



**FOR IMMEDIATE RELEASE:**

**Gazit Globe Reports Its Results for the First Quarter of 2019**

***Continuous Improvement in the Operational and Financial Parameters***

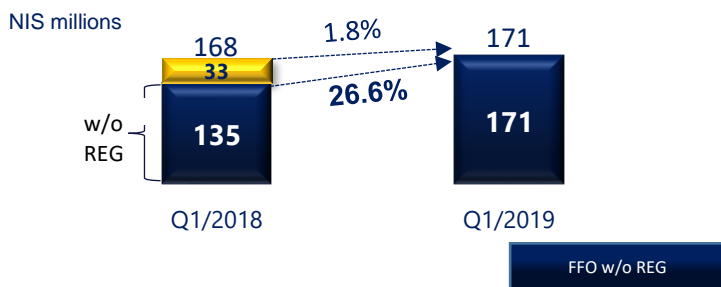
- ***Increase of 8.5% in the proportionate NOI in the quarter compared with same quarter in 2018;***
- ***Same property NOI growth in the quarter of 2.7% (excluding Russia), growth of 2.3% including Russia compared with same quarter in 2018;***
- ***Increase of 30.4% in the FFO per share excluding Regency and of 4.6% in FFO per share in the quarter compared with same quarter in 2018;***
- ***Increase of 26.7% in the operating cash flow (expanded solo) in the quarter compared with same quarter in 2018 to approx. NIS 0.57 per share;***
- ***Post FCR transaction, the Company's share of privately held assets is increased to approx. 50% of its asset value, and net debt to total assets (expanded solo) decreased to 45.6%.***

TEL-AVIV, ISRAEL; May 22, 2019 – Gazit Globe (TASE: GZT), a leading global real estate company focused on the ownership, management and development of retail and mixed use properties in urban markets, announced today its financial results for the first quarter of 2019 ended March 31, 2019.

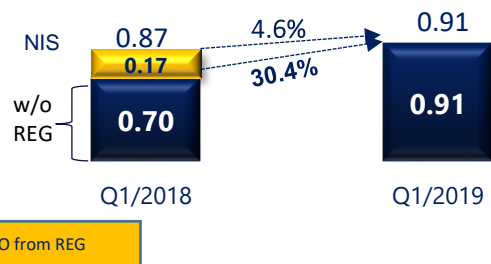
Proportionate NOI (excluding Regency and First Capital) in the quarter increased 8.5% compared to the same quarter in 2018.



FFO in the quarter increased 26.6% (excluding Regency). Economic FFO\* increased 1.8% compared to the same quarter in 2018 offset mainly by the sale of Regency Shares.

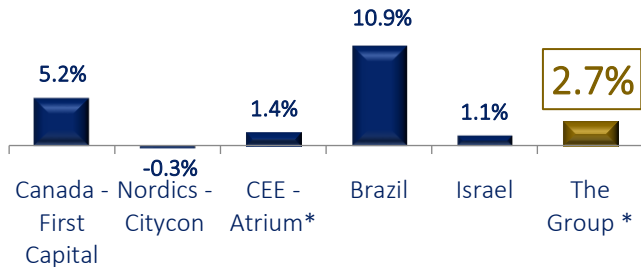


FFO per share in the quarter increased 30.4% (excluding Regency). Economic FFO\* per share increased 4.6% compared to the same quarter in 2018, offset mainly by the sale of Regency Shares.

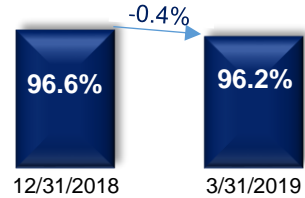


(\* ) Economic FFO is presented based on management approach and EPRA, and includes Gazit's proportionate share of FFO from its Regency's shares which were fully disposed in 2018 and FFO from its FCR's shares which most of it disposed subsequent to the reporting date.

Same Property NOI growth of 2.7% (excluding Russia) compared to same period in 2018.



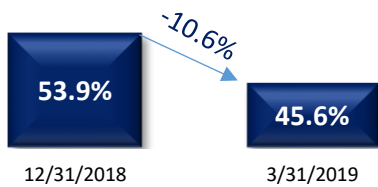
Occupancy remained high and stable at 96.2%. The decrease is mainly due to redevelopment projects and re-tenanting activity which most were mostly completed and occupied after the reporting date.



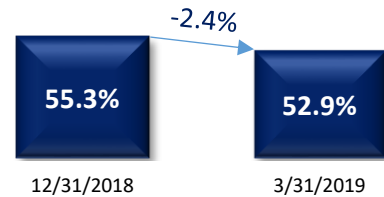
\* Same Property NOI in Central and Eastern Europe including Russia grew 0.2% and 2.3% on the Group Level.

- On April 16, 2019, the Company completed the transaction to sell most of its stake in First Capital Realty (FCR), for approximately CAD \$1.2 billion (approximately NIS 3.2 billion). Post transaction, the Company holds 21.6 million shares of FCR, approximately 9.9% of the outstanding shares. The transaction is a part of the ongoing strategy to divest of mature public investments, increase the Company's share of privately held investments and reduce leverage. As of March 31, 2019 the Company's share of privately held investments is approx. 50% of its assets value and net debt to total assets (expanded solo) is 45.6%.

Net Debt to Total Assets (LTV) (Expanded Solo)



Net Debt to Total Assets (LTV) (Consolidated).



Shareholder's Equity in the period decreased by approx. NIS 761 million (US\$ 210 million) primarily due to the sale of FCR shares subsequent to the reporting date, the devaluation of the currencies against the NIS, offset by FFO and gains from hedging and financial derivatives positions.

Shareholder's Equity per Share in the period decreased by NIS 3.4 per share primarily due to the sale of FCR shares subsequent to the reporting date, the devaluation of the currencies against the NIS, offset by FFO and gain from hedging and financial derivatives positions.

NIS millions



NIS





- The operating cash flow (expanded solo) increased by 26.7%:

	Q1/2019	Q1/2018	Change %
Cash flow from operating activities excluding the special dividend from Atrium (NIS million)	<b>108</b>	<b>87</b>	<b>24.1%</b>
Cash flow from operating activities per share excluding the special dividend from Atrium (NIS)	<b>0.57</b>	<b>0.45</b>	<b>26.7%</b>

- The net fair value loss of investment property and investment property under development in the quarter was NIS 83 million (US\$ 23 million). The loss is primarily due to devaluations in Northern Europe.

**Chaim Katzman, Founder and CEO Commented:** “We had a very good quarter. Our operational results continue to improve, the cash flow continues to grow and increase in quality, leverage is lower, and our financing expenses are going down. The good results are mainly the result of the activities of our wholly owned subsidiaries in Israel, Brazil and the USA, which have delivered excellent growth rates and continue to create value, and are significant growth engines for the Group.

No less important is the growth in the quality of our properties. The strategic plan focusing in location in growing urban areas is continuing, both through the acquisition of irreplaceable assets and as a result of the sale of non-core properties. During the quarter and up until publication date we acquired two unique properties in Boston, increased our holdings in a property in Sao Paolo, and announced the sale of two properties and land in secondary cities in Poland for EUR 328 million.

An additional activity has been the expansion and densification of existing properties, mainly in Israel and the USA. We will be investing in Israel in the coming years about one billion shekels in major building expansions and additions to our properties in Rishon Lezion and Kfar Saba, and expanding the Savyon center, while in the US we are in the planning stages of building a mixed use commercial and residential tower in Miami.

About a month ago we completed the sale of most of our holdings in FCR. Completion of the sale represents a significant milestone in carrying out the strategy of disposing of the holdings in the mature public companies, lowering the leverage level and increasing the private real estate component, while concentrating on major properties in key cities. We are determined to continue implementing our strategy with most of our efforts being focused on North America, where we have skilled management with together dozens of years’ experience and in-depth acquaintance with all the players in the local real estate market; and continuing to expand our portfolio in Israel, while preserving the right level of leverage and high liquidity.”



## Highlights – Private Subsidiaries

- NOI for the private subsidiaries in the quarter increased by 35.5% and totaled NIS 103 million (US\$ 28 million) compared to NIS 76 million (US\$ 21 million) in the same quarter last year.

	Same Property		NOI (NIS million)			Average Monthly Base Rent Per Sqm			Same Property Sales	Same Property Visitors
	Occupancy	NOI (YoY)	Q1/2019	Q1/2018	Change %	31.3.2019	31.3.2018	Change %	Growth (1)	Growth (1)
Brazil	96.2%	10.9%	₪ 48	₪ 28	71.4%	BRL 67.0	BRL 58.0	15.5%	7.4%	10.8%
Israel	98.4%	1.10%	₪ 42	₪ 39	7.7%	₪ 108.3	₪ 105.7	2.5%	1.0%	4.0%
US	91.3% (2)	NA	₪ 9	₪ 5	80.0%	NA	NA	NA	NA	NA
Germany	NA	NA	₪ 4	₪ 4	0.0%	NA	NA	NA	NA	NA
<b>Total</b>			<b>103</b>	<b>76</b>	<b>35.5%</b>					

(1) Same Property Sales and visitors growth in Israel is calculated in a period between January to April 2019 compared to same period in 2018 due to the Passover timing which in 2019 took place in April while in 2018 Passover was in March.

(2) Occupancy level in US excludes the asset Brickell in Miami which is vacant on development plan and Ceasar's Bay in Brooklyn, NY which was 73.6% occupied and after the reporting date most of its vacant spaces were leased.

## Acquisition and Disposals

- Investments in acquisition of real-estate in the Company and its wholly owned subsidiaries in the quarter and through publication of this report totaled NIS 634 million (US\$ 175 million):

Asset	Location	Use	Acquisition Date	Cost (local currency, million)	Cost (million ILS)	Population 3 miles (5km)	Avg. Household Income in 3 miles (5km)
Newbury 341	Boston	Commercial & Office	January 2019	\$51	191	543,000	\$ 115K
Internacional – 10.1%	Sao Paulo	Retail	February 2019	BRL 155	149	584,367	BRL 48.5K
Marketplace	Boston	Commercial & Office	April 2019	\$82	294	389,000	\$106K
<b>Total</b>					<b>634</b>		

## Development and Redevelopment

As of March 31, 2019 the Group has ongoing projects in a total investment of approximately NIS 1.4 billion (Company's share) (US\$ 385 million):

- The Company has two ongoing projects in Tel Aviv and Rishon Lezion, Israel, with a total gross leasable area (GLA) of 15,465 square meters which are expected to be completed in the fourth quarter of 2019 and **are expected to increase the Company's NOI by approximately NIS 22 million annually.**



In addition, the Company has four developments and expansions projects in planning stages for a total investment of approximately NIS 960-900 million (Company's share) (US\$ 265-250) which will increase **the Company's NOI by approximately NIS 81-88 million annually (US\$ 22-24) (Company's share)**.

Project	Location	Gross Leasable Area (GLA, Sqm)	Use	Gazit's Share	Completion	Cost to Complete (100%, NIS million)	Investment at 31/3/2019 (NIS million)	Expected Annual NOI (NIS million)	Expected Annual NOI, Gazit's Share (NIS million)
<b>To be completed in 2019</b>									
G Kochav Hazafon	Tel Aviv, Israel	2,200	Retail	100%	Q4/2019	13	101	7	7
G Fashion	Rishon Lezion, Israel	13,265	Retail	100%	Q4/2019	63	107	15	15
<b>Total Project to be completed in 2019</b>		<b>15,465</b>					<b>208</b>	<b>22</b>	<b>22</b>
<b>Development Pipeline in Planning Stages</b>									
Water Factory - Decathlon store and head quarters (Construction started)	Kfar Saba, Israel	13,611	Commercial & Office	25.5%	Q1/2021	164-174	13	12-14	3-3.5
G Kfar Saba - expansion of the retail and office tower (zoning has been submitted for the office tower)	Kfar Saba, Israel	40,000	Commercial & Office	51%		510-550	-	39-42	20-22
Savyon- expansion of retail and office (zoning has been submitted and construction expected to start by the end of 2019)	Savyon, Israel	4,500	Commercial & Office	100%	Q1/2021	47-52	-	6.5-7.5	6.5-7.5
G City - Office tower (zoning has been submitted and objections date due at 14/5/2019 with 3rd side objections)	Rishon Lezion, Israel	60,000	Commercial & Office	100%		615-645	-	52-55	52-55
Brickell - Company is examining several scenarios for usage of the 48 stories building rights for mixed use of commercial and residential	Miami, FL, US	35,000	Commercial, Office and Residential	100%			NA		
<b>Total Development Pipeline in Planning Stages</b>		<b>153,111</b>	<b>(Company's share 119,900 sqm)</b>					<b>109-119</b>	<b>81-88</b>

- In addition, the Company's European consolidated subsidiaries (Citycon and Atrium) have ongoing development and redevelopment projects of approximately 65,000 sqm (Company's share 34,000 sqm) with a total investment of NIS 1.1 billion (US\$ 300 million) (Not including the cost to completion of the project Lippulaiva in Helsinki, Finland, which is negotiated with constructor companies) which as of March 31, 2019 NIS 955 million (US\$ 263 million) has been invested.

## Financials

- Adjusted net income\* in the quarter totaled NIS 102 million (US\$ 28 million). Net Income attributable to shareholders in the quarter totaled NIS 42 million (US\$ 12 million), or NIS 0.22 per diluted share (US\$ 0.06 per share), compared to a loss of NIS 486 million (US\$ 134 million), or NIS 2.51 per diluted share (US\$ 0.69 per share) in the same quarter in 2018. The increase in net income attributable to shareholders in the quarter is due to a gain from derivatives in the quarter compared to a loss from derivatives in the same quarter in 2018.

\* Net Income adjusted for gain from financial derivatives, loss from the sale of FCR shares subsequent to the reporting date (net of tax), fair value changes from investment property, and CPI linkage.

- As of March 31, 2019, the Group had liquidity and unused revolving credit facilities in the aggregate amount of NIS 8.6 billion (US\$ 2.4 billion), **of which NIS 5.0 billion (US\$ 1.4 billion) was at the Company level and its wholly owned subsidiaries which includes cash and cash equivalent (including the proceeds from the sale of FCR shares after the quarter) in the amount of NIS 3.4 billion. In addition, proceeds from the sale of FCR shares in the amount of approximately CAD 166 million (NIS 440 million) shall be payed to the Company no later than April 16, 2020.**



- As of March 31, 2019, the Company and its wholly owned subsidiaries have unencumbered assets in the amount of NIS 6.3 billion (US\$ 1.7 billion) which comprises approximately 76% of the Company's and its wholly owned subsidiaries' properties.
- The average annual interest rate (expanded solo) as of March 31, 2019 was 3.9%, compared to 4.6% as of March 31, 2018.
- The weighted debt duration in the Company and its wholly owned subsidiaries as of the date of publication increased to 4.51 years compared to 4.45 years on December 31, 2018. The weighted average bond maturity in the Company and its wholly owned subsidiaries as of the date of publication was 5 years.
- The Company repurchased its own shares in the quarter for an aggregate amount of NIS 79 million (US\$22 million).
- The Company will distribute a quarterly cash dividend of NIS 0.405 per share, payable on June 13, 2019 to shareholders of record as of June 4, 2019.

### Subsequent Events

- The Company repurchased approximately 2.8 million of its own shares subsequent to the quarter for an aggregate amount of NIS 80 million (US\$22 million).

### FFO Guidance

The Company publishes its FFO guidance as is customary in other North American and European real estate companies. The FFO guidance is provided below to present the Company management's estimations with respect to the Company's business and operating results.

Below is the FFO guidance for 2019, which is based on public information and the management's estimations, including the FFO guidance of public investees, if published, and the following assumptions:

Known exchange rates and interest rates as of the reporting date.

Acquisitions, sales, investments in development of properties according to the Company's plan.

Excluding unanticipated material events that affect the Group's operations.

	<u>2019</u> <u>Guidance (Unchanged)</u> <u>(**)</u>	<u>Q1/2019</u> <u>Actual</u>	<u>2018</u> <u>Pro forma<sup>(*)</sup></u>
Economic FFO (NIS millions)	577-592	172	556
Economic FFO per share (NIS)	3.10-3.18	0.91	2.89

(\*) The Pro forma is presented in order to compare between the periods. The pro forma in 2018 is excluding Regency results and FCR results related to FCR shares sold in April 2019.

(\*\*) 2018 actual results and 2019 previous guidance based on the completion of the sale of the majority of the Company's ownership stake in FCR.

The Company's Economic FFO guidance for 2019 is forward-looking information, as defined in the Securities Law, 1968, which is based on the aforementioned assumptions, including assessments and estimates by Management of the of Company and the Group companies pertaining to future events and matters whose materialization is not certain nor under



the Group's control. There is no certainty that the guidance will be realized, wholly or partly, and actual results could be different from those set forth above due, inter alia, to their dependence on events that are not under the control of the Company and the Group.

## **ACCOUNTING AND OTHER DISCLOSURES**

*References to the "Group" relate to Gazit-Globe's consolidated statements. References to the "Company" relate to Gazit-Globe's stand-alone financial statements. Unless otherwise stated, financial information included in this press release relates to the "Group".*

*The Company believes that publication of FFO, which is computed according to EPRA guidance, more correctly reflects the operating results of the Company, since the Company's financial statements are prepared in line with IFRS. In addition, publication of FFO provides a better basis for the comparison of the Company's operating results in a particular period with those of previous periods and also provides a uniform financial measure for comparing the Company's operating results with those published by other European real estate companies.*

*In addition, pursuant to the investment property guideline issued by the Israel Securities Authority in January 2011, FFO is to be presented in the "Description of the Company's Business" section of the annual report of investment property companies on the basis of the EPRA criteria. As clarified in the EPRA and NAREIT position papers, the EPRA Earnings and the FFO measures do not represent cash flows from operating activities according to generally accepted accounting principles, nor do they reflect the cash held by a company or its ability to distribute that cash, and they are not a substitute for the reported net income. Furthermore, it is clarified that these measures are not audited by the Company's independent auditors.*

## **CONFERENCE CALL/WEB CAST INFORMATION**

**Gazit Globe will host a conference call and webcast in English on Wednesday, May 22, 2019 10:00 am US EST/ 5:00 pm Israel Time**, to review the first quarter ended March 31, 2019 financial results. Shareholders, analysts and other interested parties can access the conference call by dialing: United States 1 888 668 9141, Canada 1 866 485 2399, United Kingdom 0 800 917 5108, Brazil (Landline only) 0 800 764 6063, International / Israel +972 3 9180687

A presentation and replay of the call will be available on the company's website under "Investor Relations" at: [www.gazitglobe.com](http://www.gazitglobe.com)

Webcast link: <http://veidan-stream.com/gazitglobeq1-2019stream.html>





## **About Gazit Globe**

Gazit Globe is a leading global real estate company focused on the ownership, management and development of retail and mixed use properties in North America, Brazil, Israel, northern, central and Eastern Europe, located in urban growth markets. Gazit Globe is listed on the Tel Aviv Stock Exchange (TASE: GZT) and is included in the TA-35 index in Israel. As of March 31, 2019 Gazit Globe owns and operates 103 properties, with a gross leasable area of approximately 2.5 million square meters and a total value of approximately NIS 39.9 billion. In addition, as of May 22, 2019 the Company owns approximately 9.9% of First Capital Realty Inc

## **FOR ADDITIONAL INFORMATION**

A comprehensive copy of the Company's financial report is available on Gazit-Globe website at [www.gazitglobe.com](http://www.gazitglobe.com)

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## **FORWARD LOOKING STATEMENTS**

*This release may contain forward-looking statements within the meaning of applicable securities laws. In the United States, these statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of known and unknown risks and uncertainties, many of which are outside our control that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks detailed in our public filings with the SEC and the Canadian Securities Administrators. Except as required by applicable law, we undertake no obligation to update any forward-looking or other statements herein, whether as a result of new information, future events or otherwise.*