AZRIELI GROUP

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Press Release

Azrieli Group to Enter the Senior Housing Market in Israel

A first transaction in the Israeli senior housing market – Azrieli Group purchased a property to build a senior residence in Modi'in for around NIS 51 million.

Azrieli intends to build and operate a senior residence which will comprise around 240 senior housing units and 60 assisted living housing units and in addition approx. 72 beds in a long-term care unit, with a total area (primary and service) of around 35,000 sqm.

The estimated construction costs (excluding the cost of purchase of the property) are around NIS 215 million.

The Group intends to develop, build and operate new, high standard projects in high-demand regions throughout Israel.

The Azrieli Group announced its entry to the Israeli senior housing market.

Comparable to the Group's approach with regard to income-producing property, in this market too, the Group plans to provide customers with a comprehensive solution to their needs by providing a large range of services including cultural and entertainment centers, medical services and a variety of community services, including special enrichment classes and activities.

The estimated turnover of the Israeli senior housing market is currently around NIS 1.5 billion and the scope of deposits in the market is estimated at around NIS 10 billion.

The field is constantly growing, particularly in the last 5 years, and in the Group's estimation this growth will only increase in the coming years.

According to forecasts, by 2030 Israel's population will grow by 25-30% and the senior housing target population (65+ year olds) will account for about 14% of the total population, i.e. 1.4 million people.

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<u>According to this strategy, Azrieli made a first transaction in the market – purchase of a property designated for a senior residence in Modi'in</u>

The company has contracted with third parties for the purchase of 100% of the shares of a private company, that holds the long-term lease rights to a plot of around 12,000 sqm that is in advanced planning stages for the construction of a senior housing facility in Modi'in, for a total amount of around NIS 51 million.

According to the valid zoning plan for the property, the construction of main areas and service areas shall be permitted in the total scope of around 35,000 sqm, which will comprise, amongst others, senior housing for the elderly population and associated facilities for the benefit of tenants, such as: a restaurant, meeting place, library, synagogue, theater, club and activity rooms, a gym and a swimming pool.

The closing of the transaction is subject to conditions precedent that needs to be met within time frames of up to 4 months.

After closing the purchase, Azrieli intends to build and operate at the site a senior housing facility that will comprise around 240 senior housing units, approx. 60 assisted living housing units and in addition approx. 72 beds in a long-term care unit.

The company estimates the costs associated with the construction of the project (excluding the cost of purchase of the property) at around NIS 215 million.

Yuval Bronstein, CEO of the Group said: "The Azrieli Group has been considering entering the senior housing market for some time, and this is a first transaction in this business segment. It is a market synergetic to the Group's capabilities and advantages which allows the expression of both our development and operational capabilities. We estimate that the potential in this market is growing and far from being exhausted, amongst others due to the increase in life expectancy and quality, the expanding potential target population that belongs to the 7-10 percentiles and there is an increasing shortage in new high-quality facilities which are managed to a high standard.

The Group intends to develop, build and operate new high standard projects in high demand regions throughout Israel. We are developing an additional business sector alongside the income-producing property activity in Israel, and in the future the senior housing market will constitute a business segment and an additional growth engine for the Group."

<u>For further details:</u>
Moran Goder
Head of Investor Relations, Azrieli Group
Office: 03-6081310
Mobile: +972-54-5608151
morango@azrieli.com