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GAZIT-GLOBE

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Gazit-Globe Reports Second Quarter 2010 Financial Results

TEL-AVIV, ISRAEL; August 23, 2010 – Gazit-Globe (TASE: GLOB), one of the world's leading multi-national real estate companies engaged in the acquisition, development and management of supermarket-anchored shopping centers in high-growth markets in North America, Europe, Israel and Brazil, announced today its financial results for the three months ("the quarter") and six months ("the period") ended June 30, 2010.

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

Highlights:

- Investments during the quarter totaled $246 million as compared to $159 million in the same quarter last year. Investments during the period totaled $482 million, compared to $286 million for the same period last year.
- NOI for the quarter increased by 10%; NOI totaled $195 million compared to $178 million for the same quarter last year.
- FFO net of non-recurring items for the quarter totaled $20.6 million ($0.15 per share) as compared to $27.9 million ($0.22 per share) for the same quarter last year. The change is mainly due to the exchange of Atrium's convertible bonds into Atrium’s shares.
- Net income attributable to the Company's shareholders for the quarter totaled $38 million ($0.28 per share) compared to a net loss of $24 million ($0.19 per share) for the same quarter last year.
- Equity One entered into a $600 million joint venture transaction with Capital Shopping Centers.
- The Group’s same-property NOI grew by 2.2% for the period and occupancy rate remained stable at 93.8%, same as of June 30, 2009.
- As of June 30, 2010, the Group has cash on hand and undrawn revolving credit facilities in the amount of $1.55 billion of which $360 million are at the Company’s level.
- The Company's credit rating outlook was upgraded from negative to stable by both S&P Maalot (ilA+) and Moody’s affiliate, Midroog (A1)

"We are pleased with our overall financial results and with the increase in most of our main operational parameters this quarter. During the first six months of the year, the Group has invested more than $480 million in acquisition, development and redevelopment of properties. Certain properties have not yet produced income however; the properties are expected to contribute to the Group’s future growth over the next quarters. In this quarter, for the first time since the beginning of 2008, we have reported an increase in our investment property fair value. The increase in our overall financial results demonstrates the success of the Group’s business strategy and the strength of our local management teams who are daily engaged in the acquisition, management, development and enhancement of our properties” said Roni Soffer, President.

For the convenience of the reader, figures in this press release are in USD based on an exchange rate of 1 USD = 3.875 NIS as of June.30, 2010

Financial Highlights for the Quarter:

- Property rental income for the quarter increased by 11%; property rental income totaled $293 million compared to $265 million for the same quarter last year.
- NOI for the quarter increased by 10%; NOI totaled $195 million compared to $178 million for the same quarter last year.
- Net income attributable to the Company's shareholders for the quarter totaled $38 million ($0.28 per share) compared to a net loss of $24 million ($0.19 per share) for the same quarter last year.
- FFO net of non-recurring items for the quarter totaled $20.6 million ($0.15 per share) as compared to $27.9 million ($0.22 per share) for the same quarter last year. The change is mainly due to the exchange of Atrium's convertible bonds into Atrium's shares.
- Cash flow from operating activities for the quarter totaled $51 million, compared to $105 million for the same period last year. The change is mainly due to timing differences in payables and receivables.
- Occupancy rate remained stable at 93.8%, same as on June 30, 2009.
- Shareholders' equity as of June 30, 2010 totaled $1.34 billion ($9.65 per share), as compared to $1.01 billion ($7.79 per share) on June 30, 2009.
- EPRA NAV per share as of June 30, 2010 was $9.19, compared to $8.18 per share on June 30, 2009.

Financial Highlights for the Period:

- Property rental income for the period increased by 12%; property rental income totaled $587 million compared to $523 million for the same period last year.
- NOI for the period increased by 10%; NOI totaled $385 million compared to $349 million for the same period last year.
- Net income attributable to the Company's shareholders for the period totaled $95 million ($0.68 per share) compared to a net income of $45 million ($0.35 per share) for the same period last year.
- FFO net of non-recurring items for the period totaled $42.6 million ($0.31 per share) as compared to $55.5 million ($0.44 per share) for the same period last year. The change is mainly due to the exchange of Atrium's convertible bonds into Atrium's shares.
- Cash flow from operating activities for the period totaled $74 million, compared to $116 million for the same period last year. The change is mainly due to timing differences in payables and receivables.
- The Group's same-property NOI grew by 2.2%, resulting from an increase of 1.0% in the NOI from North America, a 3.8% increase in NOI from Europe and a 5.9% increase in NOI from Israel (excluding foreign exchange fluctuation).

Acquisition Activity

During the six month period ended June 30, 2010, the Group acquired 9 income-producing properties totaling 92 thousand square meters and adjacent land parcels for future development in a total amount of $271 million. The Group also invested in new development and redevelopment projects an amount of $210 million.

- Equity One entered into a $600 million joint venture transaction with Capital Shopping Centers to acquire Capital and Counties USA (C&C). C&C owns a portfolio of 15 properties in California with a gross leasable area of 241,000 square meters, of which 70% of the transaction value consists of retail assets.
- During the six months ended June 30, 2010, First Capital Realty invested CAD $263 million in acquisition, development, redevelopment and property improvements.
- In the Healthcare sector, ProMed Properties completed the acquisition of two Medical Office Buildings in Arlington, Virginia with a total gross leasable area of 6,500 square meters and with additional development potential of 4,000 square meters for a total cost of $20.6 million.
- Subsequent to June 30, 2010, Gazit America entered into an agreement to purchase a property to be held for redevelopment for a total cost of CAD 13.5 million. Closing is expected in the third quarter of 2010.

Development and Redevelopment Activities

As of June 30, 2010, the Group had 9 properties under development with a gross leasable area of 79 thousand square meters and 20 properties under redevelopment with gross leasable area of 81 thousand square meters totaling an investment of $348 million. The additional cost to complete the properties under development and redevelopment totals $278 million.

Financing Activities

- As of June 30, 2010, the Group has cash on hand and undrawn revolving credit facilities in the amount of $1.55 billion of which $360 million are at the Company's level.
- Subsequent to June 30, 2010, the Company raised additional $130 million of unsecured debentures in a public offering.
- Subsequent to June 30, 2010, the Group replaced an existing revolving credit facility with a new revolving credit facility of CAD 330 million with a maturity date in three years.

Balance Sheet Highlights

- As of June 30, 2010, net debt to asset ratio (as derived mainly from the fair value of the Group's investment properties) was 63.0%, as compared to 63.7% as of December 31, 2009, and 65.6% as of June 30, 2009.
- Shareholders' equity as of June 30, 2010 totaled $1.34 billion ($9.65 per share), as compared to $1.01 billion ($7.79 per share) as of June 30, 2009.

Second Quarter 2010 Dividend Declared

The Company's Board of Directors declared a quarterly cash dividend of NIS 0.37 (~$0.10) per share of its common share payable on October 4, 2010 to shareholders of record on September 19, 2010. The quarterly cash dividend of NIS 0.37 (~$0.10) per share represents an annualized rate of NIS 1.48 (~$0.38 per share).

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 in English today, August 23, 2010 at 15:00 United Kingdom/ 16:00 Central European Time/ 10:00 a.m. Eastern Time to review the 2010 second period financial results. shareholders, analysts and other interested parties can access the conference call by dialing 1 888 935 4575 (U.S./Canada) or 0800 028 1243 (U.K.) or +44 (0) 20 7806 1951 (International) or 1 809 246 002 (Israel) or on the Company's website www.gazit-globe.com.

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 second period 2010 financial statements in English will be available in the next few days under the "Investor Relations" section of Gazit-Globe website at 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.

ABOUT GAZIT-GLOBE

Gazit-Globe is one of the world's leading multi-national real estate companies and a global leader in the acquisition, development and management of supermarket-anchored shopping centers in urban growth markets around the world. In addition, the Company is also active in North America in the healthcare real-estate sector. Gazit-Globe is listed on the Tel Aviv Stock Exchange (TASE: GLOB), is included in the TA-25 and the Real-Estate 15 indices, and has an equity market capitalization of about $1.35 billion (US). The Group operates in more than 20 countries over 3 continents, owns and manages 650 properties with a gross leasable area of more than 6 million square meters, has a consolidated total asset value of approximately $14.5 billion (US) and a gross annualized income of about $1.4 billion (US).

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's primary objective is the creation of value through long-term maximization of cash flow and capital appreciation from its growing Real Estate portfolio. Gazit'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 continues to seek opportunities in the regions where it operates as well as in new territories. 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. U.S. Dollar (USD) figures used in this press release to descried the financial performance of Gazit-Globe are based on New Israeli Shekel (NIS) figures contained in Gazit-Globe's latest published financial statements converted into USD at the prevailing USD/NIS exchange rate, 1 USD= 3.875 NIS, as of June 30, 2010.

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