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GAZIT-GLOBE LTD.

August 23, 2009

Gazit-Globe: 2009 Second Quarter Results – Continued Growth in Cash Flows and in All Performance Metrics

Rental revenues and N.O.I. increased by 17% in the quarter

F.F.O. (Based on EPRA Direct Results) totaled 141 million NIS (1.12 NIS per share) as compared to 72 million NIS (0.58 NIS per share)for the same period last year

- **Shareholder losses for the second quarter totaled 94 million NIS, and are mainly due to the revaluations of investment properties. In the first half of 2009, shareholder profits totaled 173 million NIS**
- **Rental revenues and N.O.I. grew by 17% in the quarter, as compared to the same quarter last year**
- **Cash flow from recurring operations totaled 405 million NIS as compared to 203 million NIS for the same period last year**
- **As of the date of the balance sheet, the Group has cash reserves and undrawn credit facilities to the amount of 4.2 billion NIS. In addition, Atrium (an affiliated company) holds cash reserves totaling 855 Million Euro**
- **Shareholder equity as of June 30, 2009 totaled 3.9 billion NIS, approximately 30.2 NIS per share**
- **Since January 1, 2009, the Group has purchased subsidiary bonds in the amount of 345 million NIS. Through these purchases, the Group registered early redemption profits in the amount of 100 million NIS**
- **Since January 1, 2009, the Group has publically raised 587 Million NIS in equity**
- **Post-balance sheet, FCR completed the distribution of a dividend in kind of Gazit America (TSX:GAA) shares**

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- **Post-balance sheet, FCR completed 59 Million CAD unit offering, Gazit Canada, an affiliate of Gazit Globe, purchased Units in the amount of 10.3 Million CAD**
- **Post-balance sheet, Atrium (ATR) shares admitted to trading on EURONEXT Amsterdam**

- **<u>Second Quarter Highlights</u>**

- **Investments** by the Group totaled 0.6 billion NIS as compared to 1.1 billion NIS in the same quarter last year.
- **Rental revenues** totaled 1.03 billion NIS, an increase of 17% as compared to the same period last year. This increase is due mainly to development properties coming on-line, an increase in the average rental fee per square meter, increases in the average currency exchange rates in the second quarter compared to the same quarter last year, and due to DIM's consolidation in the first quarter of 2009.
- **N.O.I.** totaled 691 million NIS as compared to 592 million NIS for the same period last year, an increase of 17%.
- **N.O.I.** under proportionate consolidation totaled 378 million NIS, compared to 301 million NIS in the same period last year, an increase of 26%.
- **F.F.O.** totaled 141 million NIS (1.12 NIS per share) as compared to 72 million NIS (0.58 NIS per share) for the same quarter last year. F.F.O. net of non-recurring revenues totaled 118 million NIS, 0.93 NIS per share.
- **Cash flow from recurring operations** totaled 405 million NIS, compared to 203 million NIS for the same period last year.
- **Same-property N.O.I.** grew by 2.1% in the group due to the 9.3% growth in FCR, 2.1% in Citycon, and 10.0% in Gazit Israel, and a decrease of 4.3% in Atrium and 3.2% in EQY.
- **Rent from lease renewals** grew by 13.1% in FCR, and decreased by 1.8% in EQY.

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- **Shareholder losses** totaled 94 million NIS, 0.75 NIS per share fully diluted, as compared to a net income of 25 million NIS, 0.2 NIS per share fully diluted in the same quarter last year. The loss was mainly due to revaluation of investment properties
- **Debt to asset value** (as derived mainly from the fair value of the Group's investment properties) as of June 30, 2009 was 66.7%, as compared to 66.4% as of December 31, 2008.
- **Shareholders' equity** as of June 30, 2009 totaled 3.9 billion NIS (30.2 NIS per share), as compared to 3.3 billion NIS (26.6 NIS per share) as of December 31, 2008.
- **NAV per share** (EPRA NAV) as of June 30, 2009 was 31.7 NIS per share, compared to 27.2 NIS per share as of December 31, 2008.

- As of June 30, 2009, the Group has 11 properties under development with an area of approximately 82 thousand square meters, 19 properties under redevelopment, and additional land reserves for future development reflected on the Company's books at cost of 2.3 billion NIS. Additional costs for completing ongoing projects are estimated at 1 billion NIS.

<u>Highlights for the First Six Months of 2009</u>

- Group **investments** totaled 1.1 billion NIS, as compared to 2 billion NIS in the same period last year.
- **Rental revenues** totaled 2 billion NIS, an increase of 13% compared to the same period last year.
- **N.O.I.** totaled 1.3 billion NIS, as compared to 1.2 billion NIS for the same period last year, an increase of 13%.
- **Cash flows from recurring operations** totaled 448 million NIS, as compared to 295 million NIS in the same period last year.
- **F.F.O.** totaled 307 million NIS (2.43 NIS per share), compared to 125 million NIS (1 NIS per share) in the same period last year. F.F.O. net of non-recurring revenues totaled 220 million NIS, 1.75 NIS per share.

- **Net shareholders' income** totaled 173 million NIS, 1.37 NIS per share fully diluted, as compared to a net income of 251 million NIS, 2 NIS per share fully diluted, in the same period last year.

Roni Soffer, Interim CEO of the Company: "In this quarter we present strong operational results, as can be seen in our FFO, which grew by approximately 96%; and in Same Store NOI, which increased by approximately 2.1% for our consolidated Group portfolio. Moreover, we have seen continued stability in our occupancy rate, which stood at 94%. These results were achieved, among other factors, due to continued and ongoing improvement of the Group's property portfolio in each of our commercial platforms. The Group's portfolio is characterized by high-quality properties, the majority of which are located in high-growth urban areas with high barriers to entry. Boosting the Group’s results was partial contribution from investments carried out by Gazit in the past 12 months, which leveraged rare investment opportunities that presented themselves in our private and public subsidiaries following the global financial crisis."

Soffer adds: "While identifying and realizing opportunities in the Group's core business, we have continued to reinforce the Group's financial strength and flexibility on all levels. This is reflected in our increased liquidity and undrawn credit facilities of 4.2 billion NIS, in addition to cash reserves of 4.7 billion NIS in Atrium. Our global reach, our business focus, the top quality of our local management, and our rigorous financial discipline have carried the Group through the current financial crisis, and will enable us to emerge from the crisis stronger than ever."