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GAZIT-GLOBE

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FOR IMMEDIATE RELEASE:

Gazit-Globe Reports Year-End and Fourth Quarter 2015 Financial Results

NOI for 2015 increased by 26% to NIS 4.2 billion, FFO for 2015 increased by 4.8% to NIS 627 million. Excluding the effect of exchange rates fluctuations the FFO for 2015 increased by 17% and FFO per share increased by 15%.

TEL-AVIV, ISRAEL; March 31, 2016 – Gazit-Globe (NYSE; TSX; TASE: GZT), one of the world's leading multi-national real estate companies focused on the management, acquisition, development and redevelopment of supermarket-anchored shopping centers in major urban markets, announced today its financial results for the Year-End and fourth quarter ended December 31, 2015.

References to the “Group” relate to Gazit-Globe’s consolidated statements. References to the “Company” relate to Gazit-Globe’s stand-alone financial statements. Unless otherwise stated, financial information included in this press release relates to the “Group”.

Highlights:

- NOI for 2015 increased by 26% to NIS 4,184 million (US\$ 1,072 million) compared to NIS 3,329 million (US\$ 853 million) in 2014. The increase is mainly due to the consolidation of Atrium’s financial reports and the acquisition of Sektor.
- FFO for 2015 increased by 4.8% to NIS 627 million (US\$ 161 million), or NIS 3.51 per share (US\$ 0.90), compared to NIS 598 million (US\$ 153 million), or NIS 3.39 per share (US\$ 0.87), in 2014. Excluding the effect of exchange rates fluctuations the FFO for 2015 increased by 17% and FFO per share increased by 15%.
- Investments during 2015 totaled NIS 9.3 billion (US\$ 2.38 billion) and included the acquisition of Sektor, Norway’s second largest commercial real estate company, for consideration amounting to approximately EUR 1.5 billion.
- Same Property NOI for 2015, excluding the effect of exchange rates fluctuations, decreased by 0.5% (increase of 2.4% excluding Russia), compared to 2014. The occupancy rate as of December 31, 2015 remained high at a level of 95.8% compare to 95.9% as of December 31, 2014.
- Shareholders' equity as of December 31, 2015 totaled NIS 7,512 million (US\$ 1,925 million), or NIS 38.4 per share (US\$ 9.8 per share), compared to NIS 8,023 million (US\$ 2,056 million), or NIS 45.0 per share (US\$ 11.5 per share), as of December 31, 2014. The decrease in shareholders' equity was mainly due to exchange rates fluctuations. (NIS 6.6 per share).
- EPRA NAV per share as of December 31, 2015 was NIS 52.9 (US\$ 13.6) compared to NIS 60.2 per share (US\$ 15.4) as of December 31, 2014.
- As of December 31, 2015, the Group had liquid assets and unutilized revolving credit facilities in the amount of NIS 10.4 billion (US\$ 2.7 billion) of which NIS 3.0 billion (US\$ 0.77 billion) at the Company level.
- As of December 31, 2015, net debt to total assets (LTV) was 51.3%, compared to 51.0% as of December 31, 2014.
- The Company declared a quarterly cash dividend of NIS 0.46 per share and updated its dividend policy for 2016, from the second quarter of 2016; the company will distribute a quarterly cash dividend of NIS 0.35 per share, which reflects an annual dividend in the amount of NIS 1.51 per share in 2016.

Rachel Lavine, CEO of Gazit-Globe: "We have concluded an intense but successful year across all of our global platforms, which is reflected in the growth in our operational parameters, including in FFO and FFO per share, notwithstanding the decrease in equity that occurred due to the weakening of foreign exchange rates against our reporting currency during 2015. We continue to work consistently to improve our financial ratios with the goal of attaining an international credit rating. The updated dividend policy announced today is yet another step in this process and reflects the company’s firm commitment to strengthen its capital base.

We are in the process of realizing the strategy for Gazit-Globe to simplify its corporate structure, increase its direct ownership of real estate and strengthen its capital base.

The new management team has many years of accumulated experience in the active management of income-producing properties, experience that will enable us to execute the strategy and transform Gazit-Globe from a holding company into an active real estate company over the short and medium term. As part of this program, in recent months we have increased our financial flexibility through the partial sale of shares in our North American subsidiaries, as well as executing an equity offering, which together have raised approximately NIS 1.4 billion. I am confident that in 2016 we will continue to execute our strategy which will lead to the creation of value for shareholders and bondholders."

Financial highlights for 2015:

- Rental income increased by 25% to NIS 6,150 million compared to NIS 4,913 million in 2014. The increase is mainly due to the consolidation of Atrium's financial reports and the acquisition of Sektor.
- NOI for 2015 increased by 26% to NIS 4,184 million compared to NIS 3,329 million in 2014. The increase is mainly due to the consolidation of Atrium's financial reports and the acquisition of Sektor.
- FFO for 2015 increased by 4.8% to NIS 627 million, or NIS 3.51 per share, compared to NIS 598 million, or NIS 3.39 per share, in 2014. Excluding the effect of exchange rates fluctuations the FFO for 2015 increased by 17% and FFO per share increased by 15%.
- Net income attributable to the Company's shareholders totaled NIS 620 million, or NIS 3.45 per share, compared to a net income of NIS 73 million, or NIS 0.39 per share, in 2014.
- Occupancy rate as of December 31, 2015 remained high at 95.8% compare to 95.9% as of December 31, 2014. By region, occupancy rate as of December 31, 2015 were: 94.8% in Canada; 96.0% in the US; 96.8% in North Europe; and 96.9% in Central and Eastern Europe.
- The net fair value of investment property and investment property under development gain was NIS 711 million compared to a gain of NIS 1,053 million in 2014.
- Shareholders' equity as of December 31, 2015 totaled NIS 7,512 million or NIS 38.4 per share, compared to NIS 8,023 million, or NIS 45.0 per share, as of December 31, 2014. The decrease in shareholders' equity was mainly due to exchange rates fluctuations. (NIS 6.6 per share).
- Cash flow from operating activities in 2015 totaled NIS 1,514 million, compared to NIS 1,026 million in 2014.

Financial highlights for fourth quarter 2015:

- Rental income increased by 24% to NIS 1,562 million compared to NIS 1,259 million in the same quarter last year. The increase is mainly due to the consolidation of Atrium's financial reports and the acquisition of Sektor.
- NOI for the quarter increased by 25% to NIS 1,047 million compared to NIS 840 million in the same quarter last year. The increase is mainly due to the consolidation of Atrium's financial reports and the acquisition of Sektor.
- FFO for the quarter increased by 8.1% to NIS 146 million, or NIS 0.82 per share, compared to NIS 135 million, or NIS 0.76 per share, in same quarter last year. Excluding the effect of exchange rates fluctuations the FFO for the quarter increased by 32% and FFO per share increased by 30%.
- Net income attributable to the Company's shareholders totaled NIS 206 million, or NIS 1.14 per share, compared to a loss of NIS 217 million, or NIS 1.25 per share, in the same quarter last year.
- The net fair value of investment property and investment property under development gain was 231 compared to a gain of NIS 699 million in the same quarter last year.
- Cash flow from operating activities totaled NIS 344 million, compared to NIS 304 million in the fourth quarter 2014.

Acquisition, Development, Redevelopment and Capital Recycling Activities:

- During 2015, the Group invested NIS 9.3 billion (including the acquisition of Sektor). Total investment included NIS 7.4 billion invested in 28 income-producing property totaling 488 thousand square meters as well as NIS 1.9 billion in development and redevelopment projects.
- As of December 31, 2015, the Group had 6 properties under development with a gross leasable area of 165 thousand square meters with a total investment of NIS 1.8 billion, and 21 properties under redevelopment with a gross leasable area of 353 thousand square meters with a total investment of NIS 4.8 billion. The additional cost to complete the properties under development and redevelopment totaled NIS 2.2 billion.

Financing Activities:

- During 2015, the Group raised NIS 2.9 billion in equity. In addition, the Group raised NIS 5.6 billion through debenture offerings. The equity raised included a public offering in the company level of 17.0 million shares at a price of NIS 35.5 per share. The gross proceeds to the company were approximately NIS 604 million. Gazit-Globe's

controlling shareholder, Norstar Holdings Inc., purchased 8.5 million shares for a total consideration of approximately NIS 300 million.

- The average nominal annual cost of debt during 2015 was 4.3%, compared to 4.8% in the 2014.
- The company announced the adoption of a debentures buy-back plan in the amount of NIS 250 million and a shares buy-back plan in the amount of up to NIS 100 million.
- The Company declared a quarterly cash dividend of NIS 0.46 per share and updated its dividend policy for 2016, from the second quarter of 2016; the company will distribute a quarterly cash dividend of NIS 0.35 per share, which reflects an annual dividend in the amount of NIS 1.51 per share in 2016.

ACCOUNTING AND OTHER DISCLOSURES

The Company believes that publication of FFO, which is computed according to EPRA guidance, more correctly reflects the operating results of the Company, since the Company's financial statements are prepared in line with IFRS. In addition, publication of FFO provides a better basis for the comparison of the Company's operating results in a particular period with those of previous periods and also provides a uniform financial measure for comparing the Company's operating results with those published by other European property companies.

In addition, pursuant to the investment property guideline issued by the Israel Securities Authority in January 2011, FFO is to be presented in the "Description of the Company's Business" section of the annual report of investment property companies on the basis of the EPRA criteria.

As clarified in the EPRA and NAREIT position papers, the EPRA Earnings and the FFO 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. Furthermore, it is clarified that these measures are not audited by the Company's independent auditors.

CONFERENCE CALL/WEB CAST INFORMATION

Gazit-Globe will host a conference call and webcast in English on Tuesday, March 31, 2016 at 5:00 pm Israel Time / 4:00 pm Central European Time / 10:00 am Eastern Time, to review the year-end and fourth quarter 2015 financial

results. Shareholders, analysts and other interested parties can access the conference call by dialing 1877 280 1254

(U.S./Canada) or 0800 279 4992 (U.K.) or 44 (0) 20 3450 9987 (International) or 1 809 212 925 (Israel), or on the Company's website: www.gazit-globe.com (Conference ID 6172747)

Webcast link: <http://edge.media-server.com/m/p/3jpyxanz>

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

About Gazit-Globe

Gazit-Globe is one of the largest owners, developers and operators of predominantly supermarket-anchored shopping centers in major urban markets around the world. Gazit-Globe is listed on the New York Stock Exchange (NYSE: GZT), the Toronto Stock Exchange (TSX: GZT) and the Tel Aviv Stock Exchange (TASE: GZT) and is included in the TA-25 and Real-Estate 15 indices in Israel. As of December 31, 2015 Gazit-Globe owns and operates 451 properties in more than 20 countries, with a gross leasable area of approximately 6.6 million square meters and a total value of approximately US\$ 21 billion.

FOR ADDITIONAL INFORMATION

A comprehensive copy of the Company's annual report is available on Gazit-Globe website at www.gazit-globe.com

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FORWARD LOOKING STATEMENTS

This release may contain forward-looking statements within the meaning of applicable securities laws. In the United States, these statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of known and unknown risks and uncertainties, many of which are outside our control, that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks detailed in our public filings with the SEC and the Canadian Securities Administrators. Except as required by applicable law, we undertake no obligation to update any forward-looking or other statements herein, whether as a result of new information, future events or otherwise.

Below please find excerpts from our Year-End and Q4 2015 financial report. For our full Year-End and Q4 2015 report in English, please go to <http://www.gazitglobe.com/financial-reports>.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2015	2014
	NIS in millions	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,125	650
Short-term investments and loans	203	368
Marketable securities	38	299
Financial derivatives	77	90
Trade receivables	467	536
Other accounts receivable	363	303
Inventory of buildings and apartments for sale	522	590
Income taxes receivable	24	14
	3,819	2,850
Assets classified as held for sale	826	1,046
	4,645	3,896
NON-CURRENT ASSETS		
Equity-accounted investees	2,996	6,213
Other investments, loans and receivables	754	564
Available-for-sale financial assets	771	383
Financial derivatives	702	288
Investment property	70,606	56,646
Investment property under development	2,587	1,642
Fixed assets, net	170	171
Intangible assets, net	900	103
Deferred taxes	105	78
	79,591	66,088
	84,236	69,984

	December 31,	
	2015	2014
	NIS in millions	
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Credit from banks and others	1,062	553
Current maturities of non-current liabilities	2,279	2,711
Financial derivatives	45	59
Trade payables	833	900
Other accounts payable	1,521	1,262
Advances from customers and buyers of apartments	326	304
Income taxes payable	111	74
	6,177	5,863
Liabilities attributed to assets held for sale	50	110
	6,227	5,973
NON-CURRENT LIABILITIES		
Debentures	29,480	24,433
Convertible debentures	921	1,254
Interest-bearing loans from banks and others	11,457	8,552
Financial derivatives	93	94
Other liabilities	402	190
Deferred taxes	4,661	3,618
	47,014	38,141
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share capital	249	232
Share premium	4,983	4,411
Retained earnings	5,207	4,915
Foreign currency translation reserve	(3,103)	(1,641)
Other reserves	197	127
Loans granted to purchase shares of the Company's shares	-	(*-
Treasury shares	(21)	(21)
	7,512	8,023
Non-controlling interests	23,483	17,847
Total equity	30,995	25,870
	84,236	69,984

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

CONSOLIDATED STATEMENTS OF INCOME

	Year ended		
	December 31,		
	2015	2014	2013
	NIS in millions		
	(except for per share data)		
Rental income	6,150	4,913	5,146
Property operating expenses	1,966	1,584	1,689
Net operating rental income	4,184	3,329	3,457
Revenues from sale of buildings, land and construction works performed	1,153	1,357	1,672
Cost of buildings sold, land and construction works performed	1,249	1,660	1,688
Loss from sale of buildings, land and construction works performed	(96)	(303)	(16)
Total gross profit	4,088	3,026	3,441
Fair value gain from investment property and investment property under development, net	711	1,053	962
General and administrative expenses	(794)	(619)	(610)
Other income	31	55	218
Other expenses	(798)	(81)	(74)
Company's share in earnings of equity-accounted investees, net	242	12	149
Operating income	3,480	3,446	4,086
Finance expenses	(1,852)	(2,115)	(2,185)
Finance income	861	157	549
Income before taxes on income	2,489	1,488	2,450
Taxes on income	183	405	265
Net income	2,306	1,083	2,185
Attributable to:			
Equity holders of the Company	620	73	927
Non-controlling interests	1,686	1,010	1,258
	2,306	1,083	2,185
Net earnings per share attributable to equity holders of the Company:			
Basic net earnings	3.47	0.41	5.41
Diluted net earnings	3.45	0.39	5.35

FFO (EPRA Earnings)

The table below presents the calculation of the Company's FFO, calculated according to the recommendations of EPRA and the guidelines of the Israel Securities Authority, and its FFO per share for the stated periods:

	For the year ended December 31			For the 3 months ended December 31	
	2015	2014	2013	2015	2014
NIS in millions (other than per share data)					
Net income (loss) attributable to equity holders of the Company for the period	620	73	927	206	(217)
Adjustments:					
Fair value gain from investment property and investment property under development, net	(711)	(1,053)	(962)	(231)	(699)
Capital loss on sale of investment property	106	65	52	15	17
Changes in the fair value of financial instruments, including derivatives, measured at fair value through profit or loss	(693)	156	(435)	(97)	312
Adjustments with respect to equity-accounted investees	(50)	324	60	(36)	249
Loss from decrease in interest in investees	1,533	1	11	-	-
Deferred taxes and current taxes with respect to disposal of properties	138	399	262	64	154
Gain from bargain purchase, net of goodwill impairment	(1,026)	(47)	(173)	39	(47)
Acquisition costs recognized in profit or loss	41	6	10	7	1
Loss from early redemption of interest-bearing liabilities and financial derivatives	78	154	142	11	19
Non-controlling interests' share in above adjustments	395	267	375	132	273
Nominal FFO (EPRA Earnings)	431	345	269	110	62
Additional adjustments:					
CPI and exchange rate linkage differences	(77)	(5)	152	(57)	(18)
Depreciation and amortization	21	13	16	6	3
Adjustments with respect to equity-accounted investees	-	(3)	27	-	13
Other adjustments ⁽¹⁾	252	248	121	87	75
FFO according to the management approach (Adjusted EPRA Earnings)	627	598	585	146	135
Basic FFO per share according to the management approach per share (in NIS)	3.51	3.39	3.42	0.82	0.76
Diluted FFO per share according to the management approach per share (diluted) (in NIS)	3.51	3.39	3.41	0.82	0.76
Number of shares used in the basic FFO per share calculation (in thousands)⁽²⁾	178,426	176,459	171,103	178,433	178,102
Number of shares used in the diluted FFO per share calculation (in thousands)⁽²⁾	178,601	176,546	171,413	178,581	178,190