



AZRIELIGROUP

AZRIELI GROUP

Conference Call Presentation

Financial Statements March 31, 2021



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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 sections 2.6 and 2.7 in the Board of Directors' report as of March 31, 2021, 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 May 26, 2021 (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.
- › 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 26, 2021. Nothing in this translation constitutes a representation of any kind in connection with the Presentation, nor should it be regarded as a source for interpretation of 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.

Azrieli Group // Business Card

Traded on the capital market since 2010, **the 6th largest company⁽¹⁾** on the Tel Aviv Stock Exchange

Market cap of **NIS 29.4 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 **1,334,000 m²**, **12 additional projects under construction**, and **6 projects under renovation and expansion**

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 May 25, 2021

(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	Palace Modi'in	Palace Lehavim

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	Azrieli TOWN	Hamanor
Mikve Israel Tel Aviv	Azrieli 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

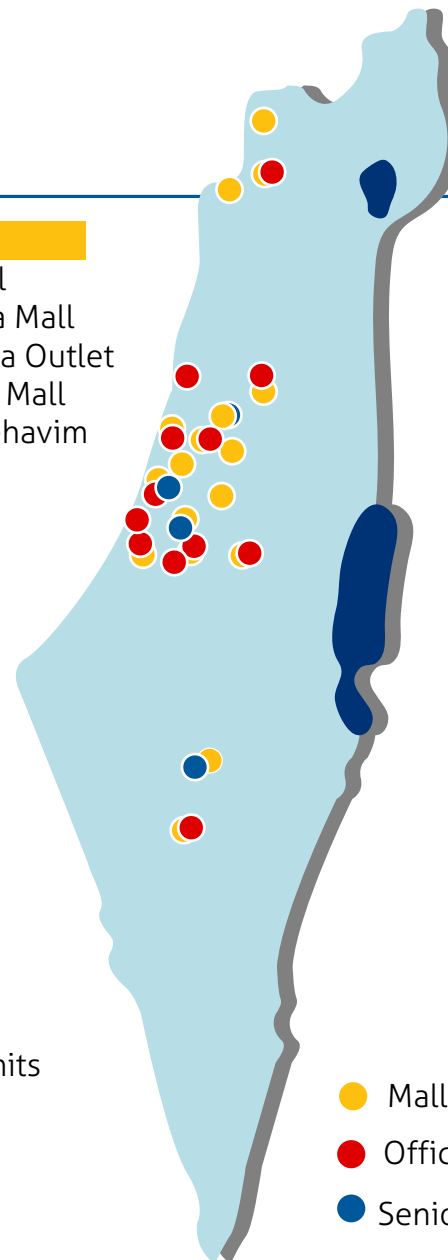
20 Malls and Retail Centers 351,000 m²

17 Office properties 640,000 m²

4 Senior Homes 105,000 m² 1,034 residential units

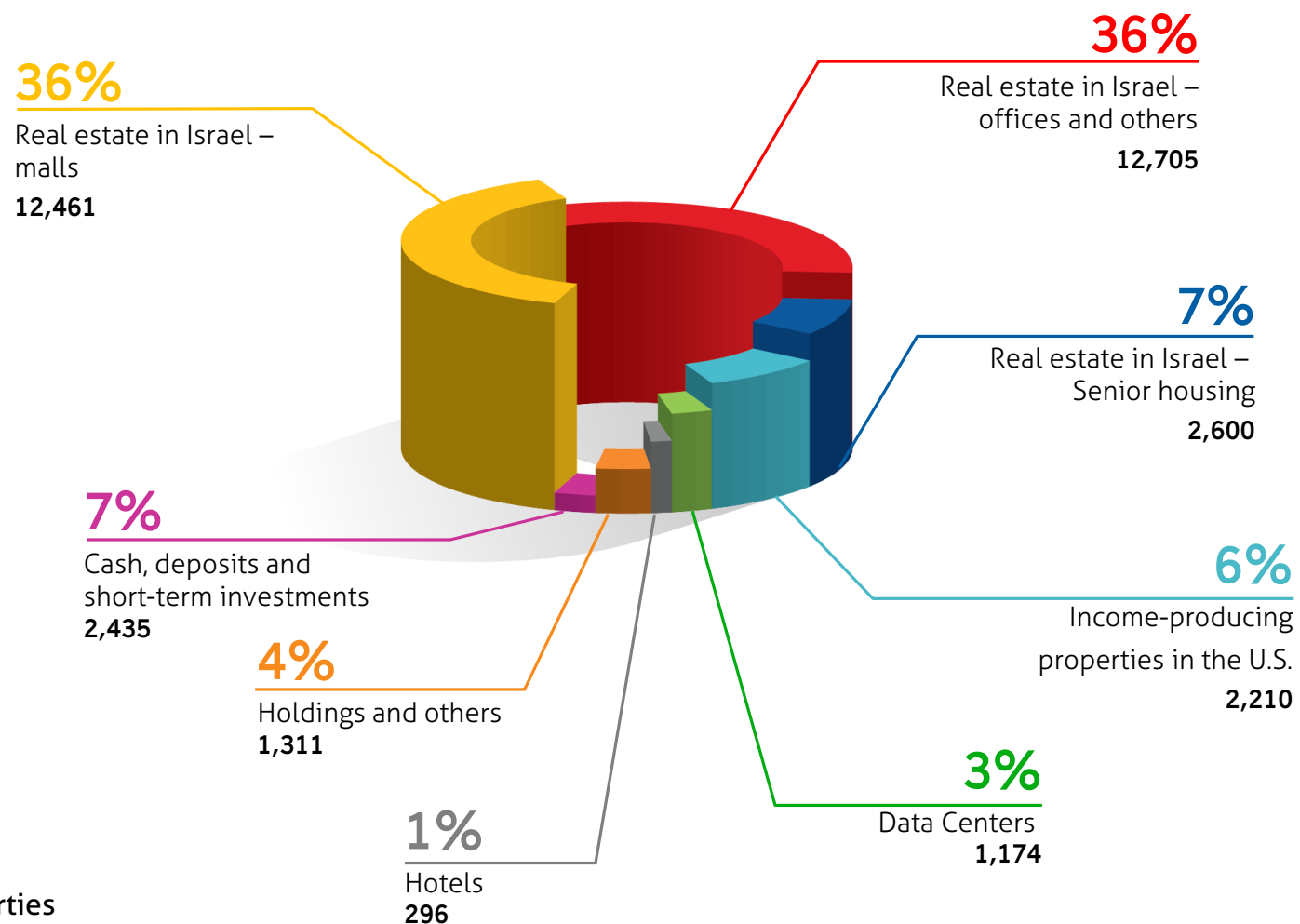
8 Office properties overseas 248,000 m²

Total 1,344,000 m² (1)



- Malls
- Offices
- Senior Homes

Azrieli Group // Breakdown of Properties⁽¹⁾



% of Total Properties
Book Value (NIS in millions)

(1) Consolidated, as of March 31, 2021. For details regarding the Company's structure, see Section 1.2.1 of Chapter A of the Annual Report.

Highlights for Q1 2021⁽¹⁾

Financial Highlights

During Q1-2021 the malls were closed for 51 of 90 (57%) working days.

- > NOI totaled NIS 301 million, which was up 34% compared with the previous quarter, and down 27% compared with the same quarter in 2020, mainly due to relief given to tenants in the retail sector.
- > Same Property NOI – an increase of 27% compared to the previous quarter, and a 31% decrease over the quarter compared with the same quarter in 2020.
- > FFO totaled NIS 228 million, an increase of 7% compared with NIS 213 million in the previous quarter, and compared to NIS 305 million in the same quarter in 2020. Excluding senior housing, the FFO totaled NIS 206 million, compared with NIS 293 million in the same quarter in 2020.

Continued Momentum of Development, Betterment and Acquisitions

- > During Q1/2021, the Group invested NIS 303 million in investment properties, renovation of existing properties, and development of new properties.

An Agreement for the Sale of Azrieli Kiryat Ata

- > The Group signed an agreement to sell its rights (100%) in the Azrieli Kiryat Ata project, which includes a mall and office building, for approx. NIS 90 million.



(1) Some of the highlights present data and events that are subsequent to the report release date.



Development During and Subsequent to the Quarter

New Lease Agreements, Renewals and Option exercise (Israel)

During Q1/2021, until the report release date

Offices	Lease Type	Number of Leases Signed	GLA	Annual Income (NIS in millions)	Change
	Options exercised and new leases	82	45,549	49.8	+18.2%
	Leases in space in the first stages of occupancy	5	55,357	76.5	---
		87	100,906	126.3	

Retail	Lease Type	Number of Leases Signed	GLA	Annual Income (NIS in millions)	Change
	Options exercised and new leases	263	28,434	69.4	- 1.6% ⁽¹⁾

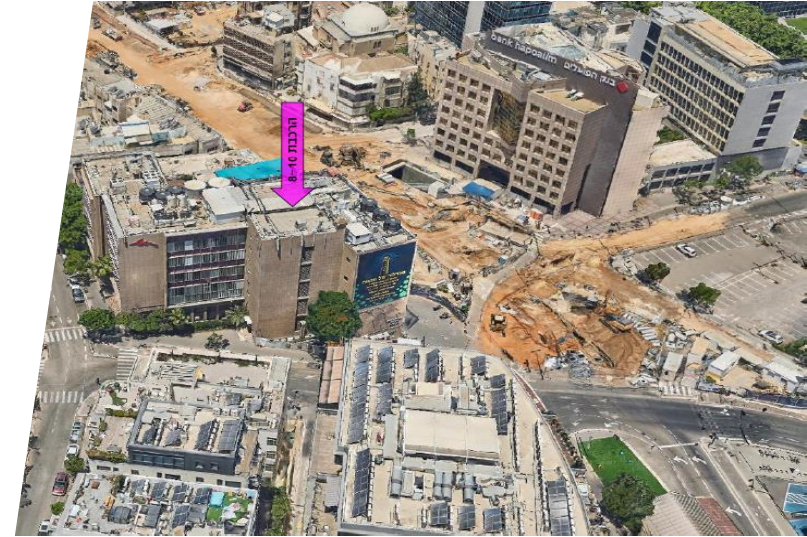
Palace Senior Housing	Type	Units	Sum of New Deposits ⁽²⁾ (NIS in millions)	Average Deposit (NIS in millions)	Change
	Existing homes	7	13	1.9	+53%
	New homes	42	62	1.5	---
		49	75	1.53	

(1) Approx. 30% of the space is attributed to two significant agreements with major tenant.

(2) Adjusted to deposit payments.

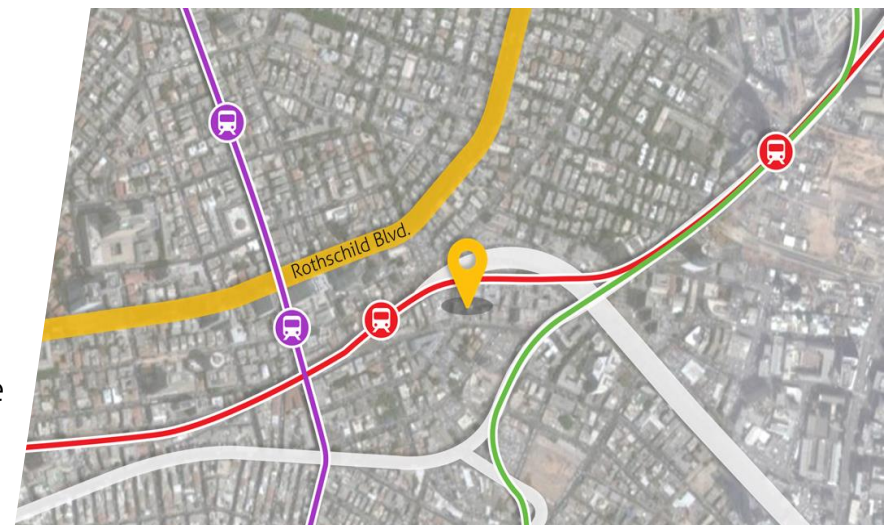
Purchase of a Rental Housing Project in Tel Aviv

- The transaction was closed in February 2021.
- Property area – **approx. 2,400 sqm in the center of Tel Aviv.**
- Approved zoning plan – **approx. 10,000 sqm** with underground parking.
- The property is leased to the Abraham Hostel until 2035, with an option for Azrieli to terminate the lease in 2029.
- The property is expected to yield an NOI of approx. NIS 7 million a year, under full occupancy.
- Acquisition cost (including purchase tax) – **NIS 191 million.**



Expansion & Betterment

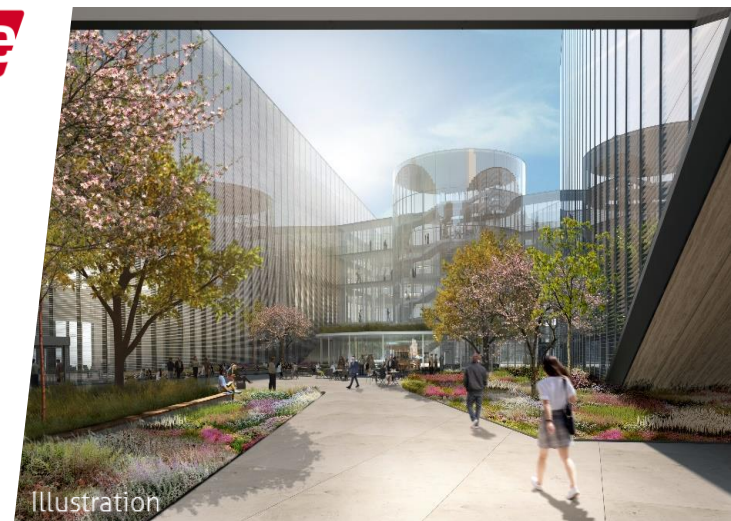
- The property is adjacent to a red line light rail station near Rothschild Blvd.
- On the property, the Group intends to build **a rental housing project with approx. 110 residential units and approx. 1,500 sqm of retail area on the ground level**, in accordance with the usages permitted under the zoning plan applicable to the property.



Agreement to build the SolarEdge Campus in Herzliya



- The transaction was signed in May 2021.
- Land area – approx. 26,000 sqm in Herzliya.
- GLA for the SolarEdge Office Campus – approx. 38,000 sqm with underground parking.
- The property will be leased to SolarEdge for 15 years with an option to extend for up to 24 years and 11 months.
- The Campus area to be leased to SolarEdge is expected to yield an NOI of approx. NIS 62 million a year.
- Campus build cost (including land) – NIS 860 million.



Expansion & Zoning

- There is 9,000 sqm of remaining land available for construction.
- The Group is planning to develop additional areas for retail and commerce of a similar size that are expected to yield similar additional NOI.
- The Company intends to promote a zoning plan for additional rights in the said area.





Real Estate Segments



Azrieli Group // Malls and Retail Centers



NOI in Q1 2021 – **NIS 86 million**, compared with NIS 205 million in Q1 2020. The decrease is attributed to discounts given to tenants due to the COVID-19 crisis.

GLA – **351,000 m²** ⁽¹⁾

Average occupancy rate – **98%** ⁽²⁾

Book value – **NIS 12.5 billion**

Innovation and Upgrading

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



(1) GLA (gross leasable area) is based on the Company's share as of March 31, 2021.

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



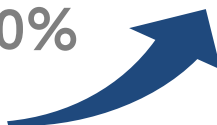
Azrieli Group Malls // Store revenues and Rent to Sales Ratio



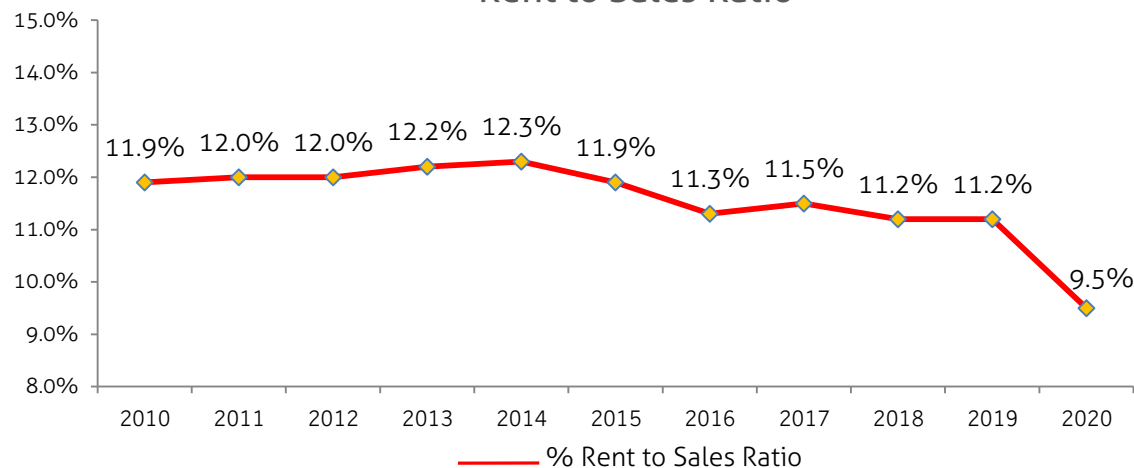
March 2021 ⁽¹⁾
Vs.
March 2019 ⁽¹⁾

Total Increase in Revenues of
Azrieli Group Mall Stores

+ 30%



Rent to Sales Ratio



(1) The calculation excludes store revenues of tenants which did not resume ordinary operations or operated partially during the period due to regulatory restrictions and Government decisions pertaining to the spread of Covid-19, including restaurants and cafés, movie theatres, food venues, gyms, conference centers etc.



Azrieli Group // Office and Other Space (Israel)



NOI in Q1 2021 – **NIS 167 million**, compared with NIS 153 million in Q1 2020.

GLA of **640,000 m²** ⁽¹⁾

Average occupancy rate – **99%** ⁽²⁾

Book value – **NIS 12.7 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 March 31, 2021.

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



Palace Senior Housing Chain

GBA of 105,000 m² ⁽¹⁾ comprises 1,034 units.

Average occupancy rate – 97% ⁽²⁾

Book value – NIS 2.6 billion

Operating Homes

Palace Tel Aviv: 231 residential units + 4 LTC units

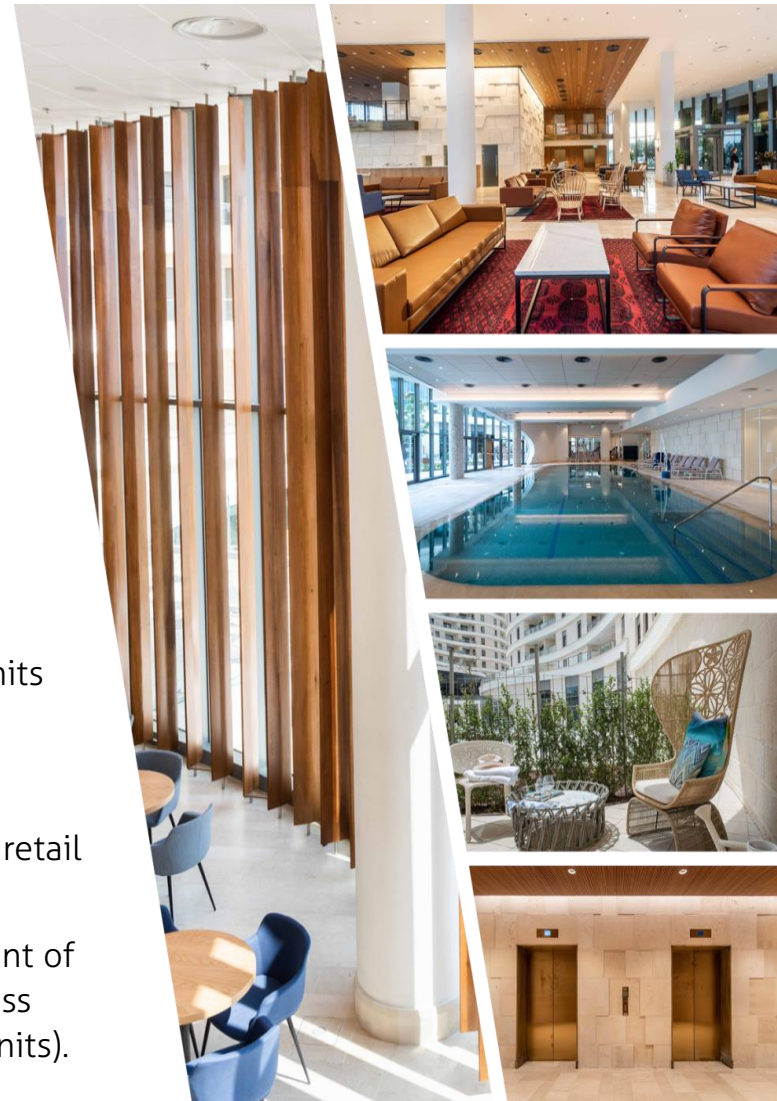
Palace Ra'anana: 323 residential units + 2 LTC units

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).



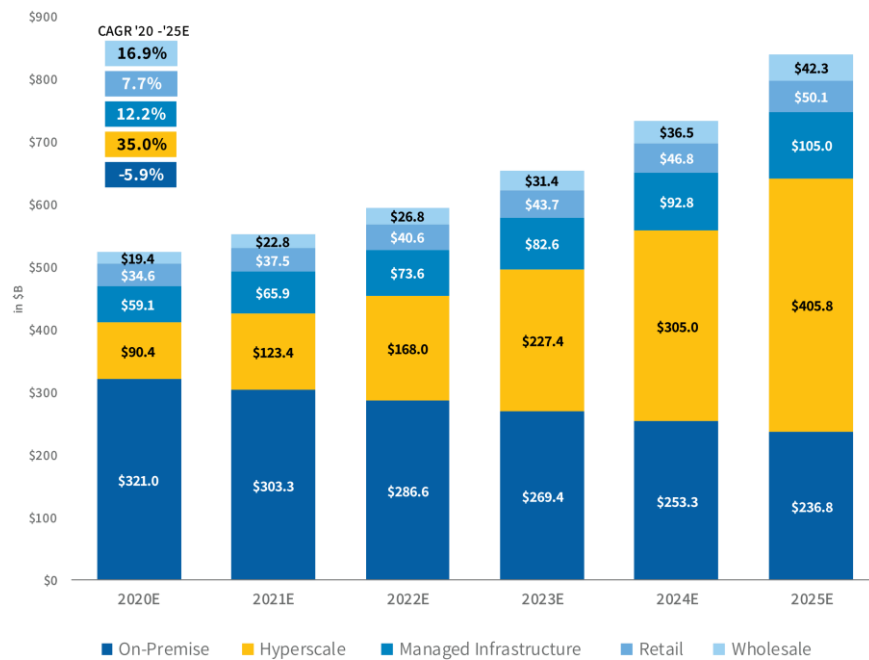
(1) GBA (gross built area) is based on the Company's share as of March 31, 2021.

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

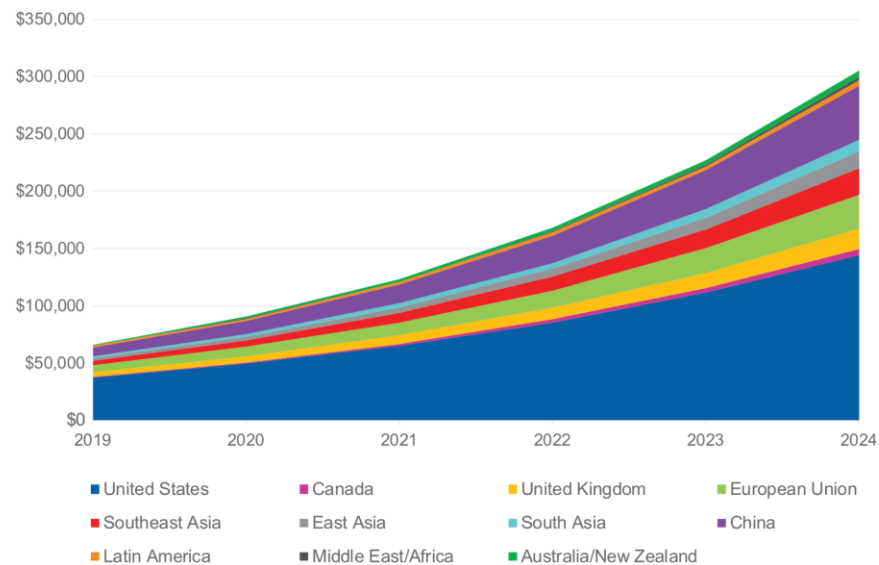


Data Centers – Global Market Trends

Total Infrastructure Global Forecast⁽¹⁾



Projected Hyperscale Cloud (US \$M) ⁽²⁾



(1) Hyperscale is the revenue that each of the eight CSP companies generate (Amazon, Microsoft, Alibaba, Google, IBM, Oracle, Tencent, Huawei). Source: Structure Research (November 2020), Cowen and Company.

(2) Source: Cushman & Wakefield Research.

(3) Source: 451 Research (Q3-20 Global Data Center Knowledgebase), Cowen and Company.

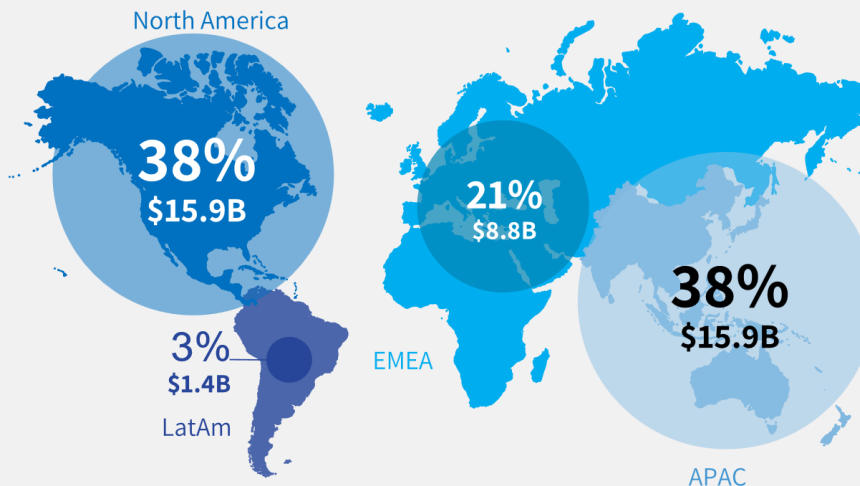


Data Centers – Global Market Trends

Global Data Centers Revenue Forecast⁽³⁾

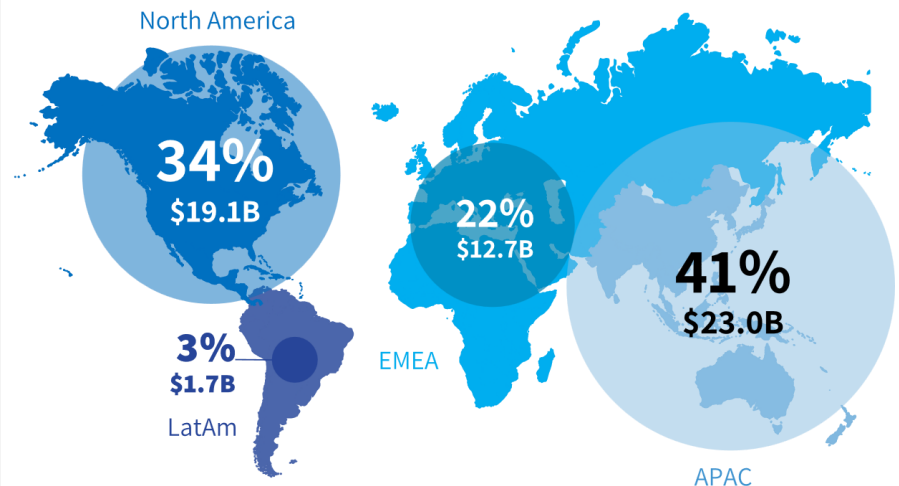
2020E

Market Size: Global Data Center Annualized Revenue



2024E

Market Size: Global Data Center Annualized Revenue



(1) Hyperscale is the revenue that each of the eight CSP companies generate (Amazon, Microsoft, Alibaba, Google, IBM, Oracle, Tencent, Huawei). Source: Structure Research (November 2020), Cowen and Company.

(2) Source: Cushman & Wakefield Research.

(3) Source: 451 Research (Q3-20 Global Data Center Knowledgebase), Cowen and Company.

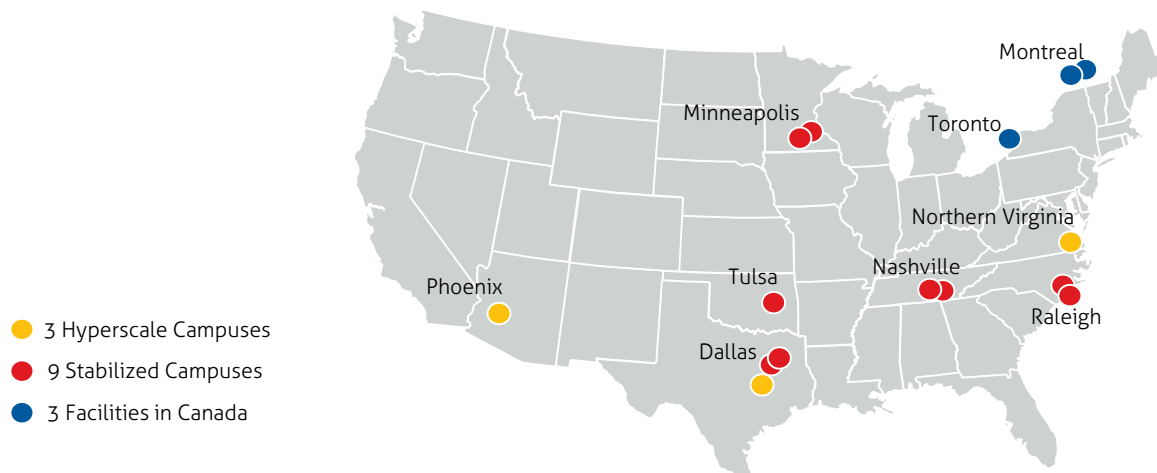


Data Centers – Investment in Compass

Significant Development in Compass's Operations

- As of the report release date, the Group holds approx. 24%⁽¹⁾ of the stock of Compass, a U.S. company operating in the data centers industry in North America, after an investment of approx. \$202million.
- Completion of infrastructure and construction of the shells of the first buildings in the North Virginia and Phoenix campuses
- Continued shell construction work at the campus in Dallas, Texas
- Significant contracts signed in terms of customers and size.
- Entering the EMEA markets.

Data centers in the U.S.A. and Canada



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



Data Centers – Investment in Compass



NOI for 100%



Markets



Future development potential

At the time
of the Initial
investment,
June 2019

~\$38 Million
Proforma
Contracted⁽¹⁾
NOI

North America



~ 560MW
Potential
output in the
long term

As of the
end of 2020

~\$70 Million
Proforma
Contracted⁽¹⁾
NOI

North America
& EMEA



~ 620 MW
Potential
output in the
long term



Development Pipeline

Azrieli Group // Development Pipeline



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



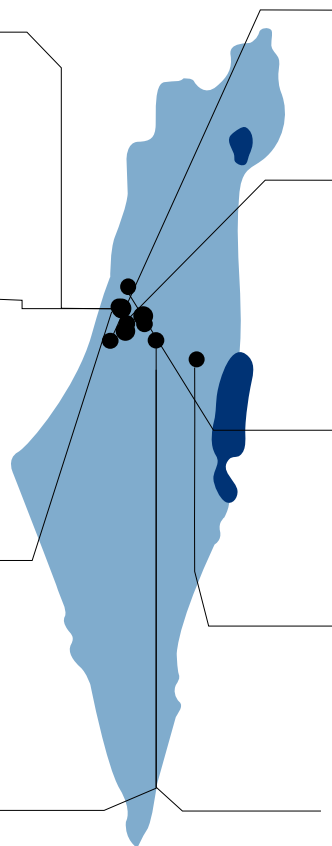
Azrieli Town Building E,
Tel Aviv
21,000 m² (4)



Azrieli Town, Tel Aviv
25,000 m² (1)(5)



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

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
























Mount Zion Hotel
Jerusalem
34,000 m² (1)

Lot 21
Modi'in
31,000 m² (1)



(1) The figure represent the amount of building rights in sqm | (2) The Company is working to increase the building rights to approx. 250,000 sqm. | (3) A plan was published and validated. | (4) Rights for additional construction were purchased in May 2018 in the context of the acquisition of the income-producing property Mivney Gazit. | (5) The Company is working to receive up to a total of 99,000 sqm of construction rights for the project.

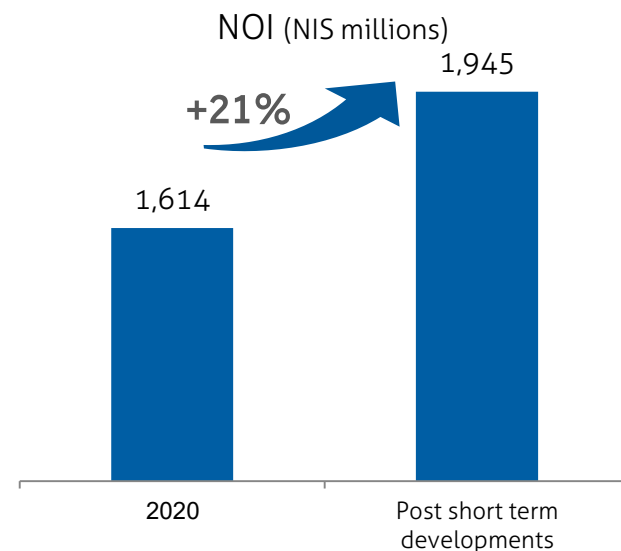
Development Projects // The Growth Engine

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	 	Retail 4,000 Residence 21,000 (210 Residential Units)	2022	550-580
Azrieli Akko Mall	Akko		8,000	Q4/2021	70-75
Palace Lehavim ⁽³⁾	Lehavim		10,000	2022	110-115
Modi'in, Lot 21	Modi'in	   	31,000	2023	400-430
Check Post	Haifa		12,000	2023	140-150
Total			86,000		1,260-1,340
Medium-term construction projects					
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			187,300		2,750-2,970
Total			273,300		4,010-4,310
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			668,300		

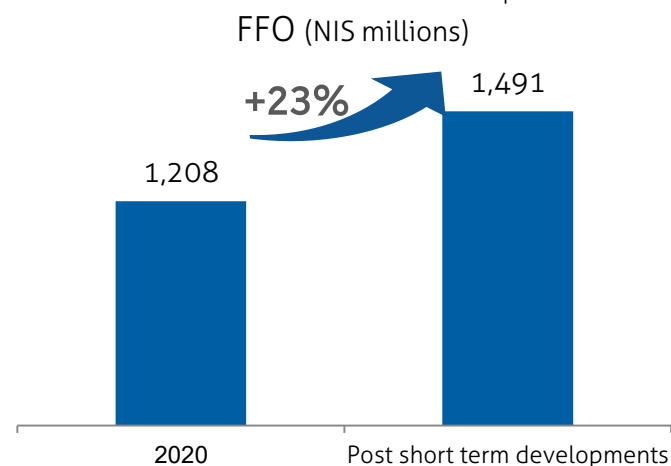
(1) Cost without capitalizations and without tenant adjustments | (2) Senior housing and/or residential rights are stated in sqm | (3) Occupancy permit for medical care facility received in July 2020. (4) The Company is promoting an increase of rights for the addition of office and hospitality areas 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 | (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

	(NIS millions)
Actual NOI in 2020	1,214
Addition due to COVID-19 relief	400
Additional NOI from development projects ⁽¹⁾	135
Annualized additional NOI from existing properties ⁽²⁾	98
Addition due to occupancy of vacant spaces*	98
NOI after population of short-term projects under development and full occupancy	1,945



Actual FFO in 2020 incl. senior housing	999
Net of COVID-19 impact	310
Net of deposits from first-time population of Modi'in and Lehavim	(101)
Actual FFO in 2020 net of deposits from first-time population of Palace Modi'in and Lehavim and Covid-19 impact	1,208
Additional FFO ^{(1)(2)*}	283



* The calculations are not forecasts, and the basic assumption is that upon completion, the NOI from income producing properties will be similar to pre-COVID-19 figures.

The main assumptions underlying the calculations are: population of the projects under development and income producing properties, excl. Kiryat Ata for the sale of which has been signed, NOI and FFO of senior housing per representative year (excl. first time occupancy), a tax rate of 23%.

(1) **NOI from projects under development includes** Azrieli TOWN (in the current zoning plan, before additional rights), NIS 22 million from the leasing of residential units in the TOWN project, Akko offices, Modi'in Lot 21 and Check Post Haifa **and excludes** expansion of Azrieli Center Tel Aviv, Holon 3 project (formerly Lodzia), Palace Rishon LeZion, land in Petach Tikva, rights of Azrieli Town Building E, Modi'in Lot 10 and Mount Zion Hotel.

(2) **Annualized additional NOI from existing properties includes** Azrieli Sarona Mall, Azrieli Holon Center, Palace Modi'in which opened in October 2018, HaManor Holon which opened in October 2020 and Palace Lehavim which opened in May 2020.

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

Use – 

Estimated date of completion – **2025**

Progress Update

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

In January 2020 a permit was received for construction of the basements in the project.

In January 2021, the design plan was signed by the approving functions of the City of Tel Aviv.



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 – **Completed**
 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

Close to 100% of the office space has been leased to Samsung, the law firm Fischer Behar Chen, the 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) The figures refer to the current zoning plan.

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**

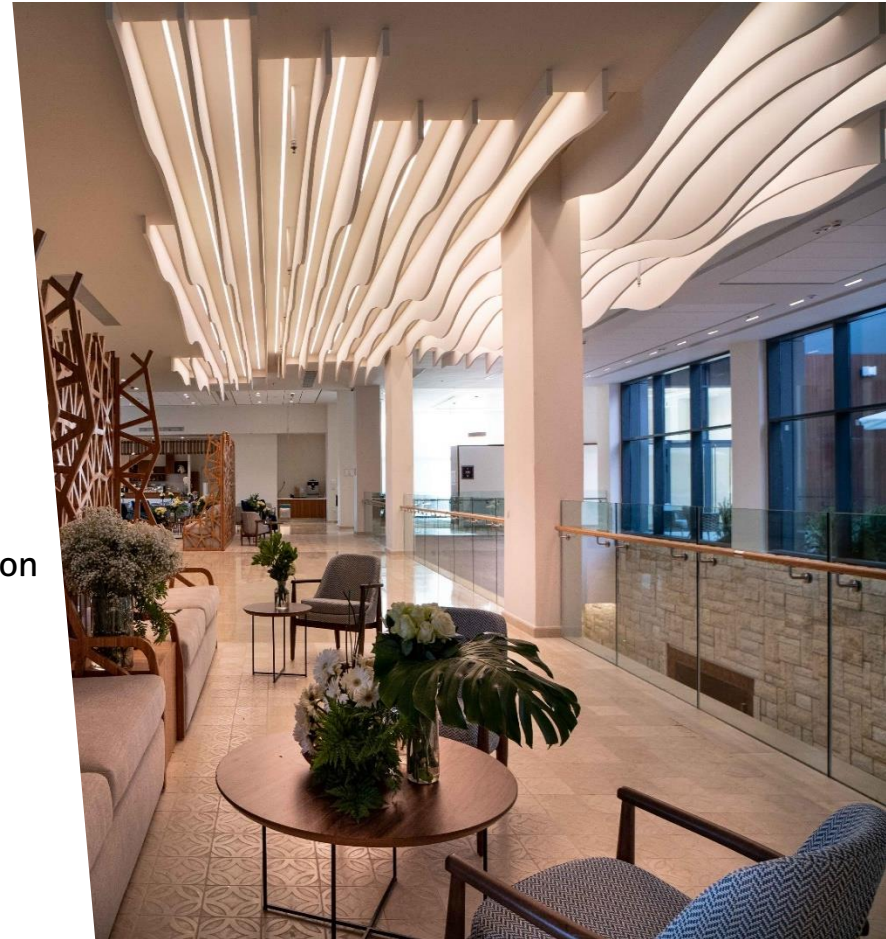
Estimated date of completion – **Phase A – Completed⁽¹⁾** 
Phase B – 2022

Progress Update

Phase A completed and occupancy began in May 2020.

Marketing

As of the Report Release Date – **173 contracts and preliminary applications** (for 72% of Phase A) have been signed, of which 163 are signed contracts, and **140 units have been occupied**.



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




Azrieli Holon HaManor

Land area – 6,200 m²

GLA – Office space: **28,000 m²**

Status – **Completed** 

Use – 

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




Progress Update

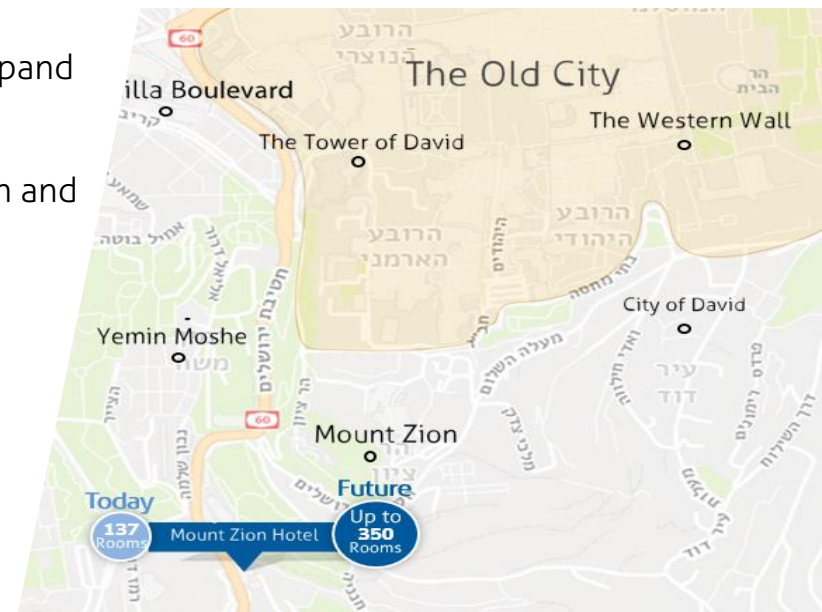
The Group has leased approx. 20,000 sqm to Bezeq, plus approx. 900 parking spaces, of which 600 parking spaces are in the Azrieli Holon 3 project. Bezeq moved in at the beginning of October, 2020.

Marketing

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 expansion - **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.



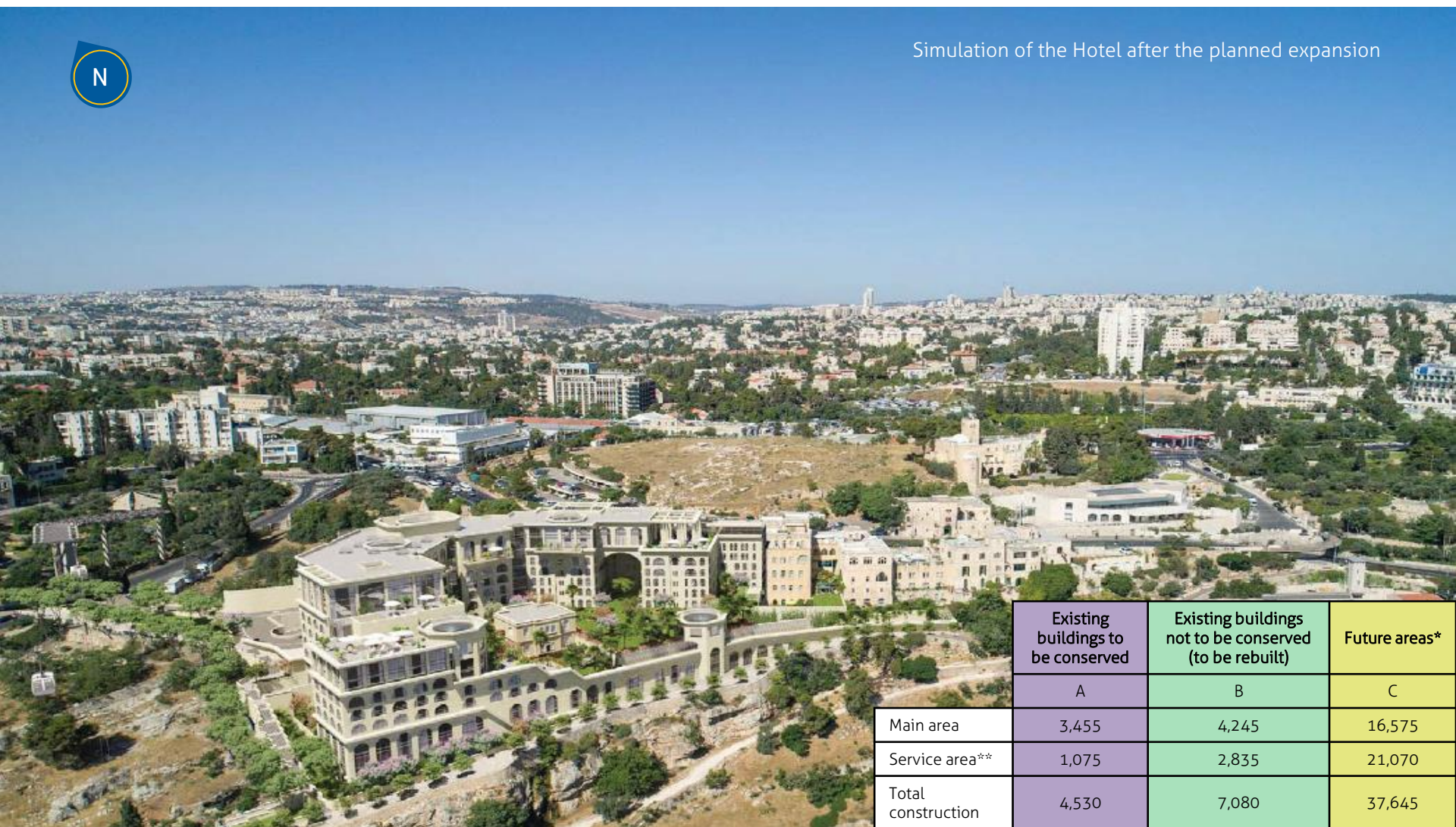
Progress Update

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	Short-term
Herzliya Business Park	Herzliya	Addition of offices and retail 	Zoning plan	4,000 sqm	Medium-term
Azrieli Center Tel Aviv	Tel Aviv	Addition of retail and cinemas 	Permit	3,300 sqm	Short-term
Total				352,300 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 a gross area of approx. **100,000 sqm of floor space 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

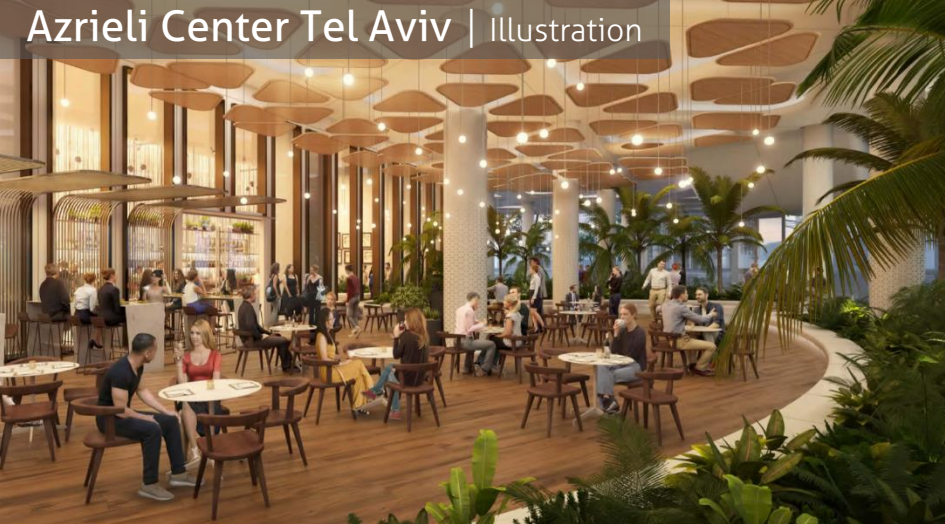
In January 2020, the local committee held a discussion on the objections. The local committee recommended to the district committee to approve the plan as submitted, subject to minor amendments, while denying all of the third-party objections.

A discussion was held in December 2020, and a decision was made to present design alternatives.



Development Projects // Renovation and Upgrade of Assets

Azrieli Center Tel Aviv | Illustration



Azrieli Holon Mall | Skylight and Main Mall



Azrieli Center Roof Promenade | Illustration

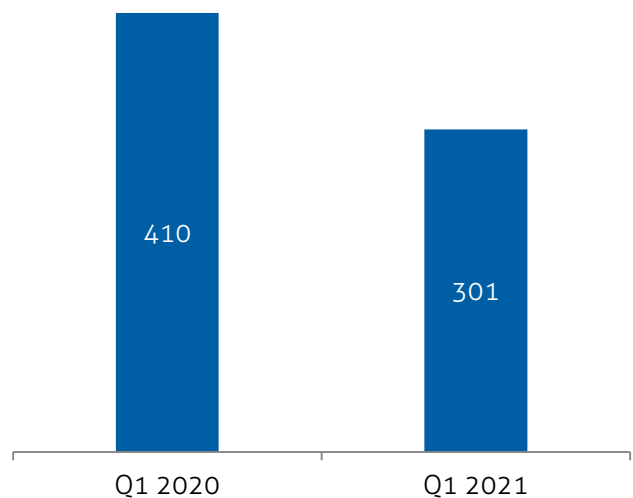




Financial Highlights

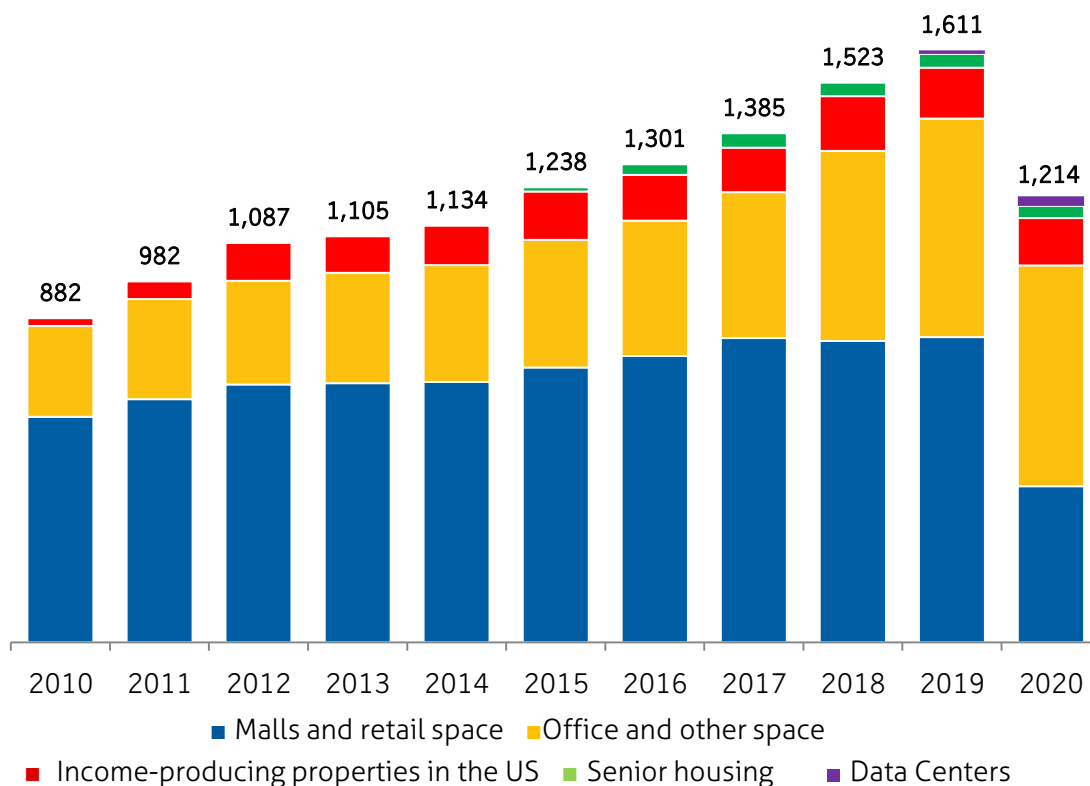
Constant NOI Growth

Quarterly NOI
(NIS in millions)



The decrease in the NOI this quarter is attributed mainly to relief given to tenants in the retail sector in the sum of around NIS 115 million, which was recognized in full this quarter.

Annual NOI
(NIS in millions)

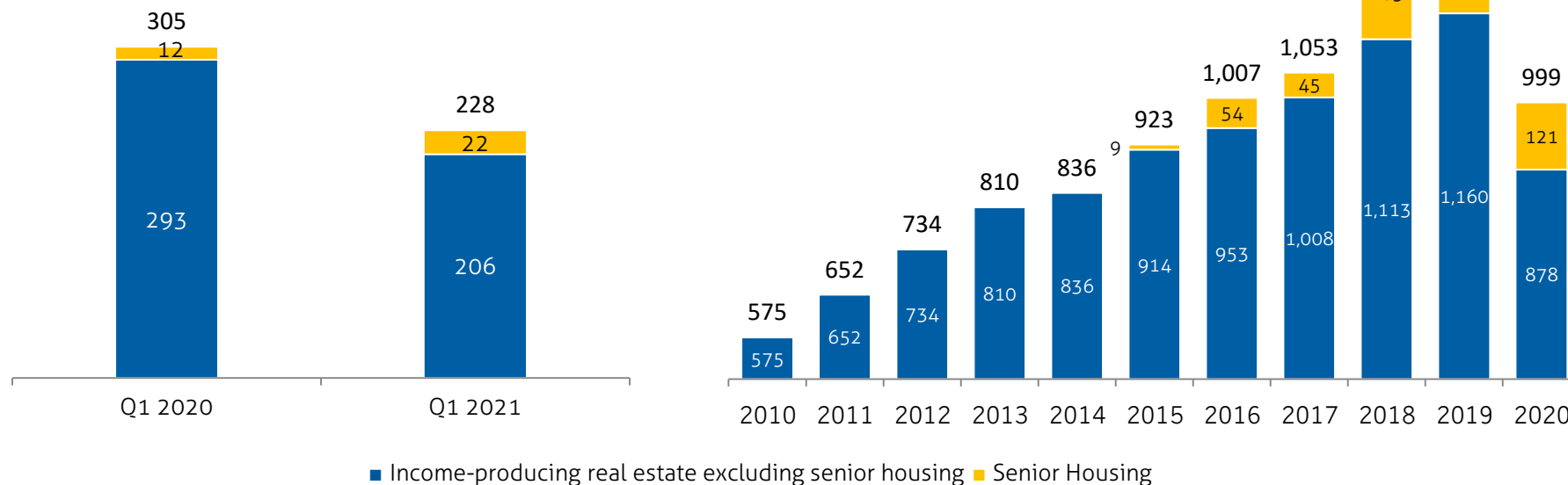


Constant FFO⁽¹⁾ Growth

Funds From Operations (FFO), compared with the equivalent quarter

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

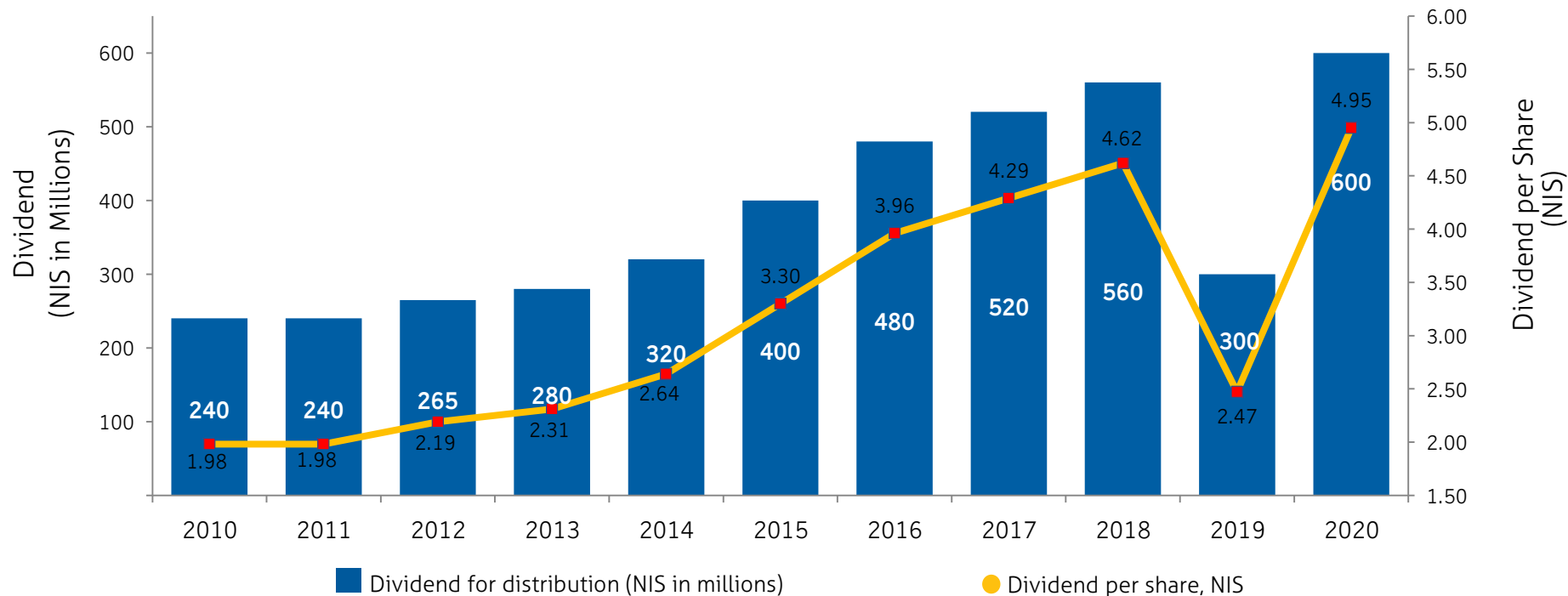
The decrease in the FFO this quarter is attributed to the decrease in the NOI net of tax, due to relief given to tenants in the retail sector in the sum of around NIS 89 million, which was recognized in full this quarter.



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

Constant and Increasing Dividend Distribution

A dividend distribution of NIS 600 million for 2020

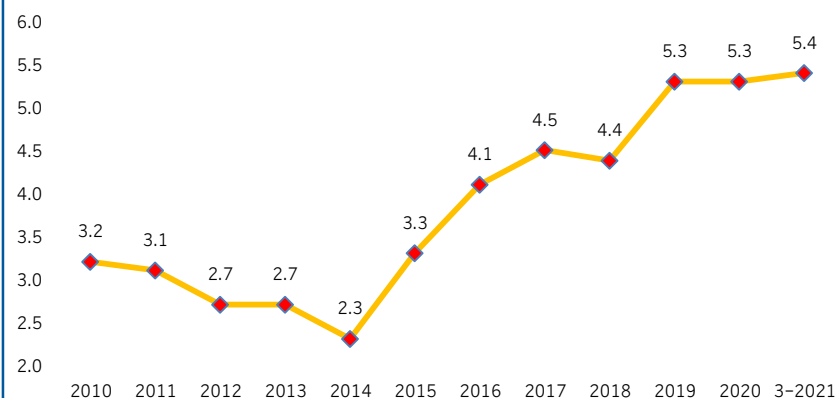


Extension of the Duration and Reduction of the Cost of Debt

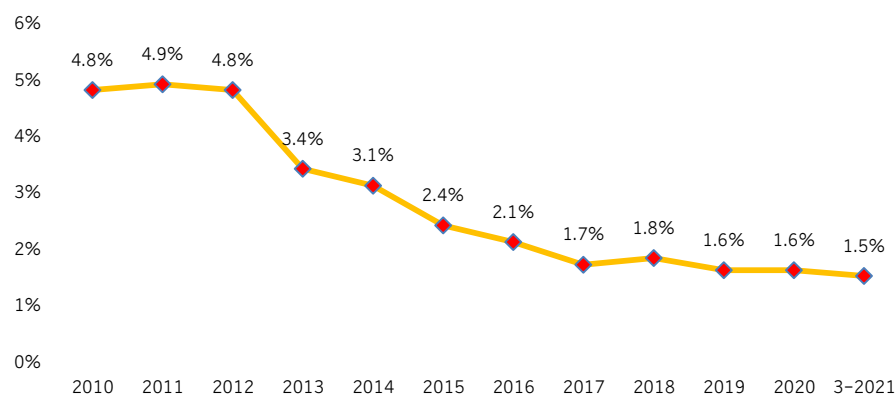
Financial Strength⁽¹⁾

- > Low leverage – net financial debt to assets ratio of **26%**
- > Equity to assets ratio of **51%**
- > Cash and cash equivalents totaling **NIS 2.4 billion**
- > Unencumbered assets totaling **NIS 25 billion**

Extension of Average Duration of Debt ⁽²⁾

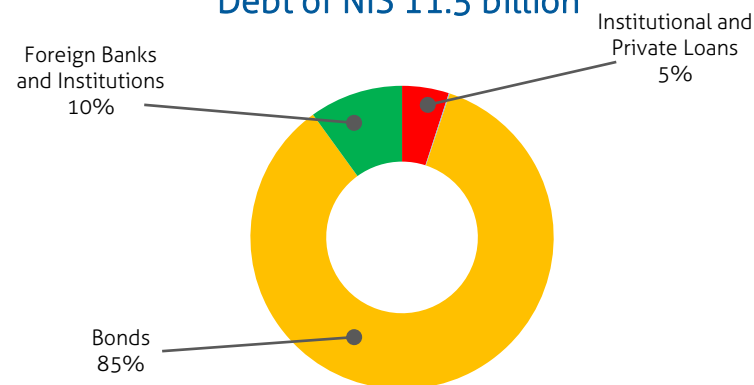


Decrease of Average Effective Interest Rate Over the Years ⁽²⁾



Debt Breakdown by Lender

Debt of NIS 11.5 billion

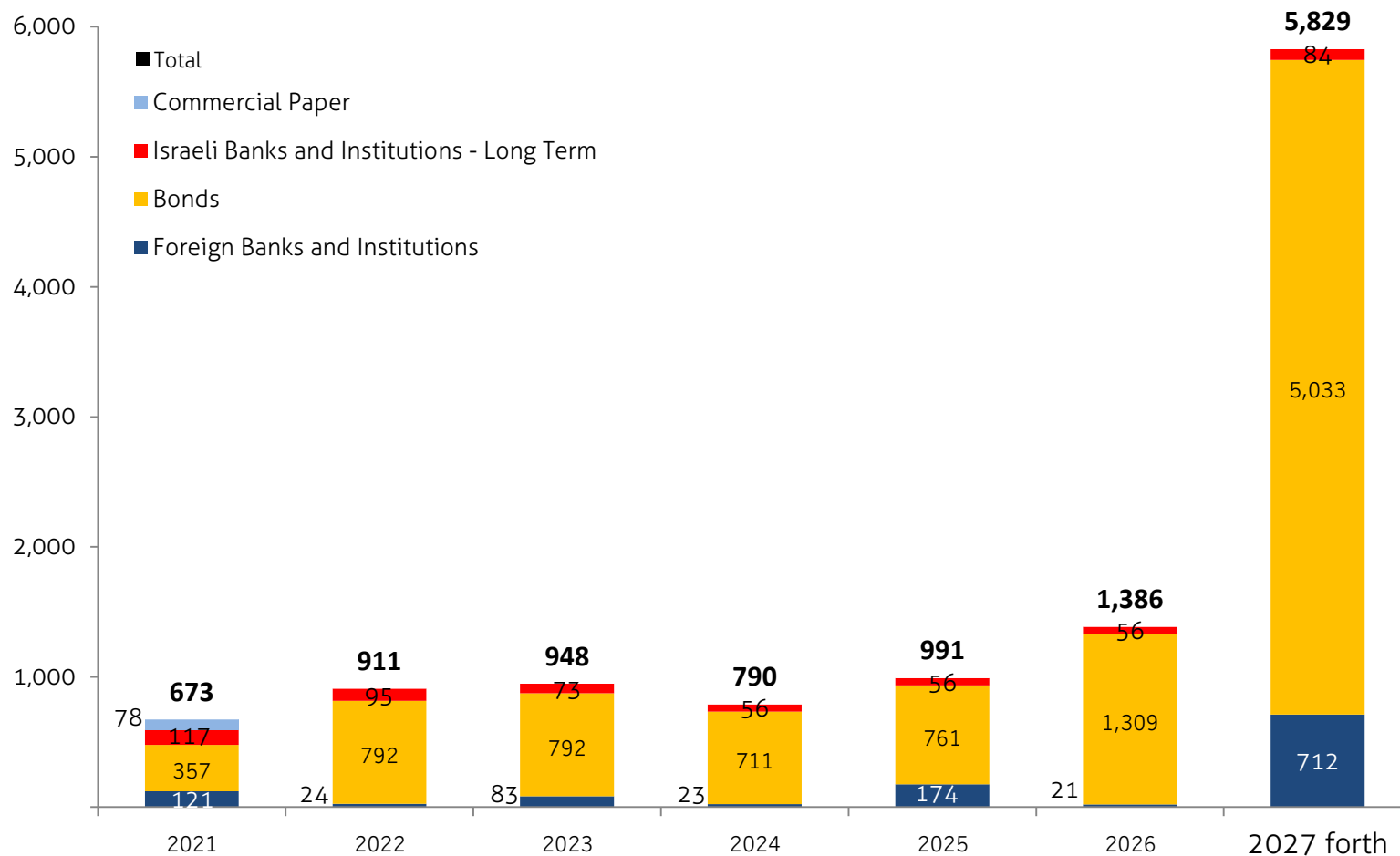


(1) As of March 31, 2021.

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

Payment Schedule (Principal Only)

Consolidated as of March 31, 2021



Summary of Financial Results (NIS in millions)

	Consolidated Q1 2021	Consolidated Q1 2020	Consolidated 2020
Revenues from rent, maintenance, management fees and sales	437	550	1,798
NOI	301	410	1,214
Same-property NOI	282	410	1,192
FFO attributed to the real estate business ⁽¹⁾	228	305	999
Change in the value of investment properties ⁽²⁾	(29)	(172)	(588)
Net profit, including minority interests	110	92	184
Net profit, attributable to the shareholders	110	93	189
Comprehensive income (loss), attributable to the shareholders	287	(74)	(139)



(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 March 31, 2021	Consolidated December 31, 2020
Cash, securities and deposits	2,435	2,665
Gross financial debt	11,528	11,820
Net financial debt ⁽¹⁾	9,093	9,155
Net financial debt to assets	26%	26%
Financial assets (mainly Bank Leumi shares)	1,007	866
Fair value of investment properties and properties under construction	29,517	29,266
Equity (excluding minority interests)	17,939	18,101
Equity to assets	51%	52%
Total assets	35,192	35,124
Equity per share (NIS)	147.9	149.3
EPRA NRV per share (NIS) ⁽²⁾	177	178



(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 - 7.2%

	NIS in millions
Total investment properties, as of March 31, 2021	29,665
Net of the value attributed to land reserves, properties under construction and senior housing	(5,027)
Total income-producing properties	24,638
Actual NOI Q1/2021 ⁽¹⁾	282
Future quarterly NOI addition ⁽²⁾	162
Total standardized NOI Q1/2021	444
Proforma annual NOI	1,776
Weighted cap rate derived from income-producing investment properties, including vacant space	7.2%

Annual FFO ⁽³⁾ attributed to the real estate business - NIS 228 million

	NIS in millions
Net Operating Income (NOI)	301
Overhead	(40)
Depreciation	3
EBITDA	264
Net interest expenses	(46)
Tax	(15)
Cash flow from senior housing deposits excl. depreciation	17
Excluding financial expenses attributed to development projects	8
Total FFO attributed to the income-producing real estate business	228

(1) Excluding senior housing, (the weighted cap rate of the senior housing as of the report date is 8.25%) and excluding Mout Zion Hotel and Data Centers which appear in the statements according to the method of fixed assets and investments in companies accounted for by the equity method. | (2) Net of temporary discounts granted in the report period due to the COVID-19 crisis.

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

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

