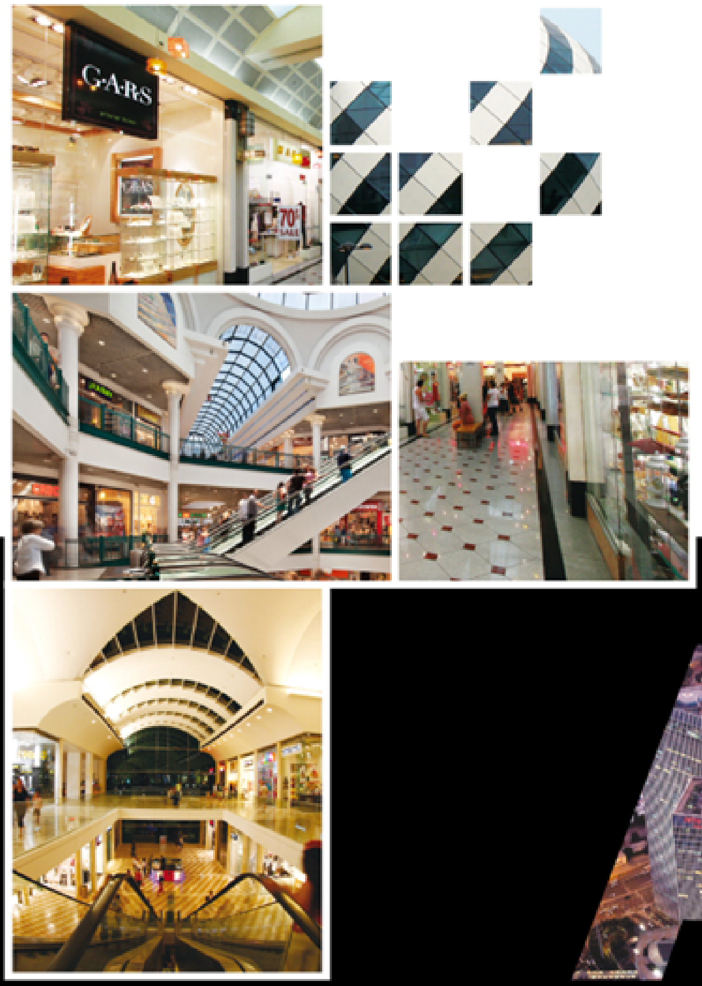
AZRIELI GROUP

Conference Call Presentation

Financial Statements — 31.12.2013

March 19, 2014



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 December 31, 2013, sections 1.1.6 and 1.1.7, 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.

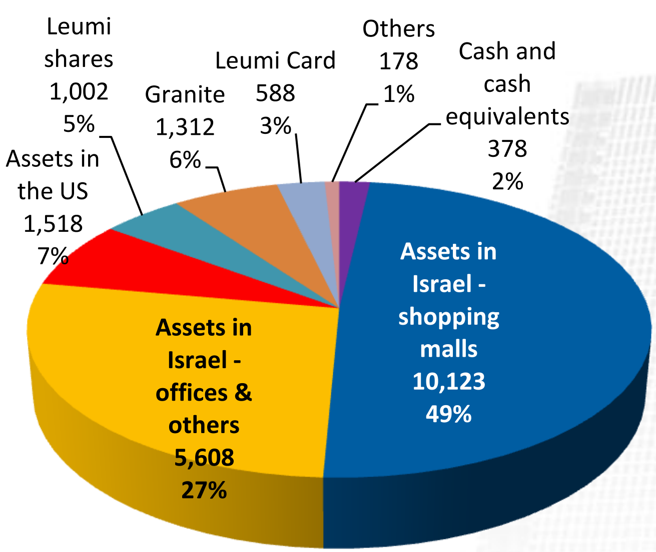
Azrieli Group - Business Card

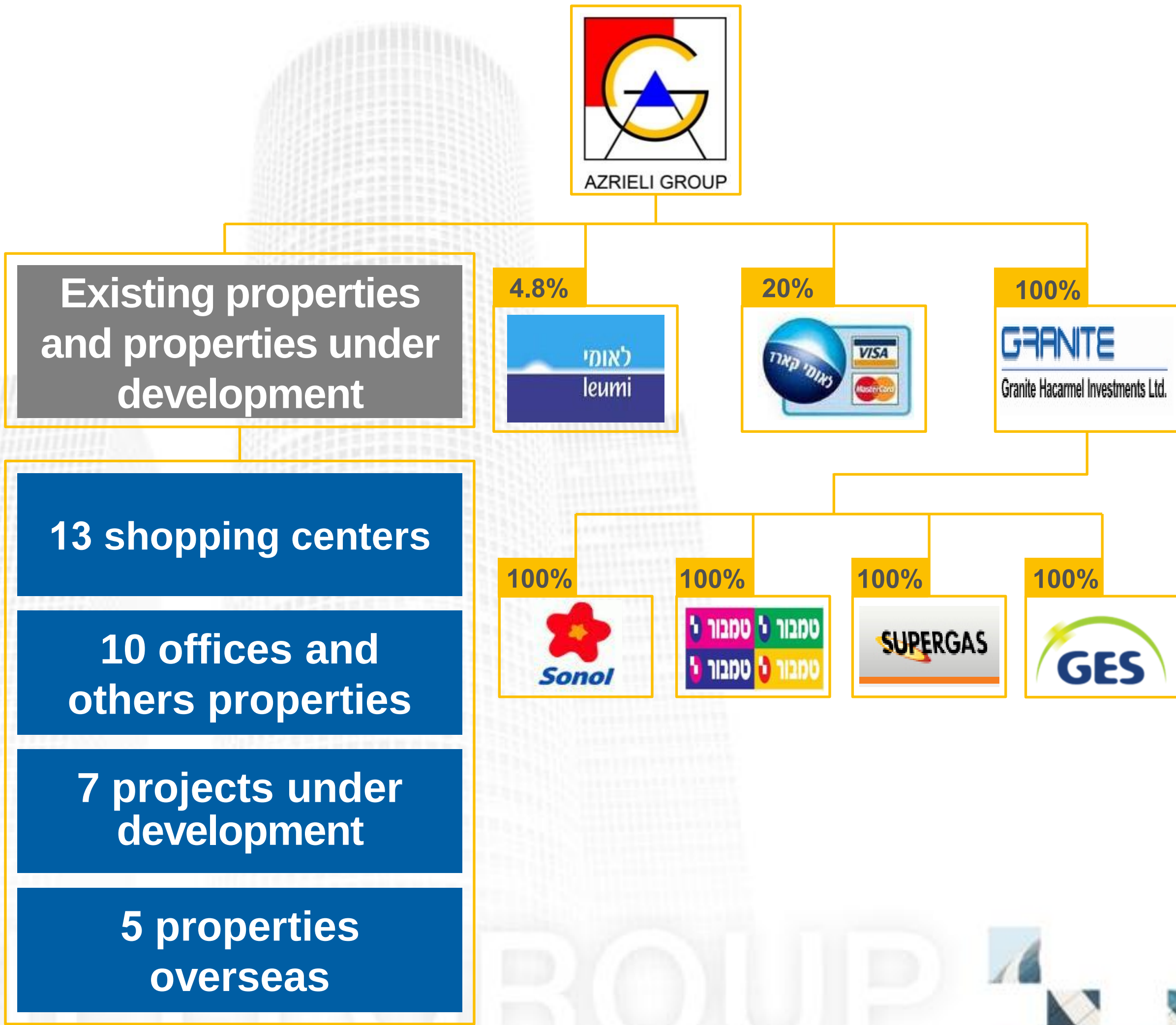
- The Company has been publicly traded since June 2010.
- Azrieli Group's shares are traded on the following indices: Tel Aviv 25, Tel Aviv 100 and Real Estate 15.
- Azrieli Group's stock is the only Israeli stock included in the EPRA index.
- Current market capitalization - NIS 14.1 billion(1).
- The Company owns leasable areas totaling 767,000 sqm, with another 426,000 sqm under construction (on a consolidated basis).
- The average occupancy rate in Israel is approx. 98%.
- 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 17.2 billion.
- The Company has NIS 14.4 billion of non-mortgaged properties.
- Total shareholders' equity (attributed to the shareholders) - NIS 12.6 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 March 17, 2014.
(2) As of December 31, 2013.

Azrieli Group - Company Structure

Book value by assets
Extended standalone (1)
(NIS in millions)





(1) As of December 31, 2013, Extended standalone.

Azrieli Group - Real Estate Segments

Real Estate Activity (1)
GLA - 1,193,000 m²

Existing properties - commercial GLA - 257,000 m²

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

Offices and others GLA – 344,000 m²

- Azrieli Tel Aviv
- Herzliya
- Jerusalem
- Modi'in (offices & residential)
- Be'er Sheva
- Givatayim
- Caesarea
- Petach Tikva
- Azrieli Center Holon (83%) – Phase A
- Kiryal Ata

Projects under development GLA - 425,770 m²

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

Income producing properties abroad GLA - 166,000 m²

Houston, Texas

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

Leeds, United Kingdom

- Southern House 100%

(1) GLA is consolidated.

Main Events in 2013

Continued Growth in representative NOI (1)

- **Representative NOI as of 31.12.2013 –** NIS 1,168 million.
- **Representative NOI as of 31.12.2012 –** NIS 1,131 million.
- **Representative NOI as of the IPO date –** NIS 825 million.

Progress in projects under development

- **Azrieli Center Sarona:** Excavation completed, building of basements commenced.
- **Azrieli Center Holon:** Leases currently signed in the project for approx. 40,000 sqm of the 60,000 in phase A. Construction of Stage II commenced.
- **Azrieli Rishonim:** Excavation commenced.
- **Azrieli Ayalon mall (additional floor):** Advanced stages of development of the 2nd floor.

Development and acquisition momentum continues

- In Q4/2013, the Group's investments in real-estate properties totaled NIS 326 million, and in year 2013, totaled NIS 1,043 million.
- In 2012, the Group's investments in real-estate properties totaled NIS 837 million.

Dividend

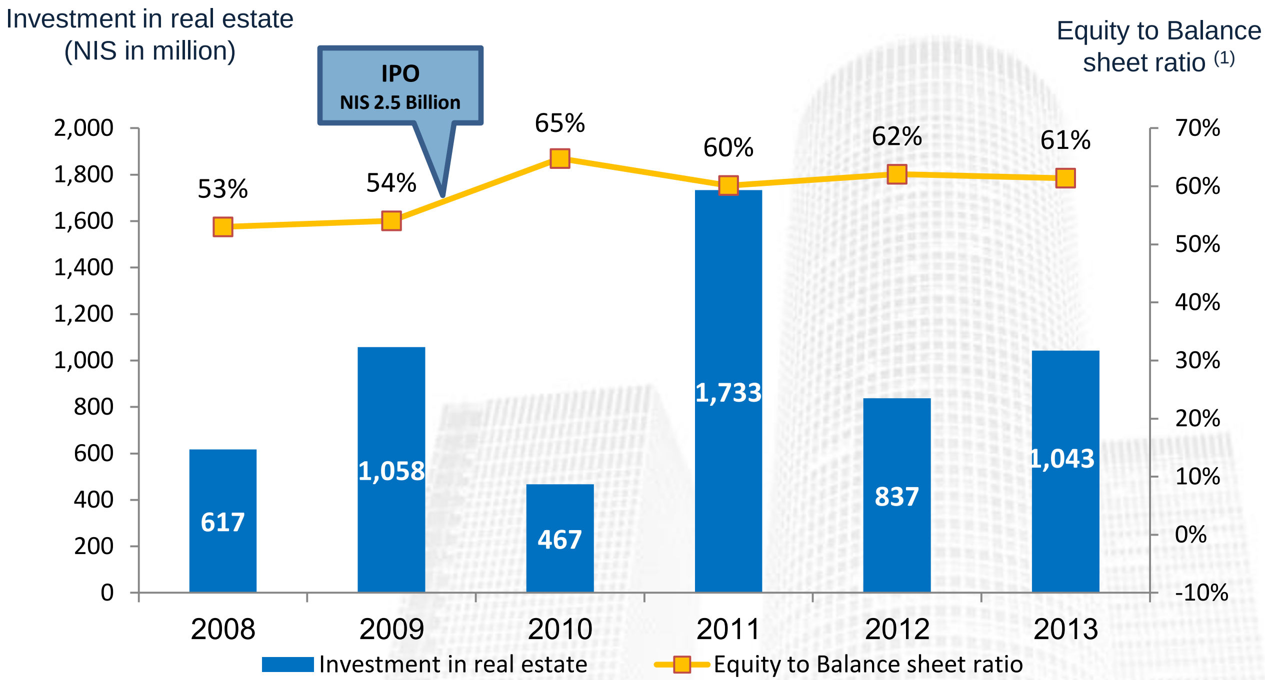
- **The Group announced a dividend** of NIS 280 million (NIS 2.31 per share).

Disposal of a commercial center in Houston, Texas

- In October 2013, the Group closed a transaction for the disposal of a commercial center comprising GLA of approx. 13,000 m^2, in Houston Texas.
- The transaction price is $ 11.9 million.
- The book value of the property on the company books was $ 11.25 million.

(1) According to an independent appraiser.

Maintaining Financial Strength despite Massive Development and Acquisitions



(1) Extended standalone.

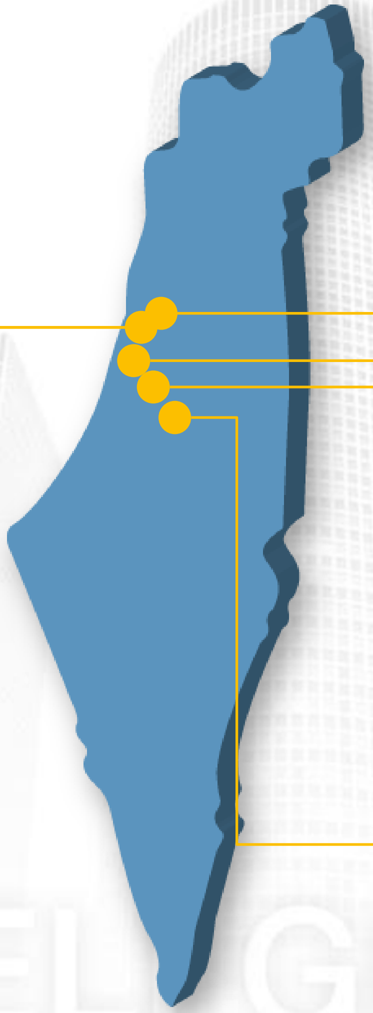
Development Momentum

Approx. 425,770 sqm GLA(1); Total investment of NIS 5.1-5.3 billion

Azrieli Center Sarona,
Tel Aviv
Approx. 121,500

Yedioth Ahronot project
Tel Aviv
Approx. 69,000

Azrieli North (Clalit)
Tel Aviv
Approx. 75,000



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

Azrieli Center Holon
Approx. 75,770

Azrieli Rishonim
Approx. 53,000

Azrieli Ramla
Approx. 22,000

(1) GLA consolidated.

Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA (m^2)	Estimated date of completion	Book value (1) 31.12.2013 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Retail and Offices	121,500	2017	684	815-860
Azrieli Ayalon Mall – 2nd floor	100%	Retail	9,500	March 2015	89	102-132
Azrieli Rishonim	100%	Retail	53,000	2016	201	435-465
Azrieli Center Holon (2)	83%	Retail and offices	18,270	Phase A1–Completed Phase A2-Completed in February 2014	145	5
			57,500	Phase B – 2015	145	127-157
Azrieli Ramla Mall	100%	Retail	22,000	March 2015	209	153-173
Azrieli North (Clalit), Tel Aviv (3)	100%	Retail	75,000	Not yet determined	141	810-910
Azrieli Extension Project, Tel Aviv (3)	100%	Retail, offices and residential	69,000	Not yet determined	109	890-910
Total			**425,770**		**1,723**	**3,337 – 3,612**
				Total book value plus estimated cost to completion		**5,060– 5,335**

(1) The figure reflects the project's book value if a valuation was performed, or the costs invested without capitalizations.
(2) Figures are for 100%.
(3) As of the Report Release Date, the Company has not received possession of this property.

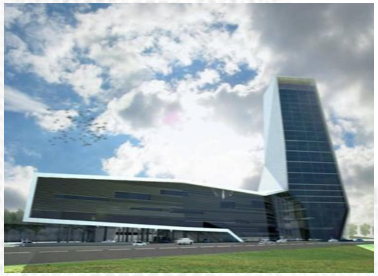
Main Projects under Development

Azrieli Center Sarona

- **Ownership:** 100%
- **Gross Leasable Area:** 121,500 m^2
- **Status:** Under construction.
- **Completion** scheduled for 2017.

Azrieli Center Holon

- **Ownership:** 83%
- **Gross Leasable Area:** 120,000 m^2
- **Status:** phase A completed. Phase B under construction.
- **Completion** scheduled for 2015.



Azrieli Rishonim

- **Ownership:** 100%
- **Gross Leasable Area:** 53,000 m^2
- **Status:** Under construction.
- **Completion** scheduled for 2016.

Azrieli Ramla Mall

- **Ownership:** 100%
- **Gross Leasable Area:** 22,000 m^2
- **Status:** Under construction.
- **Completion** scheduled for March 2015

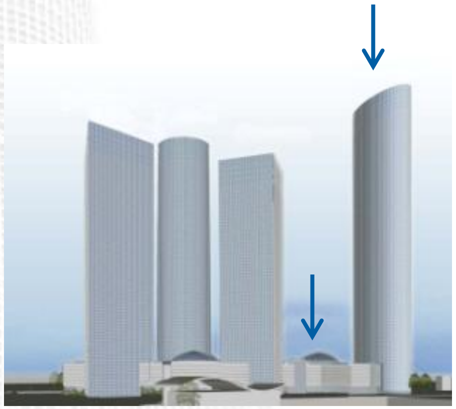
Main Projects under Development

Azrieli Ayalon Mall – 2nd Floor

- **Ownership:** 100%
- **Gross Leasable Area:** 9,500 m^2
- **Status** Under construction.
- **Completion** scheduled for March 2015.

Azrieli North (Clalit) Tel Aviv

- **Ownership:** 100%
- **Gross Leasable Area:** 58,000 m^2
- **Residential Area:** 17,000 m^2
- **Status:** Handing over of the land is scheduled for 2015.
- **Completion** Not yet determined.



Azrieli Extension Project

- **Ownership:** 100%
- **Gross Leasable Area:** 39,000 m^2
- **Residential Area:** 30,000 m^2
- **Status:** Handing over of the land is scheduled for 2015-2016.
- **Completion** Not yet determined.

Azrieli Center Sarona, Tel Aviv

Azrieli Center Holon

July 2010

Simulation

Azrieli Center Holon

Azrieli Center Holon

October 2013

Azrieli Ayalon Mall – 2nd floor

February 2014

Azrieli Group – Senior Housing

- Azrieli Group has decided to enter the senior housing market in Israel.
- Senior housing is synergetic with the Group's traditional core businesses of shopping malls and office buildings.
- Use of areas and building rights in existing sites of the Group.
- A high-potential field in Israel.
- Short supply of quality players and long-term investors.
- Regulatory changes have enhanced the advantage of financially-strong players.
- The Group intends to set up a leading platform for senior housing in Israel.
- The activity will be carried out mainly through development – purchase of land at attractive locations and building up a leading senior housing chain.
- Long-term management and holding.

GEOCARTOGRAPHY

Azrieli Group – Senior Housing

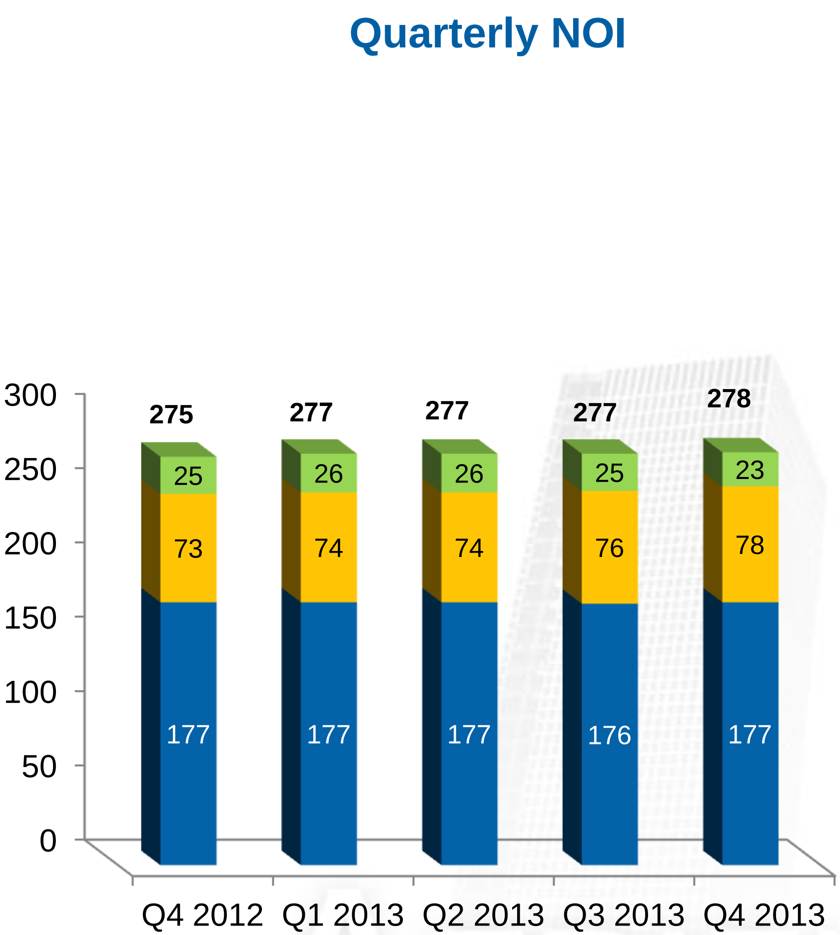
Senior housing in Israel

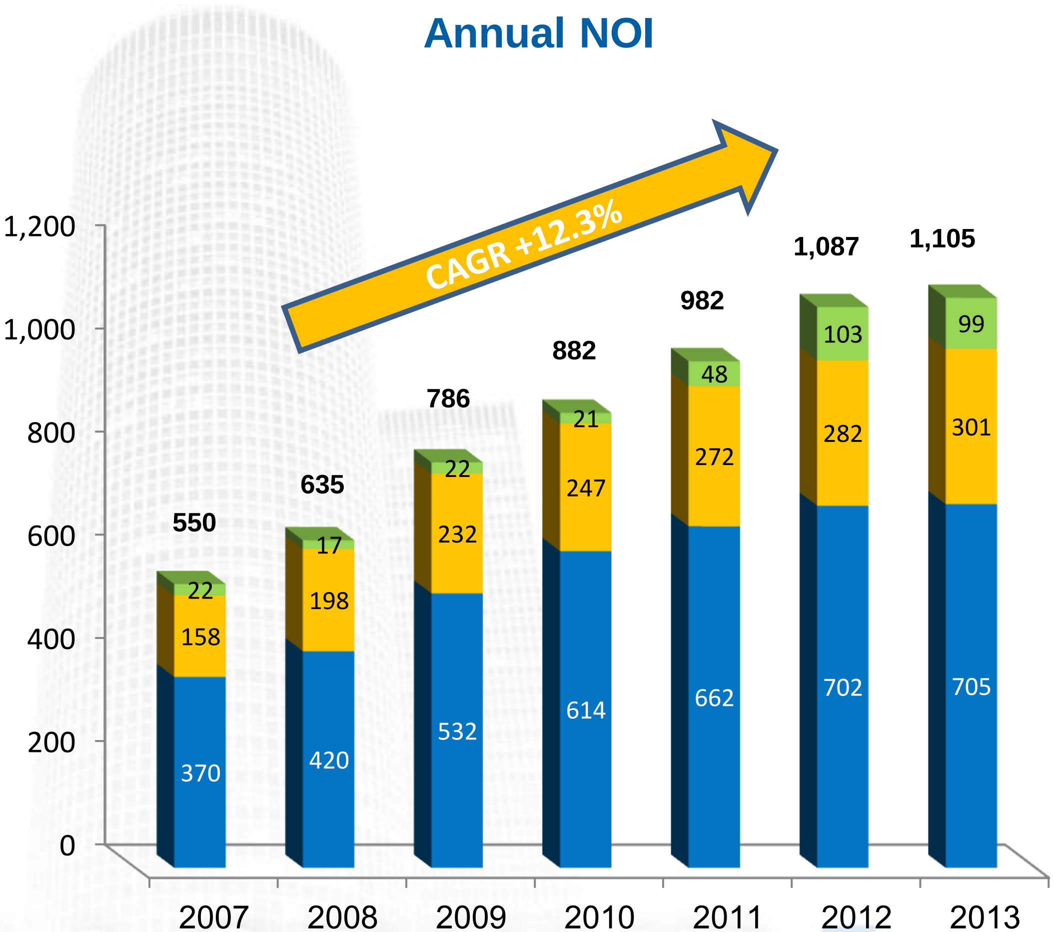
- Around NIS 10 billion in tenant deposits.
- Revenues of the market in Israel – about NIS 1.5 billion per year.
- Around 12,500 residential units in approx. 70 facilities.
- Approx. 15,000 tenants.
- **Target population (65+ year olds)**
  - ✓ In 2013 – about 10% of the total population = about 0.8 million people.
  - ✓ Forecast of 14% of the total population in 2035 = about 1.66 million people.

Transaction for the purchase of land for a senior housing facility in Modi'in

- Land area – approx. 12,000 m^2 at the entrance to Modi'in on Route 443.
- Building rights – about 35,000 m^2.
- Approx. 240 residential units + 60 supportive units + 2 LTC wings.
- Cost of the land – about NIS 51.5 million
- Estimated cost of construction – about NIS 215 million.

Continuous Growth in NOI
(NIS in millions)

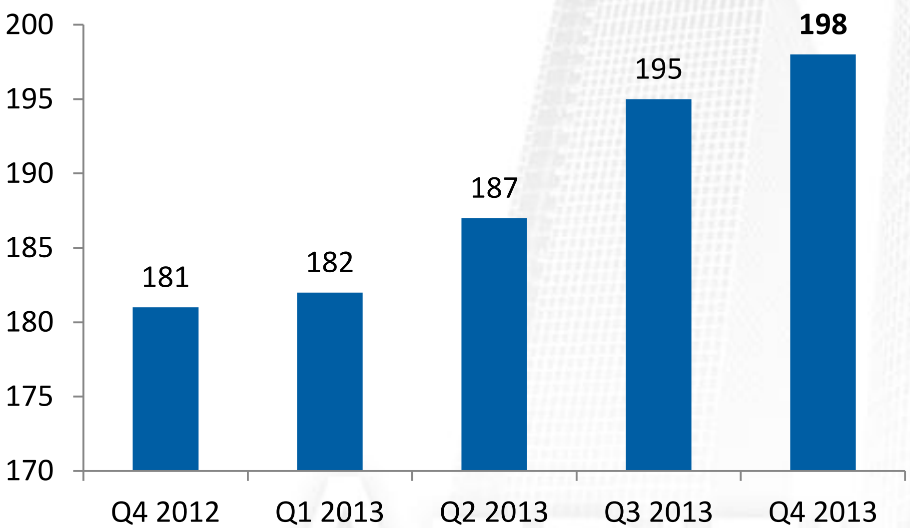




● Shopping malls and commercial ● Offices and others ● Assets in the US

Continuous Growth in FFO
(NIS in millions)

Real Estate FFO



Summary of Financial Results
(extended standalone)

NIS in millions	10-12/2013	10-12/2012	2013	2012
Property rental income	359	352	1,421	1,399
NOI	278	275	1,105	1,087
Same property NOI	278	274	1,067	1,052
Real estate segment FFO	198	181	762	716
Appreciation of investment property (1)	228	166	315	236
Net income, including minority	412	378	944	986
Net income (loss), attributed to shareholders	407	370	930	939
Comprehensive income (loss), attributed to shareholders	510	469	1,026	1,060

(1) Net, after tax.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	31.12.2013	31.12.2012
Cash, securities and deposits	378	533
Financial debt, gross	5,059	4,800
Financial debt, net (1)	4,682	4,267
Financial assets (mainly Leumi & Leumi Card)	1,612	1,434
Fair value of income-producing real estate and properties under development	17,191	15,865
Shareholders' equity (excluding minority interest)	12,635	11,875
Equity to Total Assets ratio	61%	62%
Total balance sheet	20,706	19,248
Shareholders' equity per share (NIS)	104.2	97.9
EPRA NAV per share (NIS) (2)	126	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 7.6%

NIS in millions	
Investment properties as of 31.12.2013 (extended standalone)	17,250
Net of: properties under development, vacant space and building rights	(1,819)
Total income-producing properties	**15,431**
Actual NOI for Q4/2013	278
Additions to future Q4/2013 NOI	14
Adjusted NOI for Q4/2013	292
Annual pro-forma NOI	**1,168**
Portfolio weighted average cap rate	**7.6%**

Current real estate segment FFO – NIS 762 million

NIS in millions	
Net profit for 2013 (attributed to the shareholders)	930
Net of items attributed to Granite	(110)
Appreciation of investment property	(423)
Deferred tax expenses	312
Other adjustments	(5)
Plus interest paid on real investments	58
Annual proforma FFO (real estate)	**762**

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

Financial stability

- Low leverage - net financial liabilities to total assets: 23%.
- Equity to total assets: 61%.
- Liquid resources of approx. NIS 378 million.
- Non-mortgaged property value of approx. NIS 14.4 billion.
- Loans from banks and institutional bodies: NIS 3.6 billion.
- Bonds & commercial paper: NIS 1.5 billion.
- Weighted average duration: 2.68 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	1,025	20%
1 to 4 years	3,012	60%
5 to 10 years	1,022	20%
Total 31.12.2013	**5,059**	**100%**

	Principal amount	Average interest rate
Linked to CPI	3,501	3.26%
In NIS	715	1.86%
Linked to $	819	5.21%
Linked to £	24	1.825%
Total 31.12.2013	**5,059**	**3.37%**

Upside

(1) Based on December 31, 2013 extended standalone financial statements.

Non-Core Holdings - Results

Granite HaCarmel (100%) – In Q4/2013 Granite's net profit totaled NIS 22 million compared with NIS 42 million in Q4/2012.
In 2013 Granite's net profit totaled NIS 130 million compared with NIS 124 million in 2012.

Bank Leumi (approx. 4.8% holding) – In Q4/2013, the share value on TASE increased by approx. 8%, representing an increase of approx. NIS 56 million, net of tax.
The market value of the Group's holding as of 31.12.2013 is NIS 1,002 million.
The cost of the investment on the Group's books is NIS 675 million.

Leumi Card (20% holding) – In 2013 Leumi Card's net profit totaled NIS 200 million compared with NIS 180 million in 2012.
During 2013, the Group received a dividend of NIS 6 million from Leumi Card.
The book value of the holding as of 31.12.2013 was NIS 588 million, according to an external appraiser. The cost of the investment on the Group's books is NIS 344 million.

Strategy

Mainly in Israel

Mainly income-producing real estate

Mainly shopping centers and offices

Mainly development

Long-term holding and management

Azrieli Givatayim Mall, Givatayim

Summary –
Leadership, Innovation and Strength

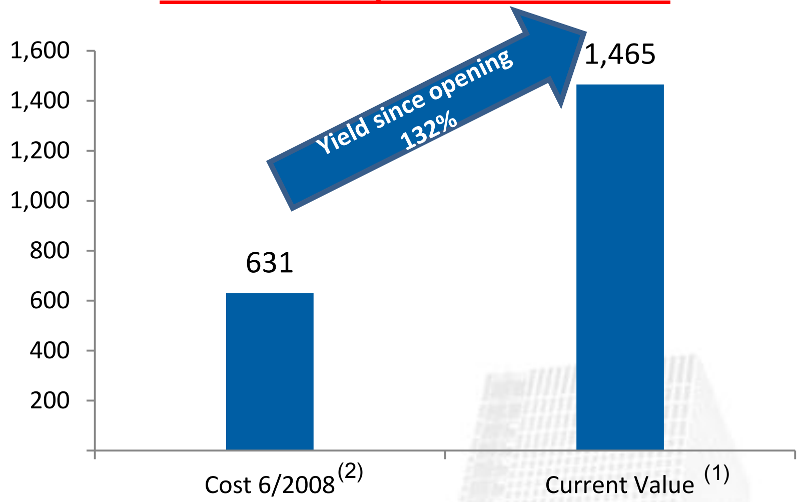
- Continued growth in core business activities: NOI, FFO etc…
- Long term projections show high occupancy rates will continue.
- The Group maintains exceptional financial strength, while making investments in existing properties and acquiring new real estate.
- Significant growth engines:
  1. Internal growth.
  2. Properties under development.
  3. New acquisitions of income-producing properties and land for future development.
  4. New real estate segments (senior housing).
- Most of the Azrieli Group's activity takes place in Israel.

Azrieli Mall Modi'in

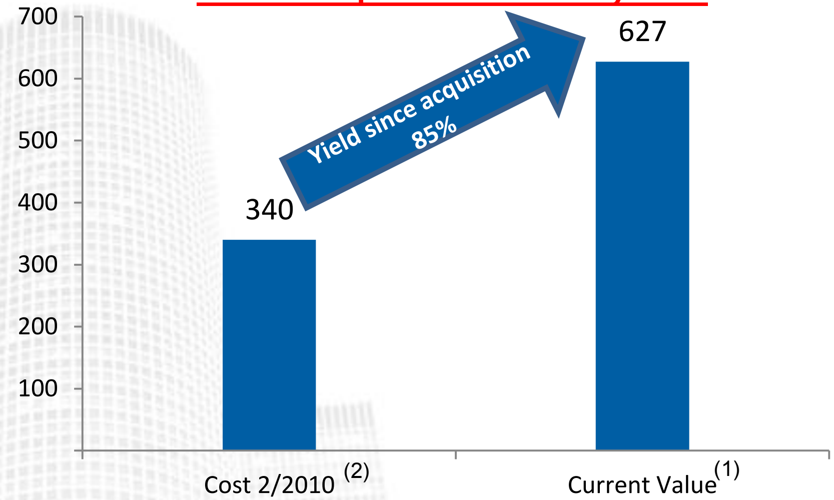
Annexes

Azrieli Group –
Proven value creation capability over time

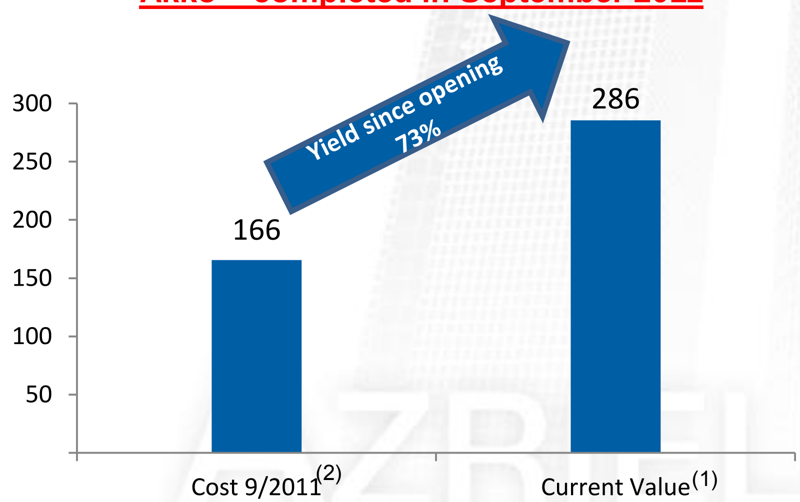
Modi'in – completed in June 2008



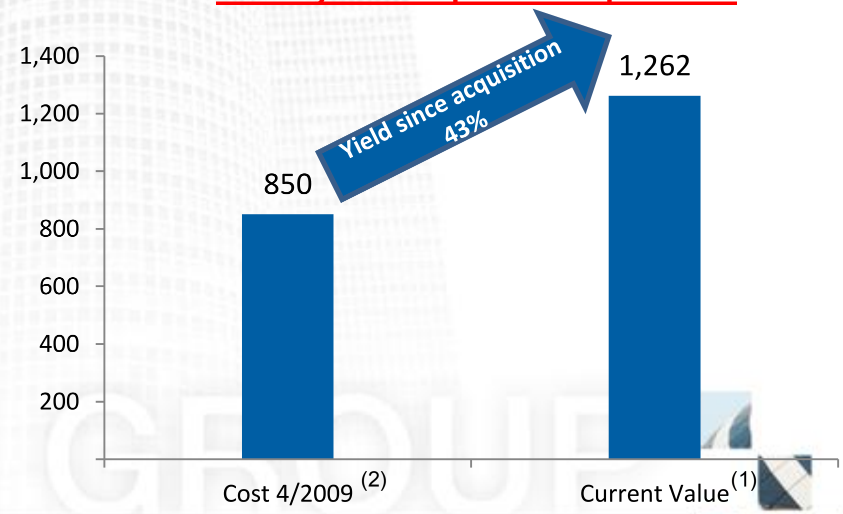
Haifa – acquired in February 2010



Akko – completed in September 2011

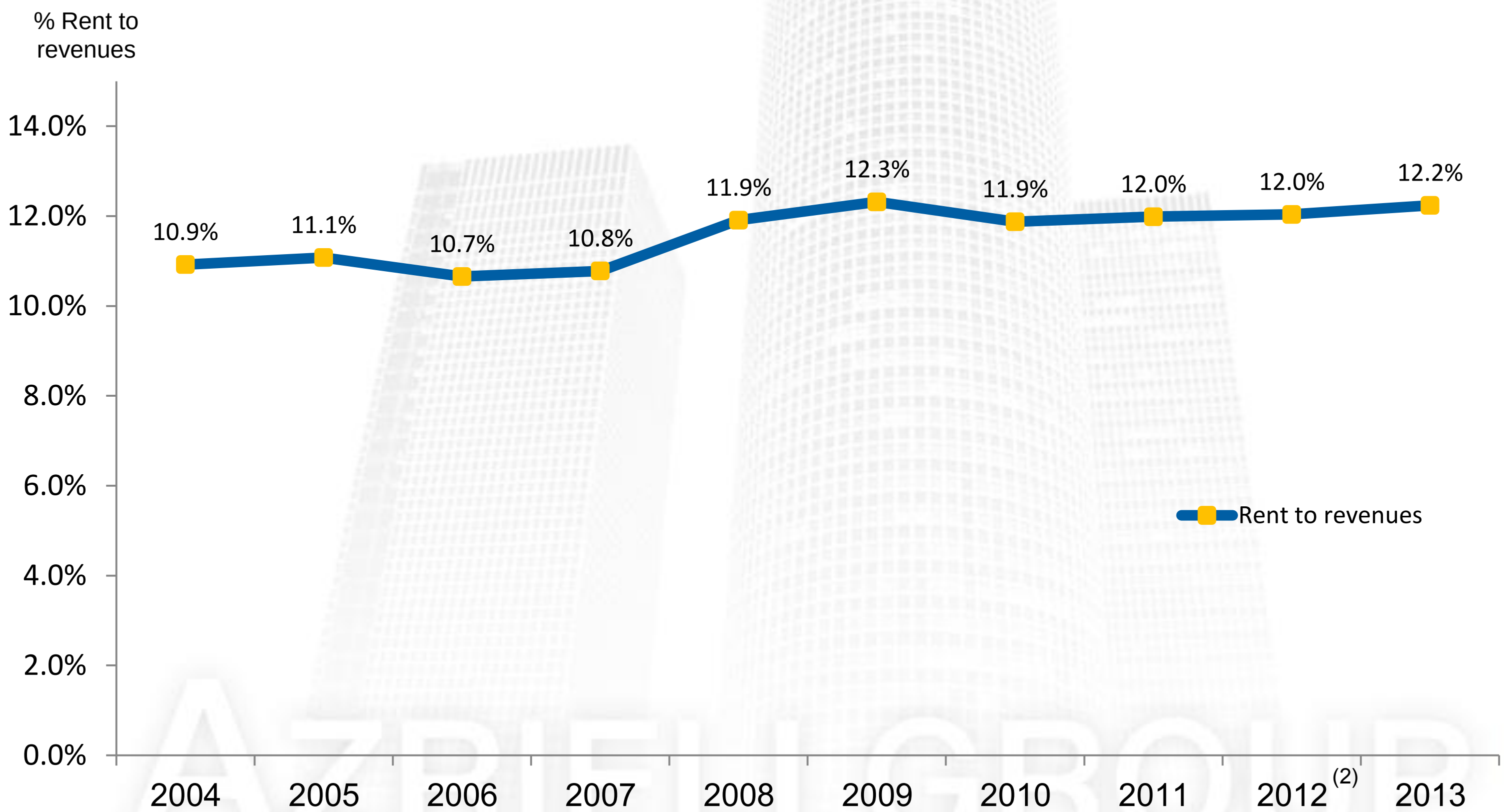


Givatayim – acquired in April 2009



(1) Current Value = Valuation as of December 31, 2013 + NOI since the acquisition.
(2) Cost of acquisition/construction = including investments over the years + taxes.

Azrieli Group –
Rent to Revenues ratio (1)



(1) Excluding management fees. The turnover figures are based on figures received from the tenants.
(2) A downward correction was made in the 2012 figures from 12.2% to 12% after receipt of certified figures from the tenants' auditors.