



GAZIT-GLOBE

[informal translation from Hebrew]

June 19, 2011

To:	To:
Israel Securities Authority	Tel-Aviv Stock Exchange Ltd.
<u>Through the Magna</u>	<u>Through the Magna</u>

Dear Madam and Sir,

Re: **Gazit-Globe Ltd. (the "Company") – Immediate Report regarding Settlement Agreement with the Meidl Group**

The Company hereby announces, further to its previous reports regarding legal proceedings involving the Company¹, Atrium European Real Estate Ltd. ("Atrium")² and Meidl Bank AG ("Meidl Bank"), that such parties, and certain affiliates and existing and former officers of such parties, including the Company's Chairman of the Board and the Company's previous General Manager, as well as other investors in Atrium, have signed an agreement for the settlement of all of their outstanding disputes and for the dismissal of all pending claims among the parties (including the claims made by Meidl Bank against the Company and other defendants in Jersey and in Tel Aviv). Consistent with the position that each party has taken in cases in which it is a defendant, each party denies that it has engaged in any wrongdoing. The settlement agreement does not provide for any payment from any party to another party as damages for claims that have been asserted. The settlement will become effective no later than January 2012, and during that period Atrium and Meidl Bank will act in order to

¹ Reports dated August 11, 2010; November 23, 2010; March 1, 2011; and April 15, 2011 (reference no. 2010-01582489; 2010-01-690171; 2011-01-066165; and 2011-01-123939). The information contained in these previous reports shall be considered to be incorporated by reference in this immediate report.

² A company proportionally consolidated in the Company's financial statements (30%) which securities are listed on the stock exchanges of Vienna and Amsterdam.



GAZIT-GLOBE

unwind certain business relationships between them, including the replacement of Meindl Bank as trustee of all of Atrium's bond programs. In the meantime, all litigation between parties is suspended.

Atrium issued [today] in Vienna and Amsterdam a press release with respect to the settlement agreement. A copy of Atrium's press release, as published, is attached herein as exhibit to this immediate report.

Gazit-Globe Ltd.

SETTLEMENT OF LEGAL DISPUTES AND SEVERANCE OF ALL BUSINESS TIES WITH MEINL BANK

Jersey, 17 June 2011. Atrium European Real Estate Limited (“Atrium”) (VSE/Euronext: ATRS), one of the leading real estate companies focused on shopping centre investment, management and development in Central and Eastern Europe, announces that it has today entered into a settlement agreement with Meinl Bank, Julius Meinl and all of the parties that Atrium named as defendants in all of the legal proceedings Atrium filed related to its dispute with Meinl Bank (among others, including certain former directors of Atrium prior to 1 August 2008). Gazit-Globe and certain other Atrium investors are also parties to the agreement. The agreement provides for the settlement of all disputes between Atrium and others, on the one hand, and Meinl Bank and others, on the other hand, and requires dismissal of all claims between them.

After weighing the best interests of all of its shareholders and based on its continued review of all available facts and circumstances, Atrium’s management and Board have now approved the settlement for a number of reasons, including that the settlement:

- makes clear that neither Meinl Bank nor Atrium will have any obligation to indemnify the other under any pre existing agreement or otherwise going forward;
- unwinds the remaining business relations between Meinl Bank and Atrium, including the replacement of Meinl Bank as trustee of all of Atrium's bond programmes (ISIN: AT0000496641; AT0000341789; AT0000341797; AT0000496633; AT0000492996);
- provides for Meinl Bank to release all assets of Atrium (including the release of US\$15 million) previously withheld by Meinl Bank, but does not provide for any payment from any party to another party as damages for claims that have been asserted or under any other legal title;
- provides Atrium with a broad release of any and all claims by Meinl Bank and Julius Meinl, including those where Meinl Bank has requested that Atrium join it as co-defendant; and
- fully and finally resolves all disputes between Atrium and Meinl Bank.

This settlement will enable Atrium to focus on a forward-looking strategy rather than historical issues. The settlement becomes fully effective no later than January of 2012. In the meantime, all proceedings between Atrium and Meinl Bank are suspended. The parties will now unwind the remaining business relations between Meinl Bank and Atrium. Consistent with the position that each party has taken in cases in which it is a defendant, each party denies that it has engaged in any wrongdoing.

For further information:

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