

**Gazit-Globe Ltd.**  
1 HaShalom Rd.  
Tel Aviv, Israel 67892  
+972 3 694 8000



**GAZIT-GLOBE**

For additional information:  
Gadi Cunia, Senior Executive  
Vice President and CFO

**FOR IMMEDIATE RELEASE:**

**Gazit-Globe Reports First Quarter 2011 Financial Results**

**Record Quarter of Investments throughout the Group - NIS 3.45 billion  
Strong Growth in Same Property NOI – 5.3%**

TEL-AVIV, ISRAEL; May 23, 2011 – Gazit-Globe (TASE: GLOB), one of the world's leading multi-national real estate companies focused on acquisition, development and redevelopment of supermarket-anchored shopping centers announced today its financial results for the three months ("the quarter") ended March 31, 2011.

When referring to "The Group", results refer to Gazit-Globe's consolidated financial statements. When referring to the "The Company", results refer to Gazit-Globe's solo financial statements. Unless stated otherwise, results announced in this press release are attributable to "The Group".

**Highlights:**

- NOI for the quarter increased by 13%; NOI totaled NIS 828 million compared to NIS 734 million for the same quarter last year.
- FFO for the quarter totaled NIS 89 million (NIS 0.57 per share) as compared to NIS 85 million (NIS 0.61 per share) for the same quarter last year. The change in FFO per share is mainly a result of the 15.5 million shares issued for approximately NIS 650 million (\$180 million) in the fourth quarter of 2010.
- Investments during the quarter totaled NIS 3,453 million, compared to NIS 913 million in the same quarter last year.
- Loss attributable to the Company's shareholders for the quarter totaled NIS 17 million (NIS 0.11 per share) compared to net income of NIS 218 million (NIS 1.56 per share) for the same quarter last year. The net loss is mainly due to the accounting treatment of financial derivatives instruments (mainly SWAP transactions) which resulted in high financing costs.
- The Group's same-property NOI grew by 5.3% for the quarter and occupancy rate remained stable at 93.9%.
- The Company's share in the fair value gain from investment property and investment property under development totaled NIS 24 million in the quarter compared to a fair value loss of NIS 14 million in the same quarter last year.
- As of March 31, 2011, the Group had cash on hand and undrawn revolving credit facilities in the amount of NIS 5.3 billion of which NIS 1.5 billion are at the Company's level.
- As of March 31, 2011, net debt to total assets (LTV) was 61.2%, compared to 63.0% as of March 31, 2010, and 60.7% as of December 31, 2010.
- The Company's Board of Directors declared a quarterly cash dividend of NIS 0.39 per share payable on July 4, 2011 to shareholders of record as of June 20, 2011. The quarterly cash dividend of NIS 0.39 per share represents an annualized rate of NIS 1.56.
- Subsequent to March 31, 2011, Gazit-Globe's domestic credit rating was upgraded from A1 to Aa3 with a stable outlook by Midroog (a Moody's subsidiary).

**Roni Soffer, Gazit-Globe's President said** "We continued our strong growth momentum this quarter investing more than NIS 3.4 billion throughout the Group in acquisition, development and redevelopment activities. The signs of stabilization in the international real estate markets in which we operate have allowed us to take advantage of opportunities to grow our multinational platform. The Group continues to focus on A class assets while enhancing its economies of scale in multiple regions simultaneously. Last week, the Company's domestic credit rating was upgraded to Aa3 by Midroog (Moody's subsidiary). This upgrade reflects our commitment to keeping a strong and flexible financial structure with a high level of liquidity and a solid balance sheet."

### Financial Highlights for the three months ended March 31, 2011:

- Property rental income for the quarter increased by 11% to NIS 1,268 million compared to NIS 1,138 million for the same quarter last year.
- NOI for the quarter increased by 13%; NOI totaled NIS 828 million compared to NIS 734 million for the same quarter last year.
- FFO for the quarter totaled NIS 89 million (NIS 0.57 per share) as compared to NIS 85 million (NIS 0.61 per share) for the same quarter last year. The change in FFO per share is mainly a result of the 15.5 million shares issued for approximately NIS 650 million (\$180 million) in the fourth quarter of 2010.
- Loss attributable to the Company's shareholders for the quarter totaled NIS 17 million (NIS 0.11 per share) compared to net income of NIS 218 million (NIS 1.56 per share) for the same quarter last year. The net loss is mainly due to the accounting treatment of financial derivatives instruments (mainly SWAP transactions) which resulted in high financing costs.
- Cash flow from operating activities for the quarter totaled NIS 342 million, compared to NIS 88 million for the same quarter last year.
- Occupancy rate as of March 31, 2011 remained stable at 93.9%.
- Shareholders' equity as of March 31, 2011 increased to NIS 6,043 million (NIS 39.1 per share), as compared to NIS 5,103 million (NIS 36.8 per share) as of March 31, 2010, and NIS 5,915 million (NIS 38.3 per share) as of December 31, 2010.
- EPRA NAV per share as of March 31, 2011 was NIS 41.1 compared to 38.8 per share as of March 31, 2010 (The EPRA NAV for 2010 was calculated based on EPRA's new guidelines published in October 2010).

### Acquisition, Development and Redevelopment Activities

During the quarter, the Group acquired 22 income-producing properties totaling 380 thousand square meters and adjacent land parcels for future development for an aggregate amount of NIS 3,126 million. The Group also invested NIS 327 million in new development and redevelopment projects.

As of March 31, 2011, the Group had 14 properties under development with a gross leasable area of 170 thousand square meters and 25 properties under redevelopment with a gross leasable area of 120 thousand square meters with a total investment value of NIS 1,352 million. The additional cost to complete the properties under development and redevelopment totals NIS 1,616 million.

### Financing Activities

- During the quarter, the Group raised NIS 304 million in equity as compared to NIS 401 million during the same quarter last year.
- As of March 31, 2011, the Group had cash on hand and undrawn revolving credit facilities in the amount of NIS 5.3 billion of which NIS 1.5 billion are at the Company's level.

### Balance Sheet Highlights

- As of March 31, 2011, net debt to total assets (LTV) was 61.2%, compared to 63.0% as of March 31, 2010, and 60.7% as of December 31, 2010.
- Shareholders' equity as of March 31, 2011 increased to NIS 6,043 million (NIS 39.1 per share), as compared to NIS 5,103 million (NIS 36.8 per share) as of March 31, 2010.

### Dividend

The Company's Board of Directors declared a minimum quarterly cash dividend of NIS 0.39 per share on its common shares payable on July 4, 2011 to shareholders of record as of June 20, 2011. The quarterly cash dividend of NIS 0.39 per share represents an annualized dividend of NIS 1.56.

## **ACCOUNTING AND OTHER DISCLOSURES**

The Company believes that publication of FFO, which is calculated according to EPRA best-practice recommendations, better reflects the operating results of the Company, since the Company's financial statements are prepared in conformity with IFRS.

In addition, publication of FFO provides a better basis for the comparison of the Company's operating results between different reporting periods and strengthens the uniformity and the comparability of this financial measure to that published by European property companies.

As clarified in the EPRA and NAREIT position papers, the FFO measures do not represent cash flows from current operations according to accepted accounting principles, nor do they reflect the cash held by a company or its ability to distribute that cash, and they are not a substitute for the reported net income (loss). Furthermore, it is also clarified that these measures are not part of the data audited by the Company's independent auditors.

## CONFERENCE CALL/WEB CAST INFORMATION

**Gazit-Globe will host a conference call and webcast in English on Monday, May 23, 2011 at 3:00 p.m. United Kingdom/ 4:00 p.m. Central European Time/ 10:00 a.m. Eastern Time** to review first quarter 2011 financial results. Shareholders, analysts and other interested parties can access the conference call by dialing 1 866 926 5708 (U.S./Canada) or 0800 073 8965 (U.K.) or +44 (0) 1452 560 304 (International) or 1 809 431 443 (Israel) or on the Company's website [www.gazit-globe.com](http://www.gazit-globe.com), under the Investor Relations section.

For those unable to participate during the call, a replay will be available on Gazit-Globe's website for future review.

## FOR ADDITIONAL INFORMATION

A comprehensive copy of the Company's financial report is available on Gazit-Globe website at [www.gazit-globe.com](http://www.gazit-globe.com). To be included in the Company's e-mail distributions for press releases and other Company notices, please send e-mail addresses to Ms. Avishag Kichel, International Investor Relations, at [akichel@gazitgroup.com](mailto:akichel@gazitgroup.com).

## ABOUT GAZIT-GLOBE

Gazit-Globe is one of the world's leading multi-national real estate companies engaged in the acquisition, development, redevelopment and management of supermarket-anchored shopping centers in growing urban markets. In addition, the Company is active in North America in the healthcare real estate sector. Gazit-Globe is listed on the Tel Aviv Stock Exchange (TASE: GLOB) and is included in the TA-25 and the Real-Estate 15 indices. As of March 31, 2011, the Company has an equity market capitalization of about US\$2.0 billion. The Group operates in more than 20 countries, owns and manages over 660 properties with a gross leasable area of 6.8 million square meters, has a consolidated total asset value of approximately US\$18 billion and a gross annualized income of about US\$1.75 billion.

The Group's activities have grown significantly since it was established in 1991 while the quality of its operations and assets has been continually enhanced. Gazit-Globe's primary objective is the creation of value through long-term maximization of cash flow and capital appreciation from its growing real estate portfolio, while increasing its dividends over time. Gazit-Globe's knowledge and expertise, combined with its proactive management style and disciplined acquisition strategy, has enabled it to grow its business consistently and expand its portfolio into other asset classes and geographies. Gazit-Globe continues to seek opportunities in the regions where it operates as well as in new territories. [www.gazit-globe.com](http://www.gazit-globe.com).

## FORWARD LOOKING STATEMENTS

*This press release may contain forward-looking statements relating to Gazit-Globe's operations and the environment in which it operates that are based on Gazit-Globe's expectations, estimates, forecasts and projections. These statements may be identified by their use of forward-looking terminology such as "believes", "expects", "may", "should", "would", "will", "intends", "plans", "estimates", "anticipates" and similar words. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Actual outcomes and results may differ materially from those expressed or implied in these forward-looking statements. We refer you to our latest annual report and current interim financial statements, both of which are available on Gazit-Globe's website, for a discussion of the risks and uncertainties associated with forward-looking statements. You therefore should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements speak only as of the date on which such statement is made. Except as required by laws and regulations, Gazit-Globe undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances.*

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