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**GAZIT-GLOBE**

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**FOR IMMEDIATE RELEASE:**

## **Gazit-Globe Reports Second Quarter 2011 Financial Results**

**FFO for the Quarter Increased by 19% to a total of NIS 95 million  
Same Property NOI Growth of 5.6% for the Period**

TEL-AVIV, ISRAEL; August 22, 2011 – Gazit-Globe (TASE: GLOB), one of the world's leading multi-national real estate companies focused on acquisition, development and redevelopment of supermarket-anchored shopping centers announced today its financial results for the three months (the "quarter") and six months (the "period") ended June 30, 2011.

When using the term "Group", results refer to Gazit-Globe's consolidated financial statements. When using the term "Company", results refer to Gazit-Globe's solo financial statements. Unless otherwise stated, results announced in this press release are attributable to the "Group".

### Highlights:

- NOI for the quarter increased by 13%; NOI totalled NIS 857 million compared to NIS 757 million for the same quarter last year.
- FFO for the quarter increased by 19%; FFO totalled NIS 95 million (NIS 0.61 per share) as compared to NIS 80 million (NIS 0.57 per share) for the same quarter last year.
- Investments during the quarter totalled NIS 1.7 billion, compared to NIS 953 million in the same quarter last year. Investments during the period totalled NIS 5.2 billion, compared to NIS 1.9 billion in the same period last year.
- Net income attributable to the Company's shareholders for the quarter totalled NIS 251 million (NIS 1.60 per diluted share) compared to net income of NIS 149 million (NIS 1.07 per diluted share) for the same quarter last year.
- The Group's same-property NOI grew by 5.6% for the period. As of June 30, 2011, occupancy rate was 94.1% compared to 93.8% as of June 30, 2010.
- As of June 30, 2011, the Group had cash on hand and undrawn revolving credit facilities in the amount of NIS 6.1 billion of which NIS 1.6 billion is at the Company's level.
- As of June 30, 2011, net debt to total assets (LTV) was 60.3%, compared to 63.0% as of June 30, 2010, and 60.7% as of December 31, 2010.
- The Company's Board of Directors declared a quarterly cash dividend of NIS 0.39 per share payable on October 4, 2011 to shareholders of record as of September 19, 2011. The quarterly cash dividend of NIS 0.39 per share represents an annualized amount of NIS 1.56.
- In May, Midroog (Moody's Subsidiary) upgraded the Company's domestic credit rating to Aa3 with a stable outlook. Subsequent to June 30, 2011, S&P Maalot affirmed Gazit-Globe's domestic credit rating of iIA+ and revised its outlook from stable to positive.

**Roni Soffer, Gazit-Globe's President said** "We are very pleased with our results for the second quarter and the first half of the year. Property rental income, NOI and FFO all grew by double-digits. The Group's investment in acquisition, development and redevelopment activities totalled NIS 5.2 billion (US\$1.5 billion) in the first half of the year. The Group's same property NOI for the period grew by 5.6% demonstrating our internal growth potential. We continue to maintain a strong and flexible balance sheet that supports our growth strategy, allows us to take advantage of opportunities and be prepared for times of uncertainty and volatility in the global capital markets."

#### Financial Highlights for the quarter:

- **Property rental income for the quarter increased by 12% to NIS 1,270 million compared to NIS 1,136 million for the same quarter last year.**
- **NOI for the quarter increased by 13%; NOI totalled NIS 857 million compared to NIS 757 million for the same quarter last year.**
- **FFO for the quarter increased by 19%; FFO totalled NIS 95 million (NIS 0.61 per share) as compared to NIS 80 million (NIS 0.57 per share) for the same quarter last year.**
- Net income attributable to the Company's shareholders for the quarter totalled NIS 251 million (NIS 1.60 per diluted share) compared to net income of NIS 149 million (NIS 1.07 per diluted share) for the same quarter last year.
- The fair value gain from investment property and investment property under development totalled NIS 651 million in the quarter compared to a fair value gain of NIS 204 million in the same quarter last year. The Company's share in the fair value gain from investment property and investment property under development totalled NIS 358 million in the quarter compared to a fair value loss of NIS 118 million in the same quarter last year.
- Shareholders' equity as of June 30, 2011 increased to NIS 6,150 million (NIS 39.8 per share), as compared to NIS 5,187 million (NIS 37.4 per share) as of June 30, 2010, and NIS 5,915 million as of December 31, 2010.
- EPRA NAV per share as of June 30, 2011 was NIS 42.5 compared to NIS 38.8 per share as of June 30, 2010 (The EPRA NAV was calculated based on EPRA's new guidelines published in October 2010).

#### Financial Highlights for the period:

- **Property rental income for the period increased by 12% to NIS 2,538 million compared to NIS 2,274 million for the same period last year.**
- **NOI for the period increased by 13%; NOI totalled NIS 1,685 million compared to NIS 1,491 million for the same period last year.**
- **FFO for the period increased by 12%; FFO for the period totalled NIS 184 million (NIS 1.19 per share) as compared to NIS 165 million (NIS 1.19 per share) for the same period last year.**
- Net income attributable to the Company's shareholders for the quarter totalled NIS 234 million (NIS 1.49 per diluted share) compared to net income of NIS 367 million (NIS 2.62 per diluted share) for the same quarter last year.

#### Acquisition, Development and Redevelopment Activities

During the period, the Group acquired 25 income-producing properties totaling 531 thousand square meters and adjacent land parcels for future development for an aggregate amount of NIS 4.4 billion. The Group also invested NIS 778 million in new development and redevelopment projects.

As of June 30, 2011, the Group had 14 properties under development with a gross leasable area of 160 thousand square meters and 25 properties under redevelopment with a gross leasable area of 122 thousand square meters with a total investment value of NIS 535 million. The additional cost to complete the properties under development and redevelopment totals NIS 665 million.

#### Financing Activities

- During the quarter, the Group raised NIS 375 million in equity as compared to NIS 185 million during the same quarter last year. During the six month period ended June 30, 2011, the Group raised NIS 679 million as compared to NIS 586 million during the same period last year.
- As of June 30, 2011, the Group had cash on hand and undrawn revolving credit facilities in the amount of NIS 6.1 billion of which NIS 1.6 billion is at the Company's level.

#### Balance Sheet Highlights

- As of June 30, 2011, net debt to total assets (LTV) was 60.3%, compared to 63.0% as of June 30, 2010, and 60.7% as of December 31, 2010.
- Shareholders' equity as of June 30, 2011 increased to NIS 6,150 million (NIS 39.8 per share), as compared to NIS 5,187 million (NIS 37.4 per share) as of June 30, 2010.

## Dividend

The Company's Board of Directors declared a quarterly cash dividend of NIS 0.39 per share payable on October 4, 2011 to shareholders of record as of September 19, 2011. The quarterly cash dividend of NIS 0.39 per share represents an annualized amount of NIS 1.56.

## **ACCOUNTING AND OTHER DISCLOSURES**

The Company believes that publication of FFO, which is calculated according to EPRA best-practice recommendations, better reflects the operating results of the Company, since the Company's financial statements are prepared in conformity with IFRS. In addition, publication of FFO provides a better basis for the comparison of the Company's operating results between different reporting periods and strengthens the uniformity and the comparability of this financial measure to that published by European property companies.

As clarified in the EPRA and NAREIT position papers, the FFO measures do not represent cash flows from current operations 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 also clarified that these measures are not part of the data audited by the Company's independent auditors.

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

**Gazit-Globe will host a conference call and webcast in English on Monday, August 22, 2011 at 3:00 p.m. United Kingdom/ 4:00 p.m. Central European Time/ 10:00 a.m. Eastern Time** to review second period 2011 financial results. Shareholders, analysts and other interested parties can access the conference call by dialing 1 866 966 9439 (U.S./Canada) or 0800 694 0257 (U.K.) or +44 (0) 1452 555 566 (International) or 1 809 216 057 (Israel) or on the Company's website [www.gazit-globe.com](http://www.gazit-globe.com), under the Investor Relations section.

For those unable to participate during the call, a replay will be available on Gazit-Globe's website for future review.

## **FOR ADDITIONAL INFORMATION**

A comprehensive copy of the Company's financial report is available on Gazit-Globe website at [www.gazit-globe.com](http://www.gazit-globe.com). To be included in the Company's e-mail distributions for press releases and other Company notices, please send e-mail addresses to Ms. Avishag Kichel, International Investor Relations, at [akichel@gazitgroup.com](mailto:akichel@gazitgroup.com).

## **ABOUT GAZIT-GLOBE**

Gazit-Globe is one of the world's leading multi-national real estate companies engaged in the acquisition, development, redevelopment and management of supermarket-anchored shopping centers in growing urban markets. In addition, the Company is active in North America in the healthcare real estate sector. Gazit-Globe is listed on the Tel Aviv Stock Exchange (TASE: GLOB) and is included in the TA-25 and the Real-Estate 15 indices. The Group operates in more than 20 countries, owns and manages over 660 properties with a gross leasable area of 7.0 million square meters, has a consolidated total asset value of approximately US\$19 billion and a gross annualized income of about US\$1.75 billion.

The Group's activities have grown significantly since it was established in 1991 while the quality of its operations and assets has been continually enhanced. Gazit-Globe's primary objective is the creation of value through long-term maximization of cash flow and capital appreciation from its growing real estate portfolio, while increasing its dividends over time. Gazit-Globe's knowledge and expertise, combined with its proactive management style and disciplined acquisition strategy, has enabled it to grow its business consistently and expand its portfolio into other asset classes and geographies. Gazit-Globe continues to seek opportunities in the regions where it operates as well as in new territories. [www.gazit-globe.com](http://www.gazit-globe.com).

## **FORWARD LOOKING STATEMENTS**

*This press release may contain forward-looking statements relating to Gazit-Globe's operations and the environment in which it operates that are based on Gazit-Globe's expectations, estimates, forecasts And projections. These statements may be identified by their use of forward-looking terminology such as "believes", "expects", "may", "should", "would", "will", "intends", "plans", "estimates", "anticipates" and similar words. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Actual outcomes and results may differ materially from those expressed or implied in these forward-looking statements. We refer you to our latest annual report and current interim financial statements, both of which are available on Gazit-Globe's website, for a discussion of the risks and uncertainties associated with forward-looking statements. You therefore should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements speak only as of the date on which such statement is made. Except as required by laws and regulations, Gazit-Globe undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances.*

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