AZRIELI GROUP

Conference Call Presentation

Financial Statements September 30, 2018

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- The information included in this presentation is a summary only and does not exhaust all of the information on the Company and its business, nor is it a substitute for inspection of the Periodic Report for 2017, the reports for Q3/2018, the Company's current reports and the presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation does not constitute an offering or an invitation to purchase securities of the Company, and the provisions thereof do not constitute a recommendation or opinion or substitute for the discretion of the investor. The Company is not responsible for the integrity and/or accuracy of the information.
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- 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, 2018, Section 2.6 and 2.7, 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 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.
- All numbers and figures are approximate.

Convenience Translation from Hebrew // Important Notice

AZRIELIGROUP

- The following English translation of Azrieli Group's presentation for the conference call of November 21, 2018 (the "**Presentation**") is provided for convenience. Please note that this document should not be regarded as a substitute for reading the full original Hebrew version of the Presentation. 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.
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Azrieli Group // Business Card

AZRIELIGROUP

Traded on the capital market since 2010, **the 7th largest company**[1] on the Tel Aviv Stock Exchange

Market cap of **NIS 23 billion**[1], 30.1% of share capital held by the public

Listed in 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 **1,204,000** m² and **10 additional projects under construction**[1].

Average **occupancy rate** in Israel is **99%**[2]

91% 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)
Net Leverage ratio is only **29%**, and equity to assets ratio of **54%**

(1) As of November 20, 2018 (2) excluding properties whose construction has been completed and are being leased-up for the first time.

Income-Producing Properties Map[1]

Malls and Retail 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 in Israel

Azrieli Towers
Azrieli Sarona
Azrieli Holon Center
Caesarea
Herzliya

Modi’in
Modi’in Residence
Petach Tikva
Jerusalem
Azrieli Town E Building

Givatayim
Kiryat Ata
Hanegev
Rishonim

17 malls 334,000 m²

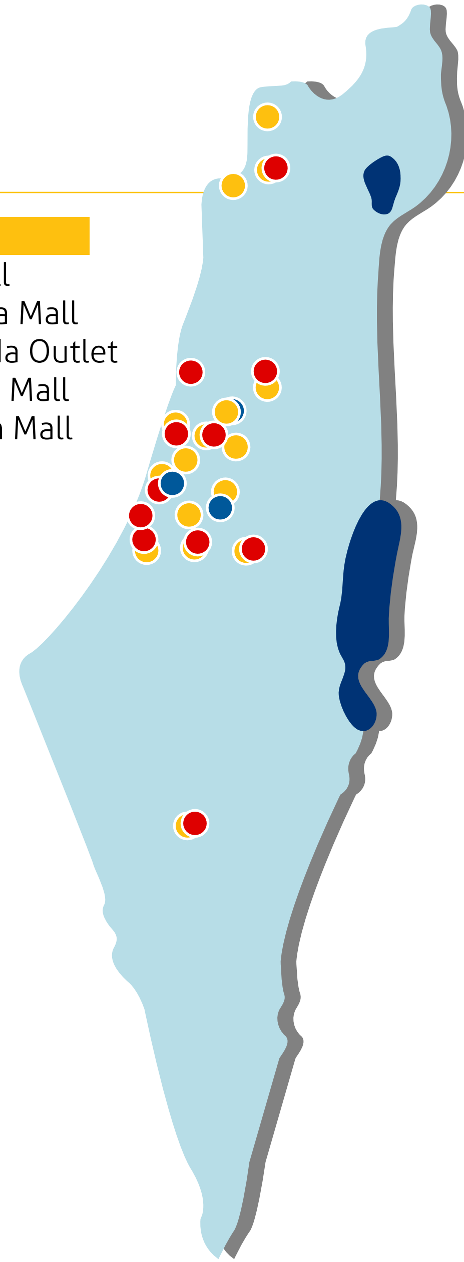
14 office properties 548,000 m²

3 senior homes 76,000 m² 799 residential units

8 office properties overseas 246,000 m²

Total 1,204,000 m²

(1) As of the date of the publication report



Senior Homes

Palace Tel Aviv
Palace Ra’anana
Palace Modi’in

Overseas

GALLERIA
PLAZA
8 WEST
3Riverway
1Riverway
LEEDS
ASPEN II
SAN CLEMENTE

Malls
Offices
Senior Homes

Highlights for and Developments in and after the Quarter

Financial Highlights

- NOI totaled NIS 386 million, **an increase of 11%** compared with the same quarter last year.
- Same Property NOI – **an increase of 9% from same properties**
- **FFO grew by approx.** 12% and amounted to approx. NIS 280 million compared with approx. NIS 251 million in the same quarter last year.

Opening Palace Modi'in Senior Home

- In October 2018, the Group launched the **Palace Modiin senior home**, the first to be planned and built from the
- ground up by the Group. The project features 239 residential units and 136 LTC beds.

Acquisitions

- In July 2018, an office building was purchased in Austin, Texas (SAN CLEMENTE) for $ 100 million. The property is located in an area characterized by residential buildings and prestigious offices.

Highlights for and Developments in and after the Quarter

Expansion of Azrieli Jerusalem Mall

- In July 2018, the Group received approval to deposit a plan for expansion the area of Azrieli Jerusalem by approx. 100,000 sqm gross above ground.

Increase in Revenues of Azrieli Malls

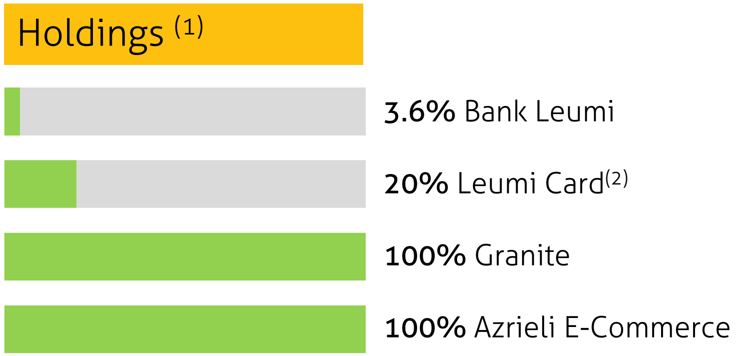
- In the three months July-September an increase of **approx. 3.5%** was recorded (same property) in the Group's mall revenues compared with the same period last year.
- In the nine months January - September, an increase of approx. **3.3%** was recorded compared with the same period last year, and discounting Rishonim Mall, an increase of approx. **2%**.

Sale of financial assets

- In July 2018, the Group entered into an agreement for the sale of its entire holdings (20%) in Leumi Card for **NIS 500 million.** The agreement includes several conditions precedent, including receiving the regulatory approvals required by law.

Azrieli Group // Breakdown of Properties[1]

% of Total Properties
Book Value (NIS in millions)



(1) Extended standalone as of September 30, 2018. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Annual Report. (2) In July 2018, the Company entered into an agreement for the sale of its entire holdings in Leumi Card.

Income-Producing Property // Palace Modi'in Senior Home

Palace Modi'in Senior Home

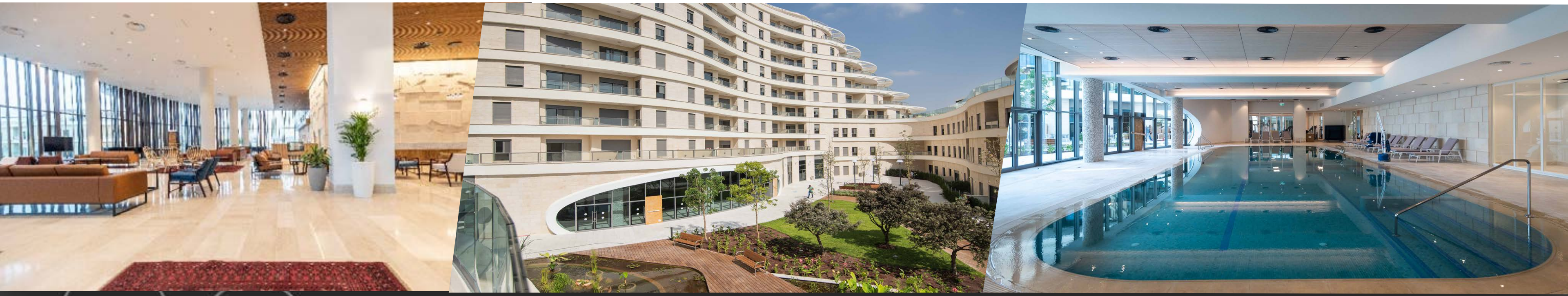
Opening Date – October 2018

239 residential units + 136 LTC beds

As of the Report Release Date, 169 preliminary applications have been signed, out of which 137 **contracts have been signed.**

Progress Update

- The finishing standard of the project is among the highest in the market. Among other amenities, the residents of the house will enjoy a **swimming pool, a gym, lounges, a synagogue, a clinic and more.**
- The project includes **underground parking and some 800 sqm of retail space**, that will be leased to external tenants, such as cafés, a drugstore, a supermarket, etc.
- The site also includes **a medical wing**, that will be fully managed by the Group. The wing features LTC beds, full-time, comprehensive medical care around the clock and a recuperation unit.



Income-Producing Property // Azrieli Sarona

AZRIELI SARONA
BUSINESS TOWER & LUXURIOUS MALL

Azrieli Sarona

Land area - **9,400 m²**

GLA - **119,000 m²** of office space
10,500 m² of retail space(1)
1,247 parking spaces

Projected NOI - **NIS 200-210 million**(2)
In the past 12 months the property yielded NIS 97 million NOI

Marketing and Occupancy

During the quarter, a number of options were exercised by existing tenants for the purpose of increasing the area of the tower and will be populated in the first half of 2019.

Until September 30, 2018, 97,000 m² of office space has been leased up. Below is the lease-up plan for the following quarters, assuming that all options are exercised and leased up on their expiration date:

December 31 2017	March 31 2018	June 30 2018	September 30 2018	2019 forth	Total
34 thousand m²	40 thousand m²	17 thousand m²	6 thousand m²	3 thousand m²	19 thousand m²*

Total 119,000 m²

* Including exercise of options of existing major tenants that expire during 2019 and assuming that areas with respect to which binding agreements have not yet been signed will be occupied.

(1) Completion of the western wing in Q4/2018 (2) Estimated NOI which reflects additional investments in finishing standard of NIS 185 million.

Azrieli Group // Acquisitions during the Quarter

Property, Austin, Texas, San Clemente

Land area - Approx. 23,200 sqm

Cost of purchase - $100 million | Date of purchase - July 2018

A 5-story office building located in a prestigious residential and office neighborhood, boosting tenant quality. The property's occupancy is approx. 100%.

The property includes a separate 7-story car park with **970 parking spaces**.

The average annual NOI of the rental agreements is expected to be approx. $ 6.7 million, which is a yield of about 6.7%.

Development Projects // Expansion of Azrieli Jerusalem Mall

Expansion of the Azrieli Jerusalem Mall

In July 2018, the Group received approval to deposit a plan for expansion of the area of the Azrieli Jerusalem mall by approx. **100,000 sqm gross above ground.**

The expansion **enlarges the commercial areas** by about 22,000 sqm and the employment areas by about 36,000 sqm

As part of the plan, **a senior home will be built** adjacent to the mall, on an area of approx. 40,000 sqm gross (up to 300 residential units).

Concurrently with the expansion of the areas of the mall, work is expected to progress on **construction of the blue line of the Jerusalem Light Rail**, in which a light rail station will be built near the mall, improving transportation access to the area.

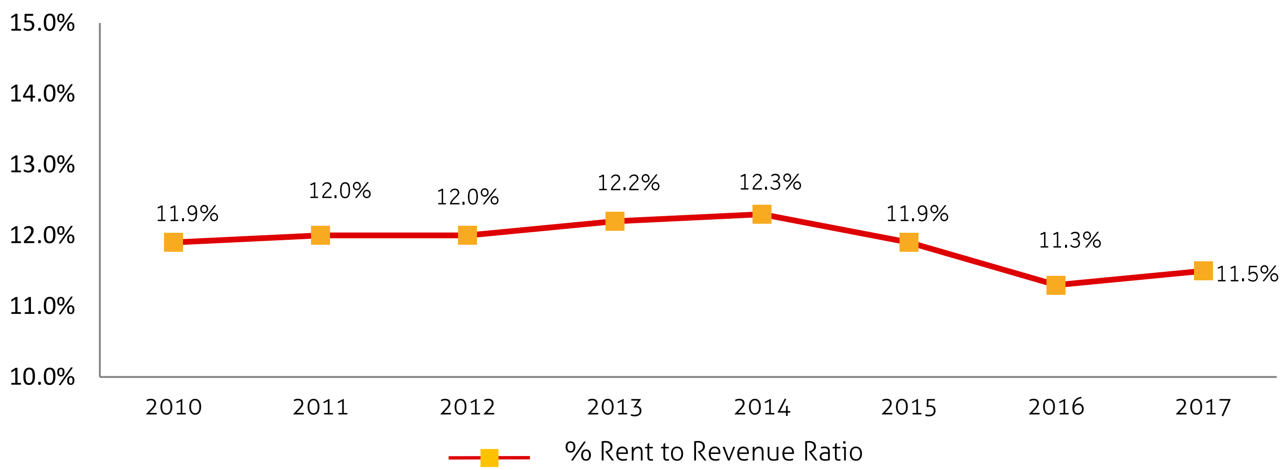
Existing Properties // Expansion and Betterment

The following projects are undergoing betterment and various statutory proceedings:

Name of the Property	Location	Project in the Property	Status	Gross Area	Timeframe for completion of the statutory proceeding
Azrieli Jerusalem mall	Jerusalem	Increasing retail and commercial space. Construction of senior home	Zoning plan	100,000 sqm	Medium
Petach Tikva Land	Petach Tikva	Addition of offices	Zoning plan	97,000 sqm	Medium
Palace Rishon Lezion	Rishon Lezion	Addition of senior housing and basement areas	Zoning plan	33,000 sqm	Medium
Azrieli TOWN	Tel Aviv	Addition of commercial and hospitality areas	Zoning plan	24,000 sqm	Short
Azrieli Akko mall	Akko	Addition of office floors	Permit	10,000 sqm	Short
Modi'in land (Lot 21)	Modi'in	Addition of retail, residential, employment and hotel areas	Zoning plan	8,000 sqm	Medium
Herzliya Business Park	Herzliya	Addition of offices and retail	Zoning plan	4,000 sqm	Medium
Total -				276,000	

Revenues and Rent to Revenue Ratio

7-9/2018 versus 7-9/2017	1-9/2018 versus 1-9/2017
Total increase in revenues of Azrieli Malls Group	Total increase in revenues of Azrieli Malls Group
+3.5%	**+ 3.3%**
Total increase in same-property turnover	Total increase in same-property turnover (Excluding Azrieli Rishonim Mall)
+ 3.5%	**+ 2%**



Development Pipeline

Azrieli Group // Development Momentum

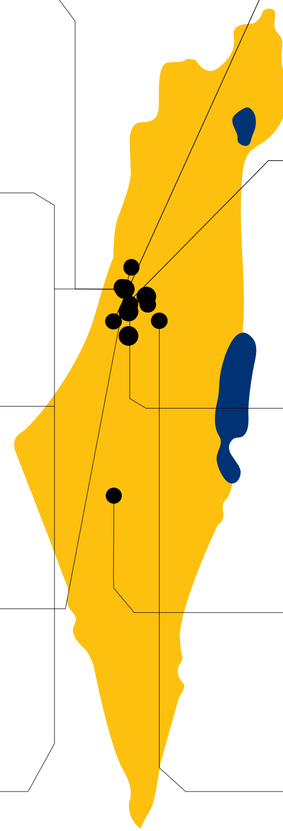
Azrieli Sarona,
Tel Aviv – retail
10,500 m²

Expansion of Azrieli Tel
Tel - Aviv Center
150,000 m² (4)

Azrieli Town E Building
Tel - Aviv Center
21,000 m² (1) (5)

Land for Development
Petach Tikva
53,000 m² (3)

Azrieli Town Tel Aviv
75,000 m² (6)



Palace Rishon Lezion
Senior Home
29,000 m² (1) (2)

Holon 3 Project
(ex. Lodzia)
220,000 m²

Holon HaManor project
28,000 m²

Palace Lehavim
Senior Home
44,000 m² (1)

Lot 21
Modi'in
20,000 m² (1) (3)

(1) The figure is the scope of building rights in sqm | (2) The Company is in the process of increasing the building rights in the project to approx. 62,000 sqm (above and below ground) | (3) The Company is working to increase the building rights to 150,000 sqm in Petach Tikva and to 28,000 sqm in Modiin. | (4) A plan was published and validated.| (5) Rights for additional construction purchased in May 2018 in the context of acquisition of the income-producing property Mivney Gazit. | (6) In May 2018 the local committee approved for deposit a zoning plan for the addition of a total of approx. 24,000 sqm of commerce and hospitality space.

Development Projects // The Growth Engine

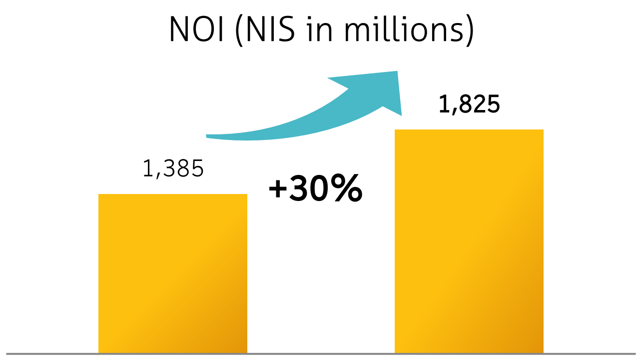
Name of Property	Location	Use	GLA	Estimated Completion Date	Estimated Construction Cost, including Land (NIS in millions)(1)
Short-term constructions projects					
Palace senior housing	Lehavim	Senior Housing	Stage A - 32,000(2) Stage B - 12,000(2)	Stage A – Q1/2020 Stage B - TBD	380-390
Azrieli Town(3)	Tel Aviv	Retail, Offices and Residence	Offices 50,000 Retail 4,000 Residence 21,000 (210 Residential Units)	Retail and Offices 2020 Residences TBD	1,060-1,110
Azrieli Sarona	Tel Aviv	Retail	10,500	2019(4)	330-340
Holon Hamanor	Holon	Offices and Retail	28,000	2020	220-240
Total			**157,500**		**1,990-2,080**
Medium-term construction projects					
Expansion of Azrieli Tel Aviv Mall	Tel Aviv	Retail, Offices and Residence	150,000(5)	TBD	2,300-2,500
Modi'in land (Lot 21)	Modi'in	Offices + Residence + Retail + Hotel	20,000(2) (6)	TBD	350-380
Palace Rishon Lezion	Rishon Lezion	Senior housing and Retail	28,750(2) (7)	TBD	310-320
Total			198,750		2,960-3,200
Total			**356,250**		**4,950-5,280**
Development projects in planning phase					
Azrieli Town E Building	Tel Aviv	Offices	21,000(8)	TBD	TBD
Holon 3 (ex. Lodzia)	Holon	Retail and Offices	220,000	TBD	TBD
Petach Tikva land	Petach Tikva	Offices	53,000(6)	TBD	TBD
Total			**294,000**		projects whose construction cost is yet to be determined
Total			**650,250**		

(1) The cost without capitalizations and without tenant adjustments | (2) The datum constitutes the scope of the building rights in sqm | (3) In May 2018, the Local Committee approved for deposit a zoning plan to increase the rights in the project to 99 thousand sqm | (4) Completion of the western wing in Q4/2018 and estimated completion of construction in 2019. | (5) A plan was published and validated. | (6) The Company is acting to increase the building rights to approx. 150,000 sqm in Petach Tikva and to 28,000 sqm in Modi'in | (7) The Company is in the process of increasing the building rights in the project to approx. 62,000 sqm (above and below ground) | (8) Additional building rights which were purchased in May 2018 in the context of the purchase of the income-producing Mivney Gazit property.

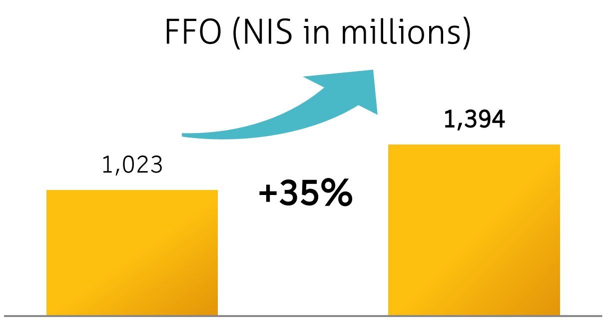
Development Projects // Expected Contribution* to NOI and FFO

(NIS in Millions)

Actual NOI in 2017	**1,385**
▪ Additional NOI from development projects (1)	187
▪ Annualized additional NOI from existing properties (2)	253
Projected NOI after lease-up of projects under development	**1,825**



Actual FFO in 2017	**1,023**
▪ Additional FFO	362
▪ Savings due to refinancing	9
Projected FFO after lease-up of projects under development and refinancing	**1,394**



(1) NOI from projects under development includes: Sarona retail space, Town (In the current zoning plan, before the addition of rights), Palace Modi'in (opened in October 2018), Palace Lehavim, Holon HaManor and includes NIS 22 Million from the lease of apartments in the Azrieli Town project. **and excludes:** expansion of Azrieli Tel Aviv Center, Holon 3 project (ex. Lodzia), Palace Rishon Lezion, land in Petach Tikva, land in Modi'in and Azrieli Town Building E rights.

(2) Annualized additional NOI from existing properties includes: Azrieli Sarona (offices), Azrieli Holon Center, Azrieli Rishonim, Azrieli Town Building E, purchased in May 2018 and SAN CLEMENTE purchased in July 2018.

- The main assumptions in the calculations: full lease-up of the projects under development, refinancing according to an interest rate of 1.5%, a tax rate of 23%.

Development Projects // Azrieli Town

Azrieli Town

Land area - **10,000 m²**

GLA [1] - **50,000 m²** of offices
4,000 m² of retail space
21,000 **m²** (**210** residential units)

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

Estimated date of completion – Offices and retail – **2020**
Residences - TBD

Marketing

After the end of the quarter, an agreement was signed for the lease of another 14,000 [sqm].
In total, the Company signed agreements for the lease of approx. **41,000 sqm** of the office space, including to accounting firm PwC, law firm Fischer Behar Chen and a company of sharing work spaces.
As of the report release date, **the office lease-up rate** is approx. **82%**.

Progress Update

During the quarter, the Group carried out structural work on the car park, and commenced structural work on the office tower. In November 2018, a plan was published for the addition of employment and hotel space totaling 24 thousand square meters (gross).

(1) The figures are in reference to the existing zoning plan, before the expansion of the rights.

Development Projects // Azrieli Town E Building

Mivney Gazit, Tel Aviv

Land area - **3,200 m²**

GLA [1] - **5,500 m²** of offices

Cost of acquisition - **NIS 260 million**
Date of acquisition - **May 2018**

Building Rights

- The property includes unused building rights at a scope of **21,000 m²** aboveground areas[1] and rights for the long-term lease of underground areas.
- Estimated date of completion – **TBD**

(1) The figures relate to the existing zoning plan.

Development Projects // Palace Lehavim Senior Home

Palace Lehavim Senior Home

Land area - **28,000 m²**, in the southern part of the town of Lehavim, near to the train station

Building rights
Phase A - **32,000 m²**
Phase B - **12,000 m²**

350 residential units + 36 LTC beds

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

Estimated date of completion – **Phase A – Q1/2020**
Phase B - TBD


Illustration

Marketing

As of the Report Release Date, **68 preliminary applications** have been signed, out of which 54 contracts were signed.

Progress Update

In October, a permit was received to add another unit to the LTC wing, beyond the 36 beds currently in the project. Currently working on the frame.

Development Projects // Expansion of Azrieli Tel Aviv Center

Yedioth Ahronoth Land

Land area - **8,400 m²**

GLA - **150,000 m²**
including 13,000 m² of retail space
for expansion of the Azrieli Tel Aviv Mall

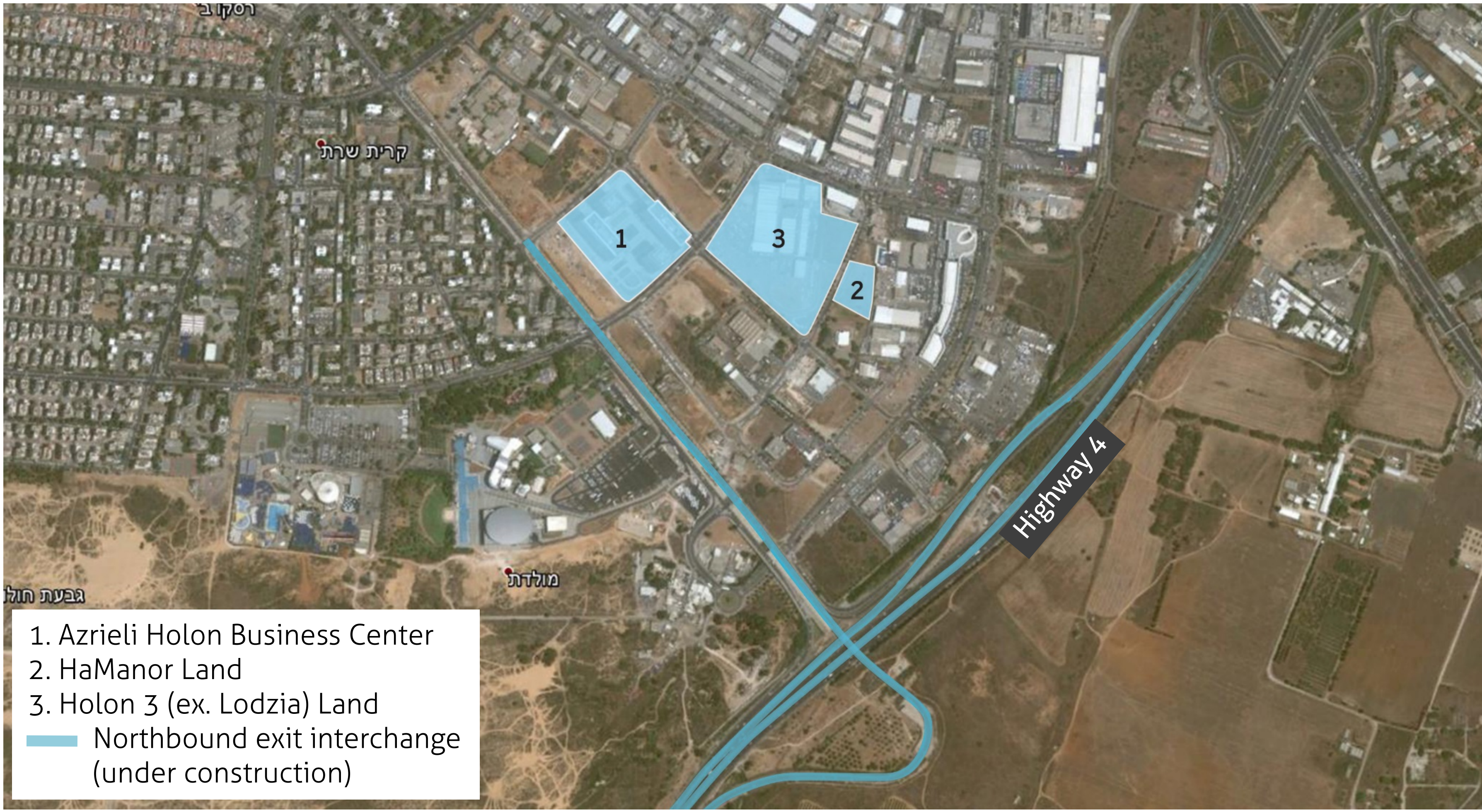
Cost of land - **NIS 374 million**

Estimated construction cost, including land –
NIS 2.3-2.5 billion

Progress Update

As of the report release date, a zoning plan has been approved for increased rights for the construction of the fourth tower and expansion of the mall, **at a total scope of approx. 150 thousand sqm, increasing the construction area by around 80 thousand sqm.** In addition, shoring and excavation work in the area continues.

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



Development Projects // Azrieli Holon HaManor

Azrieli Holon HaManor Center

Land area – **6,200 m²**

GLA – **26,000 m²** of offices
2,000 m² of retail space

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

Estimated completion date – **2020**

The land is adjacent to the Holon 3 project land (formerly Lodzia) and close to the **Azrieli Holon Center**.

Progress Update

An above-ground permit was received in September. The Group is approaching completion of the structural work on the car park and commencement of the structural work on the tower.

Development Projects // Holon 3

Holon 3 – Offices and Retail

Land area – **59,000 m²**

GLA – **220,000 m²** of offices and retail space.

Estimated construction cost, including land – TBD

Estimated completion date – TBD

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

Progress Update

During the last quarter, **a building permit was received** for the car park basements in the project. The Group is also working on the planning of the project concept, and has commenced excavation and shoring work.

Development Projects // Petach Tikva Land

Petach Tikva Land

Land area – **19,000 m^2**

GLA - **53,000 m^2** of offices

Estimated construction cost, including land – **TBD**

Estimated date of completion – **TBD**

Progress Update

In the last quarter, preparations began for **receipt of the shoring and excavation work permit**. In addition, the Group is promoting the increase of rights from 200% to 600% (to approx. 150,000 sqm).

Development Projects // Palace Rishon Lezion Senior Home

Palace Rishon Lezion Senior Home

Land area – **3,400 m²**

Building rights – **28,750 m²**[1]

250 residential units + Medical Division.

Estimated construction cost, including land – **NIS 310-320 million**[1]

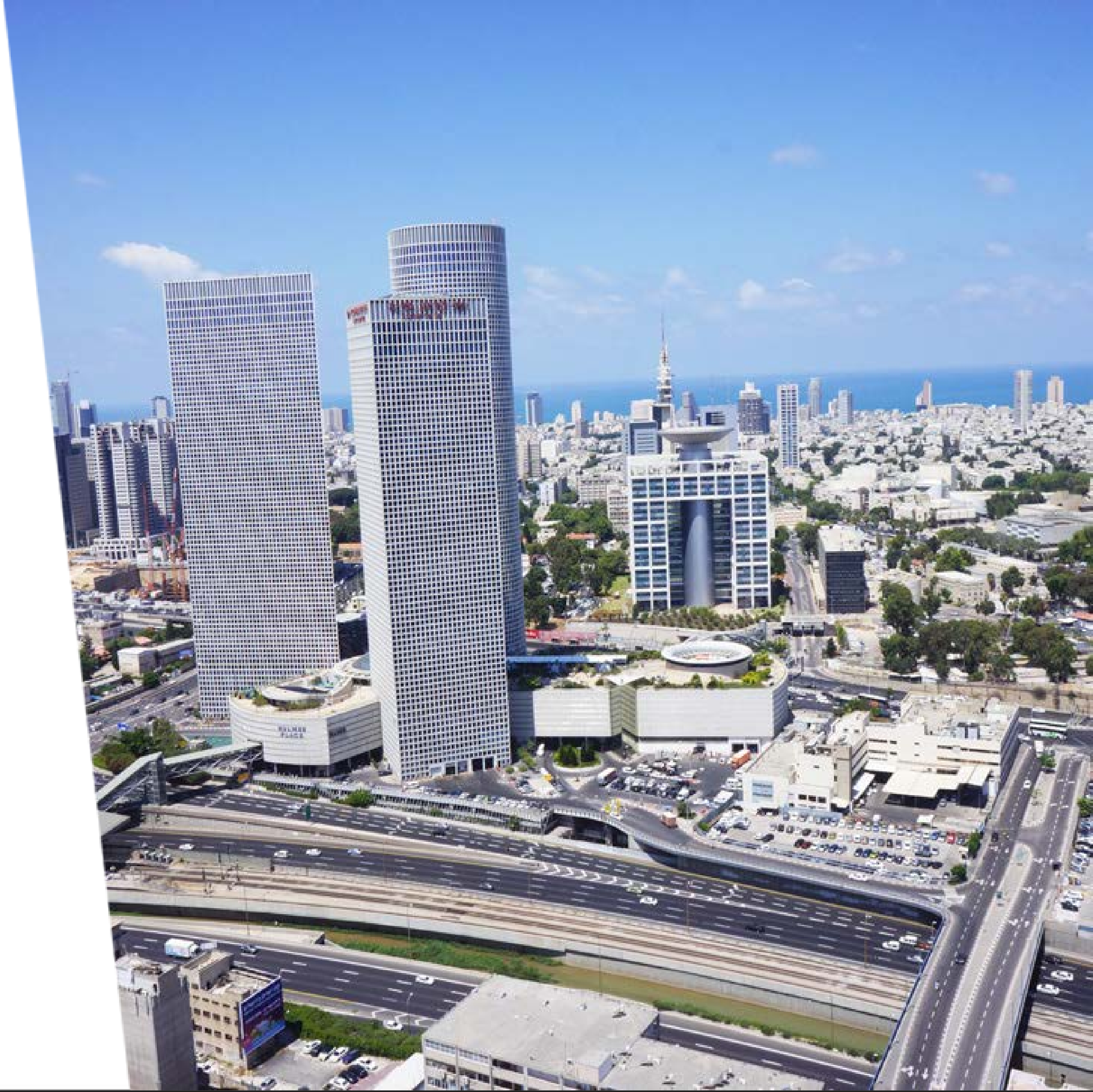
Estimated date of completion – **TBD**

Progress Update

The Company is in the process of increasing the building rights in the project by approx. 33,000 sqm (above and below ground).

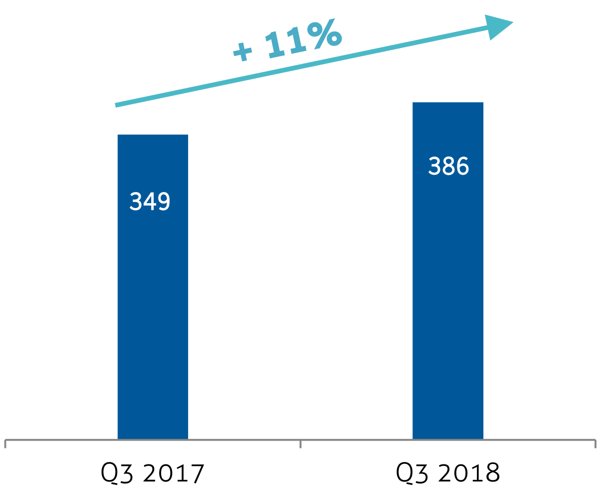
(1) The figures relate to the existing zoning plan.

Financial Highlights

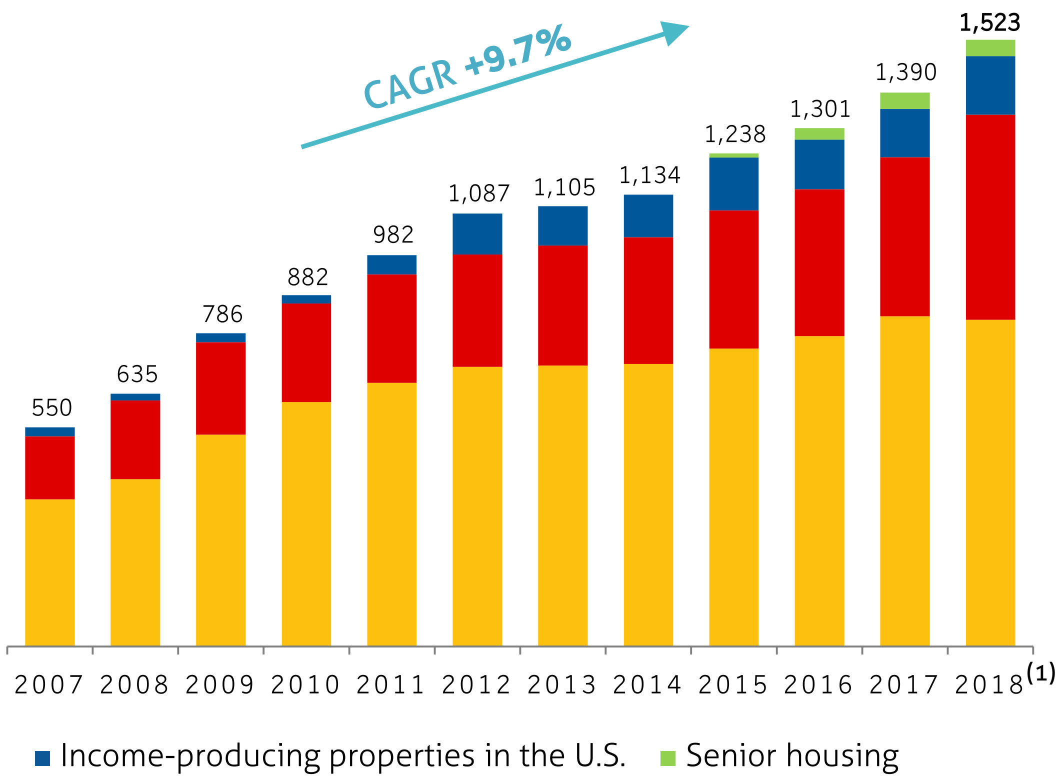


Constant NOI Growth

Quarterly NOI (NIS in millions)



Annual NOI (NIS in millions)

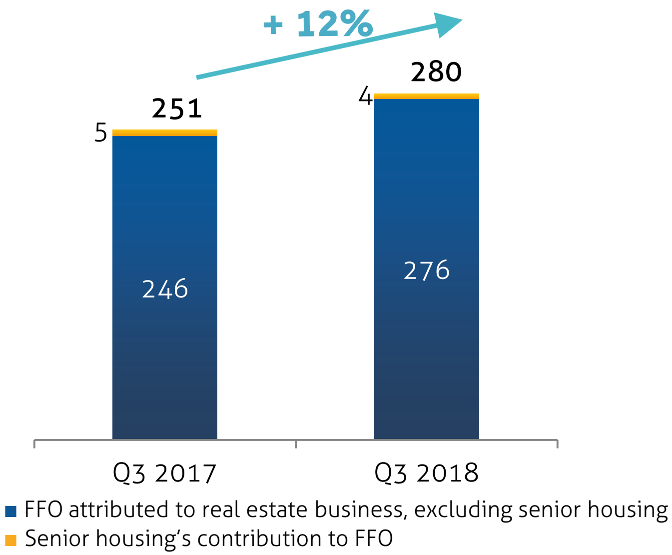


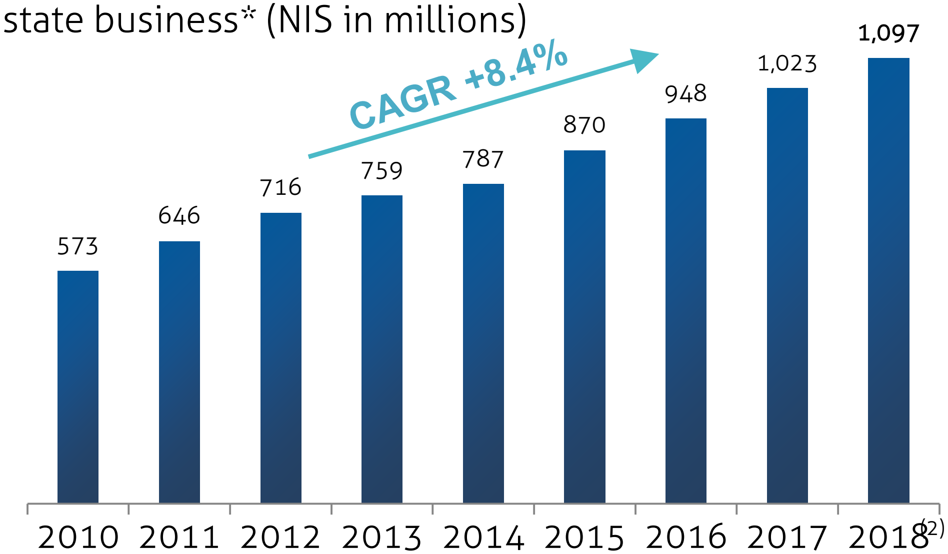
(1) According to a calculation of Q1 NOI + Q2+(Q3 X2) NOI , does not reflect any projection for 2018.

Constant FFO Growth

12% increase in FFO, compared to the corresponding quarter(1)

FFO attributed to the real estate business* (NIS in millions)





* For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report.

(1) FFO for Q3/2018 includes NIS 4 million from the senior housing business and Q3/2017 includes NIS 5 million from the senior housing business. It is noted that during 2016 and 2017, a large number of vacant units were leased up for the first time in Palace Ra'anana, which were purchased by the Group, and it is now almost fully occupied.

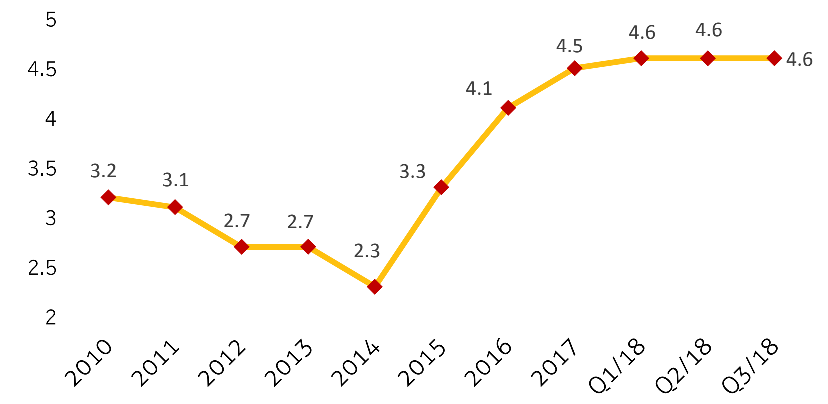
(2)According to a calculation of FFO Q1+Q2+(Q3X2), does not reflect any projection for 2018.

Extension of the Duration and Reduction of the Cost of Debt

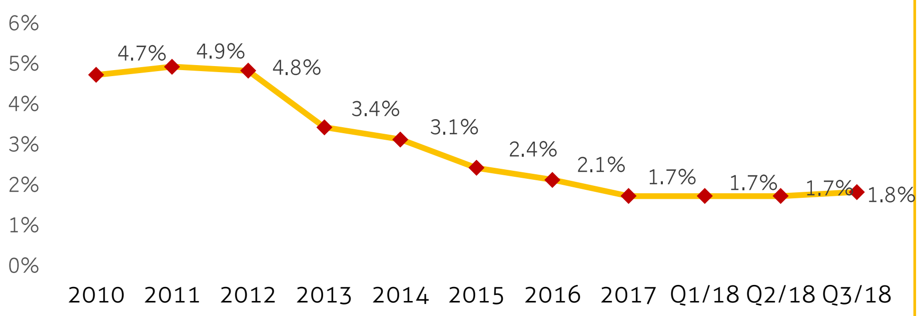
Financial Strength(1)

- Low leverage – net financial debt to assets - **29%**
- Equity to assets - **54%**
- Cash and cash equivalents - **NIS 636 million**
- Unencumbered assets - **NIS 22 billion**

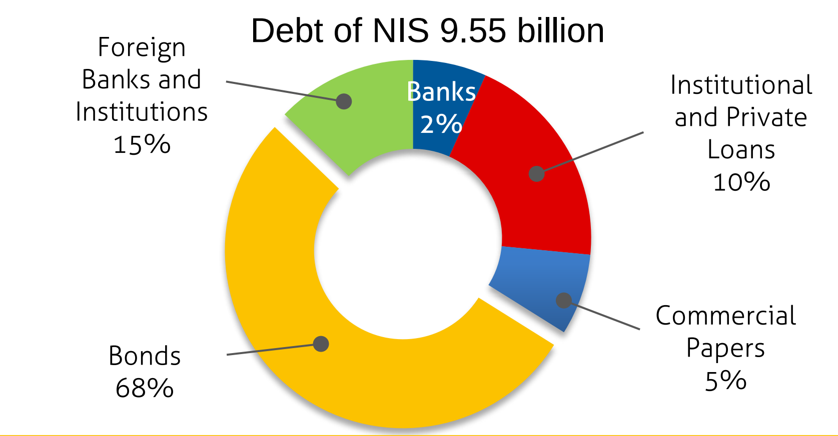
Extension of Average Debt Duration (2)



Reduction of Average Interest over the Years (2)



Debt Breakdown by Lender(1)

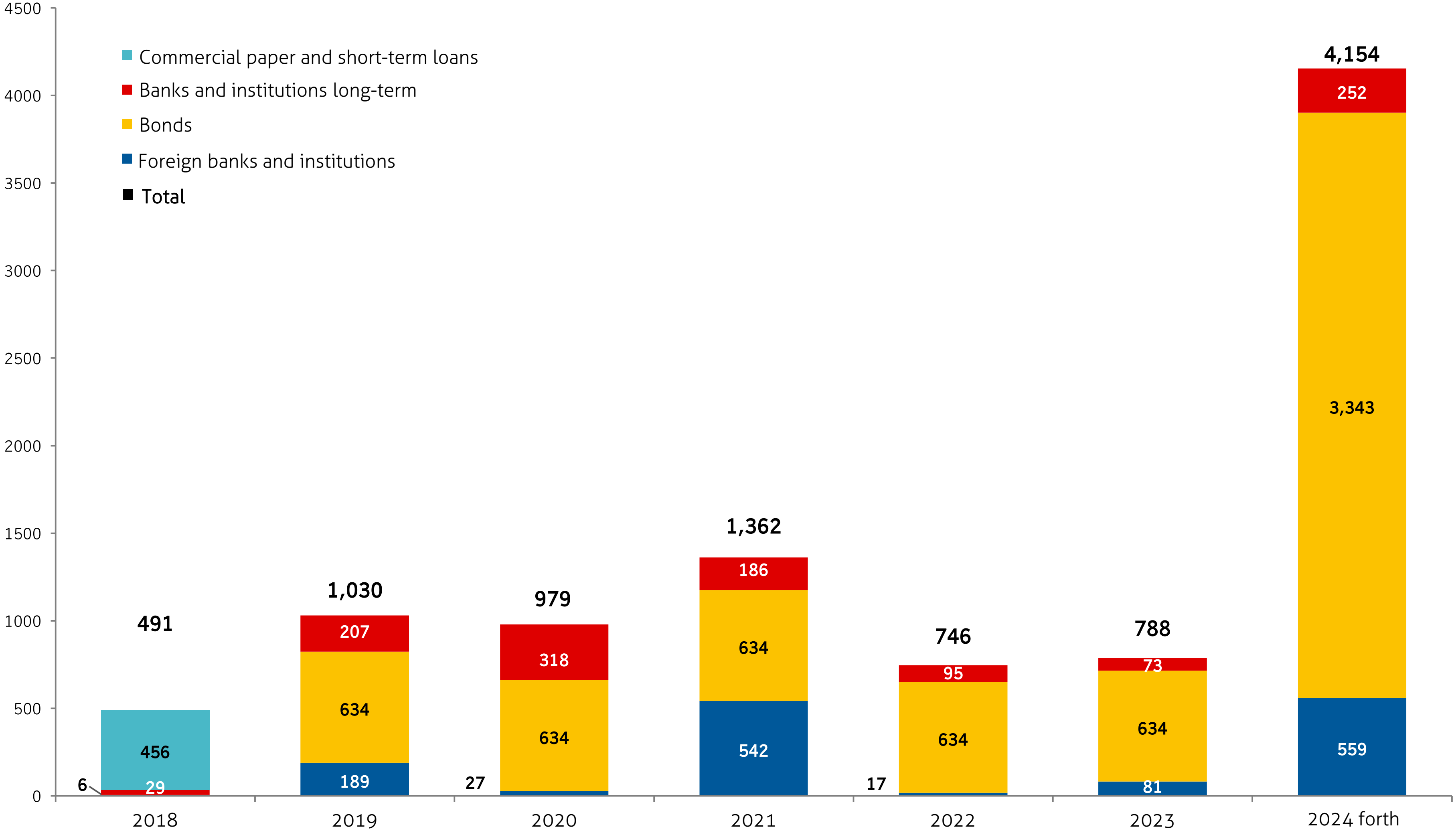


(1) As of September 30, 2018 (2) The figures are as of the last day of the year / the reported period.

Payment Schedule (Principal Only)

AZRIELIGROUP

Extended standalone as of September 30, 2018



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

	Q3 2018	Q3 2017	2017
Revenues from rent, maintenance and management fees	**532**	482	**1,875**
NOI	**386**	349	**1,385**
Same property NOI	**381**	348	
FFO attributed to the real estate business(1)	**280**	251	**1,023**
Change in the value of investment properties(2)	**(10)**	(24)	**399**
Net profit, including minority interests	**264**	263	**1,448**
Net profit, attributable to the shareholders	**264**	263	**1,456**
Comprehensive income, attributable to the shareholders	**347**	291	**1,488**

(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report.
(2) Net, after tax.

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

	September 30, 2018	September 30, 2017
Cash, securities and deposits	636	1,334
Gross financial debt	9,550	8,772
Net financial debt (1)	8,914	7,438
Net financial debt to assets	29%	25%
Financial assets (mainly Leumi and Leumi Card) (2)	1,774	1,590
investment properties and properties under construction	26,863	24,814
Equity (excluding minority interests)	16,646	15,916
Equity to assets	54%	55%
Total assets	30,815	29,245
Equity per share (NIS)	137.26	131.24
EPRA NAV per share (NIS)(3)	163	156

(1) Excluding financial assets available for sale.
(2) Leumi Card is presented as an asset held for sale. In July 2018, the Group entered into an agreement for the sale of its entire holdings (20%) in Leumi Card.
(3) Excluding the full component of expected profit in respect of the development projects.

Average Cap Rate and FFO of the Income – Producing Real Estate Business

AZRIELIGROUP

Weighted average cap rate - **7.3%**

	NIS in millions
Total investment properties "extended standalone" as of September 30, 2018	27,007
Net of the value attributed to land reserves, properties under construction and senior housing	(4,350)
Total income-producing properties	**22,657**
Actual NOI Q3/2018(1)	376
Future quarterly NOI addition	39
Total standardized NOI Q3/2018	415
Proforma annual NOI	1,660
Weighted cap rate derived from income-producing investment properties, including vacant space	7.3%

Quarterly FFO (2) attributed to the real estate business - **NIS 280 million**

	NIS in millions
Net profit Q3/2018 (attributable to shareholders)	264
Discounting the profit from Granite and Azrieli E-Commerce (including a deduction of excess cost)	2
Decrease of investment property	12
Taxes	27
Additional adjustments	(27)
Plus interest paid in respect of real investments	3
Cash flow from the receipt of residents' deposits, net, discounting forfeiture revenues	(1)
Total FFO attributed to the income-producing real estate business	**280**
Total cash flow of financing of properties under development(3)	15
Total FFO attributed to the income-producing real estate business, excluding the cash flow of financing of properties under development.	**295**

(1) Excluding senior housing (the weighted cap rate of the senior housing as of the report date is 8.75%) because the cap rate of senior housing properties derives from the FFO rather than the NOI. (2) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report. (3) The FFO calculation also includes cash-flow financing expenses in connection with projects under construction, calculated according to the credit costs capitalized to qualified properties and investment property under construction.

Conclusion – 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
- Acquisition of income-producing properties and land for future development
- New real estate operating segments (senior housing) and entry into the e-commerce segment

Most of the Company's operations are in Israel