



April 30, 2023

To
Israel Securities Authority
Via Magna

To
Tel Aviv Stock Exchange Ltd.
Via Magna

Re: **Winning a tender for the construction of a rental housing project in Herzliya**

Azrieli Group Ltd. (the “**Company**”) respectfully reports that on April 27, 2023, it learned that it had won a tender of Dira Lehaskir – The State-Owned Rental Housing Company Ltd. (“**Dira Lehaskir**”) and the Israel Land Authority (the “**ILA**”), for the purchase of leasehold rights in a site located in Herzliya (near Kibbutz Gilil Yam)¹, in consideration for approx. NIS 85 million plus VAT. According to the terms and conditions of the tender, the Company shall pay, in addition to the cost of the land, approx. NIS 19 million for development expenses.

According to the provisions of the tender, the land is designated for multi-family residential building for the purpose of long-term rentals for a period of no less than 20 years, continuously from the date of completion of the construction.

The project is expected to include 147 apartments, as well as retail areas. One half of the apartments in the project will be rented for price-controlled rent, which will be 80% of market-rate rent.

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

The Company’s plans for the project: The Company intends to act for the construction of the project, with the total cost (including the cost of the land and development) being estimated at around NIS 400 million inclusive of VAT.

In the Company’s estimation, as of the report date, the transaction is not expected to have a material effect on the Company’s properties portfolio or its profits.

The information described in connection with the estimated sum of the costs is forward-looking information, as defined in the Securities Law, 5728-1968, which is not within the Company’s full control and is based on its estimates. As of the report date, there is no certainty that the said information will materialize, in whole or in part, or

¹ Lots 100 and 102, known also as parcels 121 and 123 in block 6423 in Herzliya.

it may be materially different to the aforesaid, *inter alia* due to uncertainty with respect to the construction costs.

Sincerely,

Azrieli Group Ltd.

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