גזית-גלוב בע"מ
GAZIT-GLOBE LTD.

30.03.2008

Gazit-Globe: Annual and Fourth Quarter Results for 2007

Continued Growth in All Metrics

Net Income of NIS 983M and Cash Flow From Operating Activities of Approximately NIS 793M Produces Record Year

- Investments of approximately NIS 7.3 billion in the acquisition and development of properties in 2007.
- Property rental revenues grew by approximately 18%, NOI by approximately 20%, and FFO by approximately 34%.
- Same property NOI grew on average by approximately 3.3% for EQY and for FCR, and by approximately 6.2% for Citycon.
- Rental fees for lease renewals grew on average by approximately 13.8% for EQY and FCR.
- At year end, the Group had 23 properties under development with a total GLA of approximately 261,000 sqm; 27 properties under redevelopment; and additional land reserves for future development at a cost of approximately NIS 2.1 billion.
- Additional costs expected from the completion of projects under development and redevelopment is approximately NIS 3.7 billion.
- As of the date of the balance sheet, the Group had cash reserves and untapped credit facilities to the amount of approximately NIS 5.1 billion.
- Initial activities in India – an undertaking to invest USD 110 million together with the HDFC Group.
- Opening of a Brazil branch, and completion of an initial acquisition of a supermarket-anchored shopping center at a cost of approximately USD 31 million in January, 2008.
- Post-balance sheet, the Company announced the largest acquisition in its history, whereby the Company would invest, together with CPI, the real estate investment branch of CITIBANK, approximately EUR 800 million in the real estate company Meinl European Land (MEL), and become the majority shareholder in that company.

Gazit-Globe issued today its 2007 annual and fourth quarter financial results, for the first time doing so according to IFRS standards. These results also include the consolidation of Citycon's activities (as of Q2 2006).

Primary metrics are as follows (NIS billions):

	2007	2006	% Change
Property rental revenue	3.6	3.1	18%
NOI	2.4	2.0	20%
FFO	0.30	0.23	34%
FFO per share (NIS)	2.57	2.1	22%
Equity per share	45.7	37.7	21%
EPRA NAV per share	54.5	46.1	18%

2007 Highlights

- **Investments** of approximately NIS 7.3 billion in property acquisition and development, compared to NIS 7.9 billion for the same period, 2006.
- **Property rental revenue** of NIS 3.6 billion, an increase of 18% compared to 2006. This increase is due to acquisitions, development properties coming on-line, an increase in the average rental rates received on the Group's properties, and the consolidation, for the first time, of Citycon's results as of second quarter 2006. The acquisition of A.C.D also added revenues of approximately NIS 108 million, through the sale of buildings and lands, and through works performed.
- **NOI** totaled NIS 2.4 billion, an increase of approximately 20% from 2006.
- **Cash flow from operating activities** totaled approximately NIS 793 million, an increase of 15% from 2006.
- **Same property n.o.i** increased on average by approximately 3.3% for EQY and FCR, and by 6.2% for Citycon, compared to the same period last year.
- **Rental form lease renewals** for EQY and FCR grew on average by approximately 13.8% compared to the same period last year.
- **FFO** (according to IFRS guidelines) totaled NIS 305 million, an increase of 34% compared to 2006. FFO per share totaled NIS 2.57, an increase of 22% compared to 2006.
- **Shareholders' net income** totaled NIS 983 million, or approximately 8.32 per share, compared to NIS 983 million, or approximately NIS 9.13 per share, in 2006.
- **Appreciation of investment real estate** in 2007 totaled approximately NIS 1.9 billion (gross), and reflected an average nominal appreciation of approximately

4.5% for the Group's property portfolio. (The Company's share net of taxes totaled NIS 643 million for 2007).

- **Debt to market capitalization** (derived mainly from the fair market value of investment real estate) as of December 31, 2007, was approximately 55.8%, compared to 53.9% on December 31, 2006.
- **Company equity** as of December 31, 2007, was NIS 5.7 billion (approximately NIS 45.7 per share), compared to NIS 4.4 billion (approximately NIS 37.7 per share) on December 31, 2006.
- **Per share market capitalization** (EPRA NAV) as of December 31, 2007 was approximately NIS 54.5 per share, compared to NIS 46.1 per share on December 31, 2006.
- **Dividend** – the Company announced that the dividend distributed in 2008 will be no less than NIS 1.20 per share, an increase of approximately 11% compared to the dividend paid out in 2007.

Fourth Quarter Highlights

- **Investments** of approximately NIS 1 billion in fourth quarter acquisitions and development, compared to NIS 1.5 billion in the same quarter last year.
- **Property rental revenue**s totaled approximately NIS 961 million. Revenue from sales of buildings, lands and from works performed totaled approximately NIS 108 million.
- **NOI** totaled approximately NIS 637 million.
- **Cash flow from operating activities** totaled approximately NIS 134 million.
- **Shareholders' net income** totaled approximately NIS 76 million.

\- Fourth quarter results for 2006 were not prepared according to IFRS standards, and therefore are not presented for comparison.

The MEL Transaction

On March 20, 2008, Gazit-Globe announced that it's proposal for the investment, together with CPI, the real estate investment branch of CITIBANK, of up to EUR 800 million in the real estate company Meinl European Land (MEL), was approved by MEL's board of directors. After completion of the transaction, the company will become the majority shareholder in MEL, will appoint one half of the company's board of directors, and Chaim Katzman will be appointed Chairman of the Board. The transaction is subject to approval by MEL's general assembly, which is due to convene in the next 60 days.

MEL owns 160 supermarket-anchored shopping centers in 11 countries in Central and Eastern Europe with a fair market value of EUR 1.8 billion, 1.6 million sqm of GLA under development and redevelopment, as well as 10 properties for future development. Additionally, the company owns 34 properties under development and redevelopment with a total cost (including cost for completion) estimated at approximately EUR 3.4 billion. MEL is traded on the Vienna Stock Exchange in Austria, at a value of approximately EUR 1.5 billion, compared to a peak value of approximately EUR 6.4 billion on June 19, 2007.

Chaim Katzman, Chairman of Gazit-Globe stated: "We are pleased to present a record year for the Company's operations, with continued growth in all metrics. We continue to see the Company's strong cash flow as a testament to its strength and stability. This year, we continued to focus much of our efforts on the continued improvement of our portfolio, and the increased market capitalization that can be seen in this report is due mainly to the success of these efforts. Development, redevelopment and property acquisition activities continued at full steam this year, and we invested about NIS 7.3 billion in these activities. We believe that these investments will serve as a basis for the Company's continued organic growth in the future."

Mr. Katzman continues: "Alongside our activities for improving our existing property portfolio, we invested significant efforts in the identification of new opportunities, both in new territories, and in new areas of activity. These efforts have come to fruition this year, and are expressed, among other things, in our first investment in the Indian market, our entry into the Brazilian market, and in the MEL transaction which we announced recently."