



November 5, 2019

To
Israel Securities Authority
Via Magna

To
Tel Aviv Stock Exchange Ltd.
Via Magna

Re: **Closing of a transaction for the sale of the Company's holdings in Granite Hacarmel Investments Ltd.**

Further to the immediate reports of Azrieli Group Ltd. (the “**Company**”) of July 28, 2019, August 6, 2019 and October 29, 2019 (references: 2019-01-077500, 2019-01-081517 and 2019-01-091635, respectively) regarding an agreement for the sale of all of the holdings of Canit Hashalom Investments Ltd., a subsidiary fully owned by the Company (the “**Seller**”), in Granite Hacarmel Investments Ltd. (“**Granite**” and the “**Agreement**”, as applicable) which holds all of the share capital of Supergas Israel Gas Distribution Company Ltd. (“**Supergas**”), the Company respectfully announces that on November 5, 2019, the transaction contemplated in the Agreement was closed (the “**Closing Date**”).

The consideration amounted to a total of NIS 1,017 million with the deduction of the net financial debt of Granite, Supergas and its subsidiaries, which amounted on October 31, 2019 to a total of approx. NIS 199.5 million and is in a total of approx. NIS 817.5 million (the “**Consideration**”). On the Closing Date, Elco Ltd. (the “**Purchaser**”) paid the Seller a total of approx. NIS 567.5 million¹ out of the Consideration. The Consideration balance in a total of NIS 250 million, will be paid by the Purchaser according to the provisions of the Agreement in 7 annual unequal payments, commencing upon the expiration of 12 months from the Closing Date. To ensure the Consideration balance payments as aforesaid, 80% of the Supergas’ share capital was charged in favor of the Seller by a first-ranking fixed charge, whose rate will be gradually reduced according to the mechanism set in the Agreement.

The profit (post-tax) to be recorded by the Company with respect to the sale of Granite will be in a total of approx. NIS 380 million.

Sincerely,
Azrieli Group Ltd.

Signed by: Adv. Nirit Zeevi, VP, General Counsel and Company Secretary

¹ Including a total of NIS 10 million which were paid by the Purchaser to the Seller in proximity to the execution date, as an advance payment on account of the Consideration, and a total of NIS 10 million which were paid by the Purchaser to the Seller on October 31, 2019 as specified in a supplement to the Agreement which was agreed between the parties and included also a change of the date of examination of the financial debt to October 31, 2019.