AZRIELI GROUP

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Press Release

Azrieli Group: Scope of Lease Agreements at the Azrieli Holon Project Has Reached approx. 63,000 m^2 (in Phases A + B)

Good morning,

Azrieli Group provides an update with respect to the scope of lease agreements at the "Azrieli Holon Center" project, which is expected to consist of approx. 111,000 m^2 of office space and approx. 8,000 m^2 of retail space.

In recent weeks, contracts have been signed with various companies (in addition to Avaya, which was reported in August 2014) in respect of approx. 10,000 m^2 of office space.

To date, lease agreements have been signed with respect to office space of approx. 50,000 m^2 in Phase A and approx. 8,000 m^2 in Phase B (approx. 90% of the office space in Phase A and approx. 15% of the office space in Phase B) and retail space of approx. 5,000 m^2 (approx. 65% of the areas).

To emphasize, the rate of leasing is satisfactory and even surpasses the Company's earlier forecasts.

Phase A of the project, which comprises approx. 64,000 sqm, has been completed and its population commenced in Q3/2013. Phase B, which comprises approx. 55,000 sqm, is scheduled for completion within less than one year.

The principal transactions signed in respect of the office spaces are specified below:

- ✓ 3,200 m^2 have been leased to N.T.A (Metropolitan Mass Transit System Ltd). Population is scheduled for March 2015.
- ✓ 8,000 m^2 have been leased to Avaya. Population is scheduled for August 2015.
- ✓ 6,300 m^2 have been leased to Taldor, which moved in in April 2014.
- ✓ 3,100 m^2 have been leased to Finisar, which moved in in September 2014.
- ✓ 3,100 m^2 have been leased to Optimal+, which moved in in September 2014.
- ✓ 9,500 m^2 have been leased to Perion, which moved in in September 2014.
- ✓ 3,500 m^2 have been leased to the Mercantile Bank, which moved in in September 2014.
- ✓ 1,500 m^2 have been leased to Vishay, which is scheduled to move in in January 2015.

- ✓ 2,900 m^2 have been leased to a company owned by Ness Shoval, which is engaged in the provision of office services to clients in need of small spaces. Population is scheduled for January 2015.
- ✓ 500 m^2 have been leased to the consulting firm AKT, which is scheduled to move in in January 2015.
- ✓ 700 m^2 have been leased to the real estate company Bonei HaTichon, which is scheduled to move in in February 2015.

The contracts were signed for terms of 5 to 15 years, with options for 5 to 10 additional years. Rent rates at the Project are approx. NIS 50 to 70 per m2.

Ofer Avram, Head of Offices at the Azrieli Group, said today: "The agreement signed with N.T.A completes the population of the first stage of the Holon project, which includes two 13-floor office buildings. We are currently promoting the construction of the two additional buildings in the park, while we conduct negotiations with companies and organizations interested in moving to the new park, which offers an innovative and optimal working environment for diverse industries".

About Azrieli Group

Azrieli Group Ltd. owns and operates one of Israel's largest portfolio 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 and TA-real-estate 15 indices. It is the only Israeli stock included in the EPRA Index. As of September 30, 2014, the Company has an equity market capitalization of about $4.1 billion. The Company operates mainly in Israel, and owns and manages properties with a gross leasable area of approx. 807,000 square meters; the Company holds 14 shopping centers comprising 267,000 square meters of leasable space across Israel, 10 office properties comprising 353,000 square meters of leasable space across Israel and 6 properties overseas (mainly in Houston, Texas) comprising 188,000 square meters of leasable space. In addition, the Company has 8 projects under development comprising 442,500 square meters of leasable space in Israel. Approx. 90% of the fair value of investment properties and properties 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 web site at www.azrieli.com.

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