



**גזית-גלוב בע"מ**  
**GAZIT-GLOBE LTD.**

08.19.2007

## **Gazit Globe: Second Quarter Results for 2007**

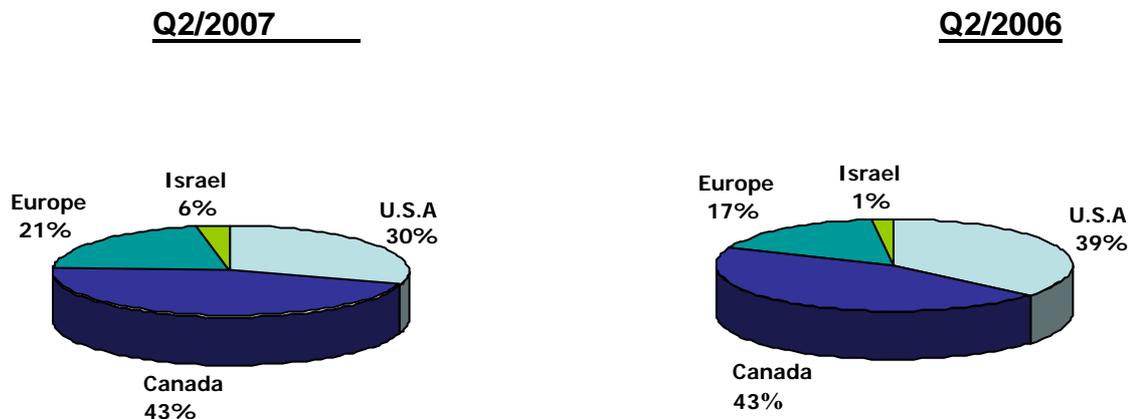
- Continuing growth in Operating Parameters
- Record High Net Income

Tel Aviv, Israel (August 19, 2007) Gazit-Globe ("Gazit"/the "Company") today announced its financial results for the second quarter of 2007, reflecting continued strong growth in the Company's operations.

### **Financial Highlights:**

- 58% growth in total assets to NIS 35.55 billion (NIS 22.468 billion at June 30, 2006)
- Net income of NIS 368 million, an increase of 191%
- Investments of NIS 1.5 billion in acquisitions and development
- Having discounted the effect of the average 8.25% appreciation in the value of the NIS, property rental revenue increased by 18%, NOI by 22% and FFO by 12%, while FFO per share remained unchanged
- Cash flow from operating activities increased 28% to NIS 234 million
- Same property NOI increased on average by 4.5% for Equity One and First Capital Realty and 8.8% for Citycon
- Average rent from lease renewals increased by 13.1% for Equity One and First Capital Realty
- 22 properties under development with a total GLA of 260,000 sqm; 22 properties being redeveloped; and 2.8 million sqm of land for future development. The estimated cost to complete of projects under development and redevelopment is NIS 2 billion.

The following is the company's NOI by geographic region (on a proportionate consolidated basis):



**Operational highlights for the second quarter of 2007:**

- The Group and its Canadian affiliate, Citycon, invested approximately NIS 1.5 billion in new acquisitions and development activities, compared to NIS 1.1 billion in the second quarter of 2006.
- Property rental revenue totaled NIS 683 million, an increase of 9% compared to the second quarter last year, which results from the enlargement of the property portfolio, development properties coming on-line and the increase in the average rent per square meter received on the group's properties.
- NOI increased by 13% compared to the same quarter last year.
- The company's proportionate share of the NOI of all the group's subsidiaries and affiliates totaled NIS 282 million, an increase of 22% compared to the second quarter of 2006.
- FFO totaled NIS 65.2 million, NIS 0.55 per share, compared to NIS 61.7 million, NIS 0.58 per share, a 6% increase compared the second quarter of 2006.

The NIS 0.03 decrease in the FFO per share was caused by the following items:

1. The appreciation in the NIS in the above mentioned periods (the US dollar – 9.5%, the Canadian dollar – 7%, and the Euro – 2.8%), which totaled NIS 3 million (NIS 0.03 per share)

2. Non-recurring administrative expenses increased by NIS 6.1 million (NIS 0.05 per share), mainly due to transactions that did not ultimately take place.

**Data for the second quarter of 2007 (NIS in millions):**

	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>Growth Rate</b>
<b>Total assets</b>	35,550	22,468	58%
<b>Property rental revenue</b>	683	626	9%
<b>NOI <sup>(*)</sup></b>	465	412	13%
<b>Gross profit</b>	462	299	55%
<b>Income from operations</b>	506	233	117%
<b>Net income for the period</b>	368	126	191%
<b>FFO</b>	65.2	61.7	6%
<b>FFO per share (in NIS)</b>	0.55	0.58	(5%)

**Data for the second quarter of 2007 (NIS in millions), neutralizing the effect of the NIS appreciation**

	<b>Q2 2007 <sup>(**)</sup></b>	<b>Q2 2006</b>	<b>Growth Rate</b>
<b>Property rental revenue</b>	741	626	18%
<b>NOI</b>	504	412	22%
<b>FFO</b>	69	62	12%
<b>FFO per share (in NIS)</b>	0.58	0.58	0%

(\*) Property rental revenue, net of property operating expenses (excluding the affiliate, Citycon).

(\*\*) According to the average exchange rates of the three months ended June 30, 2006.

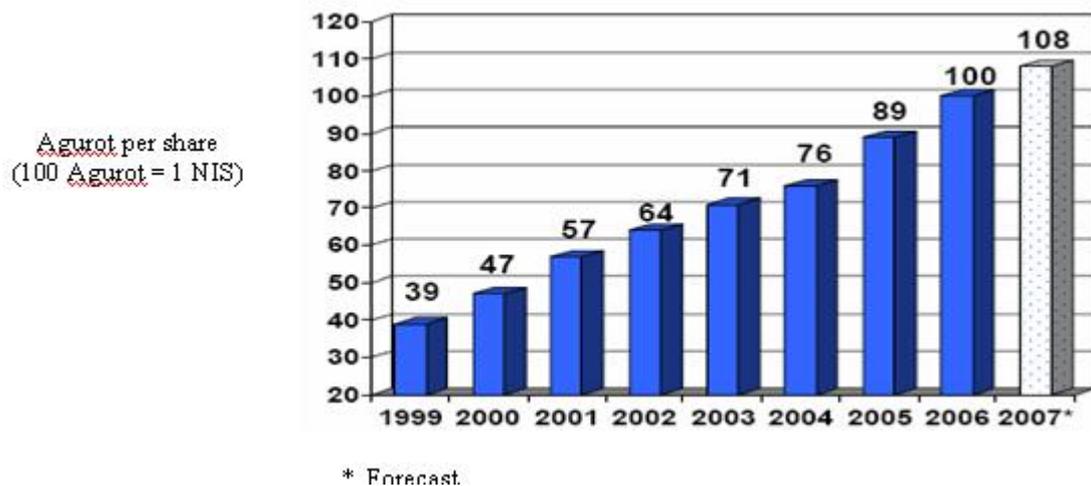
- As at June 30, 2007, the average occupancy rate of Equity One and First Capital Realty's core properties was 94.5%, compared to 95.1% as at June 30, 2006. The occupancy rate of Citycon's properties was 95.8%, compared to 96.7% as at June 30, 2006.

- As at June 30, 2007, the occupancy rate of Royal Senior Care's properties was 90.9%, compared to 94.5% as at June 30, 2006.

- Net income totaled NIS 368 million, NIS 3.06 per share, compared to NIS 126 million, NIS 1.15 per share, in the same quarter last year.
- Debt to Market Capitalization (derived from the market value of the Group's holdings) as of June 30, 2007 was 52.4%, similar to that as at June 30, 2006, and compared to 49.4% as at December 31, 2006.
- Cash inflows from operating activities totaled NIS 234 million, an increase of 28% compared to the same quarter last year.
- Same property NOI increased on average by 4.5% for Equity One and First Capital Realty and 8.8% for Citycon, compared to the same quarter last year.

In accordance with its dividend policy, the Company has announced that the dividend to be declared in 2007 will not be less than NIS 0.27 per share per quarter (NIS 1.08 per share on an annualized basis).

The following graph shows the dividend growth for the years 1999 through 2007:



**Chaim Katzman, Gazit-Globe's Chairman, stated:**

“This quarter we have seen record net income and further evidence of the success of the Company’s business strategy, which is reflected in the impressive growth in rent from new leases and lease renewals and in the strong cash flows of the whole group. The operating parameters and cash flows continue to prove Gazit-Globe’s strength and solidity. We therefore intend to continue the program of enhancing our properties portfolio, through leveraging the regional dominance that we have achieved in the territories where we operate. We believe that the knowledge, experience and good reputation that we have established over the years provide us with a significant competitive advantage in our sector and a strong platform from which to achieve the targets we have set ourselves.”

Mr. Katzman added:

“The Company is currently investing considerable efforts in both the development and redevelopment of our properties and we are currently involved in projects worth some hundreds of millions of dollars. These asset management activities enable us to consistently focus on same property N.O.I growth which ultimately delivers value appreciation for our properties.

The Healthcare Real Estate market, and the Medical Office Buildings sector in particular, is an area where we see the potential for significant value creation. In line with our strategy, we are continuing to identify and evaluate opportunities in this sector and then pursuing those that we think will be of benefit to our shareholders. At the same time, we are expanding our outlook into new geographies, such as India and South America, which are regions where we have identified the potential for growth.

While maintaining our moderate risk profile, we continue to build upon the solid foundations we have built to date, in order to enable the Company to take advantage of future opportunities, thereby maintaining Gazit-Globe’s position as an upcoming in the international real estate market.