AZRIELI GROUP

קשרי משקיעים
Investor Relations

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Azrieli Group Continues to Expand in the Senior Housing Segment

Signed an Agreement for the Acquisition of "Ahuzat Bayit" Raanana for NIS 55 million

This is the fifth project owned by the Palace chain established by the Group, joining projects in Tel Aviv, Rishon Lezion, Modiin and Lehavim

Azrieli Group is today reporting on the acquisition of 100% of the shares of "Ahuzat Bayit" which holds and manages a senior home and the adjacent retail center "Park Mall", in Raanana, in the amount of around NIS 55 million. Ahuzat Bayit is a longstanding and well-known senior housing complex situated in south-west Raanana, near Route 531 and the planned Raanana west train station, extending over 15,000 sqm of land, on a built-up area of approx. 29,000 sqm and another 4,500 sqm of retail space. The home includes 335 housing units with 80%-90% occupancy and 2 LTC units. The retail center adjacent to the senior home includes around 20 tenants on an area of approx. 4,500 sqm. The total average annual NOI from the retail portion of the property is expected to be around NIS 5.4 million.

The full consideration is scheduled to be paid on the transaction closing date. The consideration reflects a yield of 8.5%-8.75% for senior housing and 7.8% for retail.

The Company intends to finance the transaction from independent sources and is subject to receipt of the Antitrust Commissioner's approval.

The acquisition of Ahuzat Bayit joins another transaction that Azrieli performed last week in which it won a tender of the Israel Land Authority for the purchase of land for the construction of 250 senior housing units in the Harakafot neighborhood in Rishon Lezion in consideration for approx. NIS 26 million, and in addition, development expenses of approx. NIS 22 million. The expected area of the project will extend over around 30,000 sqm, of which around 3,000 sqm is retail space. The project is situated in the Harakafot neighborhood in east Rishon Lezion, near the Shikun Mizrach neighborhood and the military base Tzrifin. The Harakafot neighborhood is the first of four new neighborhoods expected to be built in the coming years in the town and is expected to comprise approx. 1,500 housing units.

Danna Azrieli, Chairman of the Group: **"The acquisition of Ahuzat Bayit, as well as winning the tender in Rishon Lezion last week, are part of the implementation of the Group's strategic vision, which includes expansion of the senior housing segment, an additional growth engine for the income-producing property business. Demand in the senior housing segment is increasing and we estimate that the Group's financial strength, our managerial experience and the national presence of the Group's properties will contribute considerably to this activity. As in all of the Group's business, this segment is being led by the top professionals in the market, with the aim of becoming a significant, reliable and stable player in this field."**

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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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