



April 17, 2023

Israel Securities Authority
Via Magna

Tel Aviv Stock Exchange Ltd.
Via Magna

Re: **Agreement for the Acquisition of Red Rock Hotel in Eilat**

Azrieli Group Ltd. (the "**Company**") respectfully announces that on April 16, 2023, the Company engaged in an agreement with a third party that is not related to the Company and/or its controlling shareholders (the "**Seller**"), for the acquisition of the Red Rock Hotel in Eilat (the "**Agreement**" and the "**Transaction**").

Below are the key terms of the Agreement:

The object of sale: The Seller's full rights in the land also known as Parcels 5 and 6 in Block 40187 on a total area of approx. 9 thousand sqm, on which the Red Rock Hotel in Eilat is built (the "**Property**"), including existing and future building rights, as well as the operation of the hotel and the equipment therein and other related rights¹ of the Seller (the "**Object of Sale**").

The consideration: In consideration for the Object of Sale, the Company shall pay the Seller the sum of approx. NIS 130 million.

Financing: As of the date of the report, the Company intends to finance the acquisition from its own resources and/or through bank or institutional financing.

The Company's plans for the Property: Subject to the closing of the Transaction, the Company intends to act for the planning of exercise of the building rights for the construction of a new hotel. In the interim period, the Company shall continue the Property's operation in its current format.

The total cost for the construction of the hotel is estimated at approx. NIS 500-600 million.

As of the date of the report, the Company estimates that the Transaction is not expected to materially affect the Company's properties portfolio and its profits.

The information described in connection with the construction of the new hotel and the estimated total costs for execution thereof constitutes forward-looking

¹ Rights by virtue of engagements such as: the Seller's agreement with a third party for the management and operation of the Property, the Seller's agreements for the operation of a stretch of beach adjacent to the Property, all of the Seller's intellectual property rights in connection with the hotel, etc.

information, as defined in the Securities Law, 5728-1968, which is not under the full control of the Company and based on its estimations. As of the date of the report, there is no certainty as to the materialization of such information, in whole or in part, and it may vary materially from the foregoing, *inter alia*, due to uncertainty regarding the receipt of the permits required for the construction of the new hotel.

Sincerely,

Azrieli Group Ltd.

Signed by: Adv. Nirit Zeevi, VP, General Counsel and Corporate Secretary