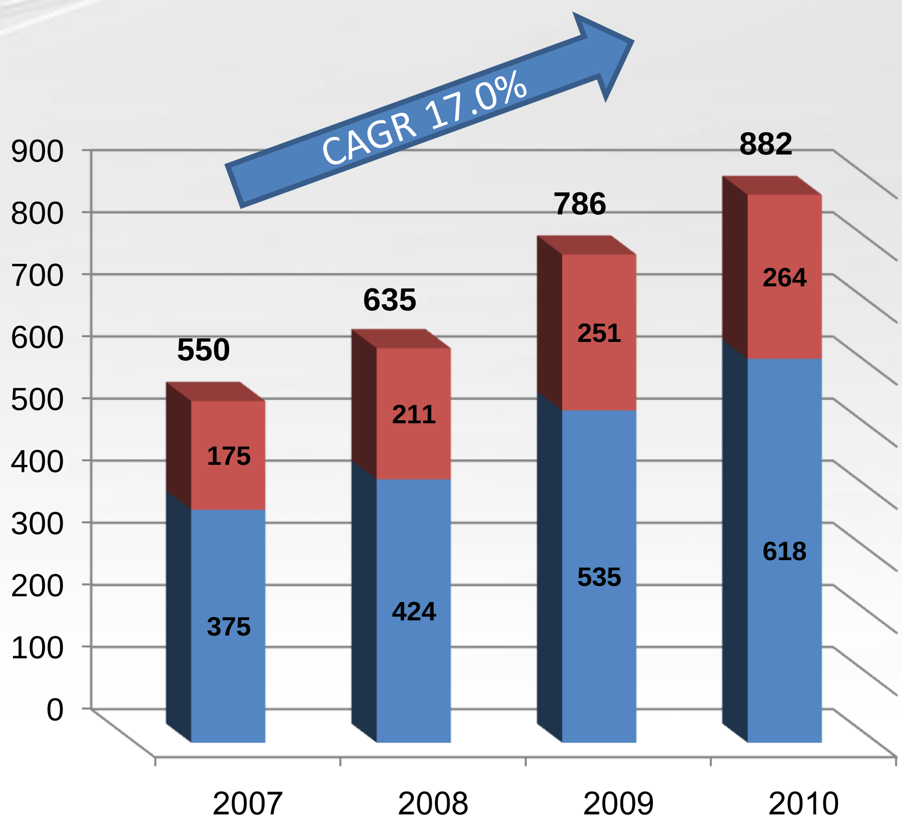
(summary of extended standalone statements)

NIS in millions	31.12.2010	30.09.2010	31.12.2009	Change (YTD)
Cash, securities and deposits	2,351	2,342	59	3,884%
Financial debt, gross	4,422	4,556	4,862	(9%)
Financial debt, net (1)	2,071	2,214	4,803	(57%)
Financial assets available for sale	1,790	1,657	1,694	6%
Fair value of income-producing real estate	12,137	11,340	10,795	12%
Shareholders' equity (excluding minority interest)	11,101	10,215	7,314	52%
Shareholders' equity to balance sheet ratio	65%	63%	54%	
Total balance sheet	17,191	16,256	13,586	27%
Shareholders' equity per share (NIS)	91.5	84.4	80.4	14%
EPRA NAV per share (NIS)	103.0		94.0	10%

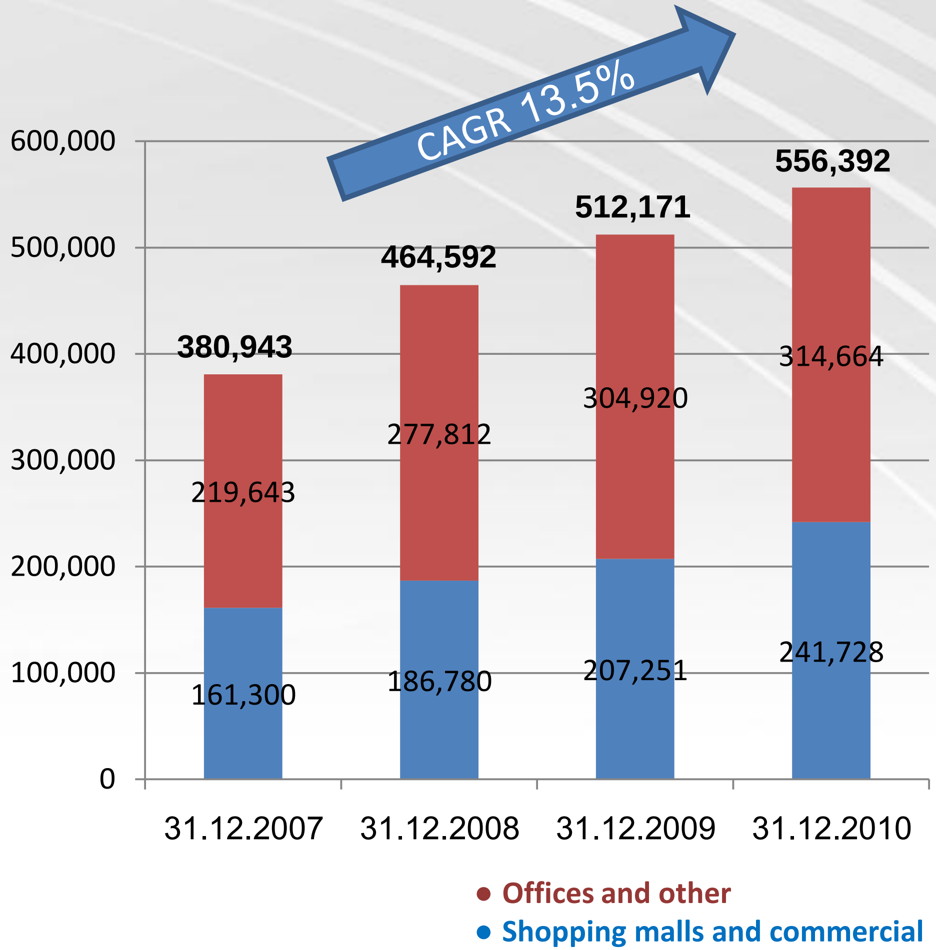
(1) Excluding financial assets available for sale.

Continual growth both in GLA and NOI
(NIS in millions)

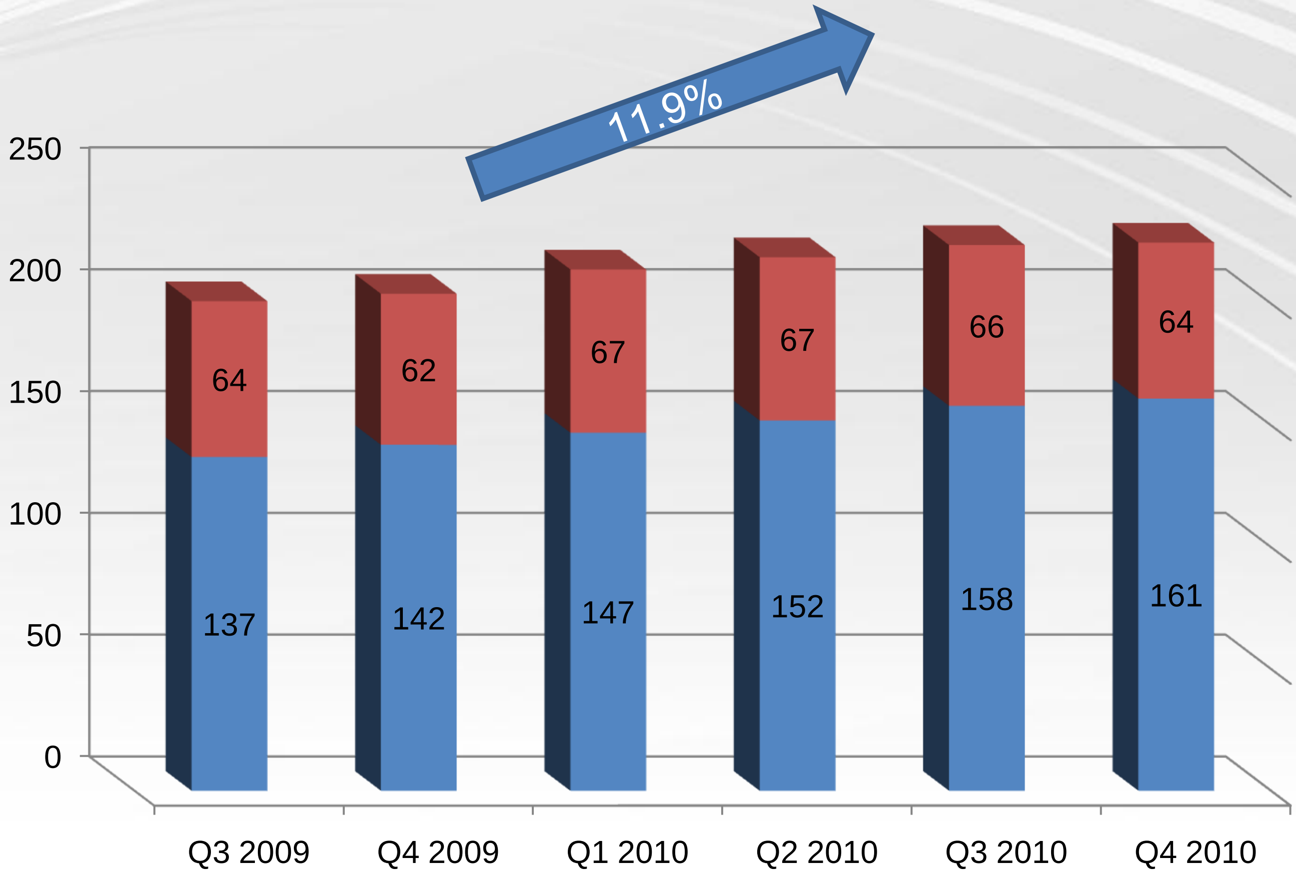
NOI



GLA

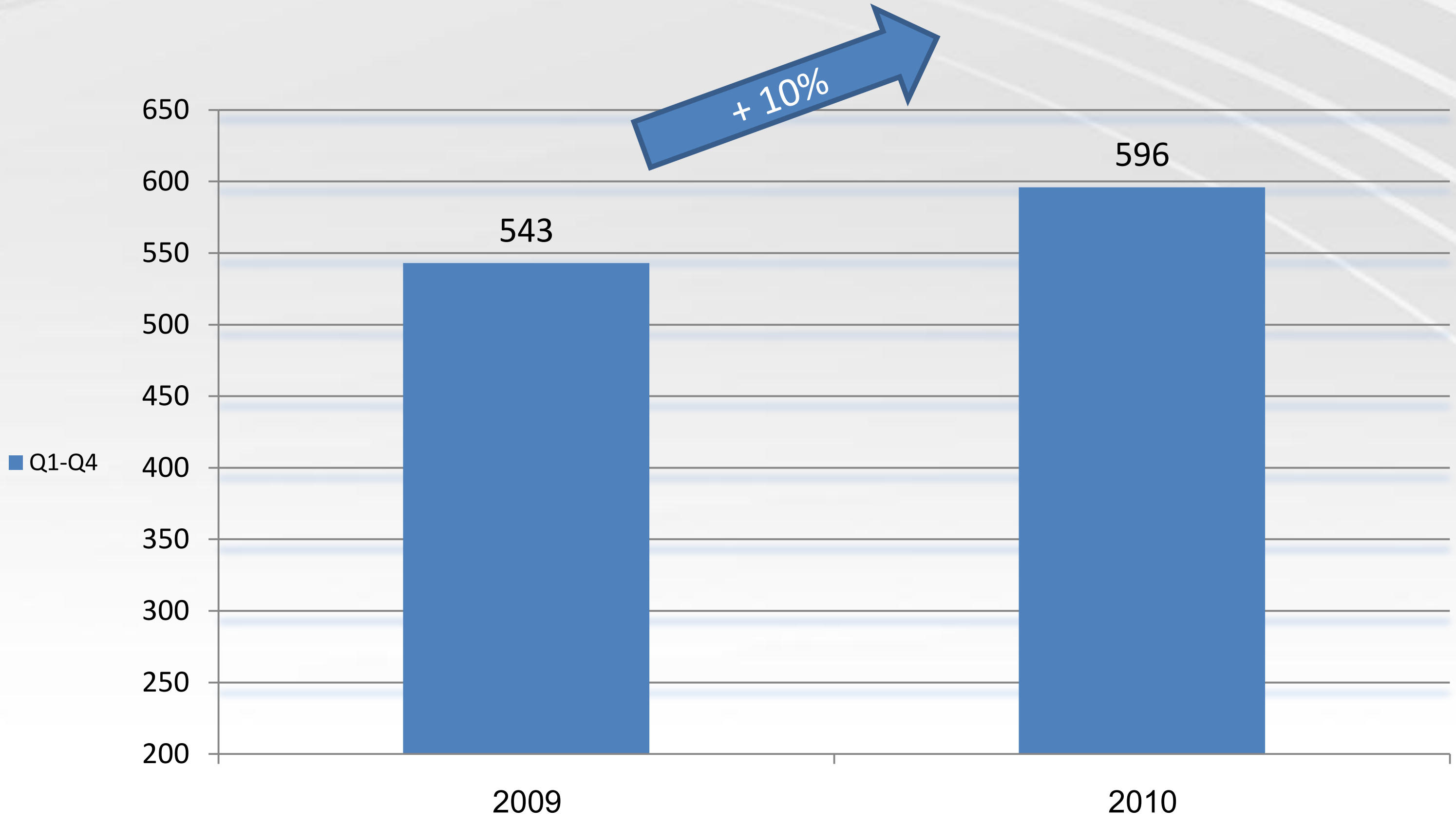


Evolvement of Quarterly NOI
(NIS in millions)

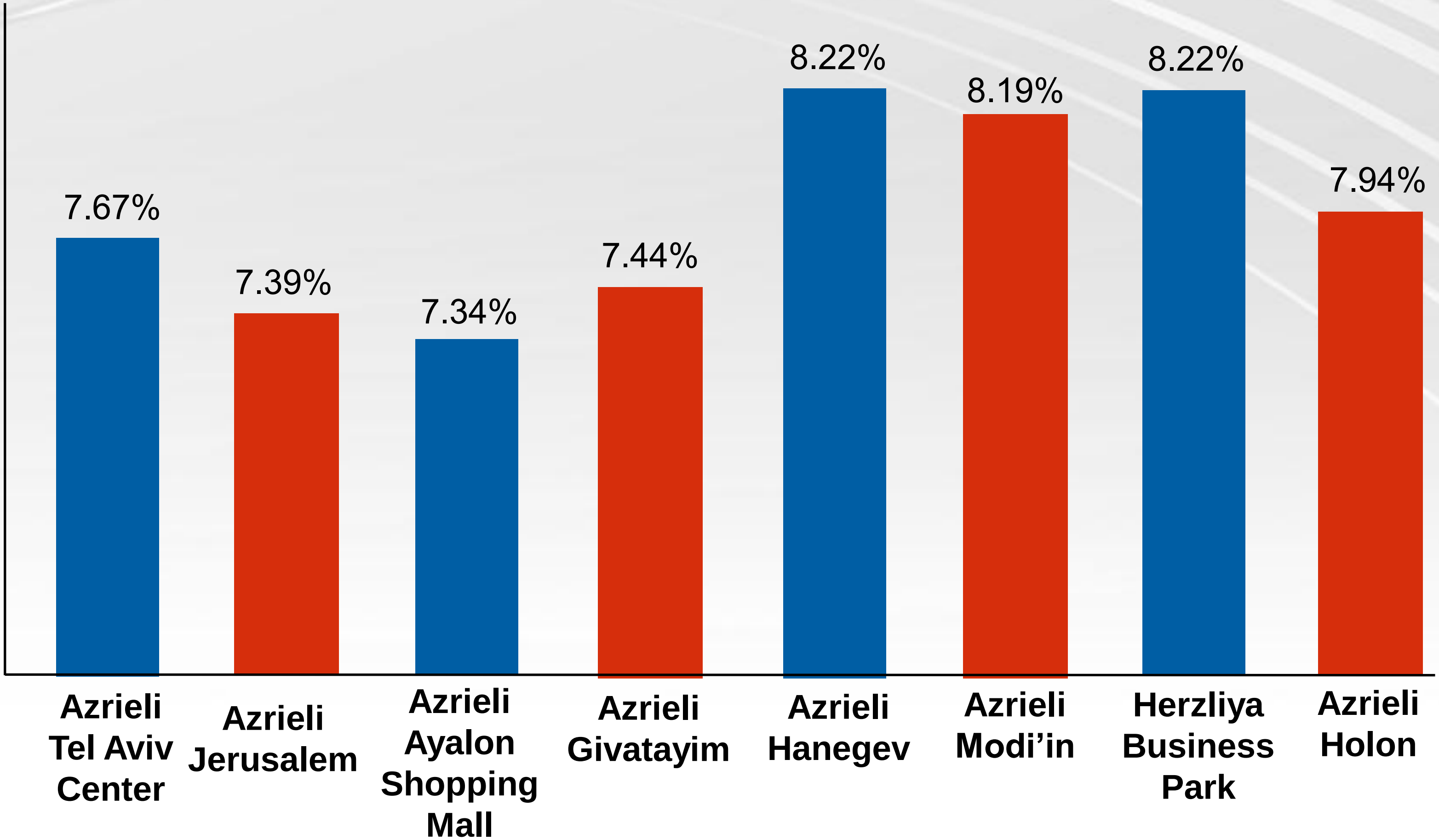


- Offices and other
- Shopping malls and commercial

Real Estate Segment FFO
(NIS in millions)



Average Cap Rates
(Main Properties; According to Appraisals)



Average cap rates based on appraisals as of December 31, 2010.

Projects Under Construction – the Real Value

AZRIELI MALL AKKO

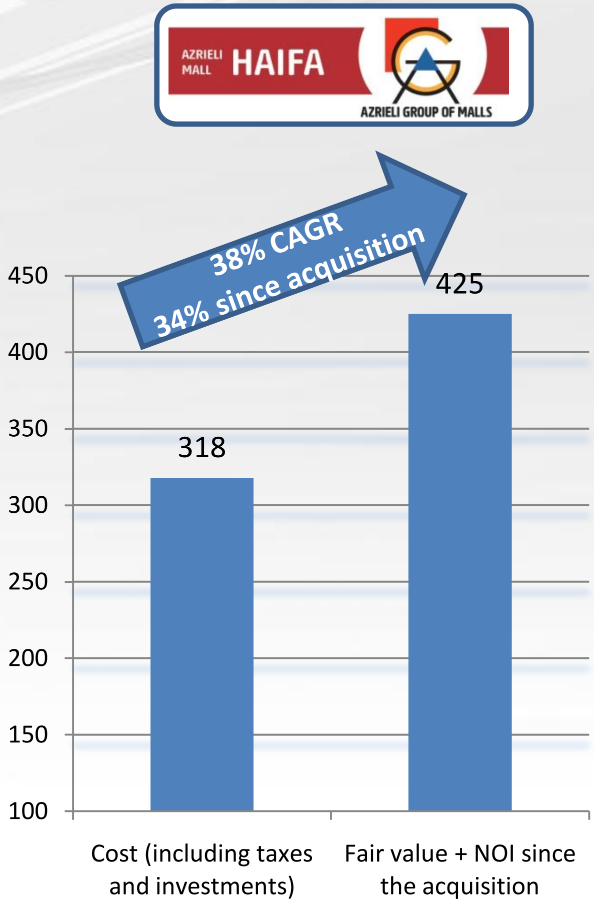
	NIS in millions
Representative NOI (appraiser)	18.9
Weighted cap rate	9.88%
Value upon completion	**191.3**
Net of: remaining cost	(84.5)
Net of: developer profit (20%)	(38.3)
Plus: building rights	--
Fair value as of 31.12.2010	**68.7**

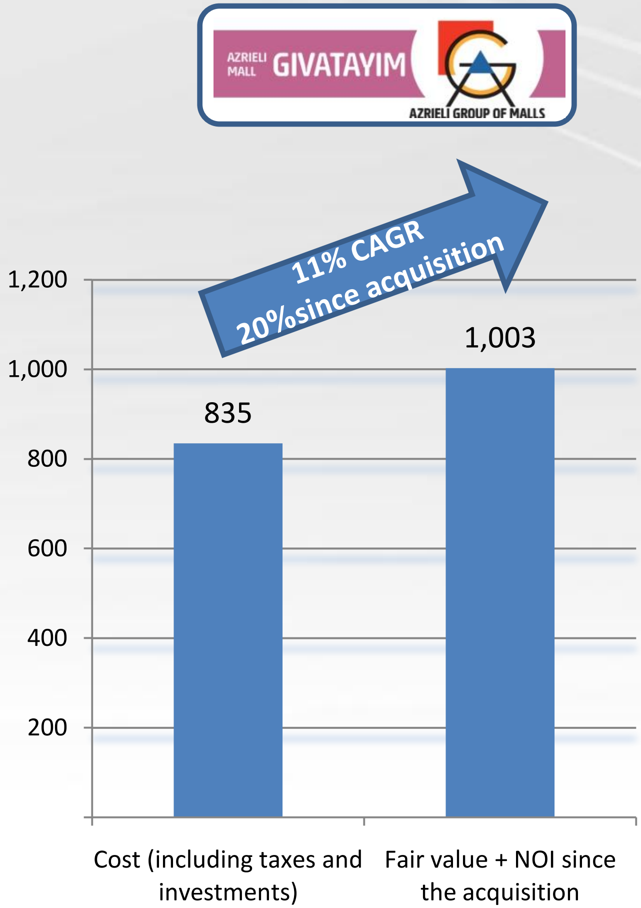
AZRIELI MALL KIRYAT ATA

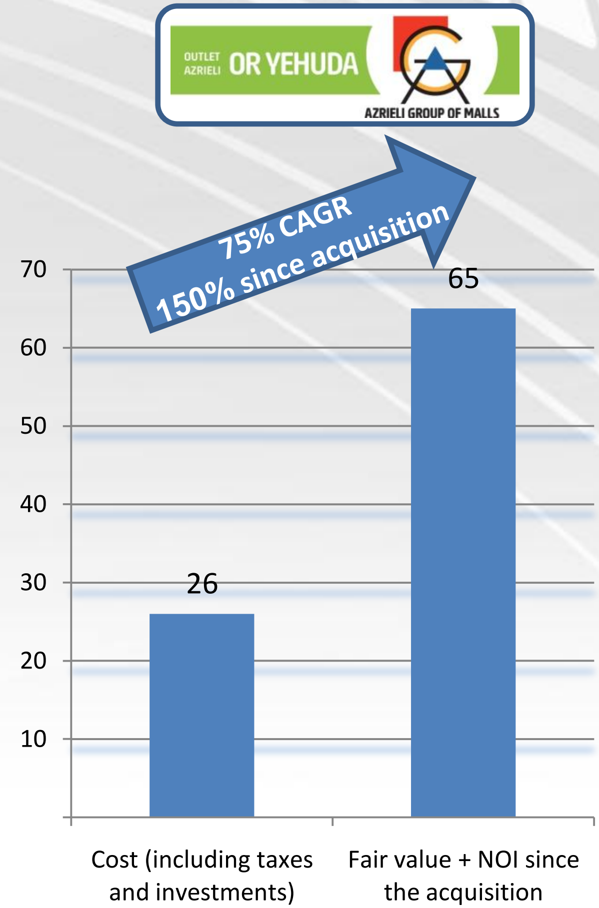
	NIS in millions
Representative NOI (appraiser)	17.2
Weighted cap rate	9.89%
Value upon completion	**173.5**
Net of: remaining cost	(65.2)
Net of: developer profit (20%)	(34.7)
Plus: building rights	6
Fair value as of 31.12.2010	**79.6**

(1) The representative NOI does not include management profit, profit from electricity and depreciation fund
(2) The representative NOI does not include potential NOI from space the company owns in the project

Immediate appreciation of properties post-acquisition







(1) As of 31.12.2010

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

(NIS in millions)

Portfolio weighted average cap-rate of 7.8%

Investment properties as of 31.12.2010	12,137
Net of: properties under development, vacant space and building rights	(257)
Total income-producing properties	**11,880**
Actual NOI for Q4/2010	225
Additions to Q4 NOI	8.75
Adjusted NOI for Q4/2010	233.75
Annual pro-forma NOI	**935**
Portfolio weighted average cap-rate	**7.9%**

Current real estate segment FFO yield of 8.9%

Net profit for 2010 (attributed to the shareholders)	1,224
Net of: Profit attributed to Granite	(19)
Other adjustments	(609)
FFO attributed to real-estate operations	**596**
Net of real estate segment FFO for Q1-Q3 2010	(441)
Real estate segment FFO Q4/2010	155
Annual pro-forma FFO (real estate)	**620**
Azrieli Group market cap[(2)]	11,654
Net of: real holdings[(2)]	(2,343)
Net of: cash & cash equivalents	(2,351)
Market cap attributed to real estate operations	**6,960**
Current annual FFO yield	**8.9%**

(1) For further details on the method of calculation and the assumptions, see Sections 1.1.5 and 1.1.6 of the board of directors' report as of December 31, 2010.

(2) As of 24.03.2011

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: 65%.
- Liquid means of approx. NIS 2.4 billion .
- Non-mortgaged property value of approx. NIS 7.6 billion.
- Bank loans – NIS 3,000 million.
- Bonds & commercial paper – NIS 1,400 million.
- Weighted average duration – 3.2 years.

Rating

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

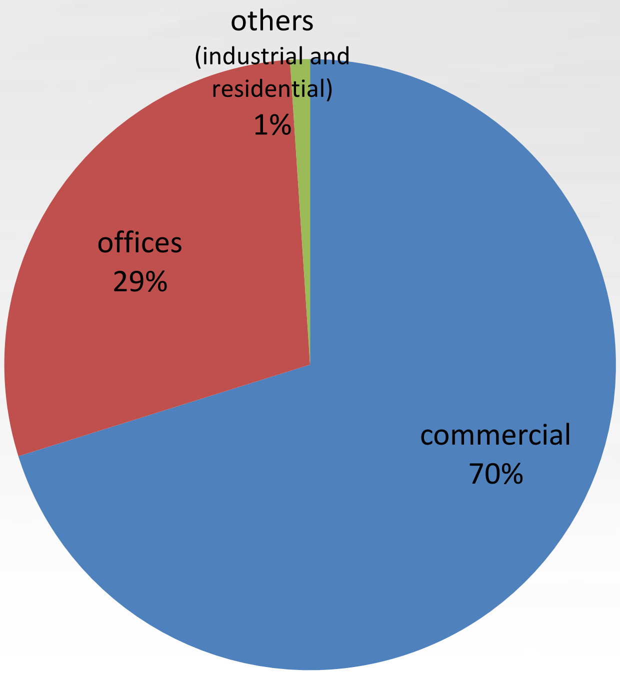
NIS in millions	Principle amount	Share of total loan
Up to 1 year	813	18%
1 to 5 years	1,752	40%
5 to 10 years	1,857	42%
	---------------	---------------
Total 31.12.2010	4,422	100%

NIS in millions	Principle amount	Average interest rate
Linked to CPI	3,818	4.78%
In NIS	407	3.39%
Linked to $	174	6.17%
Linked to £	23	L+1.6%
	---------------	---------------
Total 31.12.2010	4,422	4.82%

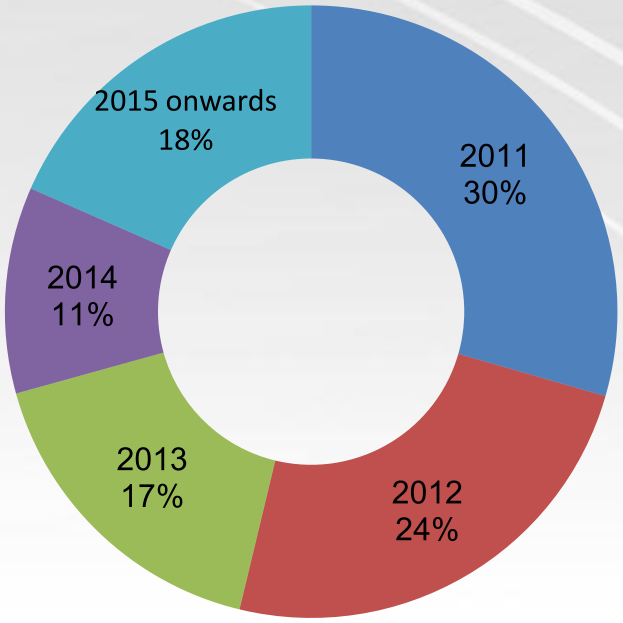
(1) Based on 31.12.2010 extended standalone financial statements.

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.

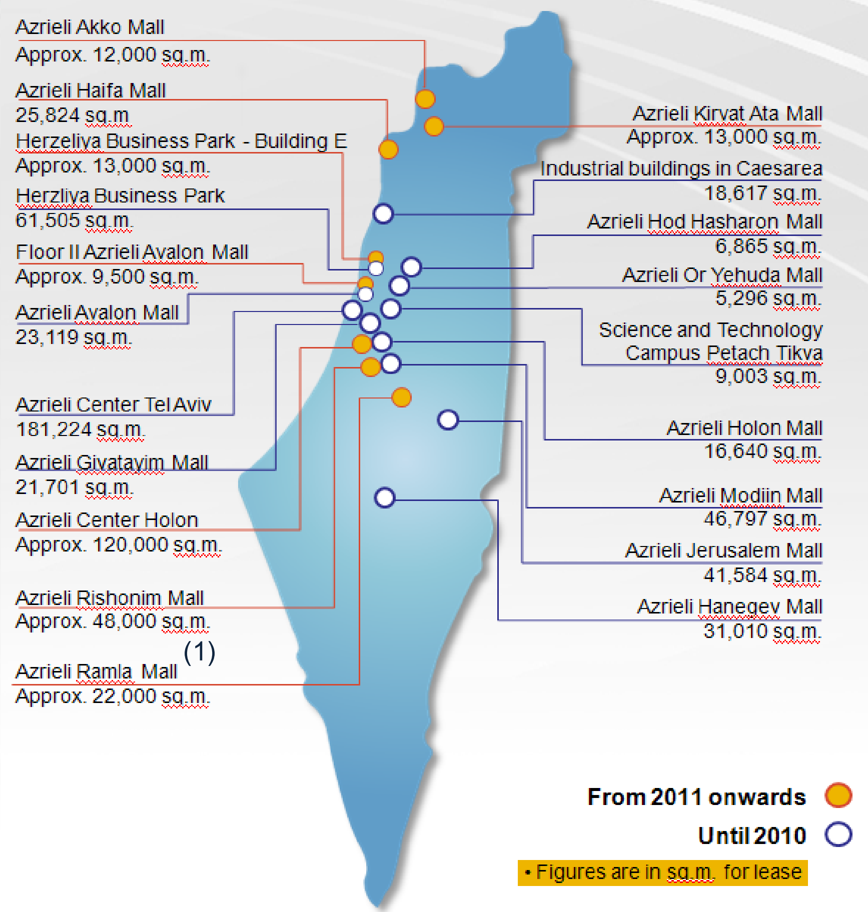
Other Holdings – 2010 and Q4/2010

Granite (approx. 60% holding) – Profit of approx. NIS 13 million in Q4 and NIS 50 million in 2010 (attributed to the shareholders). Revenues increased, but profit eroded.
Granite distributed dividends of NIS 25 million during 2010 (Group's share - NIS 15 million).

Bank Leumi (approx. 4.8% holding) – In 2010 the share value on TASE increased by 6% and by 7.5% in Q4/2010.
Bank Leumi distributed a dividend of NIS 500 million in Q4/2010 (Group's share - NIS 24 million), and another NIS 500 million in January 2011.

Leumi Card (20% holding) – Continued growth in revenues and profit in 2010 – revenues increased by 7% and the net income by 15% to NIS 158 million. In Q4/2010, net profit of NIS 40 million compared to NIS 30 million in the same quarter in 2009. During 2010, Leumi Card distributed dividends totaling NIS 10 million (Group's share – NIS 2 million).

Strategic Locations



(1) Acquisition of land in Ramla: closing scheduled for Q2/2011.
(2) As of 31.12.2010.

Summary

- ✓ Consistent growth in same property NOI also in this year.
- ✓ Promotion of the development projects, and even advancement of the time tables previously set for some of the projects.
- ✓ An increase of approx. 110 million shekels in the representative NOI, according to independent appraisers, to 935 million shekels in 2010, versus approx. 825 million shekels at the end of 2009. This increase derived mainly from an internal NOI growth as a result of property upgrades and an increase in rent.
- ✓ The acquisition of new income-producing properties and land for future development.

Thank You