GAZIT GLOBE
GROUP

QUARTERLY REPORT as of September 30, 2021:

GAZIT-GLOBE LTD.

Directors' Report to the Shareholders
For the period ended September 30, 2021

The Board of Directors of Gazit-Globe Ltd. (the "Company") is pleased to present the Directors' Report of the Company for the period ended September 30, 2021 (the "Reporting Date).
The scope of this report is limited and is prepared under the assumption that the Company also has the periodic report of the Company for the year ended December 31, 2020 which was published on March 22, 2021 (reference number: 2021-01-040485) (the "Periodic Report").
It is clarified that the description in this report includes only information which, in the Company's opinion, is material information. However, in some cases, for the sake of completeness, additional information is included which is not necessarily material information.

1. The Company and its Operations

1.1. Overview

The Company, directly and through its public and private investees[1] (collectively: the "**Group**"), engages in acquisition, improvement, development and operating of income-producing properties for mixed-use, including retail, office and residential located in in North America, Israel, Brazil, Northern, Central and Eastern Europe with the focus on densely populated urban cities. In addition, the Company evaluates opportunities within its core business and similar fields in other regions.
The Group's strategy is focusing on properties which have a potential to for value appreciation and cash flows growth by proactive management, improvement, addition of uses, development and redevelopment, while simultaneously, the Group also takes measures to sell non-core properties which it believes have a limited growth potential and/or are in regions in which the Company wishes to reduce its activity, whether by selling an individual property and/or group of properties, and/or via selling part of its holdings in the companies that own properties in these areas.

The Company's shares are listed on the Tel Aviv Stock Exchange Ltd. ("**TASE**" or "**Tel Aviv Stock Exchange**") under the "**GZT**" ticker.
Currently, the Company operates mainly through two investment categories, as part of its strategy, the Company operates to increase the share of private property activity (operations that are not owned through public companies):

- The Company and its wholly-owned private subsidiaries that are consolidated in its financial statements and in which the Company outlines the strategy, is responsible for their financing activities, and oversees their operations. These operations are conducted through the Company[2], through the Company's subsidiaries in Brazil ("**Gazit Brasil**"), through Gazit Horizons Inc. ("**Gazit Horizons**") in the U.S.A and a subsidiary operating in Canada ("**Gazit Canada**"), including through partnership "Gazit Tripllle".
- Public entities under the Company's control with a similar strategy that are consolidated in its financial statements, in which the Company is the largest shareholder. These operations are conducted through Citycon Oyj. ("**CTY**") and through Atrium European Real Estate Limited. ("**ATR**").

In accordance with this strategy, on October 17, 2021, a wholly owned subsidiary of the Company (collectively: "**the Subsidiary**") submitted a merger proposal to the ATR a wholly owned subsidiary of the Company under which the subsidiary will acquire all ATR shares not owned by the Company, constituting 25% of the share capital of ATR at a price of EUR 3.63 per share and an estimated total consideration of EUR 376 million (NIS1.4 billion)[3] in cash payment. The proposed price will be adjusted for the distribution of a special dividend which ATR intends to distribute in the amount of EUR 0.6 per share. Completion of the agreement is subject, in time, to the approval of ATR's minority shareholders and is subject to objections from ATR's shareholders and creditors. For further details, refer to Note 5b to the financial statements.

1 Reference to investees includes, unless stated otherwise, companies that are fully consolidated by the Company and companies that are presented according to the equity method.
2 On April 20, 2021, the merger of G-Israel Commercial Centers Ltd. into the Company was completed. The Company's activity in the field of real estate in Israel will hereinafter be referred to as "**G- Israel**".
3 The total estimated consideration is in accordance with the issued share capital of ATR currently known to the Company.

The aforementioned information regarding the merger agreement constitutes forward-looking information, as defined in the Securities Law, 1968, and is based on the company's information and estimations as of this date. Subject to ATR shareholders 'and creditors' objections to the court (insofar as they are filed), and subject to the conditions set forth therein, there is no certainty as to the completion and execution of the merger (including the distribution of the special dividend).

In accordance with the Company's strategy, during the reporting period the Group increased the scope of its activities in the field of long-term rental housing. As part of this, the group purchased a residential building in Brick, Miami, including 262 housing units for rent for total consideration of USD 102 million (located next to another property of the group's future development for mixed uses which is expected to include 500 housing units and commercial space), and the company won the tender for rental housing in Tel Hashomer of 243 housing units in total consideration of NIS 548 million (including purchase tax and VAT). ATR also has a rental housing project of 650 housing units, as part of its strategy, ATR has declared to invest in rental housing with the goal that by 2025 it will constitute 40% of its property portfolio and for CTY a rental housing project in development stages in Helsinki, Finland.

In addition, during the reporting period, the company established an initial infrastructure for raising SPAC in the United States, with the intention of raising USD 250 million for investment in Proptech,Fintech and Retail Tech companies engaged in the real estate field. The company intends to advance its plans as stated in accordance with market conditions in the US.

For further details, refer to sections 25.3 and 25.4 to Description of the Company's business in the periodic report of 2020.

During the effects of the Covid-19crisis the Company is working on strengthening its capital structure, while maintaining the high credit rating, by taking the following actions, among other things:

1. Realization of properties held by the private subsidiaries that are non-core properties or that the Company has concluded their improvement, amounting up to NIS 1 billion until the end of 2021. As part of this, as of the reporting date, the Company and its private subsidiaries realized[1] their properties in the amount of NIS 1.1 billion.
2. Updating the quarterly dividend policy per share from NIS 0.43 per share to NIS 0.30 per share, for five consecutive quarterly dividend distributions. The update of the dividend policy, as mentioned, is expected to result in savings on dividend payments of NIS 100 million by the end of 2021.
3. The completion of the merger of G Israel's operations into and within the Company in April this year. The completion of the operational merger will enable the continued expansion of the merged company's operations in Israel and the expansion of the Company's financing options.

   The Company’s evaluations regarding application of the strategic plan, including the sale of properties, anticipated savings as a result of the updated dividend policy, and expansion of the Company’s operations in Israel and the financing options as aforementioned, constitute forward-looking information as defined in the Securities Law – 1968. The Company’s evaluations regarding application of the strategy and the sale of additional properties is based on the assumptions and estimates of the Company and the Group companies, which are not definite, may not occur, or may occur in a materially different manner due to events that are not within the Company’s scope of control, including the duration and extent of the worldwide economic crisis that emerged as a result of the outbreak of the COVID-19 pandemic (see Section 1.2 of the Directors’ Report). In the event that the worldwide economic crisis continues and even worsens, and in the event that the COVID-19 pandemic continues and the standstill in the income-producing real estate sector continues, there may be delays in the realization of additional properties.

1 Including a secured loan on a property in Manhattan, New York in the amount of USD134 million.

1.2. Corona virus effects on the Group's activity

General

At the beginning of 2020, the Covid-19 virus spread to many countries across the globe, including those where the Company holds commercial assets, and the World Health Organization declared it a pandemic ("**the Covid-19 Pandemic**"). Many countries dealt with rapid outbreak of the virus in various ways, mainly by imposing a partial or complete lockdown on the population. The directive of the governments in those countries, together with the response of the capital, oil, interest and foreign currency markets to such extreme uncertainty led to extreme uncertainty that brought about a global economic crisis**.**

Effects of the investment property activities

During the first reporting period, gradual lockdown of some of the Group's companies compounds took place, the compounds were opened and closed intermittently and depending on the disease situation in the various countries, when in some territories, even during the period when they were open, the opening was partial some of the time and instructions were issued to dilute the number of visitors. Essential enterprises, including supermarkets, pharmacies, banks, clinics and food stores that provided deliveries continued to operate throughout the aforesaid periods, including in closed compounds. After the reporting period, the morbidity trend began in Europe, including in the areas where the group operates.

During the third quarter of 2021 and as of September 30, 2021 all of the Group's trading complexes were open.

In the operational aspect, at the end of the quarter, the Group's companies reported high occupancy rates in the assets (for details, see section 3.1(1) below). In addition, with regard to the number of incoming visitors (Footfall), on September ATR reported a decrease of 19% in the number of visitors and 8% in tenant redemptions compared to the same period on 2019. During the reporting period, CTY reported 5% decrease in visitors numbers and a 2.2% increase in tenant's redemptions compared to the same period last year. Gazit Brasil also reported a 34.2% increase in tenant redemptions compared to the corresponding quarter last year, while in Israel a 6.6% increase in tenant's redemptions was reported (excluding cinemas that were closed during part of the reporting period) compared to the corresponding quarter last year.

Collection-During the Reporting period, the Group's companies maintained its collection policy including in view of the fact that all of the Group's shopping compounds were open during the third quarter of the year. For details regarding the Company's policy and some of the Group's companies regarding the collection of rent and management, as well as for details regarding government assistance programs and restrictions imposed in Poland on rent collection, see section 1.2 of the Board of Directors' Report in Chapter B of the Company's Periodic Report.

During the Quarter, 114 new lease agreements were signed, including the exercise of options in the Company's private properties, for a total GLA of 20,000 square meters and a weighted average rent exceeding 11.4% of the rent paid for those areas.

During the Quarter, 43 new lease agreements were signed, including the exercise of options in the company's private rental properties, in a total GLA of 3,000 square meters and a weighted average rent that exceeds by 24.8% the rent paid for those areas.

Fair value adjustment of investment property

During the Reporting period, no significant changes were recorded in the value of the Group's commercial properties.

Impact on financial position, cash flows and liquidity

For details regarding the Company's financial position, cash flows and liquidity balances, see section 3.6 below.

The Covid-19 Pandemic and the accompanying economic crisis are characterized as being an unfolding event

Continuation of the economic crisis due to the Covid-19 Pandemic has a material negative continuous and cumulative impact on the retail real estate sector and the Group's activities, inter alia, because of the risk of partial or full lockdown of the Company's commercial compounds, a decrease in the number of visitors to the properties, a decline or change in demand and the volume of specific products consumed, and impairment of the economic robustness of the tenants, which will lead to a decrease in the Company's revenue, current cash flow, occupancy rate and the value of its assets. The rate of population immunization in the various countries, ability of medical treatment of Covid-19 patients and the discovery of new variants of the virus and the level of stock of vaccines are variables that have a significant effect on the nature of the described trends in this paragraph and on the rate of their realization. In addition, the Company's projects under development might not be completed at the expected costs and within the expected timetables.

In view of the uncertainty accompanying the Covid-19 crisis and being a long lasting and unfolding event, as at the approval date of the report, the Company is unable to estimate the continuous and cumulative impact of the Covid-19 Pandemic, global economic crisis and continues government support for tenants on all of the Group's activities in 2021 onwards. Furthermore, the Company is unable to estimate the impact of the volatility in the capital, interest and foreign currency markets on its equity and future financial results. For the risk factors concerning the Company's activity see also the Risk Factors chapter in the Company's periodic.

Nevertheless, the Company believes the proven effect of the vaccine against the Covid-19 Pandemic and some of its variants, and the treatment improvements of the disease, will lead to a curb of negative effects on the activity of the company's compounds and improvement at least in the second half of 2021.This is especially so in light of the experience of the company and the group companies that when the compounds open, the rate of return of visitors will be very fast.

In addition, the Company believes that due to the nature and quality of its properties and their geographic distribution in central cities across the globe, which are characterized by high-density populations with a high socioeconomic level that yield a stable cash flow over the years for the Group from a diverse mix of tenants with emphasis on chains that provide essential needs and services that are purchased even at times of crisis, as well as tenants with an international investment rating, and taking into consideration the Company's high liquidity level, the long-term duration of its financial liabilities, which are not backed by liens, and the various available sources of finance at its disposal also in this period, the Company has the financial strength that will allow it to deal with the economic crisis, both in the short and long-term, during which the threat of the economic crisis is expected to be realized.

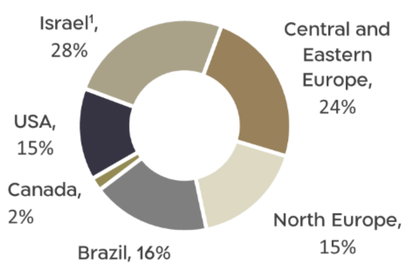
The Company's estimates regarding the impact of the Covid-19 Pandemic and global economic crisis on its business, revenue, profits and financial position are forward-looking information, as defined in the Israel Securities Law, 1968. These estimates are based on assumptions and assessments of the Company and the Group companies, but they are uncertain, may not materialize and are largely beyond the Company's control. If the global economic crisis continues and even worsens, and if the Covid-19 pandemic or new variants of the virus occur, there could be a significant deterioration in the Group's actual business and financial results.

.1.3. Group Properties as of September 30, 2021

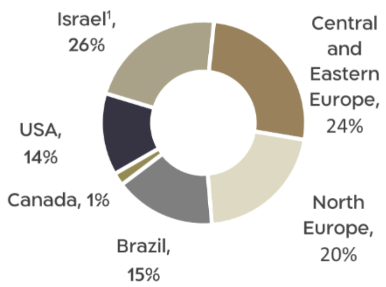
	Country of operation	Holding interest	Income-producing properties	Properties under development	Other properties	GLA (square meters in thousands)	Carrying value of investment property (NIS in millions)
CTY	Finland, Norway, Sweden, Estonia and Denmark	49.2%	37	1	-	1,145	16,156
ATR	Poland, Czech Republic, Slovakia and Russia	74.8%	25	-	-	780	9,467
Gazit Brasil	Brazil (Sao Paulo)	100%	7	-	1	179	2,412
G Israel	Israel	100%	12	-	-	159	4,103
	Bulgaria	100%	1	-	-	6	85
Gazit Horizons	USA	100%	10	1	1	63	2,034
Gazit Canada	Canada	100%	1	-	-	18	202
Total carrying value			**93**	**2**	**2**	**2,350**	**34,459**
Jointly controlled properties (proportionate consolidation)			8	-	-	109	2,121
Total			**101**	**2**	**2**	**2,459**	**36,580**

1.4. Breakdown of the Company's Investments by Region (on an expanded solo basis) as of September 30, 2021:

Market value



Carry amount



1 Including investments in Bulgaria.

1.5. Highlights – Third Quarter of 2021 (the "Quarter")

(NIS in millions, other than per share data)	September 30, 2021	December 31, 2020	
Net debt to total assets (Expanded Solo)	64.1%	61.8%	-
Net debt to total assets (Consolidated)[1]	52.3%	58.9%	-
Equity attributable to equity holders of the Company	5,474	5,562	-
Equity per share attributable to equity holders of the Company (NIS)	36.1	36.8	-
Net asset value per share (EPRA NAV) (NIS) [2]	41.9	42.5	-
EPRA NNNAV per share (NIS) [2]	28.0	37.1	-

	3 months ended September 30,		
	2021	2020	Change
Rental income and others	571	611	(6.5%)
NOI [3]	423	426	(0.7%)
NOI adjusted for exchange rates	423	409	3.4%
Proportionately consolidated NOI [4]	300	285	5.3%
Proportionately consolidated NOI adjusted for exchange rates	300	274	9.5%
Cash flow from operating activities per share- Expanded Solo (NIS) [5]	0.70	0.28	150%
Economic FFO [6]	107	62	72.6%
Economic FFO per share (NIS) [6]	0.71	0.40	77.5%
Economic FFO adjusted for exchange rates	107	57	87.7%
Economic FFO per share adjusted for exchange rates (NIS)	0.71	0.37	91.9%
Number of shares used in calculating the Economic FFO per share (in thousands)	152,033	154,656	(1.7%)

Acquisition, construction and development of investment property [7]	254	196	-
Disposition of investment property [7]	115	148	-
Fair value gain (loss) from investment property and investment property under development, net	137	(142)	-
Net income attributable to equity holders of the Company	207	23	-
Diluted net earnings per share (NIS)	1.36	0.15	-
Cash flows provided by (used in) operating activities	25	11	-

1 For details regarding the ratio of the net debt to the total (consolidated) balance sheet which includes interest accrued in respect of this debt, see section 7 below.
2 Refer to section 2.5 below.
3 NOI ("Net Operating Income") – Rental income and others, net of property operating expenses and others.
4 The Company's proportionate share in the NOI of the Group's companies in accordance with its interest in the equity of each of the Group companies, refer to section 2.4 below.
5 Refer to section 2.2 below.
6 The Economic FFO is presented according to the management approach and in accordance with the EPRA rules. For the Economic FFO calculation, refer to section 2.3 below.
7 The Company and its subsidiaries (excluding associates and joint ventures presented according to the equity method), net of specifically attributed debt.

1.5. Highlights – Second Quarter of 2021 (the "Quarter") (Cont.)

- As of September 30, 2021, the Company and its subsidiaries had liquidity including revolver undrawn credit facilities available for an immediate drawdown of NIS 8.8 billion (of which NIS 2.7 billion in the Company and its wholly-owned subsidiaries including cash and cash equivalents, traded securities and short-term deposits in the amount of NIS 1.7 billion).
- In the Quarter the Group's companies raised debentures and hybrid debentures in the amount of NIS 448 million.
- As a result of fluctuations in currency exchange rates of the US dollar, the Euro, the Brazilian real and the Canadian dollar against the NIS, the equity attributable to the Company's equity holders decreased in the Quarter by NIS 341 million (net of the effect of cross-currency swap transactions).
- In general, fluctuations in the exchange rates of the US dollar, the Euro, the Brazilian real and the Canadian dollar against the shekel have the following effect:
  - The appreciation of these currencies against the shekel has a positive effect on the Company's assets, shareholders' equity, NOI and economic FFO due to the translation of the foreign currency into shekels at higher rates. On the other hand, the appreciation will result in a negative impact on the Company's net income through the increase in financing expenses due to the revaluation loss on the hedging instruments (the financial derivatives).
  - A devaluation of these currencies against the shekel has a negative effect on the on the Company's assets, shareholders' equity, NOI and Economic FFO and, on the other hand, a positive effect on the Company's net income through the decrease in financing expenses due to the revaluation gain on the hedging instruments.

1.6. Highlights- First nine months of 2021 (the "Reporting Period")

(NIS in millions, other than per share data)	9 months ended September 30,		
	2021	2020	Change
Rental income	1,713	1,803	(5.0%)
NOI	1,205	1,274	(5.4%)
NOI adjusted for exchange rates	1,205	1,255	(4.0%)
Proportionately consolidated NOI[1]	831	856	(2.9%)
Proportionately consolidated NOI adjusted for exchange rates	831	837	(0.7%)
Cash flow from operating activities per share-Expanded Solo (NIS) [2]	2.22	1.82	22.0%
Economic FFO[3]	319	364	(12.4%)
Economic FFO per share (NIS)[3]	2.11	2.11	-
Economic FFO adjusted for exchange rates	319	343	(7.0%)
Economic FFO per share adjusted for exchange rates (NIS)	2.11	1.94	8.8%
Number of shares used in calculating the FFO per share (in thousands)	151,976	172,662	(12.0%)

Acquisition, construction and development of investment property [4]	1,108	710	-
Disposition of investment property [4]	1,115	411	-
Fair value gain (loss) from investment property and investment property under development, net	104	(870)	-
Net income attributable to equity holders of the Company	326	(490)	-
Diluted net income per share (NIS)	2.14	(2.86)	-
Cash flows from operating activities	230	240	-

1 The Company's proportionate share in the NOI of group companies in accordance with its interest in the equity of each of the Group companies, refer to section 2.4 below.

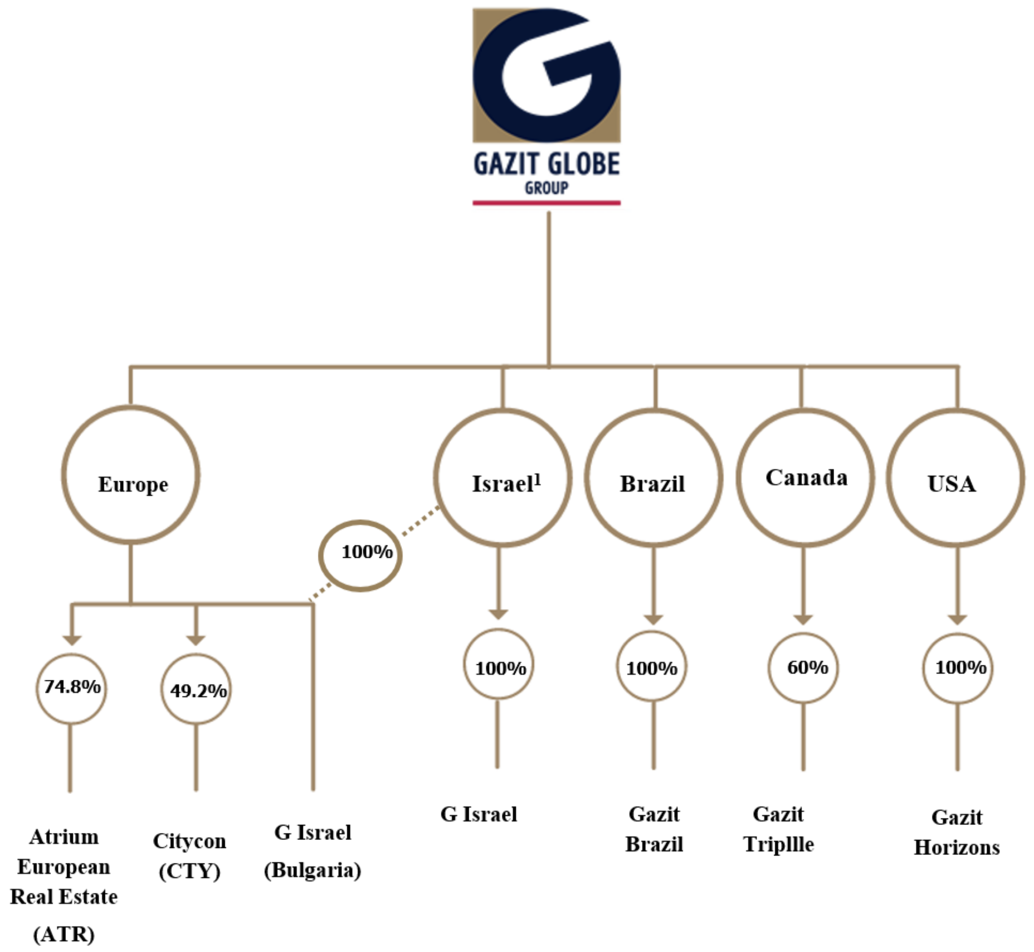
2 Refer to section 2.2 below.

3 The Economic FFO is presented according to the management approach and in accordance with the EPRA guidance. For the Economic FFO calculation, refer to section 2.2 below.

4 The Company and its subsidiaries (excluding associates and joint ventures presented according to the equity method), net of specifically attributed debt.

- During the Reporting Period the Group's companies raised debentures and hybrid debentures in the amount of NIS 3.0 billion and NIS 2.7 billion, respectively.
- As a result of fluctuations in currency exchange rates of the U.S. dollar, the Euro and the Brazilian real against the NIS, the equity attributable to the Company's equity holders decreased in the Reporting Period by NIS 145 million (net of the effect of cross-currency swap transactions).

1.7. <u>The Company's Major Holdings Are Set Forth Below (Ownership Structure and Interests as of September 30, 2021):</u>



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1 On July 2020, the Israeli taxes authority approved the merger of G Israel into the Company (as the surviving company) (the "Tax Ruling"). Therefore, all the conditions for the merger, according to the Company's Board of Directors approval in December 2018, were met. The merger was completed on April 2021.

2. Additional Information Concerning the Company's Assets and Liabilities

2.1. Summary of the Company's Holdings as of September 30, 2021:

Name of company	Type of security/ property	Amount (millions)	Holding interest (%)	Book value (NIS in millions)	Market value as of 30.9.2021 (NIS in millions)
ATR	Shares (VSX, Euronext)	299.7	74.8	4,053	3,511
CTY	Shares (OMX)	87.6	49.2	3,337	2,267
Israel	Income-producing property and land	-	-	4,140	-
Brazil	Income-producing property and land	-	-	2,422	-
USA[1]	Income-producing property and land	-	-	2,265	-
Canada[1]	Income-producing property			247	
Europe	Income-producing property and land	-	-	84	-
Total assets		-	-	**16,548**	-

Set forth below are the Company's monetary balances (including balances of its privately-held subsidiaries) ("expanded solo basis") as of September 30, 2021:

	NIS in millions
Debentures	7,672
Debts to financial institutions	4,733
Total debentures and debts to financial institutions (*)	12,405
Other monetary liabilities	928
Total monetary liabilities	13,333
Less - monetary assets[2]	2,500
Less - other investments[3]	223
Monetary liabilities, net[4]	**10,610**

(*) Maturity profile of the Company's debentures and debts to financial institutions (NIS in millions):

Year	Debentures	Financial Institutions	Mortgages	Total	%
2021	-	188[5]	6	194	2
2022	736	465	23	1,224	13
2023	925	628	329	1,882	17
2024	1,068	659	57	1,784	15
2025	1,057	34	101	1,192	10
2026	1,096	42	110	1,248	10
2027	1,124	212	29	1,365	10
2028 onwards	1,666	348	1,502	3,516	23
Total	**7,672**	**2,576**	**2,157**	**12,405**	**100**

1 Includes investment in properties through a joint venture presented in the financial statements using the equity method.

2 Including primarily cash and cash equivalents, traded securities and deposits in the amount of NIS 1.7 billion and financial derivatives in the amount of NIS 404 million.

3 Comprises primarily the investment in participation units in private equity funds and other investments.

4 Excludes primarily deferred tax liability in the amount of NIS 273 million with respect to investment property and other investments and NIS 191 million in non-controlling interestsin part of the company's properties.

5 Includes commercial paper in the amount of NIS 167 million.

2.2. Cash flows from operating activities - expanded Solo:

	Nine months ended September 30,		Three months ended September 30		Year ended December 31,
	2021	2020	2021	2020	2020
	NIS in millions (except for per share data)				
Dividends from public investees	359	346	119	114	461
EBITDA from private companies, net of Capex and other income	365	328	100	66	391
Total income	**724**	**674**	**219**	**180**	**852**
General and administrative expenses	(51)	(51)	(16)	(19)	(68)
Interest expenses, net	(272)	(291)	(82)	(115)	(395)
Taxes	(64)	(18)	(15)	(3)	23
Total expenses	**(387)**	**(360)**	**(113)**	**(137)**	**(440)**
Cash flows from operating activity	**337**	**314**	**106**	**43**	**412**
Cash flows from operating activity per share	**2.22**	**1.82**	**0.7**	**0.28**	**2.46**

2.3. FFO (EPRA Earnings)

As is the practice in the real estate industry, the Company customarily publishes information regarding the results of its operating activities in addition to, and without detracting from, the income statement prepared according to accounting principles. In European countries where the financial statements are prepared in accordance with International Financial Reporting Standards (**"IFRS"**), it is customary for income-producing property companies to publish a measure for presenting the operating results of a company that are attributable to its equity holders, in line with the position paper of the European Public Real Estate Association (**"EPRA"**), the objective of which is to promote greater transparency, uniformity and comparability of the financial information reported by property companies (**"EPRA Earnings"**). This measure is not based on generally accepted accounting principles. Furthermore, pursuant to the draft securities regulations for anchoring the disclosure provisions for investment property activity, issued by the Israel Securities Authority in December 2013, FFO (Funds from Operations) is to be presented in the "Description of the Company's Business" section of the annual report of investment property companies, similar to the manner of calculating FFO under EPRA rules.

EPRA Earnings (or **"Nominal FFO"**) are calculated as the net income (loss) attributable to the equity holders of a company after excluding non-recurring income and expenses (including gains or losses from revaluations of properties to their fair value), changes in the fair value of financial instruments through profit and loss, gains or losses on the disposition of properties, and other types of gains and losses.

The Economic Adjusted EPRA Earnings (or **"Economic FFO according to the management approach"**) is calculated as EPRA Earnings with such additional adjustments being made as a company considers necessary in order to present an operating income measure that is comparable with previous periods and with the results of similar companies This measure is customarily used to review the performance of income-producing property companies. The required adjustments to the accounting net income (loss) are presented in the table below.

The Company believes that the Economic Adjusted EPRA Earnings measure fairly reflects the operating results of the Company, since it provides a better basis for the comparison of the Company's operating results in a particular period with those of previous periods and provides a uniform financial measure for comparing the Company's operating results with those published by other European property companies.

As clarified in the EPRA position papers, the EPRA Earnings and the Economic Adjusted EPRA Earnings measures do not represent cash flows from operating activities according to 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 (loss). Furthermore, it is clarified that these measures are not audited by the Company's independent auditors.

DIRECTORS' REPORT ON THE COMPANY'S BUSINESS

The table below presents the calculation of the Company's Economic FFO and its Economic FFO per share, calculated according to the recommendations of EPRA and the draft securities regulations for investment property activity, for the stated periods:

	9 months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	NIS in millions (other than per share data)				
Net income (loss) for the period attributable to equity holders of the Company	**326**	**(490)**	**207**	**23**	**(653)**
Adjustments:					
Fair value loss (gain) from investment property and investment property under development, net	(104)	870	(137)	142	1,533
Capital loss on disposition of investment property	27	26	2	14	21
Changes in the fair value of financial instruments, including derivatives, measured at fair value through profit or loss	(304)	359	(121)	(128)	161
Adjustments with respect to equity-accounted investees	(2)	48	(5)	9	57
Deferred taxes and current taxes with respect to disposition of properties	198	(112)	115	56	(119)
Acquisition costs recognized in profit or loss	2	4	-	2	21
Loss from early redemption of interest-bearing liabilities and financial derivatives	25	31	-	(4)	35
Non-controlling interests' share in above adjustments	(66)	(377)	(44)	(72)	(598)
Nominal FFO (EPRA Earnings)	**102**	**359**	**17**	**42**	**458**
Additional adjustments:					
CPI linkage and exchange rate differences	190	(38)	81	4	(38)
Depreciation and amortization	15	13	5	5	17
Company's share in FCR's Economic FFO (REG in 2018)	-	6	-	-	6
Other adjustments(2)	12	24	4	11	26
Economic FFO according to the management approach (Economic Adjusted EPRA Earnings)	**319**	**364**	**107**	**62**	**469**
Economic FFO per share according to the management approach (in NIS)	**2.11**	**2.11**	**0.71**	**0.40**	**2.81**
Number of shares used in the Economic FFO per share calculation (in thousands)(3)	**151,976**	**172,662**	**152,033**	**154,656**	**167,414**

1 Income and expenses adjusted against the net income (loss) for the purpose of calculating FFO, which include non-recurring expenses including expenses arising from the termination of engagements with senior Group officers, share-based compensation expenses and the adjustment of expenses and income from extraordinary legal proceedings not related to the Reporting Periods (including a provision for legal proceedings).

2 Weighted average for the period.

2.4. Additional information is presented below regarding the Company's pro rata share in the value of income-producing properties owned by the Group as of September 30, 2021, based on capitalization of net operating income ("**NOI**"). The information below is based on a methodology that is generally accepted in the markets in which the Group operates and is intended to provide an additional method of analyzing the value of the Company's properties on the basis of the Company's financial results for the quarter. This information is not intended to represent the Company's estimate of the present or future value of its assets or shares.

	3 months ended September 30,		Year ended December 31,
	2021	**2020**	**2020**
	NIS in millions		
Rental income	571	611	2,406
Property operating expenses	148	185	760
NOI for the period	423	426	1,646
Less - minority's share in NOI	(132)	(151)	(603)
Add - Company's share in NOI of associate and jointly controlled companies	9	10	47
NOI for the period - the Group's proportionate share	**300**	**285**	**1,090**
Annual NOI - the Group's proportionate share	**1,200**[1]	**1,140**[1]	**1,090**

[1] Calculated by multiplying the NOI for the quarter by four. For clarification, the data is not an annual NOI forecast.

The sensitivity analysis shown in the table below describes the implied value of the Group's income-producing properties using the aforesaid methodology according to the range of different capitalization rates ("cap rates") generally accepted in the regions in which the Group operates, as of the date of the financial statements. This analysis does not take into account income from premises that have not been leased and additional building rights that exist with respect to the Group's income-producing properties.

Value of proportionately consolidated income-producing property in accordance with the NOI for the third quarter of 2021 (excluding the effects of Covid-19 epidemic):

Cap Rate:	5.75%	6.00%	Equity per share as of September 30, 2021 6.22%	6.25%	6.50%	Share price as of September 30, 2021 6.94%
Value of income-producing property (NIS in millions) (*)	20,849	19,980	19,273	19,181	18,443	17,274
Share price derived from the above Cap Rate (NIS) (**)	46.5	40.8	36.1	35.6	30.7	22.9

(*) Calculated as the result of dividing the NOI by the cap rate.

(**) Excluding the tax effect.

New properties, properties under development and land, which are not yet income-producing and which are presented at their fair values in the Group's books (according to the proportionate consolidation method) as of September 30, 2021, amounted to NIS 3,476 million.

The Group's monetary liabilities, net of monetary assets (according to the proportionate consolidation method) as of September 30, 2021, amounted to NIS 17,262 million.

2.5. Net Asset Value (EPRA NAV and EPRA NNNAV)

As is customary in the European countries in which the Group operates, and in line with the EPRA position paper, the objective of which is to promote greater transparency, uniformity and comparability of the financial information reported by real estate companies, the Company publishes net asset value data (EPRA NAV), which is a measure that reflects the net asset value of the Company, as reflected by the Company’s statement of financial position with certain adjustments, e.g., the exclusion of deferred taxes with respect to the revaluation of investment properties and investment properties under development to their fair value and the exclusion of the fair value of financial derivatives (with the exception of financial derivatives used for currency hedging with respect to which the difference between the fair value and intrinsic value is excluded); the Company also publishes EPRA NNNAV data, which is another measure reflecting net asset value (EPRA NAV), adjusted for the fair value of financial liabilities, as well as certain adjustments to the provision for deferred taxes with respect to the revaluation of investment properties and investment properties under development to their fair value, and certain additional adjustments to the fair value of the above-referenced financial derivatives.

The Company considers that the presentation of the EPRA NAV and the EPRA NNNAV data enables the Company’s net asset value data to be compared to those of other European real estate companies. At the same time, such data does not constitute a valuation of the Company and does not replace the data presented in the financial statements; rather, such data provides an additional mechanism for evaluating the Company’s net asset value (NAV) in accordance with the EPRA recommendations. Such data is not audited by the Company’s independent auditors.

Presented below is the calculation of the EPRA NAV and EPRA NNNAV:

	September 30,		December 31,
	2021	2020	2020
	NIS in millions		
EPRA NAV			
Equity attributable to the equity holders of the Company, per the financial statements	5,474	5,727	5,562
Exclusion of deferred tax liability on revaluation of investment property to fair value (net of minority's share) [1]	1,002	1,019	891
Fair value asset adjustment for derivatives, net[2]	(102)	91	7
Net asset value - EPRA NAV	**6,374**	**6,837**	**6,460**
EPRA NAV per share (in NIS)	**41.9**	**45.0**	**42.5**
EPRA NNNAV			
EPRA NAV	6,374	6,837	6,460
Adjustment of financial liabilities to their fair value	(1,209)	511	75
Other adjustments to provision for deferred taxes	(1,002)	(1,019)	(891)
Fair value asset adjustment for financial derivatives, net	102	(91)	(7)
Adjusted net asset value - EPRA NNNAV	**4,265**	**6,238**	**5,637**
EPRA NNNAV per share (in NIS)	**28.0**	**41.1**	**37.1**
Issued share capital of the Company used in the calculation (in thousands of shares)[3]	**152,290**	**151,910**	**151,900**

1 Net of goodwill generated in business combinations against deferred tax liability.

2 Represents the fair value less the intrinsic value of currency hedging transactions.

3 Represents the diluted number of issued shares (in thousands).

3. Discussion by the Board of Directors of the Company's Business Position, Results of Operations, Equity and Cash Flows

3.1. Investments and realizations of investment real

- During the reporting period, Gazit Horizons acquired a residential building for rent in the Brickell district of Miami, USA that includes 262 apartments for rent, in consideration of USD 102 million.
- The company began constructing an office tower in Rishon LeZion of 67,000 square meters in the G CITY complex in Rishon LeZion.
- During the reporting period, the Company completed the transaction for the sale of the last property held in Germany in consideration of EUR 87 million, similar to the value of the property in the Company's books as of December 31, 2020.
- During the reporting period, the Company completed the transaction for the sale of land in Israel in the amount of NIS 216 million.
- During the reporting period, the company completed the transaction for the sale of land in Macedonia in the amount of NIS 72 million.
- During the reporting period, CTY completed the sale of 3 non-core properties of 57,900 square meters in the amount of EUR 147 million.
- During the quarter, the company won a tender for an 'apartment for rent' for the purchase of land in Ramat Gan (south of Sheba Medical Center, Tel Hashomer), for the construction of a long-term rental residential complex of 243 housing units with a total area of 23.3 thousand square meters and 7.3 thousand Sqm of service areas (before additional rights / reliefs), where half of the housing units will be designated for housing at a supervised rent for those entitled in accordance with RMI conditions, and the other half will be rented by the company in the free market, for NIS 548 million (including tax Purchase and VAT).

The effect of the above investments and realizations on the results of the Company and its subsidiaries operations will be fully reflected in 2021 onwards,

1) Highlights of operational data:

	Income producing properties[1]	GLA (in thousands of square meters)	Occupancy rate in core properties		Ratio of net debt to total assets
			30.9.2021	30.9.2020	
G Israel	12	163	98.0%	97.6%	N/A
Gazit Brasil	7	179	94.3%	94.5%	N/A
Gazit Horizons	12	77	90.7%	91.1%	N/A
CTY	38	1,191	93.0%	93.5%	39.6%
ATR	26	809	92.6%	92.9%	27.1%

	Average basic monthly rent per square meter		Change in same property NOI [2]		NOI (million)	
	30.9.2021	30.9.2020	reporting period	Quarter	Q3. 2021	Q3. 2020
G Israel	NIS 115.8	NIS 108.2	(11.6%)	10.1%	NIS 45.5	NIS 40.8
Gazit Brasil	R$ 66.3	R$ 56	(9.8%)	28.4%	R$56.4	R$ 36.0
Gazit Horizons	$ 49.2	$ 46	13.7%	42.0%	$ 3.7	$ 3.3
CTY	€ 22.7	€ 22.3	(2.9%)	0.4%	€ 51.3	€ 52.9
ATR	€ 14.6	€ 12.6	(4.6%)	N/A	€ 34.7	€ 33.2

1 Includes jointly-controlled properties.
2 Change in same property NOI during the reporting period compared with the corresponding period in the prior year.

2) Projects In Construction And Development Stage In the Private Companies (Gross)

Commercial and Office Projects The Project	Plan	Gross GLA Area (SQM)	Gazit Globe Share	Completion	Fair Value As of 30.09.21 (100%, Million NIS)	Cost to Complete (100%, Million NIS)	Expected Annual NOI (100%, NIS Million)
Savyon	Expanding commercial and office area: Construction started in June 2021.	5500	1	Q4-22	55	35	44385
Water Plant Kfar Saba	Store and office headquarters of Decathlon and a shopping wing. Decathlon store opened November 2021.	13100	0.255	Q4/21/Q2-23	143	82	9.5-10
G City Rishon Lezion	Office Tower: Redevelopment permit has been granted. Excavation and deepening work started during the month of May 2021.	64000	1	Q4-25	121	723	65-70
G Kfar Saba	Expanding commercial area: The project is in planning and licensing stage.	6000	0.51	Will be updated	24	155	8-8.5
G Kfar Saba	Office Tower: City zoning plan has been approved for an office tower. The project in currently at the first stage of planning, the company is looking to change the zoning to a residential tower.	25500	0.51	Will be updated	22	355	27-29
Market Place, Boston	Adding 9,300 SQM approx. 7 stories of office space above the existing 3-story building.	9300	0.65	2024	-	346	37
				Total 100%	365	1,696	154-163
				Company Share	236	1,264	116-124

Residential for Rent Projects The Project	Plan	Gross GLA Area (SQM)	Gazit Globe Share	Completion	Fair Value As of 30.09.21 (100%, Million NIS)	Cost to Complete (100%, Million NIS)	Expected Annual NOI (100%, NIS Million)
Tel Hashomer 'Apartment for Rent'	Construction of 4 residential apartment buildings with 243 apartments for rent (before right additions/Shabas reliefs) for long-term leasing, for a period of 20 years.	30,670	100%	Q2-25	529	325	21
Brickell, Miami	Constructing a 52-story tower above the commercial floors, approx. 350 units for rent, a request was submitted to expand the building right to approx.500 units.	40,000	100%	2025	107	539	36
				Total 100%	636	864	57

* The information above includes information regarding projects under planning and construction (including additional projected area, projected time to complete, cost to complete and projected annual NOI), which constitutes a forward Looking Statements, as defined under Israeli Securities Law – 1968. Such information is based on the Company's estimations as of the date of this presentation and might change in the future. For additional information please see page 2 of the presentation.

3) Effect of the Macro-Economic Environment on the Group's Activity

The Group's activity is also affected by the macro-economic environment (inter alia, an increase/decrease in population, private consumption volumes, the unemployment rate and the level of demand) in the various countries in which it operates. These parameters to a certain degree impact the occupancy rates at properties, the level of rents, the Group's ability to increase its revenues over time, and the scope and potential of the investments and development. For details regarding the Covid-19 epidemic, refer to section 1.2 below.

Presented below are macro-economic data for the countries where the Group operates[1]:

	Growth (GDP)				
	2021 forecast	2020	Rate of unemployment	Yield on government debentures (10 years)	Debt rating (S&P)
Norway	3.70%	(0.80%)	3.10%	1.205%	AAA
Sweden	3.80%	(3.00%)	10.3%	0.073%	AAAu
Canada	6.20%	(5.40%)	8.03%	1.245%	AAA
Finland	2.60%	(2.80%)	7.60%	(0.228%)	AA+
USA	6.50%	(3.50%)	5.93%	1.324%	AA+u
Czech Republic	3.60%	(5.50%)	3.70%	1.644%	AA-
Israel	4.80%	(2.40%)	4.30%	1.000%	AA-
Poland	4.80%	(2.70%)	3.77%	1.920%	A-
Russia	3.50%	(3.00%)	4.97%	6.950%	BBB-
Brazil	5.10%	(4.10%)	14.65%	10.041%	BB-

International debt rating of Group companies:

Rating Agency	**Gazit-Globe[2]**	**CTY**	**ATR[4]**
Moody's	ilAa3[3,4]/ Negative	Baa3/ Stable	Baa3/ Stable
S&P	ilAA-[3,4]/ Negative	BBB-/ Stable	-
Fitch	-	BBB-/ Stable	BBB/Stable

1. Data source: Bloomberg – November 2021.
2. The Company has a short-term issuer rating of 'ilA-1+' and 'P-1.il' by S&P Maalot and Midroog, respectively.
3. The Company's secured debentures (Series O), rated by S&P Maalot and Midroog at a rating level of 'ilAA' and 'Aa2.il', respectively.
4. Following an offer by a wholly owned subsidiary of the Company to acquire the minority shares in ATR, and the possibility of an increase in leverage, on August 8, 2021, the rating company S&P Maalot entered the company's ratings with negative outlook. Also, the rating companies Moody's and Fitch entered ATR's ratings with negative outlook.

3.2. Material Events at the Group During the quarter

A. For details regarding the engagement of a wholly owned subsidiary of the Company in the agreement to purchase the minority shares in ATR by a merger, refer to Note 5b to the financial statements.

B. For details regarding the submission of a prospectus draft of an investment fund wholly owned by the Company for initial listing for trading of the participation units of the aforesaid fund in the Sao Paulo Brazil Stock Exchange and obtaining approval from the Brazil Securities Authority for the prospectus, refer to Note 3b3 to the financial statements and Section 9 to Update of Description of the Company's business.

C. For details regarding debt raising in Brazil, in the amount of BRL 650 million (NIS 405 million), refer to Note 3a7to the financial statements.

D. For details regarding debt raising, by ATR, in the amount of EUR 300 million, refer to Note 3a1 to the financial statements.

E. For details regarding hybrid debt raising, by ATR, in the amount of EUR 350 million, refer to Note 3a5 to the financial statements.

F. For details regarding buyback of ATR's debentures in the amount of EUR 78 million, refer to Note 3a2 to the financial statements.

G. For details regarding debt raising, by CTY, in the amount of EUR 350 million, refer to Note 3a3 to the financial statements.

H. For details regarding hybrid debt raising, by CTY, in the amount of EUR 350 million, refer to Note 3a6 to the financial statements.

I. For details regarding buyback of CTY debentures in the amount of EUR 95 million, refer to Note 3a4 to the financial statements.

J. For details regarding the issuance of debentures (Series P) by the Company secured by ATR shares in the amount of NIS 447 million and its expansion after the reporting date in additional amount of NIS 327 million, refer to Notes 3a8 and 5d to the financial statements.

K. For details regarding purchase of 20.4 ATR debentures, by the Company's wholly owned subsidiary, in the amount of EUR 55.6 million, refer to Note 3b2 to the financial statements.

3.3. Dividend Distribution Policy

Pursuant to the Company’s policy, the Company announces every year the anticipated annual dividend.
On August 2020 the Company updated of the Quarterly dividend policy per share from NIS 0.43 per share to NIS 0.30 per share, for the period beginning with the dividend declared on the approval date of the financial statements for the third Quarter of 2020 and until (including) the declared dividend on the approval date of the financial statements for the third Quarter of 2021(total of five consecutive quarterly dividend distributions).

The above is subject to the existence of sufficient distributable income at the relevant dates and is subject to the provisions of any law relating to dividend distributions and to decisions that the Company is permitted to take. This includes the appropriation of its income for other purposes and the revision of this policy. The Company periodically reviews the implementation of its dividend policy in accordance with the economic environment in which it operates.

3.4. Financial Position

Current assets

Current assets, as of September 30, 2021, total NIS 5.8 billion, compared with NIS 3.3 billion as of December 31, 2020. The increase in current assets derives mainly from an increase in cash and cash equivalents and financial assets as a result of receipts for the issuance of hybrid debt in ATR and CTY at the end of the second quarter this year. The said increase was offset by a decrease in the held assets for sale that were sold during the reporting period.

Equity-accounted investees

The balance of equity-accounted investees amounted to NIS1.5 billion as of September 30, 2021, compared to NIS 1.4 billion as of December 31, 2020. The balance of this item is primarily comprised of investments in property through joint ventures as recorded in the books of CTY, ATR, Gazit Horizons and Gazit Canada.

Non- current Financial derivatives

The balance of financial derivatives primarily arises from cross-currency swap transactions, entered into as part of the Group’s policy to correlate as closely as possible the currency in which properties are acquired and the currency in which the liabilities are undertaken to finance the respective acquisitions of such properties are incurred (on a proportionately consolidated basis), and are presented at fair value (refer to section 4 below). The balance of the financial derivatives is presented net of amounts received under CSA (Credit Support Annex) agreements entered into with certain financial institutions that establish settlement mechanisms between the Company and the banking institution with which the swap transaction is being carried out with respect to the value of the financial derivatives (CSA agreement). As of September 30, 2021, the aforesaid balance of financial derivatives amounted to NIS 360 million, similar to NIS 359 million as of December 31, 2020.

Investment property and investment property under development

Investment property and investment property under development (including assets held for sale that are presented under current assets), as of September 30, 2021, amounted to NIS 34.4 billion, compared to NIS 35.2 billion as of December 31, 2020.

The decrease in these balances during the quarter is primarily due to the sale of none core investment property in consideration of NIS 1.1 billion and from fluctuation in exchange rates (mainly the NIS compared to the EUR and BRL) in net amount of NIS 0.9 billion. The decrease was offset by the acquisition of rental properties, the development of new properties and the renovation of existing properties at a total cost of NIS 1.1 billion and from adjustments in fair value of investment property and investment property under development in the amount of NIS 104 million.

Intangible assets, net

Intangible assets, net, as of September 30, 2021, totaled NIS 538 million, compared to NIS 602 million as of December 31, 2020. The intangible assets primarily consist of goodwill in an amount of NIS 537 million relates to properties in Norway own by CTY.

Current liabilities

Current liabilities, as of September 30, 2021, totalled NIS 3.6 billion, compared to NIS 3.1 billion as of December 31, 2020. The balance mainly includes short-term credit from banks and others and current maturities of long-term liabilities, in the amount of NIS 2.2 billion, similar to NIS 2.0 billion as of December 31, 2020. The increase in current liabilities is due to the winning of the "apartment for rent" tender in September this year and will be paid after the reporting date, refer to Note 3b7.

Non-current liabilities

Non-current liabilities, as of September 30, 2021, totaled NIS 24.9 billion, compared to NIS 24.8 billion as of December 31, 2020. The increase in non-current liabilities is primarily due to the issuance of debentures by the Group's companies for its operations.

Equity attributable to the equity holders of the Company

Equity attributable to the equity holders of the Company, as of September 30, 2021, amounted to NIS 5,474 million, compared to NIS 5,562 million as of December 31, 2020. The decrease is due to a decrease in capital reserves in the amount of NIS 278 million (mainly from foreign currency translation reserve) offset by the declared dividend of NIS 136 million. The aforesaid decrease is offset by a gain attributed to the Company's shareholders in the amount of NIS 326 million.

The equity per share attributable to the equity holders of the Company as of September 30, 2021 totaled NIS 36.1 per share, compared to NIS 36.8 per share as of December 31, 2020, after a dividend distribution of NIS 0.90 per share during the Reporting period.

Non-controlling interests

Non-controlling interests, as of September 30, 2021, amounted to NIS 8.9 billion, compared to NIS 7.0 billion as of December 31, 2020. The balance primarily comprised of the interests of CTY's other shareholders at a rate of 50.8% of CTY's equity, the interests of ATR's other shareholders comprising 25.2% of ATR's equity as well as CTY's and ATR's hybrid debentures of.

The increase in non-controlling interests in the Reporting period is primarily due to the issuance of hybrid debentures in ATR and CTY in the amount of NIS 2.7 billion. The aforesaid increase was offset from the portion of other shareholders in dividends declared by the subsidiaries in an amount of NIS 0.2 billion, by acquisition of the Group companies' shares from non-controlling interests in the amount of NIS 0.3 billion and from a total loss attributed to non-controlling interests in the amount of NIS 0.2 billion.

3.5. Results of Operations and their analysis

A. Results of operations are as follows:

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions (except for net earnings (loss) per share data)				
Rental and other income	1,713	1,803	571	611	2,406
Property operating and other expenses	508	529	148	185	760
Net operating income	1,205	1,274	423	426	1,646
Fair value gain (loss) from investment property and investment property under development, net	104	(870)	137	(142)	(1,534)
General and administrative expenses	(255)	(242)	(86)	(85)	(352)
Other income	16	12	-	3	18
Other expenses	(38)	(34)	(1)	(5)	(36)
Company's share in earnings (losses) of equity- accounted investees, net	15	(60)	8	(12)	(78)
Operating income (loss)	1,047	80	481	185	(336)
Finance expenses	(786)	(817)	(290)	(271)	(806)
Finance income	552	65	203	201	109
Profit (loss) before taxes on income	813	(672)	394	115	(1,033)
Taxes on income (tax benefit)	269	(91)	131	67	(147)
Net income (loss)	544	(581)	263	48	(886)
Attributable to:					
Equity holders of the Company	326	(490)	207	23	(653)
Non-controlling interests	218	(91)	56	25	(233)
	544	(581)	263	48	(886)
Net earnings (loss) per share attributable to equity holders of the Company (in NIS):					
Total basic net earnings (loss)	2.15	(2.84)	1.36	0.15	(3.91)
Total diluted net earnings (loss)	2.14	(2.86)	1.36	0.15	(3.92)

The statement of comprehensive income is as follows:

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	**2020**	**2021**	**2020**	**2020**
	Unaudited				**Audited**
	NIS in millions				
Net income (loss)	544	(581)	263	48	(886)
Other comprehensive income (loss) (net of tax effect):					
Amounts that will not be reclassified subsequently to profit or loss					
Net gains (losses) on cash flow hedges	19	(75)	7	(12)	(74)
Amounts that will not be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(845)	(1,170)	(877)	116	(1,175)
Net gains (losses) on cash flow hedges	43	(52)	10	(1)	(41)
Total other comprehensive loss	(783)	(1,297)	(860)	103	(1,290)
Total comprehensive loss	(239)	(1,878)	(597)	151	(2,176)
Attributable to:					
Equity holders of the Company	(38)	(1,834)	(327)	(94)	(1,974)
Non-controlling interests	(201)	(44)	(270)	245	(202)
	(239)	(1,878)	(597)	151	(2,176)

B. Analysis of Results of Operations for the Reporting Period

Rental and other income

Excluding the change in the average exchange the rate rental and other income in the Reporting Period decreased by 3.8% as compared to the corresponding period last year. The decrease is due to the restrictions imposed by governments in countries which the company operates following the Covid-19 epidemic and from the sale of non-core properties during the past 12 months.

Rental and other income decreased by 5.0% to NIS 1,713 million in the Reporting Period, compared to NIS 1,803 million in the comparable period in the prior year.

Property operating and other expenses

Property operating and other expenses and others totalled NIS 508 million in the Reporting Period, representing 29.7% of total rental and other income, compared to NIS 529 million, representing 29.3% of total rental and other income, in the comparable period last year. The decrease in property and other operating expenses is due to the reduction management expenses and the reason described in section rental income and others.

Net operating income (NOI)

Excluding the change in the average exchange rates the net operating income in the Reporting Period decreased by 4.0%, compared with the same period in the prior year.

The decrease in net operating income is due to the restrictions imposed by governments in countries where the company operates following the Covid-19 epidemic and from the sale of non-core assets during the past 12 months.

Net operating income decreased by 5.4% to NIS 1,205 million in the Reporting Period (70.3% of rental income), compared to NIS 1,274 million (70.7% of rental income) in the corresponding period last year.

Fair value gain (loss) from investment property and investment property under development, net

The Group applies the fair value model, as prescribed in IAS 40 (Revised), Investment Property. As a result of implementing this standard, the Group recognized, in the Reporting Period, a fair value gain on its properties in a gross amount of NIS 104 million, compared to a loss of NIS 870 million, in the corresponding period in the prior year.

General and administrative expenses

General and administrative expenses totaled NIS 255 million (14.9% of total revenues), in the Reporting Period, compared to NIS 242 million (13.4% of total revenues) in the corresponding period last year.

Company’s share in earnings of equity-accounted investees, net

In the Reporting Period, the Company’s share in earnings of equity-accounted investees amounted to NIS 15 million (compared to loss of NIS 60 million recorded in the comparable period in the prior year) and is primarily comprised of the Group’s share in the net earnings of CTY, Gazit Horizons, ATR and Gazit Canada (Gazit Tripllle).

Finance expenses

Finance expenses amounted to NIS 786 million in the Reporting Period, compared to NIS 817 million in the comparable period in the prior year. The decrease in the finance expenses during the Reporting Period, compared to the corresponding period in the prior year, is primarily due to the loss of revaluation of marketable securities and in the amount of NIS 213 million compared to a gain recorded in finance income in the reporting period. The aforesaid decrease was offset by an increase in the linkage differences expenses in the amount of NIS 206 million, in respect of a debt linked to the CPI, which increased by 2.2% in the reporting period compared with a decrease of 0.6% in the corresponding period last year.

The average interest on the Company's interest bearing liabilities (on expanded solo basis) 3.55% compared to 3.61% in the corresponding quarter last year.

Finance income

Finance income totaled NIS 552 million in the Reporting Period, compared to NIS 65 million in the corresponding period last year. Finance income in the Reporting Period primarily comprises a gain of NIS 312 million on the revaluation of financial derivatives compared to a revaluation loss recorded in finance expenses in the Reporting period in the prior year, a gain from realization of securities revaluation and from dividend income of NIS 205 million, (compared to income of NIS 34 million in the corresponding period last year) and interest income of NIS 34 million (compared to interest income of NIS 25 million in the corresponding period last year).

Taxes on income (tax benefit)

Taxes expenses totaled NIS 269 million in the Reporting Period, compared to tax income of NIS 91 million in the corresponding period in last year. Tax expenses in the Reporting Period primarily consists of deferred tax expenses in the amount of NIS 199 million relating primarily to the net changes in the balances of the temporary differences between the tax base and the fair value of investment property and investment property under development, including due to the disposal of properties as well as structural change in the Group and carry forward losses (in the comparable period in the prior year – net deferred tax income of NIS 178 million relating to net changes in the balances of the temporary differences between the tax base and the fair value of investment property and investment property under development, including due to the disposal of properties). In the Reporting Period, Group companies recorded current tax expenses of NIS 70 million, compared to current tax expenses of NIS 88 million in the corresponding period in prior year. In addition, tax income of NIS 1 million with respect to prior years recognized in corresponding period last year.

C. Analysis of results of operations for the third quarter of 2021

Rental income and others

Excluding the average exchange rates the rental income and others in the Quarter decreased by 2.8% compared with the corresponding quarter last year. The decrease is due to effects of the Covid-19 pandemic and from the sale of non-core assets during the past 12 months.

Rental income and others decreased by 6.5% to NIS 571 million in the Quarter, compared with NIS 611 million in the corresponding quarter last year.

Property operating expenses and others

Property operating expenses and others totaled NIS 148 million in the Quarter, representing 25.9% of total rental income and others, compared with NIS 185 million, representing 30.3% of total rental income and others in the corresponding quarter last year.

Net operating income (NOI)

Excluding the change in the average exchange rates, the net operating rental income in the Quarter increased by 3.4% compared with the corresponding quarter last year. The increase in net operating income is due to the effects of the Covid-19 pandemic in the corresponding quarter last year.

Net operating rental income decreased by 0.7% to NIS 423 million in the Quarter (74.1% of total rental income), compared with NIS 426 million (69.7% of rental income) in the corresponding quarter last year.

Fair value gain (loss) from investment property and investment property under development, net

The Group applies the fair value model, as prescribed in IAS 40 (Revised), *Investment Property*. As a result of implementing this standard, the Company and its subsidiaries recognized in the Quarter a fair value loss on its properties in a gross amount of NIS 137 million, compared to fair value loss of NIS 142 million in the corresponding quarter last year.

General and administrative expenses

General and administrative expenses totaled NIS 86 million (15.1% of total revenues) in the Quarter, compared to NIS 85 million (13.4% of total revenues) in the corresponding quarter last year.

Company's share in earnings of equity-accounted investees, net

In the Quarter, the Company's share in gain of equity-accounted investees amounted to NIS 8 million (compared to a loss of NIS 12 million recorded in the corresponding quarter in the prior year) and is primarily comprised of the Group's share in the net loss of CTY, Gazit Horizons, ATR and Gazit Canada (Gazit Tripllle).

Finance expenses

Finance expenses amounted to NIS 290 million in the Quarter, compared to NIS 271 million in the corresponding quarter last year. The increase in finance expenses in the quarter compared to the corresponding quarter last year is primarily due to linkage differences in the amount of NIS 69 million in the quarter compared to expenses from linkage differences in the amount of NIS 3 million in the corresponding quarter last year.

Finance income

Finance income totaled NIS 203 million in the Quarter, compared to NIS 201 million in the corresponding quarter in the prior year. Finance income in the Quarter primarily comprises a gain from revaluation of financial derivatives in the amount of NIS 177 million (a gain of NIS 187 million from revaluation was recorded in the corresponding quarter last year) and income of NIS 3 million from realization and revaluation of securities and dividends (income of NIS 4 million was recorded in the corresponding quarter last year) and interest income in the amount of NIS 16 million (income in the amount of NIS 1 million was recorded in the corresponding quarter last year).

Taxes on income (tax benefit)

Tax expenses totaled NIS 131 million in the Quarter, compared with tax income of NIS 67 million in the corresponding quarter last year. Tax expenses in the Quarter comprises primarily of deferred tax expenses of NIS 97 million, arising mainly from net changes in the temporary differences between the tax base and fair value of investment property and investment property under development, including disposition of properties as well as structural change in the Group and carry forward losses (in the corresponding quarter last year, net deferred tax expenses of NIS 27 million arising primarily as the net changes in the temporary differences between the tax base and the fair value of investment property and investment property under development, including disposition of properties). In the Quarter, the Group companies recorded current tax expenses in an amount of NIS 34 million, compared with current tax expenses of NIS 38 million in the corresponding Quarter in the prior year. In addition, in the corresponding Quarter in the prior year tax expenses was recorded with respect to prior years in the amount of NIS 2 million.

3.6. Liquidity and Capital Resources

The Company and its subsidiaries have a policy of maintaining an adequate level of liquidity that enables the pursuit of business opportunities in its activities, as well as flexibility in accessibility to sources of finance.

The sources of liquidity of the Company and its subsidiaries are the cash generated from its income-producing properties, issuing of debentures, hybrid debentures, capital raising, credit facilities and long-term loans (including loans secured property), which is used primarily for the acquisition, development and redevelopment of income-producing properties, the settlement of liabilities, investments in investees and other investments.

As of September 30, 2021, the liquid assets available to the Company and its subsidiaries, including short-term investments, totaled NIS 4.7 billion as of September 30, 2021. In addition, as of September 30, 2021, the Company and its subsidiaries have binding undrawn long-term credit facilities[1] available for immediate drawdown of NIS 4.1 billion.

As of September 30, 2021, the Company and its subsidiaries have liquidity, including undrawn long term credit facilities[1] available for immediate drawdown and liquid balances totaling NIS 8.8 billion (of which NIS 2.7 billion at the Company and it's wholly-owned subsidiaries, including cash and cash equivalents, tradable securities and short-term deposits in the amount of NIS 1.9 billion.

Furthermore, as of September 30, 2021, the Company and its subsidiaries have unencumbered investment property and investment property under development, which is carried on the financial statements at a fair value of NIS 23.3 billion (67.6% of the total investment property and investment property under development).

As of September 30, 2021, the Company had a negative working capital balance of NIS 0.8 billion under its separate reports (solo and negative cash flow from operating activities in addition, the Company's (expanded solo) has a positive cash flow from operating activities, refer to Section 2.2 above. On the other hand, the Company has at its disposal in the consolidated and expanded solos has approved long-term credit facilities[1], available for immediate drawdown on a consolidation basis and on an expanded solo basis (including in companies that are fully owned by the Company), in the amount of NIS 4.1 billion and NIS 1.1 billion, respectively. The policy of the Company is to finance its operations with revolving credit facilities and by raising long-term debt from time to time, depending on market conditions. The Board of Directors has concluded that, in view of the resources that are available to the Group and to the Company, including non-pledged assets, as described above, and considering the positive cash flow from operating activities on consolidation and on expanded solo, including forecast cash flow, its existence is not indicative of a liquidity problem in the Company or its subsidiaries.

1 Signed credit lines with financial institutions pursuant to which these institutions are obligated to provide the Group with the aforesaid credit, subject to complying with the terms prescribed in the agreements, and with respect to which the Group companies pay various commissions, including commitment fees.

3.7. Cash flows

Cash flow generated from operating activities in the Reporting period and in the Quarter totalled NIS 230 million and NIS 25 million, respectively, compared to NIS 240 million and NIS 11 million, respectively, in the corresponding periods in the prior year.

During the Reporting period, the Company and its subsidiaries financed their activities by issuance of debentures and hybrid debentures in a net amount of NIS 4,506 million and through the sale of investment property in the net amount of NIS 7 million. These cash flows were mainly used for investments in financial assets in the net amount of NIS 895 million, for repayments of loans and credit lines in the net amount of NIS 688 million, for dividend payments by the Group's companies in the amount of NIS 387 million and for the purchase of the Group's companies shares in the amount of NIS 201 million.

During the quarter, the Company and its subsidiaries financed their activities by issuance of debentures in a net amount of NIS 448 million and through realization of assets in the net amount of NIS 33 million. These cash flows were mainly used for repayment of loans and credit lines in the net amount of NIS 405 million, for dividend payments by the Group's companies in the amount of NIS 107 million and for investments in financial assets in the net amount of NIS 139 million

Repurchase Program

A. On March 21 2021, the Company's Board of Directors resolved to adopt a new buyback program for the Company's debentures (in place of the previous program) with a par value of up to NIS 450 million, in relation to all the outstanding series of debentures, the program is in effect until March 31, 2022. Purchases will be made under the program from time to time and at the discretion of the Company's Management. No purchases have been made under the aforesaid program.

B. On May 21, 2021, the Company's Board of Directors resolved to adopt new buyback program for the Company's shares in an amount of up to NIS 250 million, the program is in effect until December 31, 2022. Purchases will be made from time to time, at the discretion of the Company's management, so long as the stock exchange price of the share reflects a significant discount on the Company's NAV, as shall be from time to time. No purchases have been made under the aforesaid program.

4. Exposure to Market Risks and their Management

a. The individuals responsible for managing and reporting the Company’s market risks are the Company’s CEO and Executive Vice President and CFO. The Group operates globally and is consequently exposed to currency risks resulting from fluctuations in exchange rates of various currencies (primarily the U.S. dollar, the euro and the Brazilian real). Since March 21, 2021, the approval date of the Company’s annual report for 2021, there has not been any material changes in the management or nature of the market risks to which the Company is exposed.

b. During the period from January 1, 2021 through the date of the approval of the financial statements, the CEO and Executive Vice President and CFO have held and continue to hold regular discussions concerning the exposure to market risks, including changes in exchange rates and interest rates. Furthermore, during such period, the Company’s Board of Directors discussed the foregoing risks and the Company’s policy regarding them at meetings in which the financial statements as of December 31, 2020, March 31, 2021, September 30, and as of June 2021, were approved.

c. Changes in foreign currency exchange rates – during the period from January 1, 2021 through September 30, 2021, the NIS appreciated against the Euro and the Brazilian real by 5.3% and by 4.2%, respectively and the NIS depreciated against the U.S. dollar and the Canadian dollar by 0.4%, and by 0.5%, respectively. With regard to the impact of exchange rate changes on the Company's equity, as of September 30, 2021, refer to Appendix A of the Directors’ Report. In addition, as of September 30, 2021 until immediately prior to the date of approval of this report, the NIS appreciated against the Euro, the U.S. dollar, the Canadian dollar and the Brazilian real by 6.0%, by 4.34%, by 2.7% and by 4.2%, respectively.

   In addition, some of the Company’s liabilities (primarily with respect to operations in Israel) are linked to changes in the Israeli consumer price index. During the period from January 1, 2021 through September 30, 2021, the Israeli consumer price index (known index) rose by 2.2%. In addition, as of September 30, 2021, until immediately prior to the date of approval of this report, the Israeli consumer price index (known index) rose by 0.3%.

d. The Company maintains a correlation between the mix of its properties in the various functional currencies and the exposure of its equity to those currencies, by conducting hedging transactions to manage the currency exposure. However, considering recent fluctuations in foreign exchange rates against the NIS, in November 2021 the Company's Board of Directors decided to conduct hedging transactions to increase the exposure of the NIS equity, so that the equity ratio exposed to the shekel will be up to 40% of equity. Management regularly evaluates the linkage bases report and takes appropriate action in accordance with exchange rate fluctuations.

   For details regarding the scope of the Company’s exposure to each of the functional currencies (the euro, the U.S. dollar, the Canadian dollar, the NIS and the Brazilian real), with respect to which linkage basis and cross-currency swaps have been transacted and loans taken in the various currencies, and regarding the scope of the remaining exposure after transacting cross-currency swaps, as of September 30, 2021, refer to the table attached as Appendix A of the Directors’ Report.

5. Corporate Governance Aspects

Donations

The Group has undertaken to assist the communities in which it operates in accordance with the donation policy approved by the Company's Management. During the Reporting Period, the Group made donations to a variety of projects in the areas of education, culture, welfare, and health in the various countries in which the Company operates.

A. The majority of the Group's donations in the Reporting Period was directed to the field of education for the benefit of the "Supporting the South" initiative, which was established by the Company eight years ago. Within the framework of the initiative, the Company supports the educational systems of periphery towns in the Negev, including providing support to elementary and high schools, as well as to several nursery schools and preschool centers.

B. Communal involvement – the Group supports a variety of volunteer organizations in the fields of welfare, health and culture.

During the Reporting period, the Group's donations amounted to NIS 2.2 million.

6. Disclosure Regarding the Financial Reporting of the Company

Subsequent events

A. For details regarding the engagement of a wholly owned subsidiary of the Company for the acquisition of the minority shareholders in ATR (25%) by way of merger with ATR, refer to Note 5b to the financial statements.

B. For details regarding debt raising by the Company, series expansion of debentures (Series N and P) in the amount of NIS 607 million, refer to Note 5d to the financial statements.

7. Details Concerning the Company's Publicly-Held Debt Certificates

A. The Company's commitments pursuant to the debentures (Series O) are secured by a first fixed charge on the rights relating to properties, as set out in section 4.6 of the Company's shelf prospectus published on October 22, 2020 (reference no. 2020-01-106162) with the information contained therein being hereby presented by means of this reference. The value of the foregoing pledged property as of December 31, 2020 is NIS 436 million. There has been no material change in the valuation of the aforesaid pledged properties as of September 30, 2021 compared to the valuation as of December 31, 2020.

For details regarding the Company's right to issue additional debentures from the series and to exchange, sell or release the pledged assets for the benefit of Series O debenture holders subject to certain conditions being met, including compliance with a weighted ratio, as defined in the trust deed (Series O), which is lower or equal to -1, and everything as specified in sections 5.6 to 5.9 of the trust deed, which is stated in them, is included below by way of reference.

For further details regarding the aforesaid pledged assets, as required by the regulations of the Securities Authority regarding the investment real estate activity, refer to the chapter 'Update to the description of the Company's business'.

B. The Company's commitments pursuant to the debentures (Series P) are secured by a first-degree fixed lien on account of the pledged shares (ATR shares) and all the rights of the lien company in the account of the pledged shares. For details regarding a parallel debt agreement between the Company and the Trustee, as well as a control agreement signed between the Company, the Trustee and the custodian in connection with the account of the pledged shares, as well as further details regarding the Treasury Trust Fund's provisions, refer to Note 3a to the financial statements. The trust deed also includes mechanisms for adding, removing, selling or exchanging liens and delisting the pledged shares from trading as well as the Company's right to issue additional debentures (Series P), as set out in sections 5.6-5.11 of the trust deed attached to the Company's shelf offer report published on August 22, 2021 (Reference No. 2021-01-068740) in which the information contained herein is hereby incorporated by reference.

For further details regarding ATR, refer to ATR's financial statements published on November 16, 2021 (Reference No. 2021-01-167154) in which the information contained herein is hereby incorporated by reference.

C. The trust deeds by virtue of which the debentures were issued in circulation, do not impose restrictions on the Company on the creation of additional liens on the Company's assets or in connection with the Company's authority to issue additional debentures other than a negative current liability (series M, N, O and P|)

D. On March 31, 2021, the Company fully repaid debentures (Series D) in accordance with the maturity dates of the aforesaid debentures.

E. On July 1, 2021, the S&P Maalot rating agency reaffirmed the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, at a rating level of 'ilAA-' with a negative outlook and the credit rating of the Company's debentures (Series O), which are secured by a pledge, at a rating level of 'ilAA', with a negative outlook.
Following the proposal to acquire the minority shares in ATR, as detailed in Note 5d to the financial statments, and the possibility increase in leverage, on August 8, 2021, the S&P Maalot rating agency entered the Company's credit rating into negative creditwatch.

F. On July 27, 2021, the Midroog rating agency reaffirmed the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, at a rating level of 'Aa3.il' with a negative outlook and the credit rating of the Company's debentures (Series O), which are secured by a pledge, at a rating level of 'Aa2.il', with a negative outlook.

G. The principal covenants attaching to the debentures (Series K, L, M,N ,O and P) of the Company are as follows:

Financial ratio	Covenants	As of September 30, 2021
Minimum shareholders' equity (less non-controlling interests) (dollars in millions)	Series K-Higher than 500, during 4 consecutive quarters Series L-Higher than 650, during 3 consecutive quarters Series M-Higher than 800, during 3 consecutive quarters Series N,O,P- Higher than 850, during 3 consecutive quarters	1,695
Minimum shareholders' equity (less non-controlling interests) during one quarter (dollars in millions)	Series M,N,O- Higher than 400 P- Higher than 450	1,695
Ratio of net interest-bearing debt to total consolidated assets And	Series K and L-lower than 80%, during 4 consecutive quarters Series M-lower than 75%	[1]52.8%
Minimum rating of the debentures	Series K,L and M-'ilBaa3'/'ilBBB-'	'ilAa3'/ 'ilAA'-
Ratio of net interest-bearing debt to total consolidated assets	Series N, O, P-lower than 75%	52.3%
Minimum rating of the debentures	Series N, O-'ilBaa3'/'ilBBB-'	'ilAa3'/ 'ilAA'-

As of September 30, 2021 and subsequent to the statements' approval, the Company complied with the covenants in respect of its debentures.

November 16, 2021		
Date of Approval of Directors' Report	Ehud Arnon Chairman of the Board of Directors	Chaim Katzman Vice Chairman of the Board of Directors and CEO

[1] The ratio of net interest bearing debt to balance sheet, the net interest bearing debt includes the accrued interest as presented in the financial statements.

Appendix A of the Directors' Report
Additional Information regarding Currency Exposure
As of September 30, 2021

The information below sets forth the scope of the Company's currency exposure (the euro, the U.S. dollar, the Canadian dollar, the NIS and the Brazilian real) in connection with the cross-currency swaps which have been transacted, and the scope of the exposure remaining after taking into account the cross-currency swaps, as of September 30, 2021. The following table presents the assets and the liabilities presented in the Company's statement of financial position (in the original currency and in NIS[1]) and the percentages they represent out of the total assets and liabilities, respectively, on a proportionately consolidated basis[2], and the total financial adjustments made by the Company by means of cross-currency swap transactions, in order to correlate, to the extent possible, the Company's equity to the Company's assets (from a currency perspective). As illustrated by the table, the assets and liabilities for each currency do not fully correlate, and the exposure reduction to each such currency is reflected in the differences, as presented in the table.

Data presented in millions	NIS	U.S.$	EUR	C$	BRL	Total in NIS
Assets in original currency	4,038	931	4,227	144	4,241	-
Assets in NIS	4,038	3,005	15,791	366	2,518	25,718
% of total assets	**16**	**12**	**61**	**1**	**10**	**100**
Liabilities in original currency	9,492	477	2,256	76	655	-
Cross-currency swap transactions in original currency	(5,804)	125	929	60	1,623	-
Liabilities in original currency	3,688	602	3,185	136	2,278	-
Liabilities in NIS adjusted for swaps	3,688	1,944	11,899	345	1,352	19,228
% of total liabilities	**19**	**10**	**62**	**2**	**7**	**100**
Total equity in original currency	350	329	1,042	8	1,963	-
Total economic equity[3] in NIS	350	1,061	3,892	21	1,166	6,490
% of total equity	**6**	**16**	**60**	**-**	**18**	**100**

1 According to currency exchange rates as of September 30, 2021.

2 The Company's statement of financial position presented on a proportionately consolidated basis has not been prepared in conformance with generally accepted accounting principles, but rather according to the Company's interest in each of the investees at the stated date.

3 Represents the equity attributable to the equity holders of the Company after excluding the provision for deferred taxes with respect to revaluation of investment property.

UPDATE TO THE DESCRIPTION OF THE COMPANY'S BUSINESS FOR THE 2020 PERIODIC REPORT OF GAZIT-GLOBE LTD. (the "Company")

Pursuant to Regulation 39A of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970, details are presented below concerning material changes and developments that have taken place in the Company's business since the publication of the Company's Periodic Report for 2020 (the "Periodic Report"), for each matter required to be described in the Periodic Report.

Update to Section 1 – The Company's operations and its business development

A. For details regarding the Covid-19 pandemic, refer to section 1.2 to the Directors's report on the Company's business.

B. On April 2021 the merger between the Company and G- Israel has been completed. During the reporting period, the company won a tender for an 'apartment for rent' for the purchase of land in Ramat Gan (south of Sheba Medical Center, Tel Hashomer), for the construction of a long-term rental residential complex of 243 housing units with a total area of 23.3 thousand square meters and 7.3 thousand Sqm of service areas (before additional rights / reliefs), where half of the housing units will be designated for housing at a supervised rent for those entitled in accordance with RMI conditions, and the other half will be rented by the company in the free market, for NIS 548 million (including tax Purchase and VAT).

Update to Section 2 – Investment in the company's capital and transactions in its shares in the last two year

As of January 1, 2020, and up to the publication date of this report, the Company issued 418,527 shares to officers of the Company, employees of the Company and employees of its wholly owned subsidiaries, as a result of the vesting of convertible securities allocated to them as part of their employment conditions.

Update to Section 3 – Dividend distributions in the last two years

A. On April 12, 2021, the Company distributed a dividend to its shareholders in an amount of NIS 45 million (NIS 0.30 per share).

B. On June 15, 2021, the Company distributed a dividend to its shareholders in an amount of NIS 45 million (NIS 0.30 per share).

C. On September 9, 2021, the Company distributed a dividend to its shareholders in the amount of NIS 46 million (NIS 0.30 per share).

D. For details regarding a dividend declared by the Company after the Reporting Date, refer to Note 5a to the financial statements.

E. For details regarding restrictions on the distribution of dividends by virtue of the promissory note to the debentures (Series P), refer to Note 3a8 to the financial statements.

Update to Section 6 – Acquisition, development and operation of shopping centers in Northern Europe

A. For details regarding debt raising, by CTY, in the amount of EUR 350 million, refer to Note 3a3 to the financial statements.

B. For details regarding hybrid debt raising, by CTY, in the amount of EUR 350 million, refer to Note 3a6 to the financial statements.

C. For details regarding buyback of debentures, by CTY, in the amount of EUR 95 million, refer to Note 3a4 to the financial statements.

D. For details regarding early redemption of debentures, by CTY, in the amount of EUR 162 million, refer to Note 5c to the financial statements.

Update to Section 7 – Acquisition, development and operation of shopping centers in Central and Eastern Europe

A. For details regarding a merger proposal to purchase ATR's minority shares, refer to Note 5d to the financial statements.

B. For details regarding debt raising by ATR, in the amount of EUR 300 million, refer to Note 3a1 to the financial statements.

C. For details regarding hybrid debt raising by ATR, in the amount of EUR 350 million, refer to Note 3a5 to the financial statements.

D. For details regarding buyback of debentures, by ATR, in the amount of EUR 78 million, refer to Note 3a2 to the financial statements.

E. For details regarding the purchase of ATR's shares by the Company's wholly-owned subsidiary in the amount of NIS 219 million, refer to Note3b2 to the financial statements.

Update to Section 9 – Gazit Brasil

On February , 2021, Gazit Malls FII [1](the "Issuer"), which is a fund for real estate investments wholly owned by the Company and which incorporated in Brazil, submitted a public draft prospectus to the Securities Authority in Brazil for an IPO of its participation units on the stock exchange in Sao Paolo, Brazil (BOVESPA), by means of a tender offer of 25% - 49% of the Company's holdings in the Issuer (indirectly) ("Tender Offer"). as detailed in Note 3b3 to the financial statements.

In October 2021, the Brazil Securities Authority received approval for the prospectus, and the issuing authority now has 180 days to carry out the issue by virtue of the prospectus, and intends to act accordingly and complete the issue within the period available, in accordance with market conditions in Brazil and around the world.

There is no certainty the tender offer will be completed during the third quarter of 2021 or at any other date.

The Company's assessments regarding the date of completion of the tender offer and the degree of its completion constitute forward-looking information, within the meaning of the Securities Law, 1968. 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 the changes in the conditions of the global capital market and /or in Brazil, the morbidity situation due to the Covid-19 pandemic and its effects, and the fulfillment of the conditions for the tender offer (such as obtaining regulatory permits).

In addition, on May 2021, the issuer completed a debt raising in Brazil amounting BRL 650 million, as detailed in Note 3a7 to the financial statements.

Update to Section 19 – Finance

A. For details regarding the issuance of new debentures (Series P) guaranteed by the lien on ATR shares, in the amount of NIS 447 million, refer to Note 3a8 to the financial statements.

B. For details regarding the expansion of debenture series (Series M and P) in the amount of NIS 274 million and NIS 333 million, respectively, refer to Note 5d to the financial statements.

[1] Formerly Internacional Shopping Fii

Disclosure regarding effectiveness of assets in accordance with Chapter VI for guidance disclosure regarding investment property activity

G Savion

	Third Quarter of 2021	Second Quarter of 2021	First Quarter of 2021	2020
Value of property income producing (NIS in 000's)	74,397	74,293	77,844	74,100
Value of reserved property (NIS in 000's)	65,307	63,238	46,000	46,000
Value of property (NIS in 000's)	139,704	137,531	123,845	120,100
NOI in the period (NIS in 000's)	1,273	1,093	859	4,055
Revaluation gains (losses) in the period (NIS in 000's)	70	358	165))	(3,206)
Average occupancy rate in the period	93.8%	94.2%	94.1%	98.5%
Actual rate of return (%)	5.8%	5.3%	4.4%	5.5%
Average annual rental per sq. meter (NIS)	128	126	125	125
Average annual rental per sq. meter in leases signed in the period (NIS)	-	-	-	104

G Rothschild (51%)

	Third Quarter of 2021	Second Quarter of 2021	First Quarter of 2021	2020
Value of property income producing (NIS in 000's)	115,471	113,532	111,572	111,346
Value of property construction rights (NIS in 000's)	2,854	2,854	2,854	2,854
Value of property (NIS in 000's)	118,325	116,386	114,426	114,200
NOI in the period (NIS in 000's)	1,714	808	777	3,651
Revaluation gains (losses) in the period (NIS in 000's)	237	386	112	(13,230)
Average occupancy rate in the period	96.8%	96.6%	97.6%	97.5%
Actual rate of return (%)	3.8%	2.8%	2.8%	3.3%
Average annual rental per sq. meter (NIS)	70	70	74	74
Average annual rental per sq. meter in leases signed in the period (NIS)	203	97	-	106

G Kohav Hatzfon

	Third Quarter of 2021	Second Quarter of 2021	First Quarter of 2021	2020
Value of property (NIS in 000's)	103,722	103,618	103,216	103,200
NOI in the period (NIS in 000's)	1,291	1,162	933	3,197
Revaluation gains (losses) in the period (NIS in 000's)	72	368	(71)	(4,562)
Average occupancy rate in the period	91.1%	91.6%	91.6%	91.6%
Actual rate of return (%)	4.4%	4.0%	3.6%	3.1%
Average annual rental per sq. meter (NIS)	211	206	206	237
Average annual rental per sq. meter in leases signed in the period (NIS)	-	284	-	267

Horev center (50%)

	Third Quarter of 2021	Second Quarter of 2021	First Quarter of 2021	2020
Value of property income producing (NIS in 000's)	86,804	86,639	86,251	86,500
Value of reserved property (NIS in 000's)	12,750	12,750	12,750	12,750
Value of property (NIS in 000's)	99,554	99,389	99,001	99,250
NOI in the period (NIS in 000's)	1,421	1,452	1,152	4,625
Revaluation gains (losses) in the period (NIS in 000's)	158	363	(269)	(2,420)
Average occupancy rate in the period	94.4%	95.0%	95.7%	94.5%
Actual rate of return (%)	6.2%	7.1%	5.3%	5.4%
Average annual rental per sq. meter (NIS)	98	114	115	99
Average annual rental per sq. meter in leases signed in the period (NIS)	-	69	-	112

GAZIT-GLOBE LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of September 30, 2021

Unaudited

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AUDITORS' REVIEW REPORT TO THE SHAREHOLDERS OF GAZIT-GLOBE LTD.

Introduction

We have reviewed the accompanying financial information of Gazit-Globe Ltd. and its subsidiaries ("the Group"), which comprises the condensed consolidated statement of financial position as of September 30, 2021 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the period of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of a certain subsidiary, whose assets constitute approximately 29% of total consolidated assets as of September 30, 2021, and whose revenues constitute approximately 31% and approximately 34% of total consolidated revenues for the period of nine and three months then ended. The condensed interim financial information of this company was reviewed by other auditors, whose review report has been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of this company, is based on the review report of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review report of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review and the review report of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
November 16, 2021

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3,063	592	742
Short-term investments and loans	61	60	147
Financial assets	1,581	604	693
Financial derivatives	110	79	37
Trade receivables	193	215	206
Other accounts receivable	350	276	308
Current taxes receivable	8	20	7
	5,366	1,846	2,140
Assets classified as held for sale	409	501	1,170
	5,775	2,347	3,310
NON-CURRENT ASSETS			
Equity-accounted investees	1,519	1,483	1,440
Other investments, loans and receivables	326	292	230
Financial assets	152	160	145
Financial derivatives	360	240	359
Investment property	30,118	32,539	31,828
Investment property under development	3,898	2,578	2,239
Fixed assets, net	160	176	172
Intangible assets, net	538	596	602
Deferred taxes	74	69	66
	37,145	38,133	37,081
	42,920	40,480	40,391

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from banks and others	429	1,134	1,366
Current maturities of non-current liabilities	1,738	1,211	622
Financial derivatives	12	45	89
Trade payables	118	79	131
Other accounts payable	1,220	711	752
Current taxes payable	69	152	73
	3,586	3,332	3,033
Liabilities attributable to assets held for sale	-	20	24
	3,586	3,352	3,057
NON-CURRENT LIABILITIES			
Debentures	17,264	16,283	16,734
Interest-bearing loans from banks and others	5,269	5,540	5,680
Financial derivatives	214	105	165
Other liabilities	380	476	404
Deferred taxes	1,799	1,719	1,772
	24,926	24,123	24,755
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	204	204	204
Share premium	4,077	4,062	4,063
Retained earnings	4,951	4,970	4,761
Foreign currency translation reserve	(4,730)	(4,325)	(4,307)
Other reserves	973	817	842
Treasury shares	(1)	(1)	(1)
	5,474	5,727	5,562
Non-controlling interests	8,934	7,278	7,017
Total equity	14,408	13,005	12,579
	42,920	40,480	40,391

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

November 16, 2021			
Date of approval of the financial statements	Ehud Arnon Chairman of the Board	Chaim Katzman CEO and Vice Chairman of the Board	Adi Jemini Executive Vice President and CFO

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions (except for per share data)				
Rental and other income	1,713	1,803	571	611	2,406
Property operating and other expenses	508	529	148	185	760
Net operating rental income	1,205	1,274	423	426	1,646
Fair value income (loss) from investment property and investment property under development, net	104	(870)	137	(142)	(1,534)
General and administrative expenses	(255)	(242)	(86)	(85)	(352)
Other income	16	12	-	3	18
Other expenses	(38)	(34)	(1)	(5)	(36)
Company's share in earnings (loss) of equity-accounted investees, net	15	(60)	8	(12)	(78)
Operating income (loss)	1,047	80	481	185	(336)
Finance expenses	(786)	(817)	(290)	(271)	(806)
Finance income	552	65	203	201	109
Income (loss) before taxes on income	813	(672)	394	115	(1,033)
Taxes on income (tax benefit)	269	(91)	131	67	(147)
Net income (loss)	544	(581)	263	48	(886)
Attributable to:					
Equity holders of the Company	326	(490)	207	23	(653)
Non-controlling interests	218	(91)	56	25	(233)
	544	(581)	263	48	(886)
Net earnings (loss) per share attributable to equity holders of the Company (NIS):					
Total basic net earnings (loss)	2.15	(2.84)	1.36	0.15	(3.91)
Total diluted net earnings (loss)	2.14	(2.86)	1.36	0.15	(3.92)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Net income (loss)	544	(581)	263	48	(886)
Other comprehensive income (loss) (net of tax effect):					
Amounts that will not be reclassified subsequently to profit or loss:					
Net gains (losses) on financial assets at fair value through other comprehensive income	19	(75)	7	(12)	(74)
Amounts that will be or that have been reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(845)	(1,170)	(877)	116	(1,175)
Net gains (losses) on cash flow hedges	43	(52)	10	(1)	(41)
Total other comprehensive income (loss)	(783)	(1,297)	(860)	103	(1,290)
Total comprehensive income (loss)	(239)	(1,878)	(597)	151	(2,176)
Attributable to:					
Equity holders of the Company (1)	(38)	(1,834)	(327)	(94)	(1,974)
Non-controlling interests	(201)	(44)	(270)	245	(202)
	(239)	(1,878)	(597)	151	(2,176)
(1) Breakdown of total comprehensive loss attributable to equity holders of the Company:					
Net income (loss)	326	(490)	207	23	(653)
Exchange differences on translation of foreign operations	(416)	(1,241)	(551)	(108)	(1,223)
Net (gains) losses on cash flow hedges	34	(40)	8	-	(32)
Net gains (losses) on financial assets at fair value through other comprehensive income	18	(63)	9	(9)	(66)
	(38)	(1,834)	(327)	(94)	(1,974)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance as of December 31, 2020 (audited)	204	4,063	4,761	(4,307)	842	(1)	5,562	7,017	12,579
Net income	-	-	326	-	-	-	326	218	544
Other comprehensive loss	-	-	-	(416)	52	-	(364)	(419)	(783)
Total comprehensive loss	-	-	326	(416)	52	-	(38)	(201)	(239)
Exercise and expiration of Company's share options into Company shares	*) -	14	-	-	(14)	-	*) -	-	*) -
Cost of share-based payment	-	-	-	-	7	-	7	7	14
Issuance of hybrid debentures to non-controlling interests	-	-	-	-	-	-	-	2,682	2,682
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(77)	(77)
Dividend paid **)	-	-	(136)	-	-	-	(136)	-	(136)
Acquisition of non-controlling interests and issuance in subsidiaries	-	-	-	(7)	86	-	79	(280)	(201)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(214)	(214)
Balance as of September 30, 2021	204	4,077	4,951	(4,730)	973	(1)	5,474	8,934	14,408

*) Represents an amount of less than NIS 1 million.

**) In the nine months ended in September 30, 2021, the Company declared a dividend in the amount of NIS 0.9 per share (in total amount of NIS 136 million), out of which NIS 45 million (NIS 0.3 per share), was paid on April 12, 2021, NIS 45 million (NIS 0.3 per share) was paid on June 15, 2021 and NIS 46 million (NIS 0.3 per share) was paid on September 9, 2021.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance as of December 31, 2019 (audited)	237	4,656	5,740	(3,077)	635	-	8,191	8,135	16,326
Loss	-	-	(490)	-	-	-	(490)	(91)	(581)
Other comprehensive loss	-	-	-	(1,241)	(103)	-	(1,344)	47	(1,297)
Total comprehensive loss	-	-	(490)	(1,241)	(103)	-	(1,834)	(44)	(1,878)
Exercise and expiration of Company's share options into Company shares	*) -	5	-	-	(5)	-	*) -	-	*) -
Purchase of treasury shares	-	-	-	-	-	(633)	(633)	-	(633)
Cancellation of treasury shares	(33)	(599)	-	-	-	632	-	-	-
Cost of share-based payment	-	-	-	-	7	-	7	4	11
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(16)	(16)
Reclassification of realized financial assets at fair value through other comprehensive income reserve to retained earnings	-	-	(62)	-	62	-	-	-	-
Dividend declared	-	-	(218)	-	-	-	(218)	-	(218)
Acquisition of non-controlling interests and issuance in subsidiaries	-	-	-	(7)	221	-	214	(551)	(337)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(250)	(250)
Balance as of September 30, 2020	204	4,062	4,970	(4,325)	817	(1)	5,727	7,278	13,005

*) Represents an amount of less than NIS 1 million.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance as of July 1, 2021	204	4,076	4,790	(4,179)	959	(1)	5,849	9,283	15,132
Net income	-	-	207	-	-	-	207	56	263
Other comprehensive loss	-	-	-	(551)	17	-	(534)	(326)	(860)
Total comprehensive loss	-	-	207	(551)	17	-	(327)	(270)	(597)
Exercise and forfeiture of Company's share option into Company shares	*) -	1	-	-	(1)	-	*) -	-	*) -
Cost of share-based payment	-	-	-	-	1	-	1	3	4
Interest on hybrid debentures paid to non-controlling interests	-	-	-	-	-	-	-	(15)	(15)
Dividend paid **)	-	-	(46)	-	-	-	(46)	-	(46)
Acquisition of non-controlling interests and issuance in subsidiaries	-	-	-	-	(3)	-	(3)	3	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	(70)	(70)
Balance as of September 30, 2021	204	4,077	4,951	(4,730)	973	(1)	5,474	8,934	14,408

*) Represents an amount of less than NIS 1 million.

**) On August 17, 2021, the Company declared a dividend of NIS 0.3 per share that was paid on September 9, 2021.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in millions								
Balance as of July 1, 2020	237	4,659	5,012	(4,216)	780	(286)	6,186	7,189	13,375
Net income	-	-	23	-	-	-	23	25	48
Other comprehensive income	-	-	-	(108)	(9)	-	(117)	220	103
Total comprehensive income	-	-	23	(108)	(9)	-	(94)	245	151
Exercise and expiration of Company's share options into Company shares	*) -	2	-	-	(2)	-	*) -	-	*) -
Purchase of treasury shares	-	-	-	-	-	(347)	(347)	-	(347)
Cancellation of treasury shares	(33)	(599)	-	-	-	632	-	-	-
Cost of share-based payment	-	-	-	-	4	-	4	1	5
Dividend declared	-	-	(65)	-	-	-	(65)	-	(65)
Acquisition of non-controlling interests and issuance in subsidiaries	-	-	-	(1)	44	-	43	(83)	(40)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(74)	(74)
Balance as of September 30, 2020	204	4,062	4,970	(4,325)	817	(1)	5,727	7,278	13,005

*) Represents an amount of less than NIS 1 million.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves	Treasury shares	Total	Non-controlling interests	Total equity
	Audited								
	NIS in millions								
Balance as of December 31, 2019 (audited)	237	4,656	5,740	(3,077)	635	-	8,191	8,135	16,326
Loss	-	-	(653)	-	-	-	(653)	(233)	(886)
Other comprehensive loss	-	-	-	(1,223)	(98)	-	(1,321)	31	(1,290)
Total comprehensive loss	-	-	(653)	(1,223)	(98)	-	(1,974)	(202)	(2,176)
Exercise and expiration of Company's share options into Company shares	*) -	6	-	-	(6)	-	*) -	-	*) -
Purchase of treasury shares	-	-	-	-	-	(633)	(633)	-	(633)
Cancellation of treasury shares	(33)	(599)	-	-	-	632	-	-	-
Cost of share-based payment	-	-	-	-	10	-	10	5	15
Issuance of hybrid debentures to non-controlling interests	-	-	-	-	-	-	-	(16)	(16)
Reclassification of realized financial assets at fair value through other comprehensive income reserve to retained earnings	-	-	(62)	-	62	-	-	-	-
Dividend declared	-	-	(264)	-	-	-	(264)	-	(264)
Acquisition of non-controlling interests and issuance in subsidiaries	-	-	-	(7)	239	-	232	(579)	(347)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(326)	(326)
Balance as of December 31, 2020 (audited)	204	4,063	4,761	(4,307)	842	(1)	5,562	7,017	12,579

*) Represents an amount of less than NIS 1 million.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Cash flows from operating activities:					
Net income (loss)	544	(581)	263	48	(886)
Adjustments required to present cash flows from operating activities:					
Adjustments to the profit or loss items:					
Finance expenses, net	234	752	87	70	697
Company's share in earnings (losses) of equity-accounted investees, net	(15)	60	(8)	12	78
Fair value income (loss) from investment property and investment property under development, net	(104)	870	(137)	142	1,534
Depreciation and amortization	20	21	6	7	28
Taxes on income (tax benefit)	269	(91)	131	67	(147)
Capital (gain) loss, net	28	(2)	-	5	(6)
Change in provision for legal claims, net	(2)	(1)	(1)	(1)	(1)
Cost of share-based payment	14	11	4	5	15
	444	1,620	82	307	2,198
Changes in assets and liabilities items:					
Increase in trade receivables and other accounts receivable	(102)	(178)	(30)	(7)	(194)
Increase (decrease) in trade and other accounts payable	(97)	(100)	(71)	(90)	28
	(199)	(278)	(101)	(97)	(166)
Net cash provided by operating activities before interest, dividend and taxes	789	761	244	258	1,146
Cash received and paid during the period for:					
Interest paid	(537)	(584)	(223)	(240)	(821)
Interest received	28	53	2	2	32
Dividend received	27	42	3	5	66
Taxes paid	(90)	(32)	(8)	(14)	(45)
Taxes received	13	-	7	-	19
	(559)	(521)	(219)	(247)	(749)
Net cash provided by operating activities	230	240	25	11	397

*) Represent an amount of less than NIS 1 million.
The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Cash flows from investing activities:					
Proceeds from sale of an associate	-	302	-	-	302
Investment and loans to investees	(12)	(41)	(5)	-	(42)
Acquisition, construction and development of investment property	(1,108)	(710)	(254)	(196)	(1,134)
Investments in fixed assets and other assets	(11)	(9)	(2)	(5)	(15)
Proceeds from sale of investment property, net of tax paid	1,115	411	115	148	492
Proceeds from sale of fixed assets	-	2	-	-	-
Grant of long-term loans	-	-	-	-	(112)
Collection of long-term loans	1	2	1	1	31
Short-term investments, net	-	9	-	346	9
Investment in financial assets	(2,211)	(1,17[illegible]	(505)	(185)	(1,279)
Proceeds from sale of financial assets and deposits withdrawal, net of tax paid	1,316	1,179	538	191	1,471
Net cash provided by (used in) investing activities	(910)	(25)	(112)	300	(277)
Cash flows from financing activities:					
Exercise of share options into Company's shares	*) -	*) -	*) -	*) -	*) -
Purchase of treasury shares	-	(633)	-	(347)	(633)
Acquisition of non-controlling interests and issuance in subsidiaries, net	(201)	(337)	-	(40)	(347)
Dividend paid to equity holders of the Company	(182)	(293)	(46)	(65)	(293)
Dividend paid to non-controlling interests	(205)	(250)	(61)	(110)	(326)
Receipt of long-term loans	1,021	[illegible]	434	52	1,010
Repayment of long-term loans	(31)	(821)	(10)	(7)	(44)
Receipt (repayment) of long-term credit facilities from banks and others, net	(1,078)	(78)	(845)	58	(946)
Receipt (repayment) of Short-term credit from banks and others, net	(600)	(67)	16	(726)	568
Repayment and early redemption of debentures and convertible debentures	(1,184)	(2,479)	-	(893)	(2,556)
Issuance of debentures	3,008	2,726	448	-	3,198
Issuance of hybrid bonds to non-controlling interests	2,682	-	-	-	-
Interest paid on hybrid debentures for non-controlling interests	(77)	(16)	(15)	-	(16)
Net cash provided by (used in) financing activities	3,153	(635)	(79)	(2,078)	(385)
Exchange differences on balances of cash and cash equivalents	(152)	(51)	(112)	25	(56)
Increase (decrease) in cash and cash equivalents	2,321	(471)	(278)	(1,742)	(321)
Cash and cash equivalents at the beginning of the period	742	[illegible]	3,341	2,334	1,063
Cash and cash equivalents at the end of the period	3,063	592	3,063	592	742

*) Represent an amount of less than NIS 1 million.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Year ended December 31, 2020
	Unaudited				Audited
	NIS in millions				
(a) Significant non-cash transactions:					
Acquisition of investment property under development	548	-	548	-	-
Sale of financial asset against receivables	-	-	-	-	31
Dividend payable to equity holders of the Company	-	-	-	-	45
Issue of debentures against receivables	-	-	-	-	90
Sale of investment property under development against receivables	48	-	-	-	-
(b) Additional information:					
Tax paid included under investing activities	-	357	-	-	357

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOTE 1:- GENERAL

A. These consolidated financial statements have been prepared in a condensed format as of September 30, 2021 and for the nine months then ended (the "Reporting Period") and for the three months then ended (collectively: "Interim consolidated financial statements"). These condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2020 and for the year then ended and accompanying notes, that were authorized by the Board of Directors on March 21, 2021 ("annual financial statements").

B. Corona virus effects on the Group's activity

Further to Note 1b in the annual financial statements, during the reporting period gradual lockdown of some of the Group's companies compounds took place, the compounds were opened and closed intermittently and depending on the disease situation in the various countries, when even during the period when they were open, the opening was partial some of the time in some territories. Essential enterprises, including supermarkets, pharmacies, banks, clinics and food stores that provided deliveries continued to operate throughout the aforesaid periods, including in closed compounds. During the third quarter and as of September 30, 2021, all the of the Group's commercial complexes were open.

The total arrangements in rental fees with tenants as a result of negotiations, or which are obligatory in accordance with legislation in the various countries, that are recognized on a straight-line basis over the lease term, as well as the decrease in the value of tenant debts during the lockdown periods, amounted to NIS 100 million during the reporting period, out of which, and out of deferred arrangements from the previous year, NIS 72 million was recognized in the reporting period, reducing the company's net operating income.

C. Definitions in these financial statements:

The Company	-	Gazit-Globe Ltd.
ATR	-	Atrium European Real Estate Limited, consolidated entity.
CTY	-	Citycon Oyj, consolidated entity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim condensed consolidated financial statements

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies and methods of computation adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the annual financial statements, other than the following:

1. Amendments to IFRS 9, IFRS 7, IFRS 16, IFRS 4 and IAS 39 regarding the IBOR reform

In August 2020, the IASB issued amendments to IFRS 9, "Financial Instruments", IFRS 7, "Financial Instruments: Disclosures", IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 4, "Insurance Contracts", and IFRS 16, "Leases" ("the Amendments").

The Amendments provide practical expedients when accounting for the effects of the replacement of benchmark InterBank Offered Rates (IBORs) by alternative Risk Free Interest Rates (RFRs).

Pursuant to one of the practical expedients, an entity will treat contractual changes or changes to cash flows that are directly required by the reform as changes to a floating interest rate. That is, an entity recognizes the changes in interest rates as an adjustment of the effective interest rate without adjusting the carrying amount of the financial instrument. The use of this practical expedient is subject to the condition that the transition from IBOR to RFR takes place on an economically equivalent basis.

In addition, the Amendments permit changes required by the IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued, provided certain conditions are met. The Amendments also provide temporary relief from having to meet the "separately identifiable" requirement according to which a risk component must also be separately identifiable to be eligible for hedge accounting.

The Amendments include new disclosure requirements in connection with the expected effect of the reform on an entity's financial statements, such as how the entity is managing the process to transition to the interest rate reform, the risks to which it is exposed due to the reform and quantitative information about IBOR-referenced financial instruments that are expected to change.

The Amendments are effective for annual periods beginning on or after January 1, 2021. The Amendments are to be applied retrospectively. However, restatement of comparative periods is not required. Early application is permitted.

The Company is presently assessing the accounting implications, if any, of the transition from IBORs to RFRs on the financial instrument contracts that are expected to be in effect on the transition date, including the effects of the application of the above Amendments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Disclosure of new IFRS standards in the period prior to their adoption

Amendments to IAS 8: Accounting policies, changes in accounting estimates and errors

In February 2021, the IASB issued amendments to IAS 8: Accounting policies, changes in accounting estimates and errors (the "Amendment"). The purpose of the Amendment is to introduce a new definition of the term "accounting estimates".
Accounting estimates are defined as "monetary amounts in financial statements subject to measurement uncertainty". The Amendment clarifies changes in accounting estimates and how they differ from changes in accounting policy and mistake-correcting
The Amendment will be applied for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. Debt raising and redemption by the group

1. In February 2021, ATR issued EUR 300 million par value debentures (NIS 1,183) which carries an annual interest rate of 2.625% with maturity date on September 2027.

2. In February 2021, ATR repurchased by a tender offer, debentures with a par value of EUR 78 million (NIS 308 million) with original maturity date in 2022.

3. In March 2021, CTY issued EUR 350 million par value debentures (NIS 1,380) which carries an annual interest rate of 1.625% with maturity date on September 2028.

4. In March 2021, CTY repurchased by a tender offer, debentures with a par value of EUR 95 million (NIS 375 million) with original maturity date in 2022.

5. In May, 2021, ATR issued EUR 350 million hybrid bond. The hybrid bond is treated as shareholder's equity in ATR's consolidated financial statements prepared in accordance with IFRS and as non-controlling interests in the Company's financial statements.
   The hybrid bond does not confer on their holders the rights of a shareholder nor they dilute the holdings of the current shareholders.
   The hybrid bond carry a fixed interest rate of 3.625% per year until the date of the first interest reset date, and the issuance price was 98.197%. ATR can redeem the hybrid bond for the first time on August 4, 2026.

6. In June, 2021, CTY issued EUR 350 million hybrid bond. The hybrid bond is treated as shareholder's equity in CTY's consolidated financial statements prepared in accordance with IFRS and as non-controlling interests in the Company's financial statements.
   The hybrid bond does not confer on their holders the rights of a shareholder nor they dilute the holdings of the current shareholders.
   The hybrid bond carry a fixed interest rate of 3.625% per year until the date of the first interest reset date. CTY can redeem the hybrid bond for the first time on September 10, 2026.

7. In May 14, 2021, Gazit Malls FII, which is a fund for real estate investments wholly owned and controlled by the Company which incorporated in Brazil, completed a raise of debt of BRL 650 million (NIS 405 million) by means of a private offer to institutional investors. The debt is linked to Brazilian CPI (IPCA), carries a fixed annual interest rate of 5.89% and has an average life of 9.4 years.

8. In August 2021, the Company issued, by way of a shelf offer, NIS 453 million par value debentures (Series P), for a net consideration of NIS 447 million, representing effective interest rate of 1.47%.
   The debentures are linked to the increase in the consumer price index, and bear fixed annual interest at the rate of 1.25% that is payable twice a year on March 31 and September 30 in each of the years 2021 to 2029 (inclusive) and mature as follows: the first installment (12.5% of the principal) is payable on March 31, 2024, the second installment (25% of the principal) is payable on March 31, 2027, the third installment (20% of the principal) is payable on March 31, 2028, and the fourth installment (42.5% of the principal) is payable on March 31, 2029.
   To secure the debentures (series P), a fixed charge was placed on ATR shares held by a wholly owned subsidiary of the Company. As of the publication date of this report, 76.5 million ATR shares are pledged to secure the debentures (series P).
   The scope of the pledge is determined according to the debt-to-value ratio (LTV) ratio of 65%, which is calculated in accordance with the net asset value (EPRA NRV) of ATR share. As of the date of publication of this report, the Company has completed the registration of the pledge on the assets and the total proceeds has been transferred to the Company. The company has the option of pledging also CTY shares and other financial collaterals to secure the debentures (series P). The Company is required to comply with the LTV as aforesaid at specific inspection dates specified in the deed, including deletion of the pledged shares from trading, expansion of series, sale of pledged shares, exchange of pledges, and distribution of a special dividend in ATR (higher than the monetary threshold set in the deed).

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

The company pledged, in favor of the holders of the debentures (series P), in a first-degree right of pledge, unlimited in amount, the account of the pledged shares and all the rights of the pledging company in the account of the pledged shares, including all those deposited in it, including the pledged shares, when they are free and clear from any third party rights (including obligatory charges, but excluding the custodian's right of set-off due to a debt to it, as set out in section 5.3.7 of the trust deed), and all related rights in connection with the encumbered shares, all as set out in section 5 of the deed of trust.
In parallel, the Company engaged with the trustee in a parallel debt agreement, according to which the Company undertook, to the trustee, in a separate and independent obligation, as a direct creditor of the Company, to pay amounts equal to the amounts be paid to the debentures holders and on the same dates.
In addition, the Company and its subsidiary entered into a control agreement with the trustee and custodian in connection to the account of the pledged shares and anything in it, according to which the custodian will act solely in accordance with the trustee's instructions regarding the assets deposited in this account.
As part of the issuance of the debentures (Series P), the Company has undertaken, inter alia, to comply with the following main covenants, the breach of which will entitle the holders of the debentures (series P): (a) the consolidated equity (excluding non-controlling interests) is to be maintained at a minimum amount of USD 850 million for three consecutive quarters; (b) the consolidated equity (excluding non-controlling interests) is to be maintained at a minimum amount of USD 450 million for one quarter; (c) the ratio of interest-bearing liabilities, net to total assets will not exceed 75% for three consecutive quarters; (d) the debentures rating will be higher than BBB- by S&P Maalot and Baa3 by Midroog.
The Company has also made other undertakings to the holders of the debentures (series P), the breach of which will entitle the holders of the debentures to call for the immediate redemption of the debentures, including: change of control in the Company, in the event that another marketable series of debentures of the Company is called for immediate redemption or in the event of the calling for the immediate repayment of non-marketable debentures or a loan from a financial institution of 10% or more of the total gross financial liabilities of the Company as per its reviewed consolidated financial statements (at the end of remedy period), insolvency, change of activity and sale of the Company assets, a going concern notice for two consecutive quarters, events involving the wholly owned subsidiary holding the pledged shares, etc.
The Company has also undertaken not to make a distribution if, among others, the Company’s equity decreases below an amount in NIS equals to USD 1 billion as per its consolidated financial statements audited or reviewed.
Additionally, The Company also undertook that to the extent that ATR's shares are delisted and it becomes a private company, no dividend distribution will be made in ATR, as long as the ATR Group's leverage ratio shortly after the distribution date as mentioned exceeds 0.6; And that the leverage ratio (which will be checked twice a year) shall not exceed 0.6, subject to a remedy period of two consecutive quarters after the relevant check date.

b. Other events

1. In 2014, the Company entered into a shareholders' agreement with CPP Investment Board European Holdings s.ar.l ("CPPIBEH) in connection to CTY. One of the terms of this agreement was that it will terminate if the holdings by CPPIBEH will be less than 10%. On March 17 2021, CPPIBEH notified about a sale of part of its holding in CTY, which according to the shareholders' agreement, it expired 30 days later on April 19, 2021.

2. During the reporting period, a wholly-owned subsidiary of the Company purchased 20.4 million ATR shares in consideration of EUR 55.6 million (NIS 219 million).
In addition, according to ATR's general meeting, for the first three quarters of 2021, the shareholder were able to choose to receive the quarterly dividend in one of two ways: (1) in cash; (2) in ATR's shares according with an agreed quarterly discount to the share price (scrip dividend). Consequently, ATR issued 9.4 million shares alternatively to cash dividend, out of which 8.4 million shares were issued to the Company. As a result of the described purchases and issuance, the interest of the Company in ATR rose from to 74.8% and the Group recognized an increase of NIS 81 million in equity attributable to equity holders of the Company, which was carried to capital reserves.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

3. On February 2, 2021, Gazit Malls FII (the "Issuer"), which is a fund for real estate investments wholly owned by the Company and which incorporated in Brazil, submitted a public draft prospectus to the Securities Authority in Brazil for an IPO of its participation units on the stock exchange in Sao Paolo, Brazil (BOVESPA), by means of a tender offer of 25% - 49% of the Company's holdings in the Issuer (indirectly) ("Tender Offer").

   Prior to the Tender Offer, the Issuer will be the owner of five shopping centers in Sao Paolo out of the Company's assets portfolio in Brazil.

   On October 3, 2021, the Issuer files an updated draft prospectus, which was approved by the Brazilian Securities Authority on October 20, 2021. Following the approval, the Issuer has 180 days to complete the IPO. The IPO will be completed in accordance to the market situation in Brazil and the world.

4. On April 20, 2021, A merger between the company and a wholly owned subsidiary, G-Israel was recorded in the Registrar of Companies, and with that, the merger was finalized.

5. On August 19, 2021, the S&P Maalot rating agency reaffirmed the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, at a rating level of 'ilAA-' with a negative outlook and the credit rating of the Company's debentures (series o), which are secured by a pledge, at a rating level of 'ilAA', with a negative outlook.

   In addition, the rating agency set the credit rating of the Company's debentures (series p), which are secured by a pledge, at a rating level of 'ilAA-' with a negative outlook.

   Following the proposal to acquire the minority shares in ATR, as detailed in note 5b, and the possibility increase in leverage, the S&P Maalot rating agency entered the Company's credit rating into negative creditwatch.

6. On August 19, 2021, the Midroog rating agency reaffirmed the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, at a rating level of 'Aa3.il' with a negative outlook and the credit rating of the Company's debentures (series o), which are secured by a pledge, at a rating level of 'Aa2.il', with a negative outlook.

   In addition, the rating agency set the credit rating of the Company's debentures (series p), which are secured by a pledge, at a rating level of 'Aa3.il' with a negative outlook.

7. In September, 2021, the Company won a tender to build 243 apartments for rent in Ramat-Gan. Following the win, the Company recorded an investment property under development asset against a liability of accrued expenses, classified as other account payables in the balance sheet, at the amount of NIS 548 million (including purchase tax and VAT).

NOTE 4:- FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

The carrying amount of certain financial assets and liabilities including cash, trade receivables, other receivables, investments in marketable securities, short-term credit and loans, trade payables and other payables approximate their fair value.

The carrying amount and fair value of other financial liabilities (including current maturities), all of which are measured at amortized cost, are disclosed in the table below:

	September 30, 2021		September 30, 2020		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	NIS in million					
Debentures	18,602	19,589	16,756	16,516	17,212	17,309
Interest bearing loans from banks and others	5,669	5,745	6,278	6,063	5,824	5,714
	24,271	25,334	23,034	22,579	23,036	23,023

b. Classification of financial instruments by fair value hierarchy

During the Reporting Period, there was no material change in the classification of financial assets and liabilities measured in the financial statements at their fair value, as compared with their classification as of December 31, 2020. In addition, there were no transfers or reclassifications with respect to fair value measurement in the financial statements of financial instruments between Level 1 and Level 2, and there were no transfers to or from Level 3 with respect to the fair value measurement of financial instruments.

NOTE 5:- EVENTS AFTER THE REPORTING DATE

a. On November 16, 2021, the Company declared a dividend in the amount of NIS 0.3 per share (a total of NIS 46 million), payable on January 3, 2022 to the shareholders of the Company as of December 20, 2021.

b. On October 17, 2021, the Company's wholly owned subsidiary engaged in a merger agreement with ATR, whereas the subsidiary will acquire all of ATR's shares it does not currently own, which represent approximately 25% of ATR's share capital, at a price of EUR 3.63 per share which equates to total consideration of EUR 376 million (approximately NIS 1.4 billion), to be paid in cash. The suggested price will be adjusted for a special dividend that ATR intends to distribute of EUR 0.6 per share. This price reflects a premium of 23.9% over ATR's closing price before the proposal.

The agreement is conditioned with acceptable terms and conditions and is expected to be completed during the first quarter of 2022, subject to the approval of ATR's shareholders and lack of appeals against the merger from other creditors, in accordance with the legislation in Jersey island (where ATR is incorporated).

c. On October 19, 2021, CTY exercised its right to redeem its outstanding 2022 notes, which carries an annual interest of 2.375%, at a total amount of EUR 161.7 million (NIS 600 million).

d. On October 2021, the Company issued to the public, by way of expansions of a listed series, NIS 272.9 million par value secured debentures (series n), for net consideration of NIS 273.8 million, representing effective interest rate of 1.57% (linked) and NIS 327.1 million par value secured debentures (series p), for net consideration of NIS 333.1 million, representing effective interest rate of 1.03% (linked).

NOTE 6:- OPERATING SEGMENTS

The Company reports five reportable segments according to the management approach of IFRS 8.

	Public subsidiaries over which the Company has control		Wholly-owned subsidiaries					
	Shopping centers in Northern Europe	Shopping centers in Central-Eastern Europe	Shopping centers in Israel	Shopping centers in Brazil	Shopping centers in United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
For the Nine months ended September 30, 2021								
Segment revenues	889	553	167	103	66	28	(93)	1,713
Segment net operating income	613	387	119	84	43	18	(59)	1,205
Segment operating profit	517	315	80	73	29	5	28	1,047
Finance income, net								(234)
Income before taxes on income								813

	Public subsidiaries over which the Company has control		Wholly-owned subsidiaries					
	Shopping centers in Northern Europe	Shopping centers in Central-Eastern Europe	Shopping centers in Israel	Shopping centers in Brazil	Shopping centers in United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
For the Nine months ended September 30, 2020								
Segment revenues	902	606	175	105	71	38	(94)	1,803
Segment net operating income	631	416	127	91	45	26	(62)	1,274
Segment operating profit	566	351	108	81	30	23	(1,079)	80
Finance expenses net								(752)
Loss before taxes on income								(672)

NOTE 6:- OPERATING SEGMENT (Cont.)

	Public subsidiaries over which the Company has control		Wholly-owned subsidiaries					
	Shopping centers in Northern Europe	Shopping centers in Central-Eastern Europe	Shopping centers in Israel	Shopping centers in Brazil	Shopping centers in United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
For the three months ended September 30, 2021								
Segment revenues	298	197	49	41	23	14	(51)	571
Segment net operating income	208	140	45	35	15	9	(29)	423
Segment operating profit	181	114	31	30	11	6	108	481
Finance expenses, net								(87)
Income before taxes on income								394

	Public subsidiaries over which the Company has control		Wholly-owned subsidiaries					
	Shopping centers in Northern Europe	Shopping centers in Central-Eastern Europe	Shopping centers in Israel	Shopping centers in Brazil	Shopping centers in United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
For the three months ended September 30, 2020								
Segments of revenue	307	208	61	28	22	14	(29)	611
Segment net operating income	218	139	41	23	14	10	(19)	426
Segment operating profit (loss)	195	118	34	19	10	9	(200)	185
Finance expenses, net								(70)
Income before taxes on income								115

NOTE 6:- OPERATING SEGMENT (Cont.)

	Public subsidiaries over which the Company has control		Wholly-owned subsidiaries					
	Shopping centers in Northern Europe	Shopping centers in Central-Eastern Europe	Shopping centers in Israel	Shopping centers in Brazil	Shopping centers in United States	Other segments	Consolidation adjustments	Total
	Audited							
	NIS in millions							
Year ended December 31, 2020								
Segment revenues	1,218	805	232	139	94	49	(131)	2,406
Segment net operating income	837	545	147	105	61	34	(83)	1,646
Segment operating profit (loss)	745	452	123	94	16	29	(1,795)	(336)
Finance expenses, net								(697)
Loss before taxes on income								(1,033)

Segment assets

	Public subsidiaries over which the Company has control		wholly-owned subsidiaries					
	Shopping centers in Northern Europe	Shopping centers in Central-Eastern Europe	Shopping centers in Israel	Shopping centers in Brazil	Shopping centers in United States	Other segments	Consolidation adjustments	Total
	Unaudited							
	NIS in millions							
September 30, 2021	17,898	10,989	4,288	2,482	2,583	439	4,241	42,920
September 30, 2020	18,613	11,562	3,812	2,487	1,786	756	1,464	40,480
December 31, 2020 (Audited)	18,845	10,790	3,812	2,629	1,851	742	1,722	40,391

GAZIT-GLOBE LTD.

Financial Data from the Condensed Consolidated Interim Financial Statements Attributable to the Company

As of September 30, 2021

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To
The Shareholders of Gazit Globe Ltd.

Dear Sirs/Mmes.,

Re: **Special review report of the separate interim financial information in accordance with Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970**

Introduction

We have reviewed the separate interim financial information presented pursuant to Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970 of Gazit-Globe Ltd. ("the Company") as of September 30, 2021 and for the period of nine and three months then ended. The Company's Board of Directors and management are responsible for the separate interim financial information. We are responsible for expressing our conclusion with regard to the separate interim financial information for this interim period, based on our review.

We did not review the separate interim financial information of a certain investee whose assets less attributable liabilities amounted to NIS 4,975 million as of September 30, 2021, and for which the Company's share of its earnings amounted to NIS 51 million and 29 million in the period of nine and three months then ended. The separate interim financial information of this company was reviewed by other auditors, whose report has been furnished to us, and our conclusion, insofar as it relates to the separate interim financial information with respect to this company, is based on the review report of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review report of other auditors, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, pursuant to the provisions of Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
November 16, 2021

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

GAZIT-GLOBE LTD.

Financial data and financial information from the consolidated interim financial statements attributable to the Company

Below are separate financial data and financial information from the Group's condensed consolidated interim financial statements as of September 30, 2021 published as part of the interim reports ("consolidated financial statements") attributable to the Company, presented in accordance with the Israeli Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies applied for presentation of these financial data were set forth in Note 2 to the annual consolidated financial statements.

Subsidiaries - as defined in Note 1 to the annual consolidated financial statements.

Financial information from the Condensed Consolidated Statements of Financial Position attributed to the Company

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	526	162	305
Short-term investments and losses	14	-	90
Short term loans and current maturities of long-term loans to subsidiaries	19	141	277
Financial assets	59	204	266
Financial derivatives	103	64	36
Other accounts receivable	95	12	7
trade receivables	46	-	-
current taxes receivables	2	-	-
	864	583	981
Assets held for sale	2	-	-
Total current assets	866	583	981
NON-CURRENT ASSETS			
Financial derivatives	304	186	311
Investment property	3,451	83	80
Investment property in development	608	-	-
Other accounts receivable	53	23	23
Loans to subsidiaries	2,278	3,994	3,614
Investments in subsidiaries	13,401	14,439	14,181
Fixed assets and other assets, net	40	2	2
Deferred taxes	-	178	-
Total non-current assets	20,135	18,905	18,211
Total assets	21,001	19,488	19,192

The accompanying additional information constitutes an integral part of the separate financial data and financial information.

Financial information from the Condensed Consolidated Statements of Financial Position attributed to the Company

	September 30,		December 31,
	2021	2020	2020
	Unaudited		Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from financial institutions and others	167	208	208
Current maturities of non-current liabilities	778	367	368
Short-term loans from subsidiaries	32	5	30
Financial derivatives	7	40	55
Trade payables	27	6	2
Other accounts payable	679	54	68
Current taxes payable	19	78	19
Dividend payable	-	-	45
Total current liabilities	1,709	758	795
NON-CURRENT LIABILITIES			
Loans from banks and others	2,858	2,318	2,050
Long-term loans from subsidiaries	3,718	3,819	3,670
Financial derivatives	100	-	-
Debentures	6,934	6,765	7,085
Other liabilities	5	69	-
Deferred taxes	203	32	30
Total non-current liabilities	13,818	13,003	12,835
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	204	204	204
Share premium	4,077	4,062	4,063
Retained earnings	4,951	4,970	4,761
Foreign currency translation reserve	(4,730)	(4,325)	(4,307)
Other reserves	973	817	842
Treasury shares	(1)	(1)	(1)
Total equity	5,474	5,727	5,562
Total liabilities and equity	21,001	19,488	19,192

The accompanying additional information constitutes an integral part of the separate financial data and financial information.

November 16, 2021

Date of approval of the financial statements	Ehud Arnon Chairman of the Board	Chaim Katzman CEO and Vice Chairman of the Board	Adi Jemini Executive Vice President and CFO

Financial information from the Condensed Consolidated Statements of Income attributed to the Company

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Rental and other income	165	1	49	-	2
Property operating and other expenses	(48)	-	(4)	-	(1)
Operating rental income, net	117	1	45	-	1
Fair value gain (loss) from investment property, net	58	(4)	35	-	(9)
General and administrative expenses	(48)	(32)	(14)	(13)	(44)
Other income (expense), net	9	(17)	(3)	-	(17)
Management fees from related companies	2	2	1	1	3
Income (loss) from subsidiaries, net	351	(264)	145	(61)	(325)
Operation income (loss)	489	(314)	209	(73)	(391)
Finance expenses	(427)	(338)	(147)	(98)	(345)
Finance income	352	9	176	208	40
Finance expenses from subsidiaries, net	(57)	(17)	(18)	2	(22)
Income (loss) before taxes on income	357	(660)	220	39	(718)
Taxes on income (tax benefit)	31	(170)	13	16	(65)
Net income (loss) attributable to the Company	326	(490)	207	23	(653)

The accompanying additional information constitutes an integral part of the separate financial data and financial information.

Financial information from the Condensed Consolidated Statements of Comprehensive Income attributed to the Company

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Net income (loss) attributable to the Company	326	(490)	207	23	(653)
Other comprehensive income (loss) attributable to the Company (net of tax effect):					
<u>Amounts that will not be reclassified subsequently to profit or loss:</u>					
Net gains (losses) on financial assets at fair value through other comprehensive income	(14)	-	(14)	-	-
<u>Amounts that will be or that have been reclassified subsequently to profit or loss</u>:					
Exchange differences on foreign currency translation	(82)	(225)	78	(255)	(8)
Other comprehensive income (loss) attributable to the Company	(96)	(225)	64	(255)	(8)
Other comprehensive income (loss) attributable to subsidiaries (net of tax effect)	(268)	(1,119)	(598)	138	(1,313)
Total other comprehensive income (loss) attributable to the Company	(364)	(1,344)	(534)	(117)	(1,321)
Total comprehensive income (loss) attributable to the Company	(38)	(1,834)	(327)	(94)	(1,974)

The accompanying additional information constitutes an integral part of the separate financial data and financial information.

Financial information from the Condensed Consolidated Statements of Cash Flow attributed to the Company

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	NIS in millions				
Cash flows from operating activities of the Company					
Net income (loss) attributable to the Company	326	(490)	207	23	(653)
Adjustments required to present cash flows from operating activities of the Company:					
Adjustments to profit or loss items of the Company:					
Depreciation expenses	2	(* -	1	(* -	1
Finance expense, net	132	346	(11)	(112)	327
Fair value (income) loss from investment property and investment property under development, net	(58)	4	(35)	-	9
Loss (income) from subsidiaries, net	(351)	264	(145)	61	325
Cost of share-based payment	6	3	-	2	5
Taxes on income (tax benefit)	31	(170)	13	16	(65)
	(238)	447	(177)	(33)	602
Changes in assets and liabilities of the Company:					
Decrease (increase) in other accounts receivable	(12)	17	(8)	71	2
Increase (decrease) in trade payables and other accounts payable	(22)	5	(12)	(53)	26
	(34)	22	(20)	18	28
Cash paid and received during the year by the Company for:					
Interest paid	(347)	(425)	(82)	(135)	(529)
Interest received	17	59	5	22	51
Taxes paid	-	(3)	-	-	(3)
Dividend received	9	9	-	(* -	9
Dividend received from subsidiary	123	141	41	44	184
	(198)	(219)	(36)	(69)	(288)
Net cash provided by (used in) operating activities of the Company	(144)	(240)	(26)	(61)	(311)

*) Represents an amount of less than NIS 1 million.

The accompanying additional information constitutes an integral part of the separate financial data and financial information.

Financial information from the Condensed Consolidated Statements of Cash Flows attributed to the Company

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Cash flows from investing activities of the Company					
Investments in fixed and other assets	(* -	(* -	(* -	(* -	-
Proceeds from sale of investment property	168	-	-	-	-
Acquisition, construction and development of investment property	(59)	(87)	(24)	(9)	(88)
G-Israel merger (note b2)	32	-	-	-	-
Short-term investments, net	-	-	-	346	-
Investments in subsidiaries	(16)	85	-	-	85
Loans repaid by subsidiaries, net	288	1,146	123	200	1,306
Investment in financial assets, net	194	(268)	100	1	(228)
Net cash provided by investing activities of the Company	607	876	199	538	1,075
Cash flows from financing activities of the Company:					
Exercise of share options into shares	(*-	(* -	(* -	(* -	(* -
Receipt of short-term credit facilities from financial institutions, net	(41)	(42)	-	(42)	(42)
Purchase of treasury shares	-	(633)	-	(347)	(633)
Dividend paid to equity holders of the Company	(182)	(293)	(46)	(65)	(293)
Issuance of debentures less issuance expenses	538	1,192	448	-	1,422
Repayment and early redemption of debentures	(348)	(843)	-	(392)	(844)
Receipt (repayment) of long-term credit facilities from banks, net	(193)	113	(678)	72	(79)
Repayment of long-term loans	(17)	-	(6)	-	(20)
Net cash used in financing activities of the Company	(243)	(506)	(282)	(774)	(489)
Exchange differences on balance of cash and cash equivalents	1	(39)	13	(8)	(41)
Increase (decrease) in cash and cash equivalents	221	91	(96)	(305)	234
Cash and cash equivalents at the beginning of period	305	71	622	467	71
Cash and cash equivalents at the end of period	526	162	526	162	305
Significant non-cash activities of the Company:					
Dividend payable to equity holders of the Company	-	-	-	-	45
Dividend received from a subsidiary against repayment of loans from a subsidiary	-	-	-	-	90
Acquisition of investment property under development	548	-	548	-	-
Sale of investment property under development against receivables	48	-	-	-	-

*) Represents an amount of less than NIS 1 million.

Additional details to the Separate Financial Information

The accompanying additional information constitutes an integral part of the separate financial data and financial information.

a. General

This separate financial information as of September 30, 2021 and for the nine and three-month periods then ended have been prepared in a condensed format in accordance with the provisions of Regulation 38d of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in conjunction with the financial information in the annual financial statements as of December 31, 2020 and for the year then ended and the accompanying notes thereto, that were authorized by the Board of Directors on March 21, 2021 and with the financial information in the interim condensed consolidated financial statements as of as of September 30, 2021.

b. As of September 30, 2021 (the "Reporting Date"), the Company has a working capital deficiency of NIS 0.8 billion. The Company and its wholly-owned subsidiaries have approved unutilized credit facilities amounting to NIS 1.1 billion available for immediate drawdown. The Company's management believes that these sources will allow the Company to repay its current liabilities when due.

c. Material events during the period

1. For details on the effects of the coronavirus on the company's operations See note 1b for Consolidated Interim Financial Statements.

2. On August 19, 2021, the S&P Maalot rating agency reaffirmed the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, at a rating level of 'ilAA-' with a negative outlook and the credit rating of the Company's debentures (series o), which are secured by a pledge, at a rating level of 'ilAA', with a negative outlook.
In addition, the rating agency set the credit rating of the Company's debentures (series p), which are secured by a pledge, at a rating level of 'ilAA-' with a negative outlook.
Following the proposal to acquire the minority shares in ATR, as detailed in note 5b, and the possibility increase in leverage, the S&P Maalot rating agency entered the Company's credit rating into negative creditwatch.

3. On August 19, 2021, the Midroog rating agency reaffirmed the issuer rating and the credit rating of all the outstanding series of debentures of the Company, which are not secured by a pledge, at a rating level of 'Aa3.il' with a negative outlook and the credit rating of the Company's debentures (series o), which are secured by a pledge, at a rating level of 'Aa2.il', with a negative outlook.
In addition, the rating agency set the credit rating of the Company's debentures (series p), which are secured by a pledge, at a rating level of 'Aa3.il' with a negative outlook

4. In August 2021, the Company issued, by way of a shelf offer, NIS 453 million par value debentures (Series P), for a net consideration of NIS 447 million, representing effective interest rate of 1.47%.
The debentures are linked to the increase in the consumer price index, and bear fixed annual interest at the rate of 1.25% that is payable twice a year on March 31 and September 30 in each of the years 2021 to 2029 (inclusive) and mature as follows: the first installment (12.5% of the principal) is payable on March 31, 2024, the second installment (25% of the principal) is payable on March 31, 2027, the third installment (20% of the principal) is payable on March 31, 2028, and the fourth installment (42.5% of the principal) is payable on March 31, 2029.
To secure the debentures (series P), a fixed charge was placed on ATR shares held by a wholly owned subsidiary of the Company. As of the publication date of this report, 76.5 million ATR shares are pledged to secure the debentures (series P).
The scope of the pledge is determined according to the debt-to-value ratio (LTV) ratio of 65%, which is calculated in accordance with the net asset value (EPRA NRV) of ATR share. As of the date of publication of this report, the Company has completed the registration of the pledge on the assets and the total proceeds has been transferred to the Company. The company has the option of pledging also CTY shares and other financial collaterals to secure the debentures (series P). The Company is required to comply with the LTV as aforesaid at specific inspection dates specified in the deed, including deletion of the pledged shares from trading, expansion of series, sale of

pledged shares, exchange of pledges, and distribution of a special dividend in ATR (higher than the monetary threshold set in the deed).

The company pledged, in favor of the holders of the debentures (series P), in a first-degree right of pledge, unlimited in amount, the account of the pledged shares and all the rights of the pledging company in the account of the pledged shares, including all those deposited in it, including the pledged shares, when they are free and clear from any third party rights (including obligatory charges, but excluding the custodian's right of set-off due to a debt to it, as set out in section 5.3.7 of the trust deed), and all related rights in connection with the encumbered shares, all as set out in section 5 of the deed of trust.

In parallel, the Company engaged with the trustee in a parallel debt agreement, according to which the Company undertook, to the trustee, in a separate and independent obligation, as a direct creditor of the Company, to pay amounts equal to the amounts be paid to the debentures holders and on the same dates. In addition, the Company and its subsidiary entered into a control agreement with the trustee and custodian in connection to the account of the pledged shares and anything in it, according to which the custodian will act solely in accordance with the trustee's instructions regarding the assets deposited in this account.

As part of the issuance of the debentures (Series P), the Company has undertaken, inter alia, to comply with the following main covenants, the breach of which will entitle the holders of the debentures (series P): (a) the consolidated equity (excluding non-controlling interests) is to be maintained at a minimum amount of USD 850 million for three consecutive quarters; (b) the consolidated equity (excluding non-controlling interests) is to be maintained at a minimum amount of USD 450 million for one quarter; (c) the ratio of interest-bearing liabilities, net to total assets will not exceed 75% for three consecutive quarters; (d) the debentures rating will be higher than BBB- by S&P Maalot and Baa3 by Midroog.

The Company has also made other undertakings to the holders of the debentures (series P), the breach of which will entitle the holders of the debentures to call for the immediate redemption of the debentures, including: change of control in the Company, in the event that another marketable series of debentures of the Company is called for immediate redemption or in the event of the calling for the immediate repayment of non-marketable debentures or a loan from a financial institution of 10% or more of the total gross financial liabilities of the Company as per its reviewed consolidated financial statements (at the end of remedy period), insolvency, change of activity and sale of the Company assets, a going concern notice for two consecutive quarters, events involving the wholly owned subsidiary holding the pledged shares, etc.

The Company has also undertaken not to make a distribution if, among others, the Company’s equity decreases below an amount in NIS equals to USD 1 billion as per its consolidated financial statements audited or reviewed. Additionally, The Company also undertook that to the extent that ATR's shares are delisted and it becomes a private company, no dividend distribution will be made in ATR, as long as the ATR Group's leverage ratio shortly after the distribution date as mentioned exceeds 0.6; And that the leverage ratio (which will be checked twice a year) shall not exceed 0.6, subject to a remedy period of two consecutive quarters after the relevant check date.

5. In September, 2021, the Company won a tender to build 243 apartments for rent in Ramat-Gan. Following the win, the Company recorded an investment property under development asset against a liability of accrued expenses, classified as other account payables in the balance sheet, at the amount of NIS 548 million (including purchase tax and VAT).

6. As of January 1, 2021, the activity of G-Israel, A wholly owned subsidiary of the company, was merged into the company, therefore the financial information from the consolidated statements attributable to the Company as of March 31, 2021 and for a three-month period then ended are for the merged company.

   On April 20, 2021, A merger between the company and a wholly owned subsidiary, G-Israel was recorded in the Registrar of Companies, and with that, the merger was finalized.

   Set forth is a reconciliation between the balances of assets and liabilities attributable to the Company, as of December 31, 2020 as reported in the Annual Financial Statements of 2020 and the balances as of January 1, 2021 after the merger with G-Israel.

   The adjustments include eliminating intercompany balances between the company and G-Israel that existed at the time of the merger.

	December 31, 2020		January 1, 2021
	As reported	Adjustments	After Merger
		NIS in millions	
ASSETS			
CURRENT ASSETS			
cash and cash equivalents	305	32	337
short term investments	90	-	90
Short term loans and current maturities of long-term loans to subsidiaries	277	(211)	66
Financial assets	266	-	266
Financial derivatives	36	-	36
Other accounts receivable	-	45	45
trade receivables	7	14	21
	981	(120)	861
Assets held for sale	-	217	217
Total current assets	981	97	1,078
NON-CURRENT ASSETS			
Financial derivatives	311	-	311
Investment property	80	3,213	3,293
Investment property in development		102	102
Other accounts receivable	23	28	51
Loans to subsidiaries	3,614	(980)	2,634
Investments in subsidiaries	14,181	(890)	13,291
Fixed assets and other assets, net	2	39	41
Total non-current assets	18,211	1,512	19,723
Total assets	19,192	1,609	20,801

	December 31, 2020		January 1, 2021
	As reported	Adjustments	After Merger
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Credit from financial institutions and others	208	-	208
Current maturities of non-current liabilities	368	24	392
Short-term loans from subsidiaries	30	(3)	27
Financial derivatives	55	-	55
Trade payables	2	27	29
Other accounts payable	68	80	148
Current taxes payable	19	-	19
Dividend payable	45	-	45
Total current liabilities	795	128	923
NON-CURRENT LIABILITIES			
Loans from banks and others	2,050	1,334	3,384
Long-term loans from subsidiaries	3,670	-	3,670
Debentures	7,085	-	7,085
Deferred taxes	30	147	177
Total non-current liabilities	12,835	1,481	14,316
Total equity attributed to the company's holders	5,562	-	5,562
Total liabilities and equity	19,192	1,609	20,801

4. IFRS 7 - Financial Instruments

4.1. Fair value of financial instruments

The carrying amount of certain financial assets and liabilities including cash, trade receivables, other receivables, investments in marketable securities, short-term credit and loans, trade payables and other payables approximate their fair value.

The carrying amount and fair value of other financial liabilities (including current maturities), all of which are measured at amortized cost, are disclosed in the table below:

	September 30, 2021		September 30, 2020		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	NIS in million					
Debentures	7,672	8,330	7,132	6,737	7,453	7,452
Loans from banks and others	2,898	2,934	2,318	2,343	2,050	2,091
	10,570	11,264	9,450	9,080	9,503	9,543

2. Classification of financial instruments by fair value hierarchy

During the Reporting Period, there was no material change in the classification of financial assets and liabilities measured in the financial statements at their fair value, compared to their classification as of December 31, 2020. In addition, there were no transfers or reclassifications with respect to fair value measurement in the financial statements of financial instruments between Level 1 and Level 2, and there were no transfers to or from Level 3 with respect to fair value measurement of financial instruments.

d. Events after the reporting date

1. On October 17, 2021, the Company's wholly owned subsidiary engaged in a merger agreement with ATR, whereas the subsidiary will acquire all of ATR's shares it does not currently own, which represent approximately 25% of ATR's share capital, at a price of EUR 3.63 per share which equates to total consideration of EUR 376 million (approximately NIS 1.4 billion), to be paid in cash. The suggested price will be adjusted for a special dividend that ATR intends to distribute of EUR 0.6 per share. This price reflects a premium of 23.9% over ATR's closing price before the proposal.
The agreement is conditioned with acceptable terms and conditions and is expected to be completed during the first quarter of 2022, subject to the approval of ATR's shareholders and lack of appeals against the merger from other creditors, in accordance with the legislation in Jersey island (where ATR is incorporated).

2. On October 2021, the Company issued to the public, by way of expansions of a listed series, NIS 272.9 million par value secured debentures (series n), for net consideration of NIS 273.8 million, representing effective interest rate of 1.57% (linked) and NIS 327.1 million par value secured debentures (series p), for net consideration of NIS 333.1 million, representing effective interest rate of 1.03% (linked).

e. Dividend declared

On November 16, 2021, the Company declared a dividend in the amount of NIS 0.3 per share (a total of NIS 46 million), payable on January 3, 2022 to the shareholders of the Company as of December 20, 2021.

Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure
In accordance with Israeli Securities' Regulation 38C(a)

Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure in accordance with Israeli Securities' Regulation 38C(a)

Management, under the supervision of the Board of Directors of Gazit-Globe Ltd. (the "Corporation"), is responsible for determining and maintaining proper internal control over the Corporation's financial reporting and disclosure.

For the purposes of this matter, the members of management are:

1. Chaim Katzman, CEO and Vice Chairman of the Board of Directors;
2. Adi Jemini, Executive Vice President and Chief Financial Officer;
3. Oren Hod, Executive Vice President and COO;
4. Rami Vaisenberger, Vice President and Controller;

Internal control over financial reporting and disclosure includes the Corporation's existing controls and procedures, which were designed by the President and the most senior officer in the finance area or under their supervision, or by a party actually executing the said functions, under the supervision of the Corporation's Board of Directors, which aims to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law, and to ensure that information the Corporation is required to disclose in the statements it publishes under the provisions of the law is gathered, processed, summarized and reported on the date and in the format prescribed by the law.

Internal control includes, among other things, controls and procedures that were designed to ensure that information the Corporation is required to disclose, as stated, was accumulated and transferred to the Corporation's management, including to the CEO and to the most senior officer in the finance area or to a party actually executing the said functions, in order to enable decisions to be made at the appropriate time, with respect to disclosure requirements.

Due to its inherent limitations, internal control over the financial reporting and disclosure does not aim to provide complete assurance that a misrepresentation or omission of information in the statements will be avoided or discovered.

In the Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure, which was attached to the Quarterly Report for the period ended June 30, 2021 (the "Last Quarterly Report regarding Internal Control"), the internal control was found to be effective.

Through the date of the report, no event or matter had been brought to the attention of the Board of Directors and the management that would be enough to change the evaluation of the effectiveness of the internal control, as found in the Last Quarterly Report regarding Internal Control.

As of the date of the report, based on that stated in the Last Quarterly Report regarding Internal Control and based on information brought to the attention of the management and the Board of Directors, as referred to above, the internal control is effective.

Officers' Declarations

A) Declaration of the Chief Executive Officer in accordance with Israeli Securities' Regulation 38C(d)(1):

Officers' Declaration

Declaration of the Chief Executive Officer

I, Chaim Katzman, declare that:

(1) I have examined the quarterly report of Gazit-Globe Ltd. (the "**Corporation**") for the third quarter of 2021 (the "**Statements**");

(2) As far as I am aware, the Statements do not include any misrepresentation of a material fact and no representation of a material fact that is required has been omitted, so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements;

(3) As far as I am aware, the financial statements and other financial information included in the Statements properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as of the dates and for the periods to which the Statements relate;

(4) I have disclosed to the Corporation's auditors, the Board of Directors and the Audit Committee of the Board of Directors, based on my most up-to-date evaluation with respect to internal control over the Corporation's financial reporting and disclosure:

   (A) All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of the financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -

   (B) Any fraud, whether or not significant, wherein the Chief Executive Officer is involved or a party under his direct supervision or other employees are involved that have a significant function in internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation:

   (A) Have determined controls and procedures, or have verified the determination and existence under my supervision of controls and procedures, which are designed to ensure that significant information relating to the Corporation, including subsidiaries as defined in the Israeli Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Corporation and the subsidiaries, particularly during the period of preparation of the Statements; and -

   (B) Have determined controls and procedures, or have verified the determination and existence under my supervision of controls and procedures, which are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles.

   (C) No event or matter has been brought to my attention that occurred during the period between the date of the last quarterly report and the date of this report, which would be enough to change the conclusion of the Board of Directors and the management with regard to the effectiveness of the internal control over the financial reporting and the disclosure of the Corporation.

Nothing stated above detracts from my responsibility or the responsibility of any other person under any law.

November 16, 2021

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Chaim Katzman, CEO and Vice Chairman of the Board of Directors

A) Declaration of the most senior officer in the finance area in accordance with Israeli Securities Regulation 38C(d)(2):

Officers' Declaration
Declaration of the most senior officer in the finance area

I, Adi Jemini, declare that:

(1) I have examined the interim financial statements and other financial information included in the interim period statements of Gazit-Globe Ltd. (the **"Corporation"**) for the third quarter of 2021 (the **"Statements"** or the **"Statements for the Interim Period"**);

(2) As far as I am aware, the financial statements and the other financial information included in the Statements for the Interim Period do not include any misrepresentation of a material fact and no representation of a material fact that is required has been omitted, so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements;

(3) As far as I am aware, the interim financial statements and the other financial information included in the Statements for the Interim Period properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as of the dates and for the periods to which the Statements relate;

(4) I have disclosed to the Corporation's auditors, the Board of Directors and the Audit Committee of the Board of Directors, based on my most up-to-date evaluation with respect to internal control over the Corporation's financial reporting and disclosure:

(A) All significant deficiencies and material weaknesses in the determination or operation of internal control over financial reporting and disclosure to the extent it relates to the interim financial statements and the other financial information included in the Statements for the Interim Period, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and-

(B) Any fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in internal control over financial reporting and disclosure;

(5) I, alone or together with others in the Corporation:

(A) Have determined controls and procedures, or have verified the determination and existence under our supervision of controls and procedures, which are designed to ensure that significant information relating to the Corporation, including subsidiaries as defined in the Securities Regulations (Annual Financial Statements), 2010, to the extent it is relevant to the financial statements and to other financial information included in the Statements, is brought to my attention by others in the Corporation and the subsidiaries, particularly during the period of preparation of the Statements; and-

(B) Have determined controls and procedures, or have verified the determination and existence under my supervision of controls and procedures, which are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

(C) No event or matter has been brought to my attention that occurred during the period between the date of the last quarterly report and the date of this report, with respect to the Statements for the Interim Period and any other financial information included therein, which would be enough to change the conclusion of the Board of Directors and the management with regard to the effectiveness of the internal control over the financial reporting and the disclosure of the Corporation.

Nothing stated above detracts from my responsibility or the responsibility of any other person under any law.

November 16, 2021

Adi Jemini, Executive Vice President and Chief Financial Officer