Press Release March 30, 2011

Azrieli Group reports excellent financial results for 2010:

Shows strong growth in its business activity:

Net profit increased by approximately 26% to approximately NIS 1,255 million

Impressive increase of 12% in the NOI, to approximately NIS 882 million

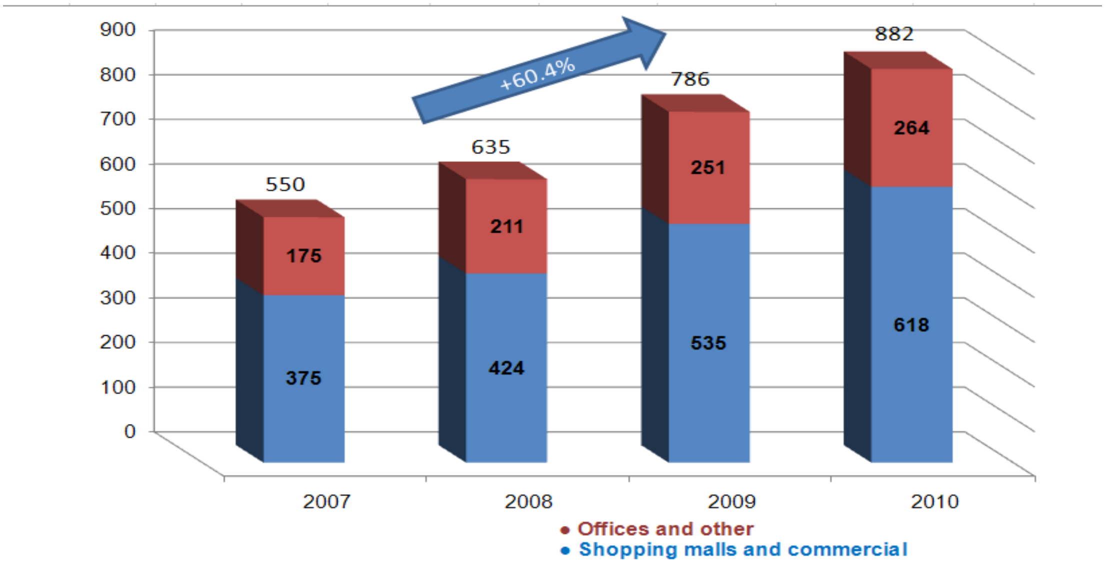
First dividend distribution in the Company's history: Amount fixed at NIS 240 million

Menachem Einan, CEO of Azrieli Group: "The company's results are excellent and demonstrate the quality of its properties and management. We estimate that in the coming years there will be another impressive leap in the scope of our activity, with the completion of the projects under construction for shopping centers and offices on a total area of approximately 230,000 sqm, representing an increase of approximately 35% of the leasable area we currently hold and manage. The company is also looking into the acquisition of additional land for development and of existing income-producing properties"

Azrieli Group presents today for the first time its annual results as a public company, and reports a strong growth in its core business segments: The company's **net profit** increased in 2010 by approximately 26% to approximately NIS 1,255 million, and its **revenues** rose to approximately NIS 6,344 million, an increase of approximately 14.7% from 2009.

An impressive growth of approximately 12% was recorded in the **NOI**, the central parameter related to the group's performance in its core sectors, to approximately NIS 882 million (following consistent growth in previous years). The increase in the NOI derives mainly from the increase in income from rent and the upgrade of both existing and acquired properties. The same property NOI also rose by an impressive rate of approximately 6%.

NOI Development:



The **FFO** from real estate activity increased by approximately 10% in comparison to 2009, to approximately NIS 596 million.

In the fourth quarter the Company demonstrated growth in the net profit which totaled approximately NIS 787 million, versus approximately NIS 163 million in the same quarter last year. The company recorded an appreciation in the value of properties from revaluation in the sum of NIS 628 million after tax. Most of the increase is a result of the significant growth in the company's NOI and reflects the company's ability to increase its income from the properties it owns. An increase of 10% in the NOI was also recorded in the fourth quarter compared to the same period last year, to approximately NIS 225 million. The growth derives mainly from the increase in income from rent.

Together with the approval of the financial results for 2010, the company's board of directors resolved to **distribute a dividend** of NIS 240 million. This is the first dividend the company is distributing since its foundation.

The company reports that also in 2010, the occupancy rate of the properties of Azrieli Group continued to be approximately 100% in the shopping centers and malls segment and close to 100% occupancy in the office segment in Israel. The company has approximately 2,250 tenants. The location of the shopping centers, malls and offices, their management and the tenant mix, render the group's leasable areas an attractive destination for many high-quality tenants.

AZRIELI GROUP

The total balance sheet for the report period is approximately NIS 21.3 billion, versus approximately NIS 17.2 billion in 2009. The company's **equity** totaled approximately NIS 11.1 billion as of December 31, 2010.

Menachem Einan, CEO of Azrieli Group: "The company's results are excellent and demonstrate the quality of its properties and management. We estimate that in the coming years there will be another impressive leap in the scope of our activity, with the completion of the projects under construction for shopping centers and offices on a total area of approximately 230,000 sqm of leasable area, representing an increase of approximately 35% of the leasable area we currently hold and manage. The company is also looking into the acquisition of additional land for development and of existing income-producing properties". Einan added that "the excellent results speak for themselves, and well reflect the success of the group's top rate management and balanced strategy in constantly improving the activities in the existing properties and in the acquired properties, and in presenting constant improvement in the results".

Along with the release of the results, the group is reporting a significant acceleration in the time tables for constructions of the two malls in the North, and the advancement of their opening by six months to the end of the third quarter/beginning of the fourth quarter of this year. The leasable area in the two malls, which is estimated at approximately 21,500 sqm, will include approximately 200 stores. The mall in Akko will include a leasable area for commerce of approximately 12,500 sqm on two floors, with approximately 120 stores, and the Kiryat Ata mall will include a leasable area for commerce of approximately 9,000 sqm on three floors, with 80 stores. To date, approximately 70% of the leasable area in the two malls under construction has been leased.

Referring to the macro data of the business environment in which the group operates, the group's management emphasizes today that the broad diversification of the property portfolio it owns, the maintenance and the current and active management of the properties, the business model of their being located mainly in high-demand areas, the high business positioning of the properties, the high occupancy rates, the wide range of businesses at the malls and shopping centers and the capital structure and financial stability, contribute to the reduction of the group's exposure to crises or instability in the business environment.

On April 1, 2011, Shlomo Sherf will take office as CEO of Azrieli Group, replacing Menachem Einan. As reported by the company, Mr. Einan was appointed as Executive Vice Chairman of the group's board of directors.

In the area of social responsibility, the group is continuing its policy of assisting institutions and public corporations whose goals include welfare, charity, sports, medical aid for the underprivileged, education, etc. In 2010 the company contributed, itself and through consolidated companies (excluding Granite), a sum total of approximately NIS 11 million.

Azrieli Group holds approximately 60% of Granite HaCarmel which controls Sonol, Tambour, Supergas and the desalination company GES. In 2010, Granite's income totaled approximately NIS 5.3 billion, versus approximately NIS 4.5 billion last year.

The group also has financial holdings of approximately 4.8% of the shares of Bank Leumi and approximately 20% of the credit card company Leumi Card, the value of which holdings increased in 2010 to approximately NIS 96 million. In addition, during 2010 the group received dividends in the amount of approximately NIS 24 million from its holdings in Bank Leumi and approximately NIS 2 million from its holdings in Leumi Card, and after the report date, another dividend of approximately NIS 24 million from Bank Leumi in January 2011.