Azrieli Group

Conference call presentation

Financial Statements as of March 31, 2015

May 20, 2015

AZRIELI GROUP

Convenience translation from Hebrew
Important Notice

- The English translation below of Azrieli Group Limited's presentation relating to the interim financial statements for March 31, 2015 (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 May 20, 2015. 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.

Disclaimer

- The information included in this presentation is not comprehensive and does not include all the information on the Company and its business, nor is it a substitute for inspecting the interim report for March 31, 2015, the annual Report for 2014, the company's current reports and the presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation is not an offer or solicitation to buy securities of the Company, and its provisions are not a recommendation or an opinion, nor a substitute for the investor's discretion. The Company does not warrant the completeness or accuracy of the information, and will not be liable for any damage and/or losses which may result from the use of the information.
- This presentation includes forecasts, estimates, assessments and other information pertaining to future events and/or matters, whose materialization is uncertain and is beyond the Company's control, and which constitute forward-looking information, as defined in the Securities Law, 5728-1968. Such information may not materialize, in whole or in part, or may materialize in a manner significantly different to that forecast. Such information includes revenue and NOI forecasts, the value of the Group's holdings, timetables, costs of and profit from projects and the development and construction thereof.
- 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 macro-economic facts and figures, all as known to the Company at the time of preparing this presentation. The materialization or non-materialization of the forward-looking information will be affected, inter alia, by risk factors characteristic of the Company's activity, as well as by developments in the general environment, market conditions and external factors affecting the Company's activity, including delays in the receipt of permits, termination of contracts, changes in the competition, a significant recession, change in financial conditions, and other such events which cannot be estimated in advance and which lie 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.
- 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, 2014, 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.

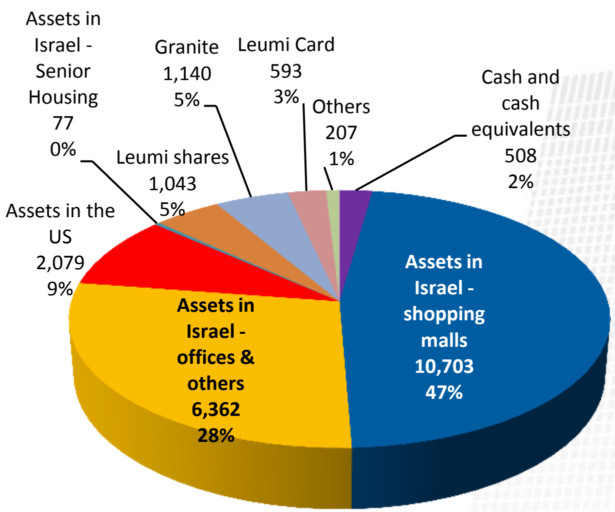
Azrieli Group - Business Card

- The Company has been publicly traded since June 2010.
- Current market capitalization - NIS 19.7 billion (1).
- Azrieli Group's shares are included 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.
- The Company owns leasable areas totaling 840,000 m^2, with another 507,500 m^2 under construction (on a consolidated basis).
- The average occupancy rate in Israel is approx. 97%.
- Approx. 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 19.2 billion.
- The Company has NIS 15 billion of non-mortgaged properties.
- Total shareholders' equity (attributed to the shareholders) - NIS 13.2 billion.
- Low leverage (extended standalone): Net debt to balance sheet ratio of 24%, and equity to balance sheet ratio of 59%.
- The Group's bonds are rated AA+/Stable by S&P/Maalot and Aa2/Stable by Moody's/Midroog.

(1) As of May 18, 2015.

Azrieli Group - Company Structure

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



AZRIELI GROUP

Existing properties and properties under development

- **15 shopping centers**
- **11 office and other properties**
- **8 projects under development**
- **6 properties overseas**

4.8%	leumi
20%	Leumi Card
100%	Granite Hacarmel Investments Ltd.

Granite Hacarmel subsidiaries:

100%	Sonol
100%	SUPERGAS
100%	GES

(1) As of March 31, 2015, Extended standalone.

Azrieli Group - Real Estate Segments

AZRIELIGROUP

Real Estate Activity (1)
GLA - 1,347,500 m²

Existing properties - commercial GLA - 301,000 m²

- AZRIELI MALL TEL AVIV
- AZRIELI MALL HOLON
- AZRIELI MALL JERUSALEM
- AZRIELI MALL HAIFA
- AZRIELI MALL AYALON
- AZRIELI MALL RAMLA
- AZRIELI MALL GIVATAYIM
- AZRIELI MALL HOD HASHARON
- AZRIELI MALL MODIIN
- AZRIELI MALL AKKO
- AZRIELI MALL HANEGEV
- AZRIELI MALL KIRYAT ATA
- AZRIELI OUTLET HERZLIYA
- AZRIELI OUTLET OR YEHUDA
- AZRIELI CENTER HOLON

Offices and others GLA – 352,000 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 – 507,500 m²

- Azrieli Center Sarona
- Ramla
- Rishonim
- Azrieli Center Holon (83%) – Phase B
- Ayalon – 2nd floor
- Azrieli North (Clalit)
- Azrieli Extension Project
- Modi'in Senior Housing
- Lehavim Senior Housing
- Lands in Holon

Income producing properties abroad GLA - 187,000 m²

Houston, Texas

- Galleria 90%
- Plaza 100%
- 8 West Centre 100%
- One Riverway 33%
- Three Riverway 45%

Leeds, United Kingdom

- Southern House 100%

(1) GLA is consolidated.

Main Events in Q1/2015

Financial highlights

- **NOI –** A 6.5% increase compared with the same quarter in 2014.
- **Same property NOI –** A 3.9% increase compared with the same quarter in 2014.
- **FFO –** A 6.8% increase compared with the same quarter in 2014.

Progress in projects under development

- **Azrieli Center Sarona:** First lease signed for 4,700 m^2.
- **Azrieli Center Holon:** Leases currently signed for approx. 58,200 m^2 of the 64,000 m^2 in phase A. Construction of phase B continues (55,000 m^2), with signed office leases for 15,600 m^2.
- **Azrieli Ramla mall:** Opened on March 3, 2015. Signed and draft leases for around 98% of the GLA.
- **Azrieli Ayalon mall:** Opened on March 10, 2015. Signed leases for close to 100% of the GLA.

Development and acquisition momentum continues

- In Q1/2015, the Group's investments in real-estate properties totaled NIS 355 million.
- In 2014, the Group's investments in real-estate properties totaled NIS 1.3 billion.

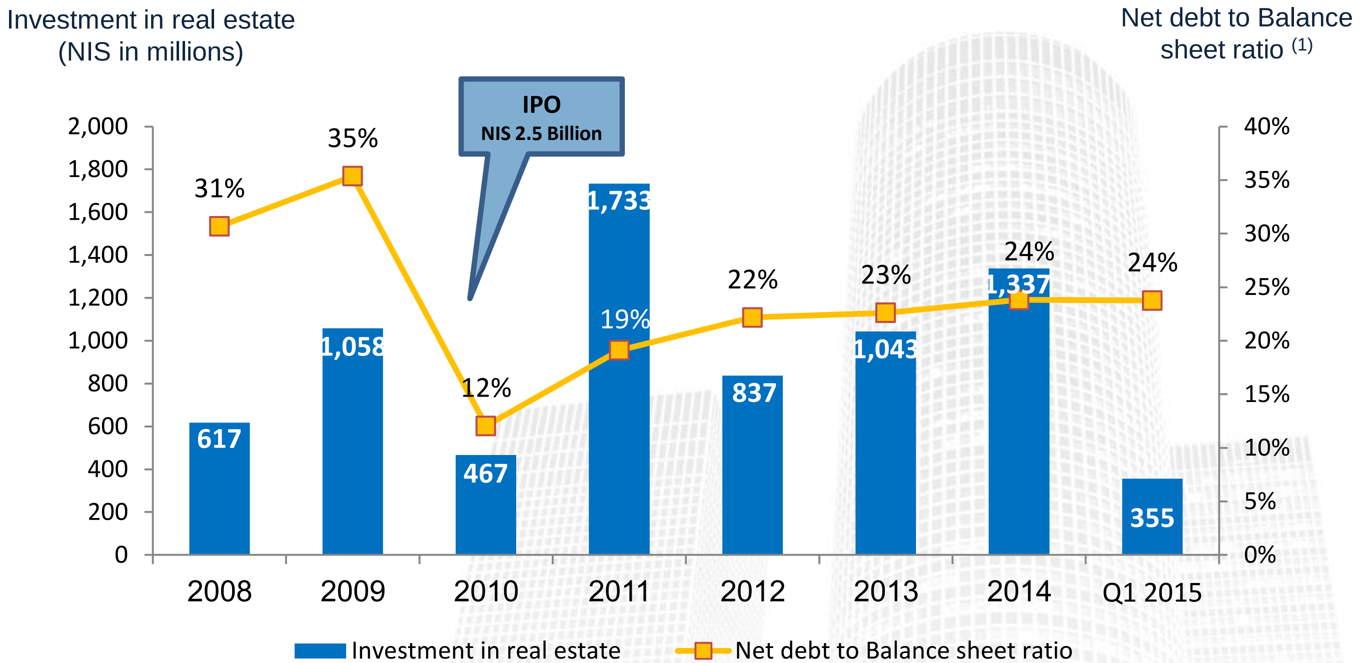
Public offering of Bonds on TASE

- In January 2015, S&P Maalot raised the Company's rating from (AA) to (AA+).
- The Company raised NIS 623 million in marketable bonds' linked to the CPI.
- The interest rate on the bonds, with a duration of 5.5 years, was set in the tender at 0.65%.

Acquisition of lands in Holon for mixed use project of 55,000 m^2

- In February 2015, the Group announced it had won a tender for the acquisition of lands for offices and retail in Holon.
- The project will comprise approx. 55,000 m^2 in total.
- The transaction price is NIS 64 million.

Maintaining Financial Strength despite Massive Development and Acquisitions



(1) Extended standalone.

Development Momentum

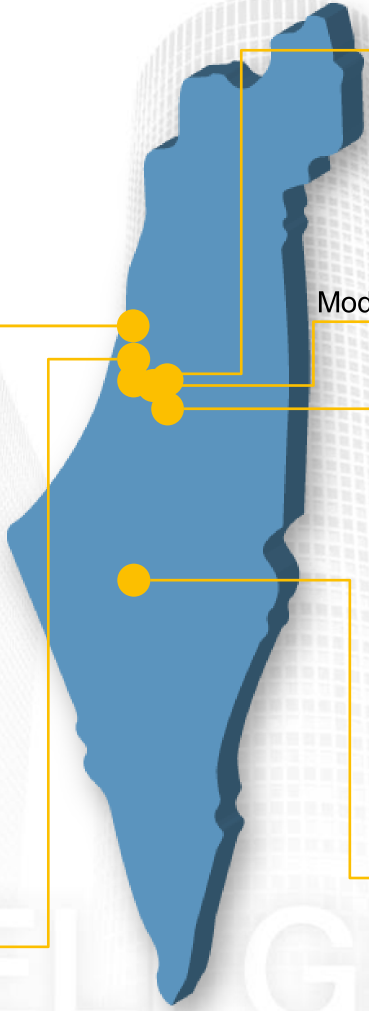
Approx. 507,500 m² GLA(1); Total investment of NIS 5.1-5.4 billion

Azrieli Center Sarona, Tel Aviv
Approx. 121,500 m²

Azrieli Center Extension, Tel Aviv
Approx. 69,000 m²

Azrieli North (Clalit), Tel Aviv
Approx. 75,000 m²

Azrieli Center Holon Phase B
Approx. 55,000 m²



Azrieli Rishonim
Approx. 53,000 m²

Modi'in Senior Housing
Approx. 35,000 m²

Lands in Holon
Approx. 55,000 m²

Lehavim Senior Housing
Approx. 44,000 m²

(1) GLA consolidated.

Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA (m²)	Estimated date of completion	Book value (1) 31.03.2015 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Holon (2) Phase B	83%	Offices	55,000	2015	328	2-27
Azrieli Rishonim	100%	Retail and Offices	53,000	2016	389	301-331
Azrieli Center Sarona, Tel Aviv	100%	Retail and Offices	121,500	2017	884	636-696
Modi'in Senior Housing	100%	Senior Housing	35,000	2017	56	204-214
Azrieli North (Clalit), Tel Aviv (3)	100%	Retail, offices and residential	75,000	Not yet determined	142	860-910
Azrieli Extension Project, Tel Aviv (3)	100%	Retail, offices and residential	69,000	Not yet determined	111	890-940
Holon lands	100%	Retail and Offices	55,000	Not yet determined	64	טרם נקבע
Lehavim Senior Housing	100%	Senior Housing	44,000	2017-2018	21	229-249
Total			**507,500**		**1,995**	**3,122 – 3,367**
					Total book value plus estimated cost to completion	**5,117 – 5,362**

(1) The figure reflects the project's book value if a valuation was performed, or the costs invested without capitalizations and without TI's and as shell.
(2) Figures are for 100%.
(3) As of the Report Release Date, the Company has not received possession of this property.
(4) For additional information see BOD report as of March 31, 2015. section 1.1.2.

Azrieli Center Sarona, Tel Aviv

Simulation

Simulation

Azrieli Center Sarona, Tel Aviv

Azrieli Rishonim Project

March 2015

Simulation

AZRIELI GROUP

Azrieli Center Holon

Azrieli Ayalon Mall – 2nd floor

March 2015

March 2015

Azrieli Ramla mall

March 2015

March 2015

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.

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.

Azrieli Group – Senior Housing

Azrieli senior housing Modi'in

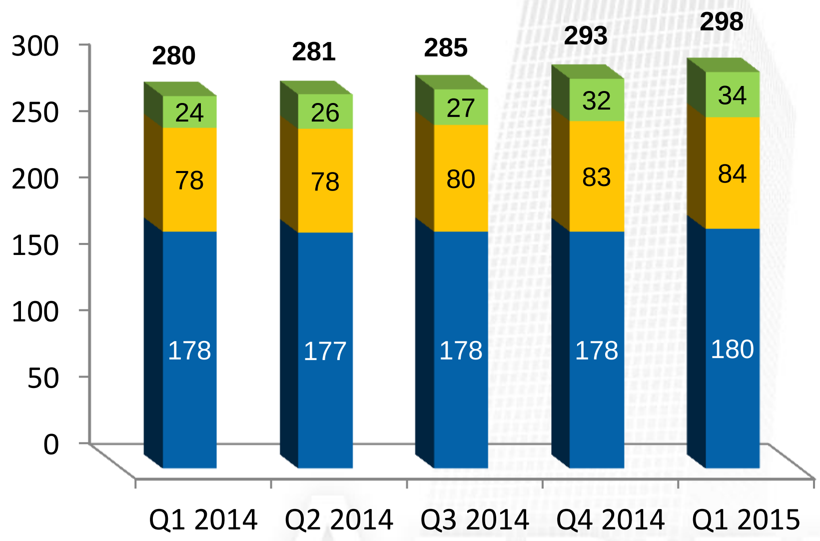
- Land area – approx. 12,000 m^2 at the entrance to Modi'in on Route 443.
- Building rights – about 35,000 m^2.
- Approx. 240 residential units + 60 assisted living units + 2 LTC wings.
- Book value – about NIS 56 million
- Estimated cost of construction – about NIS 204-214 million.

Azrieli senior housing Lehavim

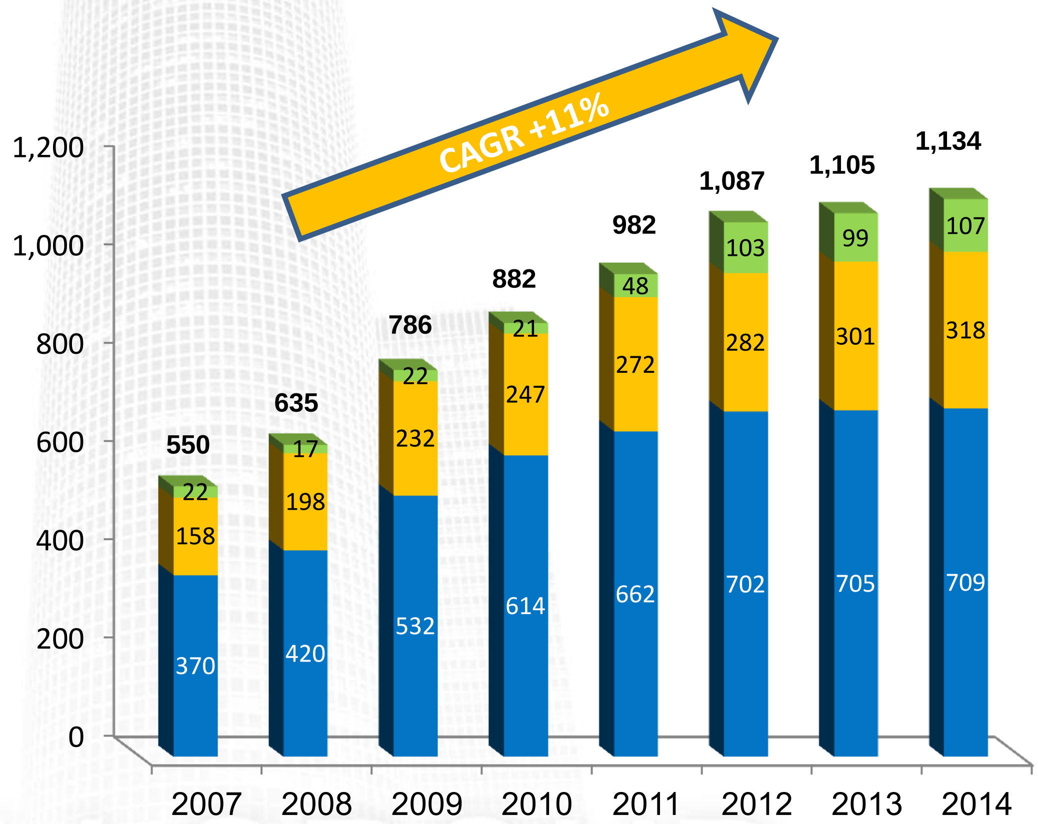
- Land area – approx. 28,000 m^2 in the southern part of Lehavim.
- Building rights – about 44,000 m^2.
- Approx. 360 residential units + 4 LTC wings.
- Book value – about NIS 21 million
- Estimated cost of construction – about NIS 229-249 million.

Continuous Growth in NOI
(NIS in millions)

Quarterly NOI



Annual NOI

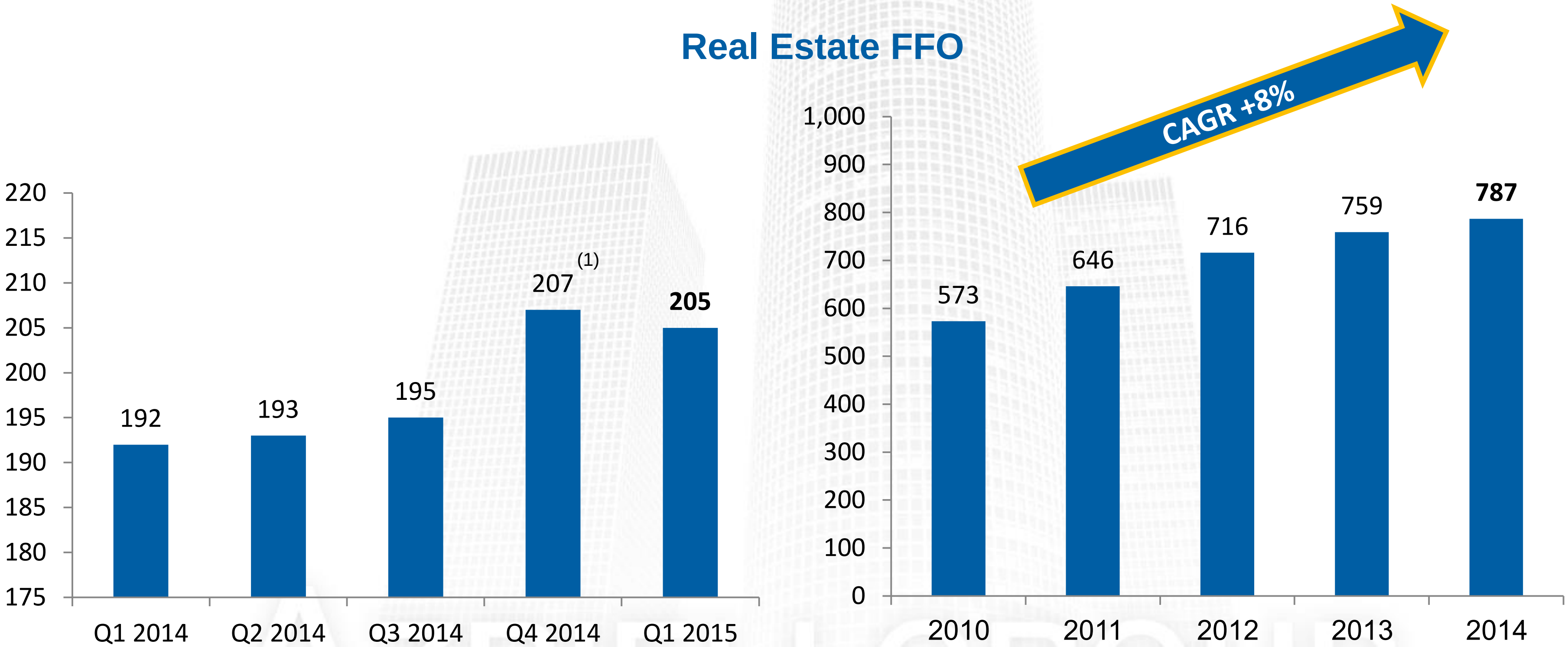


● Shopping malls and commercial ● Offices and others ● Assets in the US

Continuous Growth in FFO

(NIS in millions)

Real Estate FFO



(1) In Q4/2014 including one-time tax revenue in respect of previous years in the sum of approx. NIS 7 million.

Summary of Financial Results
(extended standalone)

NIS in millions	1-3/2015	1-3/2014	2014	2013
Property rental income	**385**	356	1,463	1,421
NOI	**298**	280	1,134	1,105
Same property NOI	**291**	280	1,117	1,101
Real estate segment FFO	**205**	192	787	759
Appreciation of investment property [1]	**(10)**	(2)	27	315
Net income, including minority interest	**191**	211	860	944
Net income (loss), attributed to shareholders	**188**	209	849	930
Comprehensive income (loss), attributed to shareholders	**275**	180	899	1,026

(1) Net, after tax.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	As of March 31 2015	2014
Cash, securities and deposits	508	111
Financial debt, gross	5,904	5,311
Financial debt, net (1)	5,396	5,200
Net financial debt to Total Assets ratio	24%	24%
Financial assets (mainly Leumi & Leumi Card)	1,661	1,563
Fair value of income-producing real estate and properties under development	19,151	18,763
Shareholders' equity (excluding minority interest)	13,207	13,252
Equity to Total Assets ratio	59%	61%
Total balance sheet	22,712	21,840
Shareholders’ equity per share (NIS)	108.9	109.3
EPRA NAV per share (NIS) (2)	132	132

(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 7.5%

NIS in millions	
Investment properties as of March 31, 2015 (extended standalone)	19,221
Net of: properties under development, vacant space and building rights	(2,120)
Total income-producing properties	**17,101**
Actual NOI for Q1/2015	298
Additions to future Q1/2015 NOI	24
Adjusted NOI for Q1/2015	322
Annual pro-forma NOI	**1,288**
Portfolio weighted average cap rate	**7.5%**

Current real estate segment FFO – NIS 820 million

NIS in millions	
Net profit for Q1//2015 (attributed to the shareholders)	188
Net of items attributed to Granite	(18)
Appreciation of investment property	13
Deferred tax expenses	50
Other adjustments	(36)
Plus interest paid on real investments	8
Quarterly FFO attributed to real-estate operations	205
Annual proforma FFO (real estate)	**820**

Debt Structure and Rating[1]

(NIS in millions)

Financial stability

- Low leverage - net financial liabilities to total assets: 24%.
- Equity to total assets: 59%.
- Liquid resources of approx. NIS 508 million.
- Non-mortgaged property value of approx. NIS 15 billion.
- Loans from banks and institutional bodies: NIS 3.8 billion.
- Bonds & commercial paper: NIS 2.1 billion.
- Weighted average duration: 2.6 years.

	Principal amount	Share of total loans
Up to 1 year	1,818 [2]	31%
1 to 4 years	2,313	39%
5 to 10 years	1,773	30%
Total March 31, 2015	**5,904**	**100%**

Rating

- Azrieli Group bonds: AA+ / Stable (S&P Maalot).
  Aa2 / Stable (Moody's Midroog).
- Canit Hashalom bonds: Aa2 / Stable (Moody's Midroog).

	Principal amount	Average interest rate
Linked to CPI	3,917	2.61%
In NIS	809	0.6%
Linked to $	1,153	4.72%
Linked to £	25	1.71%
Total March 31, 2015	**5,904**	**2.75%**

Potential Upside

(1) Based on March 31, 2015 extended standalone financial statements.

(2) In the next 12 months the Group expects to repay loans of about NIS 1 billion (excluding short-term loans), about NIS 480 million of which bear an average interest rate of about 5%.

Results of Non-Core Holdings

Granite HaCarmel (100%) – In Q1/2015 Granite's net profit totaled NIS 21 million, compared with NIS 34 million in Q1/2014. The decrease is mainly attributed to the sale of Tambour. Discounting Tambour's results (discontinued operations), last year the net profit would have amounted to approx. NIS 22 million.

Bank Leumi (approx. 4.8% holding) – In Q1/2015, the share price on TASE increased by approx. 10%, representing an increase of approx. NIS 72 million, net of tax, in the holding value. The market value of the Group's holding as of March 31, 2015 is NIS 1,043 million.
The book value of the investment cost (dividend-adjusted) is NIS 675 million.

Leumi Card (20% holding) – In Q1/2015 Leumi Card's net profit totaled NIS 45 million, compared to NIS 52 million in Q1/2014.
The book value of the holding as of March 31, 2015 was NIS 593 million, according to an external appraiser. The book value of the investment cost (dividend-adjusted) is NIS 334 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 Modi'in Mall, Modi'in

Thank you