



גזית-גלוב בע"מ
GAZIT-GLOBE LTD.

30.11.2008

Gazit-Globe: Third Quarter Results for 2008

Continued Growth in company's core business

Losses of NIS 461 million during the quarter due mainly to revaluations

- N.O.I. amounted to NIS 591 million, excluding changes in currency exchange rates, N.O.I. grew by 6% compared to the same quarter last year
- Proportionate consolidation N.O.I., assuming the average currency exchange rates from the same quarter last year, amounted to NIS 351 million, compared to NIS 311 million in the same quarter last year, an increase of 13%
- F.F.O. for the nine month period amounted to NIS 662 million, an increase of 178% compared to the same period last year
- Cash flow from operations increased by 32% during the quarter and amounted to NIS 255 million. Cash flow from operations for the nine month period amounted to NIS 550 million
- As of the date of the balance sheet, the Group has cash reserves and undrawn credit facilities amounting to NIS 5.9 billion
- Rent from lease renewals increased by 9.3% for FCR, and by 7.8% for EQY
- Same property NOI grew by 3.3% for FCR, by 1.8% for Citycon, by 21% for Gazit Israel, by 4.9% in Atrium, and remained unchanged for EQY
- At the end of the quarter, the Group had 18 properties under development with a total GLA of 142 thousand sqm, 22 properties under redevelopment, and additional land reserves for future development at a cost of NIS 2.7 billion. Additional cost to complete of projects that are currently under development and redevelopment is estimated at NIS 1.6 billion (completion of construction is financed through the Company's available credit and designated development credit lines)
- In the reporting period, the Group acquired 14 income-producing properties with a total GLA of 83 thousand sqm, and 5 lots for future development, with a total investment of NIS 0.9 billion. In addition, the Group developed new properties and renovated existing properties, with a total investment of NIS 1.8 billion.

Gazit Globe is announcing today its third quarter results for 2008.

Quarter Highlights

- **Investments** by the Group, excluding investments in Atrium, amounted to NIS 0.8 billion, compared to NIS 2.8 billion in the same period last year.
- In August, the Company completed the first phase in its investment in Atrium, with a total investment of NIS 1,477 million.
- **Property rental revenues** amounted to NIS 866 million, a decrease of 8% compared to the same period last year. This decrease is due mainly to changes in currency exchange rates. Assuming the average currency exchange rates for the same quarter last year, property rental revenues for the quarter grew by 6%.
- **N.O.I.** amounted to NIS 591 million, compared to NIS 648 million in the same period last year, a decrease of 9%, which is due mainly to changes in currency exchange rates. Assuming the average currency exchange rates for the same quarter last year, NOI grew by 6% compared to the same quarter last year.
- **Gross profit** amounted to NIS 602 million, a decrease of 7%, due mainly to changes in currency exchange rates. Assuming the average currency exchange rates for the same quarter last year, gross profit grew by 8% compared to the same quarter last year.
- **Cash flow from operations** amounted to NIS 255 million, compared to NIS 193 million in the same period last year, an increase of 32%.
- The average currency exchange rates for the US Dollar, the Canadian Dollar and the Euro vis-à-vis the Shekel decreased during the third quarter of 2008 by 17%, 16%, and 9%, respectively, compared to the same period last year.
- **Same property NOI** grew by 3.3% for FCR, by 1.8% for Citycon, by 21% for Gazit Israel, by 4.9% for Atrium, and remained unchanged for EQY, compared to the same period last year.
- **Rent from lease renewals** grew by 9.3% for FCR, and by 7.8% for EQY.
- **Shareholders' losses** amounted to NIS 461 million, or NIS 3.68 per share, fully diluted, compared to a net income of NIS 72 million, or NIS 0.56 per share, fully diluted, during the same quarter last year. This decrease is due mainly to the depreciation of investment real estate and adjustment of the fair value of investment obligations and rights in Atrium shares.
- **Debt to market capitalization** (derived mainly from the market value of the Group's investment real estate) as of September 30, 2008 amounted to 61.7%, compared to 56.8% on September 30, 2007, and 55.8% on December 30, 2007.

- **Shareholders' equity** as of September 30, 2008, amounted to NIS 4.2 billion (or NIS 33.2 per share), compared to NIS 5.4 billion (NIS 45.8 per share) on September 30, 2007.
- **Per share market capitalization** (EPRA NAV) as of September 30 2008 amounted to NIS 34.6 per share, compared to NIS 54.7 per share on December 31, 2007.

Highlights for the first nine months of 2008

- **Property rental revenues** amounted to NIS 2,665 million, an increase of 1% compared to the same period last year. Assuming the average currency exchange rates for the same period last year, property rental revenues grew by 11% compared to the same period last year.
- **N.O.I.** amounted to NIS 1,793 million, compared to NIS 1,799 million for the same period last year. Assuming the average currency exchange rates from the same period last year, N.O.I. grew by 10% compared to the same period.
- **F.F.O.** amounted to NIS 662 million (NIS 5.28 per share), an increase of 178% compared to the same period last year.
- **Gross profit** amounted to NIS 1,818 million, an increase of 2%. Assuming the average currency exchange rates from the same period last year, gross profit increased by 12%.
- **Cash flow from operations** amounted to NIS 550 million, compared to NIS 659 million in the same period last year. This decrease is due mainly to timing differences between payables and receivables.

Michael Bar Chaim, Company CEO, stated: "Our third quarter results emphasize the Group's integrity and the strength of the Company's core activities, especially in light of the agitated state of the global economy and capital markets. We are seeing a consistent improvement in our cash flow, with cash flow to date amounting to more than NIS 0.5 billion. We are well aware of the uncertainty in the markets, and are stressing the importance of maintaining our cash reserves and approved available lines of credit, which at the end of the quarter amounted to nearly NIS 6 billion. In addition, as we have recently reported, during the quarter we conducted value adjustments in the investment real estate section. This was due to an expected rise in the cash flow capitalization rate and not as a result of any decrease in the Company's cash flows, which actually increased during the quarter. We intend to continue implementing a strategy based mainly on pro-active and continuous management of all the Group's properties around the world, and allocating resources to acquiring capital and debt in a focused and responsible manner, both in the Company and in its subsidiaries."