



AZRIELIGROUP

AZRIELI GROUP

Conference Call Presentation

Financial Statements June 30, 2020



AG

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- › The terms "FFO attributed to the Real Estate Business" and "weighted average cap rate" relate to the Group's income-producing real estate business only. Anyone reading the presentation must read such figures in conjunction with the Board's explanations in the Board of Directors' report as of June 30, 2020, Sections 2.6 and 2.7, including the methods of calculation and the underlying assumptions thereof.
- › The information included in this presentation is similar to the information included in the reports and/or immediate reports of the Company and does not include new material information. However, some of the data included in the presentation are presented in a different manner and/or breakdown and/or are differently edited. In any event of inconsistency between the reports and/or immediate reports of the Company released to the public and the information contained in this presentation, the information released to the public as aforesaid shall prevail.
- › All numbers and figures are approximate.

Convenience Translation from Hebrew // Important Notice



- › The following English translation of Azrieli Group's presentation for the conference call of August 19th, 2020 (the "**Presentation**") is provided for convenience. Please note that this document should not be regarded as a substitute for reading the full original Hebrew version of the Presentation. 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.
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Azrieli Group // Business Card



Traded on the capital market since 2010, the **7th largest company⁽¹⁾** on the Tel Aviv Stock Exchange

Market cap of **NIS 22.2 billion⁽¹⁾**

Listed in all leading **indices**: TA-35, TA-125, TA-Real Estate

The company's share is included in the **EPRA** Index

The Company owns income-producing properties with a total leasable area of **1,249,000 m²**, **12 additional projects under construction**, and **6 projects under renovation and extension**

Average **occupancy rate** in Israel of **98%⁽²⁾**

90% of the value of investment and under-construction income-producing properties (on a consolidated basis) attributed to real estate in Israel

Rating: AA+ (Ma'alot S&P); **Aa1** (Midroog Moody's)

Leverage ratio of only **26%**, and equity to assets ratio of **51%**



(1) As of August 18, 2020

(2) Excluding completed properties in the first stages of occupancy.

Income-Producing Properties Map



Malls and Retail Centers

Ayalon Mall	Jerusalem Mall	Holon Mall	Akko Mall
Hod Hasharon Mall	Modi'in Mall	Ramla Mall	Kiryat Ata Mall
Herzliya Outlet	Azrieli Mall	Azrieli Ra'anana	Or Yehuda Outlet
Givatayim Mall	Azrieli Holon Center	Haifa Mall	HaNegev Mall
Sarona Mall	Rishonim Mall		

Offices and Others in Israel

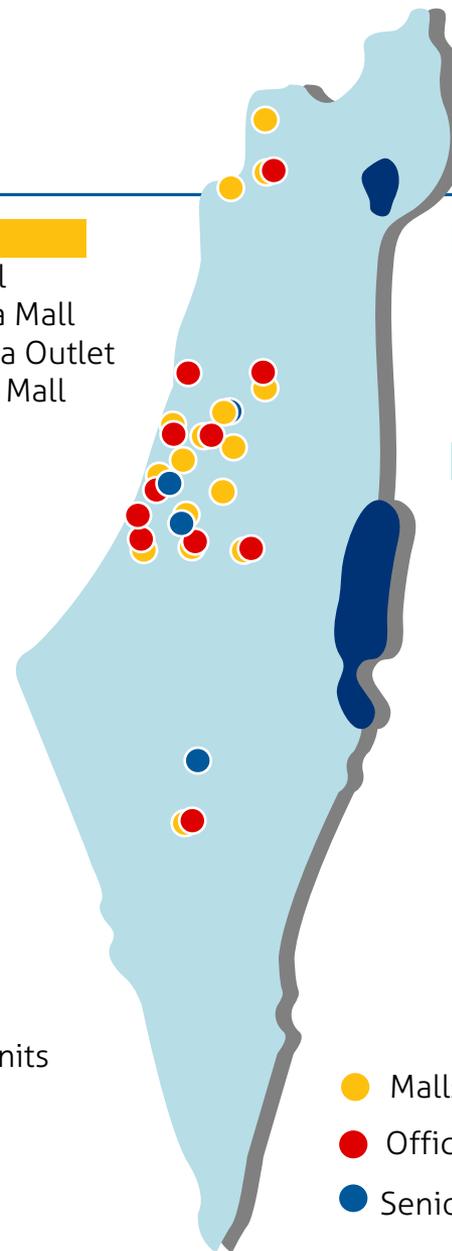
Azrieli Towers	Modi'in	Givatayim
Azrieli Sarona	Modi'in Residences	Kiryat Ata
Azrieli Holon Center	Petach Tikva	Hanegev
Caesarea	Jerusalem	Rishonim
Herzliya	TOWN building E	

Senior Homes

- Palace Tel Aviv
- Palace Ra'anana
- Palace Modi'in
- Palace Lehavim

Overseas

- Galleria
- 1 Riverway
- 3 Riverway
- Plaza
- 8 West
- Aspen II
- San Clemente
- Leeds



- Malls
- Offices
- Senior Homes

18 Malls and Retail Centers 350,000 m²

14 Office properties 548,000 m²

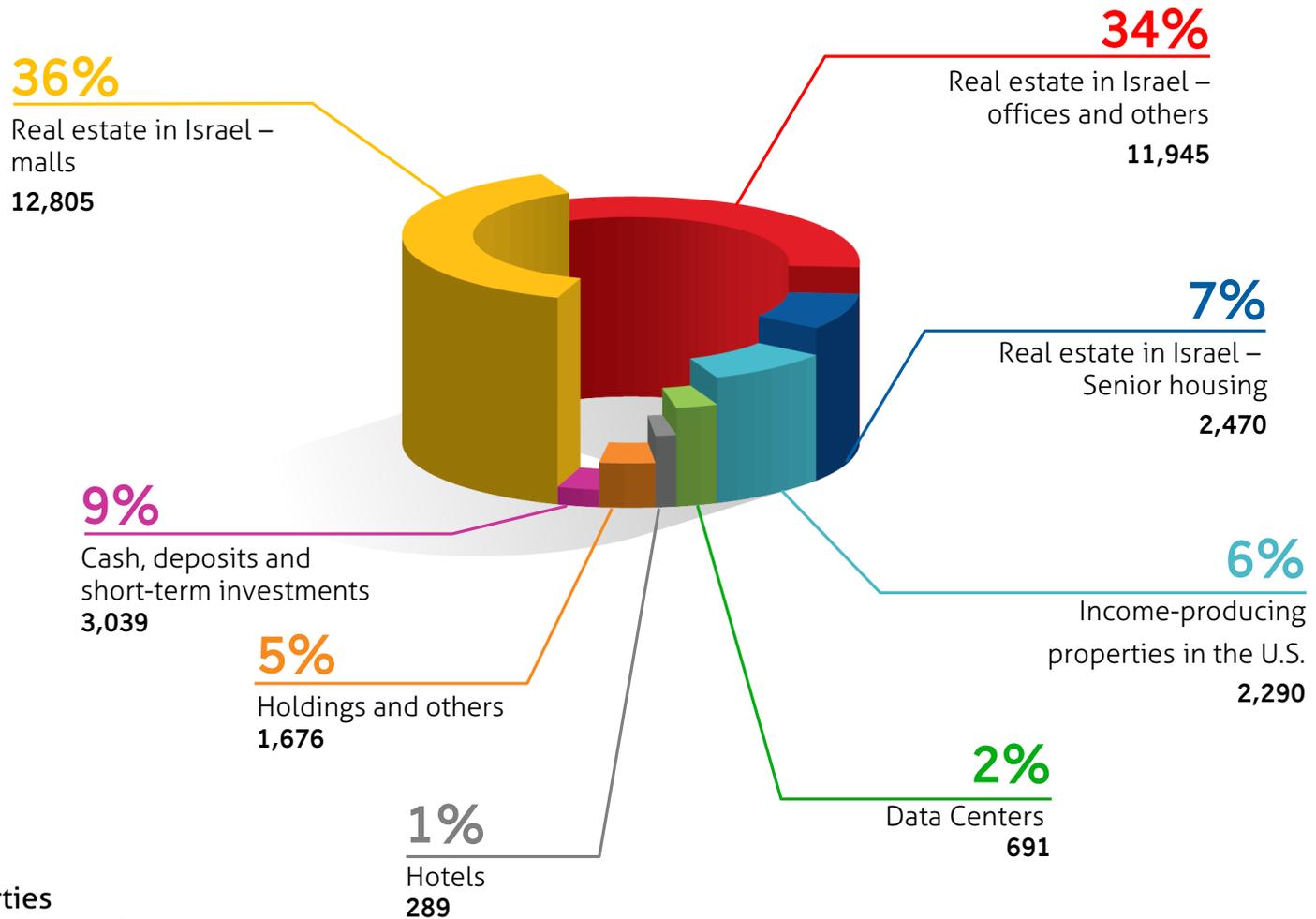
4 Senior Homes 105,000 m² 1,035 residential units

8 Office properties overseas 246,000 m²

Total 1,249,000 m² (1)

(1) As of June 30, 2020.

Azrieli Group // Breakdown of Properties⁽¹⁾



% of Total Properties
Book Value (NIS in millions)

(1) Consolidated, as of June 30, 2020. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Annual Report.

Highlights for Q2/2020⁽¹⁾

Financial Highlights

- > NOI totaled **NIS 232 million**, down 42% compared with Q2/2019, mainly to relief for tenants in the retail sector.
- > Same Property NOI – a 43% decrease in the quarter.
- > FFO totaled **NIS 199 million**, compared with NIS 333 million in Q2/2019. **Excluding Senior Housing, FFO totaled NIS 174 million**, compared with NIS 288 million in Q2/2019.

Continued Momentum of Development, Betterment and Acquisitions

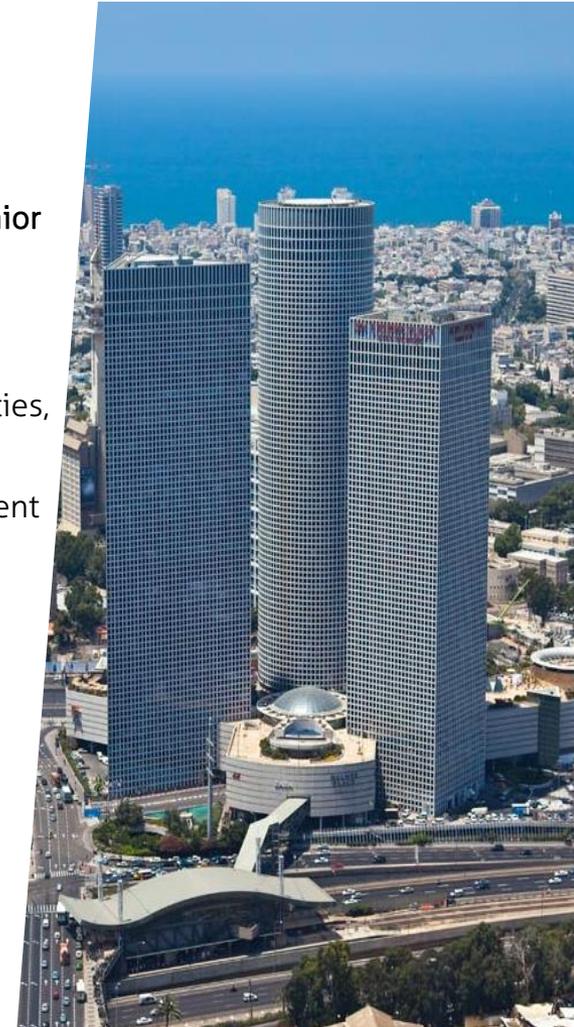
- > Over the course of Q2/2020, **the Group invested NIS 229 million** in investment properties, redevelopment of existing properties, and development of new properties.
- > In 2020, **the Group invested NIS 458 million** in investment properties, the redevelopment of existing properties, and the development of new properties, NIS 264 million for the purchase of Mount Zion Hotel, and NIS 100 million invested⁽²⁾ in Compass Data Centers.

Fair Value

- > During the quarter the Group recorded a decrease of NIS 234 million in the fair value of its assets.
- > The decrease is attributed to the U.S. property portfolio; the rise in uncertainty in the short term; and the effect of the negative CPI.

Closing of the Sale of GES

- > In May 2020, the Group closed the sale of GES for NIS 105 million.



(1) Some of the highlights present data and events after the report release date.

(2) The Company has an option to increase its holdings up to 33% according to current value against future investments in development.



Development During and After the Quarter

Business

Diversification	Diversification over several real estate sectors
Tenant diversity	Very broad (approx. 2,800 tenants)
Portfolio	High-quality properties in prime locations
Occupancy rate	Close to 100% in all operating segments in Israel
Contracts	Long term, 3-5-10 years

Financial

Cash and cash equivalents ⁽²⁾	NIS 3 billion. Including Bank Leumi shares NIS 3.8 billion.
FFO	Strong cash flow
Low leverage	26% net debt to assets and 51% ⁽³⁾ equity to assets
Unencumbered assets	NIS 24 billion
Debt	Long duration and balanced payment schedule
Financing	Average interest rate of 1.6% and average duration of 5.6 years



(1) As of June 30, 2020.

(2) As of the report release date, cash and cash equivalents are approx. as the end of the quarter.

(3) Including deferred taxes – 61%.

Renewals and New Lease agreements⁽¹⁾ (Israel)



During H1 / 2020, until the report release date

Segment	Lease type	Number of leases signed	GLA	change
Offices	Options exercised and New leases (Excluding space in the first stages of occupancy)	128	103,936	+9.1% ⁽²⁾
Retail	Options exercised and New leases (Excluding space in the first stages of occupancy)	695	67,493	- 0.8%

Type	Units	Sum of New Deposits (NIS in millions)	Average Deposit (NIS in millions)
Palace Senior Housing	Existing Homes and New Homes	99	1.5

(1) Options exercised and new leases signed from March 1, 2020 until the report release date represent an increase of 14.2%



Real Estate Segments

Azrieli Group // Malls and Retail Centers



NOI in Q2/2020 – **NIS 31 million**, compared with NIS 207 million in Q2/2019. The decrease is attributed to discounts given to tenants due to the COVID-19 crisis.

GLA – **350,000 m²** ⁽¹⁾

Average occupancy rate – **98%** ⁽²⁾

Book value – **NIS 12.8 billion**

Innovation and Upgrade

- > Azrieli E-Commerce
- > Azrieli Gift Card
- > Azrieli App
- > Betterment and upgrade of malls and retail centers



(1) GLA (gross leasable area) is based on the Company's share as of June 30, 2020.

(2) Excluding completed properties in the first stages of occupancy.

Azrieli Group Malls // Store revenues and Rent to Sales Ratio

1-2, ⁽¹⁾⁽²⁾ 5-6 / 2020
Vs.
1-2, ⁽¹⁾⁽²⁾ 5-6 / 2019

5-6 / 2020 ⁽¹⁾⁽²⁾
Vs.
5-6 / 2019 ⁽¹⁾⁽²⁾

Total Increase in Revenues
of Azrieli Group Mall Stores

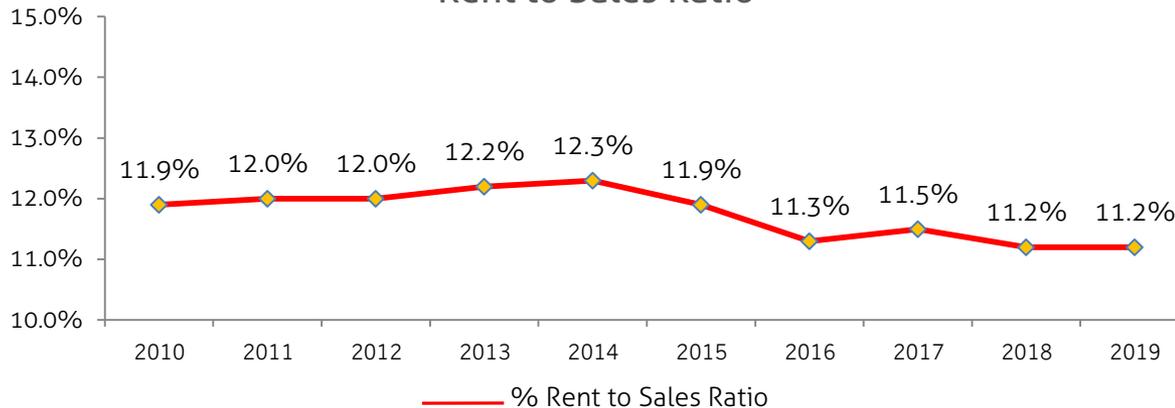
+ 2.9%



+ 2.1%



Rent to Sales Ratio



(1) March and April 2020 and 2019 were excluded from the calculation, since in most days in these months in 2020 the malls were closed by government order.
 (2) The presented figures of the change in store revenues for May-June 2019 have been adjusted to the working days in May 2020. Azrieli Tel Aviv mall has been excluded, as much of its footfall comes from public transport, particularly Israel Railways, which were shut down in the context of the restrictions imposed by the government. Also excluded were segments that were subject to regulatory restrictions due to COVID-19 (food courts, restaurants and bars, conference centers and gyms).

Azrieli Group // Office and Other Space (Israel)

NOI in Q2/2020 – NIS 153 million, compared with NIS 147 million in Q2/2019.

GLA of 548,000 m² ⁽¹⁾

Average occupancy rate – 98%

Book value – NIS 11.9 billion

Innovation and Upgrading

- > Community
- > Technology
- > Betterment and upgrading of the office towers



(1) GLA (gross leasable area) is based on the Company's share as of June 30, 2020.

Palace Senior Housing Chain

Operating Homes

Palace Tel Aviv: 231 residential units + 4 LTC units

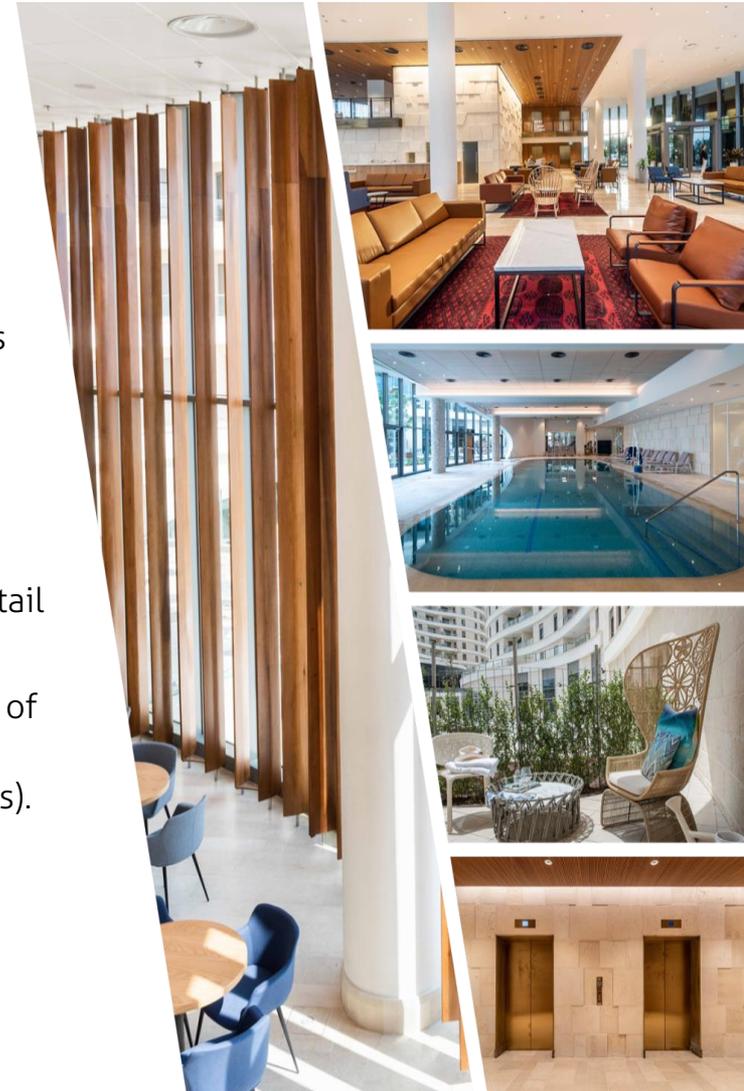
Palace Ra'anana: 323 residential units + 2 LTC units

Palace Modi'in: 239 residential units + 4 LTC units

Palace Lehavim: 350 residential units (241 units in phase A) + 2 LTC units

Homes under Development

- > **Palace Rishon Lezion:** 275 residential units + 1 LTC unit + 3,000 m² retail space
- > **Palace Jerusalem:** the Group is promoting a plan for the development of a new senior home which will be built adjacent to the mall, on a gross area of approx. 40,000 sqm (up to 300 residential units and 4 LTC units).





Development Pipeline

Azrieli Group // Development Pipeline



Expansion of Azrieli Mall and the Spiral Tower, Tel Aviv
150,000 m² (1)(3)



Azrieli Town E Building
 Tel Aviv Center
21,000 m² (4)



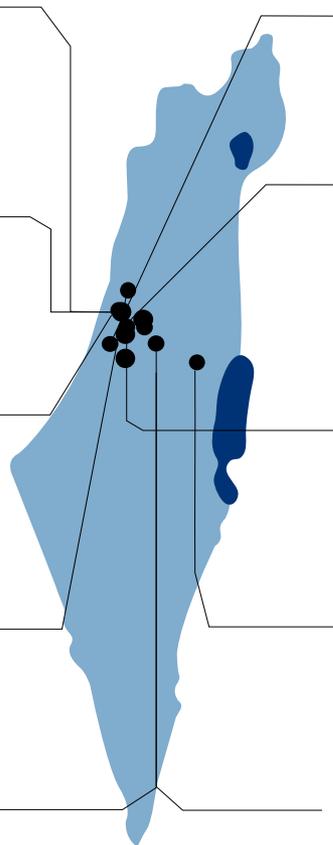
Azrieli Town, Tel Aviv
75,000 m² (1)(5)



Land for Development
 Petach Tikva
53,000 m² (2)



Lot 10
 Modi'in
37,000 m²



Palace Rishon Lezion
 Senior Home
37,300 m² (1)(3)



Holon 3 Project
 (formerly Lodzia)
250,000 m²



Holon HaManor project
28,000 m²



Mount Zion Hotel
 Jerusalem
34,000 m² (1)



Lot 21
 Modi'in
20,000 m² (1)(2)



(1) The figure is the scope of building rights in sqm | (2) The Company is working to increase the building rights to approx. 250,000 sqm in Petach Tikva and to approx. 28,000 sqm in Modi'in. | (3) A plan was published and validated. | (4) Rights for additional construction purchased in May 2018 in the context of acquisition of the income-producing property Mivney Gazit. | (5) The Company is working to increase the building rights in the project to approx. 99,000 sqm.

Development Projects // The Growth Engine

Name of Property	Location	Use	GLA ⁽²⁾	Estimated Completion Date	Estimated Construction Cost, including Land (NIS in millions) ⁽¹⁾
Short-term construction projects					
Azrieli Town ⁽⁴⁾	Tel Aviv		Offices 50,000	Q4/2020	1,100-1,150
			Retail 4,000	2022	
			Residence 21,000 (210 Residential Units)		
Holon HaManor	Holon		28,000	Q3/2020	235-255
Azrieli Akko Mall	Akko		8,000	Q1/2021	70-75
Total			111,000		1,405-1,480
Medium-term construction projects					
Palace Lehavim ⁽³⁾	Lehavim		10,000	2022	110-115
Modi'in, Lot 21	Modi'in		20,000 ⁽⁶⁾	2023	340-370
Palace Rishon Lezion	Rishon Lezion		37,300 ⁽⁵⁾	2024	450-470
Expansion of Azrieli Mall and Spiral Tower	Tel Aviv		150,000 ⁽⁵⁾	2025	2,300-2,500
Total			217,300		3,200-3,455
Total			328,300		4,605-4,935
Development projects in the planning phase					
Holon 3 (formerly Lodzia)	Holon		250,000 ⁽⁷⁾	TBD	TBD
Petach Tikva land	Petach Tikva		53,000 ⁽⁶⁾	TBD	TBD
Azrieli TOWN Building E	Tel Aviv		21,000 ⁽⁸⁾	TBD	TBD
Modi'in, Lot 10	Modi'in		37,000	TBD	TBD
Mount Zion Hotel	Jerusalem		34,000	TBD	TBD
Total			395,000		Projects whose construction cost is yet to be determined
Total			723,300		

(1) Cost without capitalizations and without tenant adjustments | (2) Senior housing and/or residential rights are stated in sqm | (3) Occupancy permit for medical received in July 2020. (4) The Company is promoting an increase of rights for the addition of office and hospitality areas totaling approx. 24,000 sqm (gross). | (5) A plan was published and validated. | (6) The Company is working to increase the building rights to approx. 250,000 sqm in Petach Tikva and to approx. 28,000 sqm in Modi'in | (7) GLA increased due to consolidation of plots of land. | (8) Additional building rights which were purchased in May 2018 in the context of the purchase of the income-producing property Mivney Gazit.

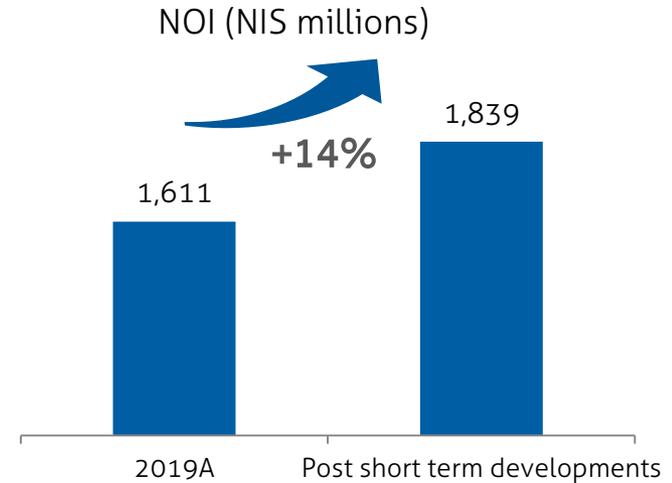
Development Projects // Expected Contribution* to NOI and FFO

Actual NOI in 2019 **1,611**

> Additional NOI from development projects⁽¹⁾ 142

> Annualized additional NOI from existing properties⁽²⁾ 86

Projected NOI after lease-up of short-term projects under development **1,839**



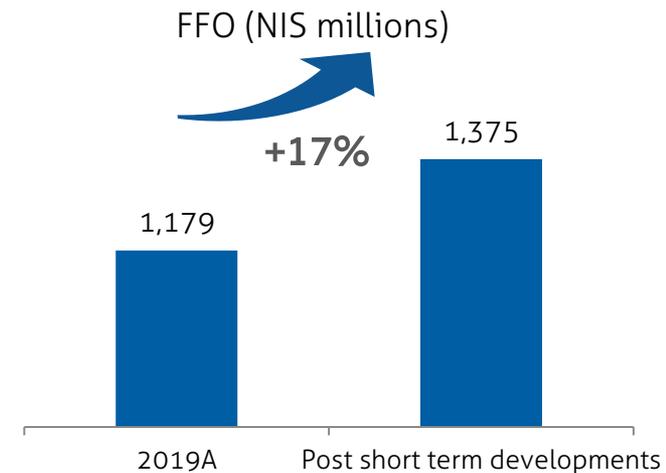
Actual FFO in 2019 **1,313**

> Excl. first-time deposits from Palace Modi'in senior home (134)

Actual FFO in 2019 excl. first-time deposits from Palace Modi'in **1,179**

> Additional FFO from cash flow 196

Projected FFO after lease-up of short-term projects under development **1,375**



* The calculations are not forecasts, and the basic assumption is that upon completion, the NOI of income producing properties will be originally pre-COVID-19 crisis. The main assumptions in the calculations are: full lease-up of the projects under development, NOI and FFO of senior housing in steady state (excluding first time occupation), a tax rate of 23%.

(1) NOI from projects under development includes Azrieli TOWN, Palace Modi'in, Palace Lehavim, Holon HaManor, NIS 22 million from leasing of residential units in TOWN project and Akko offices and excludes expansion of Azrieli Center Tel Aviv, Holon 3 project (Lodzia), Rishonim senior housing land and land in Petach Tikva, Modi'in Lots 21 and 10

(2) Annualized additional NOI from existing properties includes Azrieli Sarona offices and retail, Azrieli Holon Center and Azrieli Rishonim, Azrieli TOWN building E acquired in May 2018, Data Centers activity acquired in July 2019 and Palace Modi'in opened in October 2018.

Azrieli Group // The CBD of Tel-Aviv



Development Projects // Expansion of Azrieli Mall and the Spiral Tower, Tel Aviv

Land area – **8,400 m²**

GLA – **150,000 m²**
including 13,000 m² of retail space
for expansion of the Azrieli Tel Aviv Mall

Cost of land – **NIS 374 million**

Estimated construction cost, including land –
NIS 2.3-2.5 billion

Uses –    

Estimated date of completion – **2025**

Progress Update

The Group is carrying out excavation and shoring work on the site.

In January 2020, a discussion was held in the local committee, and the committee decided to grant conditional approval for the design plan. The Company is working to receive final approval of the design plan.



Illustration

Development Projects // Azrieli Town

Land area - **10,000 m²**

GLA ⁽¹⁾ - **50,000 m²** of offices
4,000 m² of retail space
21,000 m² residential (**210 units**)

Estimated construction cost, including land -
NIS 1,100-1,150 million

Estimated date of completion – Offices – **Q4 2020**
Residences and Retail – **2022**

Use –   
RENT

Progress Update

The Group is carrying out finishing work on the office tower, and structural work on the residential tower. The Group is working to increase the building rights for the addition of office and hospitality areas totaling approx. 24,000 m² (gross).

Marketing

To date, lease contracts have been signed for ~100% of the office space, including with a leading technology company, law firm Fischer Behar Chen, accounting firm PwC, and WeWork.
The projected annual NOI from the office building is NIS 67 million, and the construction cost (land and development including TI) is NIS 677 million.



(1) Figures refer to the current zoning plan.

Development Projects // Palace Lehavim Senior Home

Land area – **28,000 m²**, in the southern part of the town of Lehavim, not far from the train station

Building rights

Phase A - **32,000 m²**

Phase B - **10,000 m²**

350 Residential Units + 2 LTC Units

Use –  

Estimated construction cost, including land – **NIS 400-410 million**

Estimated date of completion – **Phase A – Completed⁽¹⁾**
Phase B – 2022

Progress Update

Phase A completed and occupancy permit received in May 2020.

Marketing

As of the Report Release Date – **124 preliminary applications** (for 51% of Phase A) have been signed, of which 112 have led to signed contracts, and **52 units have been occupied**.



Illustration

(1) phase A – 241 units.
(2) Occupancy permit for the LTC units received in July 2020.

Development Projects //

Azrieli Holon Center – Looking to the Future



Development Projects // Azrieli Holon HaManor

Land area – 6,200 m²

GLA – Office space: **28,000 m²**

Estimated completion date – **Q3 2020**

Use – 

The land is adjacent to the Holon 3 project land (formerly Lodzia) and close to the **Azrieli Holon Center**.



Progress Update

The Group is carrying out finishing work on the site.

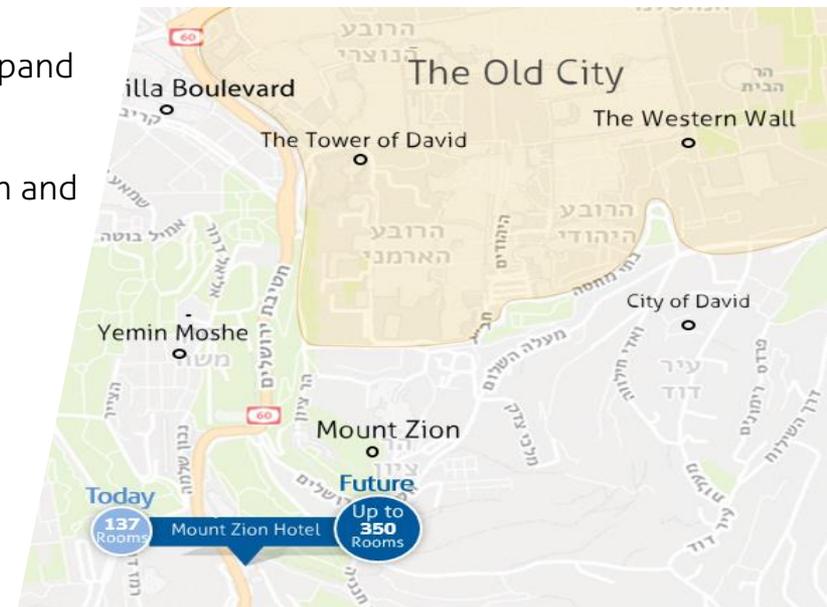
Marketing

The Group has signed a lease contract with Bezeq for 20,000 sqm plus approx. 900 parking spaces, of which 600 parking spaces are in the Azrieli Holon 3 project). Bezeq brought its entry date forward to October 1st, 2020.

The Group projects an annual NOI of NIS 26 million, and the construction cost (land and construction including TI) is NIS 336 million.

Azrieli Group // Purchase of Mount Zion Hotel, Jerusalem

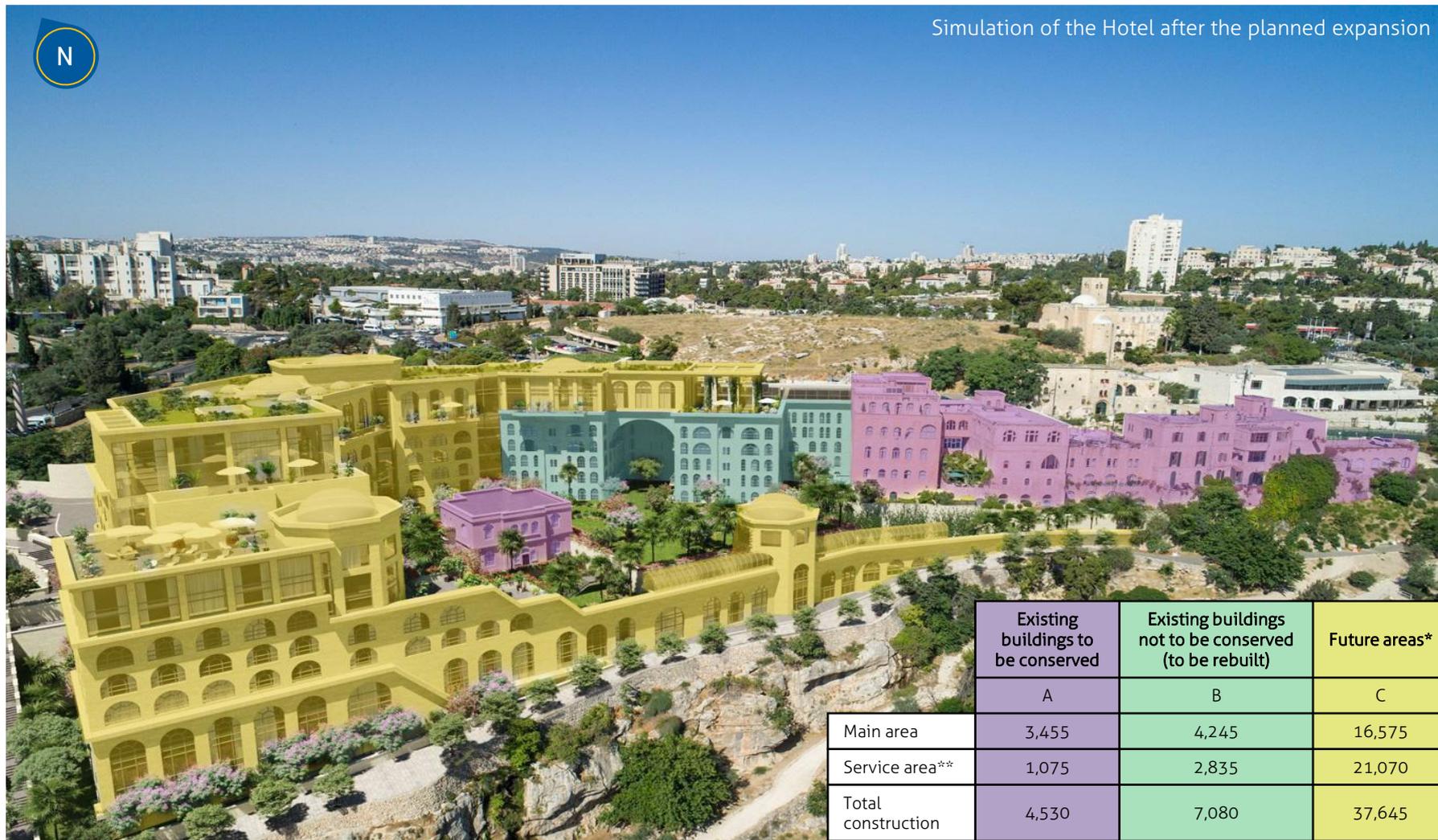
- > Land area - approx. 13,000 sqm.
- > Built-up area including renovation and extension - **34,000 m², up to 350 rooms.**
- > Use – 
- > Acquisition cost – **NIS 275 million.**
- > Expected expansion and renovation cost – approx. NIS 500-600 million.
- > Estimated date of completion – TBD.
- > The Group intends to renovate (from B rating to A+ rating) and expand the hotel in accordance with the lot's applicable zoning plan.
- > Additional uses: parking, restaurants, a spa, a health club, function and reception halls, a swimming pool, and the Cable Car Museum.



Progress Update

Planning and preparing for permit.

Azrieli Group // Purchase of Mount Zion Hotel, Jerusalem



Simulation of the Hotel after the planned expansion

	Existing buildings to be conserved	Existing buildings not to be conserved (to be rebuilt)	Future areas*
	A	B	C
Main area	3,455	4,245	16,575
Service area**	1,075	2,835	21,070
Total construction	4,530	7,080	37,645

* Including additional construction also in the existing buildings

** Including 15,225 sqm for underground parking

Existing Properties // Expansion and Betterment

The following projects are undergoing betterment and various statutory proceedings:

Name of the Property	Location	Project in the Property	Status	Gross Area	Timeframe for completion of the statutory proceeding
Azrieli Jerusalem mall	Jerusalem	Increasing retail and office space; Construction of senior home 	Zoning plan	100,000 sqm	Medium-term
Petach Tikva land	Petach Tikva	Addition of offices 	Zoning plan	200,000 ⁽¹⁾ sqm	Long-term
Azrieli TOWN	Tel Aviv	Addition of offices 	Zoning plan	24,000 sqm	Medium-term
Azrieli Rishonim	Rishon Lezion	Addition of offices 	Zoning plan	21,000 sqm	Medium-term
Modi'in land (Lot 21)	Modi'in	Addition of offices 	Zoning plan	8,000 sqm	Medium-term
Herzliya Business Park	Herzliya	Addition of offices and retail 	Zoning plan	4,000 sqm	Medium-term
Total				357,000 sqm	

(1) Some of the building rights are attributed to an existing property owned by the Company.

Development Projects // Expansion of Azrieli Jerusalem Mall

Expansion of the Azrieli Jerusalem Mall

The group is promoting a plan for expansion of the area of the Azrieli Jerusalem mall by approx. **100,000 sqm gross above ground**.

If the zoning plan is approved, it **will enlarge the retail areas** by approx. 22,000 sqm and the office areas by approx. 36,000 sqm.

As part of the plan, **a senior home will be built** adjacent to the mall, on an area of approx. 40,000 sqm gross (up to 300 residential units).

Concurrently with the expansion of the mall, work is expected to progress on construction of the blue line of the Jerusalem Light Rail. A light rail station will be built near the mall, further improving transportation access to the area.

Progress Update

In January 2020, the local committee held a discussion on the objections. The local committee recommended to the district committee to approve the plan as submitted, subject to minor amendments, while denying all of the third-party objections. A discussion in the district committee has yet to be scheduled.





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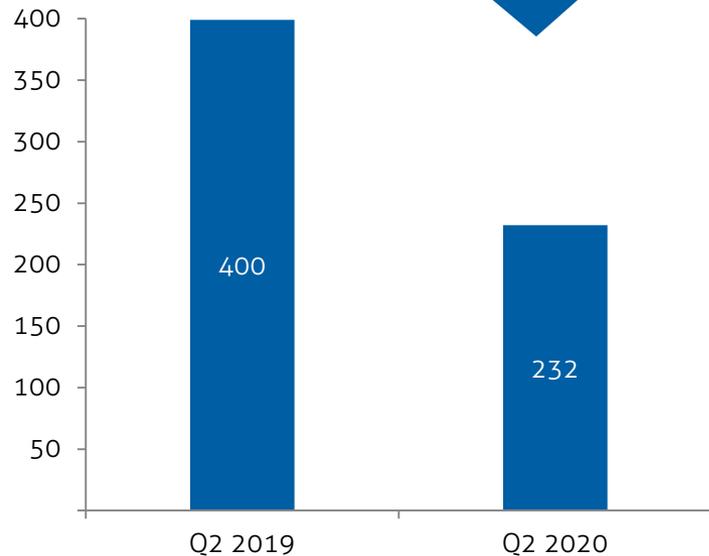
Financial Highlights

Constant NOI Growth

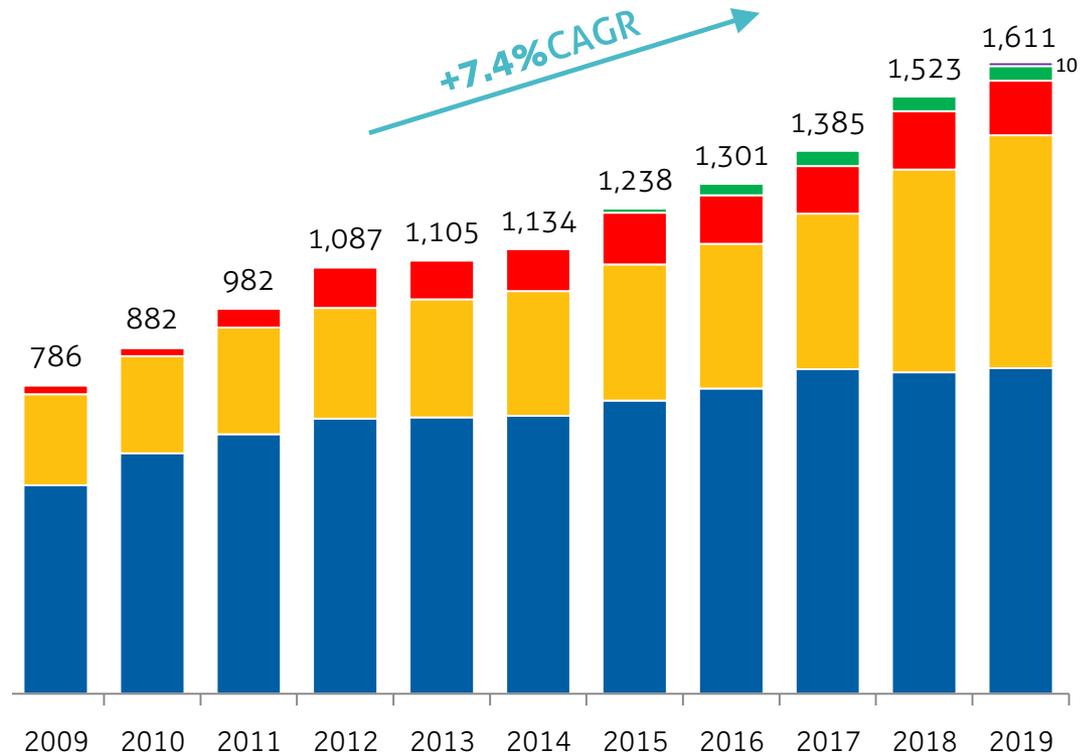


Quarterly NOI
(NIS in millions)

The decrease in the NOI this quarter is attributed mainly to relief for tenants in the retail sector in the sum of around NIS 180 million, which was recognized in full this quarter.



Annual NOI
(NIS in millions)

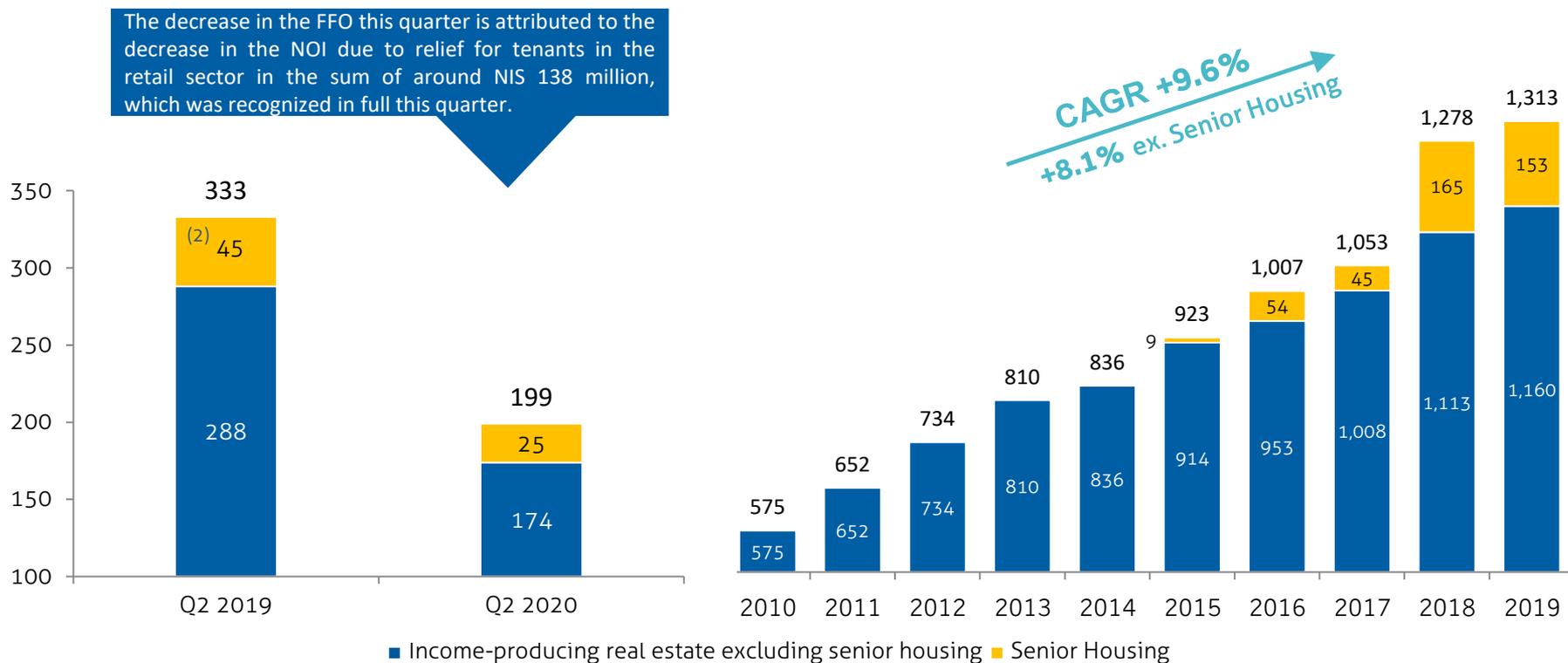


- Malls and retail space
- Office and other space
- Income-producing properties in the US
- Senior housing
- Data Centers

Constant FFO⁽¹⁾ Growth

Funds From Operations (FFO), compared with Q2-2019

FFO attributed to the Real Estate Business⁽¹⁾ (NIS in millions)

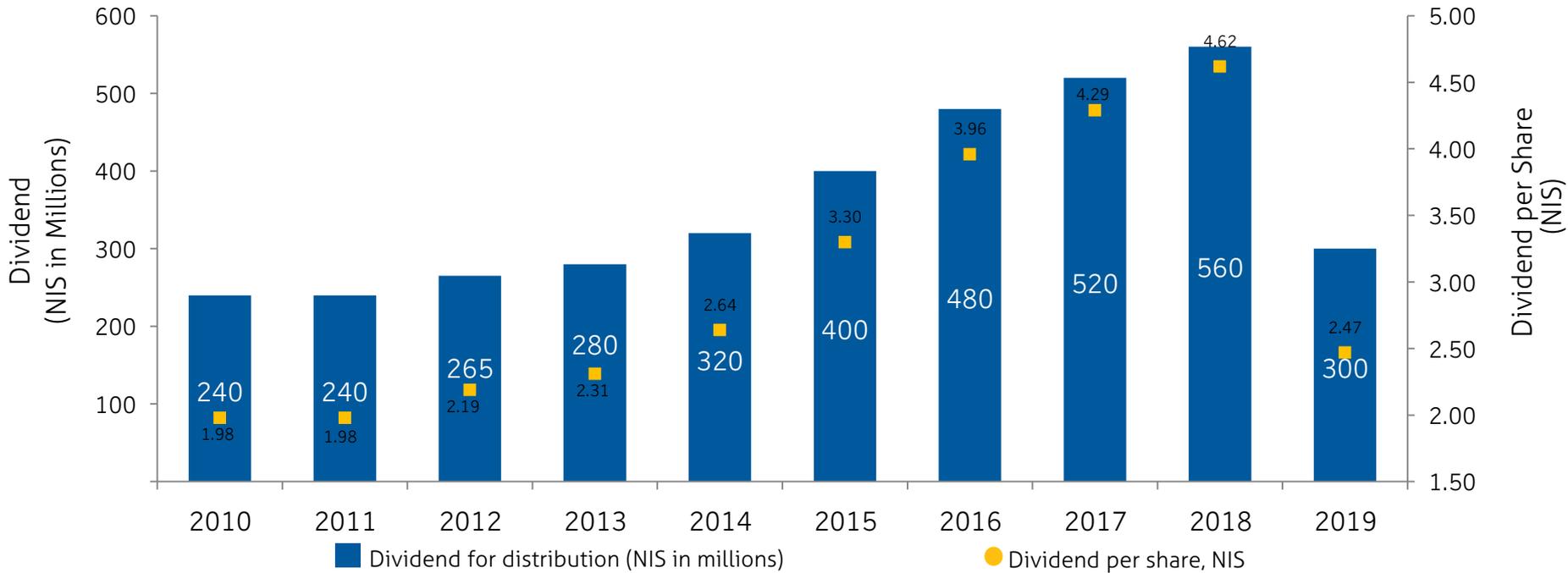


(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report.

(2) It is noted that in Q2/2019, a large number of new units were occupied for the first time in Palace Modi'in, which the Group inaugurated in October 2018.

Constant and Increasing Dividend Distribution

A dividend distribution of NIS 300 million for 2019. ⁽¹⁾



(1) Notwithstanding the financial soundness of the Company, for the sake of caution, including in view of the uncertainty surrounding the impact of the spread of COVID-19, the Board decided to distribute NIS 300 million only, and to re-discuss a distribution of up to NIS 300 million more during the year.

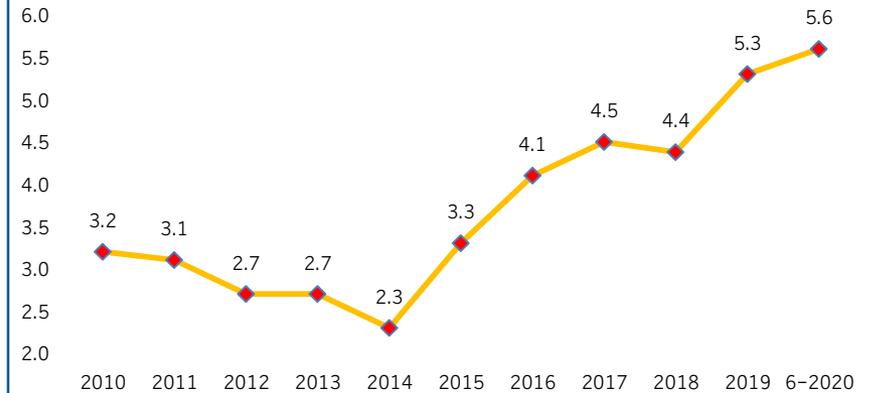


Extension of the Duration and Reduction of the Cost of Debt

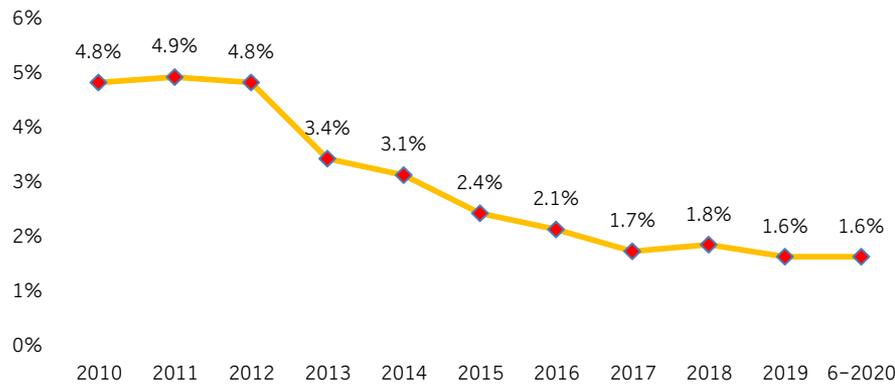
Financial Strength⁽¹⁾

- > Low leverage – net financial debt to assets ratio of **26%**
- > Equity to assets ratio of **51%**
- > Cash and cash equivalents total **NIS 3 billion**
- > Unencumbered assets total **NIS 24 billion**

Extension of Average Duration of Debt ⁽²⁾

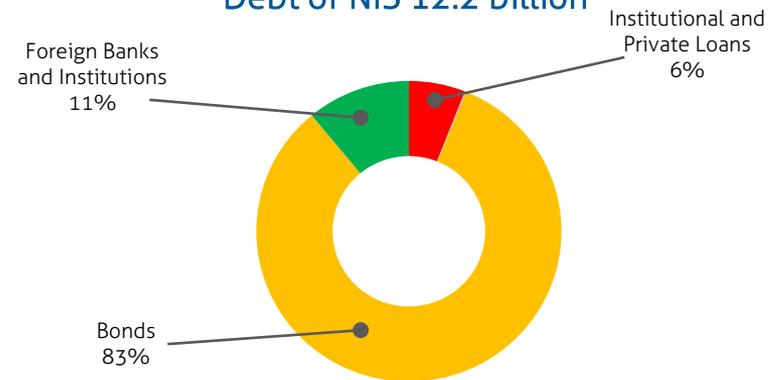


Decrease of Average Effective Interest Rate Over the Years ⁽²⁾



Debt Breakdown by Lender

Debt of NIS 12.2 billion

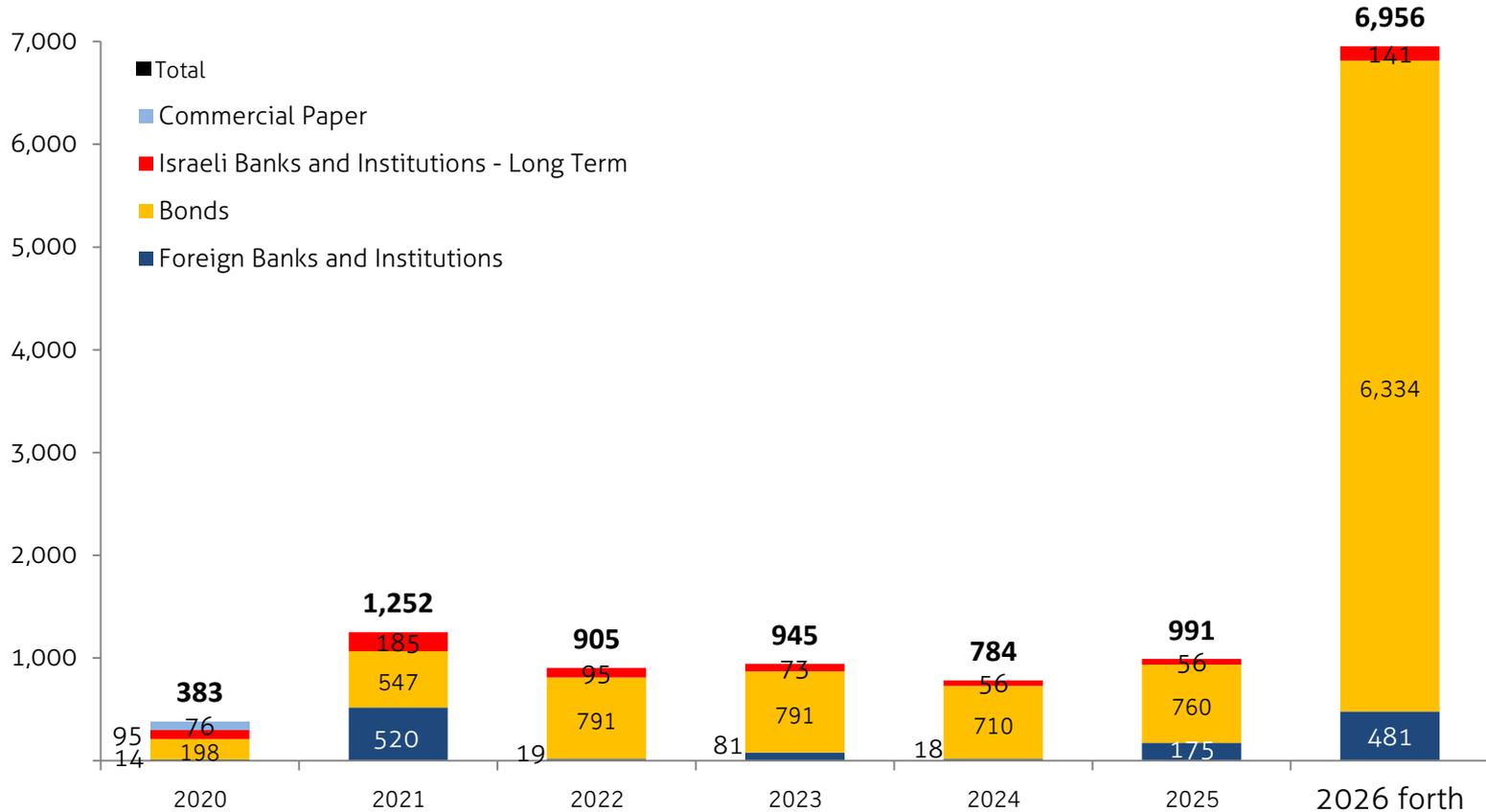


(1) As of June 30, 2020.

(2) Figures are as of the last day of the year / the reported period.

Payment Schedule (Principal Only)

Consolidated as of June 30, 2020



Summary of Financial Results (NIS in millions)

	Consolidated Q2 2020	Consolidated Q2 2019	Consolidated 2019
Revenues from rent, maintenance, management fees and sales	366	554	2,235
NOI	232	400	1,611
Same-property NOI	228	400	1,572
FFO attributed to the real estate business ⁽¹⁾	199	333	1,313
Change in the value of investment properties ⁽²⁾	(180)	139	694
Net profit (loss), including minority interests	(72)	332	2,097
Net profit (loss), attributable to the shareholders	(66)	332	2,099
Comprehensive income (loss), attributable to the shareholders	(184)	359	2,003



(1) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report.

(2) Net, after tax.

Summary of Balance Sheet Data (NIS in millions)

	Consolidated June 30, 2020	Consolidated December 31, 2019
Cash, securities and deposits	3,039	2,861
Gross financial debt	12,216	11,419
Net financial debt ⁽¹⁾	9,216	8,598
Net financial debt to assets	26%	24%
Financial assets (mainly Bank Leumi shares)	795	1,167
Fair value of investment properties and properties under construction	29,152	29,145
Equity (excluding minority interests)	17,979	18,534
Equity to assets	51%	53%
Total assets	35,205	35,239
Equity per share (NIS)	148.3	152.8
EPRA NRV per share (NIS) ⁽²⁾	177	182



(1) Excluding financial assets (Bank Leumi shares).

(2) Excluding part of the expected profit component in respect of development projects.

Average Cap Rate and FFO of the Income - Producing Real Estate Business

Weighted average cap rate - 7.11%

	NIS in millions
Total investment properties, as of June 30, 2020	29,287
Net of the value attributed to land reserves, properties under construction and senior housing	(5,542)
Total income-producing properties	23,745
Actual NOI Q2/2020 ⁽¹⁾	217
Future quarterly NOI addition	26
Adjustments due to COVID-19 discounts ⁽³⁾	179
Total standardized NOI Q2/2020	422
Proforma annual NOI	1,688
Weighted cap rate derived from income-producing investment properties, including vacant space	7.11%

Annual FFO ⁽²⁾ attributed to the real estate business - NIS 199 million

	NIS in millions
Net Operating Income (NOI)	232
Overhead excl. management fees from Granite	(32)
Depreciation	4
EBITDA	204
Net interest expenses	(50)
Tax	13
Cash flow from senior housing deposits excl. depreciation	23
Excluding financial expenses attributed to development projects	9
Total FFO attributed to the income-producing real estate business	199

Excluding senior housing, (the weighted cap rate of the senior housing as of the report date is 8.5%) and excluding Mout Zion Hotel and Data Centers which appears in the statements according to the method of fixed assets and investments in companies accounted for by the equity method. | (2) For details with respect to the FFO calculation, see Section 2.7 of the Board of Directors' Report. | (3) The FFO calculation also includes cash-flow financing expenses in connection with projects under construction, calculated according to the credit costs capitalized to qualified properties and investment property under construction. | (4) Net of temporary discounts granted in the report period due to the COVID-19 crisis.

Conclusion – Leadership, Innovation and Strength



Continued growth in the key parameters of the core business (NOI, FFO)

Consistent high occupancy rate



Exceptional financial soundness and strength

Significant growth engines:

- Internal growth
- Enterprise and development of new properties
- Acquisition of income-producing properties and land for future development
- New real-estate operating segments
- Innovation



Business focus in Israel