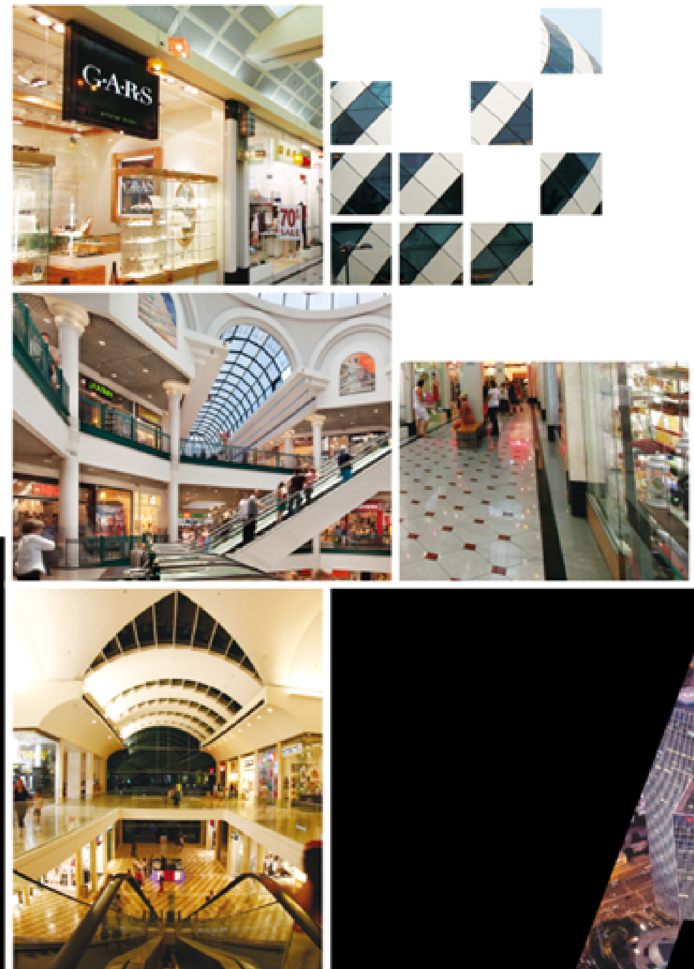
AZRIELI GROUP

Conference Call Presentation

Financial Statements — 30.09.2013



November 19, 2013

AZRIELI GROUP

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Convenience translation from Hebrew

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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 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 September 30, 2013, 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.

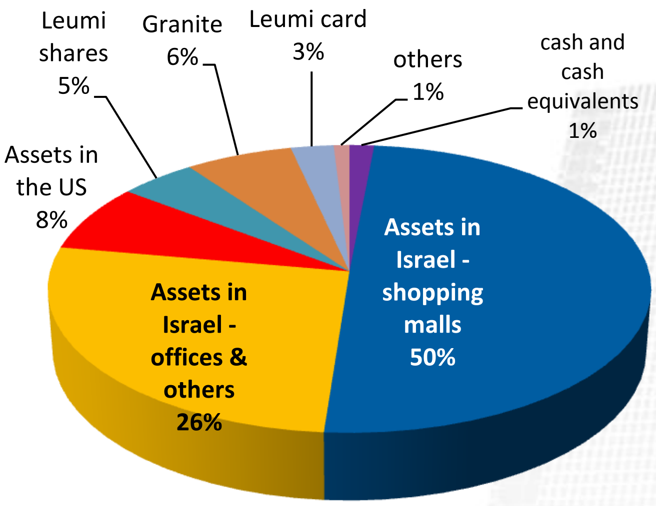
Azrieli Group - Business Card

- The Company has been publicly traded since June 2010.
- Azrieli Group's shares are traded on the following indexes: Tel Aviv 25, Tel Aviv 100 and Real Estate 15.
- Azrieli Group's stock is the only Israeli stock included in the EPRA index.
- Current market capitalization - NIS 13.7 billion[(1)].
- The Company owns leasable area totaling 765,000 sqm, with another 432,000 sqm under construction (on a consolidated basis).
- The average occupancy rate in Israel is close to 100%.
- 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 16.6 billion.
- The Company has non-mortgaged properties of NIS 13.7 billion.
- Total shareholders' equity (attributed to the shareholders) - NIS 12.1 billion[(2)].
- Low leverage (extended standalone): Net debt to balance sheet ratio of 23%, 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 November 18, 2013.
(2) As of September 30, 2013.

Azrieli Group - Company Structure

Book value by assets Extended standalone (1)



AZRIELI GROUP

Existing properties and under development 1,197,902 sqm (2)

- 13 shopping centers 256,956 sqm
- 10 office assets and others 330,234 sqm
- 8 projects under development 432,000 sqm (3)
- 6 assets overseas 178,712 sqm

4.8% – Leumi (לאומי leumi)

20% – Leumi Card (לאומי קארד)

100% – Granite Hacarmel Investments Ltd.

- 100% – Sonol
- 100% – Tambour (טמבור)
- 100% – Supergas
- 100% – GES

(1) As of September 30, 2013.
(2) GLA is consolidated.
(3) Including land purchased from Clalit Health Care Services and Yedioth Ahronot in Tel Aviv, that will be handed over to the company in 2014-2016.

Azrieli Group - Real Estate Segments

Real Estate Activity (1)

Existing properties - commercial GLA - 256,956

HAIFA
AZRIELI
HERZELIA
AYALON
HOD HASHARON
JERUSALEM
OR YEHUDA
GIVATAYIM
AKKO
HANEGEV
KIRYAT ATA
MODIIN
HOLON

Offices and others GLA – 330,234

- Azrieli Tel Aviv
- Herzliya
- Jerusalem
- Modi'in (offices & residential)
- Be'er Sheva
- Givatayim
- Caesarea
- Petach Tikva
- Azrieli Center Holon

Projects under development GLA - 432,000

- Azrieli Center Sarona
- Ramla
- Rishonim
- Azrieli Center Holon (83%)
- Ayalon – 2nd floor
- Kiryat Ata – phase B
- Clalit Center Project
- Azrieli Extension Project (Yedioth Ahronot)

Income producing properties abroad GLA - 178,712

Houston, Texas

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

Leeds, United Kingdom

- Southern House 100%

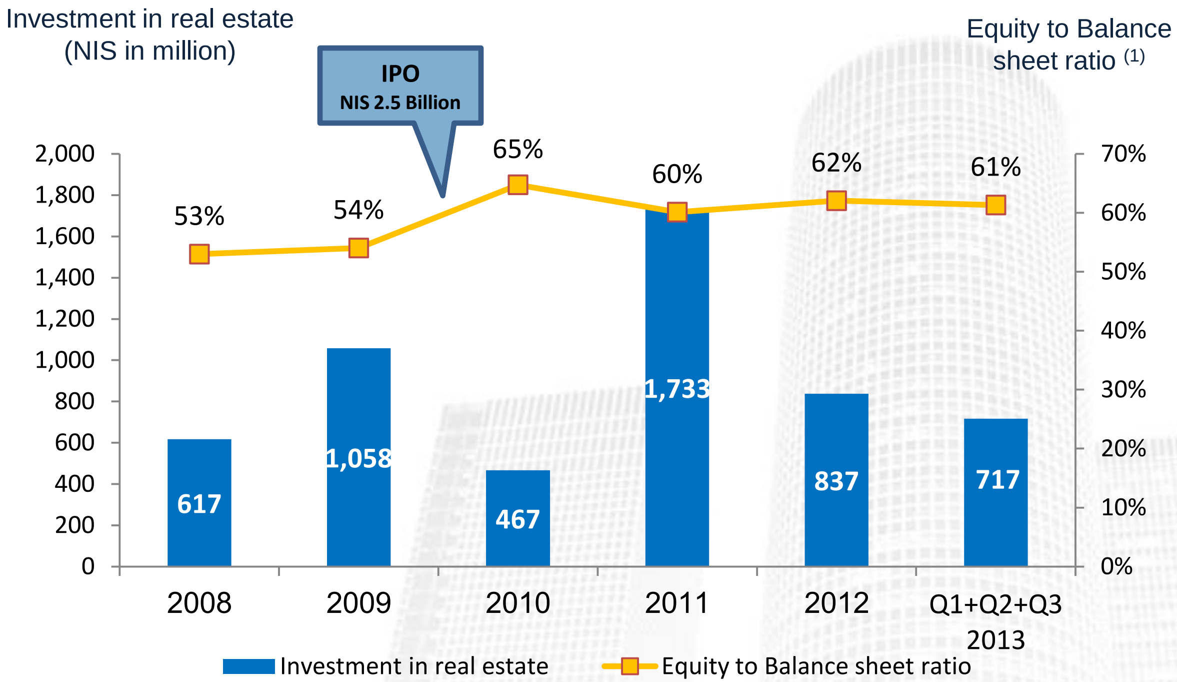
(1) GLA is consolidated.

Main Events in Q3/2013

Progress in projects under development	▪ **Azrieli Center Sarona:** Excavation completed, building of basements commenced. ▪ **Azrieli Center Holon:** First building (40,000 sqm) completed, and occupancy begun. Leases currently signed in the project for approx. 26,000 sqm. A decision was made to begin construction of Stage II. ▪ **Azrieli Rishonim:** Final zoning approval received. Excavation commenced. ▪ **Azrieli Ayalon mall (additional floor):** Construction of the second floor commenced.
Development and acquisition momentum continues	▪ In Q3/2013, the Group's investments in real-estate properties totaled NIS 230 million, and from the beginning of 2013, totaled NIS 717 million. ▪ In 2012, the Group's investments in real-estate properties totaled NIS 837 million.
Occupancy (1)	▪ The average occupancy rate in the offices and others segment in Israel is close to 100%. ▪ The average occupancy rate in the shopping center segment in Israel is close to 100%. ▪ The average occupancy rate in the US assets segment is approx. 90%.
Refinance	▪ In August 2013 the company received loans from institutional bodies, totaling NIS 960 million, bearing an interest rate of 0.75%-1.16%. ▪ The loans replaced loans from banks, totaling NIS 890 million, bearing an interest rate of 6%. ▪ In refinancing the loans, the mortgage on Azrieli Center was exchanged with a mortgage on the Round Tower only – an increase of NIS 2.8 billion in unmortgaged assets.

(1) As of September 30, 2013.

Maintaining Financial Strength despite Massive Development and Acquisitions

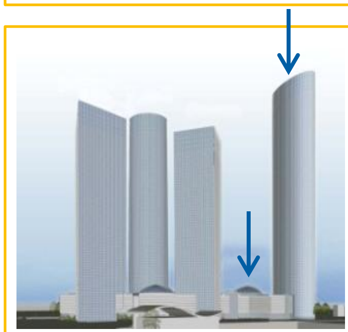


(1) Extended standalone.

Development Momentum

Approx. 469,000 sqm GLA[(1)]; Total investment of NIS 5.2 - 5.5 billion

Azrieli Center Sarona, Tel Aviv
Approx. 121,500



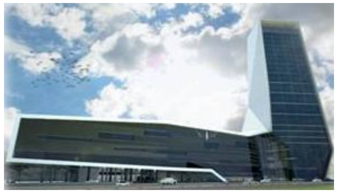
Yedioth Ahronot project
Tel Aviv
Approx. 69,000

Clalit Center project
Tel Aviv
Approx. 75,000

Azrieli Kiryat Ata (phase B)
Approx. 4,000

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

Azrieli Rishonim
Approx. 48,000



Azrieli Ramla
Approx. 22,000

Azrieli Center Holon
Approx. 120,000

(1) GLA consolidated.

Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA	Estimated date of completion	Book value 30.09.2013 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Retail and Offices	121,500	2017	679	815-860
Azrieli Kiryat Ata - phase B	100%	Offices and retail	4,000	Q4 2013	18	14-18
Azrieli Ayalon Mall - additional floor	100%	Retail	9,500	March 2015	8	118-148 (2)
Azrieli Rishonim	100%	Retail and offices	48,000	2016	187	391-421
Azrieli Center Holon (1)	83%	Retail and offices	115,000 5,000	Phase A1 –completed Phase A2 – 2014 Phase B – 2015	488	150-185
Azrieli Ramla Mall	100%	Retail	22,000	Beginning of 2015	196	155-175
Clalit Center, Tel Aviv (3)	100%	Retail, offices and residential	75,000	Not yet determined	121	830-930
Azrieli Extension Project, Tel Aviv (3)	100%	Retail, offices and residential	69,000	Not yet determined	109	890-910
Total			**469,000**		**1,806**	**3,363 – 3,647**
Total book value plus estimated cost to completion						**5,169 – 5,453**

(1) Figures are for 100%.
(2) Excluding permits and tax expenses.
(3) As of the Report Release Date, the Company has not received possession of this property.

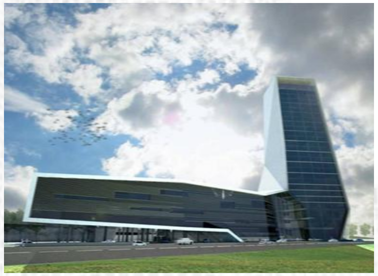
Main Projects under Development

Azrieli Center Sarona

- **Ownership:** 100%
- **Gross Leasable Area:** 121,500 sqm
- **Status:** Excavation commenced.
- **Completion** scheduled for 2017.

Azrieli Center Holon

- **Ownership:** 83%
- **Gross Leasable Area:** 120,000 sqm
- **Status:** phase A1 completed. Under construction.
- **Completion** scheduled for 2013-2015



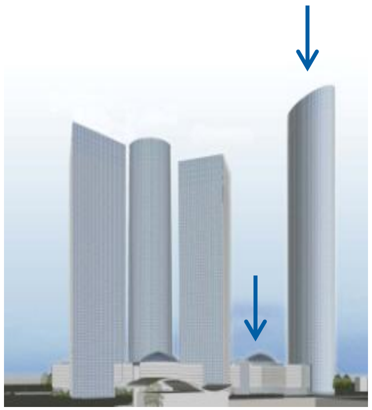
Azrieli Rishonim

- **Ownership:** 100%
- **Gross Leasable Area:** 48,000 sqm
- **Status:** Excavation commenced.
- **Completion** scheduled for 2016.

Azrieli Ramla Mall

- **Ownership:** 100%
- **Gross Leasable Area:** 22,000 sqm
- **Status:** Under construction
- **Completion** scheduled for 2015

Main Projects under Development



Azrieli Extension Project

- **Ownership:** 100%
- **Gross Leasable Area:** 39,000 sqm
- **Residential Area:** 30,000 sqm
- **Status:** Handing over of the land is scheduled for 2015-2016.
- **Completion** Not yet determined

Clalit Center Tel Aviv

- **Ownership:** 100%
- **Gross Leasable Area:** 58,000 sqm
- **Residential Area:** 17,000 sqm
- **Status:** Handing over of the land is scheduled for 2014-2015.
- **Completion** Not yet determined

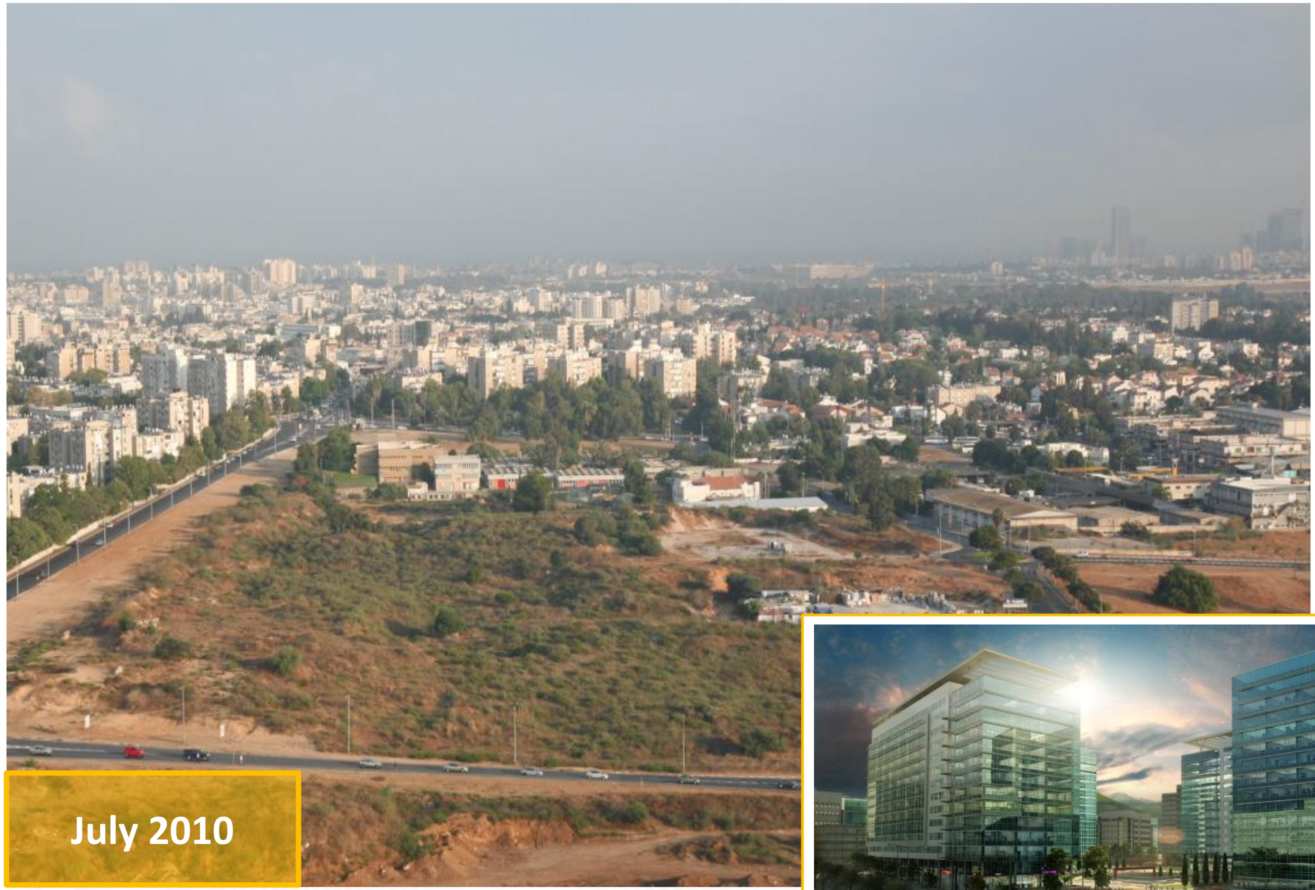
Azrieli Ayalon Mall – 2nd Floor

- **Ownership:** 100%
- **Gross Leasable Area:** 9,500 sqm
- **Status** Under construction
- **Completion** scheduled for 3/2015

Azrieli Kiryal Ata – Phase B

- **Ownership:** 100%
- **Gross Leasable Area:** 4,000 sqm
- **Status:** Under construction
- **Completion** scheduled for Q4- 2013

Azrieli Center Holon


July 2010

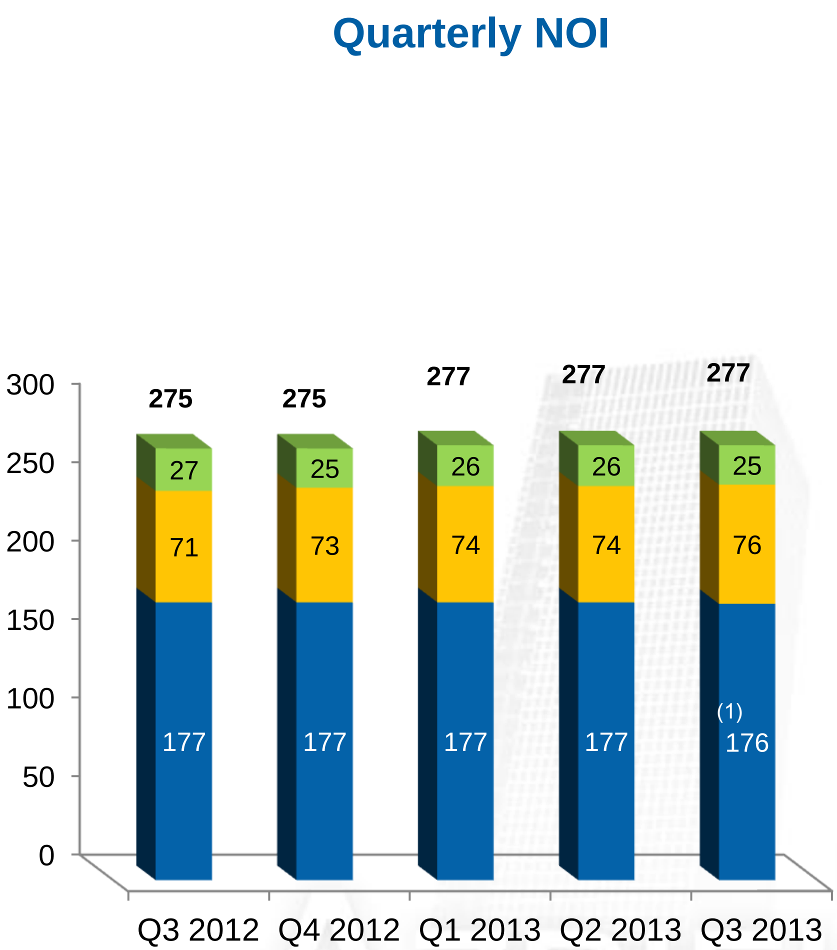

Simulation

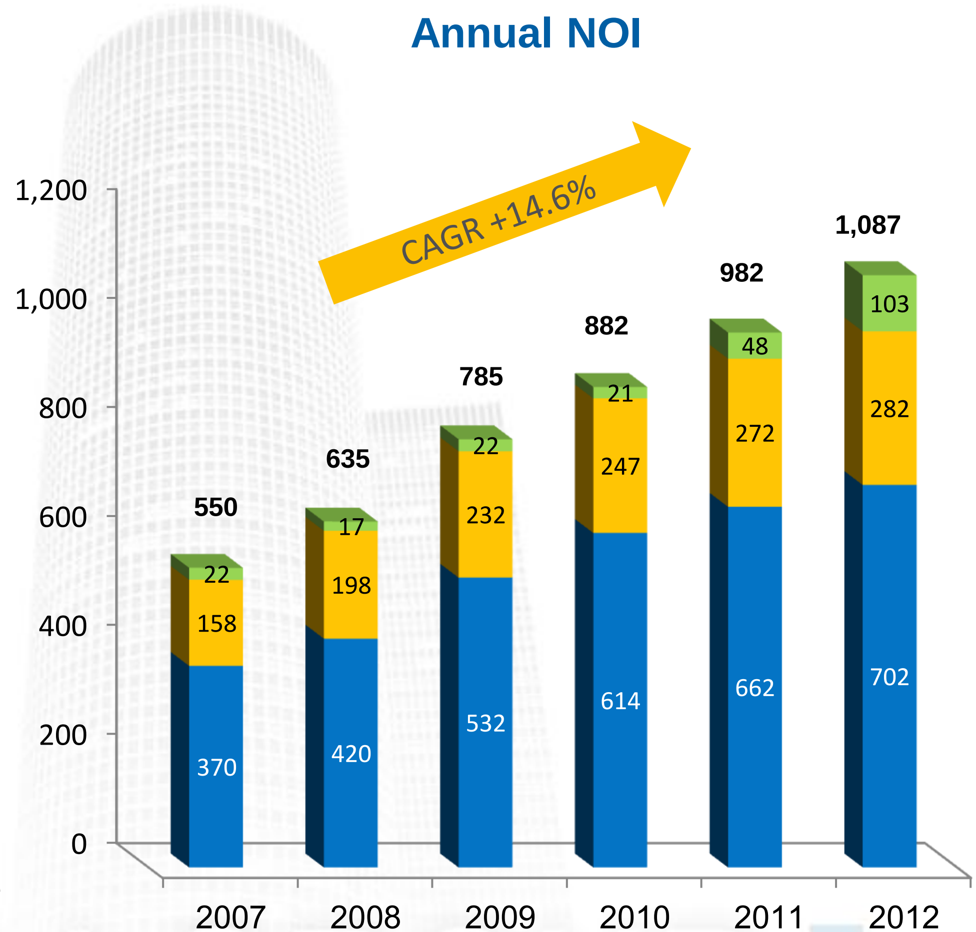
Azrieli Center Holon

Azrieli Center Holon

October 2013

Continuous Growth in NOI
(NIS in millions)



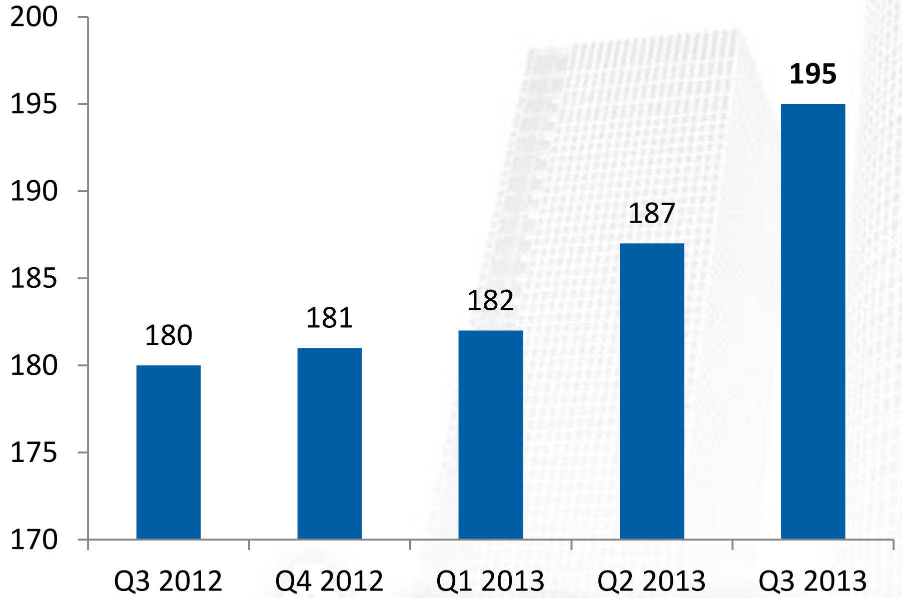


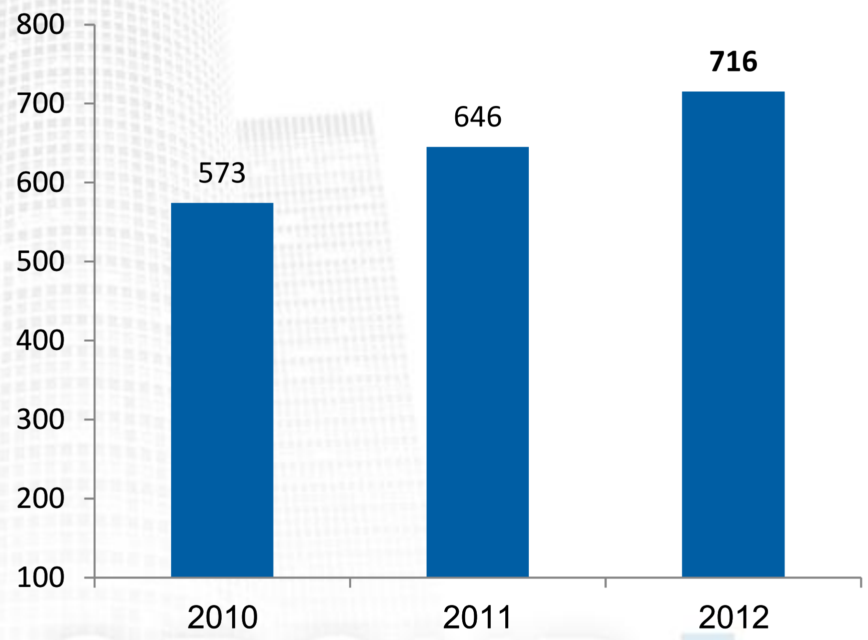
- Shopping malls and commercial
- Offices and others
- Assets in the US.

(1) Includes one-time negative effects in the sum of approx. NIS 3 million due to space that has not yet begun to produce income after a tenant's leaving in several malls, in respect of the majority of which lease agreements have been signed for higher rent

Continuous Growth in FFO
(NIS in millions)

Real Estate FFO





Summary of Financial Results
(extended standalone)

NIS in millions	7-9/2013	7-9/2012		2012
Property rental income	**358**	359		1,399
NOI	**277**	275		1,087
Same property NOI	**275**	275		--
Real estate segment FFO	**195**	180		716
Appreciation of investment property (1)	**2**	2		236
Net profit, including minority	**56**	211		986
Net profit (loss), attributed to shareholders	**55**	194		939
Comprehensive profit (loss), attributed to shareholders	**96**	284		1,060

(1) Net, after tax.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	30.09.2013	31.12.2012
Cash, securities and deposits	295	533
Financial debt, gross	4,966	4,800
Financial debt, net [(1)]	4,671	4,267
Financial assets available for sale	1,444	1,414
Fair value of income-producing real estate and properties under development	16,620	15,865
Shareholders' equity (excluding minority interest)	12,125	11,875
Shareholders' equity to balance sheet ratio	61%	62%
Total balance sheet	19,887	19,248
Shareholders' equity per share (NIS)	100.0	97.9
EPRA NAV per share (NIS) [(2)]	121	118

(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 7.7%

	NIS in millions
Investment properties as of 30.09.2013 (extended standalone)	16,678
Net of: properties under development, vacant space and building rights	(1,833)
Total income-producing properties	**14,845**
Actual NOI for Q3/2013	277
Additions to future Q3/2013 NOI	9
Adjusted NOI for Q3/2013	286
Annual pro-forma NOI	**1,144**
Portfolio weighted average cap-rate	**7.7%**

Current real estate segment FFO – NIS 780 million

	NIS in millions
Net profit for Q3/2013 (attributed to the shareholders)	55
Net of items attributed to Granite	(35)
Increase of investment property value	(2)
Deferred tax expenses	149
Other adjustments	13
Plus interest paid for real investments	15
Quarterly FFO attributed to real-estate operations	195
Annual proforma FFO (real estate)	**780**

Debt Structure and Rating (1)
(NIS in millions)

Financial stability

- Low leverage - net financial liabilities to balance sheet: 23%.
- Shareholders' equity to balance sheet: 61%.
- Liquid means of approx. NIS 295 million.
- Non-mortgaged property value of approx. NIS 13.7 billion.
- Bank loans and institutional bodies: NIS 3.5 billion.
- Bonds & commercial paper: NIS 1.5 billion.
- Weighted average duration: 2.75 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	1,151	23%
1 to 4 years	2,775	56%
5 to 10 years	1,040	21%
	---------------	---------------
Total 30.09.2013	4,966	100%

	Principal amount	Average interest rate
Linked to CPI	3,369	3.46%
In NIS	708	1.94%
Linked to $	865	5.18%
Linked to £	24	1.875%
	---------------	---------------
Total 30.09.2013	4,966	3.54%

Upside

(1) Based on 30.09.2013 extended standalone financial statements.

Non-Core Holdings - Results

Granite HaCarmel (100%) – In Q3/2013 Granite's net profit totaled NIS 40 million compared with NIS 38 million in Q3/2012.

Bank Leumi (approx. 4.8% holding) – In Q3/2013, the share value on TASE increased by approx. 8%, representing an increase of approx. NIS 53 million, net of tax.
The market value of the Group's holding as of 30.09.2013 is NIS 925 million. The cost of the investment on the Group's books is NIS 675 million.

Leumi Card (20% holding) – The holding book value as of 30.09.2013 was NIS 514 million, according to an external appraiser as of 31.12.2012.
During the period, the Group received a dividend of NIS 6 million from Leumi Card. The cost of the investment on the Group's books is NIS 344 million.

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.
- Most of the Azrieli Group's activity takes place in Israel.


Azrieli Mall Modi'in