



The leading Real Estate Investment Trust in Israel | 31.12.16



Overview

- Established in 2006 as the first REIT in Israel
- Total assets value **3.6 billion NIS**
- **412,000** sqm
- Average occupancy rate is **99.6%**
- Expected NOI for 2017, **256-259** million **NIS**, expected FFO for 2017, **185-187** million NIS
- Stockholders' equity of **1,780 million NIS** (**10.86** per share)
- Bonds rated il **AA-/Stable** by S&P Ma'alot
- Minimum expected annual dividend for 2017, paid quarterly, **0.56 NIS per share***
(a dividend yield of 4.7%, and FFO yield of 9.6%)
- A **professional**, experienced and **highly regarded** management team
- Major shareholders: **leading** Israeli institutional investors

*Share price as of 14.3.17



➤ The Reit Law Guiding Principals

The REIT law Guiding Principals

- The REIT will invest at least 95% of its total assets in income producing properties
- The REIT will distribute at least 90% of its taxable income as dividends to its shareholders
- The five largest shareholders can hold no more than 50% of total shares
- The REIT is exempt from corporate tax

In Israel:

- The REIT may have a maximum leverage of up to 60% (LTV)
- The REIT must hold at least 75% of its assets in Israel



Investment Advantages

Steady cash flow at low risk


- Distribution of entire taxable income
- Leverage, 60% maximum
- Diversification of underlying assets across sectors and locations

Tradability and liquidity

- Transaction costs (Capital markets vs. real estate)
- Liquidity (trading stocks vs. real estate)

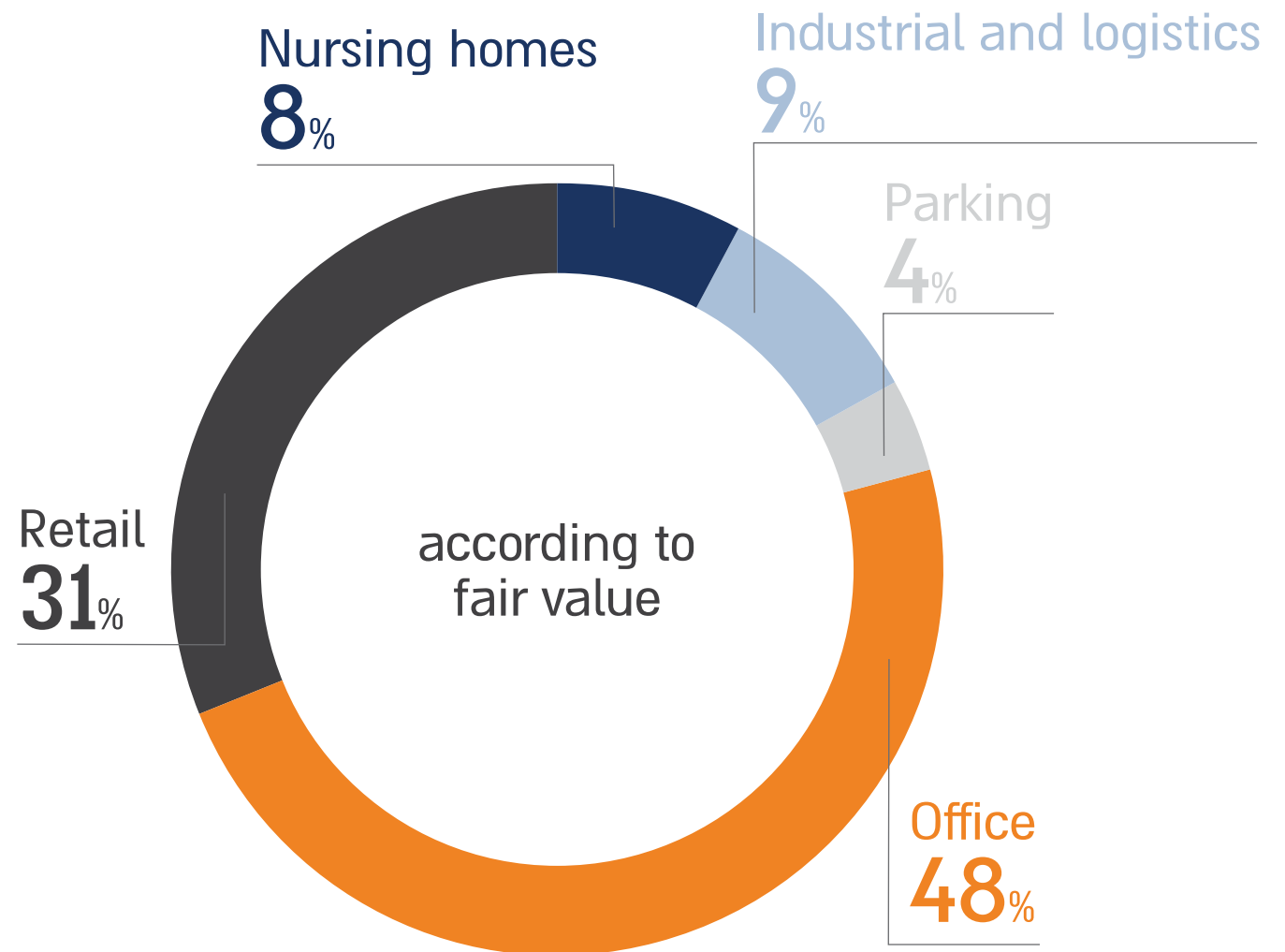
Potential for capital gains

REIT1 - an investor's professional arm into the field of income producing properties





Diversified Portfolio across market sectors and locations





Our Properties



Ra'anana

Share of ownership: 60%

Gross Leasable Area:
90,000 sqm

Primary Tenants:
Amdocs, Microsoft

Co- Ownership:
S.A.N Estate Gold



 **Office**



Ha'hashmonaim st. TLV

Share of ownership: 60%
(parking 100%)

Gross Leasable Area:
8,000 sqm

Primary Tenants:
Glikman Samsonov, Gindi
TLV and Berlitz



Rothschild St. TLV

Share of ownership: 50%

Gross Leasable Area:
23,000 sqm

Primary Tenants:
Psagot, High-tech and
finance companies



Daniel Frish St. TLV

Share of ownership: 40%
(parking 100%)

Gross Leasable Area:
20,000 sqm

Primary Tenants:
Leading Law firms and
Embassies



Ha'arbaa St. TLV

Share of ownership: 35%
(parking 50%)

Gross Leasable Area:
17,000 sqm

Primary Tenants:
Israel Corp, Israel
Chemicals, Morgan
Stanley, Leumi Bank

Co- Ownership:
Psagot Investment House



Office



Rosh Ha'ain

Share of ownership:
100%

Gross Leasable Area:
8,000 sqm

Primary Tenants:
Robogroup



Herzeliya Pituach

Share of ownership: 100%

Gross Leasable Area:
10,000 sqm

Primary Tenants:
Isfar, Broadcom



Ramat Hachayal, TLV

Share of ownership: 50%

Gross Leasable Area:
10,000 sqm

Primary Tenants:
Procter & Gamble,
Matomy Media Group

Co-Ownership:
Pama



Ramat Hachayal, TLV

Share of ownership: 100%

Gross Leasable Area:
5,000 sqm

Primary Tenants:
PPD, Goocha restaurant,
Intel



 **Office**



Lod

Share of ownership: 50%

**Gross Leasable Area:
21,400 sqm**

**Primary Tenants:
Bank Leumi**



Netanya

Share of ownership: 100%

**Gross Leasable Area:
6,000 sqm**

**Primary Tenants:
Elco**



Kfar Saba

Share of ownership: 100%

**Gross Leasable Area:
7,500 sqm**

**Primary Tenants:
Orad**



Petach Tikva

**Share of ownership: 65%
(parking 100%)**

**Gross Leasable Area:
7,500 sqm**

**Primary Tenants:
Orlan, Pilat**

**Co-Ownership:
Azury Brothers**



 **Retail**



Power Center, Gan-Yavne

Share of ownership: 75%

Gross Leasable Area:
14,000 sqm

Primary Tenants:
JTLV



Power Center, Afula

Share of ownership: 80%

Gross Leasable Area:
22,000 sqm

Primary Tenants:
Leading fashion and food chains

Co-Ownership:
JTLV



Power Center, Netivot

Share of ownership:
Part A: 87.5% | Part B:
80%

Gross Leasable Area:
14,000 sqm

Primary Tenants:
Yohananoff supermarket,
Leading fashion and DIY
chains

Co-Ownership:
Globus Centers



 **Retail**



Power Center, Lev Talpiot

Share of ownership:
100%

Gross Leasable Area:
15,000 sqm

Primary Tenants:
Shufersal, Ace, H&O,
Castro



Sarona, TLV

Share of ownership: 32%

Gross Leasable Area:
6,200 sqm

Primary Tenants:
Restaurants, galleries
and fashion

Co-Ownership:
Midas



Power Center, Hadera

Share of ownership: 100%

Gross Leasable Area:
11,000 sqm

Primary Tenants:
Shufersal, Aroma,
Mcdonalds, Fox



 **Retail**



Mall, Rishon Le'tsiyon

Share of ownership: 49%

Gross Leasable Area:
13,000 sqm

Primary Tenants:
Leading fashion and food chains

Co-Ownership:
Gazit Israel



Power Center, Yoq'neam

Share of ownership: 49%

Gross Leasable Area:
16,000 sqm

Primary Tenants:
Leading fashion and food chains

Co-Ownership:
Gazit Israel



Power Center, Modi'in

Share of ownership: 50%

Gross Leasable Area:
11,000 sqm

Co-Ownership:
Mega OR



Industrial & Logistics



Rishon Le'tsiyon

Share of ownership: 65%

Gross Leasable Area:
20,000 sqm

Primary Tenants:
Kastiel AS IS, ARCOS,
Floralis and others

Co-Ownership:
Private Partner



Yavne

Share of ownership: 100%

Gross Leasable Area:
10,000 sqm

Primary Tenants:
Flextronics



Teradion

Share of ownership: 100%

Gross Leasable Area:
44,000 sqm

Primary Tenants:
Palram, Tefron, Rafael



Industrial & Logistics



Alon Tavor

Share of ownership: 25%

Gross Leasable Area:
40,000 sqm

Primary Tenants:
Starplast, Hogla,
Mishmar Ha'emek
industries

Co-Ownership:
Private Partner



Alon Tavor

Share of ownership: 50%

Gross Leasable Area:
42,000 sqm

Primary Tenants:
Holis

Co-Ownership:
Private Partner



Hadera

Share of ownership: 95%

Gross Leasable Area:
7,000 sqm

Primary Tenants:
Amnir

Co-Ownership:
Private Partner



 **Nursing Homes**



Ashdod

Share of ownership: 100%

Gross Leasable Area:
12,000 sqm

Primary Tenants:
Beit Hadar



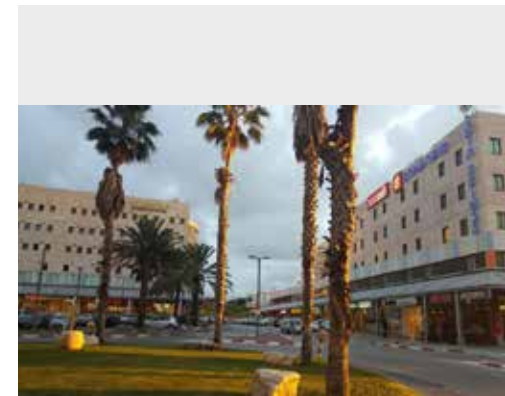
Neshar

Share of ownership: 50%

Gross Leasable Area:
22,000 sqm

Primary Tenants:
Maccabi Health care services, Rami Levi super market, Bank Leumi Call center

Co-Ownership:
Moshe Bar Yehuda



Nes Tziona

Share of ownership: 80%

Gross Leasable Area:
7,500 sqm

Primary Tenants:
GoldenCare

Co-Ownership:
The Operator



Financial Results 31.12.16



Financial Highlights

	2014	2015	2016	2015-2016 %
NOI	187.0	216.0	237.0	10%
NOI same property		207.9	210.8	1.4%
Investment properties	2,722	*3,245	3,604	11%
Total Equity	1,429	1,645	1,780	8%
Total Equity per share	9.48	10.09	10.86	8%
FFO	128.4	163.5	170.5	4%
FFO per share in NIS	0.90	1.02	1.04	2%
Adjusted FFO	127.8	157.3	169.5	8%
Adjusted FFO per share in NIS	0.89	0.98	1.03	5%

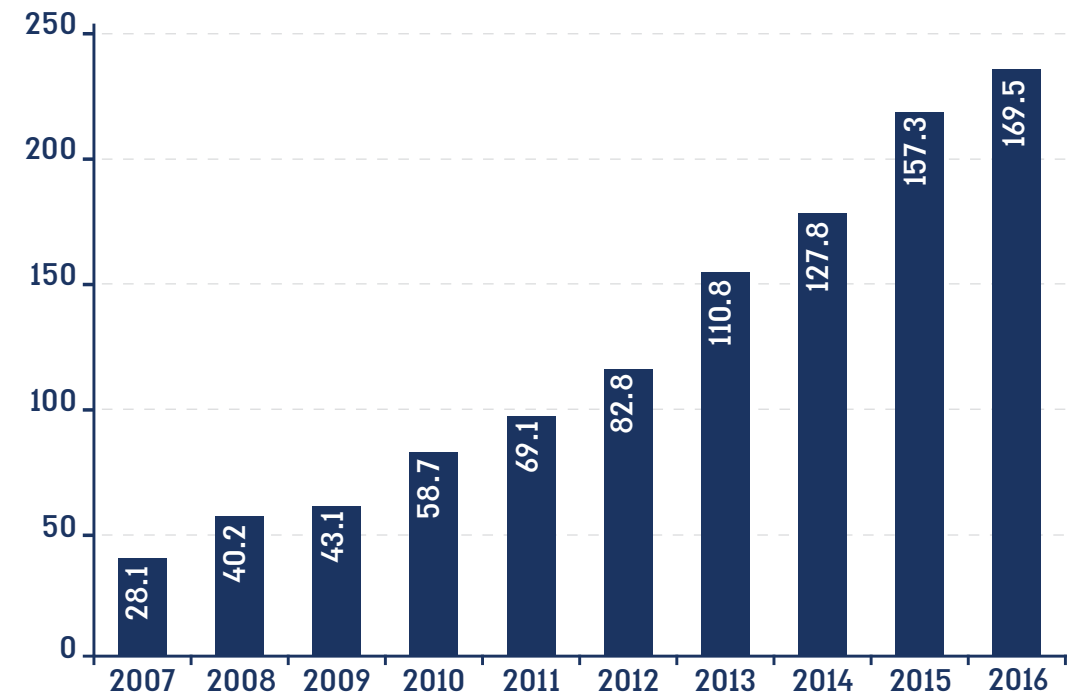
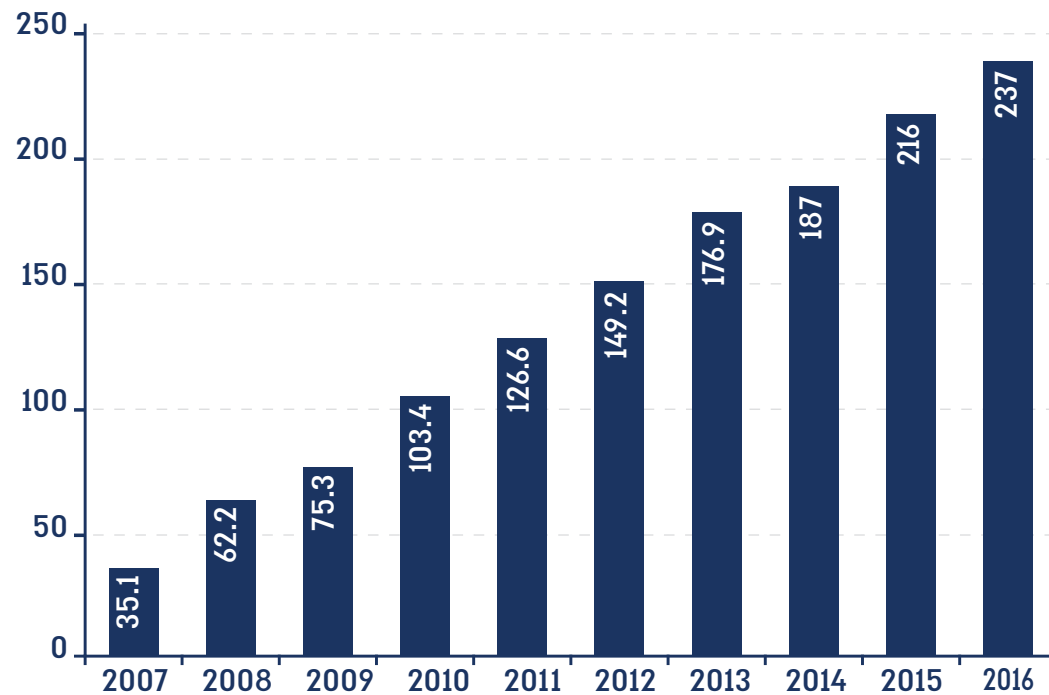
*Including a property intended for realization in the amount of 35 million NIS
Millions of NIS unless otherwise stated



Financial Results - An Impressive growth

Expected NOI for 2017: 256-259 million of NIS

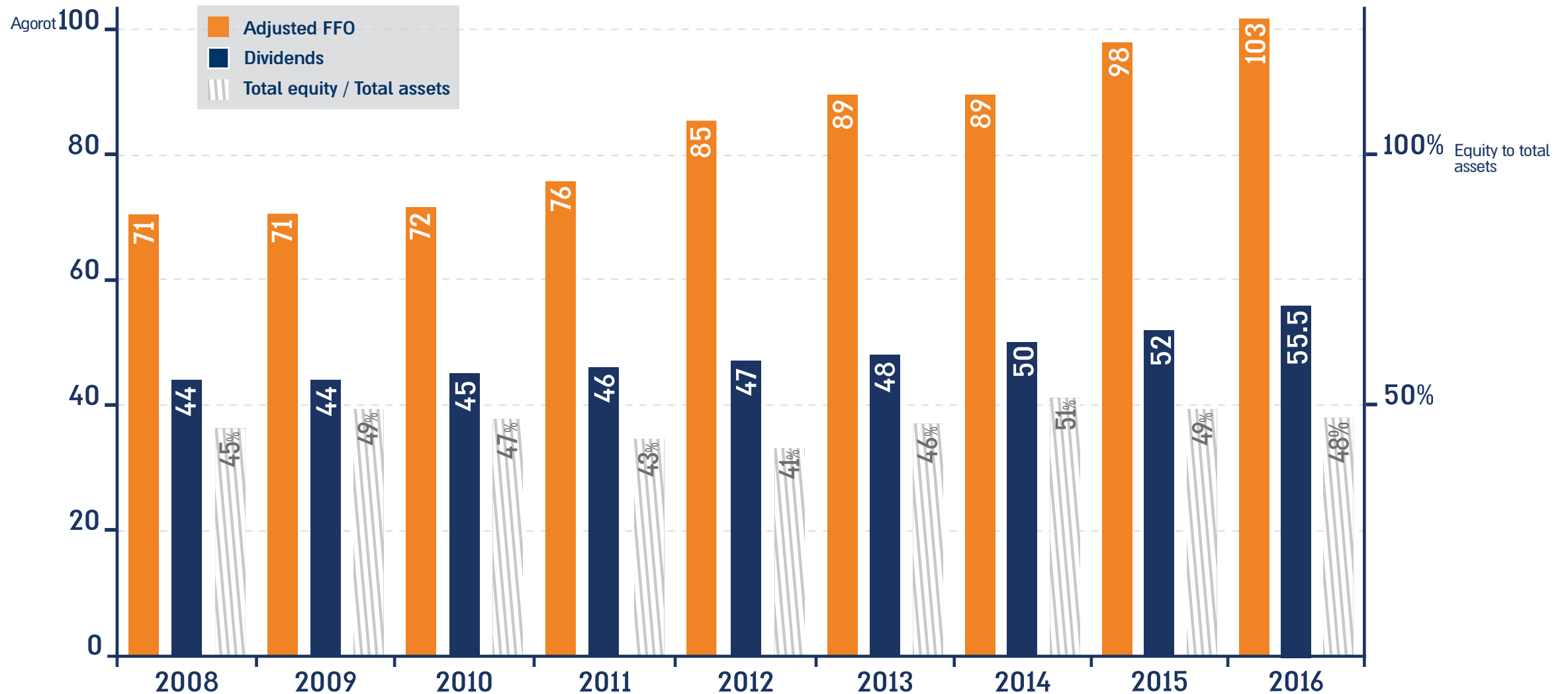
Expected FFO for 2017: 185-188 million of NIS



FFO (Funds From Operations) - The most commonly accepted measure of REIT operating performance | NOI - Net Operating Income



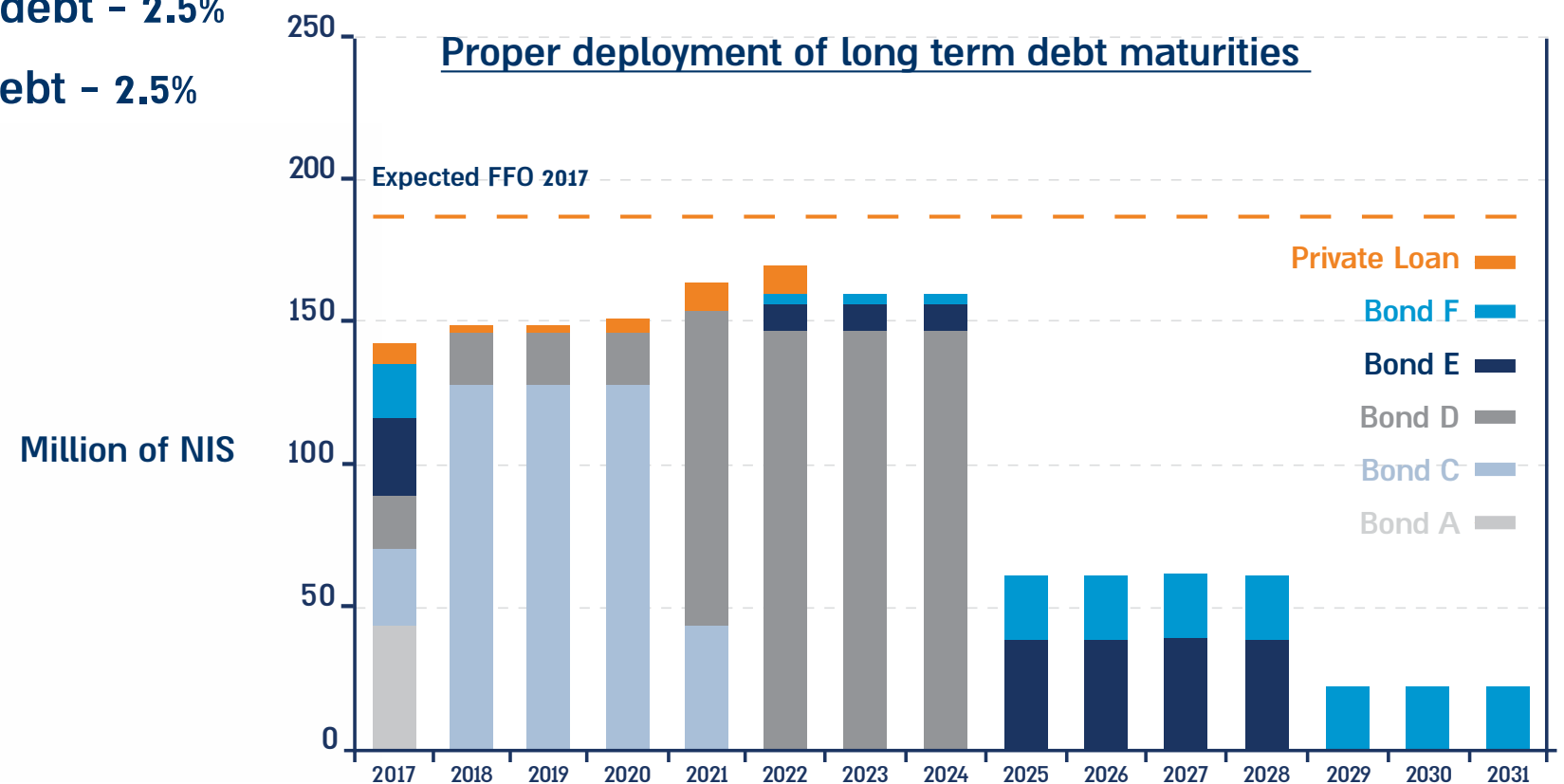
FFO and Dividends per Share





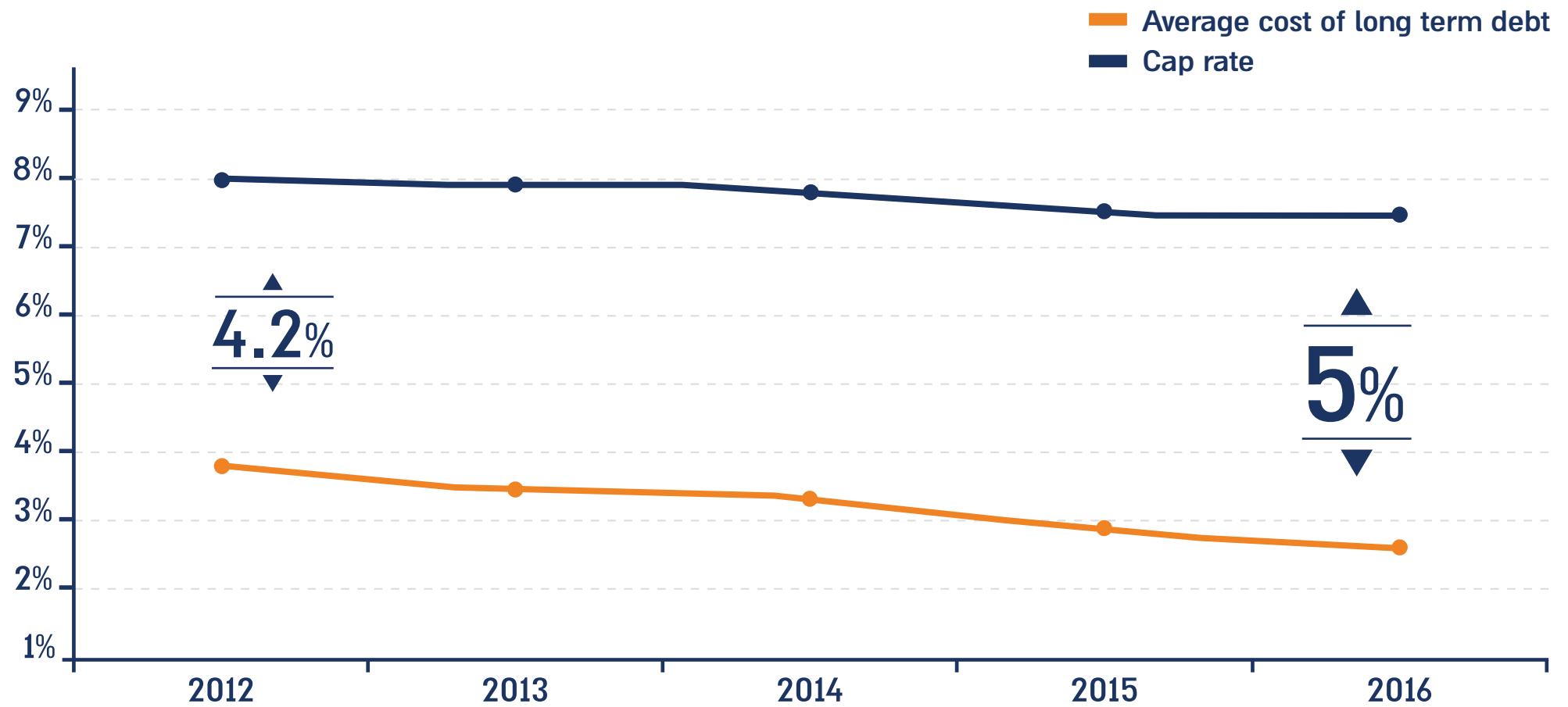
Financial strength

- Low leverage - Total equity to total assets - 48%
- Rated AA-/Stable by S&P Ma'alot
- Income producing properties are not pledged
- Duration - 5 years
- Average cost of LT debt - 2.5%
- Current cost of LT debt - 2.5%





Wide spread: cap rates vs cost of debt





Thank You!