AZRIELI GROUP

Expansion into the hospitality Sector

December 2019

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- This presentation includes data regarding the hotel market in Israel and other data which is based on external sources and various studies and surveys as well as data with respect to the past revenue of the Mount Zion Hotel, which were not independently checked by the Company. Please note that past results do not necessarily constitute an indication for future performance.

Subjects

- Background data on the industry
- The Group's model for operating in the industry
- Market opportunity in the industry and relative advantage
- Strategy
- Mount Zion Hotel
- Development projects
- Summary

The tourism industry in Israel

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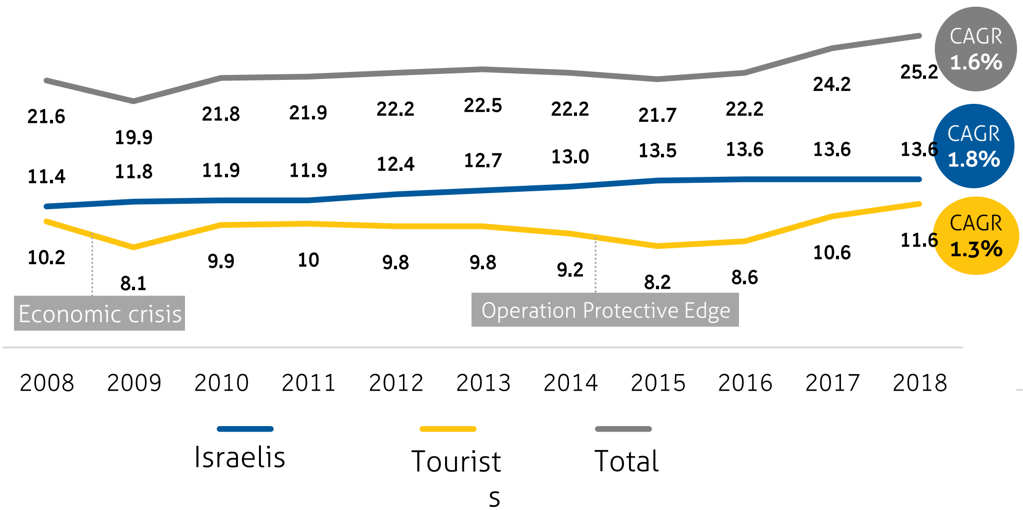
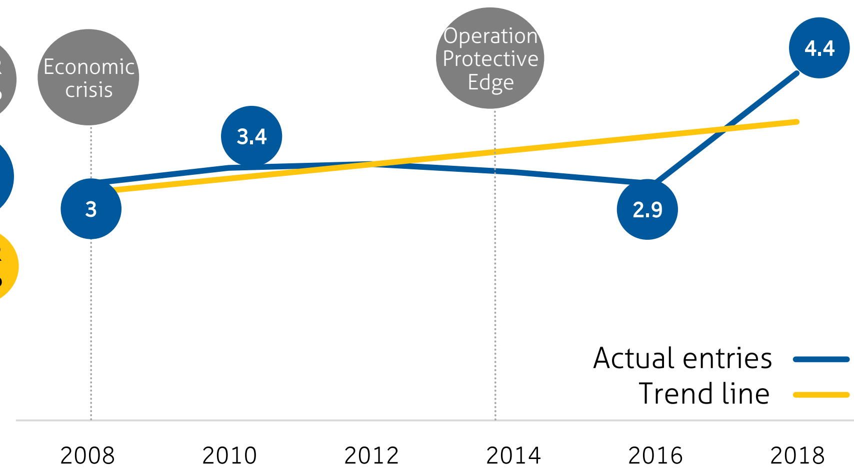
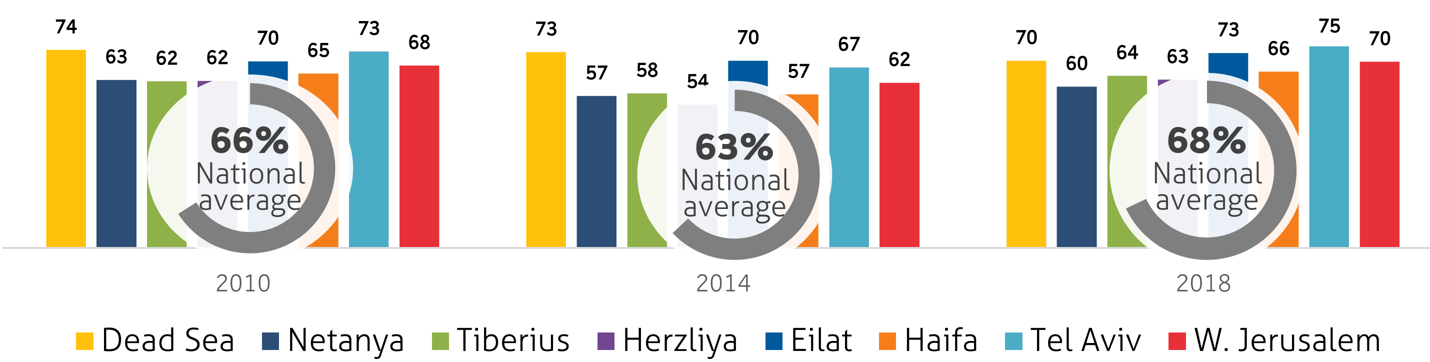
Nights spent by tourists and Israelis in tourist hotels in Israel, 2008-2018 (1)
millions of nights spent



Entry of tourists into Israel and prominent events, 2008-2018
in millions (1)



Hotel occupancy rates in Israel, 2010-2018 (2)



(1) Source: The annual statistical report of the Hotel Association
(2) Source: The Israel Central Bureau of Statistics data from the statistical quarter for tourism and hospitality services - Q1 2019

Fully Independent Management

The Group will manage and operate hotel properties

Independent brand with a high market position

A unique identity which is characteristic of a hotel chain

Full control of the product

Possibility to join up with a brand through collaboration and use of the marketing and sales channels – **Design Hotels, the Leading Hotels of the World.**

Income-producing real estate with yields of 7%-10%

The Opportunity in the Sector

- The hospitality industry is large and significant
- A developing industry in Israel and worldwide
- Attractive yields
- Expansion of the mix of operations
- A growth engine for the Group

The relative advantage of the Azrieli Group

- Synergy with existing operations
- Use of an existing resource - real-estate under ownership for hotel use
- Unique real-estate developme nt abilities
- Ability and experience in establishment and operation (senior housing)
- Related to the Group's core business
- Ability to create a leading brand

Go to Market Approach

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Purchase of an existing hotel with a potential for high market positioning

Construction of hotels as part of mixed-use

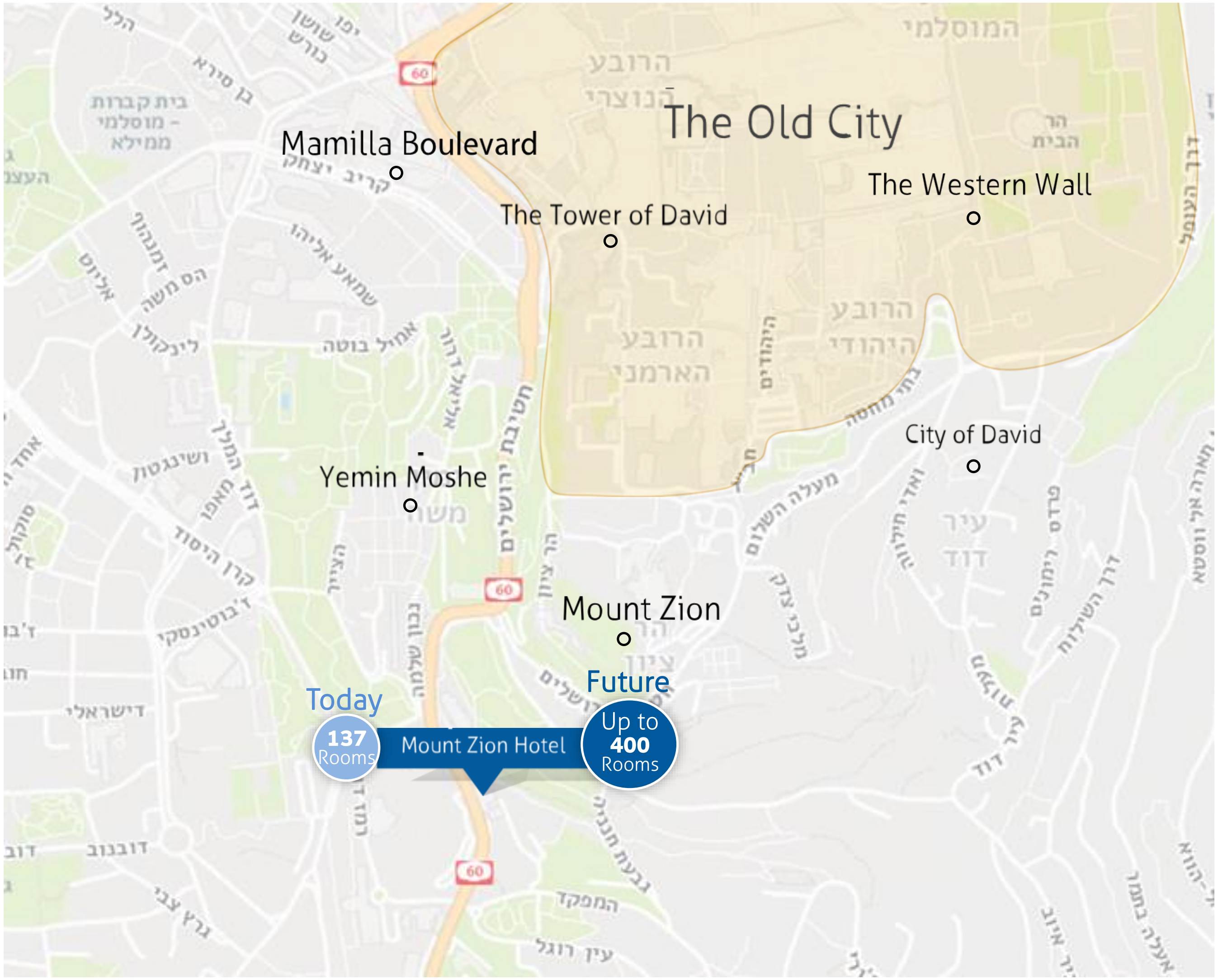
Use of existing real-estate owned by the Group

Enterprise through purchase of lots, development and construction

Purchase of a hotel / hotel chain and adjustment thereof

Purchase and conversion of an existing building into a hotel

Mount Zion Hotel, Jerusalem



Mount Zion Hotel[1], Jerusalem

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Current condition

- Location: Hebron Road across from the Old City
- Number of rooms and suites: 137
- Positioning: B

Future potential

- Branding and upgrading
- Expansion of the hotel to include up to 400 rooms and suites
- Residences[2]
- Positioning: A+

(1) Completion of the transaction is subject to approval of the Competition Commissioner
(2) After completion of the transaction, the Group shall explore the possibility of the addition of rights for residences.

Mount Zion Hotel, Jerusalem

- Land area: approx. 13,000 sqm.
- Current area: 11,600 sqm.
- Approved zoning plan: an addition of approx. 22,400 sqm aboveground and 15,200 sqm of underground parking.
- Acquisition cost: NIS 275 million.
- Expected expansion and renovation cost: approx. NIS 500-600 million.
- Total hotel revenue in 2018 amounted to approx. NIS 34 million(1).
- The Group intents to renovate and expand the hotel in accordance with the zoning plan that applies to the lot.
- Additional uses: parking, restaurants, a spa, a health club, function and reception halls, a swimming pool, and the Cable Car Museum.

(1) Prior to the renovation and expansion.

Mount Zion Hotel, Jerusalem

Mount Zion Hotel, Jerusalem

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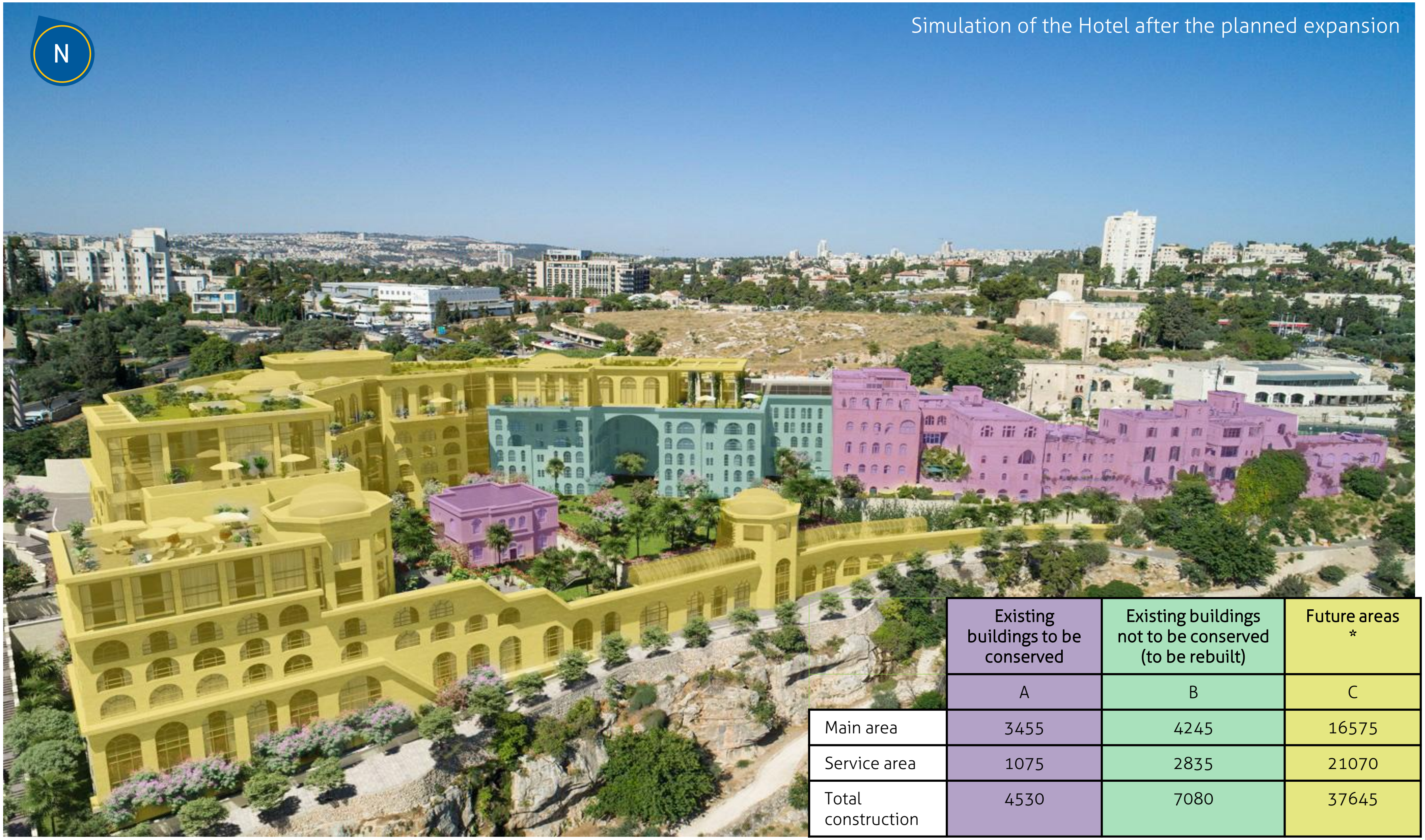
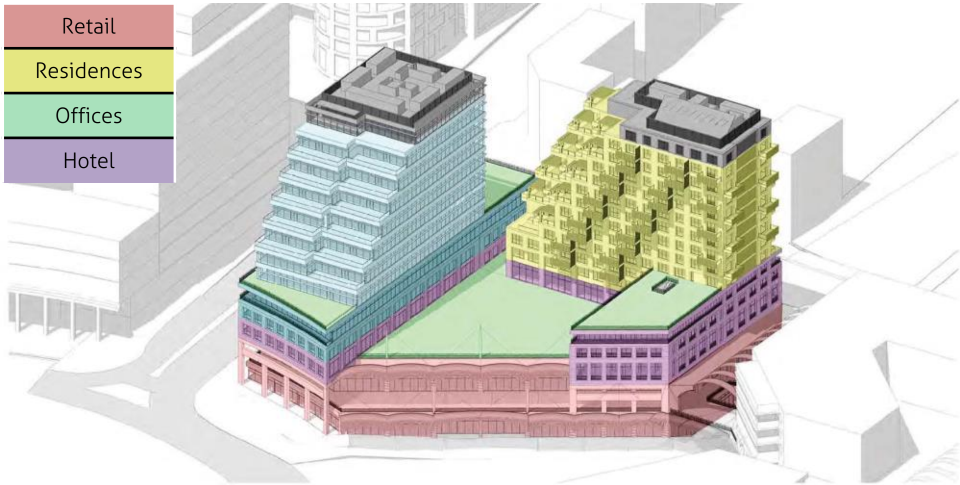


	Existing buildings to be conserved	Existing buildings not to be conserved (to be rebuilt)	Future areas *
	A	B	C
Main area	3455	4245	16575
Service area	1075	2835	21070
Total construction	4530	7080	37645

* Including additional construction also in the existing buildings
** Including 15,225 sqm for underground parking

Development of an Hotel in Modi'in (Lot-21)

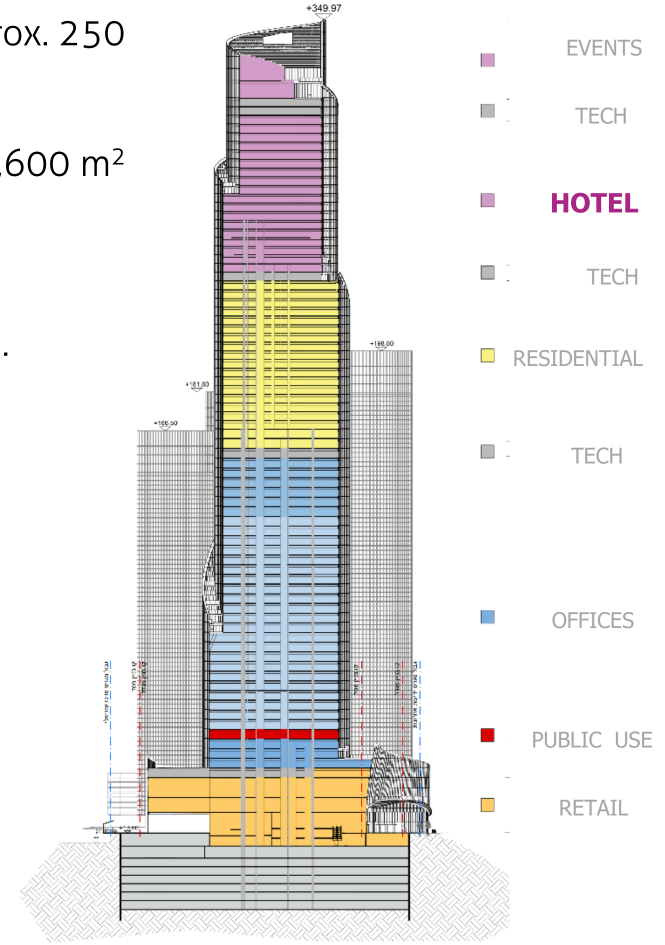
- Location: Lot 21 adjacent to the Azrieli Modi'in mall
- Number of rooms and suites: approx. 84[1]
- Positioning: B+
- Gross Built Area (GBA): approx. 3,000 m^2
- Average room size: ~25 m^2
- Additional Uses: Restaurants, Bar, Convention halls and events, Gym.



(1) Approx. 50 rooms are currently planned. The Group intends to work to increase the number of rooms to approx. 84 rooms.

Development of a Hotel in Azrieli Center expansion TLV

- Location: the Spiral Tower
- Number of rooms and suites: approx. 250
- Positioning: A
- Gross Built Area (GBA): approx. 20,600 m^2
- Average room size: ~30 m^2
- Additional Uses: Restaurants, Bar, Convention halls and events, Gym.



Summary

Taking advantage of opportunities and property owned by the Group

Placement of hotels mainly in high-demand areas

Unique hotels at the Azrieli Group standard

Hotel standard: A+, A, B+

Mainly development of hotels

Independent brand and management

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Thank you