

ALTERNATIVE INVESTMENTS: HAREL ACQUIRES OFFICE BUILDING IN LOS ANGELES

■ Investment made in partnership with American REIT fund ■ Acquisition price – 460 million dollars

Harel Insurance and Finance has acquired an office building in Downtown Los Angeles. The acquisition was carried out in partnership with the American **Colony Northstar REIT** fund (NYSE:CLNS). The purchase price is approximately 460 million dollars, with Harel holding a 46% stake in the rights in the property. Harel's direct investment in the property is approximately 74 million dollars.

The 42-storey office complex covers 1.05 million sq. feet, and is regarded as one of the trophy assets in this sub-market, and has a LEED platinum standard for environmental quality and energy savings. The property is let to a long list of quality tenants, and is 90% occupied, with an average rental period of 7 years, and with the majority of the rental contracts linked to a contractual 3% annual increase in the rents.

The office market in Los Angeles is considered one of the largest and fastest developing in the US. In recent years Harel's investment section has been examining and analyzing the office market in the sub-market, and a trend has become apparent in recent years of the center of Los Angeles



The office building purchased by Harel and Koloni in Los Angeles

becoming a lively area, changing its character to a place in which to live, work and play. This process includes significant development and construction activity that include major investments in a variety of areas, including infrastructures, transportation, recreation and cultural activity, hotels, offices, advertizing firms and residential accommodation. Harel's real

estate department believes that this process of gentrification and development in the sub-market will be given expression in the property's performance and transaction yield.

Harel: "The partnership with a dominant investment company such as Los Angeles-based Colony NorthStar, is an indication of the capabilities, professionalism and advantages of Harel's real estate department in making significant real estate investments. Investing in partnership with experienced partners, the quality of the property and its location make the deal and the expected yield attractive".

Harel emphasized that "the deal was executed for the benefit of Harel's savers as part of its commitment to investment diversification and the creation of ongoing stable yields via the acquisition of leading assets and continuing investment in strategic locations, assets and sectors with growth potential".

Harel also said: "The current office acquisition is Harel's fourth real estate deal on the West Coast of the USA in recent years, and joins Harel's other office building and multi-family investments"