AZRIELI GROUP

Conference Call Presentation

Financial Statements September 30, 2017

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- 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 macroeconomic facts and figures, all as known to the Company at the time of preparation of this presentation. The materialization or non-materialization of the forward-looking information will be affected, indented, by risk factors characteristic of the Company's activity, as well as by developments in the general environment, in market conditions and in external factors affecting the Company's activity, including a delay in the receipt of permits, termination of contracts, changes in the competition, a significant recession, a change in the financing conditions, and other such events which cannot be estimated in advance and which are 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.
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- The Company's estimations regarding 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 prepared according to the past experience and professional knowledge accumulated by the Company and in good faith. 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.
- 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, with the exception of the Company's investment in Granite Hacarmel and Azrieli E-Commerce which is presented based on the equity method, in lieu of consolidation with the Company's statements.
- The terms "FFO attributed to the Real Estate Business" and "weighted average cap rate" relate to the Group's income-producing real estate business only. Anyone reading the presentation must read such figures in conjunction with the board's explanations in the board of directors' report as of September 30, 2017, Sections 1.3.4 and 1.3.5, including the methods of calculation and the underlying assumptions thereof.
- The information included in this presentation is similar to the information included in the reports and/or immediate reports of the Company and does not include new material information. However, some of the data included in the presentation are presented in a different manner and/or breakdown and/or are differently edited. In any event of inconsistency between the reports and/or immediate reports of the Company released to the public and the information contained in this presentation, the information released to the public as aforesaid shall prevail.

Convenience Translation from Hebrew \\ Important Notice

- The following English translation of Azrieli Group's presentation for the conference call of November 22, 2017 (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 November 22, 2017. 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 \\ Business Card

Traded on the capital market since 2010, **the sixth largest company** on the Tel Aviv Stock Exchange

Market cap of **NIS 23 billion**(1)

Listed on all leading **indices**: TA-35, TA-125, TA-Real Estate

The only Israeli company included in the **EPRA** Index

The Company owns income-producing properties with a total leasable area of **1,124,000** sqm and **8 projects under construction**

Average **occupancy rate** in Israel is **98%**(2)

Approx. 90% of the value of investment and under-construction income-producing properties (on a consolidated basis) is attributed to **real estate in Israel**

Rating: **AA+** (Ma'alot S&P); **Aa1** (Midroog Moody's) **Leverage ratio** of Approx. **25%** only, and equity to assets ratio of **55%**

(1) As of November 16, 2017 (2) Excluding the office space in Sarona, the two Phase B buildings of the Azrieli Holon Center and the office tower of the Azrieli Rishonim Center which are in lease-up stages and excluding the senior housing space which is 100% leased.

Azrieli Group \\ Company Structure

AZRIELIGROUP

Shareholders

69.9% The Azrieli family and the Azrieli Foundations

30.1% Public

Holdings [1]

3.5% Bank Leumi

20% Leumi Card

100% Granite

100% Azrieli E-Commerce

Azrieli Group – Breakdown of Properties[1]

% of Total Properties
Book Value (NIS in millions)

(1) Extended Standalone as of September 30, 2017

Income Producing Properties Map

MALLS and SHOPPING CENTERS

Ayalon Mall
Hod Hasharon Mall
Herzliya Outlet
Givatayim Mall

Jerusalem Mall
Modi'in Mall
Azrieli Mall
Azrieli Holon Center

Holon Mall
Ramla Mall
Azrieli Ra'anana
Haifa Mall

Akko Mall
Kiryat Ata Mall
Or Yehuda Outlet
Hanegev Mall
Rishonim Mall

OFFICES and OTHERS

Azrieli Towers
Azrieli Sarona
Azrieli Holon Center
Caesarea
Herzliya

Modi’in
Modi’in Residential
Petach Tikva
Jerusalem

Givatayim
Kiryat Ata
Hanegev
Rishonim

17 malls **331,000** sqm

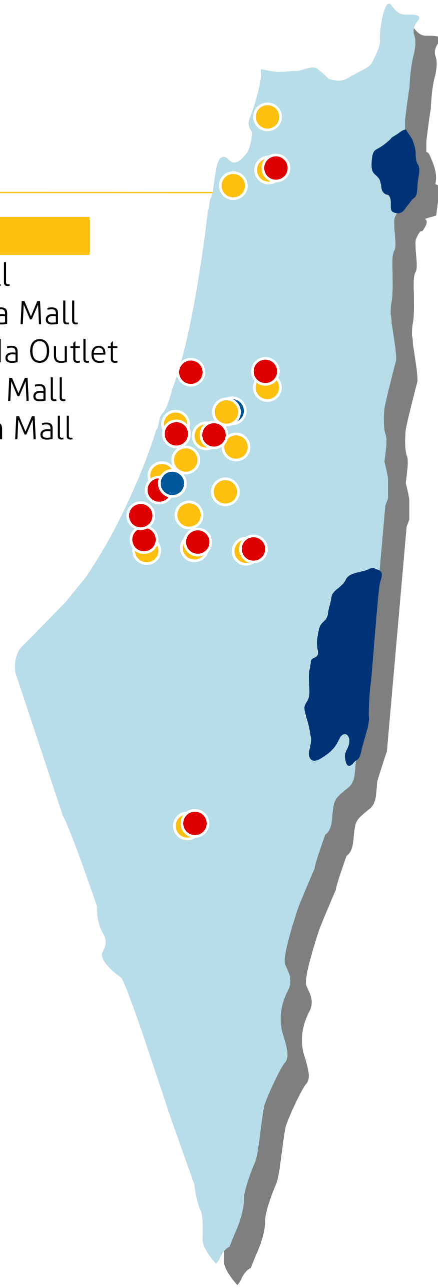
13 office properties **539,000** sqm

2 senior homes **55,000** sqm(1) **559** residential units

7 office properties overseas **199,000** sqm

Total **1,124,000** sqm(2)

(1) Including the areas of Medical in Palace Tel Aviv (2) As of September 30, 2017



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SENIOR HOMES

Palace Tel Aviv
Palace Ra’anana

OVERSEAS

GALLERIA
PLAZA
8 WEST
3Riverway
1Riverway
LEEDS
ASPEN II

Malls
Offices
Senior Homes

Highlights for and Developments in the Quarter and thereafter

Financial Highlights

- **NOI** – amounted to NIS **349** million, **up 6%** compared with the same quarter last year.
- **Same Property NOI** – Increase of **4%** in **properties in Israel**.
- **FFO** attributed to real estate operations grew by approx. 14% without the contribution of teh senior housing and amounted to approx. NIS 246 million compared with approx. NIS 215 million in the same quarter last year.
- **The FFO** for the entire comiprhensive real estate operations grew by approx. 3% and amounted to approx. NIS 251 million compared wtih approx. NIS 244 million in the same quarter last year.

Expansion of Azrieli Center Tel Aviv

- On October 26, 2017, the approval of the district zoning committee was obtained for the building of the fourth tower and expansion of the mall at the Azrieli Tel Aviv project at a scope of approx. 150 thousand sqm, constituting an increase in building areas by approx. 80,000 sqm.

Azrieli Sarona

- During the quarter the lease up of the office tower began. During the coming quarters, full lease up of the areas which were rented will be carried out (approx. 95% of the office areas).

Purchase of land for development

- The Group purchased land for development in Petah Tikva, adjacent to an income producing asset, for NIS 91 million.

Increase in Turnover of Azrieli Malls

- The Group's sales turnover grew by **5.6%** during July-October 2017 compared with the same period last year. Net of Rishonim Mall that was opened for the first time in March 2017, turnover grew by 1.2%. Since the beginning of the year (January-October), increases in revenues have been recorded of 5.5% in Azrieli malls, and net of the effect of Azrieli Rishonim mall, an increase in revenues of around 2.1% has been recorded.

Income-Producing Property \\ Azrieli Sarona

AZRIELI SARONA
BUSINESS & TOWER
LUXURIOUS MALL

Azrieli Sarona

Land area - **9,400 sqm**

GLA - **118,000 sqm** of offices
10,500 sqm of retail – to open during 2018
1,247 parking spaces

Estimated construction cost, including land –
NIS 1.6-1.7 billion

Projected NOI - **NIS 200-210 million**(1)

Marketing and Lease-Up

During the quarter, 19 thousand sqm of the office space was leased up.
Following is the lease up plan for the coming quarters:

19 thousand sqm		15 thousand sqm		40 thousand sqm		17 thousand sqm		7 thousand sqm		3 thousand sqm		17 thousand sqm
	Sep 30 2017		**Dec 31 2017**		**March 31 2018**		**June 30 2018**		**Sep 30 2018**		**2019 forth**	

The assumption made is that options will be leased up on the date of their expiration.
* including options of existing major tenants which expire during 2019 and areas with respect of which no binding agreements have been signed yet.

(1) Estimated NOI reflects additional investments at finishing level of approx. NIS 200 million.

Development Projects \\ Expansion of Azrieli Tel Aviv Center

Yedioth Ahronoth Land

Land area – approx. **8,400 sqm**

GLA – **69,000 sqm**
including approx. 10,000 sqm of retail space for expansion of the Azrieli Tel Aviv Mall

Cost of land – approx. **NIS 374 million**

Estimated construction cost, including land –
NIS 1-1.05 billion*

Progress Update

In October 2017 the Company received an approval of the district committee for the addition of rights for retail, offices, hotels, residences and senior housing, such the the scope of building rights in the project will be approx. 147,260 sqm gross and will be 147,260 sqm gross and 3,000 additional sqm of main underground retail space.

* Cost refer to existing building rights of 69,000 sqm.

Azrieli Group \\ Acquisition of Land for Development

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Land for Development, Petach Tikva

Land area - **Approx. 19,000 sqm**

Approved zoning plan - **approx. 53,000 sqm** and underground parking.
The Group intends to develop an office building according to the permitted uses.

Cost of acquisition **- NIS 91 million**

The land is adjacent to an existing office property owned by the group, which is leased to Teva's headquarters.

On November 9, 2017 the transaction for acquisition of the land was completed.

Existing income producing property

Land Purchased

Properties under Construction

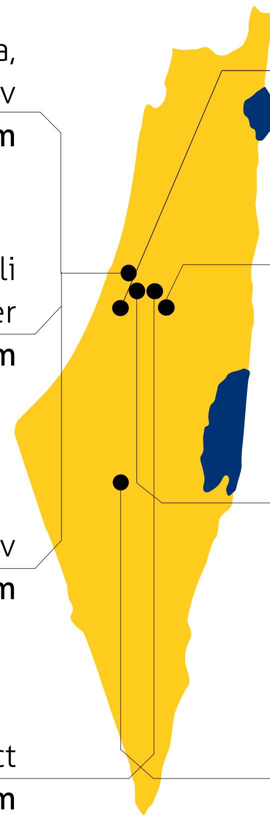
Azrieli Group \\ Development Pipeline

Azrieli Sarona, Tel Aviv
approx. 10,500 sqm

Expansion of Azrieli Tel Aviv Center
approx. 69,000[1] sqm

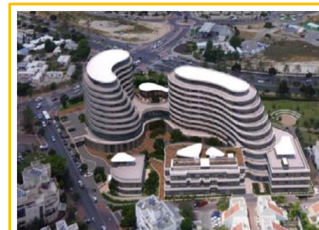
Azrieli Town Tel Aviv
approx. 75,000[2] sqm

Holon Lodzia Project
approx. 220,000 sqm



Palace Rishon Lezion
Senior housing
approx. 29,000[2] sqm

Palace Modi'in
Senior housing
approx. 35,000 sqm



Holon HaManor project
approx. 28,000 sqm

Palace Lehavim
Senior housing
approx. 44,000 sqm

(1) In October 2017 the Company received an approval from the district committee for the publication of a plan for the validation of an addition of rights for retail, offices, hotels, residences and senior housing such that the scope of the overall above ground building rights in the project would be approx. 147,260 sqm gross and in addition, 3,000 sqm of main underground retail space (2) The Company is promoting a zoning plan for the addition of building rights.

Development Projects \\ The Growth Engine

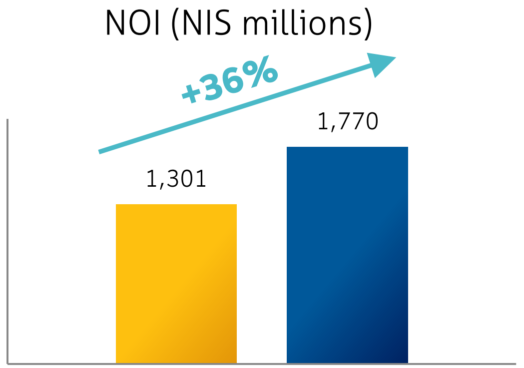
Name of Property	Location	Use	GLA	Estimated Completion Date	Estimated Construction Cost, including Land (NIS in millions) [1]
Development Projects in the Short-Medium Term					
Azrieli Sarona	Tel Aviv	Retail	10,500	2018	330-340
Azrieli Town	Tel Aviv	Retail, Offices and Residences	75,000[2]	Offices and Commerce - 2020 Residences - TBD	1,060-1,110
Modi'in senior housing	Modi'in	Senior Housing	35,000[3]	2018	360-370
Lehavim senior housing	Lehavim	Senior Housing	32,000[3] 12,000[3]	Phase A - 2019 Phase B - TBD	380-390
Holon Hamanor	Holon	Offices and Retail	28,000	2020	220-240
Total			**192,500**		**2,350-2,450**
Development Projects in the Long Term					
Expansion of Azrieli Center Tel Aviv	Tel Aviv	Retail, Offices and Residences	69,000[4]	TBD	1,000-1,050[4]
Senior housing land Rishon Lezion	Rishon Lezion	Senior housing and Retail	29,000[3][5]	TBD	310-320
Holon 3 (Lodzia)	Holon	Retail and Offices	220,000	TBD	TBD

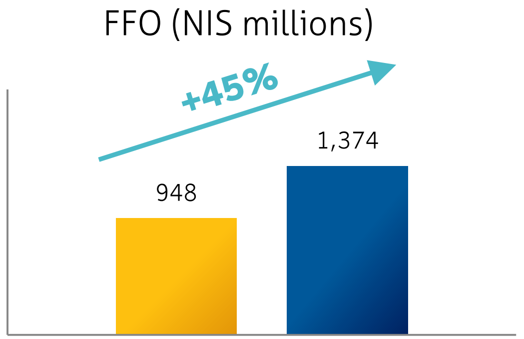
(1) The figure reflects the estimated costs to be invested without discounts and at bare shell level (2) The figures refer to the existing zoning plan. The Company is promoting a zoning plan for additional rights for offices and residences. (3) The figure refers to building rights in sqm. (4) In October 2017 the Company received an approval from the district committee, for the publication of a plan for validating an addition of rights for retail, offices, hotels, residences and senior housing such that the scope of the overall above ground building rights in the project will be 147,260 sqm gross and 3,000 additional sqm of main underground retail space. Costs refer to existing rights of 69,000 sqm. (5) The Group is advancing expansion of existing building rights.

Development Projects \\ Expected Contribution[1] to NOI and FFO

(NIS in millions)

2016 Actual NOI	**1,301**
> Addition of NOI from development projects	415
> NOI addition from **existing properties**, annualized	54
Projected NOI: after lease-up of projects under development[2]	**1,770**
2016 Actual FFO	**948**
> Addition to FFO deriving from cash flow	390
> Savings from refinancing	36
Projected FFO: after lease-up of projects under development and after refinancing	**1,374**





- **NOI from projects under development includes the following properties**: Sarona, Rishonim, Town, Palace Modi'in, Palace Lehavim, Holon HaManor **and does not include**: Expansion of Azrieli Tel Aviv center, Holon 3 project (Lodzia) and Rishonim senior housing land.
- **NOI addition from existing properties, annualized, includes the following properties**: Azrieli center Holon, Palace Ra'anana and Aspen II.

(1) The main assumptions in the calculations: full lease-up of the projects under development, refinancing according to 1.5% interest rate, a tax rate of 23%.
(2) The amount does not include consideration from the sale of apartments in the Town project in an amount which is estimated at NIS 500-550 million insofar as the Company shall decide to sell them.

Development Projects \\ Azrieli Town

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Azrieli Town

Land area - approx. **10,000 sqm**

GLA* - **50,000 sqm** of offices
5,000 sqm of retail
215 Residential units

Estimated construction cost, including land -
NIS 1,060-1,110 million

Estimated date of completion – Office & Retail – **2020**
Residential - TBD

Marketing

The Company has signed two major lease agreements for **approx. 26,000 sqm** with the **PwC** accounting firm and the Fischer, Behar, Chen law firm.

Progress Update

An application for an above-ground permit was conditionally approved in April 2017.

* The figures refer to the existing zoning plan. The Company is promoting a zoning plan for the addition of building rights for offices and residences.

Development Projects \\ Palace Modi'in Senior Home

PALACE
Senior Housing
Modi'in
The Azrieli Group

Palace Modi'in – Senior Housing

Land area - approx. **10,500 sqm**, at the entrance to the city of Modi'in, on Route 443

Building rights – approx. **35,000 sqm**

Approx. 240 residential units + **136** LTC beds

Estimated construction cost, including land - approx. **NIS 360-370 million**

Estimated date of completion - **2018**

Illustration

Marketing

As of the Report Release Date, **134 preliminary** applications have been signed, **for which 91 contracts have been signed.**

Progress Update

Construction works continue.

Development Projects \\ Palace Lehavim Senior Home

Palace Lehavim – Senior Housing

Land area – approx. **28,000 sqm**, in the southern part of the town of Lehavim, not far from the train station

Building rights
Phase A - approx. **32,000 sqm**
Phase B - approx. **12,000 sqm**

Approx. 350 residential units + **36** LTC beds

Estimated construction cost, including land – approx. **NIS 380-390 million**

Estimated date of completion – **Phase A – 2019**
Phase B - TBD

Marketing

As of the Report Release Date, **58 preliminary applications** have been signed, out of which 4 contracts were signed.

Progress Update

An above-ground permit was received in July 2017.

Development Projects \\ Azrieli Holon HaManor

Azrieli Holon HaManor Center

Land area – approx. **6,200 sqm**

GLA – **28,000 sqm** of retail and office space

Estimated construction cost, including land – **NIS 220-240 million**

Estimated completion date – **2020**

The land is adjacent to the Lodzia Holon land and close to the **Azrieli Holon Center.**

Marketing

The Company has begun marketing the building.

Progress Update

An excavation and shoring permit was received, an application for an above-ground permit was submitted.
In September excavation has begun.

Development Projects \\ Azrieli Holon Center – Looking to the Future

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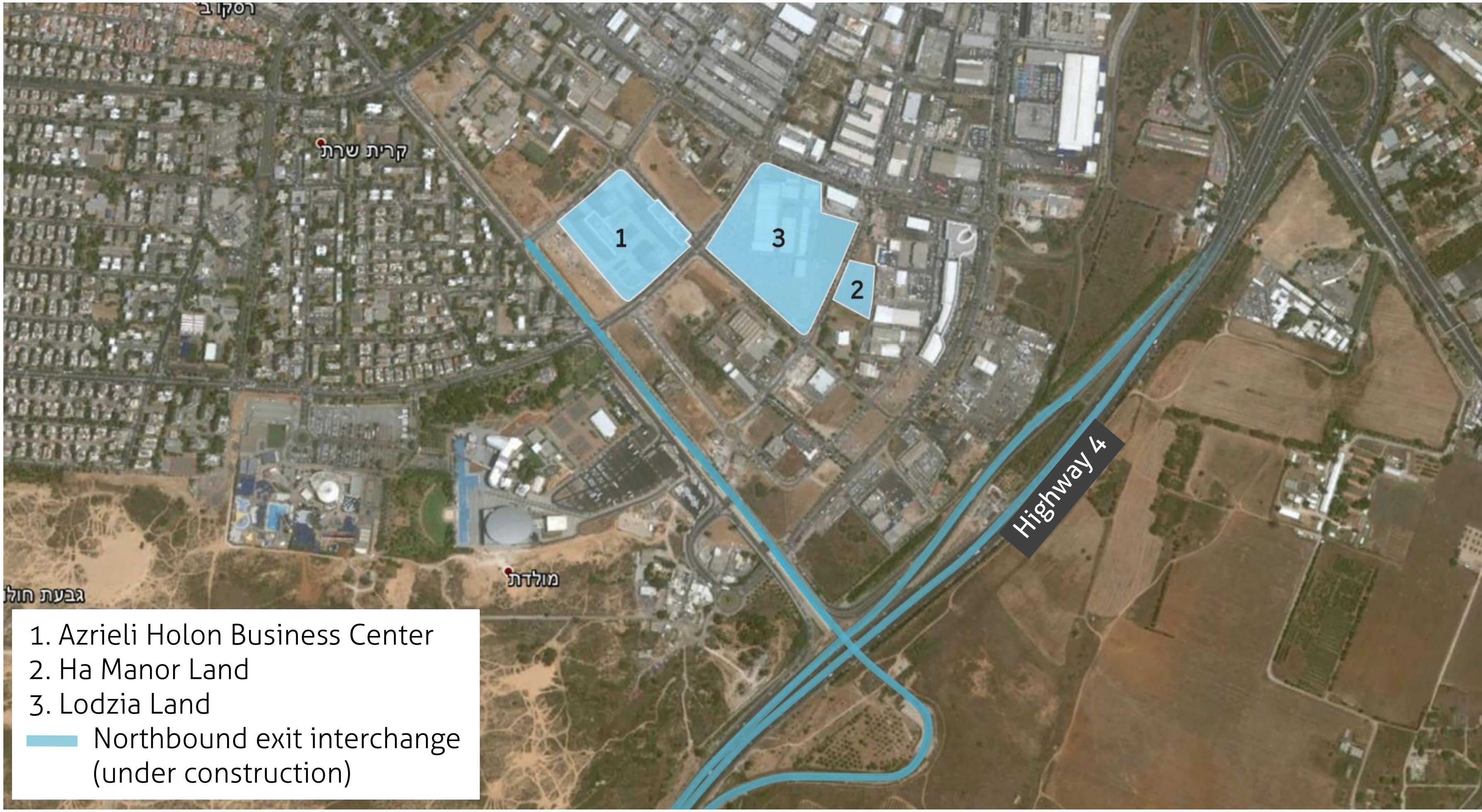
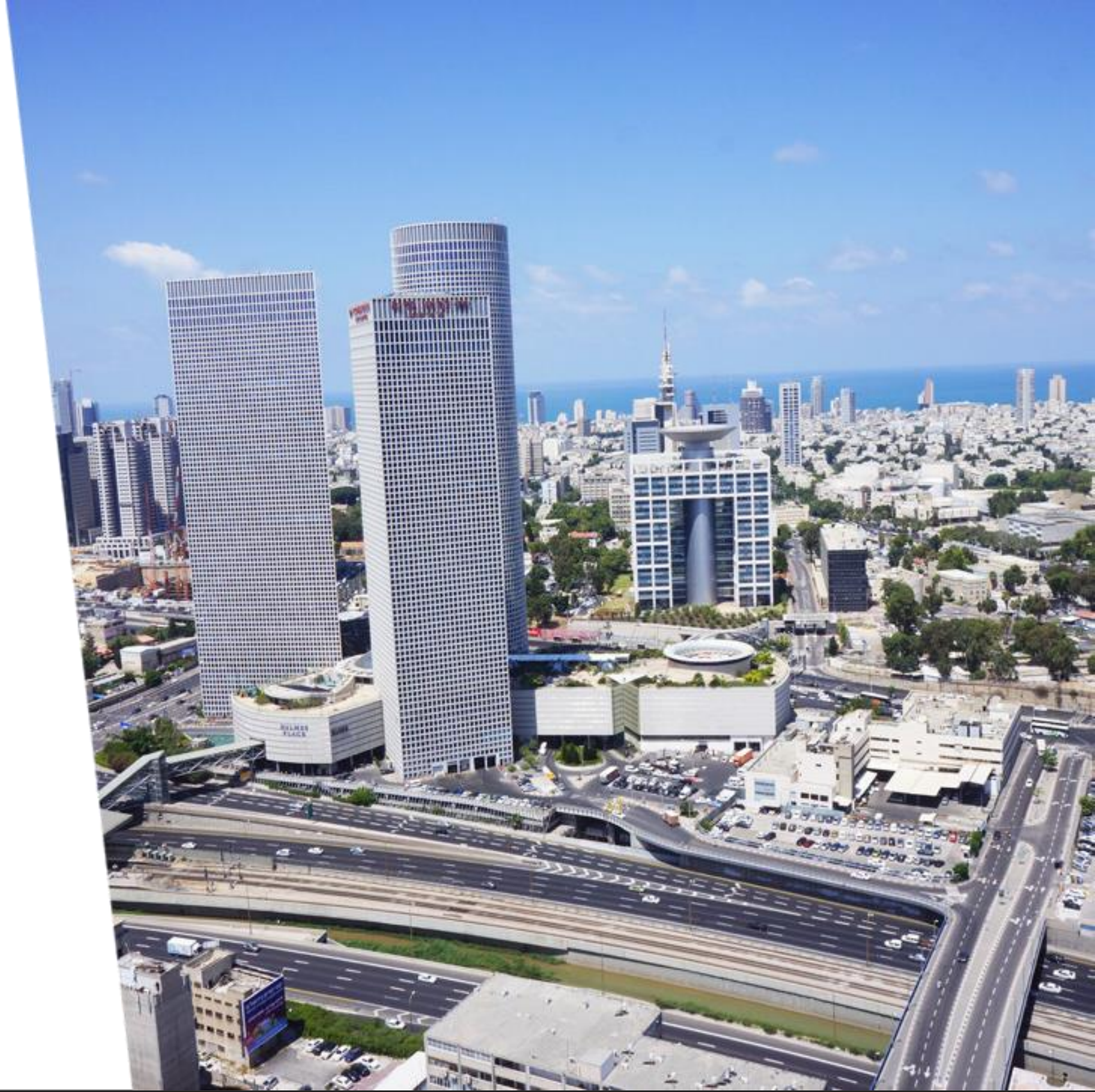
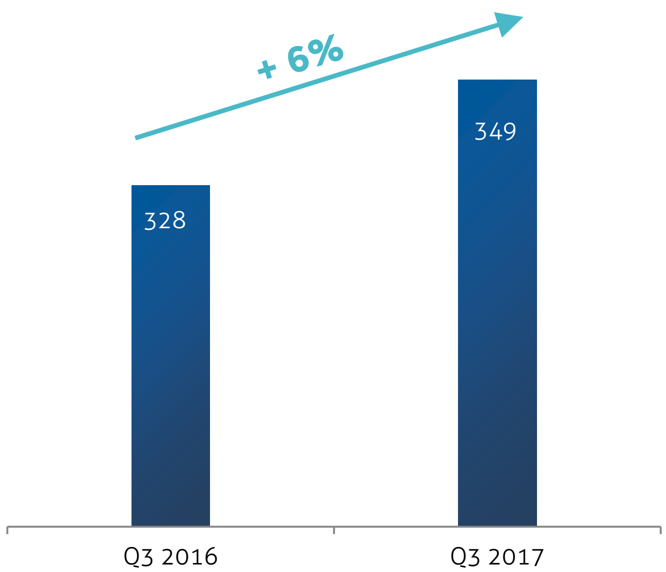


Financial Highlights

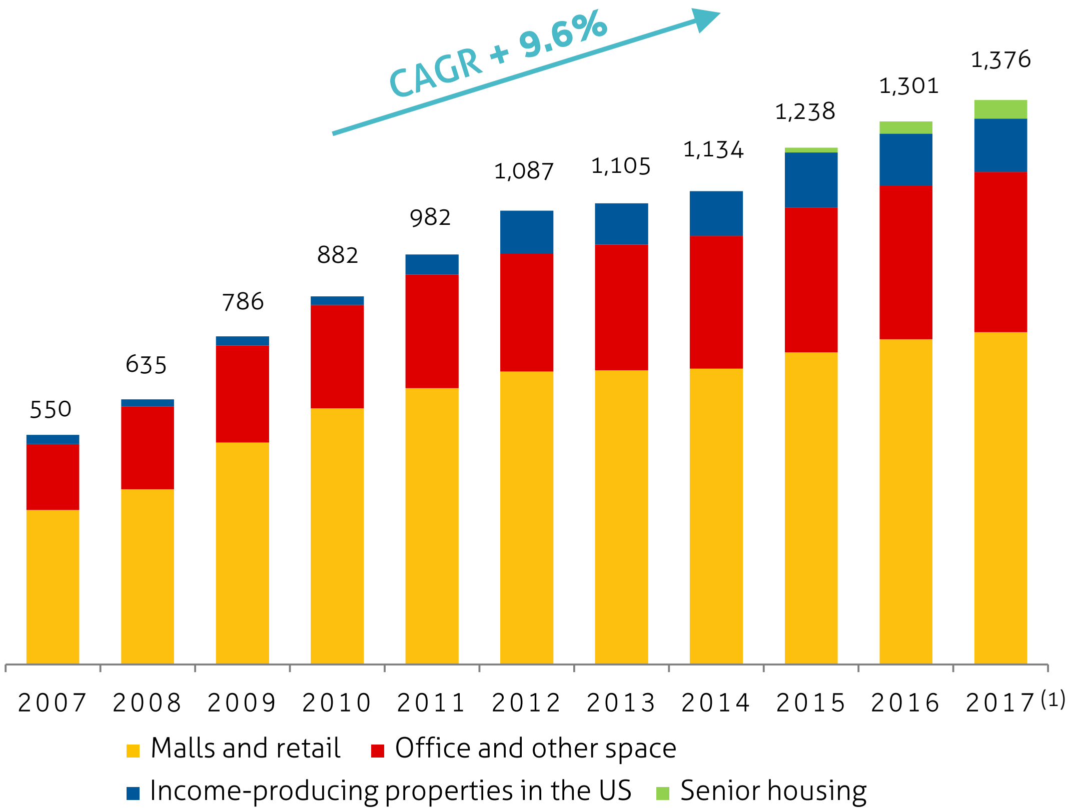


Constant NOI Growth

Quarterly NOI
(NIS in millions)



Annual NOI
(NIS in millions)

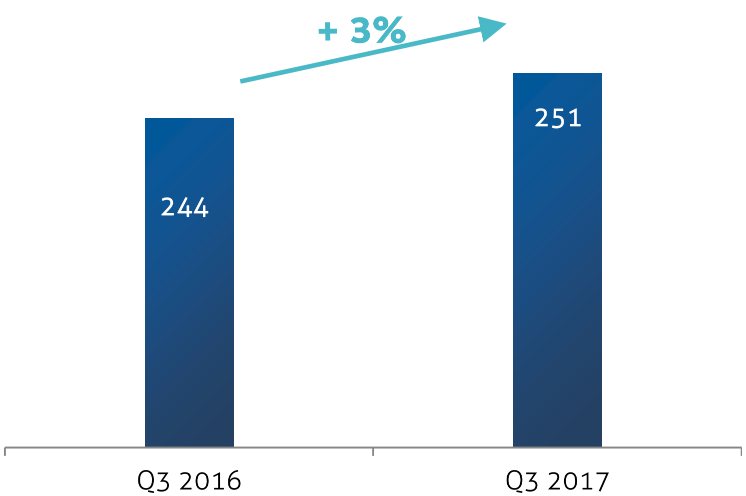


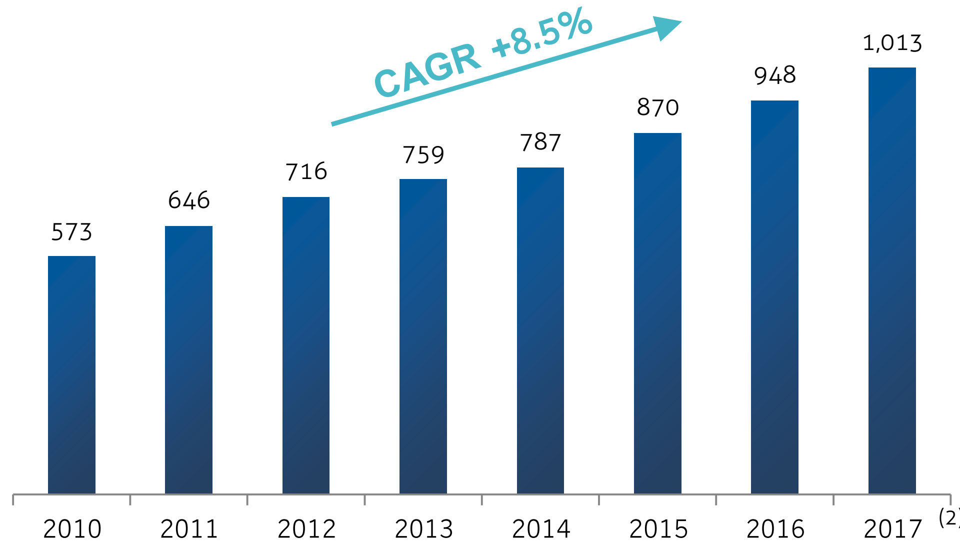
(1) According to a calculation of Q1+Q2+(Q3X2) NOI, does not reflect any projection for 2017.

Constant FFO Growth

Increase in FFO compared with the corresponding quarter is 14% without the contribution of the senior housing operations (1)

FFO attributed to the Real Estate Business* (NIS in millions)



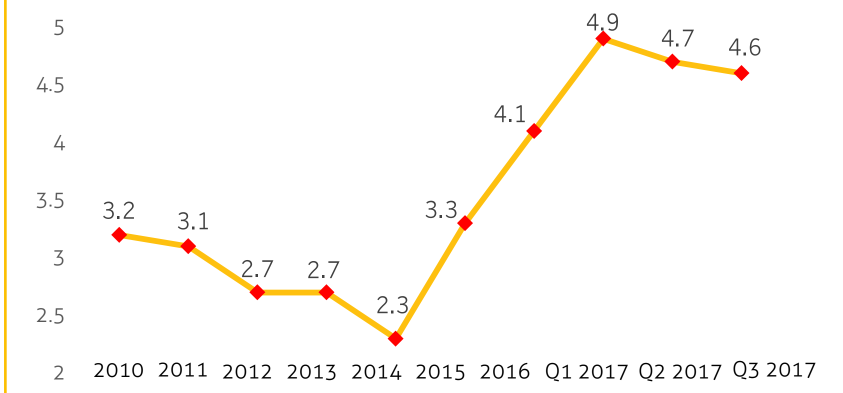


* For details with respect to the FFO calculation, see Section 1.3.5 of the Board of Directors' Report. (1) Q3/2017 includes NIS 5 Million contribution from senior housing and Q3/2016 includes NIS 29 Million. In Q3/2016 a large number of units in Palace Raanana were marketed, creating an increase in FFO, and the asset is now fully occupied.
(2) Calculated such that FFO Q1+Q2+(Q3X2), the figure does not reflect any projection for 2017.

Extension of the Duration and Reduction of the Cost of Debt

Reduction of the average interest on the debt has led to a **savings of approx. NIS 48 million** (in annual terms) in the interest expenses this quarter compared with the same quarter last year.

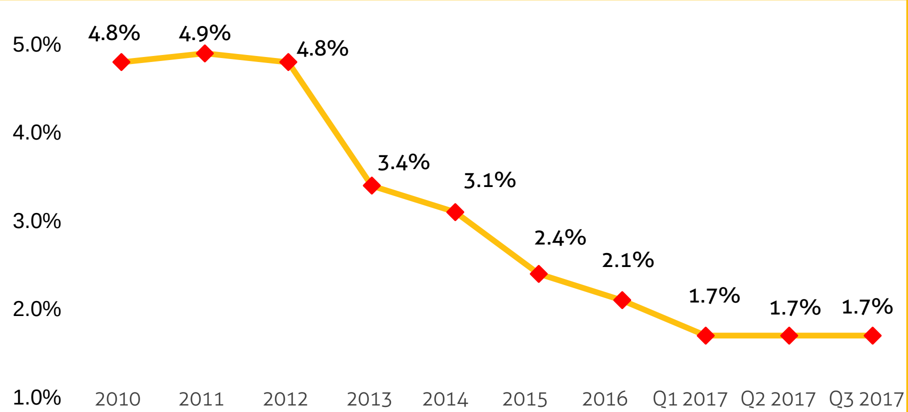
Extension of Average Term of Debt[2]



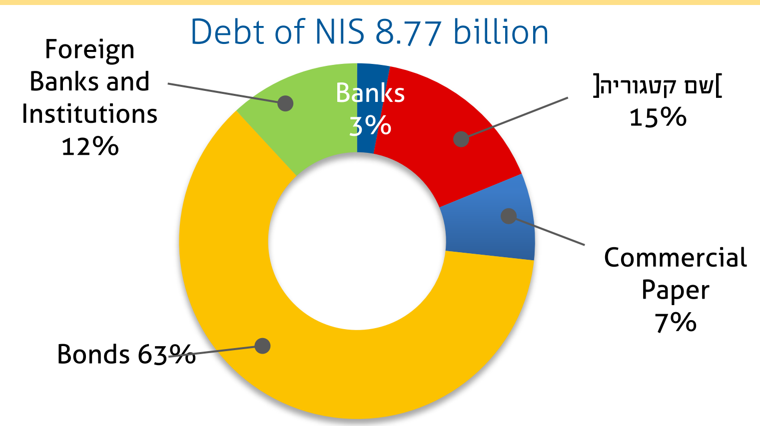
Financial Strength[1]

- **Low leverage ratio** – net financial debt to assets ratio of approx. **25%**
- **Equity to assets ratio** of approx. **55%**
- **Cash** and cash equivalents of approx. **NIS 1,333 million**
- **Unencumbered assets** of approx. **NIS 20.5 billion**

Reduction of Average Interest Through the Years[2]

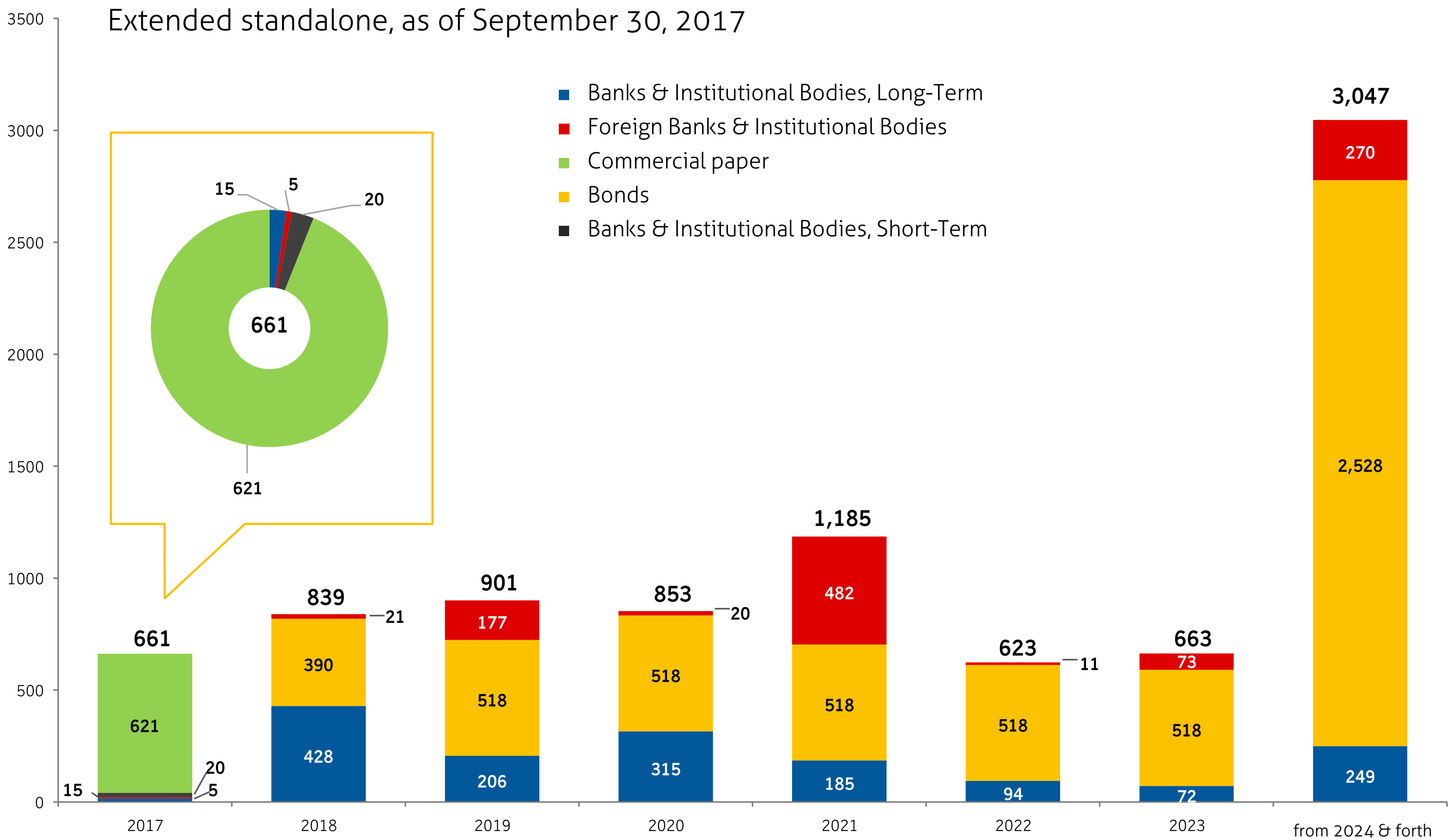


Debt Breakdown by Lenders[1]



(1) As of September 30, 2017 (2) Reflects as of the last day of the referred year/ period.

Well Staggered Debt Maturities (Principal Only)



Summary of Financial Results (Extended Standalone, NIS in millions)

	Q3 2017	Q3 2016	2016
Revenues from rent, management and maintenance fees	482	454	1,755
NOI	349	328	1,301
Same property NOI	331	323	
FFO attributed to the real estate business without the contribution of the senior housing (1)	246	215	
FFO attributed to the real estate business(1)	251	244	948
Change in the value of investment properties(2)	(25)	95	547
Net profit, including minority interests	263	279	1,808
Comprehensive income, attributable to the shareholders	291	293	1,895

(1) For details with respect to the calculation of the FFO, see Section 1.3.5 of the Board of Directors' Report.
(2) Net, after tax of 23% (except Q3-2016 - 25%)

Summary Balance Sheet Data (Extended Standalone, NIS in millions)

	September 30, 2017	September 30, 2016	December 31, 2016
Cash, securities and deposits	**1,333**	1,511	1,282
Gross financial debt	**8,772**	8,943	8,627
Net financial debt (1)	**7,439**	7,432	7,345
Net financial debt to assets	**25%**	27%	26%
Financial assets (mainly Leumi and Leumi Card)	**1,590**	1,633	1,625
Fair value of investment properties and properties under construction	**28,814**	23,237	23,723
Equity (excluding minority interests)	**15,916**	14,588	15,273
Equity to assets	**55%**	53%	55%
Total assets	**29,245**	27,774	28,028
Equity per share (NIS)	**131.24**	120.29	125.94
EPRA NAV per share (NIS)(2)	**156**	145	149

(1) Excluding financial assets available for sale.
(2) Excluding the entire component of expected profit in respect of the development projects.

Average Cap Rate and FFO of the Income-Producing Properties Segment

Weighted average cap rate – 7.6%

NIS in millions

Total investment properties "extended standalone" as of September 30, 2017	24,910
Net of the value attributed to land reserves, properties under construction and senior housing	(3,360)
Total income-producing properties	**21,550**
Actual NOI Q3/2017[1]	339
Future quarterly NOI addition[2]	68
Total standardized NOI Q3/2017	407
Proforma Annual NOI	**1,628**
Weighted cap rate derived from investment income-producing properties, including vacant space	7.6%

FFO of the real estate business in the quarter - NIS 251 million

NIS in millions

Net profit for Q3/2017 (attributed to the shareholders)	263
Discounting the profit from Granite and Azrieli E-Commerce (including a deduction of excess cost)	(1)
Impairment of investment properties	32
Tax	56
Additional adjustments[3]	(104)
Plus interest paid in respect of real investments	3
Cash flow in respect of proceeds of residents' deposits, net, after deduction of forfeiture revenues	-
Contribution of the senior housing segment to the FFO	(5)
Total FFO Q3/2017 attributed to the income-producing properties segment without the contribution of the senior housing	**246**
Total FFO for Q3, 2017, attributed to the income-producing properties segment	**251**

(1) Excluding senior housing, as the cap rate of senior housing properties derives from the FFO rather than the NOI.
(2) Including the lease-up of the offices at the Azrieli Sarona Center in Tel Aviv. (3) including profit from the disposition of BLL shares.

Summary – Leadership, Innovation and Strength

Continued growth in the key parameters of the core business (NOI, FFO).

Lasting high occupancy rate.

Exceptional financial soundness and strength.

Significant growth engines:

- Internal growth.
- Enterprise and development of new properties.
- Purchase of income-producing properties and land for future development.
- New real estate operating segments (senior housing) and launch of the e-commerce segment.

Most of the Company’s operations are in Israel.