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Azrieli Group is continuing the sale of non-core assets

Signed an agreement for the sale of Sonol to an Israeli base company for ILS 364 million

The deal does not include Sonol's properties in the Pi Glilot area and Sonol's shares in Pi Glilot Petroleum Terminals and Pipelines Ltd., which holds real estate in the same area, valued at around ILS 107 million

Azrieli Group reports today that its wholly-owned subsidiary Granite Hacarmel entered into an agreement with Israel Oil & Gas Fund, a limited partnership controlled by Mr. David Weissman for the sale of its full holdings in Sonol for the sum total of around ILS 363.5 million, around ILS 187.5 million of which in cash upon the closing of the agreement and the balance on several predetermined dates.

ILS 97.5 million out of the consideration will be paid on the closing date by way of assumption of an undertaking from the buyer to repay a loan, which is secured by a pledge on all of the sold shares, which will bear annual interest at the rate of Prime + 1% and will be paid on a quarterly basis (the "Loan"). The Loan principal will be paid in a single payment 60 months after the closing date.

The deal does not include Sonol's real properties in the Pi Glilot area and Sonol's shares in Pi Glilot Petroleum Terminals and Pipelines Ltd., which holds real estate in the same area, whose value is estimated at around ILS 107 million, in accordance with negotiations being held for such properties in connection with their sale to a third party.

The closing of the deal is subject to several standard closing conditions, including receipt of the approval of the Antitrust Commissioner and receipt of approvals of third parties, including banks.

Yuval Bronstein, CEO of the Group, said: "We are happy to report today on the deal for the sale of our holdings in Sonol. This deal is another important step in our business strategy to sell the assets which are not in our core business of income-producing property. We will continue to act in the framework of this strategy and believe that our business focus is an important goal in continuing to maximize value for the benefit of all Azrieli Group shareholders".

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 today, the Company has an equity market capitalization of about ILS 18 billion. The Company operates mainly in Israel, and owns and manages properties with a gross leasable area 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.

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