AZRIELI GROUP

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Azrieli Group: Granite Hacarmel signs agreement for the sale of Tambour to the international company Kusto for around NIS 500 million

Upon closing the deal, Azrieli Group is expected to record an after-tax profit of around NIS 50 million

Azrieli Group announced today that Granit Hacarmel (100% held by the Company) has signed an agreement for the sale of Tambour, a company wholly owned thereby, for the total sum of around NIS 500 million.

On the date of signing of the agreement, the buyers deposited an advance payment of around NIS 70 million with Granite Hacarmel, which will be returned to the buyers only if the agreement is terminated due to a breach by Granite Hacarmel, or if approvals are not received from third parties, if required.

The transaction is as-is, in Tambour's condition as being on the date of signing.
Upon closing the transaction, Azrieli Group is expected to record an after-tax profit of around NIS 50 million.

Menachem Einan, Granite's Chairman and Deputy Chairman of Azrieli stated: "The transaction for the sale of Tambour realizes the Group's strategy to focus on the core business in the income-producing real estate sector, and to sell business that is unrelated to these sectors. The buying group is a strong international industrial holdings group, with whose business Tambour's business is synergistic. The buying group plans to invest in and expand Tambour's business in Israel and worldwide. I am convinced that this transaction is excellent for Tambour and its workers, and under the Kusto group's leadership, Tambour will go from strength to strength".

About the International Kusto Group:
An industrial holdings group which conducts varied business in the construction, real estate, construction materials industry, mining, oil, gas, energy, IT and agriculture sectors. The group, based in Singapore, is active in North America, Eastern Europe, and South-East Asia. The Kusto group's global business turnover is around $1.4 billion a year, and it employs more than 10,000 workers worldwide.

For further details:
Moran Goder
Head of Investor Relations, Azrieli Group
Office: 03-6081310
Mobile: 054-5608151.
morango@azrieli.com

About Azrieli Group

Azrieli Group Ltd. owns and operates one of Israel's largest groups of malls, retail centers and office properties in Israel. The Company is traded on the Tel Aviv Stock Exchange 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 31, 2014, the Company has a market value of approx. $4.2 billion. The Company operates mainly in Israel, and owns and manages properties with a gross leasable area of approx. 785,000 sqm; the Company holds 14 retail centers comprising 266,000 sqm of leasable space across Israel, 9 office properties comprising 353,000 sqm of leasable space across Israel and 5 properties overseas (mainly in Houston, Texas) comprising 166,000 sqm of leasable space. In addition, the Company has 8 projects under development comprising approx. 442,500 sqm of leasable space in Israel. Around 90% of the fair value of the investment property and the property under development relate to properties in Israel.

Over the past 30 years, the Group has been specializing in the development, acquisition, and management of retail centers and office space. For further information, please visit the Company's website at www.azrieli.com.