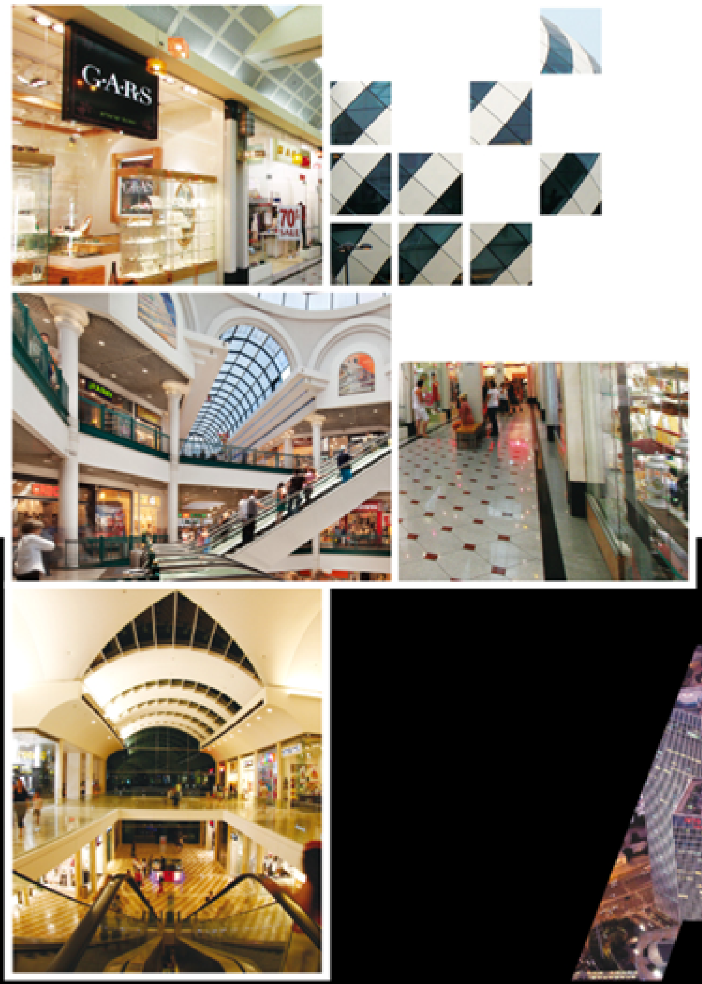
AZRIELI GROUP

Conference Call Presentation

Financial Statements — 31.03.2013

23.05.2013



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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 March 31, 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.

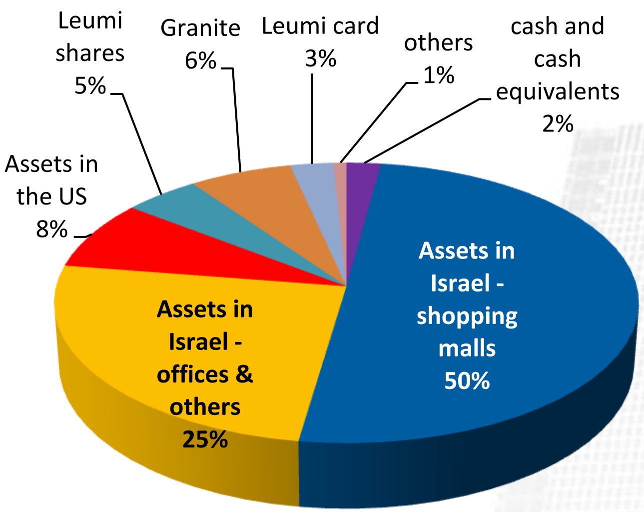
Azrieli Group - Business Card

- 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 12.4 billion [(1)].
- The Company owns leasable area totaling 728,000 sqm, with another 400,000 sqm under construction (on a consolidated basis).
- The average occupancy rate in Israel is close to 100%.
- 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.
- Non-mortgaged properties of NIS 10.4 billion.
- Total shareholders' equity (relating to the shareholders) - NIS 11.8 billion [(2)].
- Low leverage (extended standalone): Net debt to balance sheet ratio of 22%, 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.

(1) As of 21.05.2013.
(2) As of 31.12.2012.

Azrieli Group - Company Structure

Book value by assets Extended standalone (1)



AZRIELI GROUP

Existing properties and under development 1,128,024 sqm (2)

- 13 shopping centers 256,686 sqm
- 9 office buildings and others 292,663 sqm
- 7 projects under development 400,000 sqm (3)
- 6 assets overseas 178,675 sqm

4.8% leumi

20% Leumi Card

100% GRANITE Granite Hacarmel Investments Ltd.

- 100% Sonol
- 100% Tambour
- 100% SUPERGAS
- 100% GES

(1) As of 31.03.2013.

(2) GLA is consolidated.

(3) Including land purchased from Clalit Health Care Services in Tel Aviv, that will be handed over to the company in 2014-2015.

Azrieli Group - Real Estate Segments

Real Estate Activity (1)

Existing properties - commercial GLA - 256,686

- 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 - 292,663

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

Projects under development GLA - 400,000

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

Income producing properties abroad GLA - 178,675

Houston, Texas

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

Leeds, United Kingdom

- Southern House 100%

(1) GLA is consolidated.

Financial Highlights in Q1/2013
(summary of extended standalone statements)

3% NOI growth

- **NOI** in Q1/2013 totaled NIS 277 million, compared with NIS 269 million in Q1/2012.
- 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 Q1/2013, compared with Q1/2012.
- This growth is attributed to an internal increase in rent and the continued occupation of income-producing properties.

5% growth in real-estate segment FFO

- **FFO** totaled NIS 182 million in Q1/2013, compared with NIS 174 million in Q1/2012.
- 5% growth.
- The increase is attributed mainly to new acquisitions and an increase in same property NOI.

Net profit totaled NIS 185 million

- **Net profit** of NIS 189 million in Q1/2013 compared with NIS 198 million in Q1/2012.
- **Net profit (attributed to the shareholders)** of NIS 185 million in Q1/2013 compared with NIS 184 million in Q1/2012.

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 Q1/2013

Advancement in projects under development

- **Azrieli Center Sarona:** Excavation commenced.
- **Azrieli Center Holon:** Advanced stages of development of the first phase.
- **Azrieli Ramla Mall:** Under construction.
- **Azrieli Rishonim:** Excavation commenced.
- **Azrieli Ayalon mall (additional floor):** Preparing for commencement of development.

Continuation in the development and acquisition momentum

- In Q1/2013, the Group's investments in real-estate properties totaled NIS 145 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%.

increase in turnover in the shopping centers (2)

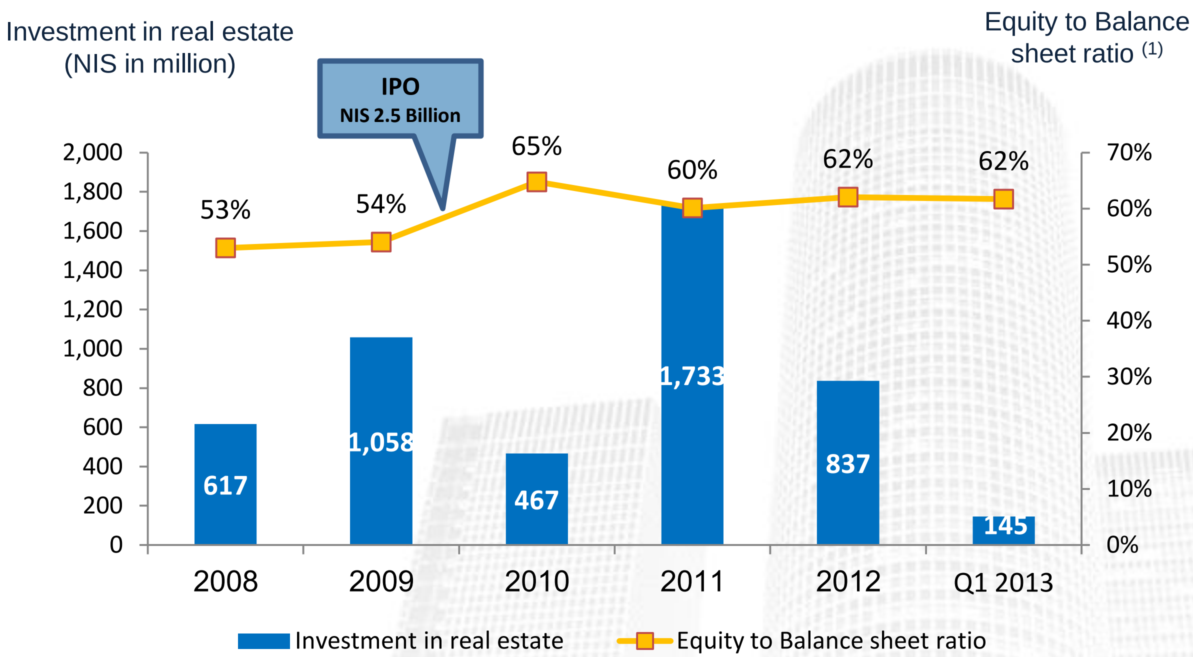
- In 1-3/2013 the turnover in the shopping centers in Azrieli Group showed a slight increase, compared with the same period in 2012.

Subsequent event – 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 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.

(1) As of 31.03.2013
(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



(1) Solo extended.

Development Momentum

Approx. 400,000 sqm GLA(1); Total investment of NIS 4.2-4.4 billion

Azrieli Center Sarona,
Tel Aviv
Approx. 121,500

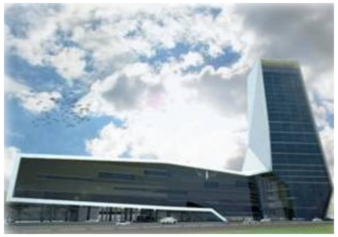
Clalit Center project
Tel Aviv
Approx. 75,000

Azrieli Center Holon
Approx. 120,000

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

(1) GLA consolidated.

Projects under Development - Future Growth Engine

Name of property	% ownership	Use	GLA	Estimated date of completion	Book value 31.03.2013 (NIS in millions)	Estimated cost to completion of project
Azrieli Center Sarona, Tel Aviv	100%	Commercial and Offices	121,500	Year-end 2016	624	870-915
Azrieli Kiryat Ata - phase B	100%	Offices and Commercial	4,000	Year-end 2013	5	34-44
Azrieli Ayalon Mall - additional floor	100%	Commercial	9,500	Beginning of 2015	6	120-150
Azrieli Rishonim	100%	Commercial and offices	48,000	Year-end 2015	109	470-500
Azrieli Center Holon (1)	83%	Commercial and Offices	115,000 5,000	Phase A1- 2013 Phase A2- 2014 Phase B 2016	342	295-330
Azrieli Ramla Mall	100%	Commercial	22,000	Year-end 2014	137	200-220
Clalit Center, Tel Aviv	100%	Commercial, Offices and residential	75,000	Not yet determined	49	902-1,002
Total			**400,000**		**1,272**	**2,891 – 3,161**
Total book value plus estimated cost to completion						**4,163 – 4,433**

(1) Figures are for 100%.

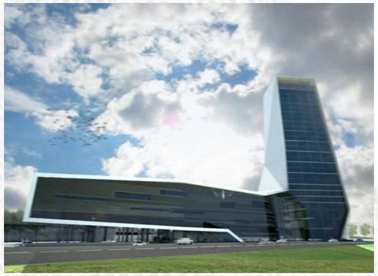
Main Projects under Development

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:** Under construction
- **Completion** scheduled for 2013-2016



Azrieli Rishonim

- **Ownership:** 100%
- **Gross Leasable Area:** 48,000 sqm
- **Status:** Excavation commenced.
- **Completion** scheduled for 2015

Azrieli Ramla Mall

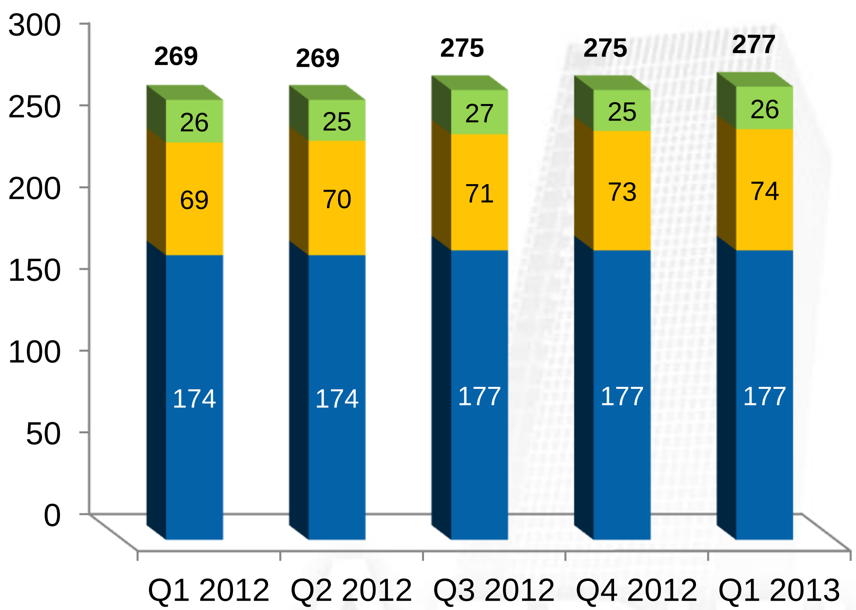
- **Ownership:** 100%
- **Gross Leasable Area:** 22,000 sqm
- **Status:** Under construction
- **Completion** scheduled for 2014

Agreement signed for the 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 commercial, 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 600 million.
- Estimated date of handing over of the land – 2015-2016.

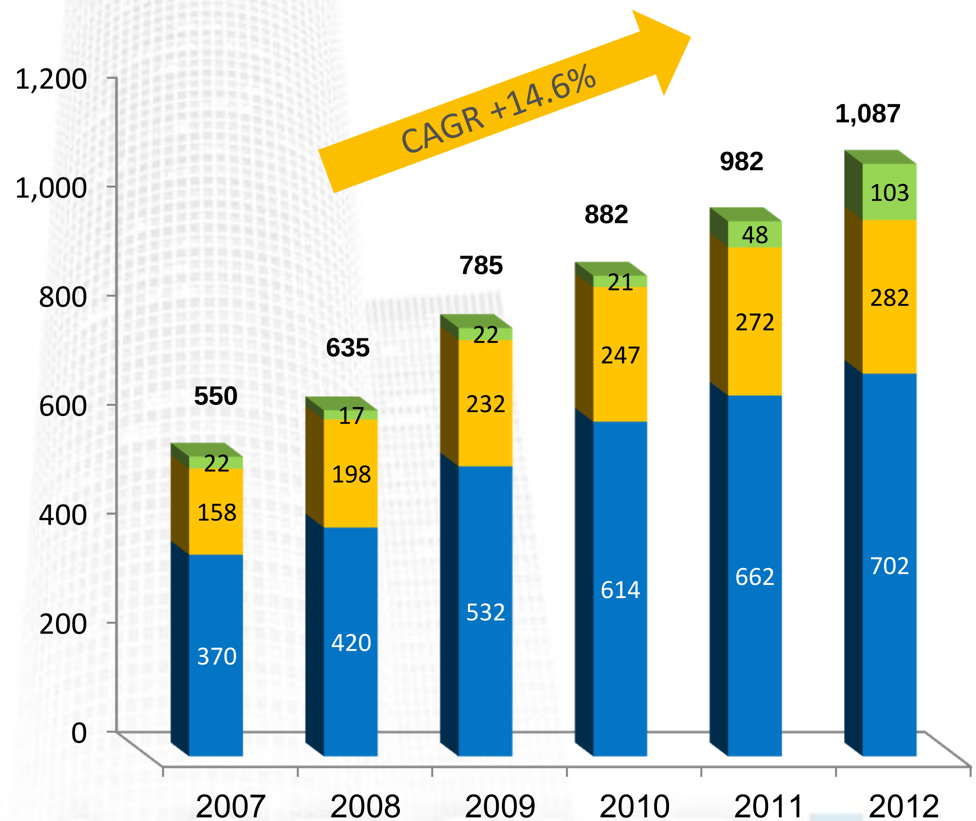
Continuous Growth in NOI
(NIS in millions)

Quarterly NOI



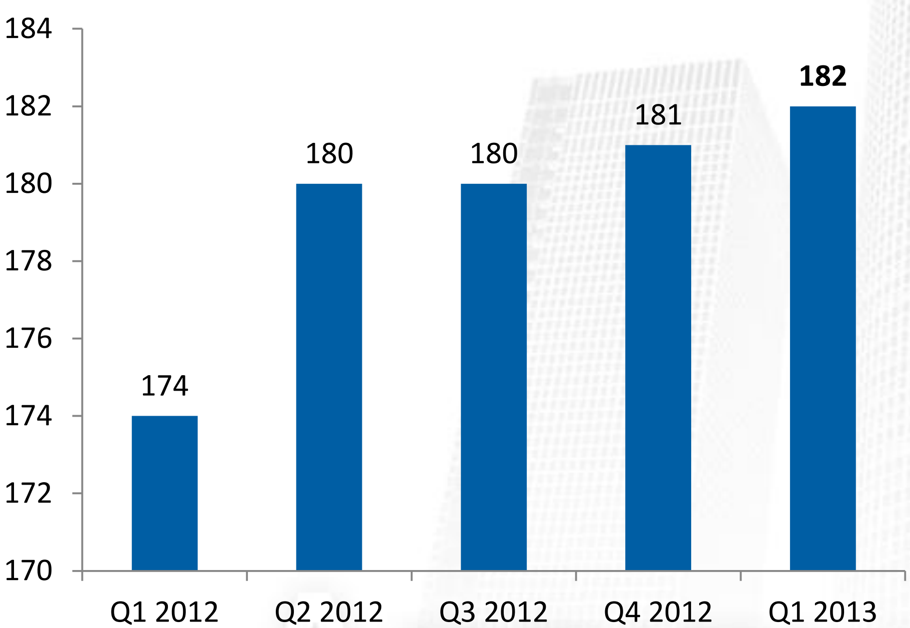
- Shopping malls and commercial
- Offices and others
- Assets in the US.

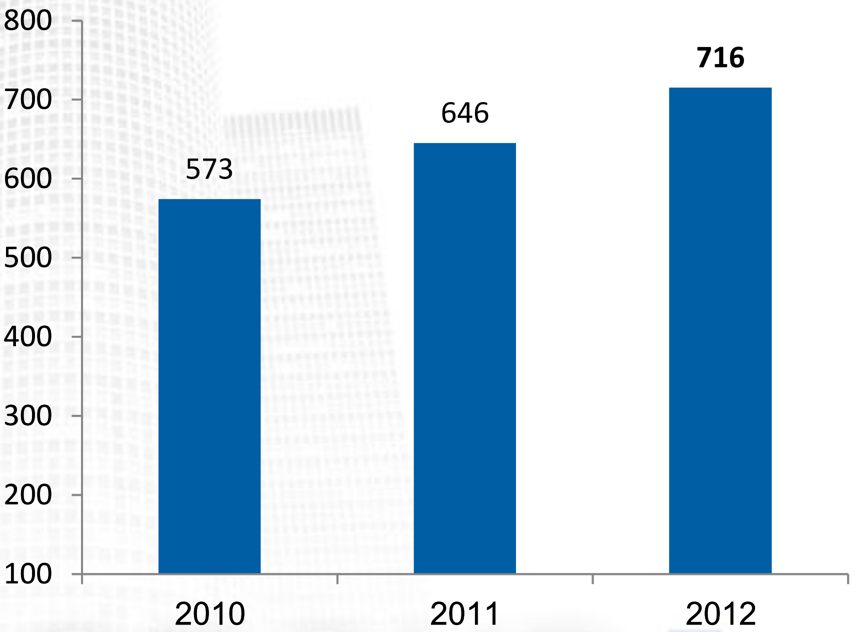
Annual NOI



Continuous Growth in FFO
(NIS in millions)

Real Estate FFO





Summary of Financial Results
(extended standalone)

NIS in millions	1-3/2013	1-3/2012		2012
Property rental income	**352**	341		1,399
NOI	**277**	269		1,087
Same property NOI	**276**	269		--
Real estate segment FFO	**182**	174		716
Appreciation of investment property (1)	(7)	(6)		236
Net profit (loss), including minority	**189**	198		986
Net profit (loss), attributed to shareholders	**185**	184		939
Comprehensive profit (loss), attributed to shareholders	**180**	218		1,060

(1) Net, after tax.

Balance Sheet
(summary of extended standalone statement)

NIS in millions	31.03.2013	31.12.2012
Cash, securities and deposits	408	533
Financial debt, gross	4,591	4,800
Financial debt, net (1)	4,182	4,267
Financial assets available for sale	1,424	1,414
Fair value of income-producing real estate and properties under development	15,957	15,865
Shareholders' equity (excluding minority interest)	11,790	11,875
Shareholders' equity to balance sheet ratio	62%	62%
Total balance sheet	19,225	19,248
Shareholders' equity per share (NIS)	97.2	97.9
EPRA NAV per share (NIS) (2)	117	118

(1) Excluding financial assets available for sale.
(2) Excluding the projected profit component from projects under development.

Average Cap-Rate and FFO Yield of the Real Estate Business

Portfolio weighted average cap-rate of 7.7%

NIS in millions	
Investment properties as of 31.03.2013 (extended standalone)	16,014
Net of: properties under development, vacant space and building rights	(1,299)
Total income-producing properties	**14,715**
Actual NOI for Q1/2013	277
Additions to future Q1/2013 NOI	6
Adjusted NOI for Q1/2013	283
Annual pro-forma NOI	**1,131**
Portfolio weighted average cap-rate	**7.7%**

Current real estate segment FFO yield of 8.9%

NIS in millions	
Net profit for Q1/2013 (attributed to the shareholders)	185
Net of items attributed to Granite	(31)
Other adjustments	28
FFO attributed to real-estate operations	182
Annual proforma FFO (Real-Estate)	**728**
Azrieli Group market cap[(1)]	12,491
Less: cash & cash equivalents[(2)]	(408)
Less: real holdings	(2,644)
Less: investment in projects under development [(2)]	(1,299)
Market cap attributed to real estate operations only	**8,140**
Current annual FFO yield - real estate	**8.9%**

(1) As of 16.05.2013.
(2) As of 31.03.2013.

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

Financial stability

- Low leverage - net financial liabilities to balance sheet: 22%.
- Shareholders' equity to balance sheet: 62%.
- Liquid means of approx. NIS 408 million.
- Non-mortgaged property value of approx. NIS 10.4 billion.
- Bank loans: NIS 3.2 billion.
- Bonds & commercial paper: NIS 1.4 billion.
- Weighted average duration: 2.55 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	1,744 (2)	38%
1 to 4 years	2,077	45%
5 to 10 years	770	17%
	---------------	---------------
Total 31.03.2013	4,591	100%

	Principal amount	Average interest rate
Linked to CPI	3,191 (2)	5.03%
In NIS	479	2.69%
Linked to $	898	5.18%
Linked to £	23	2.225%
	---------------	---------------
Total 31.03.2013	4,591	4.80%

Upside

(1) Based on 31.03.2013 extended standalone financial statements.
(2) Including a loan of approx. NIS 908 million against the Azrieli Center, bearing 6% interest and maturing in August 2013

Non-Core Holdings - Results

Granite HaCarmel (100%) – In Q1/2013 the Group's share in Granite's results totaled NIS 34 million compared with NIS 16 million in Q1/2012.

Bank Leumi (approx. 4.8% holding) – In Q1/2013, the share value on TASE increased by approx. 1%, representing an increase of approx. NIS 8 million, net of tax. The market value of the Group's holding as of 31.03.2013 is NIS 906 million.

Leumi Card (20% holding) – The holding book value as of 31.03.2013 was NIS 514 million, compared to NIS 514 million as of 31.12.2012, according to an external appraiser. During the quarter, 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.
- 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.