



גזית-גלוב בע"מ
GAZIT-GLOBE LTD.

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Gazit-Globe Ltd. Announced Today Further Developments with respect to its Investment in the Mills Corporation (NYSE:MLS)

On 16 January 2007, Gazit-Globe Ltd. (the "Company") filed with the Securities and Exchange Commission in the US (the "SEC") an amendment to its Schedule 13D, in which the Company reported that pursuant to Mills request from 5 January 2007 for the submission of final offers for investments in Mills or the purchase of the shares hereof, the Company submitted to Mills, on 12 January 2007, a recapitalization proposal in the aggregate amount of up to USD1.1 billion as outlined below (the "Proposal" or "Recapitalization"). The main terms of the Proposal are as follows:

- Pursuant to the terms of the Proposal, the Company's investment in Mills will be two-tiered, as follows:

1. In the first phase, the Company will make a cash contribution of USD500 million through a private placement of a public equity (PIPE) of Mills common stock at an average price of USD21 per share (initial amount of USD250 million at USD23.5 per share; and the remaining USD250 million at USD18.50 per share) (herein, the "Private Placement"). The foregoing contribution to be paid by the Company in the Private Placement would be used by Mills in its entirety to partially pay down the loan received from Goldman Sachs. In addition, the Proposal included a commitment letter from the Royal Bank of Canada (the "Foreign Bank") in which the Foreign Bank proposes to make available to Mills, under certain conditions, a USD575 million refinance of the remaining balance of the Goldman Sachs loan and a working capital facility in an additional amount of USD100 million. The completion of the Private Placement is not subject to material suspending conditions, save for obtaining the approval of the New York Stock Exchange ("NYSE").

2. In the second phase, Mills will execute a rights offering to its stockholders of up to USD600 million, whereby the Company would commit to purchase its proportionate share of the underlying stock and in addition would "backstop" as a standby purchaser of all additional stock included in such rights offering not purchased by the rest of Mills stockholders (this commitment will remain in force for a time period of 12 months following the completion of the Private Placement), provided; that the rights offering shall be priced at the lowest of: (i) the average share price of the Private Placement (i.e., USD21 per share); or (ii) a 10% discount to the weighted average trading price on the NYSE during the 30 days period preceding the rights offering.

- In its Proposal the Company stated that although it is prepared to undertake the full Recapitalization on its own, it is open to allow other major stockholders in Mills to invest on the foregoing terms of the Proposal on a proportionate basis; provided that the Company's share of the Private Placement is no less than 25% and no other of the foregoing stockholders has a stake that is greater than the Company's proportionate share in the foregoing investment.

- Pursuant to the terms of the Proposal, as of the completion date of the Private Placement, the Company will be entitled to appoint the majority of the seats on Mills board (subject to further terms as stated below), whereby the majority of the board will be "independent" under applicable NYSE standards.

- As per Mills request, in its Proposal the Company represented its financial capacity to finance the Recapitalization and submitted confirmation letters from various banks, in connection with bank finance available to the Company.

- Following the submission of the Proposal, the investment bank acting for Mills approached the Company with a request for additional background on the Proposal. In addition, Mills submitted the Company a proposed term sheet with respect, inter alia, to corporate governance in the event the Recapitalization will materialize. In response to the foregoing, the Company submitted a document (filed as an exhibit to the Schedule 13D) in which it provided, inter alia, additional background on the Proposal and waived its request to appoint the majority of the board, consenting to a board representation in a number that will approximate its stock ownership in Mills post-

Recapitalization, i.e., 4 out of 11 members. In addition, the Company demanded Mills to amend its charter to adopt a one year term for all board members (instead of the current staggered 3 years term).