גזית-גלוב בע"מ
GAZIT-GLOBE LTD.

29.3.2009

Gazit-Globe: 2008 Fourth Quarter and Year end Results

Continued Growth in Core Activities, Depreciation in Property Values and Volatility in Currency Exchange Rates

- **Shareholders' loss for 2008 was NIS 1,075 million, due mainly to the depreciation of investment properties as a result of increased cap rates and adjustment of the fair value of rights and obligations for future investments in Atrium shares**
- **N.O.I. for 2008 was NIS 2.4 billion, similar to last year. N.O.I. for the quarter was NIS 603 million – excluding the effects of currency changes, N.O.I. for the quarter grew by 9% compared to the same quarter last year**
- **Same property N.O.I. in 2008 grew by 3.8% in FCR, by 3.6% in Citycon, by 11% in Gazit Israel, by 7% in Atrium, and decreased in EQY by 1.6% compared to 2007**
- **F.F.O. for 2008 was NIS 561 million compared to NIS 369 million in 2007**
- **Cash flow from operations was NIS 653 million, compared to NIS 793 million in 2007. Cash flow this year was influenced mainly by currency changes**
- **As of December 31, 2008, the Group had cash reserves and undrawn credit facilities amounting to NIS 4.3 billion. In addition, Atrium (an affiliate of the Company) had cash reserves in the amount of EUR 1.25 million.**
- **Shareholders' equity as of December 31, 2008 amounted to NIS 3.3 billion, or NIS 26.6 per share**
- **The Company increased its holdings in Citycon to 48% compared to 40% as of September 30, 2008.**

<u>Events subsequent at 2008 year end:</u>

- **The Company purchased shares and bonds of its subsidiaries in a total amount of NIS 2.7 billion. In addition, the company bought back bonds in the amount of 140 million Par.**
- **EQY increased its holdings in DIM to 74.6%, and acquires 9.6% from Ramco – Gershenson (RPT). FCR increases it's holdings in Alied Properties (AP.UN) to 11%**
- **The company completed a bond series 10 public offering for a total of NIS 400 million. FCR completed fund raising (Revolving Credit Facility and a mortgage) for a total of CAD 589 million and Citycon completed a EURO 75 million unsecured revolving credit facility with a syndicate of three Nordic banks**

Gazit-Globe announces today its 2008 fourth quarter and yearend results.

<u>Annual Highlights for 2008</u>

- **Investments** by the Group (excluding investments in Atrium) amounted to NIS 3.3 billion, compared to NIS 7.3 billion in 2007.
- In August, 2008, the Company completed the first stage of its investment in Atrium, with a total investment of NIS 1,477 million. In January, 2009, the Company completed the second stage of its investment with and additional amount of NIS 200 million.
- **Property rental revenues** were NIS 3,556 million, similar to the Company's revenues in 2007. Assuming the average currency exchange rates for the same period last year, property rental revenues grew by 10% compared to last year.
- **N.O.I.** was NIS 2,396 million, compared to NIS 2,436 million in 2007. Assuming the average currency exchange rates for the same period last year, N.O.I. grew by 10% compared to last year.
- **F.F.O.** was NIS 561 million (NIS 4.48 per share), compared to NIS 369 million (NIS 3.11 per share) 2007.
- **Cash flow from operations** was NIS 653 million, compared to NIS 793 million in 2007. Cash flow this year was influenced mainly by currency changes.
- **Same property NOI** grew by 3.8% in FCR, 3.6% in Citycon, 11% in Gazit Israel, 7% in Atrium, and decreased by 1.6% in EQY, compared to 2007.
- **Rent from lease renewals** grew by 14% in FCR, and by 8.9% in EQY.

- Average currency exchange rates for the USD, CAD, and EUR vs. the NIS decreased in 2008 by 13%, 12% and 7% respectively, compared to the exchange rates for these currencies in 2007.
- **Shareholders' loss** was NIS 1,075 million or NIS 8.58 per share, fully diluted, compared to a net income of NIS 961 million, or NIS 8.02 per share, fully diluted, in 2007. These losses are due mainly to the depreciation of investment properties and adjustment of the fair value of rights and obligations for future investments in Atrium shares.
- **Debt to market capitalization** (derived mainly from the fair market value of the Group's investment properties) as of December 31, 2008, was 66.4%, compared to 55.8% as of December 31, 2007.
- **Shareholders' equity** as of December 31, 2008 was NIS 3.3 billion (NIS 26.6 per share), compared to NIS 5.7 billion (NIS 45.9 per share) on December 31, 2007.
- **Per share Net Asset Value** (EPRA NAV) as of December 31, 2008, amounted to NIS 27.2 per share, compared to NIS 54.7 per share on December 31, 2007.
- As of the end of the quarter, the Group had 13 properties under development with a total GLA of 123,000 sqm, 15 properties under re-development, and additional land reserves for future development with a total cost of NIS 2.6 billion. Additional costs to complete the projects currently under development and redevelopment are estimated at NIS 1.3 billion.
- In 2008, the Group acquired 16 income-producing properties with a total GLA of 95,000 sqm, and 5 land plots for future development, with a total investment of NIS 1 billion. In addition, the Group developed new properties and renovated existing properties, with a total investment of NIS 2.3 billion.

Highlights for Q4 2008

- **Investments** by the Group amounted to NIS 0.6 billion, compared to NIS 1 billion in the same period last year.
- **Property rental revenues** were NIS 891 million, compared to NIS 962 million in the same period last year. Assuming the average currency exchange rates for the same quarter last year, property rental revenues for the quarter grew by 7%.
- **N.O.I.** was NIS 603 million, compared to NIS 637 million in the same period last year. Assuming average currency exchange rates from the same quarter last year, N.O.I. grew by 9% compared to the same period last year.

- **Cash flow from operations** was NIS 103 million, compared to NIS 134 million in the same period last year. Cash flow this quarter was influenced mainly by currency exchange vale changes.
- Average currency exchange rates for the USD, CAD, and EUR vs. NIS decreased during the quarter by 3%, 22% and 12% respectively, compared to the exchange rates for these currencies in the same period last year.
- **Shareholders' loss** amounted to NIS 865 million, or NIS 6.90 per share, fully diluted, compared to a net income of NIS 105 million, or NIS 0.87 per share, fully diluted, in the same period last year. This loss is due mainly to the depreciation of investment properties and adjustment of the fair value of rights and obligations for future investments in Atrium shares and SWAP transactions.

Michael Bar Chaim, CEO, stated: "We present today our fourth quarter and yearend results, which show continued growth in our operational metrics, despite the turbulent situation in world financial markets and economies. The Group maintained its operational stability, while creating significant free cash flow, a fact that underscores the integrity and strength of our core activities. However, the financial crisis and the economic uncertainty, which were reflected, among other things, in increased cap rates, have caused investment property value adjustments throughout the year, and in our fourth quarter statements. These adjustments are the main cause for our bottom line loss."

Bar Chaim adds: "During the year, and particularly in the second half of 2008, we did not hesitate to make use of attractive opportunities in the market to increase our holdings in the Group's subsidiaries. We see this as evidence of our great confidence in the Group's activities and in our ability to continue producing significant free cash flows, even in these challenging times. It is our intention, should additional attractive opportunities present themselves, to continue increasing our investment in companies and activities within our core business, as we have done over the course of the past few months, as we focus on increasing the Company's cash flows."