



גזית-גלוב בע"מ  
GAZIT-GLOBE LTD.

03/25/2007

# GAZIT- GLOBE REPORTS RECORD EARNINGS AND TOTAL INVESTMENTS IN 2006

## Net Profit of NIS 361 Million for the year

Tel Aviv, Israel (March 25, 2007) Gazit-Globe Ltd. announced today its financial results for the fourth quarter and for the year to December 31, 2006, reflecting continued strong growth in the Company's operations.

- **Investments of NIS 1.5 Billion in the fourth quarter and NIS 7.9 Billion in 2006, in acquisitions and developments**
- **Property Rental Revenue increased 7% to NIS 648 Million in the fourth quarter**
- **Property Rental Revenue increased 16% to NIS 2.6 Billion for the year**
- **N.O.I increased 6% to NIS 425 Million in the fourth quarter**
- **N.O.I increased 14% to NIS 1.7 Billion for the year**
- **FFO increased 30% to NIS 77 Million in the fourth quarter**
- **FFO increased 29% to NIS 280 Million for the year**
- **Over 490 acres of land for future development**

### Data for the fourth quarter of 2006:

<i>(NIS in millions except per share amounts )</i>	Q4 2006	Q4 2005	Growth Rate
Total assets	24,191	20,802	16%
Property Rental Revenue	648	603	7%
Net Operating Income (NOI) <sup>(1)</sup>	425	400	6%
Gross profit	312	297	5%

<b>Income from operations</b>	214	240	(11%)
<b>Net income</b>	145	76	90%
<b>Funds From Operations (FFO)</b>	77	59	30%
<b>FFO per share</b>	0.66	0.60	10%

(1) N.O.I. – Property rental revenue net of property operating costs

**Data for the year 2006:**

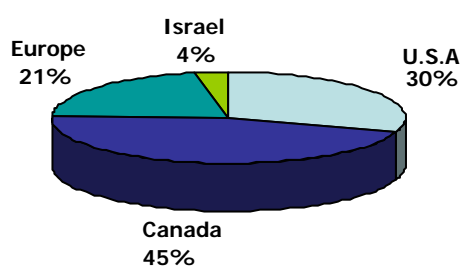
<i>(NIS in millions except per share amounts )</i>	<b>2006</b>	<b>2005</b>	<b>Growth Rate</b>
<b>Property rental revenue</b>	2,552	2,196	16%
<b>Net Operating Income (NOI) <sup>(1)</sup></b>	1,684	1,478	14%
<b>Gross profit</b>	1,231	1,117	10%
<b>Income from operations</b>	948	928	2%
<b>Net income</b>	361	188 <sup>(2)</sup>	92%
<b>Funds From Operations (FFO)</b>	280	217	29%
<b>FFO per share</b>	2.59	2.39	8%
<b>Dividends</b>	110.1	72.9	51%

(1) N.O.I. – Property rental revenue net of property operating costs

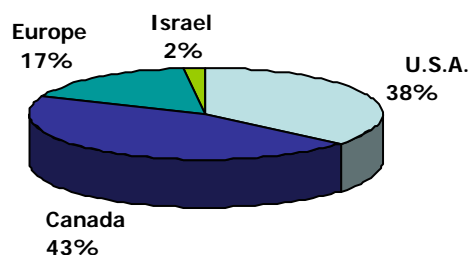
(2) After neutralizing NIS 56.5 million due to the non-recurring effect of Israel Accounting Standard No. 19

**The Company's NOI (based on proportionate consolidation) by geographic regions:**

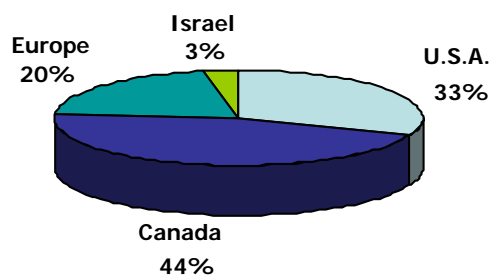
**Q4 2006**



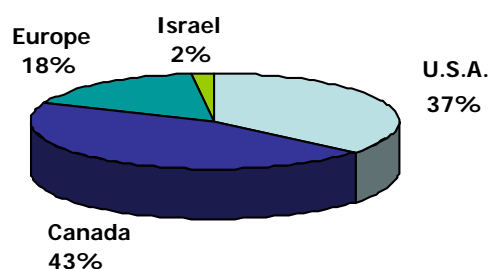
**Q4 2005**



**2006**



**2005**



### **Highlights for the fourth quarter of 2006:**

- **Invested** approximately NIS 1.2 billion in acquisitions and development activities, compared to NIS 0.7 billion in the fourth quarter of 2005. In addition, Citycon invested NIS 0.3 billion in acquisition and development activities, similar to the comparable quarter last year.
- **Property rental revenue** - The growth, compared to the same quarter last year, is due to the acquisition of new properties (net of properties sold), developments coming on-line, higher occupancy rates and increase in the average per square meter rental rates.
- **NOI** increased by 6%, compared to the fourth quarter of 2005.
- **Same property NOI** increased on average by 4.5% for Equity One (EQY) and First Capital Realty (FCR), compared to the same quarter last year.
- **Average rent from lease renewals** increased by 7.2% for Equity One and First Capital Realty, compared to the same quarter last year.
- **Average occupancy rate** of Equity One's and First Capital Realty's core properties was 95.4%, at December 31, 2006 compared to 94.1% at December 31, 2005.
- **Occupancy rate** for Royal Senior Care's properties was 94% at December 31, 2006, compared to 93.3% at December 31, 2005.
- **Occupancy rate** for Citycon's properties was 97.1% at December 31, 2006, compared to 97.2% at December 31, 2005.
- **FFO** increased 30% and FFO per share increased 10%, compared to the same quarter last year.
- **Net income**, which included capital gains, totaled NIS 145 million, NIS 1.19 per share, compared to NIS 76 million, NIS 0.77 per share, in the same quarter last year.
- The Chairman of the Board and the President of the company announced that they decided to forego NIS 10 million of their 2006 annual bonus. (Chairman of the Board – NIS 8 million, The President of the Company – NIS 2 million).
- **Equity** – The Company and FCR raised NIS 195 million in share capital from the public, compared to NIS 185 million in the same quarter last year.

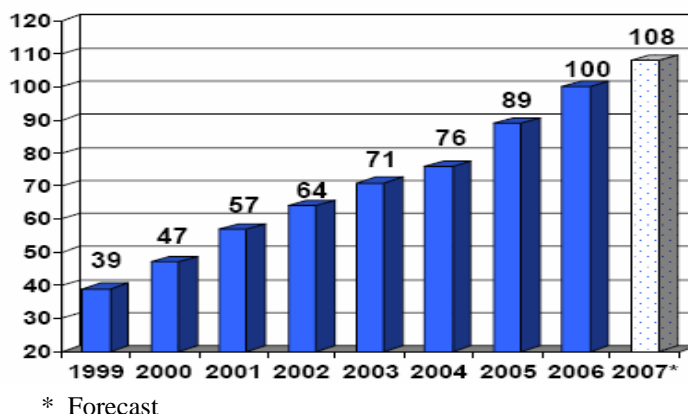
### **Highlights for the year ended December 31, 2006:**

- **Invested** approximately NIS 5.5 billion in acquisitions and development activities, compared to approximately NIS 3.1 billion in the prior year. In addition, Citycon invested NIS 2.4 billion in acquisition and development activities compared to NIS 1.0 billion in the prior year.
- **Property rental revenue** -The growth in rental revenues, compared to 2005, is due to the acquisition of new properties (net of properties sold), development coming on-line, higher occupancy rate and increase in the average per square meter rental rates.
- **NOI** increased by 14%, compared to 2005.
- **Same property NOI** increased, on average, by 3.3% for Equity One and First Capital Realty and by 3.0% for Citycon, compared to 2005.
- **Average rent from lease renewals** increased by 6.0% for Equity One and First Capital Realty, compared to 2005.
- **FFO** increased by 29%, and **FFO per share** increased by 8%, compared to 2005.
- **Net income**, which included capital gains, amounted to NIS 361 million, or NIS 3.17 per share, compared to net income (after neutralizing the non-recurring effect of Israel Accounting Standard No. 19) of NIS 187.9 million, or NIS 2.02 per share, in the 2005.
- **Equity** – The Company, EQY and FCR raised NIS 1,188 million, net, in share capital from the public, compared to NIS 661 million in the prior year. As a result of the offerings made by EQY and FCR the company recorded net gains of NIS 33 million, compared to net gains of NIS 72 million (including the redemption of convertible debentures by FCR shares) in 2005.
- **Capital surpluses (Presented under “Shareholders’ equity” line-item)** decreased by NIS 175 million (NIS 1.49 per share), compared to an increase of NIS 132 million (NIS 1.40 per share) in the prior year. The reduction in the capital surpluses is due to the weakening of the U.S. dollar and the Canadian dollar against the Shekel, during 2006, which were partially compensated by the strengthening of the Euro against the Shekel. This is compared to the strengthening of the U.S. dollar and the Canadian dollar versus the weakening of the Euro against the Shekel in 2005.
- **Debt to market capitalization** (derived from the market value of the Group’s holdings) was 49.4% as of December 31, 2006, compared to 52.2% as of December 31, 2005.

In accordance with its dividend policy, the Company has announced that the dividend to be declared in 2007 will not be less than NIS 127 million (NIS 1.08 per share), an increase of 15% compared to NIS 110 million in 2006.

**The following graph shows the dividend growth for the years 1999 - 2007\*:**

Agurot per share  
(100 Agurot = 1 NIS)



**Chaim Katzman, Gazit-Globe’s Chairman,** stated: “We are pleased to announce a record year in net profit and investments. This year, we invested a record of NIS 7.9 Billion in income producing properties and land for future development. NIS 1.7 Billion of this amount was invested directly in developing new platforms in the U.S, Germany, Israel and Bulgaria. We intend to continue our strategy of identifying new investments including in new territories, which together with expanding our existing operations will ensure the growth of our group.”

“In 2006, we had impressive growth in all our financial and operating metrics, due to our continuing efforts to enhance the group's asset portfolio, while maintaining the quality and specific market dominance in the different territories we operate in, as well as maintaining a strong financial position and balance sheet.”

**About Gazit Globe:**

Gazit-Globe is a real estate company listed on the Tel Aviv Stock Exchange as part of the TA-25 Index. Gazit-Globe, directly and through subsidiaries and affiliates acquires, develops and operates income producing properties including shopping centers, retirement homes and medical office buildings in growth urban areas in North America, Europe and Israel. Its primary investment objective is the creation of value through long-term maximization of cash flow and capital appreciation from its growing real estate investments. With total assets (in market value) of approximately \$8.5 billion, Gazit-Globe has interests in 462 properties. These include 28 properties currently under development, and consist of approximately 4.5 million square meters of gross leasable area.

*Gazit-Globe Ltd. believes certain statements in this press release may constitute "forward-looking statements". Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and risks, many of which are subject to change. As a consequence, current plans, anticipated actions and future financial condition and results may differ from those*

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