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Press Release

Harel Insurance Investments & Financial Services Continues to Expand its Real Estate Investments in the US

Harel's Joint Venture Partnership with American Publicly Traded REIT SL Green to Develop A Student Dorm Tower in Manhattan

Second transaction for the construction of student dorm housing by SL Green and Harel for PACE University

The project is expected to generate a current annual return of over 7%

Harel Insurance Investment and Financial Services continues its prolific cooperation with **SL Green** Realty Corp. (NYSE: SLG), a commercial Real Estate Investment Trust (REIT) in New York City, by entering into a joint venture partnership to establish a second student dorm tower for PACE University in Manhattan, New York. The tower will be built on 33 Beekman Street in downtown Manhattan, within short walking distance from the PACE University campus. This new building follows construction by the partnership of a 609 bed dormitory for PACE University at 180 Broadway. The cost of the project will be partially financed through the partnership's equity and partially through bank financing. **Harel holds a 49% share in the transaction, and a total investment by the group of \$22 million dollars.** The acquisition was largely carried out with reserves against return-contingent liabilities (money from life insurance policies and pension funds) and partially with nostro funds.

The new dormitory to be constructed by the partnership for **PACE** University at the site, will contain approximately 29 floors of student housing in addition to ground floor student related space. **PACE** University, a private university established over 100 years ago, is attended by over 13,000 students. Construction of the project is scheduled to begin in April 2013, and completion of the student dorm is scheduled for August 2015.

Gadi Ben-Haim, Head of Harel's Real Estate, stated that "the successful partnership between Harel and SL Green, one of the most important and experienced REIT's operating in New York, continues to generate positive results for Harel members. The student dorm market in Manhattan is a stable market characterized by significantly lower supply than demand, and a particularly high occupancy rate. These statistics helped the partnership formulate a transaction that generates an above average return with potential for significant increase in value. This is the fourth transaction that we are carrying out with SL Green that implements Harel's strategy of working with experienced, leading partners in the field on behalf of Harel members."

SL Green President, Andrew Mathias, commented, "We're delighted to have the opportunity to develop another attractive and modern dormitory building for Pace University, one of New York City's outstanding educational institutions. Our recent experience with Pace on the 180 Broadway project has demonstrated that we can work well with the University's administration to create a superior living experience for its students. And once again, we have chosen to continue our successful collaboration with the Harel Group, the fourth time in the last two years."