

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge by contacting Gazit America Inc. at 109 Atlantic Avenue, Suite 303, Toronto, Ontario, M6K 1X4, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS



Rights Offering

August 5, 2010

OFFERING TO THE HOLDERS OF COMMON SHARES OF

GAZIT AMERICA INC.

OF 12,847,877 RIGHTS TO SUBSCRIBE FOR UP TO
2,569,575 UNITS

AT A PRICE OF \$5.00 PER UNIT

(EACH UNIT CONSISTING OF ONE COMMON SHARE AND ONE WARRANT)

Gazit America Inc. (the “**Company**”) is issuing to the holders of its outstanding common shares (the “**Common Shares**”) of record as at 5:00 p.m. (Toronto time) on August 17, 2010 (the “**Record Date**”) transferable rights (the “**Rights**”) to subscribe for units (the “**Units**”) at a price of \$5.00 per Unit, with each Unit consisting of one Common Share (a “**Unit Common Share**”) and one Common Share purchase warrant (the “**Warrants**”). Each Warrant entitles the holder to purchase, at any time, one Common Share (a “**Warrant Common Share**”) at a price of \$6.00 per Warrant Common Share for the period from the Closing Date (as defined below) up to and including November 30, 2013 and, thereafter, each Warrant entitles the holder to purchase one Warrant Common Share at a price of \$7.00 per Warrant Common Share, each subject to adjustment in certain events (each such price, a “**Warrant Exercise Price**”). The Warrants will expire at 5:00 p.m. (Toronto time) on November 30, 2015 (the “**Warrant Expiry Date**”). The Units will separate into Unit Common Shares and Warrants immediately when issued. This short form prospectus qualifies the Rights and Units, as well as the Unit Common Shares and the Warrants issuable upon the exercise of the Rights.

Each shareholder is entitled to one Right for each Common Share held on the Record Date. A holder of Rights (a “**Rightsholder**”) is entitled to subscribe, at or before 4:00 p.m. (Toronto time) (the “**Rights Expiry Time**”) on September 13, 2010 (the “**Rights Expiry Date**”), for one Unit for every five Rights held at a price of \$5.00 per Unit (the “**Rights Exercise Price**”). Only a shareholder on the Record Date with an address of record in Canada is entitled to receive Rights. **Rights not exercised at or before the Rights Expiry Time on the Rights Expiry Date will be void and will have no value.** Computershare Investor Services Inc. (the “**Subscription Agent**”), at its office at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (the “**Subscription Office**”), is the subscription agent for this rights offering. Rightsholders may exercise the Rights in the manner and upon the terms set out in this short form prospectus. A Rightsholder who exercises all of the Rightsholder’s Rights by subscribing for the maximum number of whole Units to which the Rightsholder is entitled to subscribe, may subscribe (the “**Additional Subscription Privilege**”) for additional whole Units, if available, at the Rights Exercise Price. See “Description of the Rights — Additional Subscription Privilege”.

Rights Exercise Price: \$5.00 per Unit (upon the exercise of five Rights)

	Price to Rightsholders	Proceeds to the Company ⁽²⁾
Per Unit.....	\$5.00	\$5.00
Total ⁽¹⁾	\$12,847,875	\$12,847,875

(1) Assuming the exercise of all Rights, after giving effect to the Stand-by Commitment (as defined below).

(2) Before deducting expenses of this rights offering estimated to be \$500,000.

Prospective investors should be aware that the acquisition or disposition of the securities described in this short form prospectus and the expiry of an unexercised Right may have tax consequences depending on each particular prospective investor's specific circumstances. Prospective investors should consult their own tax advisors with respect to such tax considerations.

The outstanding Common Shares of the Company are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "GAA". The closing price of the Common Shares on August 4, 2010, the last day on which there was a trade reported in the Common Shares prior to the date on which the Rights Exercise Price was established by the Company was \$5.00. The Rights will be posted for trading on the TSX under the symbol "GAA.RT" until 12:00 noon (Toronto time) on the Rights Expiry Date, at which time they will be halted from trading. The TSX has approved the listing of the Unit Common Shares issuable upon exercise of the Rights and the Warrant Common Shares issuable upon exercise of the Warrants. The TSX has conditionally approved the listing of the Warrants on the TSX. Listing of the Warrants is subject to the Company fulfilling all of the listing requirements of the TSX, including, distribution of the Warrants to a minimum number of public security holders. It is not a condition to closing that the Warrants be listed on the TSX or any other exchange. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants issued under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "Risk Factors".**

An investment in the Rights, Unit Common Shares, Warrants and Warrant Common Shares is subject to certain risks that should be considered by prospective investors. The risk factors outlined or incorporated by reference in this short form prospectus should be carefully reviewed and considered by prospective investors in connection with an investment in Rights, Unit Common Shares, Warrants and Warrant Common Shares. See "Risk Factors".

The Company's head and registered office is located at 109 Atlantic Avenue, Suite 303, Toronto, Ontario, M6K 1X4.

The Company's principal shareholders, Gazit Canada Inc. and Gazit 2003 Inc. ("**Gazit 2003**" and collectively with Gazit Canada Inc., "**Gazit Canada**"), have entered into a commitment (the "**Stand-by Commitment**") with the Company whereby they have agreed to (i) exercise all of the Rights issued to them pursuant to this rights offering, and (ii) purchase, at the Rights Exercise Price per Unit, all whole Units (after giving effect to the Basic Subscription Privilege and the Additional Subscription Privilege) that are not issued to holders of Common Shares pursuant to this rights offering. Gazit Canada will not be paid a stand-by fee in consideration for the Stand-by Commitment. See "Stand-By Commitment".

There is no managing or soliciting dealer for the rights offering, and the Company will not pay a fee of any kind for the solicitation of the exercise of Rights. **No underwriter has been involved in the preparation of this short form prospectus or performed any review of the contents of this short form prospectus.**

Issuance of the certificates representing issued Unit Common Shares and Warrants following the Rights Expiry Date is expected to occur on or about September 17, 2010, or such earlier or later date as the Company may determine (the "**Closing Date**").

Certificates evidencing the Rights will be issued in (i) definitive form (a "**Definitive Rights Certificate**") to each Rightsholder who holds Common Shares in definitive certificate form as of the Record Date (a "**Registered Rightsholder**"), and (ii) book-entry form (a "**Global Rights Certificate**" and, with Definitive Rights Certificates, the "**Rights Certificates**") to each holder who holds Common Shares in book-entry form through a securities broker or dealer, bank or trust company or other participant (a "**CDS Participant**") in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**") as of the Record Date (a "**Beneficial Rightsholder**"). In the case of a Registered Rightsholder, such holder may subscribe for whole Units by delivering to the Subscription Agent at the Subscription Office the Rights Certificates, duly completed and exercised, together with the Rights Exercise Price for each whole Unit subscribed for. In the case of a Beneficial Rightsholder, such holder may subscribe for whole Units by instructing the CDS Participant holding its Rights to exercise all or a specified number of such Rights and forwarding the Rights Exercise Price for each whole Unit subscribed for to such CDS Participant. A Registered Rightsholder wishing to subscribe for additional whole Units pursuant to the Additional Subscription Privilege must forward to the Subscription Agent at the Subscription Office the Rights Certificates, duly completed and exercised, together with the Rights Exercise Price for each additional whole Unit subscribed for. A Beneficial Rightsholder wishing to subscribe for additional whole Units pursuant to the Additional Subscription Privilege must forward its request to the CDS Participant that holds such holder's Rights sufficiently in advance of the Rights Expiry Date, along with payment for the number of additional whole Units requested. Any excess funds will be returned by mail or, in the case of a Beneficial Rightsholder, credited to the holder's account with its CDS Participant, without interest or deduction. **CDS Participants will have an earlier deadline for receipt of instructions and payment than the Rights Expiry Date. Shareholders should contact their particular CDS Participant for complete details on how to exercise their Rights and the Additional Subscription Privilege. See "Description of the Rights" and "How to Use the Rights Certificates".**

The Rights distributed pursuant to this short form prospectus will not be registered under the laws of any foreign jurisdiction, including the United States Securities Act of 1933, as amended. Consequently, no Rights will be delivered to any registered or beneficial holder of the Company's Common Shares who has, or who appears to the Company or the Subscription Agent to have, an

address not in Canada as of the Record Date (an “**Ineligible Holder**”). Such Rights will be delivered by the Company to the Subscription Agent for sale by the Subscription Agent on behalf of the Ineligible Holders. Such Rights will be sold by the Subscription Agent through a registered securities broker or dealer (the “**Selling Agent**”) retained for the purpose of effecting sales of the Rights on behalf of Ineligible Holders. Such Ineligible Holders will receive from the Subscription Agent or their particular CDS Participant, as applicable, their *pro rata* share of the cash proceeds from the sale of such Rights, less commissions, expenses and applicable withholding taxes. All such Rights will be pooled and sold as soon as practicable. In exercising the sale of any Rights, the Selling Agent will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. None of the Company, the Subscription Agent, the Selling Agent nor Gazit Canada will be liable for any loss arising out of any sale of such Rights relating to the manner or timing of such sales, the prices at which Rights are sold or otherwise. The sale price of Rights sold on behalf of such persons will fluctuate with the market price of the Rights and no assurance can be given that any particular price will be received upon any such sale. Any proceeds received by a Selling Agent with respect to the sale of Rights, net of brokerage fees and costs incurred and, if applicable, tax required to be withheld, will be delivered (in Canadian funds without interest) as soon as practicable to such Ineligible Holders whose Rights were sold, at their last recorded addresses. **There is a risk that the proceeds received from the sale of Rights will not exceed the brokerage fees and costs incurred by the Selling Agent in connection with the sale of such Rights and, if applicable, the tax required to be withheld. In such event, no proceeds will be forwarded. CDS Participants may not issue Rights to Ineligible Holders. Instead, CDS Participants for Ineligible Holders must advise such Ineligible Holders that their Rights will be held on their behalf by the Selling Agent, as agent for their benefit, who will, prior to the Rights Expiry Time on the Rights Expiry Date, attempt to sell such Rights as described above.**

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SUMMARY

The following information is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this short form prospectus. All dollar amounts in this short form prospectus are in Canadian dollars, unless otherwise stated.

Issuer:	Gazit America Inc. (the “ Company ”)
The Offering:	<p>12,847,877 Rights to subscribe for up to 2,569,575 units (the “Units”), with each Unit consisting of one Common Share (the “Unit Common Shares”) and one Common Share purchase warrant (the “Warrants”). Each Warrant entitles the holder to purchase, on and subject to the terms described in this short form prospectus, one Common Share (a “Warrant Common Share”) at a price of \$6.00 per Warrant Common Share for the period from the Closing Date (as defined below) up to and including November 30, 2013 and thereafter, each Warrant entitles the holder to purchase one Warrant Common Share at a price of \$7.00 per Warrant Common Share, each subject to adjustment in certain events (each such price, a “Warrant Exercise Price”).</p> <p>Certificates evidencing the Rights will be issued in (i) definitive form (a “Definitive Rights Certificate”) to each holder of Rights (a “Rightsholder”) who holds Common Shares in definitive certificate form as of the Record Date (a “Registered Rightsholder”), and (ii) book-entry form (a “Global Rights Certificate”) and, with Definitive Rights Certificates, the “Rights Certificates”) to each holder who holds Common Shares in book-entry form through a securities broker or dealer, bank or trust company or other participant (a “CDS Participant”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“CDS”) as of the Record Date (a “Beneficial Rightsholder”).</p>
Record Date:	August 17, 2010 (at 5:00 p.m. (Toronto time)).
Closing Date:	Issuance of the certificates representing issued Unit Common Shares and Warrants following the Rights Expiry Date is expected to occur on or about September 17, 2010, or such earlier or later date as the Company may determine (the “ Closing Date ”).
Rights Exercise Price (upon the exercise of five Rights):	<p>\$5.00 per Unit. In accordance with securities laws applicable to rights offerings in which there is a stand-by commitment, management received an opinion from a registered dealer confirming that the Rights Exercise Price is not greater than the fair value of the Units on the day before the date the subscription price is established, and this opinion was provided to applicable securities regulators.</p>

In establishing the Rights Exercise Price, management of the Company took into account a number of factors, including the prevailing market price of the Common Shares (approximated at \$4.42 per Common Share) and management’s estimate of the fair value of the Warrants. Given that the Warrants are newly issued securities with no trading history, management used a commonly used pricing model, known as the Black-Scholes model, to estimate the fair value of the Warrants. This model provides an approximation of value based on various assumptions, including the estimated volatility of the underlying Common Shares over the exercise period for the Warrants. In applying the model, management used assumptions which it believes to be reasonable in all of the circumstances, including that the market for the Common Shares will have an average volatility of 50% over the period during

which the Warrants are exercisable; this assumption is consistent with the assumption that management used in valuing the Company's outstanding share purchase options for the purposes of its unaudited comparative consolidated interim financial statements and the notes thereto for the three-month period ended March 31, 2010. Using this assumption and other assumptions which management believes to be reasonable in all of the circumstances, including an assumed weighted average risk free interest rate of 2.21% and an assumed weighted average exercise price of \$6.40, each over the period during which the Warrants are exercisable, management has estimated that the fair value associated with the Warrants is approximately \$1.55 per Warrant. Accordingly, management estimates that the fair value of the Units, with each Unit consisting of one Unit Common Share and one Warrant is approximately \$6.55 (the sum of \$5.00 for each Common Share and \$1.55 for each Warrant). There can be no assurance, however, that these assumptions will materialize as management anticipates, or that unanticipated events or circumstances will not occur (see "Forward Looking Statements") or that the trading price of the Warrants will approximate the fair value amount referred to above.

Issue and Exercise of Warrants:

A holder of Warrants will be entitled to exercise Warrants to acquire Warrant Common Shares at any time following Closing Date up to and including 5:00 p.m. (Toronto time) on November 30, 2015 (the "**Warrant Expiry Date**") at the applicable Warrant Exercise Price. Fractional Warrant Common Shares will not be issued but, rather, will be rounded down without any consideration therefor.

Certificates evidencing the Warrants will be issued in (i) definitive form (a "**Definitive Warrants Certificate**") to each Rightsholder who holds a Definitive Rights Certificate as of the date of exercise of such Rights (a "**Registered Warrantholder**"), and (ii) book-entry form to each Rightsholder who holds Rights in book-entry form through a CDS Participant in the book-based system administered by CDS as of the date of exercise of such Rights (a "**Beneficial Warrantholder**").

In order to exercise Warrants, a Registered Warrantholder must deliver to the Warrant Agent the certificate(s) representing the Warrants being exercised, duly completed and executed, together with a certified cheque, bank draft or money order in an amount equal to the exercise price of the Warrants multiplied by the number of Warrant Common Shares subscribed for.

In order to exercise Warrants, a Beneficial Warrantholder must instruct the CDS Participant holding its Warrants to exercise all or a specified number of such Warrants. The Company understands that, in such a case, CDS will request the Warrant Agent to provide a Definitive Warrants Certificate, registered as instructed by the applicable CDS Participant, to the Beneficial Warrantholder through the CDS Participant. Thereafter, the process for exercising such Warrants is the same as described herein for a Registered Warrantholder. Beneficial Warrantholders should contact their particular CDS Participant for complete details on how to exercise their Warrants. Fractional Warrant Common Shares will not be issued but, rather, will be rounded down without consideration therefor.

Expiry of Warrants:

Warrants not exercised at or before 5:00 p.m. (Toronto time) on November 30, 2015 (the "**Warrant Expiry Time**") will be void and will have no value.

Basic Subscription Privilege:

Each Rightsholder will be entitled to subscribe for one Unit for every five Rights held at the Rights Exercise Price at or before the Rights Expiry Time on the Rights Expiry Date. Fractional Units will not be issued but, rather, will

be rounded down without consideration therefor.

A Registered Rightsholder may subscribe for whole Units by (i) completing Form 1 of the Definitive Rights Certificate, and (ii) delivering the Definitive Rights Certificate, together with payment for those whole Units requested, to the Subscription Office (as defined below) at or before the Rights Expiry Time on the Rights Expiry Date.

A Beneficial Rightsholder may subscribe for whole Units by instructing the CDS Participant holding its Rights to exercise all or a specified number of such Rights and forwarding the Rights Exercise Price for each whole Unit subscribed for to such CDS Participant. Beneficial Rightsholders should contact their particular CDS Participant for complete details on how to exercise their Rights.

Additional Subscription Privilege:

A Registered Rightsholder subscribing for the maximum number of whole Units to which the Registered Rightsholder is entitled to subscribe, may subscribe for additional whole Units, if available, at the Rights Exercise Price per whole Unit by (i) completing Form 2 of the Definitive Rights Certificate, and (ii) delivering the Definitive Rights Certificate, together with payment for those additional whole Units requested, to the Subscription Office at or before the Rights Expiry Time on the Rights Expiry Date.

A Beneficial Rightsholder subscribing for the maximum number of whole Units to which the Beneficial Rightsholder is entitled to subscribe, may subscribe for additional whole Units, if available, at the Rights Exercise Price per whole Unit by specifying to its CDS Participant, sufficiently in advance of the Rights Expiry Date, the number of additional whole Units for which the holder wishes to subscribe, together with payment for those additional Units requested. Beneficial Rightsholders should contact their particular CDS Participant for complete details on how to exercise this Additional Subscription Privilege.

Issue of Rights:

Shareholders will receive one Right for each Common Share held on the Record Date.

Expiry of Rights:

Rights not exercised at or before the Rights Expiry Time (4:00 p.m. (Toronto time)) on the Rights Expiry Date (September 13, 2010) will be void and have no value.

Stand-By Commitment:

The Company's principal shareholders, Gazit Canada Inc. and Gazit 2003 Inc. ("Gazit 2003" and collectively with Gazit Canada Inc., "Gazit Canada"), have entered into a commitment (the "Stand-by Commitment") with the Company whereby they have agreed to (i) exercise all of the Rights issued to them pursuant to this rights offering, and (ii) purchase, at the Rights Exercise Price per Unit, all whole Units (after giving effect to the Basic Subscription Privilege and the Additional Subscription Privilege) that are not issued to holders of Common Shares pursuant to this rights offering. Gazit Canada will not be paid a stand-by fee in consideration for the Stand-by Commitment. See "Stand-By Commitment".

Use of Proceeds:

After giving effect to the Stand-by Commitment, the gross proceeds from subscriptions for Units pursuant to this rights offering are estimated to be \$12,847,875. These proceeds will be used to pay, in part, the estimated expenses of this rights offering which will be approximately \$500,000 and the remainder of \$12,347,875 will be used for working capital purposes. Assuming all of the Warrants, after giving effect to the Stand-by Commitment,

are exercised at the initial Warrant Exercise Price of \$6.00, the Company estimates it will receive gross proceeds of \$15,417,450. Such proceeds will only be received upon the exercise of Warrants over the term of the Warrants and will be less than \$15,417,450 if all of the Warrants are not exercised.

Listing:

The Rights will be posted for trading on the TSX under the symbol “GAA.RT” until 12:00 noon (Toronto time) on the Rights Expiry Date, at which time they will be halted from trading. The TSX has approved the listing of the Unit Common Shares issuable upon exercise of the Rights and the Warrant Common Shares issuable upon exercise of the Warrants. The TSX has conditionally approved the listing of the Warrants on the TSX. Listing of the Warrants is subject to the Company fulfilling all of the listing requirements of the TSX, including, distribution of the Warrants to a minimum number of public security holders.

Ineligible Holder:

The Rights distributed pursuant to this short form prospectus will not be registered under the laws of any foreign jurisdiction, including the United States Securities Act of 1933, as amended. Consequently, no Rights will be delivered to any registered or beneficial holder of the Company’s Common Shares who has, or who appears to the Company or the Subscription Agent to have, an address not in Canada as of the Record Date (an “**Ineligible Holder**”). Such Rights will be delivered by the Company to the Subscription Agent for sale by the Subscription Agent on behalf of the Ineligible Holders. Such Rights will be sold by the Subscription Agent through a registered securities broker or dealer (the “**Selling Agent**”) retained for the purpose of effecting sales of the Rights on behalf of Ineligible Holders. Such Ineligible Holders will receive from the Subscription Agent or their particular CDS Participant, as applicable, their *pro rata* share of the cash proceeds from the sale of such Rights, less commissions, expenses and applicable withholding taxes. All such Rights will be pooled and sold as soon as practicable. In exercising the sale of any Rights, the Selling Agent will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. None of the Company, the Subscription Agent, the Selling Agent nor Gazit Canada will be liable for any loss arising out of any sale of such Rights relating to the manner or timing of such sales, the prices at which Rights are sold or otherwise. The sale price of Rights sold on behalf of such persons will fluctuate with the market price of the Rights and no assurance can be given that any particular price will be received upon any such sale. Any proceeds received by a Selling Agent with respect to the sale of Rights, net of brokerage fees and costs incurred and, if applicable, tax required to be withheld, will be delivered (in Canadian funds without interest) as soon as practicable to such Ineligible Holders whose Rights were sold, at their last recorded addresses. There may be adverse tax consequences to Ineligible Holders from this sale process. See “Certain United States Federal Income Tax Considerations”. **There is a risk that the proceeds received from the sale of Rights will not exceed the brokerage fees and costs incurred by the Selling Agent in connection with the sale of such Rights and, if applicable, the tax required to be withheld. In such event, no proceeds will be forwarded.**

CDS Participants may not issue Rights to Ineligible Holders. Instead, CDS Participants for Ineligible Holders must advise such Ineligible Holders that their Rights will be held on their behalf by the Selling Agent, as agent for their benefit, who will, prior to the Rights Expiry Time on the Rights Expiry Date, attempt to sell such Rights as described above.

Risk Factors:

Investments in Rights, Unit Common Shares, Warrants and Warrant Common Shares are subject to a number of risks. See “Risk Factors”.

ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to the Company, the Rights, Unit Common Shares, Warrants and Warrant Common Shares, if issued on the date hereof, would be at that time, qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”) for a trust governed by a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan or a tax-free savings account (collectively, “**Exempt Plans**”) provided that either (a) the Rights, the Unit Common Shares, the Warrants and the Warrant Common Shares are listed on a “designated stock exchange” (which currently includes the TSX) or (b) both (i) the Common Shares are listed on a “designated stock exchange” and (ii) the Company is not a “connected person” under the Exempt Plan. For this purpose, a “connected person” under an Exempt Plan is defined as a person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Exempt Plan as well as any other person who does not deal at arm’s length with that person.

None of the Rights, Unit Common Shares, Warrants and Warrant Common Shares will be a “prohibited investment” for a trust governed by a tax-free savings account on such date provided the holder of the tax-free savings account deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Company or in any person or partnership with which the Company does not deal at arm’s length for purposes of the Tax Act.

FORWARD-LOOKING STATEMENTS

This short form prospectus includes or incorporates by reference certain statements that constitute forward-looking statements, and other statements concerning the Company’s objectives and strategies and management’s beliefs, plans, estimates and intentions. Forward-looking statements can generally be identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “outlook”, “objective”, “may”, “will”, “should”, “continue” and similar expressions. The forward-looking statements are not historical facts but reflect the Company’s current expectations regarding future results or events and are based on information currently available to the Company. Certain material factors and assumptions were applied in providing these forward-looking statements. All forward-looking statements in this short form prospectus are qualified by these cautionary statements.

The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors”.

Factors that could cause actual results or events to differ materially from those expressed, implied or projected by forward-looking statements in addition to those described in the “Risk Factors” section include, but are not limited to, general economic conditions, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, environmental matters, legal matters, reliance on key personnel, financial difficulties and defaults, changes in interest rates and credit spreads, changes in the U.S.–Canadian foreign currency exchange rate, changes in operating costs, the Company’s ability to obtain insurance coverage at a reasonable cost and the availability of financing.

Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date hereof.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces of Canada are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (i) the Company’s annual information form dated March 25, 2010 (the “**AIF**”);
- (ii) the unaudited comparative consolidated interim financial statements of the Company and the notes thereto for the three-month period ended March 31, 2010;

- (iii) the audited comparative consolidated financial statements of the Company and the notes thereto for the financial year ended December 31, 2009, together with the report of the auditors thereon;
- (iv) management's discussion and analysis for the interim financial statements referred to in paragraph (ii) above;
- (v) management's discussion and analysis for the annual comparative financial statements referred to in paragraph (iii) above;
- (vi) the Company's information circular dated April 19, 2010 in connection with the June 3, 2010 Annual and Special Meeting of shareholders;
- (vii) the material change report filed February 18, 2010 in respect of the appointment of Gail Mifsud as the Chief Executive Officer of the Company on February 17, 2010;
- (viii) the material change report filed April 15, 2010 in respect of the resignation of David Dinniwell as the Chief Financial Officer of the Company effective May 13, 2010; and
- (ix) the material change report filed June 16, 2010 in respect of the appointment of Lenis W. Quan as the Chief Financial Officer of the Company effective July 5, 2010.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs (i) through (ix) as well as all other documents disclosing additional or updated information filed by the Company with the securities regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of this rights offering (other than confidential material change reports) shall be deemed to be incorporated by reference into this short form prospectus, as prescribed by applicable securities laws.

THE COMPANY

General

The Company, formerly known as First Capital America Holding Corp., was amalgamated under the *Business Corporations Act* (Ontario) on June 19, 2009. One of the predecessors of the Company was incorporated under the *Business Corporations Act* (Ontario) on July 30, 1987. The Company changed its name to Gazit America Inc. on June 19, 2009. The Company's head and registered office is located at 109 Atlantic Avenue, Suite 303, Toronto, Ontario, M6K 1X4.

Description of the Business

The Company's primary investment objectives are to focus on entrepreneurial real estate opportunities, principally within North and South America, including:

- the acquisition and development of income-producing assets;
- investments in public and private real estate entities;

- investments in commercial and residential mortgage-backed securities; and
- investments in joint ventures and other structured acquisitions with its affiliates and/or with third parties.

The Medical Office Assets

The Company currently owns three properties comprised of six medical office buildings totaling approximately 164,000 square feet of rentable space located in Cambridge, London and Ottawa, Ontario. The medical office buildings in which the Company has invested and in which it seeks to invest are or may be: (a) extensions of hospitals, providing shared medical service areas and office space to doctors and related services; (b) extensions of universities and teaching hospitals providing laboratory space and office space for research personnel and related functions; (c) facilities for independent medical practices; (d) physician group practice clinics; (e) outpatient treatment and diagnostic facilities; (f) on-campus of a hospital or healthcare provider; (g) adjacent to a hospital or healthcare provider; (h) independent off-campus, but hospital affiliated; or (i) clinics adjacent to or near shopping centres or free-standing buildings in residential neighbourhoods. The Company's strategy is to select medical office buildings in select growing metropolitan areas near best-in-class hospitals and medical-research universities with high barriers to entry, with a view to building regional dominance. Brief descriptions of the Company's medical office buildings are presented below.

The Company's properties are managed by a third-party property manager (the "**Property Manager**") that specializes in medical office buildings. Pursuant to the property management arrangements, the Property Manager is responsible for the operation, management and maintenance of the properties in a diligent, careful and vigilant manner in accordance with industry standards, and, if appointed by the Company's wholly-owned subsidiary, ProMed Properties (CA) Inc. ("**ProMed**"), the leasing of the properties. The property management arrangements are terminable by ProMed on short notice. Under these property management agreements, the Company pays the Property Manager what it believes to be a property management fee that reflects market.

The Cambridge Properties

The medical office property in Cambridge, Ontario consists of four contiguous buildings (695, 697, 715 and 725 Coronation Blvd.) having an aggregate of approximately 66,000 square feet of rentable area located on 7.1 acre parcel of land. This property has a total of approximately 310 surface parking stalls. The Cambridge property is currently approximately 73% leased, with the primary tenants being physicians and other ancillary medical service providers.

The buildings are located across from Cambridge Memorial Hospital, a regional hospital providing a range of health care programs and services for the residents of Cambridge, Ontario and the surrounding area. The hospital has approximately 155 beds and is a university-affiliated teaching site with McMaster University.

The buildings are operated by ProMed as a consolidated property, and have recently undergone a capital improvement project which included the implementation of paid parking, upgraded parking and signage, painting and other improvements. These improvements are part of a comprehensive long-term redevelopment plan to reposition the property as a primary location for health care services in the marketplace.

The London Property

746 Base Line Road East, London, Ontario, is an approximately 50,000 square foot, four-storey medical office building which is currently approximately 100% leased (plus a basement floor which is fully leased). The building is located on over 1.6 acres of land, with approximately 210 surface and deck parking stalls. The London Property is located across from the London Health Sciences Centre's Victoria Hospital Campus, a 430-bed hospital that currently has a major development project underway.

The Ottawa Property

The Nepean Medical Centre is a 49,000 square foot, four-storey medical office property located at 1 Centrepointe Drive in Ottawa, Ontario which is currently approximately 98% leased. The building is located on a 3.5 acre lot, with approximately 268 parking stalls. The property is located a short distance away from both the 264-bed Queensway Carleton Hospital and the Ottawa Hospital, a 1,172-bed academic health sciences centre.

Investment in Equity One

As of June 30, 2010 the Company owned approximately 14.2 million shares of Equity One, Inc. (“**Equity One**”), a U.S. real estate investment trust, representing an ownership interest of approximately 15.4%. The Company initially acquired 10.5 million shares in Equity One pursuant to a transaction completed in 2001 which resulted in Equity One acquiring the U.S. shopping centre business of First Capital Realty Inc. (“**First Capital**”). At that time, those shares had a cost to the Company of US\$11.86 per share, for an aggregate cost of approximately US\$124.5 million. Since that initial acquisition, the Company, indirectly, acquired additional shares through participation in Equity One’s dividend reinvestment plan, participation in public and private offerings undertaken by Equity One and market purchases, most recently in March 2010.

On May 23, 2010, Equity One reported that it entered into an agreement to acquire Capital and Counties USA Inc. through a joint venture with its parent company, Capital Shopping Centres Group PLC (“**Capital Shopping Centres**”). In the transaction, Capital Shopping Centres will receive 4.1 million shares of Equity One common stock and 10.9 million joint venture units. With the completion of this transaction, the Company will hold approximately 14.7% of voting rights in Equity One (approximately 13.2% of the shares outstanding, assuming the joint venture units are fully converted). Equity One’s press release announcing the transaction can be found on the U.S. Securities and Exchange Commission (“**SEC**”) website at www.sec.gov/edgar.shtml or on Equity One’s website at www.equityone.net.

Equity One is a self-administered and self-managed real estate investment trust in the United States that is listed on the New York Stock Exchange under the ticker symbol “EQY”. The Company and Equity One are each indirectly controlled subsidiaries of Gazit-Globe Ltd. (“**Gazit-Globe**”), an Israeli corporation trading on the Tel Aviv Stock Exchange under the ticker symbol “GLOB”. The Company’s interest in Equity One is solely as equity investor and, as such, the Company does not have any direct or indirect interest in, or right to, Equity One’s assets or revenue, nor does the Company have any direct or indirect obligations in respect of, or liability for, Equity One’s expenses or obligations.

Equity One files certain documents and other information with the SEC. Copies of these documents and information can be obtained at the SEC’s public reference room in Washington, D.C. These documents and Equity One’s other SEC filings are also available to the public at the SEC’s website at <http://www.sec.gov>.

All of the information concerning Equity One contained in or incorporated by reference in this short form prospectus has been taken from or is based upon publicly available documents and records on file with the SEC and other public sources. Although the Company has no knowledge that would indicate that any statements contained herein taken from or based on such documents and records are untrue or incomplete, the Company assumes no responsibility for the accuracy of the information contained in such documents, or for any failure by Equity One to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company.

RECENT DEVELOPMENTS

There have been no material developments in the business of the Company since March 31, 2010, the date of the Company’s unaudited comparative consolidated interim financial statements for the three month period ended March 31, 2010, other than as disclosed in this short form prospectus or in the documents incorporated by reference herein.

Subsequent to March 31, 2010, the Company granted a total of 420,000 options, 180,000 of which were granted to the Company’s chair of the board, 120,000 of which were granted to the Company’s vice-chair of the board and the remaining 120,000 of which were granted to the Company’s new chief financial officer. The options vest in equal increments over a period of three years from the applicable date of grant. The options to the chair and vice-chair were granted at an exercise price of \$7.00 and the options granted to the new chief financial officer were granted at an exercise price of \$6.75 (consistent with the exercise price for the options previously granted to the Company’s chief executive officer and chief operating officer). The 120,000 options granted to the former chief financial officer were forfeited upon his resignation becoming effective on May 13, 2010.

In July 2010, the Company entered into a binding agreement to purchase a property to be held for redevelopment from an arm’s length vendor for approximately \$13.5 million (including closing costs). Closing is scheduled to occur in the third quarter of 2010. The purchase price is expected to be satisfied in part by the assumption of a mortgage in the approximate

amount of \$7.37 million. Although the Company has waived its due diligence condition in respect of this acquisition, it remains subject to customary closing conditions.

In August 2010, the Company entered into a secured revolving line of credit with a Canadian chartered bank in the amount of \$8.5 million.

MATERIAL CHANGES TO CONSOLIDATED CAPITALIZATION

There have been no material changes to the Company's consolidated capitalization since March 31, 2010, the date of the Company's unaudited comparative consolidated interim financial statements for the three month period ended March 31, 2010, which are incorporated by reference herein, other than as disclosed in this short form prospectus or in the documents incorporated by reference herein. After giving effect to this rights offering, if all Rights are exercised for the purchase of Units, a maximum of 15,417,452 Common Shares and 2,569,575 Warrants will be issued and outstanding.

USE OF PROCEEDS

After giving effect to the Stand-by Commitment, the gross proceeds from subscriptions for Units pursuant to this rights offering are estimated to be \$12,847,875. These proceeds will be used to pay, in part, the estimated expenses of this rights offering which will be approximately \$500,000 and the remainder of \$12,347,875 will be used for working capital purposes. Assuming all of the Warrants, after giving effect to the Stand-by Commitment, are exercised at the initial Warrant Exercise Price of \$6.00, the Company estimates it will receive gross proceeds of \$15,417,450. Such proceeds will only be received upon the exercise of Warrants over the term of the Warrants and will be less than \$15,417,450 if all of the Warrants are not exercised.

THE OFFERING

This offering consists of 12,847,877 Rights to subscribe for up to 2,569,575 Units, with each Unit consisting of one Unit Common Share and one Warrant. The Units will separate into Unit Common Shares and Warrants immediately when issued and purchasers may sell the Unit Common Shares and Warrants separately.

In accordance with securities laws applicable to rights offerings in which there is a stand-by commitment, management received an opinion from a registered dealer confirming that the Rights Exercise Price is not greater than the fair value of the Units on the day before the date the subscription price was established, and such opinion was provided to applicable securities regulators.

In establishing the Rights Exercise Price, management of the Company took into account a number of factors, including the prevailing market price of the Common Shares (approximated at \$4.42 per Common Share) and management's estimate of the fair value of the Warrants. Given that the Warrants are newly issued securities with no trading history, management used a commonly used pricing model, known as the Black-Scholes model, to estimate the fair value of the Warrants. This model provides an approximation of value based on various assumptions, including the estimated volatility of the underlying Common Shares over the exercise period for the Warrants. In applying the model, management used assumptions which it believes to be reasonable in all of the circumstances, including that the market for the Common Shares will have an average volatility of 50% over the period during which the Warrants are exercisable; this assumption is consistent with the assumption that management used in valuing the Company's outstanding share purchase options for the purposes of its unaudited comparative consolidated interim financial statements and the notes thereto for the three-month period ended March 31, 2010. Using this assumption and other assumptions which management believes to be reasonable in all of the circumstances, including an assumed weighted average risk free interest rate of 2.21% and an assumed weighted average exercise price of \$6.40, each over the period during which the Warrants are exercisable, management has estimated that the fair value associated with the Warrants is approximately \$1.55 per Warrant. Accordingly, management estimates that the fair value of the Units, with each Unit consisting of one Unit Common Share and one Warrant is approximately \$6.55 (the sum of \$5.00 for each Common Share and \$1.55 for each Warrant). There can be no assurance, however, that these assumptions will materialize as management anticipates, or that unanticipated events or circumstances will not occur (see "Forward -Looking Statements") or that the trading price of the Warrants will approximate the fair value amount referred to above.

DESCRIPTION OF THE RIGHTS

General

Each holder of record of Common Shares as at 5:00 p.m. (Toronto time) on August 17, 2010 (the “**Record Date**”) will be issued one Right for each Common Share held. As described below, only a shareholder (a “**Rightsholder**”) on the Record Date with an address of record in Canada is entitled to receive Rights. For every five Rights held, the holder thereof will be entitled to subscribe for one Unit at a price of \$5.00 per Unit (the “**Rights Exercise Price**”) at or before 4:00 p.m. (Toronto time) (the “**Rights Expiry Time**”) on September 13, 2010 (the “**Rights Expiry Date**”) (the “**Basic Subscription Privilege**”). The Rights Exercise Price is payable in Canadian dollars. Where the exercise of Rights would appear to entitle a holder of Rights to fractional Units, the holder’s entitlement will be reduced to the next lowest whole number of Units without any payment therefor.

A Rightsholder is not a shareholder of the Company and as a holder of Rights, does not have any of the rights of a shareholder of the Company.

Basic Subscription Privilege

Except as described in this short form prospectus and except for accounting, legal and financial advisory fees, printing expenses and other costs directly related to this rights offering, no commissions or other remuneration will be paid by the Company in connection with this rights offering. In respect of a Rightsholder whose Common Shares are held in definitive certificate form (a “**Registered Rightsholder**”) Rights will be evidenced by fully transferable definitive certificates (the “**Definitive Rights Certificates**”) which will be issued in registered form. A Definitive Rights Certificate evidencing the total number of Rights to which the Registered Rightsholder is entitled, together with a copy of this short form prospectus, is being mailed to each holder of record of Common Shares with an address of record in Canada as of the Record Date.

In order for a Registered Rightsholder to validly exercise all or a portion of the Registered Rightsholder’s Rights to subscribe for whole Units, a completed Definitive Rights Certificate must be received by Computershare Investor Services Inc. (the “Subscription Agent”) at the Subscription Office (as defined below) at or before the Rights Expiry Time on the Rights Expiry Date. See “How to Use the Rights Certificates — To Subscribe for Units”. Rights not exercised at or before the Rights Expiry Time on the Rights Expiry Date will be void and will have no value.

In respect of a Rightsholder who holds its Common Shares in book-entry form through a securities broker or dealer, bank or trust company or other participant (a “**CDS Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”) as of the Record Date (a “**Beneficial Rightsholder**”), the Rights will be issued in book-entry form (a “**Global Rights Certificate**” and, with Definitive Rights Certificates, the “**Rights Certificates**”). On the Record Date, a Global Rights Certificate representing all the Rights issuable to Beneficial Rightsholders will be issued in registered form to, and in the name of, CDS or its nominee. On the Closing Date, two global certificates, one representing all the Unit Common Shares subscribed for by Beneficial Rightsholders and the other representing all of the Warrants subscribed for by Beneficial Rightsholders will be issued in registered form to, and in the name of, CDS or its nominee.

In order for a Beneficial Rightsholder to validly exercise all or a portion of their Rights to subscribe for whole Units, the holder must provide instructions to its CDS Participant to exercise all or a specified number of such Rights and forward the Rights Exercise Price for each Right exercised to such CDS Participant. Subscriptions for whole Units made in connection with the rights offering through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions once submitted. Beneficial Rightsholders that wish to subscribe for whole Units pursuant to the rights offering must provide the CDS Participant holding their Rights with instructions and payment sufficiently in advance of the Rights Expiry Date to permit the proper exercise of their Rights. CDS Participants will have an earlier deadline for receipt of instructions than the Rights Expiry Date. Subscribers should contact their particular CDS Participant for complete details on how to exercise the Basic Subscription Privilege. Rights not exercised at or before the Rights Expiry Time on the Rights Expiry Date will be void and will have no value.

A holder of Rights who exercises some but not all of the Rights held by such holder will be deemed to have elected not to exercise the balance of the Rights held thereby and may not participate in the Additional Subscription Privilege described below.

The Rights Exercise Price of \$5.00 per Unit is payable by certified cheque, bank draft, by electronic funds transfer or other similar payment mechanism or money order drawn to the order of, in the case of a Registered Rightsholder, the Subscription Agent and, in the case of Beneficial Rightsholder, a CDS Participant (or by direct debit from the subscriber's brokerage account). All payments must be forwarded to the Subscription Office, or appropriate office of the CDS Participant, as applicable. Holders of Rights who are unsure how to subscribe should contact their CDS Participant or the Subscription Agent. See "Inquiries".

A Rightsholder may also be entitled to subscribe for additional whole Units, if available, at the Exercise Price per Unit. See "— Additional Subscription Privilege".

Any directors, officers and other insiders of the Company who receive Rights under this rights offering may exercise and/or transfer their Rights.

Additional Subscription Privilege

A Rightsholder who has exercised in full its Basic Subscription Privilege may subscribe for additional whole Units, if available, at the Rights Exercise Price per Unit (the "**Additional Subscription Privilege**"). See "How to Use the Rights Certificates — To Apply for Additional Units". Those additional whole Units will be allocated from those Units, if any, available as a result of Rights that are unexercised at the Rights Expiry Date. A holder who exercises the Additional Subscription Privilege will receive the lesser of: (i) the number of whole Units that holder subscribes for under the Additional Subscription Privilege, and (ii) that holder's proportionate share of additional whole Units calculated on the basis of the number of Units subscribed for by that holder pursuant to the Basic Subscription Privilege as a percentage of the total number of Units subscribed for pursuant to the Basic Subscription Privilege by all Rightsholders who properly subscribe for additional Units (disregarding fractions).

A Registered Rightsholder may subscribe for additional whole Units by (i) completing Form 2 of the Rights Certificate, and (ii) delivering the Rights Certificate, together with payment for those additional whole Units, to the Subscription Office at or before the Rights Expiry Time on the Rights Expiry Date. If payment for all additional whole Units subscribed for under the Additional Subscription Privilege does not accompany the subscription, only the subscription for those additional whole Units for which payment accompanies the subscription will be valid.

A Beneficial Rightsholder may subscribe for additional whole Units by specifying to its CDS Participant, sufficiently in advance of the Rights Expiry Date, the number of additional whole Units for which the holder wishes to subscribe, together with payment for those additional whole Units requested. Beneficial Rightsholders should contact their particular CDS Participant for complete details on how to exercise the Additional Subscription Privilege.

If the rights offering is fully subscribed, then the funds included for subscriptions under the Additional Subscription Privilege will be returned by the Subscription Agent or applicable CDS Participant to the relevant subscribers (or credited to the holder's account with its CDS Participant). In addition, the Subscription Agent or applicable CDS Participant will return to any subscriber of additional whole Units under the Additional Subscription Privilege, within 30 days of the Rights Expiry Date, any excess funds paid in respect of a subscription for additional whole Units where the number of additional whole Units available to that subscriber is less than the number of additional whole Units subscribed for. No interest will be payable by the Subscription Agent, CDS Participant or the Company in respect of any excess funds returned to subscribers.

Depository Services

No Beneficial Rightsholder will be entitled to a certificate or other instrument from the Company or CDS evidencing the holder's ownership of Rights, Unit Common Shares, Warrants or Warrant Common Shares (collectively, "**Securities**") and no holder will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such holder. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Securities. The Company expects that each person who acquires Securities will receive a customer confirmation from the CDS Participant from or through which the Securities are acquired in accordance with the practices and procedures of that CDS Participant. The practices of CDS Participants may vary, but generally customer confirmations

are issued promptly after execution of a customer order. Holders of Securities must arrange purchases or transfers of Securities through their CDS Participant.

None of the Company, the directors or officers of the Company, the Subscription Agent or the Warrant Agent (as defined below) will have any liability for (i) the records maintained by CDS or CDS Participants relating to the Securities or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Securities, or (iii) any advice or representation made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or CDS Participants. As a result, CDS Participants must look solely to CDS and beneficial holders of Securities must look solely to CDS Participants in respect of the rights offering and the Securities.

Transfers of ownership in the Securities represented by a global certificate will be effected only through records maintained by CDS or its nominee for such Securities with respect to interests of CDS Participants and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Holders who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Securities represented by a global certificate, may do so only through CDS Participants.

As indirect holders of Securities, applicable investors should be aware that they: (a) may not have Securities registered in their name; (b) may not have physical certificates representing their interest in Securities; (c) may not be able to sell the Securities to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Securities as security.

Purchase and Sale of Rights

Rights are fully transferable. The Rights will be posted for trading on the TSX under the symbol “GAA.RT” until 12:00 noon (Toronto time) on the Rights Expiry Date, at which time they will be halted from trading. The TSX has approved the listing of the Unit Common Shares issuable upon exercise of the Rights and the Warrant Common Shares issuable upon exercise of the Warrants. The TSX has conditionally approved the listing of the Warrants on the TSX. Listing of the Warrants is subject to the Company fulfilling all of the listing requirements of the TSX, including, distribution of the Warrants to a minimum number of public security holders.

Fees Payable by Subscribers

Payment of any service charge, commission or other fee payable (including those of brokers) in connection with the transfer of Rights (other than the fees for the services to be performed by the Subscription Agent referred to under “Subscription Agent and Transfer Agent”) will be the responsibility of the Rightsholder. There will be no commission charged by the Company on the issuance of Units upon the exercise of Rights, or the issuance of Unit Common Shares or Warrants, or on the issuance of Warrant Common Shares to holders of Warrants upon the exercise of Warrants.

Expiry of Rights

Rights not exercised at or before the Rights Expiry Time on the Rights Expiry Date will be void and will have no value.

Ineligible Holders

The Rights distributed pursuant to this short form prospectus will not be registered under the laws of any foreign jurisdiction, including the United States Securities Act of 1933, as amended. Consequently, no Rights will be delivered to any registered or beneficial holder of the Company’s Common Shares who has, or who appears to the Company or the Subscription Agent to have, an address not in Canada as of the Record Date (an “**Ineligible Holder**”). Such Rights will be delivered by the Company to the Subscription Agent for sale by the Subscription Agent on behalf of the Ineligible Holders. Such Rights will be sold by the Subscription Agent through the Selling Agent retained for the purpose of effecting sales of the Rights on behalf of Ineligible Holders. Such Ineligible Holders will receive from the Subscription Agent or their particular CDS Participant, as applicable, their *pro rata* share of the cash proceeds from the sale of such Rights, less commissions, expenses and applicable withholding taxes. All such Rights will be pooled and sold as soon as practicable. In exercising the sale of any Rights, the Selling Agent will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. None of the Company, the Subscription Agent, the Selling Agent

nor Gazit Canada will be liable for any loss arising out of any sale of such Rights relating to the manner or timing of such sales, the prices at which Rights are sold or otherwise. The sale price of Rights sold on behalf of such persons will fluctuate with the market price of the Rights and no assurance can be given that any particular price will be received upon any such sale. Any proceeds received by a Selling Agent with respect to the sale of Rights, net of brokerage fees and costs incurred and, if applicable, tax required to be withheld, will be delivered (in Canadian funds without interest) as soon as practicable to such Ineligible Holders whose Rights were sold, at their last recorded addresses. There may be adverse tax consequences to Ineligible Holders from this sale process. See “Certain United States Federal Income Tax Considerations”. **There is a risk that the proceeds received from the sale of Rights will not exceed the brokerage fees and costs incurred by the Selling Agent in connection with the sale of such Rights and, if applicable, the tax required to be withheld. In such event, no proceeds will be forwarded.**

CDS Participants may not issue Rights to Ineligible Holders. Instead, CDS Participants for Ineligible Holders must advise such Ineligible Holders that their Rights will be held on their behalf by the Selling Agent, as agent for their benefit, who will, prior to the Rights Expiry Time on the Rights Expiry Date, attempt to sell such Rights as described above.

By exercising Rights under either the Basic Subscription Privilege or the Additional Subscription Privilege, the Rightsholder will be deemed to represent to the Company that the holder is not an Ineligible Holder, that such holder is not the agent of any such person and is not purchasing the Units for resale to any such person. Neither a subscription under the Basic Subscription Privilege nor under the Additional Subscription Privilege will be accepted from any person, or his or her agent, who appears to be, or who the Company has reason to believe is, an Ineligible Holder.

STAND-BY COMMITMENT

Gazit Canada Inc. and Gazit 2003 Inc. (“**Gazit 2003**” and collectively with Gazit Canada Inc., “**Gazit Canada**”) have entered into a commitment (the “**Stand-by Commitment**”) with the Company whereby they have agreed to (i) exercise all of the Rights issued to them pursuant to this rights offering, and (ii) purchase, at the Rights Exercise Price per Unit, all whole Units (after giving effect to the Basic Subscription Privilege and the Additional Subscription Privilege) that are not issued to holders of Common Shares pursuant to this rights offering. Gazit Canada will not be paid a stand-by fee in consideration for the Stand-by Commitment.

COMMON SHARES

Each holder of Common Shares is entitled to receive notice of and to attend any meeting of the shareholders of the Company and is entitled to one vote in respect of each Common Share held at such meetings, except for meetings at which holders of another class or series of shares of the Company are entitled to vote separately as a class or series. The holders of Common Shares are entitled to receive, as and when declared by the Company’s board of directors, dividends in such amount and in such form as the Board of Directors may determine from time to time. The Common Shares rank junior to any preferred shares that may be issuable from time to time in one or more series, with respect to entitlement to dividends and distribution of assets in the event of the liquidation, dissolution or winding-up of the Company.

THE WARRANTS

The following is a summary of certain provisions of the Warrant Indenture and does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture which will be available on SEDAR at www.sedar.com.

General

The Warrants will be issued under and be governed by the terms of an indenture (the “**Warrant Indenture**”) to be dated as of closing of the rights offering between the Company and Computershare Trust Company of Canada, as Warrant agent thereunder (the “**Warrant Agent**”). The Company will appoint the principal transfer office of the Warrant Agent in Toronto, Ontario as the location at which Warrants may be surrendered for exercise or transfer.

Certificates evidencing the Warrants will be issued in (i) definitive form (a “**Definitive Warrants Certificate**”) to each Rightsholder who holds a Definitive Rights Certificate as of the date of exercise of such Rights (a “**Registered Warrantholder**”), and (ii) book-entry form (a “**Global Warrants Certificate**” and, with **Definitive Warrants**

Certificates, the “**Warrants Certificates**”) to each Rightsholder who holds Rights in book-entry form through a CDS Participant in the book-based system administered by CDS as of the date of exercise of such Rights (a “**Beneficial Warrantholder**”). Beneficial Rightsholders do not need to take any action to receive the Warrants to which they are entitled upon exercise of their Rights.

Exercise of Warrants

On the Closing Date, the Units will separate immediately into Unit Common Shares and Warrants. Each Warrant will entitle its holder to purchase, on and subject to the terms described below, one whole Common Share (the “**Warrant Common Shares**”) on payment of the exercise price (each such price, a “**Warrant Exercise Price**”) of \$6.00 from the Closing Date up to and including November 30, 2013, and \$7.00 after December 1, 2013 up to and including 5:00 p.m. (Toronto time) (the “**Warrant Expiry Time**”) on November 30, 2015 (the “**Warrant Expiry Date**”). The Warrants will expire on the Warrant Expiry Date and, if not exercised at or before the Warrant Expiry Time on the Warrant Expiry Date, will be void and will have no value. The exercise price for the Warrants is payable in Canadian dollars. Fractional Warrant Common Shares will not be issued (see “— Fractional Warrant Common Shares”).

In order to exercise Warrants, a Registered Warrantholder must deliver to the Warrant Agent the certificate(s) representing the Warrants being exercised, duly completed and executed, together with a certified cheque, bank draft, money order, electronic funds transfer or other similar payment mechanism in an amount equal to the exercise price of the Warrants multiplied by the number of Warrant Common Shares subscribed for.

In order to exercise Warrants, a Beneficial Warrantholder must instruct the CDS Participant holding its Warrants to exercise all or a specified number of such Warrants. The Company understands that, in such a case, CDS will request the Warrant Agent to provide a Definitive Warrants Certificate, registered as instructed by the applicable CDS Participant, to the Beneficial Warrantholder through the CDS Participant. Thereafter, the process for exercising such Warrants is the same as described herein for a Registered Warrantholder. Beneficial Warrantholders should contact their particular CDS Participant for complete details on how to exercise their Warrants.

Depository Services

No Beneficial Rightsholder will be entitled to a certificate or other instrument from the Company or CDS evidencing the holder’s ownership of Warrants or Warrant Common Shares issuable upon exercise of the Warrants (see “Description of the Rights — Depository Services”).

Warrants will be issued in fully registered form to Beneficial Warrantholders or their nominees other than CDS or its nominee if: (i) the Company determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and the Company is unable to locate a qualified successor, (ii) the Company at its option elects, or is required by law, to terminate the book-entry system through CDS, (iii) the Company at its option elects to terminate the book-entry system in respect of its Common Shares through CDS, or (iv) on the exercise of Warrants for Warrant Common Shares as described above under “— Exercise of Warrants”.

Adjustment of Warrant Exercise Price and Subscription Rights

The Warrant Indenture will provide that the number of Warrant Common Shares issuable upon exercise and the applicable Warrant Exercise Price are subject to adjustment in certain stated events, including (without duplication):

- the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a dividend paid in the ordinary course, or a distribution of Warrants upon the exercise of Rights, a distribution of Common Shares upon the exercise of the Warrants or pursuant to the exercise of stock options (or similar incentive or compensation rights) granted under the Company’s stock option plans (or similar equity incentive or compensation plans or equity-linked incentive or compensation plans));
- the subdivision, redivision or change of the Common Shares into a greater number of shares;
- the reduction, combination or consolidation of the Common Shares into a lesser number of shares;

- the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants (other than Warrants) under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holders (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and
- the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares, at a price per share to the holders (or at an exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, or other assets of the Company, or evidences of indebtedness or cash, securities or any property or other assets (other than a dividend paid in the ordinary course).

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications of the Common Shares; (2) consolidations, amalgamations, plans of arrangement or mergers of the Company with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (3) the transfer (other than to one of the Company’s subsidiaries) of the undertaking or assets of the Company as an entity or substantially as an entirety to another corporation or other entity. In such event, any holder of Warrants who exercises the right to purchase Warrant Common Shares pursuant to Warrants then held after the effective date of any of the foregoing will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Warrant Common Shares to which such holder was previously entitled, the aggregate number of shares, other securities or other property which such holder would have been entitled to receive as a result of such event if, on the effective date thereof, the holder had been the holder of the number of Common Shares to which such holder was previously entitled to purchase.

The Warrant Indenture will define “current market price” of the Common Shares, in respect of any date as the price of the Common Shares equal to the weighted average price per share for the Common Shares on the TSX, or if the Common Shares are not listed on the TSX, on any stock exchange on which the Common Shares are listed as the directors may select for this purpose, or if the Common Shares are not listed on any stock exchange, in the over-the-counter market, for the period of 20 consecutive trading days ending on (and including) the fifth trading day before that date; and for the purpose of this definition, the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold during such period of 20 consecutive trading days on such exchange or market, as the case may be, by the total number of Common Shares so sold.

No adjustment in the applicable Warrant Exercise Price or the number of Warrant Common Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would change the applicable Warrant Exercise Price by at least 1% or the number of Common Shares purchasable upon exercise by at least one one-hundredth of a Common Share.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events (other than the subdivision or consolidation of the Common Shares) that would result in an adjustment to the applicable Warrant Exercise Price or the number of Warrant Common Shares, at least 14 days prior to the record date or effective date, as the case may be, of such events.

Modification

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such

resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

Immediately following the completion of this rights offering, Gazit Canada will hold Warrants representing, at a minimum, its *pro rata* interest in the Company and, except as may be prohibited by applicable law, will be entitled to vote on all matters under the terms of the Warrant Indenture.

Right to Purchase

Under the Warrant Indenture, the Company will have the right to purchase on the open market, by private agreement or otherwise, all or part of the Warrants then outstanding.

Fractional Warrant Common Shares

No fractional Warrant Common Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Any fractional interests will be rounded down to the nearest whole number without any payment therefor. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares of the Company would have.

Transferability of Warrants

Subject to compliance with the provisions of the Warrant Indenture, the Warrants will be fully transferable. The Rights will be posted for trading on the TSX under the symbol “GAA.RT” until 12:00 noon (Toronto time) on the Rights Expiry Date, at which time they will be halted from trading. The TSX has approved the listing of the Unit Common Shares issuable upon exercise of the Rights and the Warrant Common Shares issuable upon exercise of the Warrants. The TSX has conditionally approved the listing of the Warrants on the TSX. Listing of the Warrants is subject to the Company fulfilling all of the listing requirements of the TSX, including, distribution of the Warrants to a minimum number of public security holders.

SUBSCRIPTION AGENT AND TRANSFER AGENT

The Subscription Agent, at its office at 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 (the “**Subscription Office**”), has been appointed by the Company to:

- perform the services relating to the exercise of the Rights, including the issue of Unit Common Shares and Warrants;
- receive subscriptions and payments from subscribers for whole Units under the Basic Subscription Privilege; and
- receive subscriptions and payments from subscribers for additional whole Units under the Additional Subscription Privilege.

The Warrant Agent will act as registrar and transfer agent for the Warrants.

The Company will pay for all services of the Subscription Agent and the Warrant Agent.

HOW TO USE THE RIGHTS CERTIFICATES

General

By completing the appropriate form on the Definitive Rights Certificate in accordance with the instructions outlined below, a Registered Rightsholder may:

- (a) subscribe for whole Units under the Basic Subscription Privilege (Form 1);

- (b) subscribe for additional whole Units under the Additional Subscription Privilege (Form 2);
- (c) sell or transfer Rights (Form 3); or
- (d) divide, combine or exchange a Rights Certificate (Form 4).

A Beneficial Rightsholder may subscribe for whole Units under the Basic Subscription Privilege, subscribe for additional whole Units under the Additional Subscription Privilege, sell or transfer Rights or divide, combine or exchange its Rights by contacting their particular CDS Participant as generally described under “Description of the Rights”.

Delivery of Definitive Rights Certificates

The method of delivery of the Definitive Rights Certificates for the purposes referred to above under “— General” is at the discretion of the holder. Neither the Subscription Agent nor the Company will be liable for the failure to deliver or the delivery of Definitive Rights Certificates or subscription funds to an address other than the address set out below. Delivery to an address other than the address set out below may result in a subscription for whole Units or a transfer of Definitive Rights Certificates not being accepted. If mail is used, registered mail is recommended. The mailing address is:

Computershare Investor Services Inc.

By Mail

P.O. Box 7021
31 Adelaide St E
Toronto, ON
M5C 3H2
Attention: Corporate Actions

By Registered Mail, Hand or by Courier

100 University Avenue
9th Floor
Toronto, ON
M5J 2Y1
Attention: Corporate Actions

Unexercised Rights

A Rightsholder who exercises some, but not all, of the Rights evidenced by a Rights Certificate, will be deemed to have elected not to exercise the balance of the Rights, which will be void and of no value.

The maximum number of Units that will be issued pursuant to a particular Rights Certificate shall be one-fifth of the number of Rights such Rightsholder is entitled to subscribe for.

Signatures

If a form on the Definitive Rights Certificate is signed by a trustee, executor or administrator, by an officer of a corporation or by any person acting in a representative capacity, the Definitive Rights Certificate must be accompanied by evidence satisfactory to the Subscription Agent of authority to so sign. Such evidence would typically consist of, in the case of a corporation, a certified extract from the by-laws or a certified copy of a board resolution granting authority to certain officers to sell, assign and transfer securities registered in its name, together with a certificate of the corporate secretary identifying the authorized officers. In the case of a trustee, executor or administrator, such evidence would consist of appropriate proof of appointment. For clarification as to what constitutes satisfactory evidence of authority to sign, consult the Subscription Agent by telephone at 1-800-564-6253.

To Subscribe for Units

The payment of the Rights Exercise Price of \$5.00 and five Rights are required to subscribe for one whole Unit. Where the exercise of Rights would appear to entitle a holder of Rights to fractional Units, the holder's entitlement will be reduced to the next lowest whole number of Units without any payment therefor.

A holder of a Definitive Rights Certificate may subscribe for all or any lesser number of whole Units for which the Definitive Rights Certificate entitles the holder to subscribe by completing and executing Form 1 on the Definitive Rights Certificate and delivering the Definitive Rights Certificate, together with payment in full of the subscription price for those whole Units subscribed for, to the Subscription Office. The Exercise Price is payable in Canadian funds by certified cheque, bank draft, money order, electronic funds transfer or similar payment mechanism made payable to "Computershare Trust Company of Canada".

In order for a Beneficial Rightsholder to validly exercise all or a portion of the Beneficial Rightsholder's Rights, the Beneficial Rightsholder must provide instructions to its CDS Participant to exercise all or a specified number of such Rights and forward the Rights Exercise Price for each Right exercised to such CDS Participant. Subscriptions for whole Units made in connection with the rights offering through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions once submitted. Beneficial Rightsholders that wish to subscribe for whole Units pursuant to the rights offering must provide the CDS Participant holding their Rights with instructions and payment sufficiently in advance of the Rights Expiry Date to permit the proper exercise of their Rights. CDS Participants will have an earlier deadline for receipt of instructions than the Rights Expiry Date. Subscribers should contact their particular CDS Participant for complete details on how to exercise this subscription right. Rights not exercised at or before the Rights Expiry Time on the Rights Expiry Date will be void and will have no value.

To Apply for Additional Units

A Rightsholder who subscribes for all of the whole Units for which that holder is entitled to subscribe, may, at the same time, subscribe for additional whole Units (at the Rights Exercise Price per Unit).

To accept the offer to subscribe for additional whole Units, a Registered Rightsholder must complete and execute Form 2 as well as Form 1 on the Definitive Rights Certificate and deliver to the Subscription Office, at or before the Rights Expiry Time on the Rights Expiry Date, the Rights Certificate, together with payment in full of the subscription price for each whole Unit subscribed for. The subscription price for whole Units and additional whole Units is payable in Canadian funds by certified cheque, bank draft, money order, electronic funds transfer or similar payment mechanism made payable to "Computershare Trust Company of Canada".

To accept the offer to subscribe for additional whole Units, Beneficial Rightsholders must specify to its CDS Participant, sufficiently in advance of the Rights Expiry Date, the number of additional whole Units for which the holder wishes to subscribe, together with payment for those additional whole Units requested. Beneficial Rightsholders should contact their particular CDS Participant for complete details on how to exercise the Additional Subscription Privilege.

The number of additional whole Units, if any, available for allocation to a subscriber for additional whole Units will be the lesser of:

- the number of additional whole Units subscribed for by the subscriber, and
- the number (disregarding fractions) obtained by multiplying:
 - (a) the number obtained by dividing: (i) the number of whole Units subscribed for pursuant to the Basic Subscription Privilege by the subscriber, by (ii) the aggregate number of whole Units subscribed for pursuant to the Basic Subscription Privilege by subscribers who properly subscribe for additional whole Units pursuant to the Additional Subscription Privilege; by
 - (b) the total number of additional whole Units that may be acquired upon exercise of the Rights issued that were not exercised.

Subscribers for additional whole Units will be notified as soon as practicable after the Rights Expiry Time of the number of additional whole Units, if any, allotted to them. Any excess subscription monies will be returned by mail or credited to the applicable holder's account with its CDS Participant without interest within 30 days of the Rights Expiry Date.

To Sell or Transfer Rights

A Rightsholder, in lieu of exercising Rights to subscribe for whole Units, may sell or transfer the Rights personally or through the usual investment channels (such as stockbrokers or investment dealers) by, in the case of a Registered Rightsholder, completing Form 3 of the Definitive Rights Certificate and delivering the Definitive Rights Certificate to the purchaser (transferee) or, in the case of a Beneficial Rightsholder, through the particular CDS Participant. The transferee may exercise all of the Rights of the transferring holder without obtaining a new Rights Certificate. If a Definitive Rights Certificate is transferred in blank, the Company and the Subscription Agent may thereafter treat the bearer as the absolute owner of the Definitive Rights Certificate for all purposes and neither the Company nor the Subscription Agent will be affected by any notice to the contrary.

The signature of the transferring Definitive Rightsholder on Form 3 must be guaranteed by an Eligible Institution or otherwise to the satisfaction of the Subscription Agent. "Eligible Institution" means a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of recognized stock exchanges in Canada and the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States. If Form 3 is signed by a trustee, executor, administrator, curator, tutor, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, it should be accompanied by satisfactory evidence of authority to act. See "— Signatures". The signature of the transferee on any one or more of the forms on the Definitive Rights Certificate must correspond exactly with the name of that transferee shown on Form 3.

To Divide, Combine or Exchange the Rights Certificate

A Definitive Rights Certificate may be divided, combined or exchanged by completing and executing Form 4 on the Definitive Rights Certificate and delivering the Definitive Rights Certificate to the Subscription Office. The Subscription Agent will then issue new Definitive Rights Certificates in any denominations (totaling the same number of Rights as are evidenced by the Definitive Rights Certificate being divided, exchanged or combined) as are requested by the holder. Definitive Rights Certificates must be surrendered for division, combination or exchange in ample time to permit the new Definitive Rights Certificates to be issued to and used by the holder.

A bank, trust company, investment dealer or broker holding Common Shares on the Record Date for more than one beneficial owner may, upon providing satisfactory evidence to the Subscription Agent of the ownership of those Common Shares, divide and transfer the Definitive Rights Certificate issued to it, by duly completing and executing Form 4 on the Definitive Rights Certificate, on the same basis as if the beneficial owners were registered on the Record Date.

A Beneficial Rightsholder will be able to divide, combine or exchange its Rights by specifying their instructions in that regard to its CDS Participant sufficiently in advance of the Rights Expiry Date. Beneficial Rightsholders should contact their particular CDS Participant for complete details on how to divide, combine or exchange their Rights.

Registration and Delivery of Certificates Evidencing Unit Common Shares and Warrants

Unless the Subscription Agent is instructed otherwise in writing by a subscriber, Unit Common Shares and Warrants comprising the Units purchased through the exercise of Rights by a Registered Rightsholder, including those purchased under the Additional Subscription Privilege, will be registered in the name of the person subscribing for those Units and certificates representing Unit Common Shares and Warrants will be mailed by ordinary pre-paid mail as soon as practicable to the subscriber at the address appearing on the Definitive Rights Certificate.

On the Record Date, Global Rights Certificates representing all the Rights issuable to Beneficial Rightsholders will be issued in registered form to, and in the name of, CDS or its nominee. On the Closing Date, a global certificate representing all the Unit Common Shares subscribed for by Beneficial Rightsholders and a Global Warrant Certificate representing all

the Warrants subscribed for by Beneficial Rightsholders, in each case, will be issued in registered form to, and in the name of, CDS or its nominee.

The Subscription Agent will be fully discharged from all responsibility as agent with regard to the funds received when it has forwarded the Unit Common Share certificates and the Warrant Certificates to the subscribers entitled to them (or CDS, as applicable), forwarded the proceeds of the rights offering to the Company and, in the event of over-subscription exceeding the number of Units available, returned the excess over-subscription funds to the subscribers or CDS Participants, as applicable, so entitled.

Reservation of Common Shares and Warrants

The Company will, at all times, reserve a sufficient number of its unissued Common Shares and Warrants to permit the exercise of all of the Rights.

No Fractional Units

The Company will not issue fractional Units upon the exercise of the Rights. Where the exercise of Rights would appear to entitle a holder of Rights to fractional Units, the holder's entitlement will be reduced to the next lowest whole number of Units without any payment therefor.

Validity and Rejection of Subscriptions

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription by a Rightsholder will be determined by the Company in its sole discretion, which determination will be final and binding. All subscriptions are irrevocable. The Company reserves the absolute right to reject any subscription if such subscription is not in proper form or if the acceptance thereof or the issue of Units upon the exercise of the Rights could be deemed unlawful. The Company also reserves the right to waive any defect with regard to any particular subscription. Neither the Company nor the Subscription Agent will be under any duty to give any notification of any defect or irregularity in such subscriptions, nor will either of them incur any liability for failure to give such notification.

PRIOR SALES

Other than as described below, the Company has not issued Common Shares since it became a reporting issuer on July 20, 2009.

The Company became a reporting issuer on July 20, 2009 with the filing of a (final) prospectus relating to the Company's initial public offering by way of a distribution as a dividend-in-kind of the Company's Common Shares by First Capital to shareholders of First Capital at the dividend record date of July 28, 2009. In total, 9,212,413 Common Shares were distributed as the dividend-in-kind. As described in the AIF, management of the Company believed that such Common Shares had a fair market value on August 14, 2009 of approximately \$4.50 per share. In conjunction with, but prior to, the dividend-in-kind, the Company acquired all of the issued and outstanding common shares of ProMed from Gazit Canada Inc. for approximately \$16.4 million (the "**Purchase Price**"). The Company satisfied the Purchase Price by issuing 3,635,464 Common Shares to Gazit Canada Inc., on a private placement basis (\$4.50 per Common Share), and cash of \$240,000.

PRICE RANGE AND TRADING VOLUME

The Common Shares are listed for trading on the TSX under the trading symbol "GAA". The following table sets out the reported high and low closing prices and aggregate trading volume of the Common Shares on the TSX for the periods indicated:

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded (#)</u>
August 12-August 30, 2009 ¹	\$5.25	\$3.90	519,200
September, 2009	\$4.90	\$4.10	1,316,800
October, 2009	\$5.30	\$4.82	151,400

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume Traded (#)</u>
November, 2009	\$5.40	\$4.15	283,900
December, 2009	\$5.35	\$4.66	422,000
January, 2010	\$5.40	\$4.76	47,411
February, 2010	\$5.25	\$4.51	384,720
March, 2010	\$5.80	\$5.00	174,385
April, 2010	\$6.49	\$5.40	61,512
May, 2010	\$6.40	\$5.00	48,215
June, 2010	\$5.50	\$4.75	52,747
July, 2010	\$4.76	\$4.30	23,474
August 1-4, 2010	\$5.00	\$4.45	2,348

¹ The Common Shares were listed and posted for trading on the TSX on July 25, 2009. However, no trading actually took place until August 12, 2009.

The closing price of the Common Shares on the TSX on August 4, 2010, the last date on which there was a trade reported on the TSX in the Common Shares prior to the date on which the Rights Exercise Price was established by the Company, was \$5.00.

PRINCIPAL SHAREHOLDERS AND ESCROW

To the knowledge of the directors and officers of the Company, the following are the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, securities of the Company carrying more than 10% of the voting rights attached to any class of outstanding voting securities as of the date of this short form prospectus:

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of Class</u>
Gazit Canada ⁽¹⁾	8,479,824	66%

(1) Gazit Canada Inc. and Gazit 2003 Inc. collectively own 8,479,824 Common Shares representing approximately 66% of the outstanding Common Shares. Gazit Canada is a wholly-owned subsidiary of Gazit-Globe. Mr. Segal, the Chairman of the Company, and his spouse own shares of the holding company which indirectly controls Gazit-Globe although they do not have voting control over all the shares. Mr. Segal also directly owns 1,018,000 common shares of Gazit-Globe, representing approximately 0.73% of the outstanding common shares of Gazit-Globe. The holding company, together with its associates (including Mr. Segal), directly and indirectly own over 64% of the outstanding common shares of Gazit-Globe.

To the knowledge of the Company, as of the date hereof, 4,208,912 of the Common Shares held by Gazit Canada are held in escrow pursuant to an escrow agreement between the Company, Computershare Trust Company of Canada and Gazit Canada pursuant to National Policy 46-201 – Escrow for Initial Public Offerings. The Units subscribed for by Gazit Canada pursuant to Rights issued in connection with such Common Shares, as well as the Unit Common Shares and Warrants comprising such Units, together with any Warrant Common Shares subscribed for by Gazit Canada on exercise of such Warrants, will be deposited into such escrow. This escrow requirement will not apply to the Units subscribed for pursuant to the Stand-by Commitment, the Unit Common Shares and Warrants comprising such Units, nor any Warrant Common Shares thereafter subscribed for in respect of such Warrants. The escrowed securities will be released according to the following schedule:

12 months after the listing date (July 2011):	1/2 of the remaining escrowed securities
18 months after the listing date (January 2012):	the remaining escrowed securities

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Company, the following is a general summary of the principal Canadian federal income tax considerations arising in respect of the receipt of Rights under the offering. This summary is applicable only to Rightsholders who acquire such Rights pursuant to the offering in their capacity as a shareholder of the Company and who, for purposes of the Tax Act and at all relevant times, hold their Common Shares, and will hold their Rights, Unit Common Shares, Warrants and Warrant Common Shares, as capital property and deal at arm's length with, and are not affiliated with, the Company (a "**Holder**").

This summary is based on the provisions of the Tax Act in force on the date hereof and counsel's understanding of the current administrative policies and practices of the Canada Revenue Agency ("**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all such Proposed Amendments will be enacted in their present form. No assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies and practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations which may differ materially from those described in this summary.

This summary does not apply to a holder of Rights that is a "financial institution" for purposes of section 142.2 of the Tax Act or a "specified financial institution" as defined for purposes of the Tax Act, or a Holder to which the "functional currency" reporting rules in subsection 261(4) of the Tax Act apply, nor does it apply to a Holder an interest in which is a tax shelter investment for the purposes of the Tax Act. Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. It does not take into account or consider the tax laws of any province or territory or of any jurisdiction outside Canada. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations concerning the tax consequences to any particular Holder are made. Holders should consult their own tax advisers regarding the income tax considerations applicable to them having regard to their particular circumstances.

Residents of Canada

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be a resident of Canada (a "**Resident Rights Holder**"). Certain Holders whose Common Shares (including Warrant Common Shares issued pursuant to the exercise of a Warrant) might not otherwise qualify as capital property may make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Common Shares and every "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and in all subsequent years deemed to be capital property.

Receipt of Rights

Generally, no amount will be required to be included in computing the income of a Resident Rights Holder as a consequence of acquiring Rights under this rights offering. The cost to a Resident Rights Holder of Rights received under this rights offering will be nil. The adjusted cost base of each identical Right held by a Resident Rights Holder will be averaged with the adjusted cost base of each other Right held by the Resident Rights Holder (including any Rights acquired otherwise than pursuant to this rights offering).

Exercise of Rights

The exercise of Rights will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized by a Resident Rights Holder upon the exercise of Rights. Unit Common Shares and Warrants acquired by a Resident Rights Holder upon the exercise of Rights will have a cost to the Resident Rights Holder equal to the aggregate of the Rights Exercise Price paid plus the adjusted cost base to the Resident Rights Holder of the Rights exercised (if any). This cost must be allocated by the Resident Rights Holder between the Unit Common Shares and the Warrants on a reasonable basis.

The adjusted cost base of each Unit Common Share held by a Resident Rights Holder will be averaged with the adjusted cost base of each other Common Share held by the Resident Rights Holder.

Exercise of Warrants

The exercise of Warrants will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized by a Resident Rights Holder upon the exercise of Warrants. Warrant Common Shares acquired by a Resident Rights Holder upon the exercise of Warrants will have a cost to the Resident Rights Holder equal to the aggregate of the Warrant Exercise Price and the adjusted cost base to the Resident Rights Holder of the exercised Warrants. The adjusted cost base of each Warrant Common Share held by a Resident Rights Holder will be averaged with the adjusted cost base of each other Common Share held by the Resident Rights Holder.

Disposition of Rights, Unit Common Shares, Warrants or Warrant Common Shares

Upon the disposition of a Right, Unit Common Share, Warrant or Warrant Common Share by a Resident Rights Holder (in the case of Rights or Warrants, other than pursuant to the exercise or expiry thereof), the Resident Rights Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are exceeded by) the adjusted cost base of the Right, Unit Common Share, Warrant or Warrant Common Share, as the case may be, to the Resident Rights Holder.

Upon the expiry of an unexercised Right or Warrant, a Resident Rights Holder will realize a capital loss equal to the adjusted cost base of the Right or Warrant to the Resident Rights Holder.

Taxation of Capital Gains or Capital Losses

Under the Tax Act, one-half of any capital gain (or capital loss) realized by a Resident Rights Holder is a taxable capital gain (or an allowable capital loss). A taxable capital gain must be included in the Resident Rights Holder's income. Subject to and in accordance with the provisions of the Tax Act, allowable capital losses must be deducted from taxable capital gains of the Resident Rights Holder in the taxation year in which such taxable capital gains and allowable capital losses are realized. Any remaining allowable capital losses for a taxation year may ordinarily be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized by a corporate Resident Rights Holder on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share to the extent and under the circumstances prescribed by the Tax Act. Similar rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Holders to whom such rules may be relevant should consult their tax advisors.

A Resident Rights Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout the year (as defined in the Tax Act) may be liable to pay an additional refundable tax on any taxable capital gains.

Capital gains realized by an individual or certain trusts may give rise to a liability for alternative minimum tax.

Non-Residents of Canada

The following portion of the summary is generally applicable to a Holder who, at all relevant times, (a) is an Ineligible Holder and (b) for purposes of the Tax Act and any applicable income tax treaty or convention, is neither resident nor deemed to be resident in Canada and does not use or hold, and is not deemed to use or hold their Rights or Common Shares in connection with carrying on business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere.

Receipt of Rights

The issuance of Rights to a Non-Resident Holder will not be subject to Canadian withholding tax and no other tax will be payable under the Tax Act by a Non-Resident Holder in respect of the receipt of Rights. The cost of Rights received under the offering will be nil.

Disposition of Rights

Upon the disposition of the Rights pursuant to a sale by the Subscription Agent on behalf of a Non-Resident Holder, the Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized unless the Rights disposed of constitute “taxable Canadian property” of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable tax treaty or convention. Rights will generally not constitute “taxable Canadian property” of such Non-Resident Holder unless the Rights are exercisable for or entitle the Non-Resident Holder to receive 25% or more of the Common Shares of the Company or the Common Shares held by such Non-Resident Holder constitute “taxable Canadian property”. So long as the Common Shares are listed on a “designated stock exchange” (which currently includes the TSX), the Common Shares will generally not constitute “taxable Canadian property” of a Non-Resident Holder unless, at any time during the five-year period immediately preceding their disposition, (a) the Non-Resident Holder, together with persons with whom the Non-Resident Holder does not deal at arm’s length, owned not less than 25% of the issued shares of any class or series of shares of the capital stock of the Company and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, and (iv) options in respect of, or interests in, or for civil law rights in, property described in any of (i) to (iii).

Non-Canadian Holders whose Rights or Common Shares constitute “taxable Canadian property” should consult their own tax advisors for advice having regard to their particular circumstances.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

To ensure compliance with U.S. Internal Revenue Service Circular 230, you are hereby notified that unless otherwise indicated: (i) any discussion of U.S. federal tax issues set forth in this prospectus is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer; (ii) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (iii) each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

The following is a summary of certain material United States federal income tax considerations relevant to the receipt (including the deemed receipt for United States federal income tax purposes), expiration, or disposition of Rights by an Ineligible U.S. Holder (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations thereunder, legislative history, published rulings, and court decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. The Company has not sought any ruling from the Internal Revenue Service (“IRS”) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary applies only to Ineligible U.S. Holders that beneficially own or are deemed for United States federal income tax purposes to beneficially own Common Shares and Rights as capital assets within the meaning of Section 1221 of the Code. This summary does not address the tax considerations arising under the laws of any country other than the United States, any United States state, or any local jurisdiction, nor does it address any gift, inheritance, estate, or other tax considerations other than U.S. federal income tax considerations. In addition, this summary does not address tax considerations applicable to any shareholder’s particular circumstances or to shareholders that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, or other financial institutions;
- persons subject to the alternative minimum tax;

- tax-exempt organizations;
- brokers or dealers in securities or commodities;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- non-U.S. persons or entities;
- persons that are S-corporations, partnerships, or other pass-through entities;
- expatriates and certain former citizens or long-term residents of the United States;
- persons whose functional currency is not the U.S. dollar;
- persons that hold Rights or Common Shares as part of a hedging, straddle, conversion, or constructive sale transaction or other risk reduction transaction;
- grantor trusts;
- real estate investment trusts or regulated investment companies;
- persons that own stock representing 10% or more of the voting power of the Company; or
- persons that are resident or ordinarily resident in Canada.

Each Ineligible U.S. Holder should consult its own tax advisor regarding the United States federal, state, local, and non-U.S. tax consequences to such Ineligible U.S. Holder of the receipt, expiration, or disposition of the Rights.

For purposes of this summary, an “Ineligible U.S. Holder” is a beneficial owner of Common Shares that (i) is not a resident of Canada for purposes of the Canada-United States Income Tax Convention of 1980, as amended, (ii) is an Ineligible Holder, and (iii) is, for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation or other entity taxable as a corporation for United States federal income tax purposes created or organized in the United States or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust that (a) is subject to the primary supervision of a United States court and the control of one or more United States persons or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

Taxation of Rights

Passive Foreign Investment Company Considerations

Special, generally adverse, United States federal income tax rules apply to United States persons that own shares of a passive foreign investment company (“**PFIC**”). A non-United States corporation will be classified as a PFIC for United States federal income tax purposes for each taxable year in which, after applying relevant look-through rules with respect to the income and assets of subsidiaries, (i) 75% or more of such corporation’s gross income is passive income (as defined for United States federal income tax purposes) or (ii) on average for such taxable year, 50% or more (by value) of such corporation’s assets either produce or are held for the production of passive income. PFIC classification is factual in nature,

generally cannot be determined until the close of the taxable year in question, and is determined annually on the basis of complex rules. However, the Company believes that it was a PFIC for the taxable year ended December 31, 2009, and it expects to be a PFIC for the foreseeable future.

Assuming the Company is classified as a PFIC for any taxable year in which an Ineligible U.S. Holder is the beneficial owner of Common Shares, then the U.S. federal income tax consequences to such Ineligible U.S. Holder of the sale of Rights by the Selling Agent on behalf of such holder, though unclear, might be materially adverse. Specifically, there is some risk the following consequences generally would result under the PFIC rules:

- any gain on the sale through the Selling Agent of a Right held by the Subscription Agent on behalf of an Ineligible U.S. Holder would be allocated ratably over such Ineligible U.S. Holder's holding period for such Right;
- the amount allocated to the current taxable year and any year prior to the first year in which the Company was classified as a PFIC would be taxed as ordinary income in the current year;
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year; and
- an interest charge for a deemed deferral benefit would be imposed with respect to the resulting tax attributable to each of the other taxable years described in the bullet point immediately above, which interest charge would not be deductible by a non-corporate Ineligible U.S. Holder.

An Ineligible U.S. Holder that has made a timely and effective "mark to market" election under the PFIC rules with respect to the Rights generally would not be subject to the tax consequences described in the bulleted points immediately above for a taxable year for which such election applies. However, under the Code, such election generally is available in respect of options or warrants on shares of a corporation: (i) only if such shares constitute "marketable stock" for U.S. federal income tax purposes and (ii) only to the extent provided in regulations. Applicable regulations have not been issued. Accordingly, the availability of the mark-to-market election in respect of Rights is uncertain. The adverse consequences of the PFIC regime may also generally be avoided by any U.S. person that makes a timely and effective "qualified electing fund" ("QEF") election to be taxed currently on such person's pro rata share of a PFIC's ordinary earnings and net capital gain. However, under Treasury Regulations, a QEF election is not available with respect to the Rights. Other adverse consequences, including the taxation of the receipt of the Rights as an "excess distribution" subject to an increased federal income tax liability and a special interest charge, may arise if the issuance of the Rights to an Ineligible U.S. Holder is treated other than as a non-taxable stock distribution under Section 305(a) of the Code, discussed below in the section entitled "Receipt of Rights." Because the PFIC rules are complex and subject to significant uncertainty, each Ineligible U.S. Holder should consult its own tax advisor concerning the United States federal income tax consequences of the Company being or having been a PFIC.

Under recently enacted U.S. federal income tax legislation and subject to future guidance, if the Company is classified as a PFIC in any taxable year, an Ineligible U.S. Holder is required to file, for taxable years beginning on or after March 18, 2010, an annual information return with the IRS relating to Common Shares or Rights owned (directly, indirectly, or constructively) by such Ineligible U.S. Holder. This new filing requirement is in addition to any pre-existing reporting requirements that apply to a U.S. Holder's interest in a PFIC (which the recently enacted tax legislation does not affect). Each Ineligible U.S. Holder should consult its own tax advisor regarding the new filing requirement for shareholders of a PFIC.

Receipt of Rights

If the Company is not classified as a PFIC with respect to an Ineligible U.S. Holder, then such Ineligible U.S. Holder will not be subject to the rules described above in the section entitled "Passive Foreign Investment Company Considerations." Instead, the material U.S. federal income tax considerations relevant to the receipt, expiration, or disposition of Rights by such Ineligible U.S. Holder will be as described in this section entitled "Receipt of Rights" and in the sections below entitled "Sale of Rights by the Subscription Agent Through the Selling Agent" and "Expiration of Rights."

Under Section 305 of the Code, a shareholder that receives a right to acquire shares or a right to acquire a warrant to acquire shares generally is not treated as having received a taxable distribution. However, an Ineligible U.S. Holder that is deemed for United States federal income tax purposes to have received a Right pursuant to this rights offering may, in certain circumstances, be treated as having received a taxable dividend in an amount equal to the fair market value of such Right. In particular, an Ineligible U.S. Holder that receives a Right generally will be treated as having received a taxable distribution if an Ineligible U.S. Holder's proportionate interest in the earnings and profits or assets of the Company is increased and any other shareholder receives a distribution of cash or other property. For the purposes of the preceding sentence, the term "shareholder" includes holders of warrants, options, and convertible securities. The application of this rule is complex and subject to some uncertainty if a corporation has warrants, options, or convertible securities outstanding. While the issue is not free from doubt, the Company believes that the issuance of the Rights to an Ineligible U.S. Holder should be treated as a non-taxable stock distribution under Section 305(a) of the Code, and the Company and its agents intend to treat the distribution of the Rights consistent with this belief. The following discussion assumes that the Company's position is respected, and that no Ineligible U.S. Holder to whom this summary applies is subject to United States federal income tax upon the receipt (including the deemed receipt) of a Right. However, the Company's position is not binding on the IRS, and there can be no assurance that the IRS will agree with such position. If the Company's position were finally determined by the IRS or a court to be incorrect, the fair market value of the Rights received or deemed received would be taxable to each Ineligible U.S. Holder as a dividend, assuming the Company were not classified as a PFIC with respect to an Ineligible U.S. Holder. Each Ineligible U.S. Holder is strongly urged to consult its own tax advisor regarding the risk that the receipt or deemed receipt of Rights will be treated as a taxable dividend.

Sale of Rights by the Subscription Agent Through the Selling Agent

If the Company is not classified as a PFIC with respect to an Ineligible U.S. Holder, upon the sale through the Selling Agent of a Right held by the Subscription Agent on behalf of such Ineligible U.S. Holder, such Ineligible U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized on such sale and such Ineligible U.S. Holder's adjusted tax basis in such Right (generally, the fair market value of such Right on the date of issue), both as determined in United States dollars.

The amount realized by an Ineligible U.S. Holder upon such sale generally will be the amount of cash received by the Selling Agent on behalf of such Ineligible U.S. Holder in exchange for such Right. If the consideration received by the Selling Agent for a Right is not paid in U.S. dollars, then the amount realized will be the U.S. dollar value of the payment received, determined by reference to the spot exchange rate in effect on the date of sale or, if the Right sold is traded on an "established securities market" and such Ineligible U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date.

If the fair market value of the Rights on the date of issue equals or exceeds 15% of the fair market value on such date of the Common Shares with respect to which the Rights are issued, then an Ineligible U.S. Holder's tax basis in such Common Shares must be allocated between such Common Shares and the Rights. Such an allocation must be made in proportion to the fair market value of the Common Shares and the fair market value of the Rights on the date the Rights are issued.

If the fair market value of the Rights on the date of issue is less than 15% of the fair market value on such date of the Common Shares with respect to which the Rights are issued, then an Ineligible U.S. Holder's tax basis in such Rights will be zero and such Ineligible U.S. Holder's basis for the Common Shares with respect to which the Rights are issued will remain unchanged. Notwithstanding the foregoing sentence, however, it may be possible for an Ineligible U.S. Holder affirmatively to elect (in a statement attached to such Ineligible U.S. Holder's United States federal income tax return for the year in which the Rights were issued) to allocate to the Rights a portion of such Ineligible U.S. Holder's basis in such Common Shares in the manner described in the immediately preceding paragraph. Any such election is irrevocable and must be applied to all of the Rights deemed received by such Ineligible U.S. Holder pursuant to this rights offering.

If the Company is not classified as a PFIC with respect to an Ineligible U.S. Holder, any gain or loss recognized by such Ineligible U.S. Holder on the sale of a Right by the Selling Agent generally will be short-term capital gain or loss, unless such Ineligible U.S. Holder's holding period in the Right is deemed to be greater than one year. An Ineligible U.S. Holder's holding period in a Right will be deemed to have begun on the same date as that of the Common Share with respect to which such Right was issued. Any gain or loss generally will be treated as United States source gain or loss. The deductibility of capital losses is subject to limitations.

An Ineligible U.S. Holder's tax basis in any non-U.S. currency received on behalf of such Ineligible U.S. Holder by the Selling Agent upon the sale of a Right will be equal to the U.S. dollar value of such currency determined by reference to the spot exchange rate in effect on the date of receipt. Any gain or loss realized on a subsequent conversion of non-U.S. currency into U.S. dollars generally must be recognized as U.S. source ordinary income or loss.

Expiration of Rights

Notwithstanding the foregoing, if a Right expires without being exercised, sold, or exchanged by or on behalf of an Ineligible U.S. Holder, then no basis generally will be allocated to such Right and such Ineligible U.S. Holder generally will not realize any loss upon the expiration of such Right.

Information Reporting and Backup Withholding

In general, Ineligible U.S. Holders (other than "exempt recipients") will be subject to information reporting with respect to proceeds from the sale or exchange of Rights. In addition, Ineligible U.S. Holders (other than "exempt recipients") may be subject to backup withholding at a current rate of 28% with respect to proceeds from the sale or exchange of Rights. In general, if a non-corporate Ineligible U.S. Holder fails to furnish a correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, backup withholding will apply. Backup withholding is not an additional tax, and amounts withheld may be credited against an Ineligible U.S. Holder's regular United States federal income tax liability or refunded by the IRS, provided the required information is furnished to the IRS in a timely manner.

Subject to specified exceptions and future guidance, under recently enacted U.S. federal income tax legislation, an Ineligible U.S. Holder that is an individual is required to report to the IRS certain interests owned by such Ineligible U.S. Holder in stock or securities issued by a non-U.S. person (such as the Company), if the aggregate value of all such interests exceeds US\$50,000. This new reporting requirement applies for taxable years beginning after March 18, 2010. Failure to report information required under this legislation could result in substantial penalties. Each Ineligible U.S. Holder should consult its own tax advisor regarding the information reporting obligations that may arise from the ownership of the Rights.

RISK FACTORS

In addition to the risk factors described in the AIF, prospective holders of the Unit Common Shares and Warrants should carefully consider the following risk factors and other information contained or incorporated by reference in this short form prospectus.

Market for the Warrants and Trading Prices of the Warrants and Common Shares

There is currently no trading market for the Warrants. It is not a condition to closing of this rights offering that the Warrants be listed on the TSX or any other exchange. No assurance can be given that listing of the Warrants will occur or whether an active or liquid trading market for the Warrants will develop or be sustained. If listing does not occur or if an active or liquid market for the Warrants fails to develop or be sustained, the prices at which the Warrants trade may be adversely affected. Whether or not the Warrants will trade at lower prices depends on many factors, including liquidity of the Warrants, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and the Company's financial condition and future prospects.

It is impossible to predict whether the price of the Common Shares will rise or fall. Trading prices of the Common Shares will be influenced by the Company's operational results and by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Company is a part. At the time of expiry of the Warrants, the price of the Common Shares may be less than the exercise price of the Warrants, such that the Warrants may have no value at that time.

Exercise of Warrants Following Certain Transactions

Following the occurrence of certain transactions, each Warrant will cease to be exercisable for Warrant Common Shares and will instead become exercisable for the securities, cash or property receivable by a holder of Common Shares in the kind and amount of securities, cash or property into which the Warrant was exercisable immediately prior to the transaction. This change could substantially lessen or eliminate the value of the Warrants in the future.

Dilution

Unless a shareholder exercises its Rights and, thereafter, its Warrants, a shareholder's percentage interest in the Company may be diluted and that dilution may be material.

Risks Related to the Sale of Rights on Behalf of United States Shareholders

The Company believes it was classified as a "passive foreign investment company" for the taxable year ended December 31, 2009, and expects to be a PFIC for the foreseeable future, which likely will result in materially adverse United States federal income tax consequences for United States shareholders. The Company will be classified as a passive foreign investment company ("**PFIC**"), for United States federal income tax purposes, in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, either at least 75% of its gross income is "passive income," or on average at least 50% of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. PFIC classification is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually on the basis of complex rules.

If the Company is classified as a PFIC at any time that an Ineligible U.S. Holder (as defined in "Certain United States Federal Income Tax Considerations") holds Common Shares, such holder may be subject to an increased United States federal income tax liability and a special interest charge in respect of gain realized from the sale through the Selling Agent of Rights held by the Subscription Agent on behalf of such holder.

Each Ineligible U.S. Holder should consult its own tax advisor concerning the United States federal income tax consequences of the receipt and disposition of Rights if the Company is a PFIC in any taxable year, in light of such holder's particular circumstances. For a more detailed discussion of the potential tax consequences of classification of the Company as a PFIC, see the section entitled "Certain United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations."

LEGAL MATTERS

Certain legal matters relating to this rights offering will be passed upon at the date of closing on behalf of the Company by Torys LLP. As of the date hereof, the partners and associates of Torys LLP beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares.

AUDITORS, REGISTRAR AND TRANSFER AGENT AND WARRANT AGENT

The auditors of the Company are Deloitte & Touche LLP, Chartered Accountants, Licensed Public Accountants, 181 Bay Street, Suite 1400, Toronto, Ontario M5J 2V1. Such firm is independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The Subscription Agent for the Rights is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario. The transfer agent and registrar for the Common Shares and Warrants is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

PROMOTER

First Capital has taken the initiative in founding and organizing the Company and accordingly may be considered to be a promoter within the meaning of applicable securities legislation. First Capital does not own any equity interest in the Company. As described in the AIF, First Capital is a lender to the Company pursuant to an unsecured subordinated term loan in the principal amount of US\$36 million, which bears interest at the rate of 8.5% per annum and is payable interest only until its maturity date of June 19, 2014, subject to the Company's option to extend the maturity date for a further five (5) year period expiring June 19, 2019. As a subordinated loan, this debt includes minimal covenant protections in favour of First Capital.

MATERIAL CONTRACTS

The following is the only material contract, other than contracts entered into in the ordinary course of business, which has been entered into by the Company within the past two years or which are proposed to be entered into:

- (a) the Warrant Indenture referred to under the heading “The Warrants”.

A copy of this agreement, following execution thereof, is available for inspection at the Company’s head office during normal business hours during the course of distribution of the Rights under this rights offering and for 30 days following the Rights Expiry Date.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

INQUIRIES

Inquiries relating to the rights offering should be addressed to the Subscription Agent:

Computershare Investor Services Inc.
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

Toll Free (North America): 1-800-564-6253
Overseas: 1-514-982-7555

E-Mail: corporateactions@computershare.com

AUDITORS' CONSENT

We have read the short form prospectus of Gazit America Inc. (the "Company") dated August 5, 2010 relating to the offering of rights to subscribe for units of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of earnings, shareholders' equity, comprehensive (loss) income and cash flow for each of the years in the two-year period ended December 31, 2009. Our report is dated March 18, 2010.

(Signed) Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
August 5, 2010

CERTIFICATE OF THE COMPANY AND PROMOTER

Dated: August 5, 2010

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

GAZIT AMERICA INC.

(Signed) Gail Mifsud
Chief Executive Officer

(Signed) Lenis W. Quan
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Dori J. Segal
Director

(Signed) Aharon Soffer
Director

**FIRST CAPITAL REALTY INC.
(as Promoter)**

By: (Signed) Karen H. Weaver
Executive Vice-President and
Chief Financial Officer