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Opinion
Plaza Centers

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Chapter 1: Executive Summary

1.1 Background

Plaza Centers N.V. (hereinafter, "**Plaza**" or "**the Company**") engages in developing, marketing, managing, letting and selling shopping centers, and has been active in the real estate development market, in particular shopping centers, in emerging markets for the past 17 years. By 2013, the Company had already completed the development, building and letting of 33 shopping centers and the sale of 26 shopping centers in Hungary, Poland and the Czech Republic, with a gross asset value of more than 1 billion euros, and with high profitability rates.

In 2007-2011, the Company raised circa 370 million euros via an issuance of two bond series on the Tel Aviv Stock Exchange, in addition to 14 million euros via a bond issuance in Warsaw. After a decade of successful activity, during which the Company realized many assets with a profit, the 2008 crisis came along and with it, a significant drop in real estate values across Eastern Europe, including the Company's assets.

As of November 2013, the Company has cash balances circa 23 million euros, and by the end of 2013, the Company is supposed to pay the bondholders circa 32 million euros, and during the first half of 2014, the Company must pay an additional amount of circa 67 million euros. Indeed, the Company has many assets with an appraised net asset value of circa 420 million euros; however, realizing them in a fire sale could be concluded only with a discount of circa 30% to 40% which will cause damage both to the Company, and indirectly, to its bondholders.

Given this backdrop, on November 14, 2013 the Company announced that it will be freezing payments to all its creditors and will be entering into negotiations with creditors to arrive at an agreed debt arrangement. The Company's proposed debt arrangement includes a potential of equity injection from the owners at the amount of circa 20 million euros via a right issuance, a delay of all the bond series by 3 years, a realization plan under which 19 of the 30 assets will be realized by 2018 for circa 490 million euros (net proceed), a transfer of 75% of the net proceed to the bondholders in order to reduce the principal balance, compensate the bondholders with an additional 1.5% annual interest, and additional compensation to the bondholders with equity instruments.

The Company has 30 real estate assets of four different kinds: Shopping centers, assets under development, plots and other assets. The fair value of all the gross assets is valued at circa 635 million euros. The 7 active shopping centers are valued at circa 300 million euros and are bank financed at a LTV ratio of circa 68%.

Most of the other assets are development projects and plots of land that were acquired with equity and no leverage. The Company's assets serve as a security against the circa 215 million euros of bank debt. The fair value of the Company's assets, after deducting the asset-backed liabilities to the banks, is appraised at circa 420 million euros. Under fire sale conditions, the Company's gross asset value is appraised at circa 415 million euros and the assets minus the liabilities to the banks net surplus for the assets is valued at circa 200 million euros.

Company Asset Values, Fair Value and Fire Sale Conditions

Millions of Euros

		Amount	Appraiser Valuation 2013[1] JLL	Appraiser Valuation In Fire Sale	Debt	Appraiser Valuation (Net)	Fire Sale (Net)
1	Shopping Centers	7	301.2	240.7	204.5	96.7	36.1
2	Assets Under Development	6	213.7	116.9		213.7	116.9
3	Plots	14	94	48.9		94	48.9
4	Other properties	3	8.8	5.2		8.8	5.2
	Other assets	4	17.1	3.8	10.9	6.2	-7.2
	Total[2]	**34**	**634.8**	**415.3**	**215.4**	**419.4**	**199.9**

1.2 Review of the Expected Cash Flows

In this opinion, I relied on Plaza's cash flow forecast for the years 2013 to 2018, which was prepared by Company Management, and approved by its organs. I examined the reasonability and feasibility of Management's forecast as it was presented to me, including the underlying assumptions they used, checked that the plan coincides with the data from **Jones Lang LaSalle** (hereinafter, **"LaSalle"** or **"JLL"**) and examined the business plans it is based on. I made some adjustments to the Company's forecast where needed. According to the forecast, 2017 is expected to end with a cash balance of circa 56 million euros, and mid 2018 is expected to end with circa 282 million euros.

[1] Valuations of the real estate appraiser Jones Lang Lassale. In total Lassale appraised the 30 assets of the Company as of November 2013 according to fair value and under discount assumptions in respect of fire sale. This opinion is largely based on the valuations of Lassale. In addition, the Company's valuations on 4 assets included in other assets were received: Cina, Vally View, Krusevac and Hawker 400xp.

[2] The calculations in this work were performed by electronic sheets and therefore rounding differences may result.

Summary of Forecasted Cash Flows After Adjustments 2013 - 2018

Millions of Euros

	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
Opening Balance	**31.5**	**46.3**	**46.9**	**44.3**	**49.1**	**41.9**	**32.8**	**42.2**	**56.1**
Sources									
Lease Income	10.1	8.3	8.8	7.1	5.7	5.7	6.0	6.0	5.3
Asset Sales	34.0	55.4	29.6	51.4	0.0	38.2	31.3	26.1	224.6
Rights Issuance	20.0								
Financing Income	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.5	1.7
Total Sources	**64.6**	**64.2**	**38.9**	**59.0**	**6.1**	**44.3**	**37.6**	**32.6**	**231.6**
Uses									
Payments to Banks	6.6	5.7	4.1	3.3	1.9	1.9	1.4	1.4	1.4
Payments to Bondholders	31.6	46.4	26.1	41.4	2.4	47.0	22.3	12.8	0.0
G&A	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
New Investments	7.0	7.0	6.7	5.0	4.5	0.0	0.0	0.0	0.0
Total Uses	**49.8**	**63.7**	**41.4**	**54.2**	**13.3**	**53.4**	**28.3**	**18.7**	**5.9**
Closing Balance	**46.3**	**46.9**	**44.3**	**49.1**	**41.9**	**32.8**	**42.2**	**56.1**	**281.7**
Debt balance to bondholders	178.5	137.8	116.0	78.3	78.3	33.8	12.5	0.0	

1.3 Expected NAV

Under the proposed arrangement assumptions, in December 2015 the Company will have in its possession assets with an appraised fair value of circa 350 million euros, and circa 50 million euros of cash. The outstanding debt to bondholders and banks is expected to sum to circa 78 and 51 million euros, respectively. The expected Net Asset Value (NAV) for the end of 2015 is circa 261 million euros. At the end of 2018 this NAV should sum to circa 374 million euros, and that is assuming that the big 4 projects under development will indeed be executed and sold at the price appraised by JLL.

Expected Net Asset Value (NAV) for 2015 – 2018

Millions of Euros

Expected NAV	**31/12/2015**	**31/12/2018**
Cash	49	284
Total Assets	349	145
Total Assets and Cash	398	429
Bank Loan	51	48
Bond Balance	78	0
Total Loans	130	48
Overhead	7	7
Expected NAV	**261**	**374**

1.4 Payment to Bondholders

The aggregate opening balance for the 3 series adds up to circa 202.1 million euro. The remaining debt balance at end of year 2013, including the accrued interest sums to circa 207.4 million euros. From this amount, 4 million euros that are in the Company's treasury must be deducted. The result is a current net debt balance of circa 203.5 million euros.

Company's Commitments to Bondholders as of November 2013

Millions of Euros

Series	Remaining Nominal Debt (adjusted to CPI)	Interest Rate	No. of Payments Remaining	Upcoming Payment Date	Last Payment Date
Israeli Bonds Series A	62.4	4.50% + CPI	5	December 31, 2013	December 31, 2017
Israeli Bonds Series B	125.4	5.40% + CPI	2	July 1, 2014	July 1, 2015
Polish Bonds	14.3	Wibor + 4.50%	1	November 18, 2013	November 18, 2013
Total	**202.1**				

Under the proposed arrangement, the vast majority of the debt will be delayed by 3 years. The final date of payment will be delayed by one year from December 2017 to December 2018. The net fair value of the assets designated for realization is appraised at circa 356 million euros, and the net proceed from realizing these assets is expected to amount to circa 490 million euros. At the time of realization of an asset, 75% of the net cash flow will be transferred to the bondholders, thus decreasing the principal balance which was postponed. The total payments to bondholders, including interest, will increase as a result of the delay and of raising the interest from circa 220 million euros to circa 260 million euros. Under the realization assumptions and the early repayments, the total payments to bondholders will sum to circa 235 million euros.

Total Payments to Bondholders:

Original Schedule, New Schedule and New Schedule with Early Repayments

Millions of Euros

	Schedule Original	New Without Realizations	New With Realizations
Series A	69.4	77.0	72.0
Series B	135.6	164.4	145.4
Polish Bond	14.8	18.7	17.1
Total	**219.8**	**260.1**	**234.6**

The economic significance for the bondholders is the replacement of the current cash flow with a new one. In order to calculate the new discounted cash flow, I must determine what the appropriate discount rate is. In this opinion, to represent the risk, I used a discount rate of 20%. The value of the new cash flow of all bond series is discounted back to November 13 2013, with a discount rate of 20% is 162 million euros. The value of the package for the bondholders under the proposed arrangement is circa 46.3 million euros for Series A, circa 103.6 million euros for Series B and circa 12.4 million euros for the Polish bond. Under the assumption of discount rate of 15%, this value may increase to circa 176 million euros. Furthermore, the Company will grant options at 9.99% of the share capital to the bond holders.

Value of bonds after the debt arrangement

Millions of Euros

	Series A Bond	Series B Bond	Polish Bond	Total
Value of new cash flow @ 15% discount rate	51.2	111.8	13.3	176.2
Value of new cash flow @ 20% discount rate	46.3	103.6	12.4	162.3
Value of Traded Bonds in Euros 13.11.2013	40.9	83.3	**9.9**[3]	134.1
Surplus Above Traded Value	**5.5**	**20.2**	**2.4**	**28.1**

1.5 The Liquidation Option

Under the liquidation scenario, the assets will be realized based on their value under fire sale conditions. The value of the assets under fire sale conditions were obtained by JLL as of November 13, 2013. It was assumed, in accordance with JLL's appraisals that the assets will be sold within 6 months. In order to estimate the value of the assets in liquidation as of today, a discount of 20% was performed for six months. In addition, I took another write down due to the Casa Radio Project. According to JLL, the value of Casa Radio when sold under fire sale conditions is circa 80 million euros. Since this is a project worth hundreds of millions of euros, which involved leased land, and which is locked into a partnership agreement with the government, PPP (Public Private Partnership), the assumption that this project will be sold in exchange for 80 million euros within 6 months seems unreasonable. Company Management is highly doubtful that in a liquidation scenario it will be able to sell the project for this amount.

[3] The Polish bonds are not marketable. The theoretical value was calculated according to the proportion of the market value of the other two bonds compared to their adjusted par value.

The value of Plaza stock in liquidation is circa **negative** 70 million euros.

Cash Flow in Liquidation

Millions of Euros

	31/12/2013
Opening Balance	33
Realizations	167
Total Assets and Cash	**200**
Expenses	
Liquidation Expenses - 6% of Assets	25
General & Admin. (annual)	9
Subtotal	166
Bonds (Company Debt)[4]	203
Subtotal	-37
Deposits from tenants	2.6
Value of Stock in Liquidation	**-40**
Additional Write Down due to Casa Radio	-30
Corrected Stock Value in Liquidation	**-70**

Sincerely yours,

Horowitz Idan Sabo Tevet & Cohen Tabach

Horowitz Idan Sabo Tevet & Cohen Tabach
Certified Public Accountants (Isr.)

[4] Minus bonds held in the Company's treasury.

Chapter 2: Company Description

2.1 General

Plaza Centers N.V. engages in developing, marketing, managing, letting and selling shopping centers, and has been active in the real estate development market, in particular shopping centers, in emerging markets for the past 17 years. The Company is incorporated in The Netherlands and its ordinary shares are traded on the London Stock Exchange (LSE) and the Warsaw Stock Exchange (WSE); 62.5% of its shares are held by Elbit Imaging Ltd. Plaza has 30 real estate assets, a majority of them in Eastern Europe, as well as in India.

In recent years, the Company developed two residential projects in India, in the cities of Chennai and Bangalore, in cooperation with its parent company, Elbit Imaging. Additionally, the Company holds a large number of plots of land in Eastern Europe, as well as two offices. The Company has 30 real estate assets of four different kinds:

1. **Shopping centers** – 7 active shopping centers, 6 of which are located in Eastern Europe
2. **Assets under development** – 6 projects under development, especially in Eastern Europe
3. **Plots** - 14 plots poised for development or sale
4. **Other assets** – 2 offices, and other properties.

The fair value of all the gross assets is valued at circa 635 million euros. The 7 active shopping centers are valued at circa 301 million euros and are bank financed at a LTV ratio of circa 68%. Most of the other assets are development projects and plots of land that were acquired with equity and no leverage. The Company's assets serve as a security against the circa 215 million euros of bank debt. The vast majority of the debt is comprised of non-recourse loans; however, in certain cases, the banks have guarantees from Plaza. The aggregate sum of the recourse loans is not to exceed 48 million euros, as detailed in chapter 3.2.2 of this Opinion. In most of these cases, the value of the collateralized asset is higher than the value of the loan, such that the net exposure of Plaza to the bank debt, including these guarantees, is circa 10 million euros.

The fair value of the Company's assets, after deducting the asset-backed liabilities to the banks, is appraised at circa 420 million euros. Under fire sale conditions, the Company's gross asset value is appraised at circa 415 million euros and the assets minus the liabilities to the banks net surplus is valued at circa 200 million euros.

Company Asset Values, Fair Value and Fire Sale Conditions

Millions of Euros

	Economic Value	Fire Sale Value
Gross Asset Value	635	415
Asset-Backed Debt	215	215
Net Surplus	**420**	**200**

In addition to the asset-backed debt, the Company has outstanding debt to the bondholders. The remaining unpaid principal amounts to circa 202 million euros, and all the debt amounts to 207.4 million euros, including interest that accrues until the end of 2013[5]. As of today, the Company issued 3 series of bonds, 2 series trade on the Tel-Aviv Stock Exchange, and one in Poland, and as of November 2013, the debt balance on them is 62.4, 125.4 and 14.3 million euros respectively, in nominal value (adjusted for the CPI).[6]

2.2 The Background to the Cash Flow Distress

2.2.1 The Early Years

Since its establishment in 1996, Plaza's field of expertise was developing and building shopping centers and entertainment centers in Eastern Europe, and particularly in Hungary. Plaza recognized the rising demand for modern shopping centers in Eastern Europe and engaged in a strategy that involved developing, building, managing and selling them for considerable profits to international real estate funds. In light of its significant success in Hungary, the Company then began building centers in Poland and other countries in Eastern Europe. By 2013, the Company had already completed the development, building, management and occupancy of 33 shopping centers and selling of 26 shopping centers in Hungary, Poland and the Czech Republic, with a gross asset value of more than 1 billion euros, and with high profitability rates. In this manner, Plaza became the leader in the field of building shopping centers in Eastern Europe. Its competitors include: The German ECE, the Hungarian Tri Granit, and the Israeli GTC which is part of the Kardan Group. These 3 competitors together built less than the 32 centers Plaza built over the same period in Central and Eastern Europe.

2.2.2 Public Offerings

In 2006 the Company went public after issuing its stock on the main board of the London Stock Exchange, and raised circa 247 million euros. In 2007, the Company listed its shares also on the Warsaw Stock Exchange (WSE), and effective from this year, the Company raised circa 370 million euros (circa 1.8 billion

[5] The net debt of the Company to the bondholders amounts to circa 203.4 million euros. This is the resulting amount after deducting circa 4 million euros that were purchased by the Company and which are held in the Company's treasury.

[6] The exchange rates used are 4.7455 NIS to the euro and 4.1888 Zloty to the euro over the term of the opinion.

NIS) through an issuance of two bond series on the Tel Aviv Stock Exchange, and an additional 14 million euros (60 million zlotys) in bonds issued in Poland.

2.2.3 Arena Plaza

Among Plaza's major successes, the "Arena Plaza" project stands out. Plaza built in less than 2 years, with an investment of circa 162 million euros, the largest shopping center in Hungary, with more than 200 stores and 2,800 parking spots. The shopping center was sold to the British investment fund aAIM in exchange for circa 387 million euros, which represents a profit of circa 225 million euros (more than 1 billion NIS).

2.2.4 Casa Radio

The Company took advantage of its excess cash flows to purchase additional plots of land on which it intended to build shopping centers in additional Eastern European countries, and particularly Romania, including one very major asset - Casa Radio. Plaza holds 75% of the project together with the Romanian government (15%) and a Turkish partner. The Company intends to develop the project and expand it in 3 stages: Build a shopping center, three office buildings and finally hotels. The Company acquired the building for circa 30 million euros and has invested in total circa 115 million euros. This is a high risk project that is expected to take 5.5 years to build. That being said, Plaza believes that the combination of an asset in such a central location and the partnership with the Romanian government improve the chances that the plans will in fact be executed.

2.2.5 India

In 2007 the Company made a very substantial investment in India – unchartered geographical territory for the Company, with the intention of building new commercial shopping centers similar to those in Eastern Europe, and additionally, with the intention of entering a new field of business – residential projects, and all this was financed in part by the income from the issued bonds. Some of the projects in India were done together with the parent company "Elbit Imaging", in a 50% partnership with a local company; the non-residential projects were performed without the parent company.

2.2.6 The 2008 Crisis

After a decade of successful activity, during which the Company realized many assets for a profit, the 2008 crisis came along and with it, a significant drop in real estate values across Eastern Europe, including the Company's assets. Relative to other real estate development companies in Eastern Europe, Plaza was well prepared for the crisis. The Company sold all the shopping centers it owned prior to the crisis, and began building new shopping centers after 2008 at a much slower rate and only after careful consideration of each potential location to pinpoint locations where the crisis did not hit the economy quite so hard.

2.2.7 The Recent Years

Between 2009 and 2012, the Company built a total of 7 shopping centers, 3 in Poland, 3 additional ones in Eastern Europe (Serbia, Latvia and the Czech Republic) and 1 in India. Generally speaking this represents a slower pace of construction, of less than 2 shopping centers annually. The investments in India and Romania, prior to the crisis, caused the Company to experience very significant losses and dragged the Company into cash flow distress; however, due to the fact that most of the plots of land in Eastern Europe were purchased without any leverage, the Company's overall debt levels remained reasonable in comparison with other companies in the industry.

As of November 2013, the Company met all its obligations and even succeeded in paying the bondholders a total of circa 1.1 billion NIS (circa 230 million euros according to the exchange rate as of today). Beginning as of 2013 the Company has been engaged in executing a realization plan which is meant to service its debts. To date, the Company has successfully completed the realization of 5 assets (excluding Koregaon park), and collected the remaining payments from its transaction in the United States from 2012, amounting to a total aggregate value of circa 61 million euros.

2.2.8 Koregaon Park

The sale of a substantial asset, the shopping center in Koregaon Park, which is in Pune, India, was delayed in comparison with the original realization plan. A fire that broke out in the shopping center in 2012, several months after the opening, destroyed circa one third of the shopping center and left it out of commission for an extended period. The sale of the shopping center was supposed to yield a positive cash flow of tens of millions of euros in 2013. The Company indeed renovated the shopping center and even received restitution funds of circa 7 million euros from the insurance company, but still the investment in Koregaon Park caused the Company significant losses.

On November 14 2013, the Company entered into an agreement for the sale of the shopping center in Koregaon Park in exchange for circa 40.5 million euros subject to meeting prerequisites. The Company will receive circa 18.5 million euros net, after paying down the debt to the bank at the amount of circa 21.4 million euros. Out of this amount, circa 10 million euros are expected to be injected in the coming two months and the remaining amount during the first half of 2014.

2.2.9 Current Cash Flow Situation

As of November 2013, the Company cash balances only circa 23 million euros (before the proceed from the sale of Koregaon Park), and another 10 million euros of restricted cash. Until the end of 2013, the Company is supposed to pay the bondholders circa 32 million euros, of which circa 12 million euros will go towards the principal of Israeli bonds Series A, 14 million euros towards the principal of the Polish bonds and circa 6 million towards interest payments on all three series of bonds. The cash balances of the Company, together with the expected proceed from the sale of Koregaon Park, may be insufficient to repay the bondholders already at the end of 2013. In addition, during the first half of 2014, the Company must pay principal and interest of circa 67 million euros to the bondholders of the two Israeli series (circa 66 million euros for Series B). The Company has many assets with an appraised net value of circa 420 million euros; however, realizing them in a fire sale could require a discount of circa 30% to 40% which will damage both the Company, and indirectly, its bondholders.

Additionally, realizing the assets under pressure could create a snowball effect which could bring the Company into a situation of extreme distress. The Company's bargaining power will be harmed and its ability to increase occupancy and thus rent income will also deteriorate. As a result, there could be a drop in value of the assets, which serve as securities for the bank loans and the sole source of repayment to the bondholders. The Company prepared a restructuring plan which includes, on the one hand, postponing the principal payments to the bondholders for a period of 3 years in exchange for compensation in interest, equity instruments, and on the other hand, a realization plan that is intended to service the new debt. The plan also includes a mechanism under which the bondholders' payments are executed in line with the actual realizations. The proposed arrangement does not include a "haircut" for the bondholders, but rather only a deferred principal and interest payments.

Therefore, on November 14, 2013 the Company announced that it will withhold payments to all its creditors and will be entering into negotiations with creditors to approve an arrangement.

2.3 Purpose of this Opinion

The goals of this opinion are to:

1. Review the debt arrangement that the Company is offering, and to evaluate its reasonability.
2. Appraise the value of the new bond packages and the equity instruments that will be granted under the proposed arrangement by the Company to the bondholders in lieu of the bonds they currently hold.
3. Appraise the value of the Company based on the liquidation option.

2.4 Sources of Information

The sources I used to write this opinion included, among other things, the following:

1. A series of meetings and calls with the Company's management in the Company's headquarters in Europe, including the Company's CEO and CFO, as well as analysts and economists at Plaza.
2. A visit at the Company's headquarters in order to specifically examine the Company's assets.
3. Valuations of the real estate appraiser **JLL**.[7] LaSalle appraised the vast majority of the Company's assets as of December 31, 2011 and December 31, 2012. In November 2013, LaSalle conducted condensed appraisals ("Desktop"), under the assumption that a discount will be taken due to the fire sale conditions. This opinion relies heavily on LaSalle's appraisals.
4. Use of public information regarding the Company's assets, liabilities, financial situation, and any other information relevant to the Company's activities and this opinion.
5. Utilization of public information regarding the areas in which the Company operates, the fields of operation and forecasts regarding this information.
6. Presentations and information from the Company, which were used during a presentation to the Board of Directors.
7. The Company's audited financial statements for the years 2010-2012, and half year financial statements for 2013.
8. Information from the Tel Aviv Stock Exchange regarding the Company's bonds.

Chapter 3: The Company's Assets and Liabilities

3.1 Assets

3.1.1 Shopping Centers

As of today, the Company has developed and realized 26 shopping centers, and in addition, it has completed the construction of 7 shopping centers, 6 are in Eastern Europe and one in India that are managed by the Company. The Company specializes in locating potential tenants and closing long term contracts with them. The occupancy rates in the shopping centers for 2013 range from 80% to 100% and the intention is to continue operating the shopping centers and increase the occupancy rates further, with the ultimate plan to sell them, subject to the Company's ability at that time to locate buyers at attractive prices and subject to market conditions.

[7] Jones Lang LaSalle is a financial and professional services firm specializing in real estate services and investment management with more than 40,000 people in 1,000 locations in 70 countries serve the local, regional and global real estate needs of those clients, growing our company in the process.

The Company's Seven Shopping Centers

Millions of Euros

Project Name	Country	Plaza Centers Share	Area in Sqm. (GLA)	Occupancy Rate 2011	Occupancy Rate 2012	Occupancy Rate E2013	NOI 2013	Appraiser Valuation 2013	Firesale Value	Remaining Bank Debt
1 Torun	Poland	100%	40,000	80%	81%	88%	6.3	94.1	72.5	48.9
2 Suwalki	Poland	100%	20,000	89%	85%	85%	3.1	45.8	36.6	32.2
3 Kragujevac	Serbia	100%	22,000	-	98%	100%	3.9	42.0	35.0	29.6
4 Pune – Koregaon	India	100%	41,000	-	85%	-	0	39.9	39.9	21.4
5 Riga (50%)	Latvia	50%	49,000	90%	94%	96%	3.0	39.9	31.9	29.5
6 Zgorzelec	Poland	100%	13,000	79%	83%	89%	0.8	20.0	14.0	22.1
7 Liberec	Czech Republic	100%	17,000	73%	75%	76%	1.0	19.5	10.7	20.9
	Total		**202,000**	**83%**	**89%**	**91%**	**18.1**	**301.2**	**240.7**	**204.5**

Torun – Poland

The Company's highest valued shopping center is the one in Torun, Central Poland. The potential rental income from Torun is circa 8 million euros annually, assuming full occupancy. In 2012 the occupancy rate in the shopping center was 81%. Toward the end of 2013 the Company managed to sign a contract with a tenant for a significant area of the shopping center, which is located in the center of the mall and constitutes circa 7% of its commercial space. As a result, Company Management expects that it will be able to reach 95% occupancy during 2014 and rental income from the shopping center of approx 7.4 million euros annually. According to the appraiser's valuation, the shopping center is valued at circa 94 million euros.

Pune – India

In 2012 the Company opened a shopping center in Pune, Western India, in the upscale neighborhood of Koregaon. The shopping center which was appraised at circa 56 million euros was recently reassessed at 40 million euros. In June 2012, only 3 months after the shopping center's opening, a fire broke out and destroyed circa one third of the shopping center. On November 14 2013, the Company reached an agreement to sell Koregaon Park shopping center in exchange for circa 40.5 million euros subject to satisfaction of certain closing conditions.

The Company will receive circa 18.5 million euros net, after repayment of the outstanding debt to the bank at the amount of circa 21.4 million euros (1,830 million Rupees). Out of this amount, circa 10 million euros will be transferred in the coming two months and the remaining amount during the first half of 2014. Additionally, after the Company received the restitution funds of circa 7 million euros from the insurance company for the damage itself, it expects to receive another between 1.5 and 3 million euros for indirect damage incurred as a result of loss of income, etc. The net income from rent was negligible in 2013 due to the fire. The potential income from the shopping center is circa 5 million euros per year.

3.1.2 Projects Under Development

All of the assets in this group were financed from the Company's equity and are not pledged to anyone. The total value of all the projects in this group was appraised by JLL at the amount of circa 214 million euros. The valuation under fire sale conditions is circa 117 million euros. The valuation of the completed projects is appraised at circa 771 million euros.

Projects Under Development

Millions of Euros

	Project Name	Country	Plaza Centers Share	Area in Sqm. (GLA)	Appraiser Valuation 2013	Firesale Value
1	Casa Radio	Romania	75%	600,000 (GBA)	160.4	80.2
2	Sport Star	Serbia	100%	32,000	14.1	10.0
3	Belgrade	Serbia	100%	70,000 (GBA)	11.8	9.4
4	Timisoara	Romania	100%	36,000	10.7	5.4
5	Chennai	India	38%	230,000	9.0	8.1
6	Lodz (mall)	Poland	100%	35,000	7.7	3.8
					214	**117**

Casa Radio

The asset that stands out in this group is Casa Radio, which is in Bucharest, Romania, and which is valued by JLL at circa 160 million euros. This is a unique and impressive building which was built in the center of Bucharest, and the Company intends to develop it, in 3 stages: Build a shopping center, office buildings and finally hotels. The Company acquired the building for circa 30 million euros and has thus far invested in it circa 115 million euros till reporting date, mainly on planning, demolition, and constructing special-purpose walls around the lot to protect the future building from the river that flows adjacent to it ("Slurry Walls"). In the financial statements, the project is included in cost of circa 160 million euros.

The economic crisis in Eastern Europe, and Romania in particular, caused a significant delay in executing the projects under development, including Casa Radio. As of the date of this opinion, it is difficult to estimate when, or whether, the project will be completed. LaSalle's valuation, which takes into account all of the above, values the project at circa 160 million euros. Out of this amount, circa 128 million euros should be allocated to Phase A, circa 27 million euro to Phase B and C, and the rest, amounting to circa 5 million euros, to part of the asset that is designated for sale. LaSalle appraises the value of the asset under firesale conditions at circa 80 million euros.

India – Chennai

As part of the Company's strategy to diversify its sources of cash flows, it turned to invest in residential projects in India. Some of the investments in India were done in cooperation with the parent company, Elbit Imaging, and in each project a local partner with experience in residential projects was also brought in. In the Chennai project, a plot of circa 360,000 sqm was acquired, with the goal to build a large-space residential project near the Hi-Tech Park in Chennai. This is the fourth largest city in India with a population of circa 9 million. The land is recorded in the Company's financial reports for December 2012, in the amount of circa 35 million euros, which represents Plaza's share, 38% of the project. JLL valued the land (Plaza's share) at circa 9 million euros at end of 2013 and at circa 8 million euros under firesale conditions. The land was purchased with equity and no bank debt.

3.1.3 Plots Pipeline

All the assets in this group were financed from the Company's equity, and are not pledged. The total value of the plots in this group has been appraised by JLL at circa 94 million euros.

Plots Pipeline

Millions of Euros

	Project Name	Country	Plaza Centers Share	Appraiser Valuation 2013	Appraiser Valuation in Firesale
1	Pireas	Greece	100%	15.7	6.0
2	Iasi	Romania	100%	12.4	6.2
3	Bangalore (Varthur)	India	24%	12.2	10.9
4	Constanta	Romania	100%	9.6	4.8
5	Arena Extension	Hungary	100%	8.3	3.2
6	Miercurea Ciuc	Romania	100%	6.7	3.0
7	Targu Mures	Romania	100%	5.8	2.6
8	Lodz (resi)	Poland	100%	5.1	2.6
9	Joe's Island Kochi	India	24%	4.3	3.5
10	Shumen	Bulgaria	100%	4.2	1.5
11	Kielce	Poland	100%	4.0	2.0
12	Hunedoara	Romania	100%	2.6	1.2
13	Slatina	Romania	100%	1.6	0.7
14	Leszno	Poland	100%	1.5	0.8
	Total			**94.0**	**48.9**

India – Bangalore (Varthur)

This project is very similar to the Chennai project described above, but double in terms of magnitude. For this project, a partnership contract was executed to purchase 165 acres in an upscale suburb of Bangalore, with the intention of building 1,000 luxurious residential units on this land. This is the fifth largest city in India with a population of circa 9 million. According to the financial statements as of the end of 2012, the proportionate cost for the Company, which holds 24% of the project, is circa 48 million euros. LaSalle appraised Plaza's part of the land at circa 40 million euros at end of 2011 and at 12.2 million euros at end of 2013. Also in this case, the land was purchased with equity and no bank debt. With regard to both of the above residential projects, the Company believes that it will not be required to make any considerable additional equity investments.

3.1.4 Other Assets

The Company has offices in Hungary that are used by some of its employees and its office building in Romania used by some its employees. The rest of the assets in this group are not pledged and there are no loans against them.

Other Assets

Millions of Euros

#	Asset Name	Country	Plaza's Share	JLL Valuation 2013	Appraiser Valuation in Firesale	Description
1	David House	Hungary	100%	4.0	2.0	Office building
2	Uj Udvar	Hungary	35.0%	2.8	2.0	Existing mall for refurbishment
3	Palaazo Ducale	Romania	100%	2.0	1.2	Office building
	Total			**8.8**	**5.2**	

In addition, the Company has other assets that include the Hawker 400xp which is valued at circa 1.4 million euros, two plots of land that are not designated for development at this stage: Valley View Project in Romania, and Krusevac in Serbia and leased plot in Cina, Romania. The Company appraises the aggregate value of these 3 assets at several million euros. The purchase of the Hawker 400xp was financed by a bank loan, which currently has an outstanding balance of 2.7 million euros, and the purchase of the land for the Valley View project was financed by a bank loan which has a remaining outstanding balance of circa 8.2 million euros.

3.2 Liabilities

3.2.1 Bonds

The Company has outstanding debts to bondholders totaling circa 202 million euros .With the addition of accrued interest, this debt amounts to circa 207.4 million euros . As of this date, the Company issued 3 series of bonds, 2 series trade on the Israeli Stock Exchange and one series in Poland, as follows:

Israeli Bonds Series A:

As of the date of this opinion, Series A has a remaining principal balance of circa **62.4** million euros to be paid in 5 annual installments of circa 12.5 million euros each, beginning from December 31 2013 until December 31 2017, with annual interest of 4.5% linked to the CPI.

Israeli Bonds Series B:

As of the date of this opinion, Series B has a remaining principal balance of circa **125.4** million euros to be paid in 2 annual installments of circa 62.7 million euros each: The first one on July 1 2014 and the other one on July 1 2015, with annual interest of 5.4% linked to the CPI.

Polish Bonds:

As of the date of this opinion, the holders of this bond have a remaining balance of circa **14.3** million euros to be paid on November 18 2013.

Company's Commitments to Bondholders as of November 2013

Millions of Euros

Series	Remaining Nominal Debt (adjusted)	Interest Rate	No. of Payments Remaining	Upcoming Payment Date	Last Payment Date
Israeli Bond Series A	62.4	4.50% + CPI	5	December 31 2013	December 31 2017
Israeli Bond Series B	125.4	5.40% + CPI	2	July 1 2014	July 1 2015
Polish Bond	14.3	Wibor + 4.50%	1	November 18 2013	November 18 2013
Total	**202.1**				

The Company has circa 23 million euros in cash, and it can pay the entire remaining balance owed on the Polish bonds in November 2013. After the payment, the Company will still have 7 million euros of cash, and in addition, is expected to receive another 18 million euros from the sale of Koregaon Park, from which circa 10 million euros should be received within the next couple of months. These amounts may be insufficient to cover the principal and interest payments to the Series A bonds and the interest payments to the Series B Bonds, amounting to 17 million euros which are due this coming December.

Even if the amounts are sufficient, this will create a significant risk that it will not be able to pay the principal and interest payments to the Series B bondholders on June 30 2014 amounting to circa 66 million euros (and interest payments to Series A amounting to circa 1 million euros).

3.2.2 Banks

Most of the Group's debts were taken by the subsidiaries, the asset companies, and the active real estate assets are used as securities against the loans at an average LTV ratio of circa 68%. Plaza guarantees, to a certain extent, the asset companies' debts to the banks in only 3 cases:

1. **Koregaon Park Mall** – There is a joint loan from 2 Indian banks, AXIS and SBH, for the amount of circa 21.4 million euros that was taken out by a subsidiary, and against this loan, the bank put a lien on the asset in Koregaon. As mentioned, this asset was sold recently in exchange for 40.5 million euros, such that after the completion of the transaction and the transfer of the payments, the debt to the bank will be fully paid and the Company will not have any exposure due to this guarantee. In any event, the Company guarantees only for the share of AXIS bank in the loan, namely a guarantee of circa 14 million euros.

2. **Zgorezelec** – There is an outstanding loan that was taken out from Bank BZ WBK, which is in Poland, at the amount of 22 million euros, and this asset in Zgorezelec, which has an appraised value of 20 million euros, was used as a security against the loan. Plaza gave a guarantee of 2.2 million euros.

3. **Hawker 400xp**– Plaza took out a loan from GEFA Bank in Germany in order to purchase the Hawker 400xp, and there is currently an outstanding balance of 3.5 million dollars (circa 2.7 million euros). Against this loan, the bank put a lien on the Hawker 400xp, which is valued at circa 1.9 million dollars (circa 1.4 million euros). Under fire sale conditions this value may be 10% to 15% lower. In recent years the Company has not been using the Hawker 400xp, but rather leasing it to third parties, thus covering its holding expenses.

According to the Company, it does not guarantee any additional debts; however, in another case or two cases of loans in the asset companies, the bank could claim that in the event of non-payment by the asset company, it has the right to get paid from Plaza itself. In any event, the Company believes that its exposure to the loans its subsidiaries took out, via guarantees it gave or guarantees that the bank may claim it gave, is no more than circa 48 million euros, before restitution for realizing assets that were used as collateral. Company Management believes that Plaza Center's maximum net exposure to bank debt, including guarantees of the bank debt for the benefit of its asset companies, is circa 10 million euros.

3.3 Condensed Financial Statements

3.3.1 Income Statement

In 2010, Plaza's net income amounted to circa 14 million euros. In 2012 the Company recorded a loss of circa 84 million euros, and in the first 6 months of 2013 the Company recorded a loss of another circa 80 million euros. The losses incurred particularly from write downs in the values of the assets, in accordance with the appraiser's opinion that Company management relies on.

Plaza –Condensed Consolidated Income Statement

Thousands of Euros

	For the Six month ended	For the year ended		
	June 30, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Revenues	14,298	41,593	23,462	37,641
Proceeds from disposal of equity accounted investee	16,699	-	-	-
Impairment losses – Trading properties	(60,906)	(78,833)	(47,987)	(6,710)
Cost of equity accounted investee disposed	(21,842)	-	-	-
Cost of operations	(5,490)	(20,385)	(14,849)	(20,853)
Gross profit (loss)	**(57,241)**	**(57,625)**	**(39,374)**	**10,078**
Administrative expenses	(6,212)	(16,848)	(18,856)	(17,923)
Other income	318	2,763	169	42,603
Other expenses	(4,771)	(1,122)	(1,783)	(260)
Results from operating activities	**(67,906)**	**(72,832)**	**(59,844)**	**34,498**
Finance income	6,671	20,515	103,018	49,596
Finance costs	(15,636)	(37,055)	(29,032)	(70,773)
Net finance income (costs)	(8,965)	(16,540)	73,986	(21,177)
Share in loss of equity-accounted investee	(4,472)	(68)	(153)	(381)
Profit before income tax	(81,343)	(89,440)	13,982	12,940
Tax benefit (expense)	754	5,463	(12,910)	1,308
Net profit from continuing operations (loss)	**(80,589)**	**(83,977)**	**1,079**	**14,248**

3.3.2 condensed Balance Sheet

Plaza's main balance sheet asset during the years 2010 – 2013 is its trading properties, which includes active and under development shopping centers, plots poised for future development, etc. These assets constitute on average circa 80 – 85% of the total balance sheet. During the past several years this entry line has decresed from a total of circa 800 million euros to circa 560 million euros. This drop is attributed primarily to the impairment of asset and a sale of a number of large assets over the past years.

On the liabilities side, there is a drop in the liabilities to banks, which is attributed primarily to the sale of the assets which collateralized the obligations to the banks. The shareholders' equity has been continuously dropping over the years, from circa 625 million euros in 2010 to circa 355 million euros in June 2013.

Plaza – Condensed Consolidated Balance Sheet

Thousands of Euros

ASSETS	As of				LIABILITIES AND SHAREHOLDERS' EQUITY	As of			
	June 30, 2013	**December 31, 2012**	**December 31, 2011**	**December 31, 2010**		**June 30, 2013**	**December 31, 2012**	**December 31, 2011**	**December 31, 2010**
Cash and cash equivalents	86,934	35,374	58,261	137,801	Interest-bearing loans from banks	186,452	205,977	296,235	232,902
Restricted bank deposits	12,128	18,759	21,428	29,954	Liabilities held for sale	3,997	-	-	-
Short-term deposits	-	-	3,102	-	Debentures at fair value through profit or loss	33,929	34,966	32,930	48,318
Available-for-sale financial assets	883	11,714	25,568	27,098	Debentures at amortized cost	37,899	34,184	22,831	20,762
Trade receivables	3,551	3,399	5,432	4,064	Trade payables	3,504	7,569	27,329	11,260
Other receivables and prepayments	9,103	19,313	46,030	47,828	Related parties	698	546	2,228	3,758
Derivatives	12,865	-	-	10,535	Provisions	15,597	15,597	15,597	15,597
Trading properties	560,831	612,475	850,229	807,887	Derivatives	1,170	3,320	-	-
Total current assets	**686,295**	**701,034**	**1,010,050**	**1,065,167**	Other liabilities	13,159	7,648	27,464	19,474
					Total current liabilities	**296,405**	**309,807**	**424,614**	**352,071**
Long-term deposits and other investments	-	-	51,330	52,559					
Equity accounted investees	91,549	154,830			Interest-bearing loans from banks	-	5,773	152,387	133,514
Loan to equity accounted investees	6,994	-							
Deferred tax assets	-	6,949	316	282	Debentures at fair value through profit or loss	80,618	81,181	110,320	211,997
Derivatives	-	-	-	42,110	Debentures at amortized cost	53,483	39,010	86,052	97,979
Property and equipment	6,838	7,381	9,026	11,361	Other liabilities	147	185	5,757	5,330
Investment property	-	14,489	272,348	238,702	Derivatives	-	-	3,561	-
Restricted bank deposits	495	779	4,961	15,751	Deferred tax liabilities	6,016	6,930	15,673	956
Other non-current assets	393	356	495	364	Total non-current liabilities	**140,264**	**133,079**	**373,750**	**449,776**
Total non-current assets	**106,269**	**184,784**	**338,476**	**361,129**	Total equity	**355,895**	**442,932**	**550,162**	**624,449**
Total assets	**792,564**	**885,818**	**1,348,526**	**1,426,296**	**Total equity and liabilities**	**792,564**	**885,818**	**1,348,526**	**1,426,296**

Chapter 4: Description of the Company's Proposed Arrangement

The Company's proposed arrangement includes the following components:

1. Debt restructuring
2. Compensation in interest
3. Realization plan and a mechanism for early repayments
4. Compensation in equity instruments
5. Addressing the owners for the purpose of equity injection (subject to the approval of Elbit Imaging).

The proposed arrangement does not include a "haircut" for the bondholders.

Debt Restructuring

Restructuring of all the bond series as follows: The expected principal payments for the next 3 years will be delayed proportionally by 3 years. In other words, the December 2013 payment will be postponed until December 2016 and continue from that point up until the December 2015 payment, which will be postponed to December 2018. The payments which are scheduled for later, i.e., December 2016 and December 2017 will be paid on their originally scheduled dates.

Compensation in Interest

As from January 2014, 1.50% of annual interest will be added to each series to deferred principal balance. The interest payments that were supposed to be paid at the end of 2013 will be added to the unpaid and deferred principal balance. Beginning as of January 2014, after completing the debt arrangement process , the interest payments will be paid as scheduled.

Realization Plan

The Company intends to realize 19 assets out of the total 30 assets it owns. The net proceed expected from these realizations is expected to amount to circa 490 million euros. In each of the next 4 years there should be positive cash flows of circa 60 – 80 million euros per annum. (For details see Chapter 5.3).

Mechanism for Early Repayment

At the time of sale of an asset, 75% of the net cash flow will be transferred to the bondholders, thus decreasing the principal balance. The payment will be distributed among the series on a pro rata basis to pay down the remaining principal balance which was postponed to that date.

Compensation in Equity Instruments

The Company will grant to the bondholders options amounting to 9.99% of the issued and paid-in share equity, pro rata to the remaining principal balance which was postponed, as described above. The exercise period of the options will be 4 years, where the exercise price during the first 2 years following the arrangement will be 25 pence per share, and thereafter 30 pence per share.

Cash Injection by Owners

The Company will approach the shareholders for the purpose of injecting 20 million euros in the form of a rights issuance.

Chapter 5: Review of the Expected Cash Flows

5.1 Cash Flow Forecast, According to the Company

In this opinion, I relied on Plaza's cash flow forecast for the years 2013 to 2018, which was prepared by Company Management, and approved by its organs. According to this forecast, the cash balance at the end of 2017 will be circa 97 million euros and during mid 2018 will be circa 360 million euros.

Cash Flow Forecast – Company Management 2013 - 2018

Millions of Euros

	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
Opening Balance	**31.7**	**49.3**	**50.2**	**48.3**	**55.9**	**49.0**	**33.0**	**60.7**	**97.4**
Sources									
Lease Income	12.7	8.6	5.3	4.6	1.7	1.7	2.0	2.0	2.3
Asset Sales	34.6	55.4	29.6	51.4	0.0	47.6	43.8	35.7	261.3
Rights Issuance	20.0								
Financing Income	1.2	1.5	1.6	1.9	1.0	1.8	1.4	1.0	1.0
Total Sources	**68.5**	**65.6**	**40.0**	**61.4**	**6.7**	**55.1**	**51.1**	**42.6**	**267.5**
Uses									
Payments to Banks	6.6	5.7	4.1	1.9	1.9	1.9	1.4	1.4	1.4
Payments to Bondholders	32.8	47.5	26.7	42.4	2.6	64.7	17.5		
G&A	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
New Investments	7.0	7.0	6.7	5.0	4.5				
Total Uses	50.9	64.7	42.0	53.8	13.6	71.1	23.5	5.9	5.9
Closing Balance	**49.3**	**50.2**	**48.3**	**55.9**	**49.0**	**33.0**	**60.7**	**97.4**	**359.0**
Debt Balance to Bond holders	181	140	118	79	79	17	0		

I examined the reasonability and feasibility of Management's forecast as it was presented to me, including the underlying assumptions they used, checked that the plan coincides with the data from JLL and examined the business plans it is based on. As a next step, and to be conservative, I made some adjustments to the Company's forecast where needed. The full cash flow is detailed in Chapters 5.2 and 5.3 of this Opinion. The resulting cash flow is slightly more conservative and according to it 2017 is expected to end with a cash balance of circa 56 million euros, and mid 2018 is expected to end with circa 282 million euros.

Summary of Forecasted Cash Flow After Adjustments 2013 - 2018

Millions of Euros

	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
Opening Balance	**31.5**	**46.3**	**46.9**	**44.3**	**49.1**	**41.9**	**32.8**	**42.2**	**56.1**
Sources									
Lease Income	10.1	8.3	8.8	7.1	5.7	5.7	6.0	6.0	5.3
Asset Sales	34.0	55.4	29.6	51.4	0.0	38.2	31.3	26.1	224.6
Rights Issuance	20.0								
Financing Income	0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.5	1.7
Total Sources	**64.6**	**64.2**	**38.9**	**59.0**	**6.1**	**44.3**	**37.6**	**32.6**	**231.6**
Uses									
Payments to Banks	6.6	5.7	4.1	3.3	1.9	1.9	1.4	1.4	1.4
Payments to Bondholders	31.6	46.4	26.1	41.4	2.4	47.0	22.3	12.8	0.0
G&A	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
New Investments	7.0	7.0	6.7	5.0	4.5	0.0	0.0	0.0	0.0
Total Uses	**49.8**	**63.7**	**41.4**	**54.2**	**13.3**	**53.4**	**28.3**	**18.7**	**5.9**
Closing Balance	**46.3**	**46.9**	**44.3**	**49.1**	**41.9**	**32.8**	**42.2**	**56.1**	**281.7**
Debt balance to bondholders	178.5	137.8	116.0	78.3	78.3	33.8	12.5	0.0	

5.2 Sources

5.2.1 Cash Injection by Owners

According to the planned arrangement, the expected cash flow is based on the assumption that during 2014, the shareholders will inject **20 million euros** into the Company via a rights issuance. Company management intends to petition the shareholders to execute said rights issuance. Please note, that the Company is unable to commit to such cash injection.

5.2.2 Realization Plan

As of November 11, 2013, the Company has circa 23.1 million euros of cash balances. Additionally, the Company has 10 million euros of restricted cash. During the second half of 2013, the Company realized 3 assets: "Prague 3" and "Roztoky", which are in the Czech Republic and "Dream Island", which is in Budapest, Hungary.

The realization plan is based on the sale of 5 shopping centers in the near term, and 5 plots designated for development in the long term, as follows: Until the end of 2014 the Company intends to realize 3 of the 7 occupied shopping centers it currently owns, the main of which is The Torun shopping center in Poland, which is valued at circa 94 million euros as of the end of November 2013, which is used as a collateral for a bank loan, the balance of which, upon the planned realization date is expected to amount to circa 47 million euros. The expected cash flow surplus according to the Company's management amounts to circa 49.8[8] million euros. As aforesaid, the sale of the shopping center in Koregaon Park in India was signed on November 13, 2013 and is expected to bring in circa 18.5 million euros during 2014 subject to the fulfillment of prerequisites. Additionally, the Company's share of a shopping Center in Riga (50%) is intended for sale during the first half of 2014.

Realization Plan Until 2018, Net Cash Flow

Millions of Euros

	Property	Total	Year	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
1	Riga (50%)	21.5	H1 2014	21.5								
2	Koregaon park Mall	18.1	H1 2014	12.5	5.6							
3	Torun	49.8	H2 2014		49.8							
	Varthur	25.9	2015			13	13					
4	Suwalki	10.6	2015			10.6						
	Casa Radio -Turbines	5.0	2015			5.0						
	Leszno	1.0	2015			1.0						
5	Kragujevac	15.9	2015				15.9					
	Iasi	8.0	2015				8.0					
	Lodz (resi)	6.0	2015				6.0					
	Targu Mures	4.0	2015				4.0					
	Kielce	3.0	2015				3.0					
	Hunedoara	1.5	2015				1.5					
1	Visnjicka (Sport Star)	30.7	2016						30.7			
	Cina	7.5	2016						7.5			
2	Lodz (mall)	31.3	2017							31.3		
3	Timisoara	26.1	2017								26.1	
4	Casa Radio - Whole	171.1	2018									171.1
5	Belgrade	53.6	2018									53.6
	All Realizations	**491**		**34.0**	**55.4**	**29.6**	**51.4**	**0**	**38.2**	**31.3**	**26.1**	**224.6**

Until the end of 2015 the Company intends to sell 2 additional shopping centers: Suwalki and Kragujevac. The excess cash flow expected from the sale of these 2 shopping centers, after repaying the bank loan, amounts to circa 11 and circa 16 million euros, respectively. Until the end of 2015, the aggregate excess cash flow from realizing assets is expected to amount to circa 170 million euros, out of which circa 75% (i.e., circa 128 million euros) are designated for paying the deferred principal balance owed to the bondholders.

The remaining balance is primarily designated for investment in the Company's other assets in order to raise their value. In particular, there are 5 main assets: Casa Radio and plots of land that are designated for building shopping centers in Belgrade, Serbia (2 projects), Lodz in Poland, and Timisoara in Romania.

[8] The surplus upon realization was calculated according to a sale price of circa 97 million euros. As aforesaid, the Company entered into an agreement with new material tenant located at the center of the shopping center occupying an area of circa 7%. The Company's management expects an improvement of 1 million euros in lease income in 2014 compared to 2013 resulting in a betterment of the property.

Constructing the buildings on the land of these assets will be financed primarily from bank loans. The expected net cash flow from realizing these assets is circa 170, 53, 31, 31 and 26 million euros, respectively. These appraisals are based on the appraisals derived by JLL for the value of these assets upon completion of construction. With regard to the rest of the planned realizations, they are typically plots of land that are designated for development, but that the Company Management believes do not have economic merit to justify the investment in the short term. It was assumed that these assets will be sold at the value the appraiser assigned them at reasonable times, according to Management's expectations.

5.2.3 Lease Income

The Company has net income from leasing the shopping centers at the amount of circa 20 million euros per annum. According to the Company's realization plan, the shopping centers in Torun, Riga and Koregaon Park are expected to be sold during 2014, and the shopping centers in Suwalki, Poland, and Kragujevac in Serbia are expected to be sold during 2015. As of the first half of 2015, there should be income from a combination venture in respect of the asset in Chennai of circa 7 million euros per annum. Overall the lease income should drop from circa 18 million euros in 2013 to circa 10 million euros in 2018 due to property realization.

Expected Lease Income

Millions of Euros

Shopping Center	1H-13	2H-13	Cash in the asset company [9]	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Suwalki	1.5	1.6	1.7	1.7	1.7	1.7							
Zgorzelec	0.4	0.4	0.4	0.6	0.6	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1
Riga (50%)	1.5	1.6	1.5	1.7									
Liberec	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.8	1.0	1.0	1.2	1.2
Torun	3.1	3.2	4.3	3.5	3.8								
Kragujevac	2.2	1.7	2.7	1.7	1.7	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0
Koregaon Park	-0.4	0.4	0.4	0.4									
Chennai				-	-	3.5	3.5	3.9	3.9	3.9	3.9	3.0	3.0
Total	**8.7**	**9.3**	**11.4**	**10.1**	**8.3**	**8.8**	**7.1**	**5.7**	**5.7**	**6.0**	**6.0**	**5.3**	**5.3**

5.2.4 Finance Income

We have assumed that the cash balances in the Company generates an annual yield of circa 2%.

Expected Finance Income

Millions of Euros

	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Cash Balance at end of Period	46.3	46.9	44.3	49.1	41.9	32.8	42.2	56.1	281.7	283.9
Expected Finance Income	**0.4**	**0.5**	**0.5**	**0.5**	**0.5**	**0.4**	**0.4**	**0.5**	**1.7**	**2.9**

[9] Circa 1.4 million euros from the shopping center in Torun can be withdrawn in January 2014. The remaining amounts of circa 10 million euros are categorized as restricted cash.

5.3 Uses

5.3.1 Payments to Bondholders

A detailed description of the payments to the bondholders appears under Chapter 6 of this Opinion. As of today, the aggregate opening balance for the 3 series adds up to circa 202 million euros and the Company must pay principal and interest of 99 million euros until July 2014.

Original Amortization Schedule – Aggregate for All Series, as of Nov 2013

Millions of Euros

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17
Opening Balance	202.1	175.3	112.6	100.1	37.4	24.9	24.9	12.5	12.5
Interest Payments	5.3	4.5	2.8	2.5	0.8	0.6	0.6	0.3	0.3
Principal Payments	26.8	62.7	12.5	62.7	12.5	0.0	12.5	0.0	12.5
Closing Balance	175.3	112.6	100.1	37.4	24.9	24.9	12.5	12.5	0.0
Total Payments	**32.1**	**67.2**	**15.3**	**65.3**	**13.3**	**0.6**	**13.0**	**0.3**	**12.8**

In summary, based on the proposed arrangement, payment of the principal balance for the next 3 years will be postponed by 3 years, and the deferred debt will carry additional interest of 1.5%. The interest payments that were supposed to be paid at November/December 2013 will be added to the principal balance. Over the next 3 years, the semiannual interest the Company will pay will be circa 6.8 million euros, and the remaining principal balance will be paid during 2016 – 2018.

"New Amortization Schedule" – Aggregate for All Series, According to Proposed Arrangement

Millions of Euros

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Opening Balance	202.1	207.4	207.4	207.4	207.4	207.4	207.4	167.2	102.8	77.4	12.9
Interest Payments	5.3	6.8	6.8	6.8	6.8	6.8	6.8	5.5	3.3	2.6	0.4
Principal Payments	0.0	0.0	0.0	0.0	0.0	0.0	40.2	64.4	25.4	64.4	12.9
Closing Balance	207.4	207.4	207.4	207.4	207.4	207.4	167.2	102.8	77.4	12.9	0.0
Total Payments	0.0	6.8	6.8	6.8	6.8	6.8	47.0	69.9	28.7	67.0	13.3

Additionally, each time the Company sells one of its assets, 75% of the free cash flow will go towards paying down the unpaid principal balances that are being postponed of all the bond series, pro rata. According to the Company's realization plan, the result will be that circa 128 million euros of the principal balance will be paid during 2014 – 2015 and circa 79 million euros will be paid during 2016 – 2017. Should the realization plan not be executed as planned, in any event, the principal will be paid down based on the "New Amortization Schedule" mentioned above. See more details in Chapter 6 of this Opinion.

New Amortization Schedule – Including Early Repayments
Based on the Realization Plan

Millions of Euros

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17
Opening Balance	202.1	207.4	181.8	140.2	118.0	79.4	79.4	34.4	12.5
Interest Payments	5.3	6.8	5.9	4.5	3.7	2.4	2.4	1.0	0.3
Principal Payments	0.0	25.6	41.6	22.2	38.6	0.0	45.0	21.9	12.5
Closing Balance	207.4	181.8	140.2	118.0	79.4	79.4	34.4	12.5	0.0
Total Payments	**0.0**	**32.4**	**47.5**	**26.7**	**42.3**	**2.4**	**47.5**	**22.9**	**12.8**

5.3.2 Payments to Banks

In accordance with the realization assumptions above, the remaining payments to the banks for principal and interest amount to circa 12 million euros in 2014, and thereafter the annual payment to the banks for principal and interest will drop to circa 3 - 4 million euros per annum.

Expected Payments to Banks 2013 - 2018

Millions of Euros

			1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
1	Liberec	Principal	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
		Interest	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
2	Kragujevac	Principal	0.6	0.7	0.7	0.7						
		Interest	1.0	0.9	0.7	0.7						
3	Zgorzelec	Principal	0.0	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
		Interest	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
4	Cina	Principal	0.1	0.3	0.3	0.3	0.3	0.3				
		Interest	0.1	0.2	0.2	0.2	0.2	0.2				
5	Riga 50%	Principal	0.5									
		Interest	0.5									
6	Torun	Principal	0.6	0.6								
		Interest	0.9	0.9								
7	Suwalki	Principal	0.4	0.4	0.4							
		Interest	0.5	0.3	0.3							
8	Hawker 400xp	Principal	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
		Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Valley View	Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
	Total Principal		**2.8**	**2.7**	**2.1**	**1.7**	**1**	**1**	**0.8**	**0.8**	**0.8**	**0.8**
	Total Interest		**3.8**	**3**	**2**	**1.6**	**0.9**	**0.9**	**0.7**	**0.7**	**0.7**	**0.7**
	Total Payments to Banks		**6.6**	**5.7**	**4.1**	**3.3**	**1.9**	**1.9**	**1.4**	**1.4**	**1.4**	**1.4**

5.3.3 General and Administrative

During 2009 – 2011 the G&A costs added up to circa 16 million euros. Of this amount, around half went to salaries, and an additional 25% to professional services. In recent years, the Company began a reorganization process and the costs dropped by circa 25%, to circa 12.7 million euros. In 2013 the G&A costs are expected to sum to circa 11 million euros, and the Company intends to continue to lower these costs to around 9 million euros beginning as of 2014 onwards. In past years, the overhead included offices and activity in circa 12 countries, including the United States, with a combined balance sheet of more than 1 billion euros. Today, the Company is active in 9 countries.

Plaza Centers, General and Administrative Costs 2009 - 2012

Thousands of Euros

	2009	2010	2011	2012
Salaries & Benefits	7,543	7,661	8,472	5,743
Depreciation	1,007	1,086	630	403
Professional Services	4,478	3,721	4,317	4,366
Travel	1,233	968	1,077	891
Rent & Office Supplies	1,461	1,077	1,038	934
Other	931	768	887	412
Total G&A	**16,653**	**15,281**	**16,421**	**12,749**
Change		*-8%*	*7%*	*-22%*

5.3.4 New Investments

The Company expects to invest its remaining cash balance that will be created from realizing its assets and which will not be paid to the bondholders, in order to develop the plots of land that it owns, and in particular 2 assets in Belgrade, which is in Serbia, an asset in Lodz, Poland, and an asset in Timisoara, Romania.

Expected Equity Investments 2013 - 2018

Millions of Euros

Equity Investments	Total	1H-14	2H-14	1H-15	2H-15	1H-16
Lodz (mall)	4.7		2.0	2.7		
Chennai	0.5	0.5				
Timisoara	8.0		4.0	4.0		
Cina	0.5	0.5				
Belgrade	9.5				5.0	4.5
Sport Star	6.0	6.0				
General	1.0		1.0			
Total	**30.2**	7.0	**7.0**	**6.7**	**5.0**	**4.5**

Additionally, the main asset, Casa Radio which is in Bucharest, Romania, is in need of an investment amounting to tens of millions of euros. Among other options, the Company is exploring the option of taking a bank loan in a large amount that will minimize the need for additional equity investment or alternatively bringing a partner to invest in the project.

5.4 Summary of the Cash Flows

According the assumptions above, the Company should expect a positive cash surplus of circa 60 million euros at end of 2017. If the Company will successfully execute its realization plan also in 2018, and will sell Casa Radio and an asset in Belgrade at the planned valuations, the cash balance at the end of 2018 is expected to amount to circa 284 million euros.

Summary of the Expected Cash Flows for 2013 – 2018

Millions of Euros

	End of 2013	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Opening Balance											
Unrestricted Cash	23.0										
Restriced Cash	10.0										
Opening Balance	**33.0**	**31.5**	**46.3**	**46.9**	**44.3**	**49.1**	**41.9**	**32.8**	**42.2**	**56.1**	**281.7**
Sources											
Lease Income		10.1	8.3	8.8	7.1	5.7	5.7	6.0	6.0	5.3	5.3
Realization of Assets		34.0	55.4	29.6	51.4	0.0	38.2	31.3	26.1	224.6	
Rights Issuance		20.0									
Financing Income		0.4	0.5	0.5	0.5	0.5	0.4	0.4	0.5	1.7	2.8
Total Sources		**64.6**	**64.2**	**38.9**	**59.0**	**6.1**	**44.3**	**37.6**	**32.6**	**231.6**	**8.1**
Uses											
Payments to Banks		6.6	5.7	4.1	3.3	1.9	1.9	1.4	1.4	1.4	1.4
Payments to Bondholders		31.6	46.4	26.1	41.4	2.4	47.0	22.3	12.8		
G&A	1.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
New Investments		7.0	7.0	6.7	5.0	4.5					
Total Uses	**1.5**	**49.8**	**63.7**	**41.4**	**54.2**	**13.3**	**53.4**	**28.3**	**18.7**	**5.9**	**5.9**
Closing Balance	**31.5**	**46.3**	**46.9**	**44.3**	**49.1**	**41.9**	**32.8**	**42.2**	**56.1**	**281.7**	**283.9**

5.5 Expected NAV

Under the proposed arrangement assumptions, in 2015 the Company will have in its possession assets with an appraised fair value of circa 350 million euros, and circa 50 million euros of cash. The outstanding debt to bondholders and banks is expected to sum to circa 78 and 51 million euros, respectively. The expected Net Asset Value for the end of 2015 is circa 265 million euros. At the end of 2018 this value should sum to circa 380 million euros, and that is assuming that the big 4 projects under development will indeed be executed and sold at the price appraised by JLL.

Expected Net Asset Value (NAV) for 2015 – 2018

Millions of Euros

Expected NAV	31/12/2015	31/12/2018
Cash	**49**	**184**
Assets		
Casa Radio Ph I	128.0	
Sport Star	20.1	
Timisoara	18.7	
Belgrade	16.8	
Lodz (mall)	12.4	
Cina	8.0	
Casa Radio Ph II + III	27.5	27.5
Zgorzelec	20.0	20.0
Liberec	19.5	19.5
Pireas	15.7	15.7
Constanta	9.6	9.6
Chennai	9.0	9.0
Arena Extension	8.3	8.3
Miercurea Ciuc	6.7	6.7
Valley View	6.2	6.2
Joe's Island Kochi	4.3	4.3
Shumen	4.2	4.2
David House	4.0	4.0
Uj Udvar	2.8	2.8
Palaazo Ducale	2.0	2.0
Krusevac	2.0	2.0
Slatina	1.6	1.6
Hawker 400xp	1.4	1.4
Total Assets[10]	**349**	**145**
Total Assets and Cash	**398**	**429**
Liabilities		
Bank Loans	51	48
Bond Balance	78	0
Total Loans	130	48
Overhead	7	7
Expected NAV	**261**	**374**

[10] This estimate is for illustration purposes only and it is based on the assumption that the value of all assets will not change until 2018. In practice, the value of certain assets is expected to increase whereas the value of other assets is expected to decline.

Chapter 6: Payment to Bondholders

The arrangement offers the bondholders an address to the shareholders requesting a cash injection on the one hand, deferred of payments on the other hand, and compensation in interest and equity instruments. Additionally, according to the proposed arrangement, there will be a mechanism for early repayments to the bondholders in accordance with the actual realizations and the existence of positive cash flow. This chapter examines the economic significance for the bondholders.

6.1 Deferral of Debt and Compensating in Interest

- The expected principal payments for the next 3 years will be delayed proportionally by 3 years. In other words, the December 2013 payment will be postponed until December 2016 and continue from that point up until the December 2015 payment, which will be postponed to December 2018.
- The interest that was supposed to be paid in November and December 2013 at the amount of circa 5.3 million euros will not be paid and will be added to the deferred principal balance.
- A total of circa 180 million euros will be delayed by 3 years, proportionately, out of the total debts of circa 204 million euros (including accrued interest).
- The 2 last principal payments for bond Series A, which are scheduled for December 2016 and December 2017, amounting to circa 12 million euros (59 million NIS) each, will be paid according to schedule.
- The payment to the Polish bondholders amounting to circa 14.3 million euros, which is scheduled for November 18, 2013, will be delayed to November 2016.
- As of January 1 2014, 1.50% of annual interest will be added to each series in respect of the deferred debt balance.
- As of January 2014, following the completion of the arrangement process, interest payments will be made according to schedule.

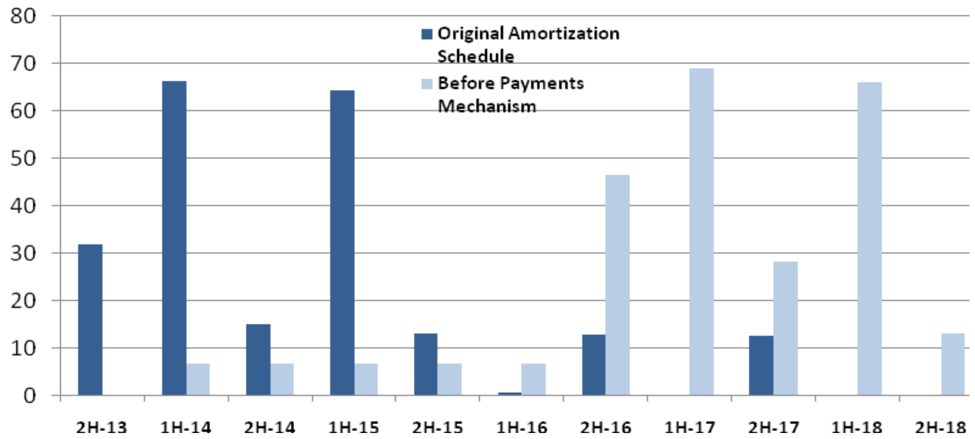
Compensation in Interest

Bond Series	Interest Rate Today	Expected Interest Rate
Israeli Bond Series A	4.50% + CPI	6.00% + CPI
Israeli Bond Series B	5.40% + CPI	6.90% + CPI
Polish Bond	Wibor + 4.50%	Wibor + 6.00%

As of today, the aggregate opening balance for the 3 series adds up to circa 202 million euros and the Company must pay principal and interest of 98 million euros until end of July 2014. According to the proposed arrangement, the total payments to the bondholders, including principal and interest will grow from circa 220 million euros to circa 260 million euros. The vast majority of the debt will be delayed by 3 years. The final date of payment will be delayed by one year from December 2017 to December 2018.

Aggregate Cash Flows for All Bonds, Originally and After Rescheduling

Millions of Euros



6.2 Mechanism for Early Repayments

The Company plans to realize 19 assets out of the 30 assets it owns. The net fair value of the assets designated for realization is appraised at circa 356 million euros, and the net fair value of the assets that are not designated for realization is appraised at circa 63 million euros. The net proceed from realizing these assets are expected to amount to circa 490 million euros. In each of the next 4 years there should be a positive cash flow of circa 60 to 80 million euros per annum. (See Chapter 5.3 for the complete realization plan).

Summary of the Expected Realizations

Millions of Euros

Year	2014	2015	2016	2017	2018	Total
Expected Net Realizations	89.4	81.0	38.2	57.4	224.6	491

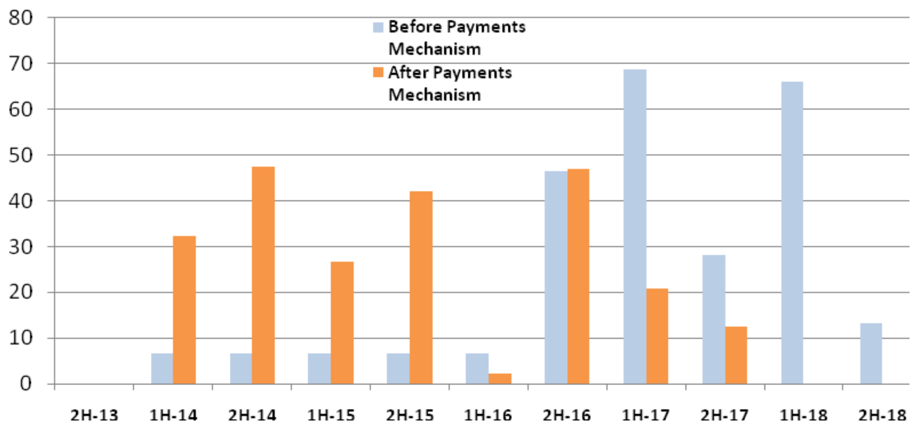
At the time of realization of an asset, 75% of the net cash flow will be transferred to the bondholders, thus decreasing the principal balance which was postponed. The payment will be distributed among the series on a pro rata basis to pay down the remaining principal balance which was postponed. Circa 21% of the payment will go to paying down the principal on Series A and circa 71% of the total amount will go to paying down the principal Series B and circa 8% to the Polish bonds.

Pro Rata Mechanism

Series	Series A	Series B	Polish Bond
Payment Rate in First Year	21.0%	70.8%	8.2%

Based on the Company's realization plan, and in accordance with its mechanism for early repayments, the result is that circa 128 million euros of the principal balance will be paid during 2014 – 2015 and circa 79 million euros during 2016 – 2017.

New Amortization Schedule
Before and After Utilizing Early Repayments Mechanism
Millions of Euros



6.3 The New Cash Flow for the Bondholders

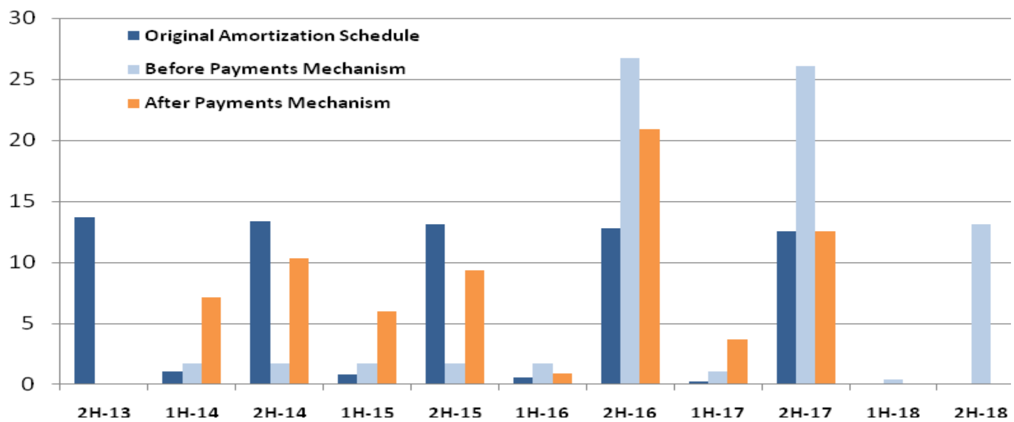
6.3.1. Bonds Series A

The original payments to Series A are 5 payments at the amount of circa 12.5 million euros each, beginning as of December 2013 and until December 2018. After the delay, there will be 2 payments of circa 25 million euros between 2016 – 2017 and one payment of 12.5 million euros in 2018. After activating the realization mechanism, 75% of the realization income will be paid to all the series, out of which circa 21.3% will go to Series A. The new interest rate after the 1.5% added compensation amounts to 6.0% in respect of the deferred debt.

Series A – Original and New Amortization Schedule
After Utilizing Early Repayments Mechanism
Euros

Date	Original Amortization Schedule				New Schedule With Realizations			
	Opening Balance	Interest Payments	Principal Payments	Total Payments	Opening Balance	Interest Payments	Total Principal Payments	Total Payments
31/12/2013	62.4	1.4	12.5	13.9	62.4	1.4	0.0	0.0
1/7/2014	49.9	1.1		1.1	63.8	1.7	5.4	7.1
31/12/2014	49.9	1.1	12.5	13.6	58.4	1.6	8.8	10.3
1/7/2015	37.4	0.8		0.8	49.6	1.3	4.7	6.0
31/12/2015	37.4	0.8	12.5	13.3	44.9	1.2	8.1	9.3
1/7/2016	24.9	0.6		0.6	36.8	0.9	0.0	0.9
31/12/2016	24.9	0.6	12.5	13.0	36.8	0.9	20.5	21.4
1/7/2017	12.5	0.3		0.3	16.3	0.4	3.9	4.3
31/12/2017	12.5	0.3	12.5	12.8	12.5	0.3	12.5	12.8

Series A – Original and New Amortization Schedule,
Before and After Utilizing Early Repayments Mechanism
Millions of Euros



6.3.2. Series B

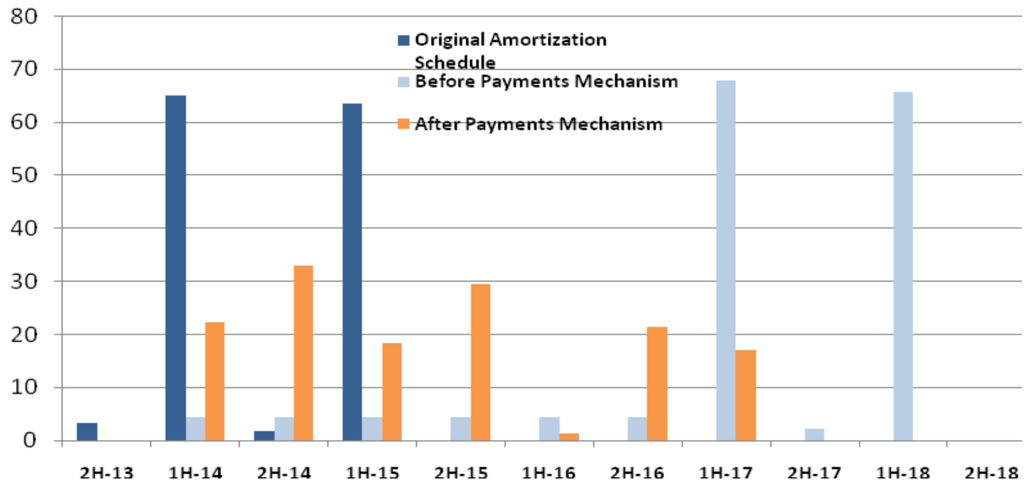
The original payments to Series B are 2 payments at the amount of circa 63 million euros each, beginning as of July 2014 and until July 2015. After the delay, there will be 2 payments during 2017 – 2018. After activating the realization mechanism, 75% of the realization income will be paid to all the series, out of which circa 70.8% will go to Series B. The new interest rate after the 1.5% added compensation amounts to 6.9%.

Series B – Original and New Amortization Schedule
After Utilizing Early Repayments Mechanism
Euros

Date	Original Amortization Schedule				New Schedule With Realizations			
	Opening Balance	Interest Payments	Principal Payments	Total Payments	Opening Balance	Interest Payments	Principal Payments	Total Payments
31/12/2013	125.4	3.4		3.4	125.4	3.4	0.0	0.0
1/7/2014	125.4	3.4	62.7	66.1	128.8	4.4	18.1	22.5
31/12/2014	62.7	1.7		1.7	110.7	3.8	29.4	33.2
1/7/2015	62.7	1.7	62.7	64.4	81.3	2.8	15.7	18.5
31/12/2015					65.6	2.3	27.3	29.6
1/7/2016					38.3	1.3	0.0	1.3
31/12/2016					38.3	1.3	20.3	21.6
1/7/2017					18.1	0.6	18.1	18.7
31/12/2017								

Series B – Original and New Amortization Schedule, Before and After Utilizing Early Repayments Mechanism

Millions of Euros



6.3.3. Polish Bonds

This bond was supposed to be paid in full on November 18, 2013. Under the proposed arrangement, this payment is postponed to November 2016. According to the realization assumptions and the early repayments mechanism, most of the principal balance will be paid by the end of 2015. The new interest rate after the 1.5% added compensation amounts to Wibor + 6%.

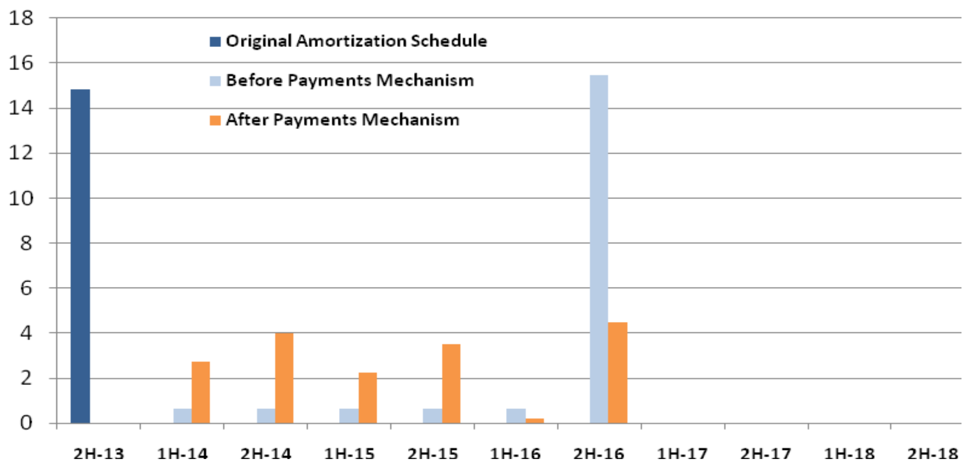
Polish Bond – Original and New Amortization Schedule After Utilizing Early Repayments Mechanism

Euros

Date	Original Amortization Schedule				New Schedule With Realizations			
	Opening Balance	Interest Payments	Principal Payments	Total Payments	Opening Balance	Interest Payments	Principal Payments	Total Payments
31/12/2013	14.3	0.5	14.3	14.8	14.3	0.5	0.0	0.0
1/7/2014					14.8	0.6	2.1	2.7
31/12/2014					12.7	0.6	3.4	4.0
1/7/2015					9.3	0.4	1.8	2.2
31/12/2015					7.5	0.3	3.2	3.5
1/7/2016					4.3	0.2	0.0	0.2
31/12/2016					4.3	0.2	4.3	4.5

Polish Bond – Original and New Amortization Schedule, Before and After Utilizing Early Repayments Mechanism

Millions of Euros



6.3.4. Increased Payments

Under the proposed arrangement, the total payments to bondholders will increase as a result of the deferral and of raising the interest from circa 220 million euros to circa 260 million euros. Under the realization assumptions and the early repayments, the total payments to bondholders will sum to circa 235 million euros.

Total Payments to Bondholders: Original Schedule,
New Schedule and New with Early Repayments Schedule
Millions of Euros

	Original Schedule	New Without Realizations	New With Realizations
Series A	69.4	77.0	72.0
Series B	135.6	164.4	145.4
Polish Bond	14.8	18.7	17.1
Total	**219.8**	**260.1**	**234.6**

6.4 Value of Cash Flow

6.4.1. Discount Rate

In order to calculate the new discounted cash flow, I must determine the appropriate discount rate.
Since the Company is in cash flow distress, its current bonds trade at prices that represent a yield of 31% for Series A Bonds and 50% for Series B Bonds. It is possible to assume that the return grossed up in Series A bonds of 31% constitutes the upper threshold for the proper discount rate after the arrangement. Utilization of the WACC model, which takes into account the equity risk as well as the debt risk based on the yields the company's bonds trade at could unreasonably tilt up the result, and thus I do not believe it is relevant in this case.

Alternatively, I could use the industry debt risk, which is derived from the average yields of bonds of other companies in the industry, which supposedly have similar risk profiles to that of the Company. In my opinion, it is very difficult to arrive at a representative sample size, which will accurately reflect the Company's risk profile, such that using the industry yield could also lead to a mistaken result, and this time, have a downwards effect. Thus, using this method is also irrelevant to this case. Alternatively, I could use the data produced by "RBT Interest Rates" for Shekel Bonds (NR3). The new duration after realizations is 2.5 for Series A and 2.0 for Series B and the Polish Bonds. According to the interest rate sample, the return on the debt, for duration is 29% and 25%, respectively.

The discount rate is supposed to represent the risk level to the bondholders. After the arrangement, the bonds will trade on the Tel Aviv Stock Exchange at yields that will be determined by market forces, which are supposed to represent the intrinsic risk to the shareholders after the arrangement. It can be assumed that after the arrangement, the bonds' risk profiles will drop. In my opinion a discount rate at the range of 15% to 25% would be considered reasonable.

In this Opinion, in order to represent the risk profile, I used a discount rate of 20%.

6.4.2. Value of the Cash Flow

The value of the new cash flow of the Series A Bond, discounted to November 13, 2013 based on a discount rate of 20% is circa **46.3 million euros**. This compares to the value it traded at of circa 41 million euros on that date (circa 200 million NIS).

The value of the new cash flow of the Series B Bond, discounted to November 13, 2013 based on a discount rate of 20% is circa **103.6 million euros**. This compares to the value it traded at of circa 83 million euros on that date (circa 400 million NIS).

The value of the new cash flow of the Polish Bond, discounted to November 13, 2013 based on a discount rate of 20% is circa **12.4 million euros**. This compares to the theoretical value of 10 million euros[11].

In total, the aggregate cash flow value for all series is circa 162 million euros. As far as the Company is released from distress and the probability level of realizations will increase following which the probability level of payments to bond holders will increase as well, lower discount rates may be used and the value for the bond holders will increase accordingly.

For instance, for use at a discount rate of 15%, a value of circa 176 million euros is resulting (51.2, 111.8 and 13.3 million euros, respectively). In nominal values, there is no change in the value of all the bond series and their nominal value remains circa 207 million euros (no "haircut").

[11] The Polish bond does not trade on the market and does not have a market value. The theoretical value was calculated based on the proportions of market values of the 2 other bonds, versus their adjusted par value. The 2 Israeli bonds trade at 67% and 68% of their adjusted par value, respectively. It can be assumed that if the Polish bond did trade, investors would assess the risk in a similar manner to the way they assess the risk of the traded bonds and its value would be circa 67% of 14.8 million euros.

6.4.3. Sensitivity Analysis

The calculated value is sensitive to changes in the assumed discount rate as described in the following sensitivity tables:

Value of Series A Bond After Restructuring – Sensitivity to Discount Rate

Euros

		Discounted To Date		
		13/11/2013	30/11/2013	31/12/2013
Discount Rate	10%	56.9	57.1	57.6
	12.5%	53.9	54.2	54.7
	15%	**51.2**	51.5	52.1
	20%	**46.3**	46.7	47.5
	25%	42.2	42.7	43.5
	31%	38.1	38.6	39.5
	35%	35.7	36.2	37.1

Value of Series B Bond After Restructuring – Sensitivity to Discount Rate

Euros

		Discounted To Date		
		13/11/2013	30/11/2013	31/12/2013
Discount Rate	10%	121.3	121.8	122.8
	12.5%	116.4	117.0	118.2
	15%	**111.8**	112.5	113.9
	20%	**103.6**	104.4	106.1
	25%	96.4	97.4	99.3
	31%	88.9	90.1	92.2
	35%	84.6	85.8	88.0

Value of Polish Bond After Restructuring – Sensitivity to Discount Rate

Euros

		Discounted To Date		
		13/11/2013	30/11/2013	31/12/2013
Discount Rate	10%	14.4	14.5	14.6
	12.5%	13.8	13.9	14.0
	15%	**13.3**	13.4	13.5
	20%	**12.4**	12.5	12.7
	25%	11.5	11.6	11.9
	31%	10.7	10.8	11.0
	35%	10.1	10.3	10.6

6.4.4. Value of the Options

The Company will grant to the bondholders options amounting to 9.99% of the issued and paid-in share capital, pro rata to the remaining principal balance as described above. The maximum length of time until expiration will be 4 years and the strike price will be 25 pence during the first 2 years and 30 pence during the subsequent 2 years.

After the announcement of the arrangement, share price declined to 7 Penny per share. Due to the negligible value of the option package under the current share price, I ignored the value for the bond holders in this opinion.

6.4.5. Value of the Bonds after the arrangement

The value of the bonds according to the proposed arrangement is circa 46.3 million euros for Series A, circa 103.6 million euros for Series B and circa 12.4 million euros for the Polish bond and in total circa 162 million euros. Under the assumption of discount rate of 15%, this value may increase to circa 176 million euros. This value is sensitive to changes in our assumptions, such as the discount rate and the actual realization of the realization plan.

Value of bonds after the arrangement

Euros

	Series A Bond	Series B Bond	Polish Bond	Total
Value of new cash flow @ 15% discount rate	51.2	111.8	13.3	176.2
Value of new cash flow @ 20% discount rate	46.3	103.6	12.4	162.3
Value of Traded Bonds in Euros[12] 13.11.2013	40.9	83.3	9.9	134.1
Surplus Above Traded Value	**5.5**	**20.2**	**3.0**	**28.4**
Discount Rate – "Break Even"	**26%**	**35%**	**39%**	**33%**

[12] As to the market value of Polish bonds, see comment in chapter 6.4.2.

Chapter 7: The Liquidation Option

Under the liquidation scenario, the assets will be realized based on their value under fire sale conditions. The value of the assets under fire sale conditions were obtained by JLL as of November 13, 2013. From this amount I must deduct the liquidation expenses which are assumed to amount to circa 6% of the asset value, the Company's external debt and additional liabilities, such as reserve for severance pay. It was assumed, in accordance with JLL's appraisals that the assets will be sold within 6 months.

To calculate the present value of the assets under fire sale conditions, I used a discount rate of 20%. The value of Plaza's stock in liquidation is valued at circa **negative** 40 million euros.

Cash Flow in Liquidation

Millions of Euros

	31/12/2013
Opening Balance	33
Realizations	167
Total Assets and Cash	200
Expenses	
Liquidation Expenses - 6% of Assets	25
General & Admin. (annual)	9
Subtotal	166
Bonds (Company Debt)[13]	203
Subtotal	-37
Deposits from tenants	2.6
Value of Stock in Liquidation	**-40**

However, this forecast is based, among other things, on the assumption that Casa Radio will be sold within 6 months at a fire sale price of circa 80 million euros. In my opinion, and based on information received from the Company, the feasibility of selling an asset of this kind, where the main partner is the Romanian government within 6 months, is not high.

Since this is a project worth hundreds of millions of euros, which involved leased land, and which is locked into a partnership agreement with the government, PPP (Public Private Partnership), and due to the fact that in recent years there were no land acquisition transactions of this enormous size, the assumption that this

[13] Minus Bonds in the Company's Treasury.

project will be sold in exchange for 80 million euros within 6 months seems unreasonable. Accordingly, I took another write down of the stock value according to the fire sale scenario and liquidation scenario.

The corrected value of Plaza stock in liquidation has a value of circa **negative** 70 million euros

Adjusted Cash Flow Value in Liquidation

Millions of Euros

	31/12/2013
Value of Stock in Liquidation Under Model	-40
Additional Decrease due to Low Chance of Fire Sale at 80 M Euros, as Appraised by JLL	-30
Adjusted Value of Stock in Liquidation	**-70**

Chapter 8: My Education and Experience

Sela Kolker

Education
2006 – 2010MBA, Tel Aviv University, focus on Finance
1998 – 2001BA, Economics and Management, Tel Aviv University

Teaching Background

2012 – Present	Lecturer in MA Economics class, Maslul Ha'Academy Michlala L'Minhal
2009 – 2009	Lecturer to MA students in the fields of Capital Markets and Bonds Pricing, Tel Aviv University
2001 – 2002	Financial Management Classes, "Lahav"

Employment Background
2012 – Present   Baker Tilly, Partner and Manager of Baker Tilly Finance
Responsible for a team of economists, conducting valuations, business plans, financial analyses, PPA evaluations, depreciation evaluations, building compensation plans for officers, in accordance with Amendment 20 and more
Serve as economic advisor to a trustee in a stay of proceedings, who was appointed by the court
Serve as economic advisor to a liquidator, who was appointed by the court
Experience in drafting economic opinions filed with the court, and particularly, expert opinions in debt arrangements according to Section 350
Serve as advisor to the bondholders in a number of companies

2010 – 2011   Adco Technologies, CFO
CFO and Member of Management Team
Created annual and quarterly financial statements at a standard fit for publicly traded companies
Audited the budget, analyzed the operations and presented forecasts to the Board of Directors
Managed a team of bookkeepers
Managed AR and AP, determined clients' indebtness, managed credit insurance and factoring
Negotiations vis-à-vis banks, suppliers and clients
Currency management

2006 – 2009   Ampa Group, VP Finance
Raised capital from the institutional market via asset-backed bonds, to finance the subsidiaries' operations
Identification and analysis of financial assets that are appropriate for raising capital via asset-backed bonds
Manage negotiations vis-à-vis the rating agencies, trustee company, accountants and clearing house
Marketing of the final product to institutional investors, negotiation of the bonds and interest rates, until execution of the capital raising
Capital raising of circa 700 million shekels from tens of players in the capital markets, via 10 Road Shows
Managing a team of economists that created monthly, quarterly and annual audit reports

2001 – 2004   Tavor Economics and Finance, Manager of Economic Department
Approx 4 years as an economist, and manager in the final year
Drafted many business plans
Conducted valuations and economic opinions
Built pricing models
Financial planning and business guidance to clients, including for financing needs
Member of investment committee "Dividend", a subsidiary focused on managing investment portfolios
Central role in building a "Fund for Encouraging Small Businesses", that included determining criteria for submitting credit requests and guiding the economic advisors

Limitation of Liability

It has been agreed between us and between the Company ("**Client**"), that except in the event that a court determines that our opinion was drafted with willful misconduct, we will not bear any responsibility vis-à-vis the Client or any third party, from any source and based on any cause, including tort, related to executing services according to this proposal, and the Client, and/or its representatives will not bring any claim and/or lawsuit against us, including via a third party notice, with regard to the services given by us to the Company.

Without limiting the foregoing, our responsibility to indemnify the Client in the event that damage is caused to it as a direct result of our actions, assuming a court determines that we acted with willful misconduct, as described above, will be limited to the amount of fees we are paid in relation to this arrangement.

It is agreed that any legal measures regarding this paper must be taken no later than three years from the date of submission of this paper. It is agreed between the parties that all said legal proceedings will be determined solely by an arbitrator who will be mutually agreed upon and who will be appointed within 30 days from the date of request for arbitration. If the parties do not reach an agreement regarding the identity of the arbitrator, one will be appointed by the President of the Israeli Bar, whoever serves at that time, unless he will have an interest in one of the parties, in which case the arbitrator will be appointed by the President of the District Court in Tel Aviv. To avoid doubt, it is hereby clarified that the parties agree that any claims and lawsuits regarding this agreement will be settled by an arbitrator, as described above, and they will abstain from turning to legal courts. Additionally, in the case of a lawsuit, the State of Israel will have sole jurisdiction and the governing law will be Israeli law.

During the course of this work, we received information, forecasts, explanations and presentations from the Company and/or its representatives. The responsibility for the information, the presentations and the explanations belongs solely to the Client. Our paper does not include verifying the data we received. Given this, our paper will not be considered a confirmation of the veracity or completeness of the data given to us. In no event will we be responsible for any loss, damage, cost or expense caused in any way from fraud, misrepresentation, misleading, transferring false information or withholding information on your part and/or on the part of your representatives, or any other reliance on said information, subject to the abovementioned.

If, in a final, un-appealable legal proceeding, we are found liable to pay any amount to a third party in connection with the services that are the subject of this agreement, the Company undertakes to pay for any such reasonable amounts that we pay or that we are required to pay for counseling and legal representation, expert opinion, defense against legal proceedings, negotiations, etc. in connection with any claim, demand or other procedures resulting from the services discussed here.

Additionally and without derogating from the foregoing, if, in a final, un-appealable legal proceeding, we are found liable to pay any amount to a third party in connection with the services that are the subject of this agreement, the Company undertakes to indemnify and reimburse us if the source of the claim is not willful misconduct in providing our services. In any event, we will update the Company and will allow it to plead its defense in any proceeding and we will not settle without its prior written consent.

It is agreed that the Company will pay the amounts mentioned in the two paragraphs above only if they exceed our professional services fees, and after deducting our fees.

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Sincerely yours,

Horowitz Idan Sabo Tevet & Cohen Tabach

Horowitz Idan Sabo Tevet & Cohen Tabach
Certified Public Accountants (Isr.)