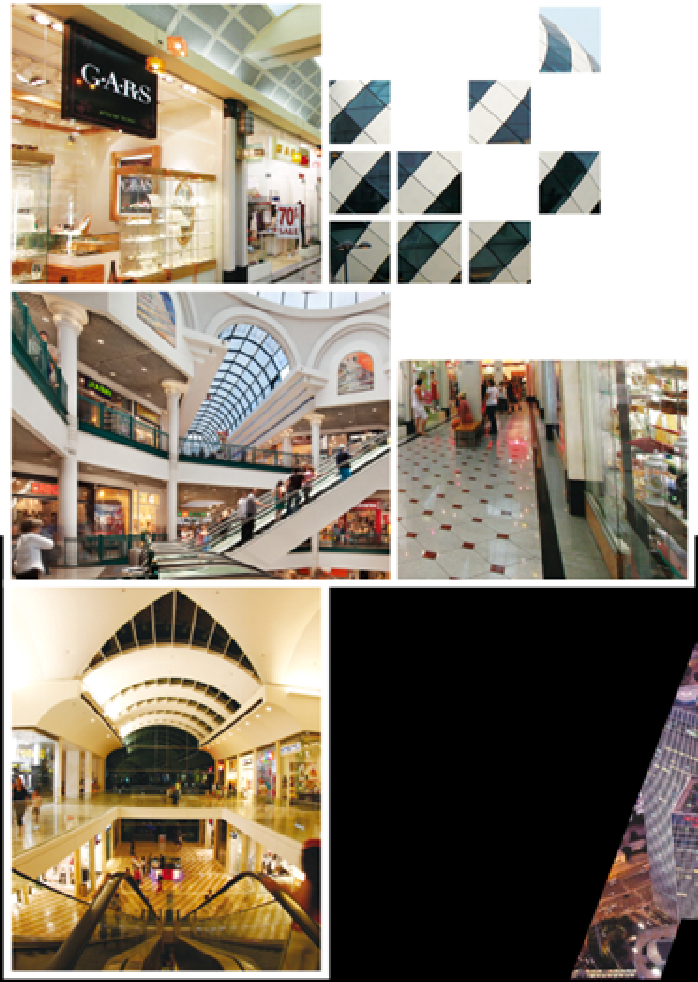
Conference Call Presentation

Financial Statements — 30.06.2013



22.08.2013

AZRIELI GROUP
AZRIELI

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 June 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 13.6 billion(1).
- The Company owns leasable area totaling 730,000 sqm, with another 469,000 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 billion.
- The Company has non-mortgaged properties of NIS 10.8 billion.
- Total shareholders’ equity (attributed to the shareholders) - NIS 12 billion(2).
- Low leverage (extended standalone): Net debt to balance sheet ratio of 24%, and equity to balance sheet ratio of 62%.
- The Group’s bonds are rated AA/Stable by S&P/Maalot and Aa2/Stable by Moody’s/Midroog.

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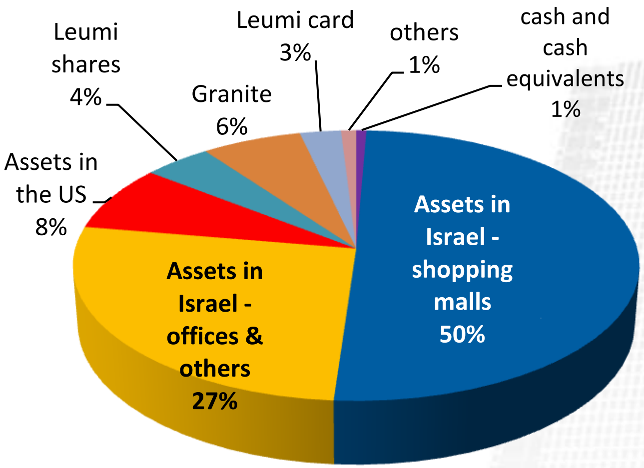
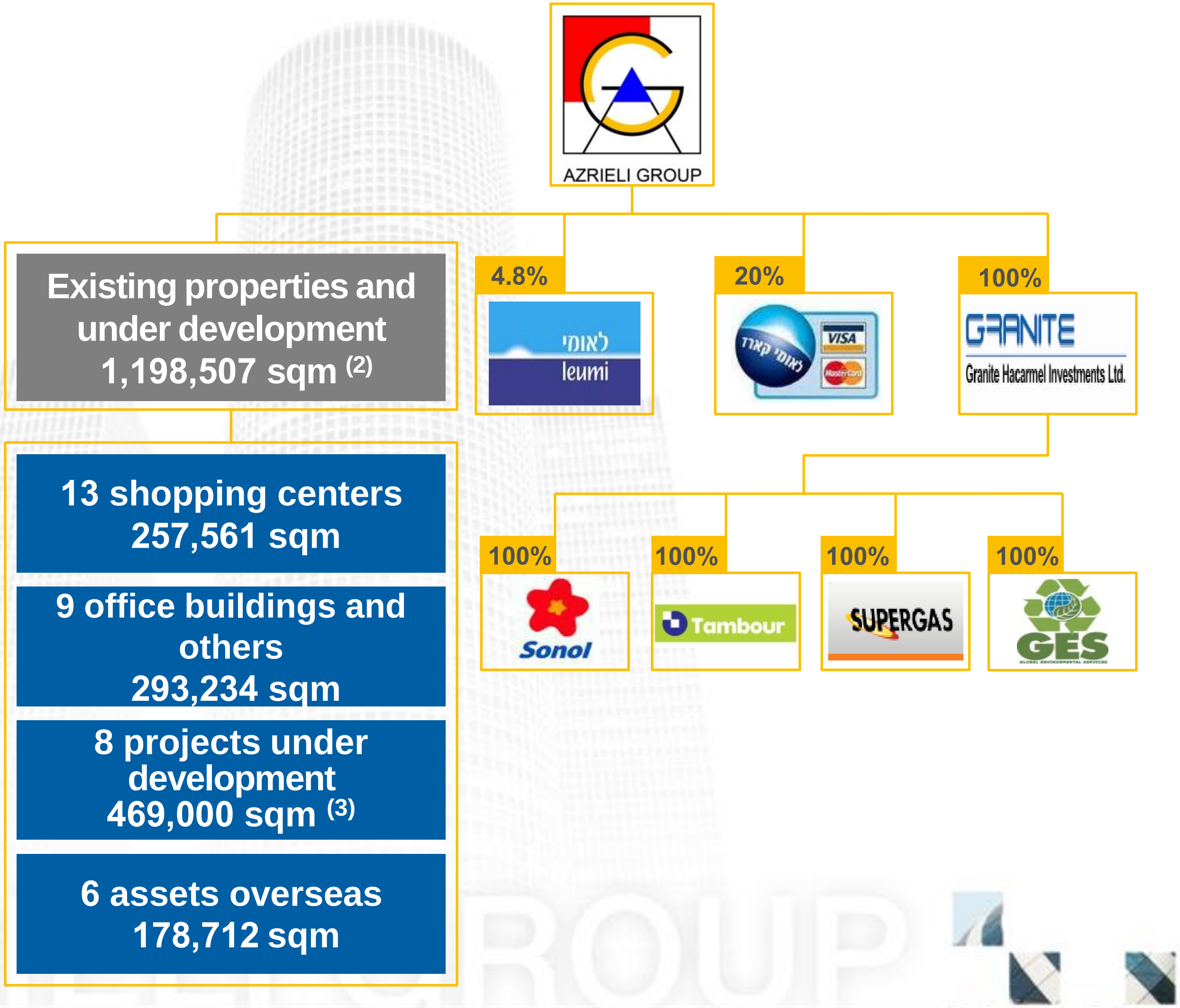
(1) As of 22.08.2013.

(2) As of 30.06.2013.

Azrieli Group - Company Structure

Book value by assets
Extended standalone (1)





Existing properties and under development
1,198,507 sqm (2)

13 shopping centers
257,561 sqm

9 office buildings and others
293,234 sqm

8 projects under development
469,000 sqm (3)

6 assets overseas
178,712 sqm

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(1) As of 30.06.2013.

(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 - 257,561

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

Offices and others GLA - 293,234

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

Projects under development GLA - 469,000

- 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%

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(1) GLA is consolidated.

Financial Highlights in Q2/2013
(summary of extended standalone statements)

3% NOI growth

- **NOI** in Q2/2013 totaled NIS 277 million, compared with NIS 269 million in Q2/2012.
- 3% growth.
- The growth is due to an internal increase in rent (same property NOI), and the acquisition of the partners' holding in the asset in Petah Tikva.

3% increase in Same Property NOI

- Growth of 3% in **Same Property NOI** in Q2/2013, compared with Q2/2012.
- This growth is attributed mainly to an internal increase in rent.

4% growth in real-estate segment FFO

- **FFO** totaled NIS 187 million in Q2/2013, compared with NIS 180 million in Q2/2012.
- 4% growth.
- The increase is attributed mainly to new acquisitions and an increase in same property NOI.

Net profit totaled NIS 274 million

- **Net profit** of NIS 278 million in Q2/2013 compared with NIS 198 million in Q2/2012.
- **Net profit (attributed to the shareholders)** of NIS 274 million in Q2/2013 compared with NIS 191 million in Q2/2012.

Dividend

- **The Group distributed a dividend** in April 2013 of NIS 265 million (NIS 2.19 per share), compared with a dividend of NIS 240 million last year.

Main Events in Q2/2013

Progress in projects under development

- **Azrieli Center Sarona:** Excavation commenced.
- **Azrieli Center Holon:** Completion of the first building (40,000 sqm), and occupancy started.
- **Azrieli Ramla Mall:** Under construction.
- **Azrieli Rishonim:** Excavation commenced.
- **Azrieli Ayalon mall (additional floor):** Construction of the second floor commenced.

Development and acquisition momentum continues

- In Q2/2013, the Group's investments in real-estate properties totaled NIS 342 million, and from the beginning of 2013, totaled NIS 487 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. 89%.

Turnover in the shopping centers (2)

- In 1-6/2013 the turnover in the group's shopping centers was relatively stable, compared with the same period in 2012.

An agreement for the purchase of land in Tel Aviv

- In May 2013, the Group signed an agreement for the purchase of land adjacent to the Azrieli Center in Tel Aviv, in consideration for NIS 374 million.
- The acquired lot is designated for the construction of a project totaling 69,000 sqm.
- The possession of the lot is expected to be handed over to the Group no later than 31.03.2016. The seller has the option to bring the handover forward up to 31.12.2014.

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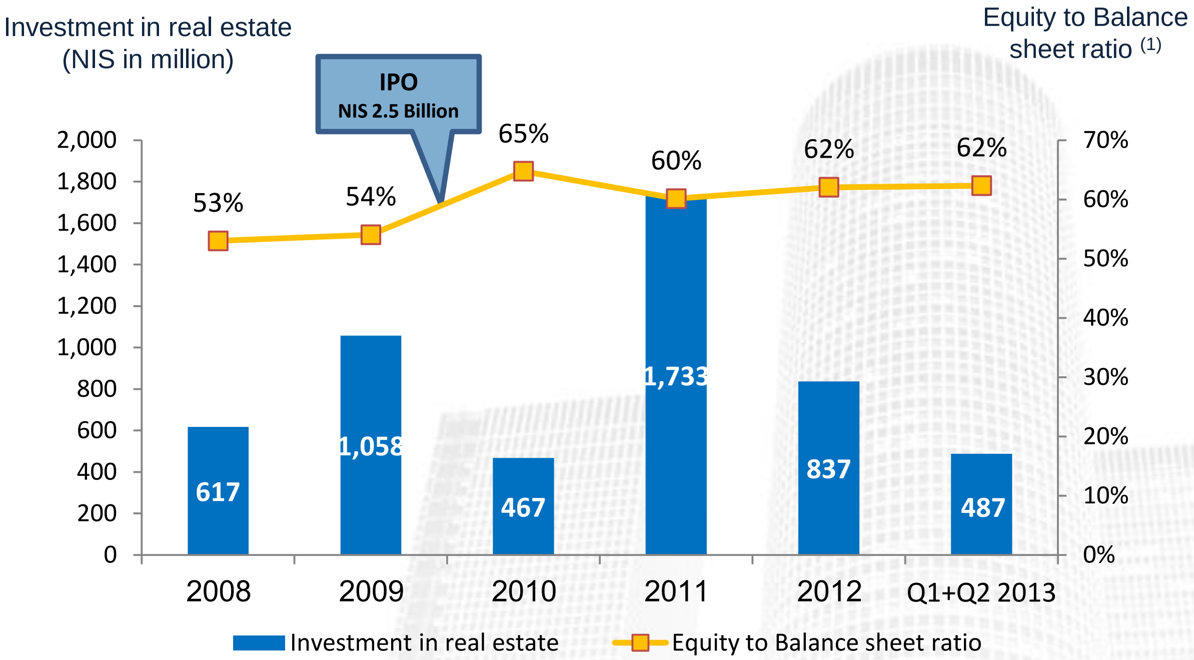
(1) As of 30.06.2013

(2) Based on figures received from tenants. However, not all tenants report their turnover to the Company.

Maintaining Financial Strength despite Massive Development and Acquisitions



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(1) Solo extended.

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

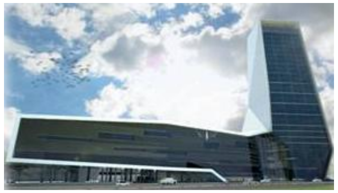
Yedioth Ahronot project
Tel Aviv
Approx. 69,000

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

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(1) GLA consolidated.

Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA	Estimated date of completion	Book value 30.06.2013 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Retail and Offices	121,500	Year-end 2016	648	846-891
Azrieli Kiryat Ata - phase B	100%	Offices and retail	4,000	Q4 2013	5	27-37
Azrieli Ayalon Mall - additional floor	100%	Retail	9,500	March 2015	6	120-150
Azrieli Rishonim	100%	Retail and offices	48,000	2016 (2)	122	457-487
Azrieli Center Holon (1)	83%	Retail and offices	115,000 5,000	Phase A1 –completed Phase A2 – 2014 Phase B – 2016	420	217-252
Azrieli Ramla Mall	100%	Retail	22,000	Beginning of 2015	174	180-200
Clalit Center, Tel Aviv	100%	Retail, offices and residential	75,000	Not yet determined	121	830-930
Azrieli Extension Project, Tel Aviv	100%	Retail, offices and residential	69,000	Not yet determined	109	890-910
Total			**469,000**		**1,605**	**3,567– 3,857**
Total book value plus estimated cost to completion						**5,172– 5,462**

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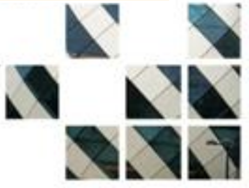
(1) Figures are for 100%.

(2) Subject to approval of zoning plan.



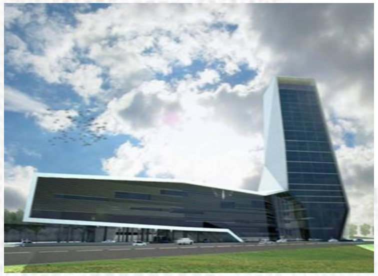
Main Projects under Development

Azrieli Center Sarona

- **Ownership:** 100%
- **Gross Leasable Area:** 121,500 sqm
- **Status:** Excavation commenced.
- **Completion** scheduled for 2016

Azrieli Center Holon

- **Ownership:** 83%
- **Gross Leasable Area:** 120,000 sqm
- **Status:** phase A1 completed. Under construction.
- **Completion** scheduled for 2013-2016



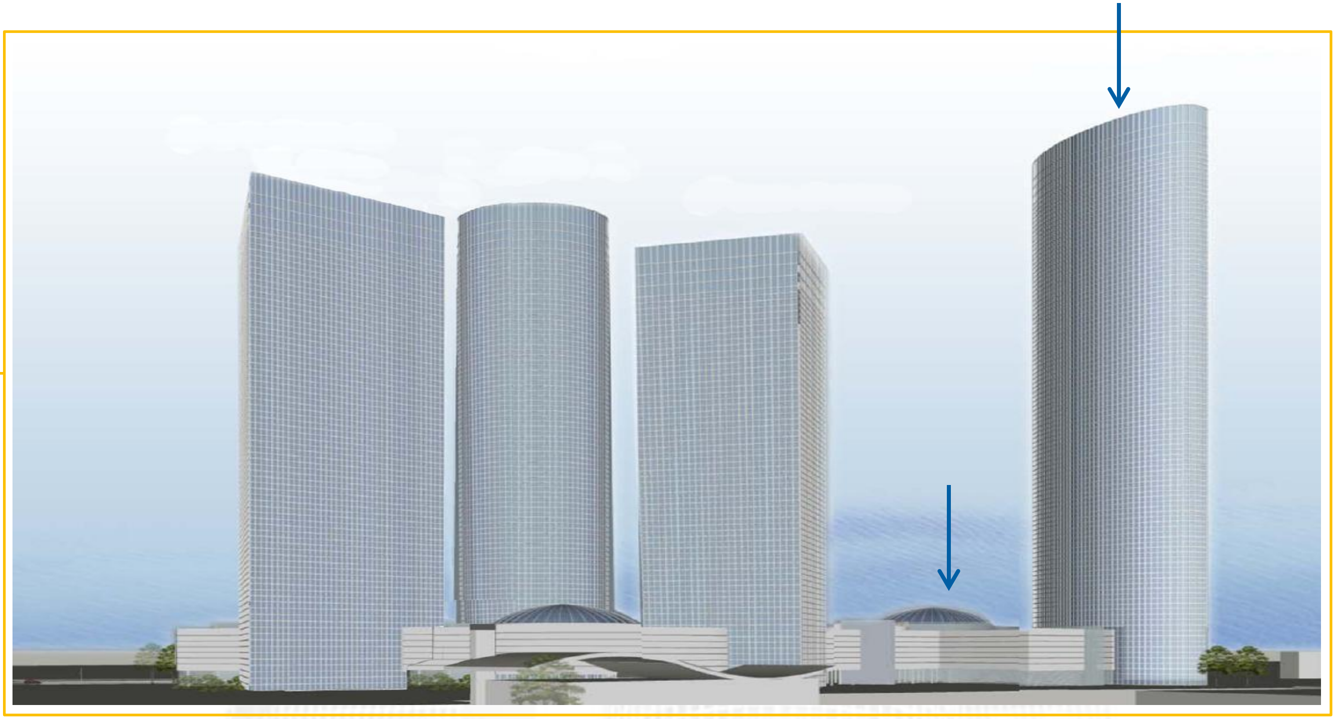
Azrieli Rishonim

- **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

Purchase of land adjacent to the Azrieli Center in Tel Aviv



- Ownership – 100%.
- Land of approx. 8,400 sqm in the center of Tel Aviv.
- Gross retail, office and residential area of 69,000 sqm
  - ✓ Approx. 29,000 sqm of office space
  - ✓ Approx. 10,000 sqm of retail space
  - ✓ Approx. 30,000 sqm of residences (370 apartments)
- 1,000 parking spaces.
- Cost of land – NIS 374 million.
- Estimated cost to completion – NIS 625-645 million.
- Estimated date of handing over of the land – 2015-2016.

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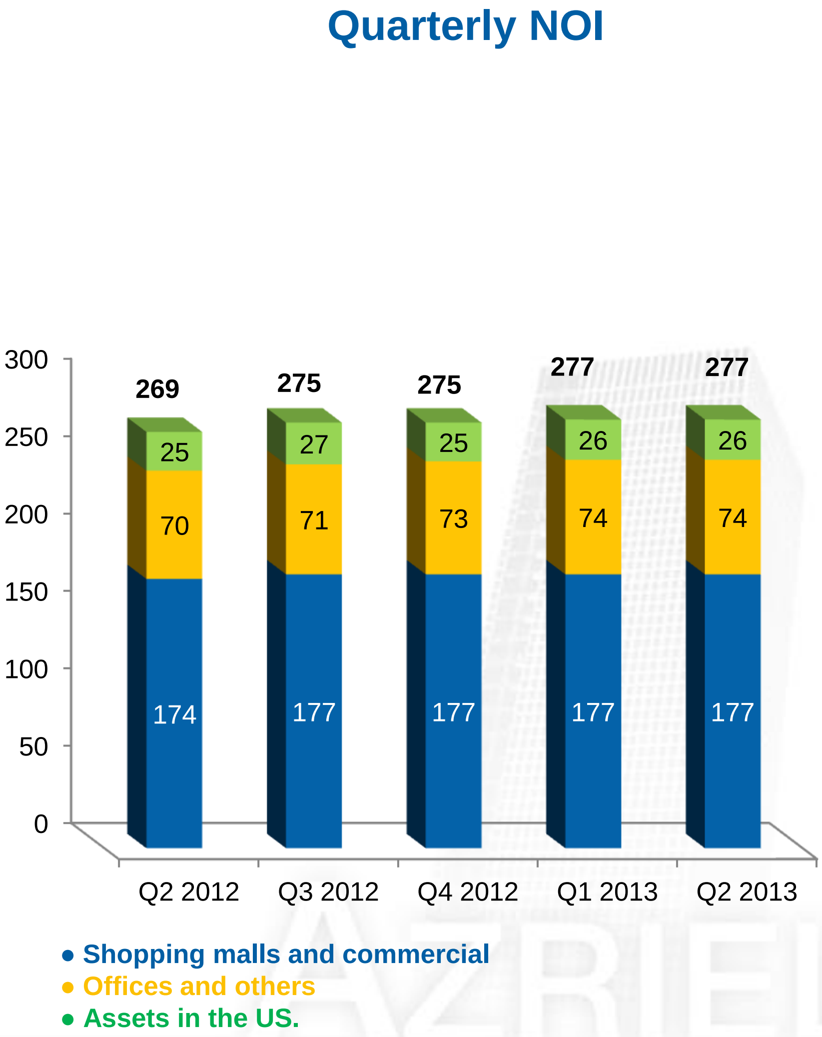
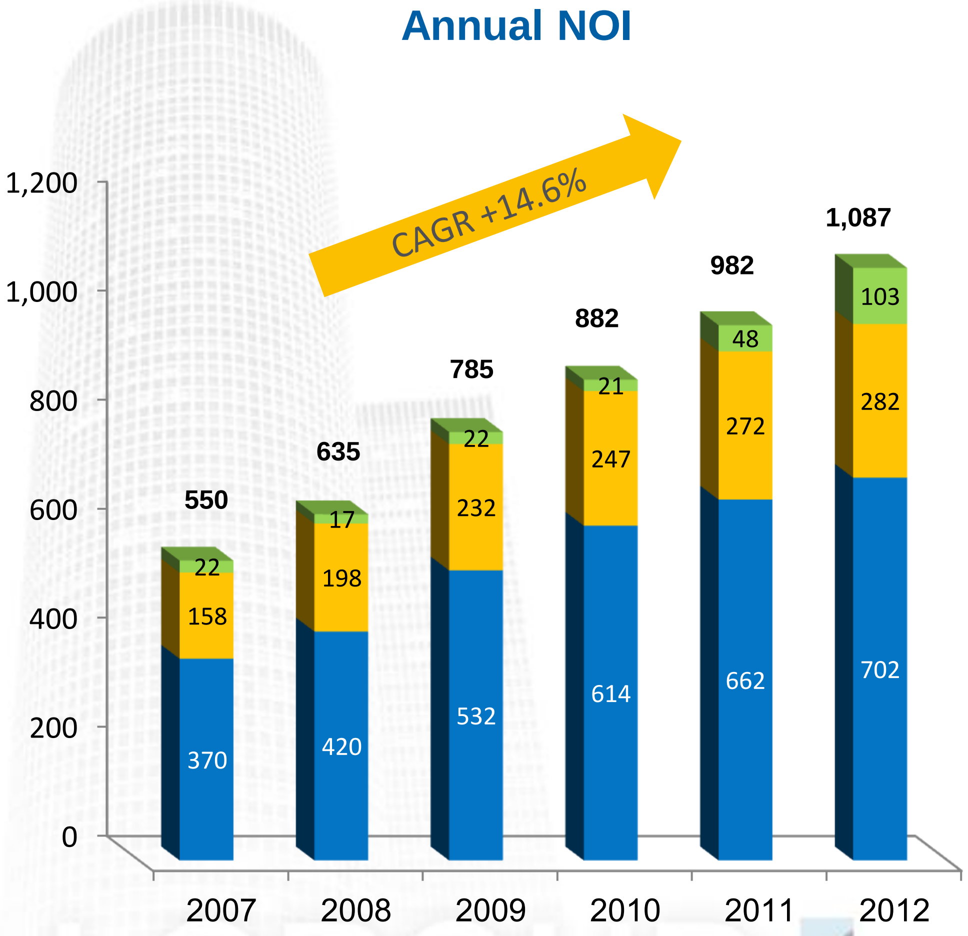
(1) Subject to regulatory approvals.

Continuous Growth in NOI

(NIS in millions)



	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Assets in the US.	25	27	25	26	26
Offices and others	70	71	73	74	74
Shopping malls and commercial	174	177	177	177	177
	269	275	275	277	277

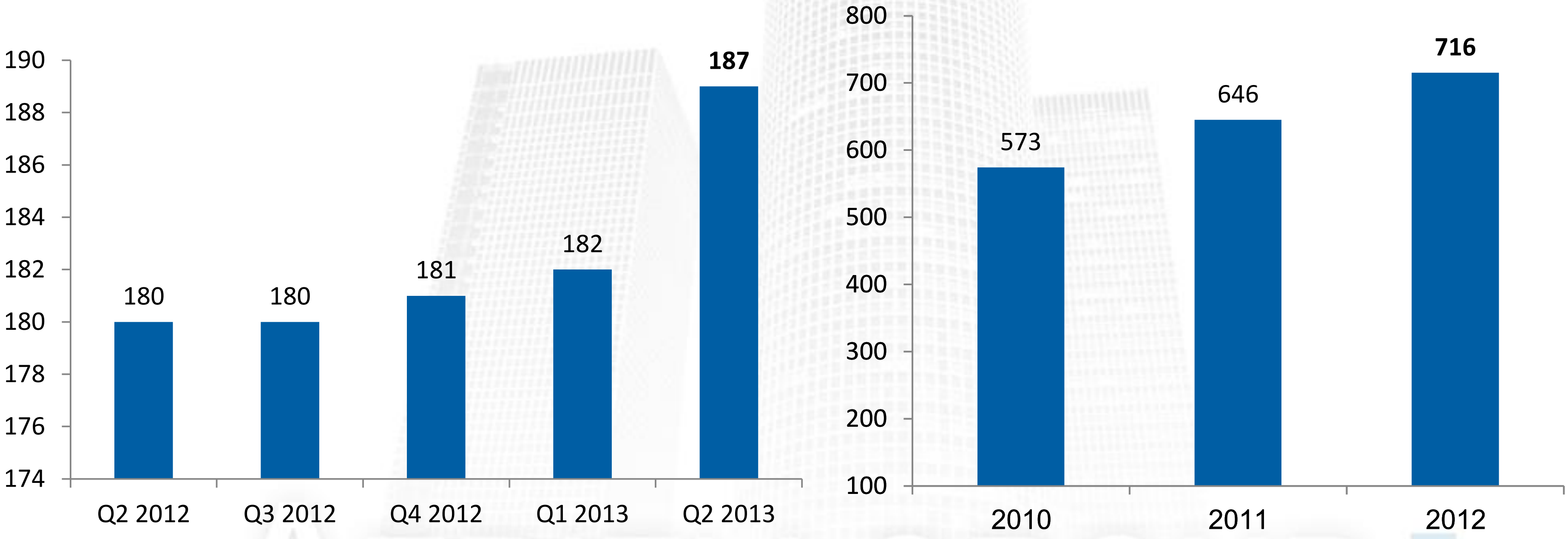


	2007	2008	2009	2010	2011	2012
	22	17	22	21	48	103
	158	198	232	247	272	282
	370	420	532	614	662	702
	550	635	785	882	982	1,087

Continuous Growth in FFO

(NIS in millions)

Real Estate FFO



Summary of Financial Results
(extended standalone)

NIS in millions	4-6/2013	4-6/2012		2012
Property rental income	**352**	347		1,399
NOI	**277**	269		1,087
Same property NOI	**276**	269		--
Real estate segment FFO	**187**	180		716
Appreciation of investment property (1)	**93**	74		236
Net profit, including minority	**278**	198		986
Net profit (loss), attributed to shareholders	**274**	191		939
Comprehensive profit (loss), attributed to shareholders	**231**	89		1,060

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(1) Net, after tax.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	30.06.2013	31.12.2012
Cash, securities and deposits	127	533
Financial debt, gross	4,774	4,800
Financial debt, net (1)	4,647	4,267
Financial assets available for sale	1,372	1,414
Fair value of income-producing real estate and properties under development	16,422	15,865
Shareholders' equity (excluding minority interest)	12,029	11,875
Shareholders' equity to balance sheet ratio	62%	62%
Total balance sheet	19,416	19,248
Shareholders' equity per share (NIS)	99.2	97.9
EPRA NAV per share (NIS) (2)	119	118

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(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 7.6%

	NIS in millions
Investment properties as of 30.06.2013 (extended standalone)	16,480
Net of: properties under development, vacant space and building rights	(1,633)
Total income-producing properties	**14,847**
Actual NOI for Q2/2013	277
Additions to future Q2/2013 NOI	6
Adjusted NOI for Q2/2013	283
Annual pro-forma NOI	**1,130**
Portfolio weighted average cap-rate	**7.6%**

Current real estate segment FFO – NIS 748 million

	NIS in millions
Net profit for Q2/2013 (attributed to the shareholders)	274
Net of items attributed to Granite	(26)
Increase of investment property value	(123)
Deferred tax expenses	45
Other adjustments	3
Plus interest paid for real investments	14
Quarterly FFO attributed to real-estate operations	187
Annual proforma FFO (real estate)	**748**

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

Financial stability

- Low leverage - net financial liabilities to balance sheet: 24%.
- Shareholders' equity to balance sheet: 62%.
- Liquid means of approx. NIS 127 million.
- Non-mortgaged property value of approx. NIS 10.8 billion.
- Bank loans and institutional bodies: NIS 3.3 billion.
- Bonds & commercial paper: NIS 1.5 billion.
- Weighted average duration: 2.27 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	1,952 (2)	41%
1 to 4 years	2,062	43%
5 to 10 years	759	16%
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Total 30.06.2013	4,774	100%

	Principal amount	Average interest rate
Linked to CPI	3,153 (2)	5.03%
In NIS	710	2.19%
Linked to $	888	5.18%
Linked to £	23	2.225%
	---------------	---------------
Total 30.06.2013	4,774	4.62%

Upside

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(1) Based on 30.06.2013 extended standalone financial statements.

(2) Including a loan of approx. NIS 889 million to finance the Azrieli Center, with 6% interest, maturing at the end of August 2013, which was refinanced shortly after the release of the report through loans with interest rates of 0.8%-1.2%.

Non-Core Holdings - Results

Granite HaCarmel (100%) – In Q2/2013 the Group's share in Granite's results totaled NIS 30 million compared with NIS 15 million in Q2/2012.

Bank Leumi (approx. 4.8% holding) – In Q2/2013, the share value on TASE decreased by approx. 6%, representing a decrease of approx. NIS 39 million, net of tax.
The market value of the Group's holding as of 30.06.2013 is NIS 853 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 30.06.2013 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…
- Increase in shopping mall turnover.
- 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.