



AZRIELI GROUP

Azrieli Group Ltd.

(the "Company")

Date: March 21, 2018

To:
Israel Securities Authority

To:
Tel Aviv Stock Exchange Ltd.

Via Magna

Via Magna

Re: **An immediate report concerning the convening of an annual and special general meeting of the Company in accordance with the Companies Law, 5759-1999 (the "Companies Law"), the Securities Regulations (Voting in Writing and Position Statement), 5765-2004 ("Voting in Writing Regulations"), Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and Addition of an Issue to the Agenda), 5760-2000 ("Notice of Meeting Regulations") and the Securities Regulations (Periodic and Immediate Reports), 5730-1970 ("Reports Regulations").**

Notice is hereby given with respect to the convening of an annual and special general meeting of the shareholders of the Company (the "**Meeting**"), which shall convene on Monday, April 30th, 2018, at 16:00 (Israel time), at the Company's offices at the Azrieli Center, Tel Aviv (Round Tower – Floor 48) for the purpose of adopting resolutions regarding the issues on the agenda, as follows.

Part A – Annual and Special General Meeting

Details of the issues on the agenda and summary of the proposed resolutions:

1. **Approval of the terms of office of the Company's CEO**

Proposed language of the resolution: approval of the terms of office and employment of Mr. Eyal Henkin as the Company's CEO (through a private company fully owned by him), as provided in Part B of this Report.

2. **Reappointment of the directors presently serving as directors of the Company (other than outside directors) until the end of the Company's next annual general meeting**

Approval of the reappointment of the directors presently serving on the Company's Board of Directors (other than outside directors) for an additional

term of office until the end of the Company's next annual meeting of the Company's shareholders, unless the office shall have been previously terminated in accordance with the provisions of the Companies Law or the Company's articles of association (the "**Articles**") (an "**Additional Term of Office**"):

2.1. Ms. Danna Azrieli (Chairman of the Board).

Proposed language of the resolution: To approve the reappointment of Ms. Danna Azrieli as a director of the Company for an Additional Term of Office.

2.2. Ms. Sharon Azrieli.

Proposed language of the resolution: To approve the reappointment of Ms. Sharon Azrieli as a director of the Company for an Additional Term of Office.

2.3. Ms. Naomi Azrieli.

Proposed language of the resolution: To approve the reappointment of Ms. Naomi Azrieli as a director of the Company for an Additional Term of Office.

2.4. Mr. Menachem Einan.

Proposed language of the resolution: To approve the reappointment of Mr. Menachem Einan as a director of the Company for an Additional Term of Office.

2.5. Mr. Joseph Ciechanover (independent director).

Proposed language of the resolution: To approve the reappointment of Mr. Joseph Ciechanover as a director of the Company for an Additional Term of Office.

2.6. Ms. Tzipora Carmon (independent director).

Proposed language of the resolution: To approve the reappointment of Ms. Tzipora Carmon as a director of the Company for an Additional Term of Office.

2.7. Mr. Oran Dror (independent director).

Proposed language of the resolution: To approve the reappointment of Mr. Oran Dror as a director of the Company for an Additional Term of Office.

Each one of the aforesaid directors has signed a statement as required under Section 224B(a) of the Companies Law, and in such context the independent directors declared that they qualify under paragraphs (1) and (2) of the definition "Independent Director" in Section 1 of the Companies Law. The

directors' statements are attached hereto as **Annex A**, and they may be further inspected at the Company's registered office.

Details regarding the directors whose office is submitted for renewal as aforesaid in Sections 2.1-2.7 above are incorporated in this Report by reference to the details provided according to Regulation 26 and Regulation 36B(a)(10) of the Reports Regulations in Part D of the periodic report for 2017, as released close to the release date hereof, on March 21, 2018 (Ref.: 2018-01-_____)¹ (the "**Company's Periodic Report for 2017**").²

3. **Reappointment of the accounting firm Deloitte - Brightman, Almagor, Zohar & Co. as the Company's auditors until the end of the Company's next annual general meeting**

In accordance with the Company's Articles, the Company's Board of Directors has been authorized, after receipt of the recommendation of the Company's audit committee, to determine the auditor's fee for audit functions and for additional services according to the nature and scope of the services provided and to be provided to the Company. For details regarding the fee paid to the auditor for 2017, see Section 7 of the corporate governance report in the Company's Periodic Report for 2017.

Proposed language of the resolution: Approval of the reappointment of the accounting firm Deloitte - Brightman, Almagor, Zohar & Co. as the Company's auditors until the end of the Company's next annual general meeting.

¹ The periodic report for 2017 is included in this Report by way of reference and was published on ISA's distribution site at <http://www.magna.isa.gov.il> (the "**ISA Site**") and on the website of the Tel Aviv Stock Exchange Ltd ("**TASE**") at the address: <http://maya.tase.co.il> (the "**TASE Site**").

² According to the Company's approved Compensation Policy, the compensation of outside directors and other directors of the Company who are not controlling shareholders thereof and who receive no salary or management fees, as being from time to time, shall be the maximum compensation set forth under the Companies Regulations (Rules regarding Compensation and Expenses for Outside Directors), 5760-2000) (the "**Compensation Regulations**"), as updated from time to time and according to the Company's grade, as it shall be from time to time. For that purpose, it shall be taken into account whether or not the director is an expert, according to the definition of an expert outside director by the Compensation Regulations. Furthermore, the said directors shall be entitled to reimbursement of expenses according to the Compensation Regulations. The compensation of Ms. Naomi Azrieli and Ms. Sharon Azrieli, who are among the Company's controlling shareholders, is the compensation that was approved by the Company's Compensation Committee and Board of Directors in May 2016. For details, see immediate report dated May 25, 2016 (Ref.: 2016-01-033138) which is incorporated herein by way of reference. The compensation of Ms. Danna Azrieli, the Company's Chairman of the Board and one of its controlling shareholders, was last approved by the Company's shareholders meeting that was held on October 6, 2016. For details with respect to Ms. Danna Azrieli's compensation, see Section 5 of the notice report for a meeting of the Company dated August 28, 2016 (Ref.: 2016-01-111643), which is included herein by way of reference. In addition to the aforesaid directors' compensation, the Company's directors are included in a D&O insurance policy and the Company extends indemnification and exemption letters to them, all subject to the provisions of the Companies Law and the Company's Articles.

4. **Discussion of the audited financial statements and the Board of Directors' Report on the State of the Company's Affairs for the year ended on December 31, 2017**

Discussion of the audited annual financial statements of the Company for the year ended on December 31, 2017, and of the Board of Directors' Report on the State of the Company's Affairs for the year ended on December 31, 2017. It is possible to inspect the said reports, which are included in the Company's Periodic Report for 2017.

No vote shall be held regarding this issue, but only a discussion.

Part B – Additional details about approval of the terms of office and employment of Mr. Eyal Henkin as the Company's CEO

5. **General**

- 5.1. On October 22, 2017, the Company gave notice of the appointment of Mr. Eyal Henkin as the Company's CEO (the "**CEO**" or "**Mr. Henkin**"), with effect from January 1, 2018. For the Company's notice, see its immediate reports of October 22, 2017 (Ref.: 2017-01-092392, 2017-01-092380), which are included in this Report by way of reference.
- 5.2. On November 19, 2017, the Company's Compensation Committee and Board of Directors approved the terms of office and employment of the CEO, with effect from the date of commencement of his service, by the Company entering into a management agreement with a private company wholly owned by the CEO, as detailed below.
- 5.3. The terms of office and employment of the CEO approved as aforesaid and as detailed below are the same as the terms of office and employment of the Company's previous CEO, Mr. Yuval Bronstein³, and are consistent with the Company's compensation policy. For details about the Company's compensation policy, as recently approved by the Company's general meeting on October 6, 2016 (the "**Compensation Policy**"), see Section 3 of the meeting notice report published by the Company on August 28, 2016 (Ref.: 2016-91-111643), which is included herein by way of reference.
- 5.4. In accordance with Regulation 1B4 of the Companies Regulations (Concessions on Transactions with Interested Parties) 5760-2000, the terms of office of the CEO were approved as aforesaid by the Compensation Committee and Board of Directors, by the date of

³ For details about the terms of office and employment of Mr. Yuval Bronstein as CEO of the Company, as last updated on October 6, 2016, see Section 4 of the meeting notice report published on August 28, 2016 (Ref.: 2016-01-111643), which is included herein by way of reference.

convening the next general meeting of the Company, which is being called in accordance with this Report.

6. **Details about the CEO's education and experience**

- 6.1. The CEO is a computer science graduate and has a degree in business administration from Tel Aviv University and Northwestern University. From September 1, 2010 until December 31, 2017, Mr. Henkin held office through a company owned by him as CEO of Supergas Israel Gas Distribution Co. Ltd ("**Supergas**"), a company wholly owned by the Azrieli Group. In addition, the CEO holds office as a board member in several boards of directors of the Company's subsidiaries. The CEO is not a relative of an interested party in the Company.

7. **Description of the terms of office and employment**

- 7.1. The employment agreement between the CEO (through a private company fully owned by him) is from the day of commencement of his service, i.e. January 1, 2018, for an unlimited period (the "**Agreement**"), in the framework of which Mr. Henkin will hold office as CEO of the Company in a full-time position (100%).
- 7.2. **The consideration:** fixed monthly management fees in a sum of NIS 313,000, linked to the rate of the rise in the Consumer Price Index for June 2016 published in July 2016 (the date of publishing the rate of the index determined in the Compensation Policy).
- 7.3. **Adjustment period:** the CEO will be entitled to an adjustment period of nine (9) months and in the event of termination of the Agreement, the Company shall pay the CEO, for the adjustment period, the full consideration and ancillary benefits as described above.
- 7.4. The grant of indemnification and exemption terms in accordance with the Compensation Policy and as customary for the Company's other officers (who are not directors and controlling shareholders), and his inclusion in the insurance policy of the Company's officers⁴.
- 7.5. **Company car:** the Company shall provide the CEO with a suitable Grade 7 company car. The Company shall bear the full cost of the car's use.
- 7.6. **Expenses:** the Company shall indemnify the CEO (including the management company through which he provides the CEO's services as aforesaid), as customary for such positions, for the actual expenses occasioned to him in providing the CEO's services to the Company, in accordance with the Company's procedures and against the presentation of suitable references. The reimbursement of expenses as

⁴ For details about the letters of indemnity and exemption that the Company grants the officers as at the date of this Report, see Section 6 of the meeting notice report of March 23, 2017 (Ref.: 2017-01-028392), which is included herein by way of reference. For details about the contractual framework of the insurance policy, see the Compensation Policy.

aforesaid shall not be more than the maximum amount determined, from time to time, by the Compensation Committee, that it determines is appropriate, having regard to the Company's activity and scope.

- 7.7. **Mobile phone:** the Company shall provide the CEO with a mobile phone and bear its full cost and the cost of use thereof.
- 7.8. **The Agreement's termination and notice:** each one of the parties may bring the Agreement to an end, for any reason, subject to the grant of written notice of three (3) months.
- 7.9. **Bonus:** in addition to the Company's Compensation Policy, the CEO shall be entitled to an annual bonus, in accordance with the following criteria: first criterion - assessment of the officer's contribution - the Compensation Committee and Board of Directors shall review (after receiving a recommendation from the Board chairman) the CEO's compliance with criteria based primarily on his contribution to the Company in accordance with his position and the scope of his liability; second criterion - the amount of the bonus - on fulfillment of the aforesaid, the Compensation Committee and Board of Directors may decide, in relation to the CEO, to grant a bonus in an amount of not more than three times the amount of the monthly payment.
- 7.10. Below are details, for simulation purposes only, in accordance with the Sixth Schedule to the Immediate Reports Regulations, of the payments to which the CEO shall be entitled, in his capacity as CEO, in terms of annual cost to the Company (in NIS thousands):

| Details of the compensation recipient | | | | Payments in annual cost terms (NIS in thousands) | | | | |
|---------------------------------------|----------|-------------------|-----------------------------------|--------------------------------------------------|--------------------------|---------------------|-------|-------|
| Name | Position | Scope of position | Percentage of holdings of capital | Management fees | Bonus | Share-based payment | Other | Total |
| Eyal Henkin | CEO | 100% | - | 3,918 | Up to 940 ^(b) | - | - | 4,858 |

- (a) The management fee component includes the following components: monthly management fee cost, car maintenance and reimbursement of communication and other expenses;
- (b) Assuming the grant of a bonus (which is in the discretion of the Company's Board of Directors) in the maximum amount possible.

8. **Details of the compensation determination process**

- 8.1. The CEO's terms of office and employment CEO have been determined by the Company on the basis of the terms of office and employment of the Company's previous CEO, the nature and scope of the management services required for the purpose of the Company's

management, and having regard to the CEO's experience in his previous position as CEO of Supergas, the nature and scope of the Company's current activity.

- 8.2. The contractual terms were approved by the Company's Compensation Committee and Board of Directors after they reviewed the criteria listed in Section 267B(a) of the Companies Law with reference, *inter alia*, to the matters detailed in Part One of the First Schedule "A" to the Companies Law. The Company's Board of Directors and Compensation Committee were presented, *inter alia*, with the following information and data: personal data regarding the qualifications, experience and education of the CEO, data regarding his term of office as CEO of Supergas and data regarding the terms of office and employment to which the Company's previous CEO was entitled.
- 8.3. The Compensation Committee and Board of Directors reviewed the comparative data pertaining to the terms of employment of CEOs of traded companies, similarly to a company in the TA-35 index. The comparative data as aforesaid are based on financial work done for the Company by PWC Consultancy Ltd (the "**Financial Work**" and the "**Financial Consultants**", respectively). In the framework of the Financial Work, as aforesaid, the Financial Consultants included data regarding the compensation paid to CEOs of Israeli public companies traded on the TA-35 index, based on the period reports for 2015 of these companies, and on relevant immediate reports. The Financial Work data as aforesaid included the average and median of all the data of the sample companies, as well as the minimum and maximum.
- 8.4. The Compensation Committee and Board of Directors noted that the object of the comparative work is to obtain indicative information about the compensation amounts customary on the Israeli market, which because of its limitations, is not an exact science, and accordingly constitutes only one indication of the range of considerations facing them when coming to consider the Company's interest and the fair and reasonable compensation.
- 8.5. On the basis of the aforesaid information, the Compensation Committee and Board of Directors determined that the CEO's proposed terms of office and employment are reasonable and customary in the circumstances of the case and reflect appropriate compensation with a view to advancement of the Company's long-term objects, and approved the terms of office and employment as aforesaid.

The reasons of the Compensation Committee and Board of Directors for approving the CEO's terms of office and employment:

- 8.6. The Company's Compensation Committee and Board of Directors found that the terms of office and employment as aforesaid are to the Company's benefit and are reasonable in the circumstances of the case, for the reasons detailed below:

- 8.7. The Board members have a great deal of respect for Mr. Henkin's professional experience and qualifications, which according to them are very vital to the Company.
- 8.8. The Board members believe that the terms of office and employment are reasonable and customary in the circumstances of the case, *inter alia* in light of the current scope of the Company's activity, which in recent years has experienced constant growth, including continued development of additional activities in the Company (such as: in assisted living and digital trade), which requires managerial input and additional expertise.
- 8.9. In accordance with the comparative data that was presented, Mr. Henkin's overall compensation as the Company's CEO in comparison to the terms of office of CEOs of traded companies, like the Company, in the TA-35 index, is in the second quartile of the comparison companies and the fixed component (monthly management fees) is in the fourth quartile of the compensation actually paid to CEOs of the sample companies in the TA-35 index in 2016. Because of the fact that the Company is the largest company in the Real Estate-15 index, which also includes several companies significantly smaller than the Company, in the Board members' opinion the TA-35 index is the comparison index most relevant to the Company. It is emphasized that Mr. Henkin's overall compensation, in comparison to companies included in the TA-35 index, is lower than the median and even significantly lower than the average of the comparison companies as aforesaid.
- 8.10. The Company's Compensation Committee and Board of Directors also reviewed the ratio between the management fees proposed for Mr. Henkin and the pay cost of the Company's other employees, and in particular the ratio to the average pay cost and the median pay cost of the Company's other employees. According to the assessment of the Company's Compensation Committee and Board of Directors, the said ratios are reasonable and are not expected to affect the work relations in the Company.
- 8.11. In light of all the aforesaid, the members of the Compensation Committee and Board of Directors believe that the proposed terms of office and employment of the CEO are fitting, reasonable and fair having regard to the size of the Company and the nature of its activity, its long-term goals and the many challenges facing it, and having regard to the nature of the position and the responsibility placed on Mr. Henkin.

Part C - Additional Details about the General Meeting

9. The required majority

9.1. The majority required to approve the said resolution in Section 1 of the Agenda is a majority of all the votes of the shareholders present at the Meeting, provided that one of the following is also fulfilled:

(a) The count of the majority votes at the General Meeting shall include a majority of all the votes of the shareholders who are not controlling shareholders or do not have a personal interest in the resolution's approval, who are participating in the vote (the count of all the votes of the said shareholders shall not include the votes of those abstaining); (b) the total votes of those objecting from amongst the shareholders mentioned in sub-Section (a) above shall not be more than two percent (2%) of all the voting rights in the Company.

9.2. The majority required at the Meeting for adopting the resolutions specified in Sections 2.1-2.7 and 3 on the aforesaid agenda is a simple majority of all of the votes of the shareholders who are entitled to vote at the Meeting and who voted therein. It is noted that as of the date hereof, the Company's controlling shareholders (Messrs. Sharon Azrieli, Naomi Azrieli and Danna Azrieli) indirectly hold approx. 61.31% of the Company's voting rights⁵, a rate that confers the majority required to adopt the proposed resolution on Issues 2.1-2.7 and 3 on the aforesaid agenda.

9.3. As aforesaid, with respect to Issue 4 on the agenda, no vote shall be held but only a discussion.

10. Procedures of the Meeting and the Vote

10.1. Manner of voting

A shareholder who is registered as a shareholder in the Company's shareholder register (a "**Registered Shareholder**") is entitled to vote at the Meeting either personally (participation at the Meeting), through an attorney, through a voting card within the meaning thereof in Section 87 of the Companies Law, the form of which is attached hereto ("**Voting Card**"). A shareholder pursuant to Section 177(1) of the Companies Law (i.e.: a shareholder to whose credit a share is registered with a TASE member, which share is included among the shares registered in the registry in the name of the nominee company) ("**Unregistered Shareholder**"), may vote in the methods specified above, as well as through an electronic voting card that will be delivered to the Company via the electronic voting system which is operated in accordance with Title B of Chapter G2 of the Securities

⁵ For details about the control of the Company, see the Company's immediate report of January 7, 2018 regarding the holdings position of interested parties and senior officers (Ref.: 2018-01-002257), which is included in this Report by way of reference.

Law, 5728-1968 (“**Electronic Vote**”, “**Electronic Voting System**” and “**Electronic Voting Card**”, respectively).

10.2. Meeting Time; Adjourned Meeting; Record Date

The General Meeting shall convene on Monday, April 30, 2018, at 16:00, at the Company’s offices at the Azrieli Center, Tel Aviv (Round Tower – Floor 48).

The discussion at the General Meeting may be opened only if a legal quorum is present at the opening of the Meeting.

The legal quorum for opening the discussion at the meeting shall consist of one or more shareholders, who is/are present in person or by proxy or via Voting Card (including an Electronic Voting Card), and holding or representing at least fifty one percent (51%) of the voting rights in the Company. If two hours shall have elapsed from the time scheduled for the Meeting and no legal quorum is present, the Meeting shall be adjourned to the third business day after the date of the Meeting, at the same time and place, or to a later day and time or a different place, as shall be determined by the Company’s Board of Directors in a notice to the shareholders. The Company shall give notice of the adjournment of the Meeting and the date of the holding of the adjourned meeting through an immediate report. If no legal quorum is present at the adjourned meeting as aforesaid, legal quorum shall consist of one or more shareholders, who is/are present in person or by proxy or via Voting Card (including an Electronic Voting Card), and holding or representing at least forty percent (40%) of the voting rights in the Company, unless the general meeting shall have been convened pursuant to the demand of shareholders as per the provisions of the Companies Law. If no legal quorum is present at the adjourned meeting convened pursuant to the demand of shareholders as aforesaid, legal quorum shall consist of at least one shareholder, who is present at the adjourned meeting in person or by proxy or via Voting Card (including an Electronic Voting Card).

The record date for the determination of the entitlement of a shareholder to vote at the General Meeting as provided in Section 182(b) of the Companies Law and in Regulation 3 of the Written Voting Regulations, is Wednesday, March 28, 2018 (the “**Record Date**”).

10.3. Voting proxy

A shareholder may appoint a proxy to participate and vote in his stead, who need not be a shareholder of the Company.

The appointment of a representative or proxy to participate and vote at the Meeting on behalf of the shareholder shall be made in writing, signed by the shareholder or by his lawful representative authorized therefor in writing, and if the principal is a corporation, the proxy shall

be signed in the same manner by which such corporation signs documents which bind it. If the principal is a corporation, a lawyer certification whereby the proxy was signed in accordance with the articles of association of such corporation, shall be attached to the proxy. Voting according to the terms of the proxy shall be legal notwithstanding the prior demise of the principal or him being declared bankrupt or incompetent or his cancellation of the letter of appointment or transfer of the share in respect of which it was issued, or, if it is a corporation, a liquidator or receiver were appointed therefor, unless a written notice (certified to the satisfaction of the Company's directors) regarding said change shall have been received at the Company's offices at the Azrieli Center, Tel Aviv (Floor 48, Round Tower) (the "**Company's Offices**") at least one hour prior to the time scheduled for the General Meeting. However, the Chairman of the General Meeting will be entitled to accept such written notice also in the course of the General Meeting, provided that according to his discretion, there is an adequate reason for the delay in delivering such notice. A letter of appointment of a voting proxy and proxy or another certificate (if any) or a copy certified by a notary, shall be deposited at the Company's Offices with the Company's secretariat up to forty-eight (48) hours prior to the time scheduled for the General Meeting, i.e. until Thursday, April 26, 2018 at 16:00. Such a deposit, referring to the time specified for the convening of the Meeting, shall be valid also for the purpose of the adjourned meeting.

10.4. Written votes; position statements

A shareholder may vote at the General Meeting on approval of the resolutions on the agenda also via a voting card. A written vote will be made via the second part of the Voting Card, attached hereto.

The Voting Card and the position statements, within the meaning thereof in Section 88 of the Companies Law, if delivered, are available for inspection on the ISA Site and the TASE Site. Each shareholder is entitled to approach the Company directly and to receive therefrom the language of the Voting Card and the position statements (if delivered).

A TASE member shall send, free of charge, via e-mail, a link to the language of the Voting Card and the position statements (if delivered) on the ISA Site to any shareholder of the Company who is not registered in the shareholders' register of the Company and whose shares are registered with such TASE member, unless the shareholder has given notice that he is not interested therein or that he is interested in receiving voting cards by mail in consideration for payment of a delivery fee, provided that the notice is given in respect of a specific securities account and on a date prior to the Record Date.

The Voting Card and the documents to be attached thereto, as specified in the Voting Card, must be delivered to the Company's Offices (including via registered mail) together with the Confirmation of Ownership (and with respect to a Registered Shareholder – together

with a photocopy of an I.D. card, passport or certificate of incorporation, as the case may be) up to four hours before the time of convening of the General Meeting. For this purpose, the “delivery date” is the date on which the Voting Card and the documents attached thereto arrive at the Company’s Offices. In addition, a shareholder who is not registered will be entitled to deliver the Confirmation of Ownership via the Electronic Voting System, as stated in this Section below.

A Voting Card to which no Confirmation of Ownership was attached (or alternatively the Confirmation of Ownership was not delivered via the Electronic Voting System), or in relation to a Registered Shareholder, to which a photocopy of an I.D. card, passport or certificate of incorporation, as the case may be, was not attached, will be invalid.

A shareholder may contact the Company’s Offices, up to 24 hours before the time of the convening of the Meeting, and after proving his identity to the satisfaction of the Company Secretary or another employee appointed for this purpose, withdraw his Voting Card and his Confirmation of Ownership.

One or more shareholders holding shares at a rate constituting five percent or more of the sum total of the voting rights in the Company (i.e. 6,063,638 shares) and any person holding such a rate out of the sum total of the voting rights which are not held by the Company’s controlling shareholder (i.e. 2,345,902 shares) is entitled, after the convening of the General Meeting, to inspect the Voting Cards and the voting records via the Electronic Voting System that reached the Company, as specified in Section 10 of the Written Votes Regulations.

The last date for delivery of position statements to the Company by the Company’s shareholders is up to ten days before the date of the general meeting, i.e. by Thursday, April 19, 2018. The last date for delivery of the Board of Director’s response to the position statements (if any are provided), if and insofar as the Board of Directors will choose to submit its response to the above position statements, is no later than 5 days prior to the date of the General Meeting, i.e. by Wednesday, April 25, 2018. A shareholder may directly contact the Company and receive therefrom, free of charge, the language of the Voting Card and position statements (if any are provided).

10.5. Electronic Vote

As aforesaid, an Unregistered Shareholder may vote also via the Electronic Voting System. An Unregistered Shareholder is entitled to receive from the TASE member through which he holds his shares, an I.D. no. and an access code as well as additional information in connection with the general meeting, and after a secure identification process, he may vote on the Electronic Voting System. The address of the Electronic Voting System is: <http://www.votes.isa.gov.il>.

Voting via the Electronic Voting System will be possible from the end of the Record Date until 6 hours before the time of the convening of the general meeting (i.e. until Monday, April 30, 2018 at 10:00), or until an earlier date that is determined by the ISA, provided that it is no more than 12 hours before the time of the convening of the general meeting (the “**System Lockdown Time**”), when the Electronic Voting System will be closed. The vote on the Electronic Voting System may be changed or cancelled until the System Lockdown Time and it will not be possible to change it via the Electronic Voting System after such time.

Pursuant to Section 83(d) of the Companies Law, if a shareholder votes via more than one method, his later vote will be counted, while for this purpose, a vote of a shareholder himself or via proxy shall be deemed later than a vote via a Voting Card or the Electronic Voting System.

10.6. Notice of Personal Interest or a voter being a controlling shareholder

A shareholder who participates in a vote with respect to the resolutions in Section 1 above, shall mark in Part B of the Voting Card, in the place designated therefor, and if the vote is via the Electronic Voting System – shall mark on the Electronic Voting Card, in the place designated therefore, whether or not he is deemed as having a personal interest in the approval of the resolution on the agenda, and whether or not he is a controlling shareholder of the Company, a senior officer of the Company, or an institutional investor (as they are defined in the Voting in Writing_Regulations). If the shareholder did not notify, as aforesaid, or did not provide a description of his personal interest (if any) his vote will not be counted.

If a controlling shareholder, senior officer or institutional investor voted, as aforesaid, via a Voting Card, he will specify, on the Voting Card, the following additional details:

Full name (in Hebrew and English); I.D. no. and type of I.D. no.; place of incorporation (in the case of a corporation); country of passport (if the ID no. is a passport no.).

10.7. Confirmation of ownership

An Unregistered Shareholder will be entitled to participate in the General Meeting only if he delivers to the Company, before the General Meeting, an original certificate from the TASE member with which his right to the share is registered, regarding his ownership of the Company’s shares on the Record Date, in accordance with the form in the Schedule to the Companies Regulations (Proof of Ownership of a Share for Purposes of Voting at a General Meeting), 5760-2000 (the “**Confirmation of Ownership**”), or alternatively, if he sends to the Company the Confirmation of Ownership via the Electronic Voting System. An Unregistered Shareholder may obtain the Confirmation of Ownership from the TASE member through which he holds his shares

at a branch of the TASE member or by mail to his address in consideration for a delivery fee only, if he so requests, provided that a request in this regard is given in advance for a specific securities account. An Unregistered Shareholder may also instruct that his Confirmation of Ownership be delivered to the Company via the Electronic Voting System.

As aforesaid in Section 10.4 above, the Confirmation of Ownership and the Voting Card must be delivered by shareholders to the Company's Offices, such that they reach the Company's Offices no later than four hours before the time of convening of the Meeting, i.e. by Monday, April 30, 2018 at 12:00.

10.8. Changes to the agenda; the last date for delivery of a request to include an issue on the agenda by a shareholder

After the publication of this Notice Report, there may be changes to the agenda, including the addition of an issue to the agenda, position statements may be published, and the current agenda and the position statements may be perused in the Company's reports that shall be released on the ISA Site and the TASE Site. A request of a shareholder pursuant to Section 66(b) of the Companies Law to include an issue on the agenda of the General Meeting will be delivered to the Company up to seven days after the summoning of the general meeting. If such a request is submitted, the issue may be added to the agenda and the details thereof shall appear on the ISA Site. In such a case, the Company shall publish an amended Voting Card together with an amended notice report, no later than seven days after the last date for delivery of a request of a shareholder for the inclusion of an issue on the agenda as aforesaid.

11. **The Company's representative in charge of the immediate report**

The Company's representative in charge of this immediate report is Adv. Ran Tal, General Counsel and Company Secretary, whose address is at Azrieli Center, Tel Aviv (Floor 48, the Round Tower). Tel. for inquiries: 03-6081383.

12. **Inspection of documents**

A copy of this Report is available for inspection at the Company's Offices, after prior coordination by telephone: 03-6081300, Sundays through Thursdays between 09:00 and 17:00, such until the date of convening of the General Meeting for approval of the resolutions on the agenda, and also on the ISA Site.

Sincerely,

The Azrieli Group Ltd.

Signed on the Report Date by: Ran Tal, Adv.,
General Counsel and Corporate Secretary

Annex A - Directors' Declarations