



**גזית-גלוב בע"מ**  
**GAZIT-GLOBE LTD.**

26.5.08

## **Gazit-Globe: First Quarter Results for 2008**

### **Property Rental Revenues Grew By Approx. 11%, N.O.I. By Approx. 10%, F.F.O. by Approx. 12%**

- Same property N.Q.I grew on average by approximately 1.3% for EQY, by approximately 2.3% for FCR, and by approximately 3.1% for Citycon.
- Rental fees from lease renewals grew on average by approximately 8.1% for EQY and 13.8% for FCR.
- At quarter end, the Group had 25 properties under development with a total GLA of approximately 271,000 sqm; 26 properties under redevelopment; and additional land reserves for future development at a cost of approximately NIS 2.3 billion.
- Additional costs expected for the completion of projects under development and redevelopment are approximately NIS 3.2 billion.
- As of March 31, the Group had cash reserves and untapped credit facilities of approximately NIS 6.4 billion.
- Towards the end of the first quarter, the Company announced the largest investment in its history, whereby the Company would invest, together with CPI, the real estate investment branch of CITIBANK, up to EUR 800 million in the real estate company Meind European Land (MEL), and become the major shareholder in that company.
- Post-balance sheet, the Company completed the acquisition of the second shopping center in Brazil, at a total cost of approximately USD 38 million (including estimated cost to complete of USD 14 million).
- At the beginning of April, EQY announced that it would sell to the joint venture with CalPERS 7 shopping centers at a valuation of USD 197.4 million.
- During the quarter, FCR completed a capital issue and raised approximately CAD 109 million, of which approximately CAD 13.5 million were raised through the exercise of options granted to underwriters.

- Gazit-Globe issued today its first quarter results for 2008.
- Primary metrics are as follows (NIS millions):

	<b>Q1 2008</b>	<b>Q1 2007</b>	<b>% Change</b>
<b><u>Property rental revenue</u></b>	<b>922</b>	<b>828</b>	<b>11%</b>
<b><u>N.O.I.</u></b>	<b>610</b>	<b>553</b>	<b>10%</b>
<b><u>F.F.O.</u></b>	<b>126</b>	<b>112</b>	<b>12%</b>
<b><u>F.F.O. per share (NIS)</u></b>	<b>1</b>	<b>0.95</b>	<b>6%</b>
<b><u>Equity per share</u></b>	<b>41.5</b>	<b>39.9</b>	<b>4%</b>

### **Quarter Highlights**

- **Invested** of approximately NIS 0.8 billion in acquisitions and development, compared to NIS 2 billion for the same period, 2007.
- **Property rental revenue** of NIS 922 million, an increase of 11% compared to the same period last year. This increase is due to an increase in the property portfolio, development properties coming on-line, and an increase in the average rental rates received on the Group's properties. The acquisition of ACAD also added revenues of approximately NIS 127 million, through the sale of buildings and lands, and through works performed.
- **NOI** totaled NIS 610 million, an increase of approximately 10% compared to the same period last year.
- **FFO** totaled approximately NIS 126 million, an increase of about 12% compared to the same period in 2007. FFO per share totaled NIS 1.0, an increase of 6% compared to the same period last year.
- Gross profit totaled approximately NIS 617 million, an increase of about 12%.
- Excluding the effects of changes in the average Dollar and Euro exchange rates by 14% and 2%, respectively, property rental revenues increased by 17%, N.O.I. grew by 16%, and gross profit by 18%, **respectively**.
- **Cash flow from operating activities** totaled approximately NIS 92 million, compared to approximately NIS 172 million for the same period last year. This decrease is due mainly to differences in the due dates of payables and receivables.
- **Same property N.Q.I growth** on average by approximately 1.3% for EQY, by 2.3% for FCR, and by 3.1% for Citycon, compared to the same period last year.
- **Rental fees from lease renewals** grew on average by approximately 8.1% for EQY, and by approximately 13.8% for FCR.
- **Shareholders' net income** totaled NIS 87 million, or approximately NIS 0.68 per share, compared to NIS 415 million, or approximately NIS 3.45 per share, for the same period last year. Excluding the effects of the increase in investment real estate value along with incomes through the sale of MLS shares in the corresponded period, 2007, net income last year amounted to approximately NIS 98 million.
- **Debt to market capitalization** (derived mainly from the fair market value of investment real estate) as of March 31, 2008, was approximately 56.9%, compared to 54.1% on March 31, 2007, and approximately 55.8% on December 31, 2007.
- **Shareholders' equity** as of March 31, 2008, was NIS 5.2 billion (approximately NIS 41.5 per share), compared to NIS 4.7 billion (approximately NIS 39.9 per share) on March 31, 2007.

- **Market capitalization per share** (EPRA NAV) as of March 31, 2008 was approximately NIS 47.1 per share, compared to NIS 54.5 per share on December 31, 2007.

### **The MEL Transaction**

On March 20, 2008, Gazit-Globe announced that its 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 Meinel European Land (MEL), was approved by MEL's board of directors. After completion of the transaction, the company will become the major shareholder in MEL, will appoint four 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 162 properties and land reserves for future development in 8 countries in Central and Eastern Europe with a fair market value of EUR 1.9 billion, 1.8 million sqm of GLA under development and redevelopment, as well as 11 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 3.3 billion. MEL is traded on the Vienna Stock Exchange in Austria, at a value of approximately EUR 1.8 billion, compared to a peak value of approximately EUR 6.4 billion on June 19, 2007.

**Chaim Katzman, Chairman of Gazit-Globe stated:** "This is another quarter in which we see the strength and integrity of the Gazit Group, which are expressed in impressive growth in most operating metrics. Despite the negative sentiment which we are seeing in the past few months in some of the territories in which the Company operates, we are continuing to produce strong results, improvements in all operating metrics, and high capacity rates. We see this as a testament to the superb quality of our portfolio, which we have created and nurtured over the years. The joint ventures which we have announced in recent months with the leading investment groups in the world also bear witness to the quality of our portfolio and our ability to raise substantial capital, even in periods of uncertainty in the financial markets."

**And Mr. Katzman continues:** "We are continuing to make great efforts in identifying new opportunities, both in new territories and in new areas of activity. First and foremost among these efforts is our announcement regarding the MEL transaction. Gazit Globe's management continues to act incessantly to obtain the final approval for this transaction, and simultaneously continues looking for additional opportunities while leveraging market conditions and our financial strength."

