



גזית-גלוב בע"מ
GAZIT-GLOBE LTD.

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Agreement Signed By Gazit-Globe with Atrium For Exchange Of Convertible Bonds And Warrants For Ordinary Shares

On closing the transaction, Gazit-Globe and CPI will hold 48.6% of Atrium's shares; Gazit-Globe will hold 108 million shares representing 29.1% of Atrium's shares

Gazit-Globe announced today an Exchange Transaction together with Citibank International Plc ("CPI") and Atrium European Real Estate Limited ("ATR").

- Gazit-Globe and CPI will exchange all the ATR convertible bonds and warrants that they own. The bonds are convertible into ATR's ordinary shares by August 2015 at EUR 9 while the warrants can be exercised by August 2012 at EUR 7.
- In return, Gazit-Globe will receive 79.6 million of ordinary shares of ATR. The two parties are under the obligation to list the new shares on the Euronext Stock Exchange in Amsterdam and on the Vienna Stock Exchange (where ATR's securities are currently listed) within a time period that won't exceed six month.
- ATR will pay special dividend of EUR 0.50 per ordinary share within 30 business days of closing the Exchange Transaction. The aforesaid dividend will also be paid with respect to the new ordinary shares that are to be allocated, so that Gazit-Globe's share in the dividend will amount to approximately NIS 300 million. In addition, ATR will initiate a yearly dividend policy of EUR 0.12 per ordinary share, payable on a quarterly basis effective December 2009.
- Following the closing the transaction, Gazit-Globe will hold 29.1% of the outstanding shares and voting rights (as compared to 12.5% of the shares outstanding and 19.1% of the voting rights). CPI will hold 19.6%.
- The proposal is contingent, inter alia, on the approval of certain resolutions by Atrium's shareholders at an extraordinary general meeting ("EGM") and on obtaining approvals from the relevant anti-trust authorities. Following the closing of the Exchange Transaction, Gazit-Globe expects to recognize a net gain, attributable to the



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company's equity holders due to the increase in the holding percentage in its subsidiary. A preliminary, unaudited estimate of this gain, as of June 30, 2009, amounts to NIS 1.25 billion. As a result of the aforesaid, Gazit-Globe's equity is expected to increase from NIS 3.9 billion to NIS 5.2 billion.

Roni Soffer, the company's Interim President stated: "We are pleased to announce this Exchange Transaction which is taking place one year after we closed the original investment transaction in Atrium. During that year, a new, professional managerial infrastructure, headed by Rachel Levine, has been instated and an interest of 10.75% was received on our investment. The new management has been acting to implement a comprehensive efficiency program within the company and we are currently witnessing some of the fruits of its efforts, which include: a 90% cutback in Atrium's development commitment, the repurchase of bonds at a significant discount, the completion of the Euronext listing, one of the leading stock exchanges in Europe, and also its decision to adopt a quarterly dividend policy. Our entry into Atrium was done by means of an investment in convertible bonds – a move which in our view was correct and necessary until the achievement of a number of principal preset goals. Today, having achieved some of these goals, along with the fact that the investment was made on a "loan to own" basis, we are pleased that this exchange is made possible and consider this to be an expression of confidence in Atrium's management. Upon completing the process, a high degree of common interests will have been created among all of Atrium's equity holders. Its high liquidity, as well as its cash reserves, will enable Atrium to continue, acting primarily in its present business environment, to establish itself as a leading European company focused on operating and developing shopping centers."

* For the detailed report that includes additional particulars, please refer to the company's Immediate Report.