AZRIELI GROUP

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Press release

Azrieli Group Buys 3 Office Towers in Houston for $176 Million

Menachem Einan, Azrieli Group President: "The current deal in Houston joins previous deals in the city, and is an excellent opportunity for us to continue enjoying investments in one of the most stable and thriving locations in the U.S.A".

Azrieli Group announced today (Sunday) an engagement in an agreement for the purchase of 3 office towers in Houston, U.S.A, in consideration for $176 million. The offices, located in the exclusive 'Galleria' area of Houston, Texas, extend over an area of approx. 99 thousand sqm and are part of a complex which includes commercial space, two luxury hotels and car parks.

The deal, if closed, will be financed through the company's equity as well as a $130 million loan from a large U.S. financial institution.

The three towers (25-floor Galleria 1; 21-floor Galleria 2; and 12-floor Galleria Financial Center) are leased to dozens of mostly large and well-known companies, such as Merrill Lynch, Citi Group, UBS, large energy corporations etc. The towers have 91% occupancy and the intake from the property in 2011, net of operating expenses, is expected to reach approx.

$14 million. The towers are located above Houston's largest shopping mall (which is not part of the deal), which is ranked as one of the top five shopping malls in the U.S.A, housing such luxury brands as Cartier, Chanel, Gucci etc.

This is Azrieli Group's fourth investment in Houston. The group has another 3 properties in the city, purchased in the years 2001-2008: a commercial center wholly owned by the group, and two jointly-held office towers.

Menachem Einan, Azrieli Group President, said today, following the acquisition: "Azrieli Group has an investment strategy which focuses on the Israeli economy. However, when global business opportunities present themselves which are consistent with the Group's stringent standards on the performance of income-producing deals, we take advantage of them. The current deal in Houston joins previous deals in the city, and is an excellent opportunity for us to continue enjoying investments in one of the most stable and thriving locations in the U.S.A".

Houston, with approximately 6 million residents, is the fourth largest city in the U.S.A. and enjoys thriving industries which have helped it to successfully weather the economic slowdown. Houston's economy has a broad industrial base in the fields of energy, manufacturing and technology.

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