

# FINANCIAL RESULTS 2020

March 2021

GREAT THINGS HAPPEN WHEN YOU OWN GREAT REAL ESTATE

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This presentation may include forward-looking statements, including forecasts, evaluations, pro forma figures, estimates and other information relating to future events and issues or the Corona epidemic effect and the global economic crisis derived from it or a targeted crisis in one or several countries in which the company operates. Forward-looking statements may relate to, among other things, revenues, earnings, cash flows, capital expenditures and other financial items. Forward-looking statements may also relate to our business strategy, goals and expectations concerning our market position, future operations, profitability, liquidity and capital resources. All statements other than statements of historical facts are forward-looking statements and can be identified by the use of forward-looking terminology such as the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases.

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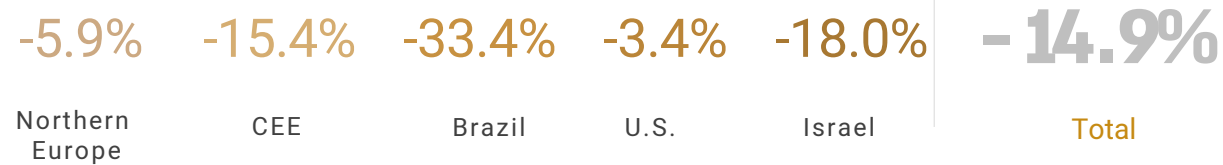
The Company's estimated regarding the sale of properties, are forward-looking information as defined in the Securities Law, 1968. Its assessments regarding the sale of properties are based on the Company's and Group companies' assumptions and estimates, but they are uncertain, may not materialize and are largely uncontrolled by the Company. As the global economic crisis continues and worsens, and as the Covid-19 Pandemic continues and there is a stagnation in the income-producing real estate sector, there may be delays in realization of assets until the end of 2021.

In addition, the Company's estimates regarding the savings from the dividend policy update are based on assumptions regarding the actual approval of dividend distribution in each of the aforesaid quarters, including the amounts specified in the updated policy and may not materialize as the Covid-19 Pandemic crisis worsens and will have a negative effect over the Company's financial position.

# 2020 Operational Performance

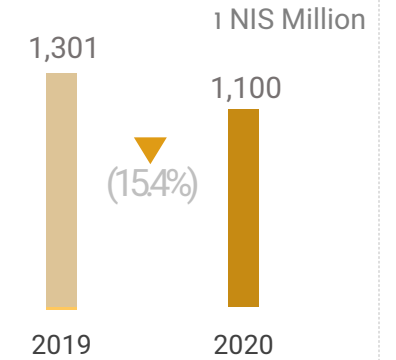
## Same Property NOI

Same property NOI decreased by 14.9% for the year, primarily from Brazil which reopened partially for business in the middle of June 2020 and for normal operation by the middle of October, Atrium due to reliefs imposed by the Poland government for the lockdown period, and Israel which was under lockdown for 139 during 2020.



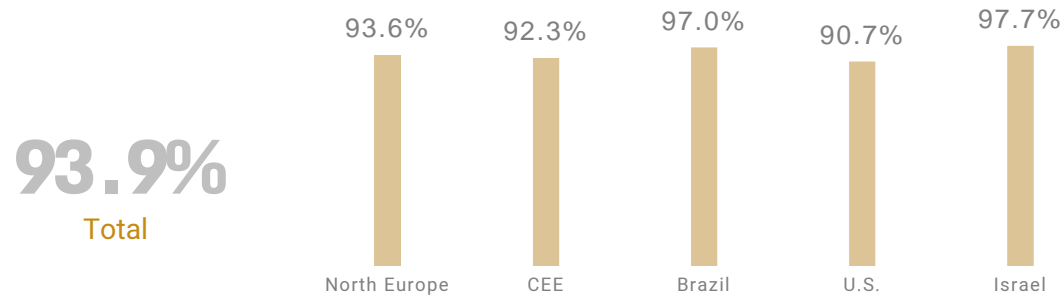
## Proportionate NOI

Proportionate NOI decreased by 15.4% (at comparable exchange rate decreased by 10.4%) compared to last year



## Occupancy Rate

As of December 31, 2020



## COVID-19 Impact on the Proportionate adjusted NOI of 20% in 2020 (Slide 21 For Details)

Proportionate NOI exc. COVID	1,299	
COVID- 19 Impact Recognized in the period	(199)	
<b>Reported Proportionate NOI</b>	<b>1,100</b>	(15%)
COVID-19 Impact in the next periods	(65)	
<b>Proportionate NOI Including Total Impact Recognized During the Period and in the Next Periods</b>	<b>1,035</b>	<b>(20%)</b>

# Urban Assets Portfolio Providing Daily Needs and Services

Group's GLA was opened for business during COVID-19

**55%**



Lease agreements in the Group

**9,200**



# of assets As of December 31, 2020

**105**



Supermarkets in the Portfolio

**140**

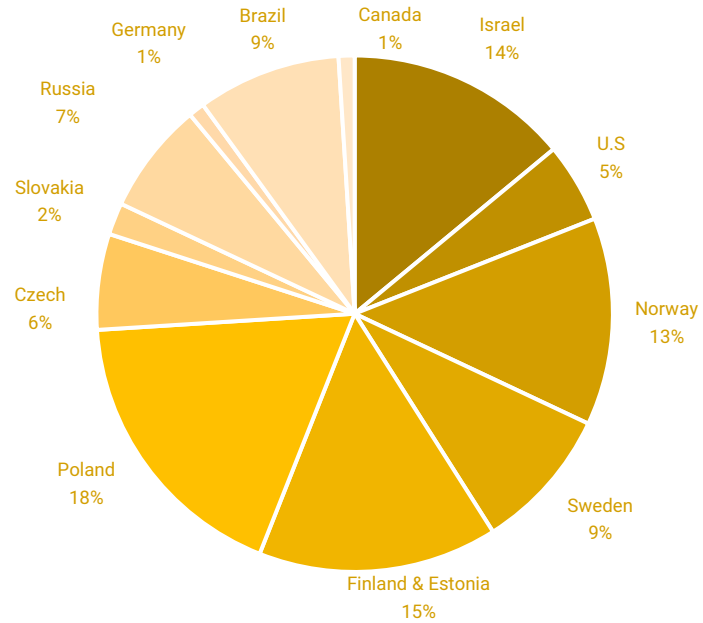


Contribution of the largest tenant in the Group according to proportionate NOI

**~1.8%**



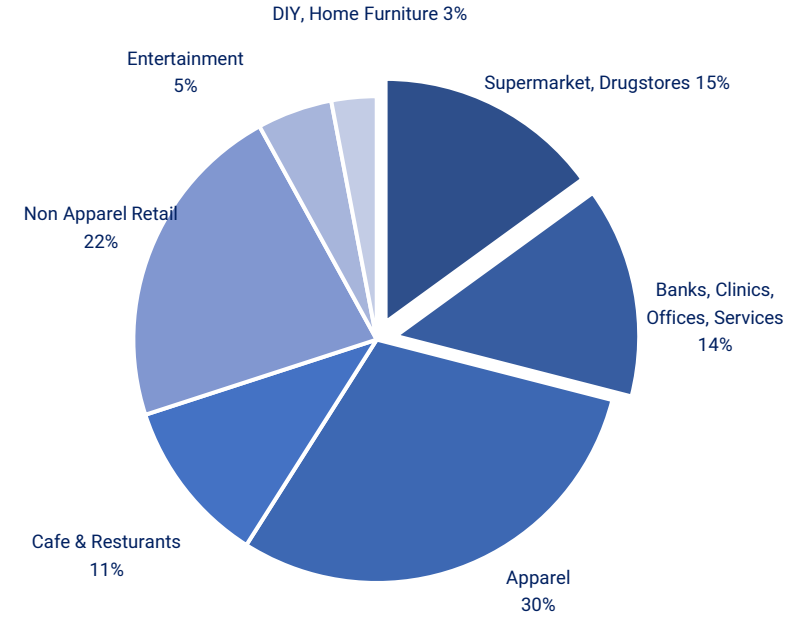
Geographic Diversification Based on Proportionate NOI\*



80% Of Gazit's Assets Are Located In 16 Metropolitan Areas.

- Tel Aviv
- Boston
- New York
- Warsaw
- Prague
- Stockholm
- Sao Paulo
- Helsinki

Tenant Mix Based on Proportionate NOI\*

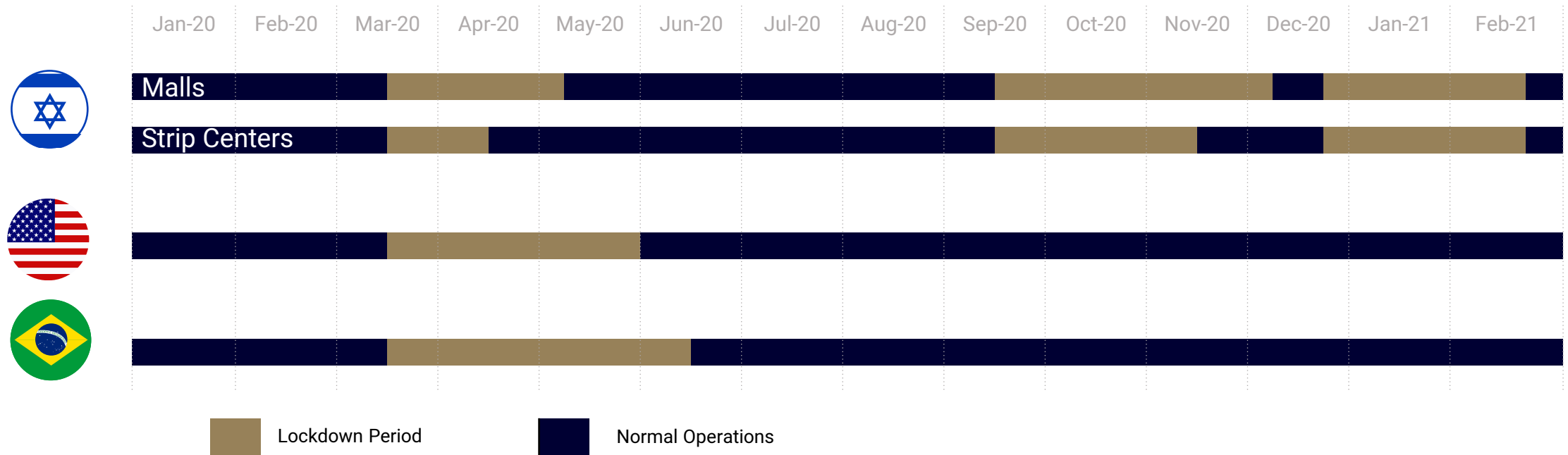


Quality Assets Portfolio that Incorporates Partially Open-Air Assets in Densely Populated Urban Areas, Not relied On Dominant Tenants.

# Lockdown Periods in Wholly Owned Private Subsidiaries

## Strong Rebound When Centers Reopened

- **Israel:**
  - Mall were closed for 139 days (37%) during 2020
  - Power centers were close for 97 days (27%) during 2020
- **US:** After two months and a half lockdown, properties opened for operation under limitation
- **Brazil, Sao-Paulo** - Reopened during June 2020 for partially operation and for normal operation during October 2020, As of March 2021 Sao-Paulo is in lockdown period



# New Lease Agreements (Wholly Owned Subsidiaries)

- During the period, 285 new lease agreements were executed, including exercise of options in the company's wholly owned subsidiaries, with GLA of approximately 53,000 square meters and a weighted average rent that exceeds by 5% (excluding Home Depot new lease in Manhattan) the rent paid for those areas.
- In the second quarter, the company signed a new lease agreement with the leading DIY The Home Depot - international retail credit tenant, which manages thousands of stores, the lease term is 20 years, at an annual base rent of about \$7.8 million compared to \$ 3.8 million current base rent.
- In the fourth quarter, a new lease agreement was signed with the NBA to open the fourth largest store in the world in Sao Paulo. The store is expected to be open in April 2021 in the Murambi Town Mall of Gazit. The store has an area of about 1,200 square meters and will include a variety of amenities including a basketball court, events area, restaurant bar and locker rooms.



# Actions to Increase and Strengthen the Capital Structure

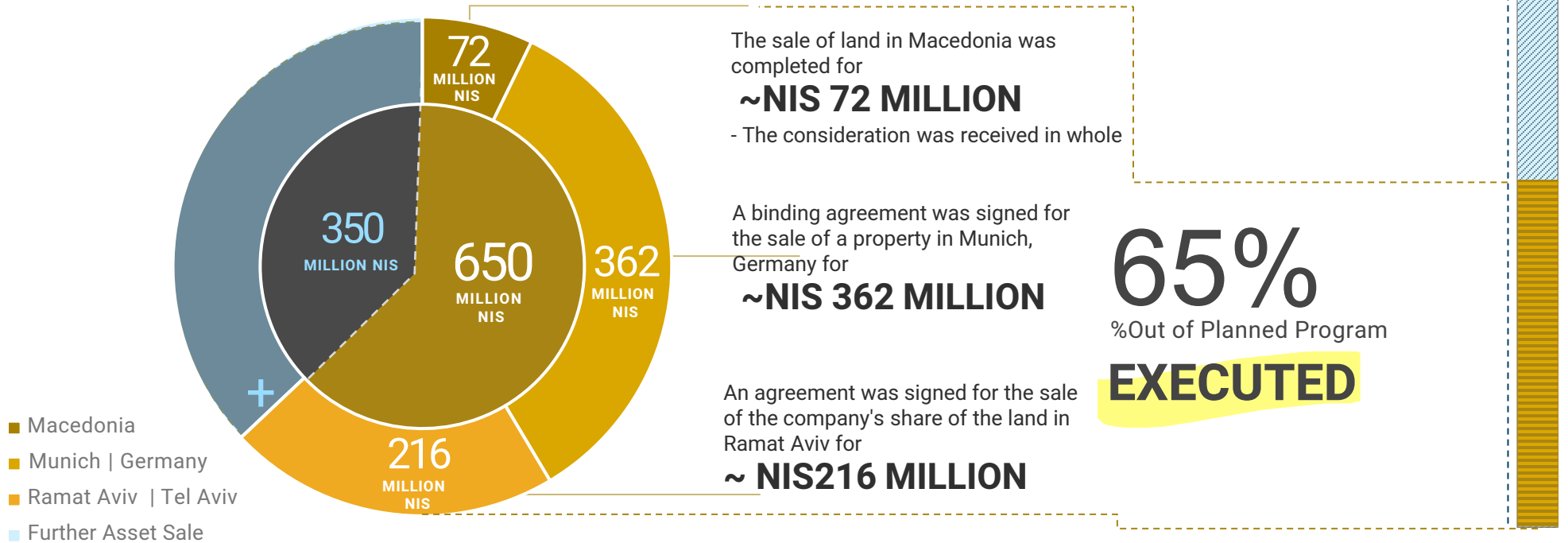
The Company Is Advancing In The Disposition Program of Non-Core Assets

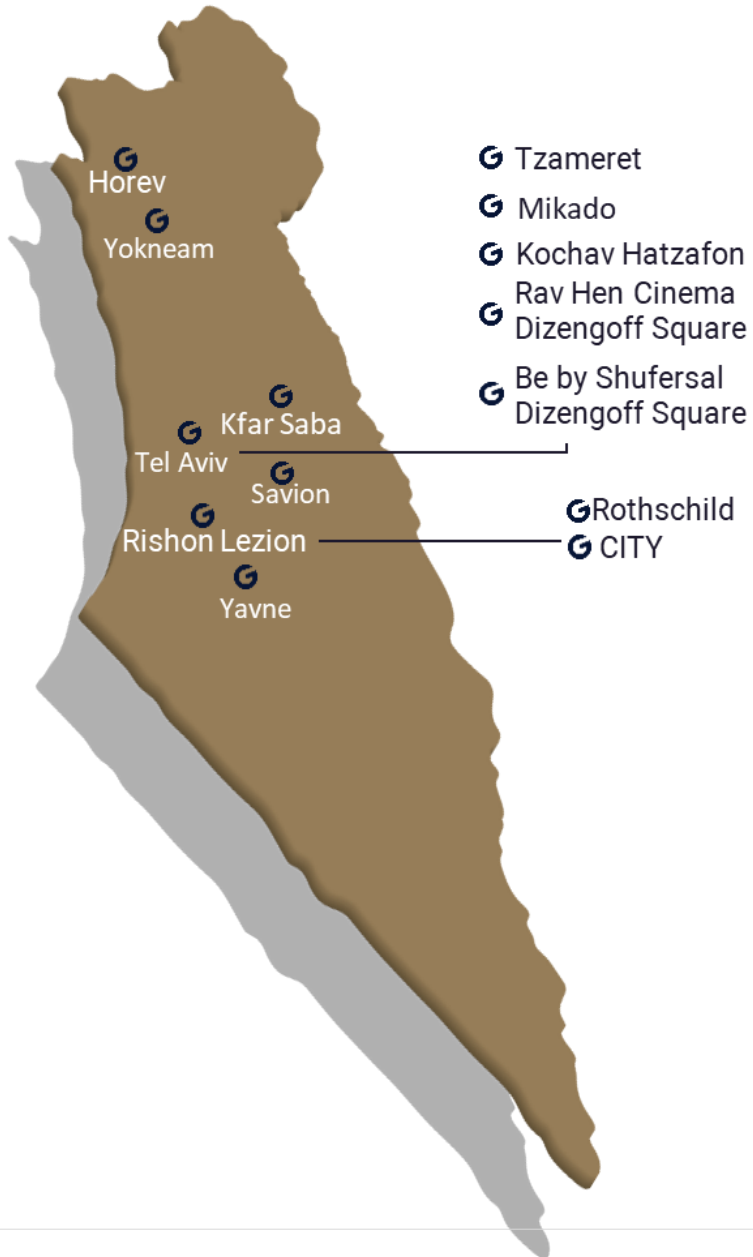
In The Last Three Months, Agreements Have Been Signed in an Amount of

**~ NIS 650 MILLION**

(OUT OF NIS 1 BILLION IN THE PROGRAM)

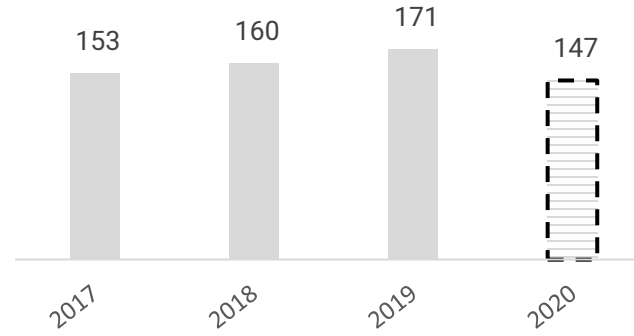
**1**  
BILLION NIS





NOI

MILLION NIS



Main results in the period



Occupancy

97.7%



Same Property NOI

(18%)



Same Property Sales  
Excluding Lockdown Period  
and Cinema City Area

1.3%



Avg. Socioeconomic Score  
Urban Interior Cluster (SES)

1.6%

#Assets

12

Portfolio Value

3.7 B NIS

GLA

(Company's share)

168K SQM

- 60% of the Portfolio GLA is Open Air centers
- Approximately 43% of the GLA are leased to essential tenants and continued to operate during the lockdown period
- Approximately 30% of the GLA are neighborhood centers. Approximately 53% of the neighborhood centers are leased to essential tenants .





# New Opening During the Period

Additional NIS 22 million to the annual NOI

KOCHAV HATZAFON | TEL AVIV

G FASHION | G CITY | RISHON LEZION



Company Share - 100%

Company Share - 100%

**5 KM Population - 620K**

**5 KM Population - 530K**

**Socioeconomic score 10\***

**Socioeconomic score 7**



# G CITY Commercial and Office Tower Approx. 65,000 SQM



G CITY | RISHON LEZION

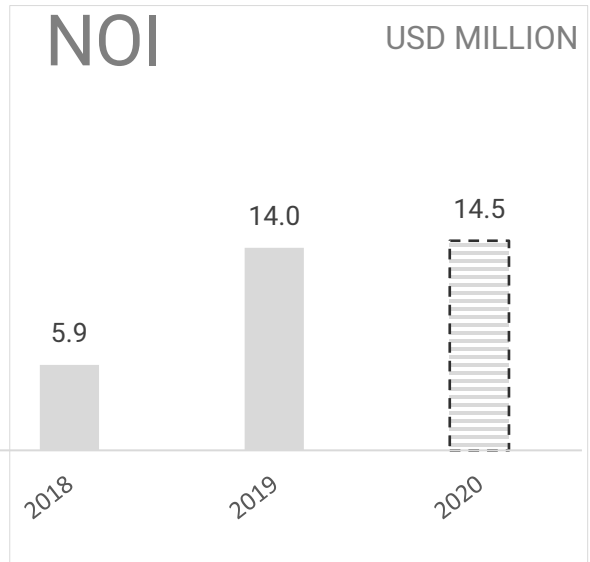
Addition to G City (existing property) in Rishon Letzion, on a land of approximately 80 dunams (approx. 20 acres) privately held, adjacent to the currently under-construction light-rail train station (Green Line), and 500 square meters from the Moshe Dayan train station (Israel Railways).

Redevelopment permit for excavation has been granted. The company has submitted for a permit to build the basements.

Company's Share	<b>100%</b>
GLA (sqm)	<b>65,000</b>
Uses	<b>Office and Commercial</b>
Expected Constroction Date	<b>Q2/2021</b>
Expected Completion Date - Commercial	<b>Q2/2023</b>
Expected Completion Date - Office Tower	<b>Q4/2025</b>



Illustration



- #Assets\* **12**
- Portfolio Value **561 M USD**
- GLA (Company's share) **58K SQM**

### Main results for the period

Occupancy **90.7%**

Same Property NOI **(3.4%)**

Focusing on gateway cities with superior demographics

Value add opportunities in mixed use properties

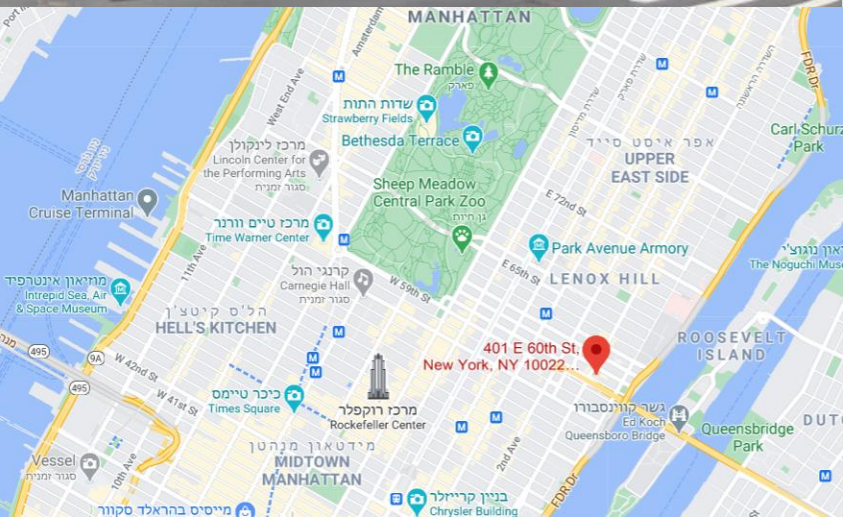
### Demonstrated value creation within the existing portfolio:

- Executed a new lease agreement with the leading DIY\*\* tenant, The Home Depot - international retail credit tenant, lease term of 20 years, with annual lease payment of USD 7.8 million, compared to USD 3.8 million from previous tenant.

### Future upside and potential for value creation within the existing portfolio:

- Gazit intends to implement a capital improvement plan to renovate the new property "College House". Additionally, retail tenants CVS and Santander Bank are expected to vacate in 2021, which will allow Gazit to create exceptional retail space directly across from Harvard Yard.
- Development Pipeline, Brickell, Miami:** Company is examining several scenarios for utilized the 48 stories of building rights for mixed-use of commercial, office, lodging and residential development.

\* Including jointly controlled property (Ceaser's Bay in Brooklyn) and "College House" property which was purchased after the reporting date.  
 \*\*DIY is acronym for "do it yourself" retailers as Home-Depot.  
 The information about the company's development and investment plans as well as expectations for future leases constitute forward-looking information, for details see page 2



## Value Creation Through Acquisition of Premium Properties in Special Locations

The property has an atypical size for Manhattan retail condos with three 30,000 SF floorplates and 17'+ ceiling heights with minimal column intrusion and a dedicated off-street loading dock in the garage.

The Property is situated on 1st Ave at the foot of the Queensborough Bridge connecting Queens to Manhattan, in one of Manhattan's most affluent and oldest retail neighborhoods, Sutton Place, with an average annual income of nearly \$200,000.

Bed Bath & Beyond vacated the property; Renovation in progress for Home-Depot fit out.

Location	MANHATTAN, NY
Company's Share	100%
GLA (sqm)	9,300
# Stores	2
1-MILE POP.	175K
AVG. HH INC.	\$200K



**Oct 2017**

**Sep 2018**

**Q2 2020**

**2021**

### STEP 1 - COMPLETED

Acquisition of Bridge Tower for approx. \$73 Million. Bed Bath & Beyond is the main tenant in NNN lease and Starbucks occupied the rest.

**Annual Gross Rent: \$4 Million**

#### UPSIDE:

Rent is significantly lower than market price

#### DOWNSIDE:

BB&B will extend the contract

### STEP 2 - COMPLETED

Acquisition of the adjacent Garage under the assumption - it will increase value add potential

**Property Basis: \$80 Million**

#### UPSIDE:

Bed Bath vacates all or a portion of space and re-leasing at market rates

#### DOWNSIDE:

Bed Bath & Beyond exercises option at \$4 Million NNN with 2% annual growth

### STEP 3 - COMPLETED

Obtaining an eviction agreement with BB&B at no extra charge. Executed a new lease agreement with Leading DIY giant The Home Depot - international retail credit tenant, lease term - 20 years and 1% annual rent growth.

#### RESULT:

**Annual Gross Rent: \$7.8 Million**

**RENT UP 97%**

### STEP 4 - TO BE COMPLETE

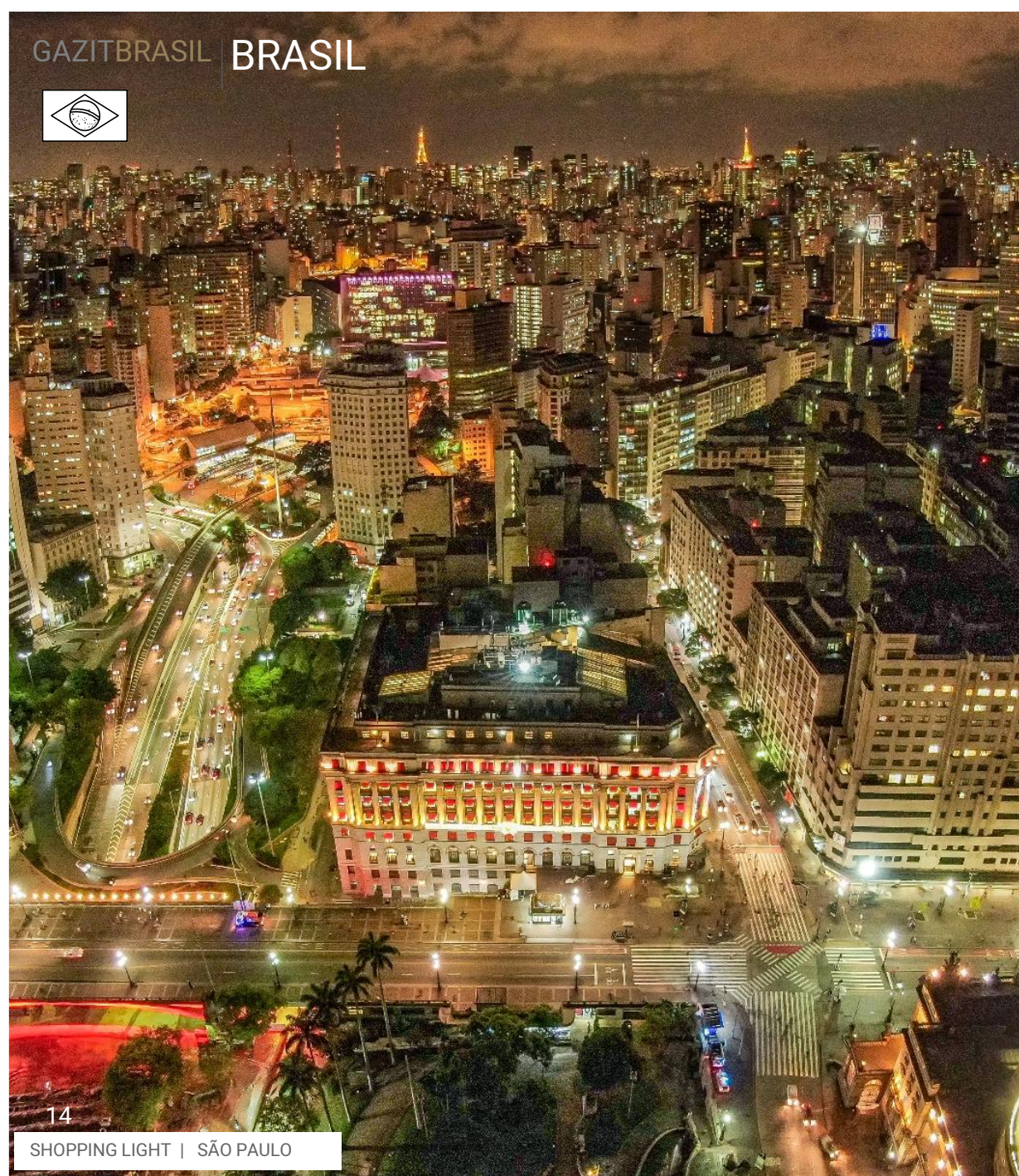
The Home Depot 10yr bond is trading at 1.8% YTM. Examining the option of refinancing with specific mortgage for long term credit tenant.

#### RESULT:

**1.4x equity multiple return at refinancing.** Expected annual cash flow of approximately \$ 0.5 million (full amortization)

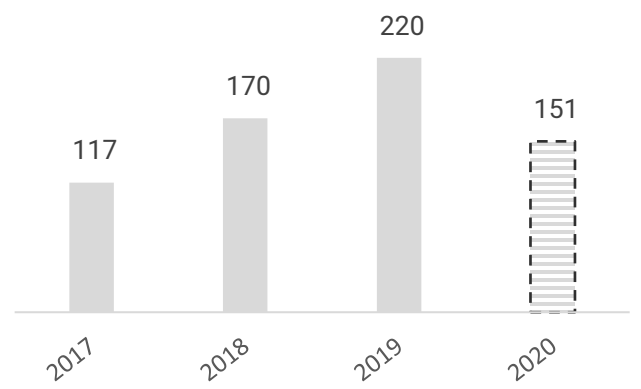
**Doubling the Rent – Annual yield on total cost increased from 5% to 8%, resulted in significant value creation**





# NOI

MILLION BRL



## MAIN RESULTS IN THE PERIOD



Occupancy

98.1%



Same Property NOI

(33.4%)

#Assets

7

Portfolio Value

4.1B BRL

GLA

176K SQM

- The Company filed with the Securities and Exchange Commission in Brazil a draft prospectus for an IPO of most of its Brazilian operations through an offer for sale.
- Interest rate has decrease sharply, Selic is 2.75% compared to 4.5% Q4/19.

## Double digit Same Store NOI Growth



Growth



**On February 2, 2021, The Company filed with the Securities and Exchange Commission in Brazil a draft prospectus for an IPO of most of its Brazilian operations through an offer for sale. In addition, the designated fund intends to raise a long-term secured debt prior to the offer for sale.**

**The sale offer will be in the format of a FII (similar to REIT), a Brazilian real estate investment fund, which is fully owned by the company.**

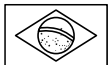
### **What is the rationale for issuing the activity in Brazil?**

1. Much more flexibility with regards to our Brazil holdings
2. Increasing liquidity
3. Reducing leverage in the group
4. Reducing exposure to Brazilian market
5. Creating new income streams - annual management fees of 0.9% of the fund's market value

\* Including jointly controlled property (Ceaser's Bay in Brooklyn) and "College House" property which was purchased after the reporting date.

\*\*DIY is acronym for "do it yourself" retailers as Home-Depot.

The information about the company's development and investment plans as well as expectations for future leases constitute forward-looking information, for details see page 2



Non-fund assets recorded at fair value of BRL 1.3 billion, approximately NIS 0.8 billion on the Company's books\*

**Cidade Jardim**

33% ownership  
GLA: 38k sqm



**Top Center**

Fully Owned  
GLA: 20k sqm



**Paulista 1267**

Landbank  
Potential  
GLA: 4k sqm



The Investment Fund's holdings, which are recorded on the Company's books at fair value of BRL 2,8 billion, NIS 1,7 billion\*

**Mais Shopping**

Fully Owned  
GLA: 23k sqm



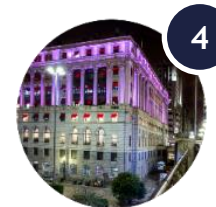
**Internacional Shopping**

80.1% ownership  
GLA: 76k sqm



**Shopping Light**

Fully Owned  
GLA: 19k sqm



**Morumbi Town**

Fully Owned  
GLA: 31k sqm +  
Landbank: 4,624 sqm



**Prado Boulevard**

98% ownership  
GLA: 10k sqm  
Located in Campinas







**Stage 1** - Immediately preceding the public offer of sale, the special fund is expected to raise secured debt with a lien of up to BRL 650 million (NIS 390 million\*) through a private offering to institutional investors



**Stage 2** - Gazit will carry out an offering for sale of 25% - 49% of its holdings in the Special Investment Fund for an expected consideration of BRL 0.5 - 1 billion (NIS 320 - 630 million\*)



**Result** - The total proceeds from the offer of sale and raising debt is expected to be BRL 1.2 – 1.7 billion (NIS 710 - 1,000 million\*)

**New income stream** - annual management fees of 0.9% of the fund's market value, as well as a success fees. Approx. BRL 50 - 60 million (NIS 30 - 36 million\*)

\*The BRL / NIS exchange rate used for convenience conversion is 0.6

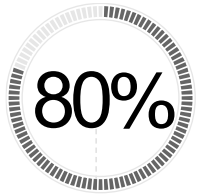
\*\*The Company's estimates regarding the dates of completion of the offers, the degree of their completion and the expected return constitute forward-looking information, as detailed in slide 2 of the presentation. These estimates are based on the Company's assumptions as of this date, and are uncertain, may not materialize and are not under the Company's control, inter alia, due to changes in global capital market conditions in Brazil and interest rates in Brazil, morbidity due to Covid-19 Pandemic and its effects, and the fulfillment of the conditions for the offers (such as the receipt of regulatory permits).

# Strategy

Focus on Mixed Use Properties in Major Cities in Densely Populated Areas



80% of Gazit's Assets\* are Concentrated in 16 Metropolitan Areas Compared to 69% by the Beginning of 2018



METRO TEL AVIV**	10 ASSETS	14%
NEW YORK BOSTON TORONTO PHILADELPHIA MIAMI	13 ASSETS	10%
SAO PAULO	7 ASSETS	11%
STOCKHOLM HELSKINI OSLO COPENHAGEN TALLIN GOTHENBURG	24 ASSETS	27%
WARSAW PRAGUE WROCLAW	8 ASSETS	18%

\* The Company's relative share of the total value of the assets of the subsidiaries.  
\*\* Including G. Kfar Saba, G. Rishon Lezion, Savyon and land parcels.



WARS SAWA JUNIOR | WARSAW



G KOCHAV HATZAFON | TEL AVIV

# RESULTS

Fourth Quarter and for the Year of 2020



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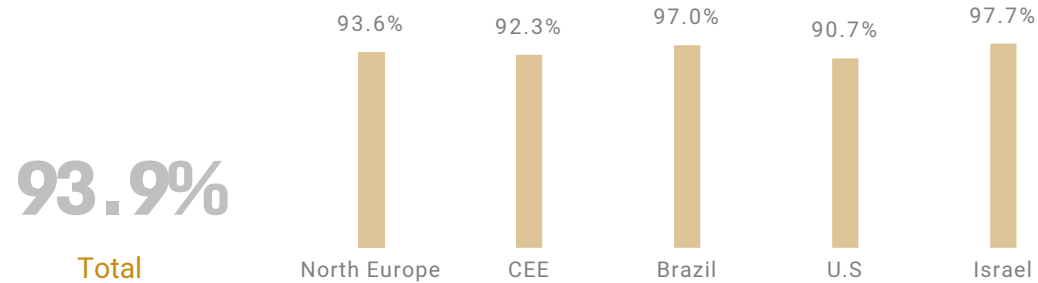


BRIDGE TOWER | NEW YORK | NY

# 2020 Summary

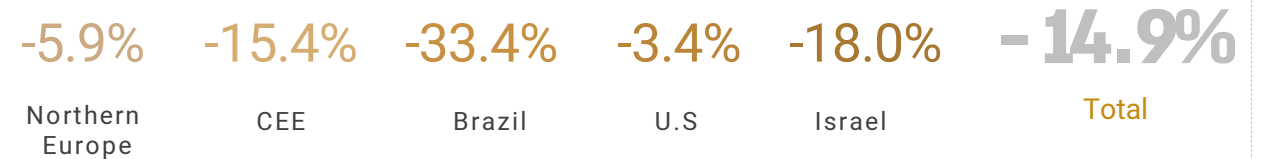
## Occupancy Rate

As of December 31, 2020



## Same Property NOI

Same property NOI decreased by 14.9% for the period (full year) primarily from Brazil which reopened partially for business in the middle of June 2020 and for normal operation by the middle of October, Atrium due to reliefs imposed by the Poland government for the lockdown period, and Israel which was under lockdown for 139 during 2020.



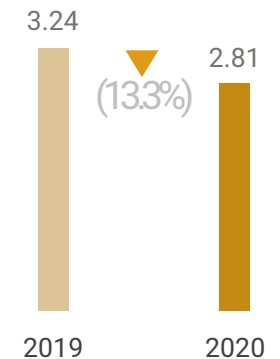
## COVID-19 Impact

- **P&L** - 20% Decrease in the Proportionate adjusted NOI in 2020 approx. NIS 264 million (see next slide)
- **Balance Sheet** - decrease of 7.6 in equity per share, mainly due to devaluation of investment property and changes in foreign exchange rates.

## FFO Per Share

NIS

FFO p/s in the period decreased by 13.3% compared to last year



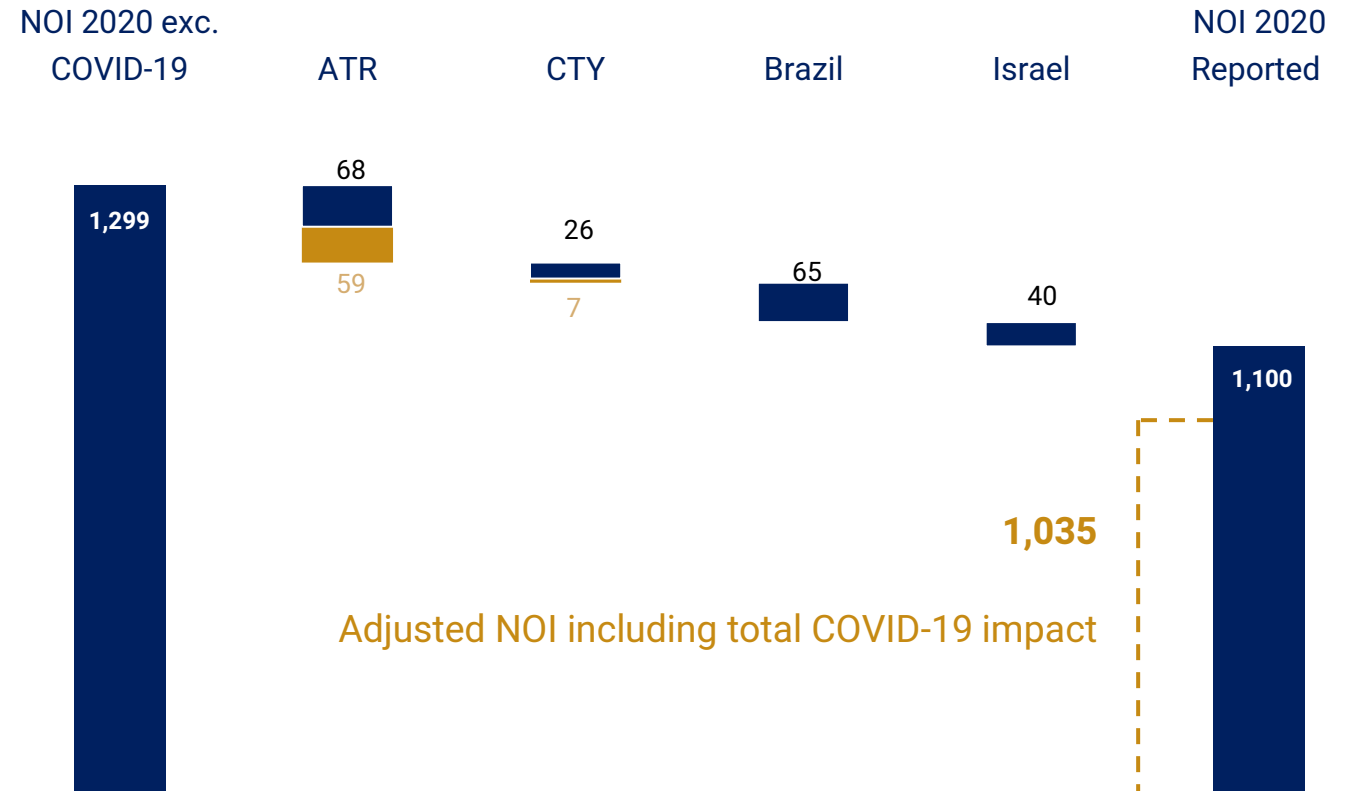
# COVID-19 Impact During 2020

## Proportionate NOI:

- Decrease of NIS 199 millions (15%) as result of COVID-19 impact recognized during the period
- Decrease of NIS 264 millions (20%) as result of total COVID-19 impact (recognized during the period and in the next periods)

Proportionate NOI exc. COVID	1,299	
COVID-19 Impact Recognized in the period	(199)	(15%)
<b>Reported Proportionate NOI</b>	<b>1,100</b>	
COVID-19 Impact in the Next Periods	(65)	(20%)
<b>Proportionate NOI Including Total Impact Recognized During the Period and in the Next Periods</b>	<b>1,035</b>	

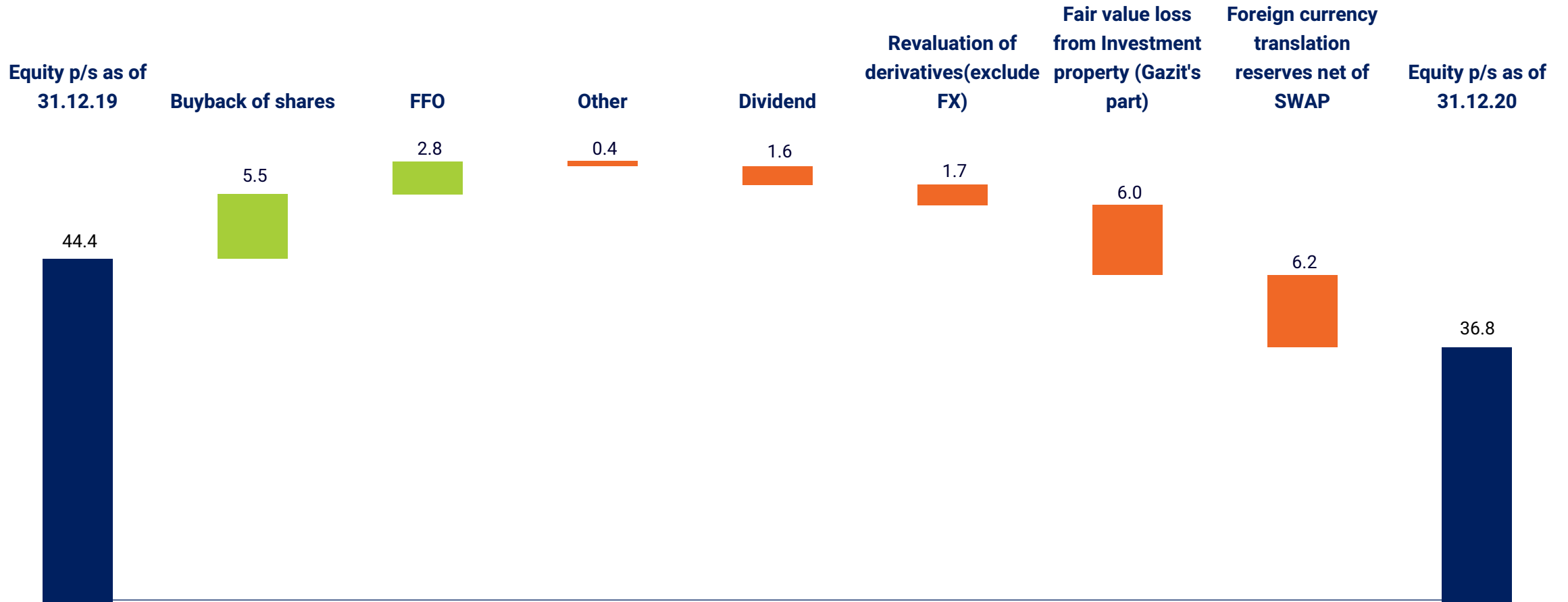
- COVID-19 impact recognized during the period
- COVID-19 impact SLR in the next periods



# COVID-19 Impact and FX changes on Shareholder's Equity per Share

Main factors which caused decrease in shareholder's equity per share:

- Decrease of NIS 6 per share from devaluation of investment property, mainly due to negative market sentiment
- Decrease of NIS 6.2 per share as result of changes in foreign exchange rates, mainly 28% devaluation of BRL/NIS in the period

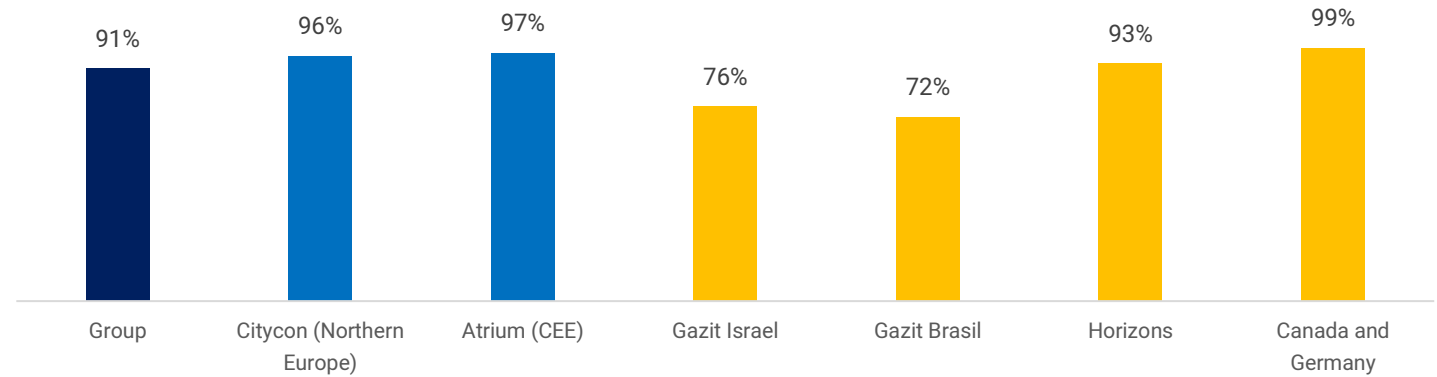




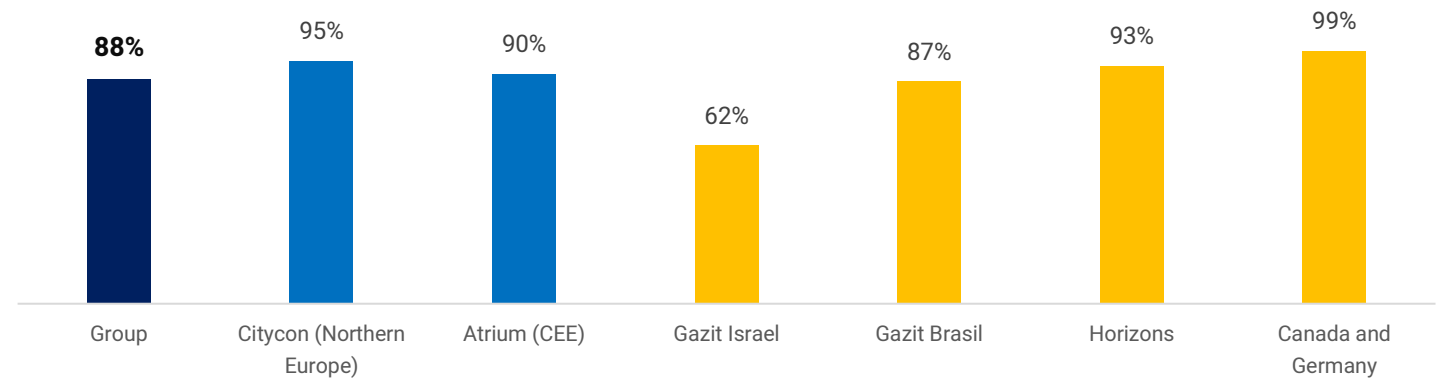
G TZAMERET | TEL AVIV

# Rent Collection Rate

Year 2020



Fourth Quarter:



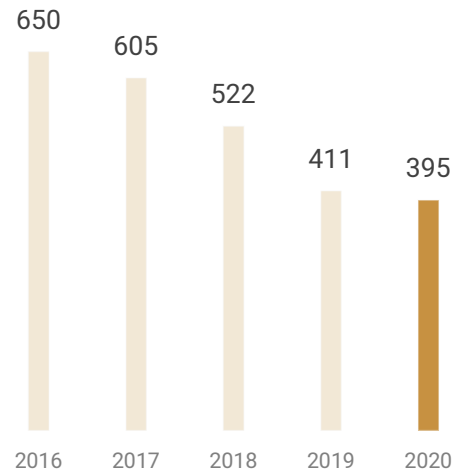
■ As Reported by Subsidiaries, Atrium collection rate does not include rent exemptions imposed by polish government

■ Wholly Owned Subsidiaries, Collection Rate Based on **Rent Without Adjustments**

# Operating Cash Flow and Interest Costs

## Interest Cost, Net Expanded Solo

NIS Million 1

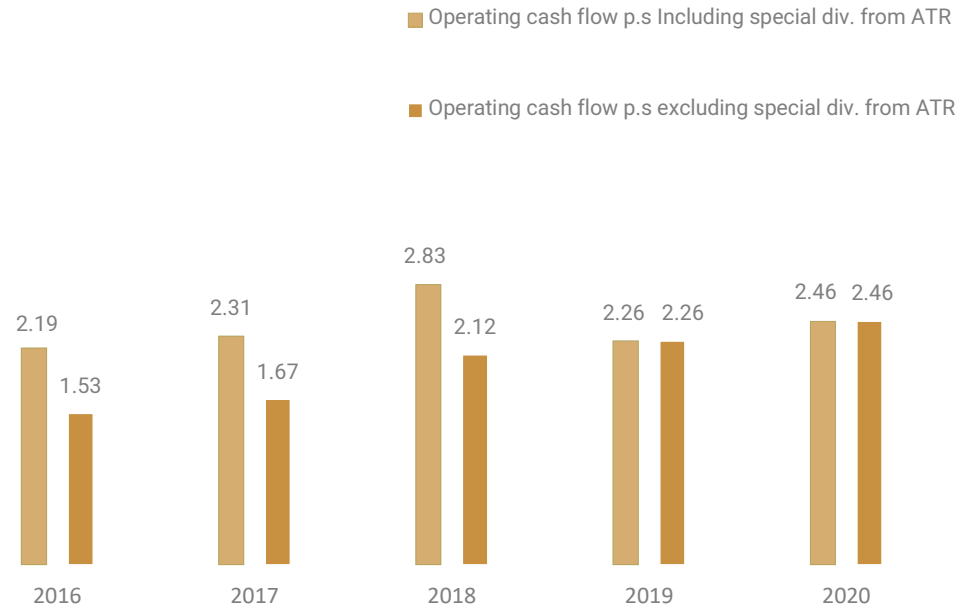


▼  
**-3.9%**  
2019 - 2020

▼  
**-39.2%**  
2016 - 2020

## Operating Cash Flow Per Share (Expanded Solo)

NIS 1



▲  
**+13%**  
CAGR  
2016 - 2020



# Financial Strength

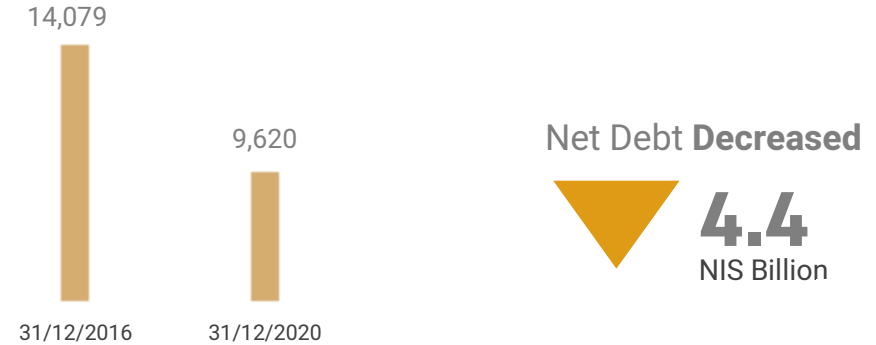
## Key Items

NIS<sup>1</sup>

- Cash and Cash Equivalent of Approx. NIS 1.1 Billion
- Net Debt to Total Assets (Expanded Solo) - 61.8%
- Net debt to total assets (Consolidated) - 58.8%
- Weighted duration - 4.2 years
- Average interest rate of liabilities - 3.50%

## Net Debt (Expanded Solo)

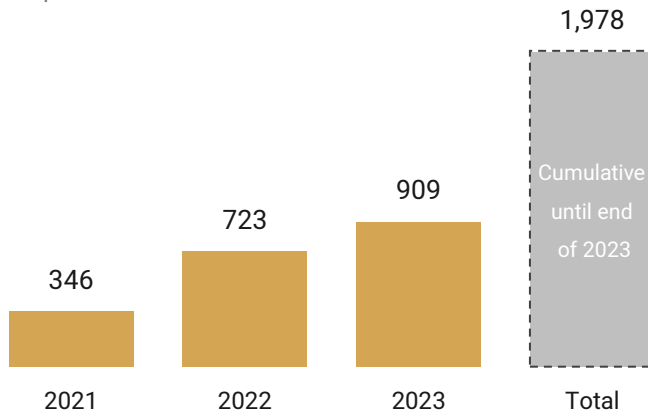
NIS Million <sup>1</sup>



## Bond Maturity Schedule Until End of 2023

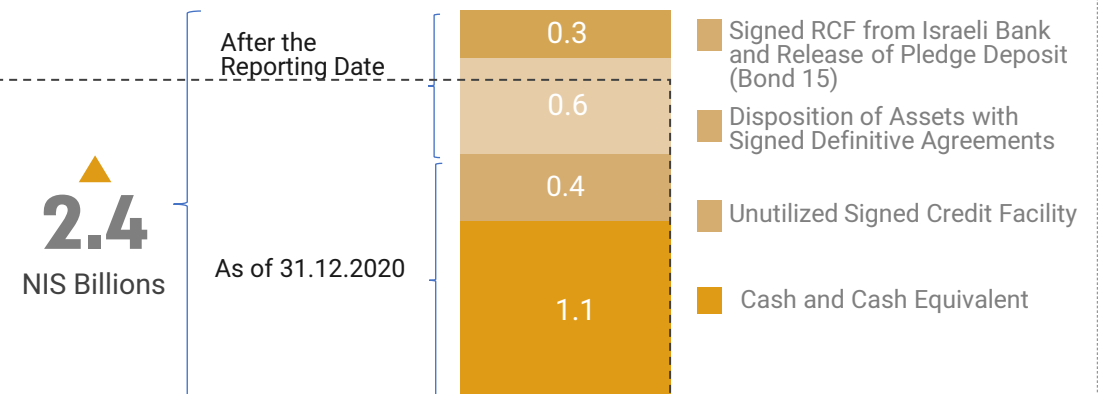
Expanded Solo As of 31/12/2020

NIS Million <sup>1</sup>

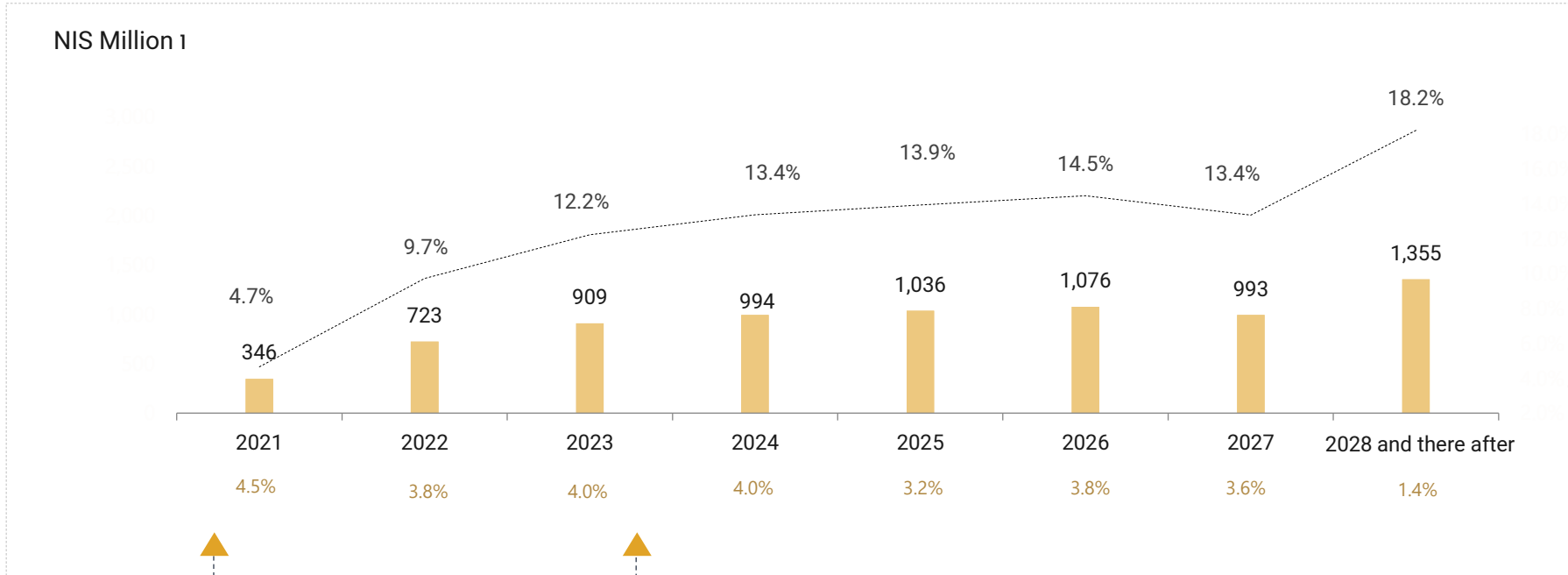


## Liquidity

NIS Billions <sup>1</sup>



# Bond Maturity Schedule (Extended Solo)



## Bond Maturity Schedule

Extended Solo As of 31.12.2020

Weighted duration (Bond) - 4.3 years

Average interest rate of liabilities (Inc. banks) - 3.45%



- On October 20, 2020, a new series of bond (Series 15) was issued, secured by real estate in Israel, with a rating of AA by S&P Maalot and Aa2 rating by Midroog.
- Refinancing in attractive yield of 1.08%
- Long duration of 6.2 years
- Expected annual interest expenses saving of NIS 14 millions



GAZIT GLOBE  
GROUP

LOCATION  
LOCATION  
LOCATION

GREAT THINGS HAPPEN WHEN  
YOU OWN GREAT REAL ESTATE

**THANK YOU** FOR YOUR TIME

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