



December 17, 2019

The Azrieli Group successfully completes the tender for accredited investors for the expansion of Series E and F with demand exceeding NIS 3.1 billion.

The Company will fully prepay Series C for NIS 1.03 billion.

The Company will raise around NIS 2.5 billion in Series E and F with an average interest rate of 0.45% and average duration of 7.8 years. Part of the money raised will be used for the full prepayment of Series C at the Company's initiative, in the sum of around NIS 1.03 billion, including prepayment costs.

The Azrieli Group today reports that it has successfully completed the tender for accredited investors as part of the expansion of two bond series. A total demand of over NIS 3.1 billion was recorded in the tender, and the Company elected to accept early commitments for the purchase of bonds in a total of around NIS 2.5 billion.

The capital raising was conducted by expansion of the two bond Series E and F, which are linked to the CPI, with an average duration of around 6.3 and 9.5 years, respectively. The total amount raised for Series E is around NIS 1.4 billion and for Series F is around NIS 1.1 billion.

The price which was determined as part of the tender for Series E reflects a yield-to-maturity of around 0.26%, and for Series F the tender price reflects a yield-to-maturity of around 0.69%. These prices will constitute the minimum prices for the public tender which is expected to take place over the next few days. The bond Series E and F are rated at an Aa1 rating by Midroog.

At the end of December 2019, the Group will conduct, at its own initiative, a full prepayment of Series C (bearing interest at a rate of 1.64% with an average duration of 3.95 years), for around NIS 1.03 billion.

The savings in interest expenses, after the prepayment of Series C against the expansion of Series E, is around NIS 13 million annually.

In its Q4/2019 statements, the Company will record a one-time expenditure for a prepayment fine in the amount of around NIS 70 million.

A broad range of institutional entities, among the largest in the local capital market, participated in the institutional stage of the issuance. The issuance was led by Leader Offerings, together with underwriting bodies of Discount, Barak Capital, Excellence, Leumi Partners, Value Base, Menora, Rosario, Poalim IBI and Inbar.

Azrieli Group Ltd.



This year, the Azrieli Group announced the expansion of its operations into two additional new areas:

- **An investment in the Data Centers industry in North America** – in July 2019, the Group purchased around 20% of the shares of Compass Holdco for \$135 million with an option to increase its holdings to 33%. Compass is an active platform with operations in North America and significant future development and enterprise potential. Compass has 10 active sites and 3 sites under construction and development.
- **Expansion of operations into the hospitality industry in Israel** – After a long and in-depth process of examination of the sector, as part of its exploring entry into new operating sectors related to the core business in the income-producing real estate sector, in December 2019 the Group signed an agreement for the purchase of the Mount Zion Hotel in Jerusalem for NIS 275 million. The Mount Zion Hotel is a unique property in the hospitality industry, which is located on Hebron Road in Jerusalem, across from the walls of the Old City, and which currently includes 137 rooms, stores, restaurants, a spa, a health club, function and reception halls, a swimming pool and a museum. The property is located on 13,000 sqm of land, and the total built-up area is currently 11,600 sqm. The Group intends to promote and carry out a significant project of renovation and expansion of the hotel at a total cost of NIS 500-600 million. The hotel has an approved zoning plan which allows for the addition of 22,400 sqm of aboveground areas, and an increase of the number of rooms to 400 rooms, as well as an addition of around 380 underground parking spaces, which currently do not exist at all in the project.

Irit Sekler-Pilosof, CFO of the Azrieli Group said: “The completion of the institutional stage with the significant demand that was recorded, is further evidence of the capital market’s vote of confidence in the Group and its extensive operations. The current capital raising will allow us to extend the duration of the Group’s loans, while further improving the long-term financing costs. We continue to initiate projects, while focusing on the core business in the real-estate sectors, along with expansion of the business into other areas related to the core business of the Group, such as the data center and hospitality operations which we recently announced.”

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