AZRIELI GROUP

June 10, 2015

Press Release

Azriel Group has signed a Lease Agreement with Crowne Plaza Hotel Group for a Luxury Hotel in the Azrieli Sarona Center

The lease agreement has been signed for a period of 20 years, for an amount of about 250 million shekels At the building shell level

Azrieli Group signed a lease agreement with Africa-Israel Hotels Ltd. to establish a luxury, boutique business hotel in the Azrieli Sarona Center, which is under construction. **The lease agreement was signed for a 20-year period for an amount of about a 250 million shekels At the building shell level.**

As part of the transaction, the hotel chain will lease an overall area of about 12,000 sq.m, spread over five of the Tower's 61 floors (floors 33-37). The hotel at Azrieli Sarona will be separated from the office and retail floors, and will include about 160 rooms, separate elevators and its own distinct lobby on the hotel's lowest floor, where a restaurant and business lounge will also be operated.

Since 2008, Africa-Israel Hotels has been operating the Crowne Plaza City Center Hotel in the Square Tower of the Azrieli Center. This Hotel incorporates 273 rooms, a restaurant, and a business lounge.

This transaction joins another lease agreement recently signed with law firm Pearl Cohen Zedek Latzer Baratz for floors 45-46 with an overall area of approximately 4,700 sq.m, which was signed for a period of ten years, plus option periods. Azrieli Group notes that office rent in the Tower is in the vicinity of 100-120 shekels per sq.m per month.

Investor Relations Ltd.

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The Azrieli Sarona Center is the largest office tower currently being built in Israel. The Tower will soar to a height of 255 meters over 61 floors above the three floors of a shopping mall, and will extend over the largest floor footprint available in the current supply of office space – with an estimated floor space of approximately 2,400 sq.m per floor. In total, the Tower will cover approximately 115,000 sq.m of office space to be built above a boutique shopping mall having an area of approximately 11,000 sq.m. The scale of investment in the project is valued at approximately 1.5 billion shekels (at the building shell level), and its construction is expected to be completed at the end of 2017.

Ofer Avram, Head of the Office Division at Azrieli Group, stated that: "A successful collaboration has been in existence between Azrieli Group and Africa-Israel Hotels in the square Azrieli Tower over a number of years, of which the current agreement for Azrieli Sarona is another expression. Azrieli Sarona Center is a groundbreaking project in its innovation, which will set new standards never before seen in Israel. The connection of the Center and the Sarona Park, while integrating a luxury hotel are among the factors that will turn the center into the next icon in the field of business centers in Israel, which is on a par with leading business centers round the world. We are currently involved in a large number of negotiations with various local and international companies, and the quality of the project enables us to lease extensive areas of it well ahead of its population. We are certain that the project will achieve great success."

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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, 2015, the Company has a market value of approx. $5.2 billion. The Company operates mainly in Israel, and owns and manages properties with a gross leasable area of 840,000 sqm; the Company holds 15 retail centers comprising 301,000 sqm of leasable space across Israel, 11 office properties comprising 352,000 sqm of leasable space across Israel and 6 properties overseas (mainly in Houston, Texas) comprising 187,000 sqm of leasable space. In addition, the Company has 8 projects under development comprising 507,500 sqm of leasable space in Israel. Aproox. 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 spaces. For further information, please visit the Company's website at www.azrieli.com.

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