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Azrieli Group: Another Deal in the Senior Housing Segment; Wins a Tender for the Acquisition of Land to Build a Senior Home in Rishon Lezion

Azrieli Group intends to build and operate a senior home with 250 housing units; the senior home will join the Azrieli Palace chain, which includes Palace Tel Aviv and Palace Modiin and Lehavim which are currently under construction

Azrieli Group announced today another deal in the senior housing segment. The Group won a tender held by the Israel Land Authority for the acquisition of land in the HaRakafot neighborhood of Rishon Lezion of an area of 3,500 sqm, for NIS 26 million; as part of the terms of the tender, the Group will pay NIS 22 million in development costs to the Israel Land Authority. This area is intended for the construction of a senior home of a total area of 30,000 sqm, with 250 senior housing units and retail areas of 3,000 sqm.

Yuval Bronstein, CEO of Azrieli Group: "The Group is continuing on its path to becoming a leading player in the senior housing segment through acquisition, development, construction and management of projects in high-demand areas nationwide. Further to the acquisition of Palace Tel Aviv, the senior housing segment is, for Azrieli Group, another growth engine for its core business of income-producing property. The land in Rishon Lezion, close to the Azrieli Rishonim center, which is currently under construction, is an excellent opportunity to realize the growth potential of the Group in this area in the center of Israel, and it will reflect Azrieli Group's high standards in terms of the development and management of projects, which it is carrying out at an extent unprecedented in Israel".

Azrieli Group today stated that the project in Rishon Lezion is situated in the HaRakafot neighborhood in the east of the city, close to the Shikun Hamizrach neighborhood and the Tzrifin camp. The neighborhood is new and now being planned. The land is situated close to the Rishonim train station, and close to the Azrieli Rishonim project. The project will enjoy excellent accessibility through the Rishonim interchange to Route 431.

Similarly to the Group's approach in the income-producing property segment, in this segment too the Group is planning to provide a comprehensive solution to customer needs, providing a broad range of related services aimed at facilitating independent living in a supportive environment. For example, every senior home will boast a cultural and entertainment center, gyms, a swimming pool, medical services and extensive community services, including unique enrichment and leisure activities.

In July of last year, Azrieli Group acquired the Palace Tel Aviv senior home, close to Ichilov hospital. Palace Tel Aviv is the leading and most exclusive senior home in Israel, with 231 housing units, with 100% occupancy. Palace Tel Aviv contributed NIS 5 million to Azrieli Group's NOI in Q3/2015 and NIS 7 million to the FFO. In addition, the Group acquired two plots of land for the development of senior homes, whose construction is expected to be completed in 2018: in Modiin Azrieli Palace Modiin is currently under construction on land of 10,500 sqm, with 240 housing units, 60 assisted living units and 2 LTC units. The project is generating significant interest and to date 80 housing units have been marketed. Azrieli Group is now also marketing Azrieli Palace Lehavim, a senior home which will serve residents of the south and the Shfela. This home will have 360 housing units and 4 LTC units and will extend over an area of 28,000 sqm, not far from the town's train station.

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. As of March 12, 2016, the Company has an equity market capitalization of about NIS 17.7 billion. The Company operates mainly in Israel, and owns and manages properties with a gross leasable area of approx. 871,000 square meters; the Company holds 15 malls and shopping centers comprising 301,000 square meters of leasable space across Israel, 11 office properties comprising 353,000 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 507,500 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.

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