



July 23, 2019

**GAZIT GLOBE TO ACQUIRE ALL REMAINING MINORITY SHAREHOLDER INTERESTS IN
SUBSIDIARY ATRIUM**

*Prospective Transaction will Transform Atrium into Private Subsidiary of Gazit Globe; Atrium Will No
Longer Be Publicly Traded*

*Closing of Transaction Subject to Approval by Super Majority of Atrium's Minority Shareholders and by
Court of Jersey*

*Gazit Globe Enters into Parallel Agreement to Sell Up To Approximately 12% of Atrium's Shares at Same
Price at Which It Will Acquire Those Shares to Menora-Mivtachim*

TEL AVIV, July 23, 2019—Gazit-Globe Ltd. (TASE: GZT) (the “**Company**” or “**Gazit**”), a leading global real estate company focused on the ownership, management and development of retail and mixed use properties in major urban markets, announced today that it has entered into a definitive agreement to acquire all of the issued shares it does not currently own of its publicly-traded Jersey Island subsidiary, Atrium European Real Estate Limited (“**Atrium**”), at a price of 3.75 Euros per share and which equates to gross consideration of 565 million Euros (approximately NIS 2.2 billion), to be paid solely in cash. The shares subject of the offer comprise approximately 150 million shares or 40% of Atrium’s outstanding share capital. Upon the closing of the acquisition, Atrium will be a private company and its shares will be de-listed from trading on the Vienna Stock Exchange and the Euronext Amsterdam. In parallel, Gazit has entered into an agreement pursuant to which, upon closing, the Company will sell to Menora Mivtachim up to approximately 12% of Atrium’s outstanding shares at an identical price to the price at which the Company is acquiring those shares, for total consideration of approximately 150 million Euros (approximately NIS 600 million) after adjustments to the purchase price.

Before the transaction is complete, Atrium intends to distribute to all of its shareholders (including Gazit) a special dividend of 0.60 Euros per share, after which the offer price for the transaction will be adjusted to 3.15 Euros per share, which equates to gross consideration of approximately 475 million Euros (approximately NIS 1.9 billion). The transaction is expected to close in January 2020. Atrium is not expected to distribute any additional dividends until the completion of the transaction.

The acquisition of Atrium’s shares will be carried out by Gazit via a scheme of arrangement to be approved by the Royal Courts of Jersey, and with the approval of Atrium’s minority shareholders and their shareholders of record, based on the unanimous recommendation of an independent committee of Atrium’s board of directors that is supported by, among other things, a fairness opinions of UBS investment bank and Lazard that have advised the independent committee of Atrium.

Under the acquisition agreement, Atrium will have 7 weeks, from the date of this announcement, to solicit other bids (a “go shop”) for the acquisition of all of Atrium’s share capital. To the extent that a bona fide superior offer (based on price and terms) to Gazit’s offer is made for Atrium, the Atrium board may retract its recommendation of the offer being made by Gazit in favor of such superior offer, and would seek Gazit’s approval for such offer.

Gazit has indicated that it plans to cooperate with Atrium in seeking superior offers, and, to the extent any such offer is received, Gazit has informed Atrium that it will consider such offer in good faith to sell its Atrium shares (although Gazit reserves the right, at its sole discretion, to determine whether to sell its Atrium shares).

The implementation agreement entered into in connection with the offer allows the Atrium board to retract its recommendation in favor of the transaction with Gazit under certain circumstances, subject to the payment to Gazit of a break-up fee of 10 million Euros (approximately NIS 40 million). Gazit may withdraw its offer in case of a material adverse change. In this case, Gazit will pay a reverse break-up fee of 10 million Euros (approximately NIS 40 million).

Gazit's prospective increase of its holdings in Atrium and the de-listing of Atrium's shares from trading are significant steps in the implementation of Gazit's strategy to increase the direct ownership component of its real estate assets while focusing on dominant properties in major cities. Upon completion of the acquisition, Gazit's privately-held assets will increase by 2.7 billion Euros (approximately NIS 10.6 billion) and will constitute approximately 77% of the value of its assets (expanded solo).

The prospective transaction presents many advantages to Gazit, including:

- Increased ownership in attractive pricing in a high-quality portfolio of assets with which the Company is very familiar, of which approximately 85% of the asset value is concentrated in two European countries undergoing healthy growth—Poland and the Czech Republic—and in which approximately 50% of the assets are concentrated in Warsaw and Prague, two major European cities.
- Approximately 15% expected increase in Company's FFO by NIS 85 million (NIS 0.46 per share) to NIS 670 million (NIS 3.60 per share).
- the majority of Atrium's assets of approximately 2.2 billion Euros are unencumbered.
- Growth in Gazit's shareholders' equity of NIS 304 million (NIS 1.65 per share) as a result of acquiring Atrium's shares at a price below Atrium's corresponding shareholders' equity value.
- Acquisition of a platform with proven management expertise, creating the potential for expansion to other European countries and other types of real estate assets.

Chaim Katzman, Gazit's founder and CEO, commented: "Atrium possesses a high-quality portfolio, most of which is located in the capital cities of Poland and the Czech Republic—Warsaw and Prague—together with a high-quality, experienced management team. Gazit acquired a material stake in Atrium 11 years ago and is thus very familiar with the company, its assets and their future potential. Direct ownership over assets such as those held by Atrium furthers our strategy to directly own irreplaceable assets in densely populated urban areas with future growth potential and mixed uses."

"After we completed earlier this year the sale of most of our holdings in First Capital, we are investing a portion of our liquidity in increasing our holdings in high-quality, international investment grade assets, which is expected to increase our FFO and our cash flow by 15% and by approximately NIS 85 million per year. If the transaction is completed, our portfolio of unencumbered properties will increase from NIS 6 billion to NIS 15 billion, which will increase our Group's financial flexibility and reduce our financial expenses. We are very happy to have Menora Mivtachim as a partner for this investment in Atrium and are confident that it will be for the benefit of all interested parties in Gazit and Menora Mivtachim."

Nir Moroz, Chief Investment Officer of Menora-Mivtachim added: "As part of our approach to diversify our portfolio, we partnered with Gazit Globe, a market leader with an extensive experience. Atrium owns a high-quality portfolio of assets which is concentrated in the growing Poland and Czech Republic, while 50% of the assets are concentrated in the major cities Warsaw and Prague. The Investment is part of Menora's strategy to seek investment opportunities for our clients in order to maximize the return of our portfolio".

Atrium acquired a controlling interest in Atrium in 2008. Since that time, the Company has focused on improved geographic exposure via a proactive approach and has sold more than 120 non-core properties in secondary markets, including exiting the Hungary, Latvia and Romania markets. As of today, Atrium owns 33 income producing assets with a total value of approximately 3 billion Euros of which over 85% are located in Poland and the Czech Republic, and 50% of which are located in the main cities of Warsaw and Prague, which are undergoing rapid growth during the recent years.

Financing

As of today, Gazit's liquidity which includes cash, cash equivalent and available credit facilities (expanded solo) is approximately NIS 4.4 billion.

Upon completion of the transaction, the ratio of Gazit's net debt to its total assets (expanded solo) is expected to be approximately 48.2% (compared to 46.5% at the date of the announcement), and the ratio of Gazit's net debt to its total assets (consolidated) is expected to be approximately 56.2% (compared to 53.2% at the date of the announcement).

After closing of the acquisition and receipt of the special dividend that is expected to be paid by Atrium prior to closing, Gazit's liquidity is expected to remain high, and its remaining cash, cash equivalents and available credit facilities are expected to total NIS 3.8 billion (of which NIS 1 billion in cash).

In addition, the Company is expected to have NIS 6.3 billion of unencumbered assets, of which NIS 2 billion are located in Israel. In addition, Atrium also has 2.2 billion Euros of unencumbered assets (approximately NIS 8.8 billion), and revolving credit facilities in the amount of Euro 300 million, of which 257 million Euros unutilized as of March 31, 2019.

The Company intends to maintain its leverage below 50% (expanded solo).

Citigroup acted as Gazit's financial advisor and Kirkland & Ellis International LLP acted as Gazit's legal advisor in the transaction.

Additional Financial Data

Below please find summary pro forma data for the consolidated Company assuming completion of the acquisition and based on adjusted financial statements as of March 31, 2019:

	As of March 31, 2019 (as adjusted)*	Pro Forma (Post-Acquisition)
FFO Guidance (NIS million)	577-592	662-677
FFO Per Share Guidance (NIS)	3.10-3.18	3.56-3.64
Net Debt to Total Asset (Consolidated)	53.2%	56.2%
Net Debt to Total Asset (Expanded Solo)	46.5%	48.2%
Shareholders' Equity (NIS million)	8,540	8,844
Shareholders' Equity Per Share (NIS)	45.6	47.3

*The financial results reported by the Company as of March 31, 2019 have been adjusted to account for the transaction involving FCR which closed on April 17, 2019, the acquisition of Marketplace in Boston on April, 2019 and the disposals and acquisitions of assets in Atrium in July, 2019.

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, Israel, Brazil, 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 40 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

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Forward Looking Statements

This press release may contain forward-looking statements within the meaning of applicable securities laws. 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 Israeli Securities Authority and Tel Aviv Stock Exchange. 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.