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Azrieli Group: Update on Significant Lease Agreements Signed for Office Space in Azrieli Sarona and Azrieli Town

Azrieli Group announced today two significant lease agreements for its major office developments in Tel Aviv.

Azrieli Town

The Company signed a first and significant lease transaction in its future project to be built on land acquired from Clalit Health Fund. The new project, to be called Azrieli Town, will be situated to the north of and near Azrieli Center Tel Aviv.

One of the largest and leading global accounting firms (one of the big 4) in Israel leased 16 thousand sqm and will relocate its offices to the new building in the second half of 2020. The firm also leased 300 parking spaces for the underground parking lot. The lease agreement was signed for a period of 15 years, plus options for extension. **The annual rent will be NIS 17 million.**

The Azrieli Town project will include an office building of an area of 50 thousand sqm, a luxury residential tower of 220 housing units, 4,500 sqm of retail space and an underground parking lot with 1,300 parking spaces. The project is situated in a unique location between Menachem Begin Blvd. and the Ayalon Highway, near the light rail station at the corner of King Shaul St., and a short walk to the train station near the Azrieli Center. This is one of the first projects in Tel Aviv that will implement the policy of the Tel Aviv planning authorities to encourage mixed uses. Azrieli is expected to begin performing the extensive work on the site immediately upon its vacation by Clalit Health Fund during Q3 of this year. It is expected to be completed in 2020.

The office building in Azrieli Town will include 35 floors to be divided into 3 areas of 15-20 thousand sqm each, with each area being designated a separate main lobby and separate elevators, such that a quasi-independent building within a building will be created.

The Company intends to house, in the bottom part of the building, a business hotel of an area of 13-14 thousand sqm to include 220 rooms, a pool and a conference center.

Azrieli Sarona

The Group signed a lease agreement with the high-tech company IronSource for 9,800 sqm. IronSource leased the bottom four floors of the tower and 120 parking spaces. The lease agreement was signed for five years plus option periods. **The annual rent will be NIS 14 million.**

The lease agreement is added to the lease agreements that Azrieli has signed which amount to 56,000 sqm which constitute around 50% of the office space in the tower. Among the companies that will relocate their offices to the tower are Waves, which has leased two floors of an area of 4,800 sqm, Playtech, which has leased 10,000 sqm, the cyber security company Sentinel Labs, which has leased a floor of an area of 2,400 sqm, SafeCharge, which has leased 3,500 sqm, a boutique hotel from the Africa Israel hotel chain, which has leased 12,000 sqm, and the law firm Pearl Latzer Cohen Zedek Baratz & Co., which has leased two floors of an area of 4,700 sqm. The lease agreements were signed for periods of 7-20 years plus options.

Investor Relations Ltd.



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Yuval Bronstein, CEO of the Company, said:

“These significant lease agreements are another step in the implementation of the Group’s development strategy in Tel Aviv. Alongside the completion of the Azrieli Sarona center during 2017, the marketing of which is moving ahead at an excellent pace, the Company is promoting the construction and marketing of the Azrieli Town project and the fourth tower in the Azrieli Center at the Yedioth Ahronoth site, which was recently handed over to the Group. We see the good progress in the development activity as further evidence of the considerable potential of the Company’s business. The Group’s current development activity is expected to add, in the coming years, around NIS 400 million to the NOI and a higher amount of around NIS 430 million to the FFO, combined with the expected savings in the financing costs.”



Azrieli Town – Image

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About Azrieli Group

Azrieli Group Ltd. owns and operates one of Israel's largest portfolios of malls, shopping centers and office properties nationwide. The Company is publicly traded on the TASE under the symbol AZRG IT, and is included in the TA-25, TA-100 and TA Real Estate 15 indices. It is the only Israeli stock included in the EPRA Index, which is the European index of the world's largest income-producing property companies. To date, the Company has an equity market capitalization of about NIS 20 billion. The Company operates mainly in Israel, and owns and manages properties with a gross leasable area (as of December 31, 2015) of approx. 890,000 square meters; the Company holds 15 malls and shopping centers comprising 300,000 square meters of leasable space across Israel, 11 office properties comprising 374,000 square meters of leasable space across Israel and 6 properties overseas (mainly in Houston, Texas) comprising 187,000 square meters of leasable space. In addition, the Company has 8 projects under development comprising around 475,500 square meters of leasable space in Israel. Approx. 90% of the fair value of the investment property and the property under development relates to domestic properties (in Israel). The Group has been specializing in shopping center and office space development, acquisition, and management for the past 30 years. For further information, please visit the Company's website at www.azrieli.com.