



December 09, 2019

The Azrieli Group announces its expansion into the hospitality sector in Israel and purchases the Mount Zion Hotel in Jerusalem for NIS 275 million

The Group is currently promoting plans to establish two additional new hotels as part of mixed-use: in the city of Modi'in, on the lot adjacent to the Azrieli Mall, and a hotel in Tel Aviv as part of the Spiral Building

The Azrieli Group today reports its expansion into the hospitality sector 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 Group's core business in the income-producing real estate sector.

The hospitality market in Israel has been in the midst of a growth trend in recent years, among other things, due to the increased pace of entry of tourists into Israel. The Azrieli Group sees in the hotel industry an opportunity to expand its mix of operations and the creation of a new growth engine in this large and significant sector, which is related to the core business of the Group in the income-producing real estate sector, and which will allow it to take advantage of the Group's unique development and operating abilities, which it developed, among other things, in the senior housing operations.

As part of the preparations, around 8 months ago the Company recruited Mr. Eli Maor, who is expected to manage the operations in the Group. Maor has 30 years of experience in the hotel industry, including managing the Sheraton Hotel Eilat under the international Starwood chain, the opening and management of the Mamilla Hotel in Jerusalem (owned by Alrov Properties) and The Jaffa Hotel in Tel Aviv under The Luxury Collection brand of Marriott International.

The Company's entry into the sector includes, at the initial stage, the purchase of the Mount Zion Hotel in Jerusalem, alongside the promotion of plans to build two additional new hotels in the context of the Group's existing mixed-use properties. The first is an 84-room hotel as part of the Lot 21 project in the city of Modi'in, adjacent to the city's Azrieli Mall. The second project is a 250-room hotel, as part of a project to expand the Azrieli Center in Tel Aviv, in the Spiral Building, whose construction is expected to be completed in 2025.

The Mount Zion Hotel is a unique property in the hotel 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, 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.

The Group intends to continue to operate the hotel, and concurrently to plan the renovation of the hotel and the exercise of the building rights for its expansion.

Azrieli Group Ltd.



Completion of the transaction is contingent upon receipt of Competition Commissioner's approval for the consummation of the transaction.

The Company intends to finance the acquisition from its own resources and/or through bank or institutional financing.

Danna Azrieli, Chairman of the Board: “We are pleased to today announce our entry into the hotel industry in Israel, as part of our exploring the possibility of entering into new operating sectors which are related to our core business in the income-producing real estate sector. The Mount Zion Hotel is considered to be a unique property, among other things due to its location, and there are few opportunities for a company to enter into operations in a sector which it has identified as having real potential, through acquisition of a property with a unique, rare location and significant betterment potential. This move is a further and important development in our efforts to continue to create value for our shareholders. In recent years, we have carried out a number of such processes, starting with our entry into senior housing in 2014, the acquisition of an online platform in 2016 and its conversion into the Azrieli.com website, which is the leading e-commerce platform in Israel, as well as the entry of the Group earlier this year into the global Data Centers industry. The Group's core management is working to realize our vision, and is doing so with great success, and we believe that the acquisition of the Mount Zion Hotel will be an important step in the realization of our strategy.”

Eyal Henkin, the Group's CEO: “Azrieli Group benefits from an exceptional financial position which allows us to explore, from time to time, new business opportunities which are related to our core business in the income-producing real estate sector. We identified the hotel industry as a sector which is large and synergetic with the current business, and which represents significant potential for us. We believe that we can create a further significant growth engine which will allow us to express our unique development abilities and use the high-quality real estate owned by the Group in order to create added value through mixed-use and development of new properties in this sector. The entry into the sector will allow us to expand the mix of operations and to create another growth engine in a related sector in which we have a relatively clear advantage.”

** This morning, the Company released a presentation regarding its entry into the hotel industry.*

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The Mount Zion Hotel, including a simulation of the planned expansion:



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