BAKER TILLY

11 Menachem Begin St.,
Rogovin Tidhar tower,
Ramat-Gan 52681 Israel
Tel: +972-3-5665006
Fax: +972-74-7144150
www.bakertilly.co.il
info@bakertilly.co.il

Opinion
Plaza Centers

Sela Kolker
Baker Tilly Finance

April 2014

Table of Contents

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 18 years. Until 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 had cash balances circa 23 million euros, and by the end of 2013, the Company was 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.

Given this situation, 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 original proposal for debt arrangement from November 2013 included among others an equity injection from the owners at the amount of circa 20 million euros, payments delay of all the bond series by 3 years, compensating the bondholders with an additional 1.5% annual interest and additional compensation to the bondholders by grant of options.

In November 2013, the undersigned submitted an economic opinion **("November opinion")** which reviews the economic condition of the Company, the proposed debt arrangement and the Company's asset realization plan. In addition, the opinion included the economic estimate of the consideration for the bondholders according to the proposed arrangement while referring to the value of Plaza's shares according to the liquidation option.

In the period that elapsed from November 2013 through April 2014, the Company negotiated with creditors seeking to reach an agreed outline for the debt arrangement, based on the Company's original proposal from November 2013. In April 2014, the Company reached an agreement in principle with the trustees of the Israeli bondholders, following which it presented an improved proposal for debt arrangement. The main improvements include the allocation of 13.5% of the Company's shares (after the issuance of rights) in lieu of the previous proposed option grant, advancing part of interest payments and other protection mechanisms, as described in chapter 4 of this opinion.

In the period that elapsed, several changes occurred in the Company's assets. Changes took place in the Company's estimates regarding its ability to realize such assets and the expected realization value. This opinion reviews the updated plan of the Company to realize 22 out of 29 assets until 2018 at a scope of circa 450 million euros and a plan to transfer 75% of the net proceeds to the bondholders to reduce the principal balance.

1.2 The New Bonds

Under the proposed arrangement, all principal payments of the three series expected in the next three years will be deferred proportionally by three years from the arrangement approval date - "the deferred debt". The deferred debt amounts to circa 181.4 million euros. The last two payments of series A bonds will not be deferred and will be paid at their original payment date in December 2016 and December 2017. The debt that is not deferred amounts to circa 25 million euros.

In the course of the period, each time the Company realized an asset, 75% of the net realization flow will be transferred to the bondholders to reduce the principal balance. In the event that the Company repays in two years from the arrangement approval date above 50% of the deferred debt, namely, over 90 million euros, the outstanding repayment dates will be deferred by one additional year. In order to comply with this condition, the Company must realize assets in the amount of 120 million euros (net proceeds) in two years. An annual interest of 1.5% will be added to all of the series. Under the proposed arrangement, the Company will pay the bondholders circa 245 million euros, of which circa 201 million euros for principal and circa 44 million euros for interest.

New amortization schedule

Aggregate for all series under the proposed arrangement and realization plan

Millions of Euros

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
Opening balance	201.3	**206.6**	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2
Interest payment		**10.5**	3.5	6.2	5.9	4.2	3.2	2.8	2.1	0.2
Payments from realizations to reduce principal balance		0.0	22.2	8.9	48.6	29.8	11.2	22.0	43.0	8.2
Interim balance		206.6	184.4	175.5	126.9	97.1	85.9	63.8	20.8	0.0
Original payments									**12.6**	
Closing balance	206.6	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2	0.0
Total principal payments			**22.2**	**8.9**	**48.6**	**29.8**	**11.2**	**22.0**	**55.6**	**8.2**
Total principal and interest payments	0.0	10.5	25.7	15.1	54.5	34.0	14.5	24.9	57.7	8.4

1.3 Review of the Expected Cash Flows

In this opinion, I relied on Plaza's cash flow forecast for the years 2014 to 2018, which was prepared by Company Management, with adjustments. According to the forecast, 2017 is expected to end with a cash balance of circa 61 million euros, and 2018 is expected to end with circa 150 million euros.

Summary of Forecasted Cash Flows 2014 - 2018

Millions of Euros

	2Q-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Opening Balance	36.3	23.2	46.7	29.5	31.1	38.6	35.2	39.7	61.0	149.5
Rental Income	6.5	8.9	8.1	8.8	6.1	7.4	10.6	10.9	4.7	5.1
Asset Sales		39.5	11.9	64.8	45.9	15.0	29.4	76.0	95.9	0.0
Rights Issuance		20.0					0.0	0.0	0.0	0.0
Financing Income	0.2	0.3	0.4	0.3	0.3	0.4	0.4	0.5	1.0	1.5
Total Sources	6.7	68.8	20.3	73.9	52.4	22.7	40.3	87.5	101.7	6.6
Uses										
Payments to Banks	4.6	6.1	5.5	10.4	8.1	8.5	8.0	5.8	1.3	1.3
Payments to Bondholders	10.3	25.1	14.8	53.4	33.3	14.2	24.3	56.8	8.4	0.0
G&A	1.8	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
New Investments	3.2	10.6	13.7	5.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Uses	19.8	45.3	37.5	72.3	44.9	26.1	35.8	66.2	13.2	4.8
Closing Balance	**23.2**	**46.7**	**29.5**	**31.1**	**38.6**	**35.2**	**39.7**	**61.0**	**149.5**	**151.3**

1.4 Value under the arrangement option

The value under the arrangement option consists of the value of the new bonds and the value of the share package. The discounted economic value of the new bonds under a discount rate assumption of 20% and the assumption of asset realization plan amounts to circa 170 million euros.

The Company is traded according to a value of circa 40 million euros. The expected value after cash flow injection resulting from the rights issuance amounts to circa 60 million euros. The value of package at the rate of 13.5% of the Company's shares is estimated at circa 8 million euros. **The nominal recovery rate to the bondholders is 123%. The recovery rate to the bondholders in discounted values of 20% under the proposed arrangement is circa 86%.**

Value of the package and recovery rate

Millions of Euros

	Nominal values	Discounted values at a rate of 20%
Value of new bond series	245.4	169.7
Value of share package	8.1	8.1
Total package value	253.5	177.8
Nominal debt including accrued interest for the end of 2013	206.6	206.6
Recovery rate	**123%**	**86%**

1.5 Value under the Liquidation Option

Under the liquidation assumption, 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. Of this amount, liquidation expenses of circa 6% of the assets' value, the Company's external debt and other liabilities such as accrued severance pay should be deducted. It was assumed, in accordance with JLL’s appraisals that the assets will be sold within 6 months. In order to estimate the present value of the assets under fire sale liquidation, a discount of 20% was performed for six months. However, this forecast is based, among others, on the realization of Casa Radio project in six months at a price under fire sale conditions of circa 80 million euros.

As per my estimate and based on information received from the Company, the feasibility of realizing such an asset in which the key partner is the Romanian government in six 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 no transaction for the purchase of land were performed in Romania in amounts of such magnitude, the assumption that this project will be sold in exchange for 80 million euros within 6 months seems unreasonable. Accordingly, another amortization of 30 million euros was carried out in the value of the Company's assets.

The value of the Company's assets, under the liquidation option, amounts to circa 127 million euros, constituting a recovery rate of 62% to the bondholders.

Recovery rate under the liquidation option

Millions of Euros

Cash (opening balance)	36
Realizations	152
Estimated liquidation expenses of 6% of the assets	-24
G&A for a year	-7
An additional amortization in respect of Casa Radio	-30
Total	127
Nominal debt including accrued interest for the end of 2013	206.6
Recovery rate	**62%**

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 18 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 29 real estate assets, the majority of which is in Eastern Europe, as well as in India.

2.1.1 Assets

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 29 real estate assets of four different types:

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 designated for development or sale
4. **Other assets** – 2 offices and other properties.

The fair value of all the gross assets is valued at circa 602 million euros. The 7 active shopping centers are valued at circa 301 million euros and are bank financed at a LTV ratio of circa 67%. 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 a bank debt of circa 210 million euros. The vast majority of the debts 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 47 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 391 million euros. Under fire sale assumptions, the Company's gross asset value is appraised at circa 394 million euros and the value of assets under fire sale conditions minus the liabilities to the banks net surplus is valued at circa 184 million euros.

Company Asset Values, Fair Value and Fire Sale Conditions

Millions of Euros

	Economic Value	Fire Sale Value
Gross Asset Value	601.5	393.7
Asset-Backed Debt	210.1	210.1
Net Surplus	**391.4**	**183.6**

2.1.2 Debt balance to bondholders

The Company has outstanding debt to the bondholders. 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 June 2013, the debt balance on them is 61.6, 125.4 and 14.3 million euros respectively, in nominal value (adjusted for the CPI).[1] The remaining unpaid principal amounts to circa 201.3 million euros, and all the debt amounts to 206.6 million euros, as of December 31, 2013 including unpaid interest that accrued until the end of 2013. The net debt to the bondholders amounts to circa 202.6 million euros, resulting from deducting circa 4 million euros (adjusted par value) acquired by the Company and held in its treasury.

Debt balance to bondholders

Millions of Euros

	Opening balance as of June 30, 2013	Including accrued interest as of December 31, 2013	Net of units held at treasury
Series A bonds	61.6	63.0	63.0
Series B bonds	125.4	128.8	124.8
Polish bonds	14.3	14.8	14.8
Total	**201.3**	**206.6**	**202.6**

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 GTC which is part of the Israeli 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 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.

[1] The exchange rates used are 4.8 NIS to the euro and 4.1888 Zloty to the euro over the term of the opinion

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 stages: in the first stage, constructing a shopping center and in the following stages constructing office buildings and a hotel. 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 of executing the plans.

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. This activity 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", and in a 20% - 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 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 purported to service its debts. To date, the Company has successfully completed the realization of 6 assets 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 announced that it entered into an agreement for the sale of the shopping center in Koregaon Park in exchange for circa 40.5 million euros. The buyer transferred to the Company an advance payment of circa 2.4 million euros, however, as of April 2014, the transaction was not yet consummated and the Company's ability to complete the transaction as planned is doubtful. If the transaction is consummated, net cash flow of circa 16 million euros may result to the Company, after a debt repayment 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 until the end of 2014 and the balance in two years. If the transaction will not go through, the Company will have to find another buyer. At the meantime, holding the asset in its current condition, when it is not rented, causes the Company a monthly operating loss (before finance expenses) of circa 120 thousand euros.

2.3 Formulating the proposed arrangement

2.3.1 Insolvency

As of November 2013, the Company had circa 23 million euros in cash while it was supposed to pay circa 32 million euros to bondholders until the end of 2013 and an additional amount of circa 67 million euros in the first half of 2014. Indeed, the Company held assets with an estimated net value of circa 400 million euros, however, it was impossible to realize them in a schedule that will enable the service of the debt. In addition, realization under fire sale conditions triggers a negative premium estimated at 40% causing damage to the Company and indirectly causing damage to the Company's bondholders. Therefore, on November 14, 2013, the Company announced that it freezes all payments to all creditors and entering into negotiations with creditors seeking to reach an outline of agreed arrangement.

2.3.2 First proposed debt arrangement

In November 2013, the Company presented an organizational plan and proposed debt arrangement. The Company’s original proposal for debt arrangement included among others an equity injection from the owners at the amount of circa 20 million euros, a delay of all the bond series by 3 years, compensating the bondholders with an additional 1.5% annual interest and additional compensation to the bondholders by grant of options.

In November 2013, the undersigned submitted an economic opinion **("November opinion")** which reviews the economic condition of the Company, the proposed debt arrangement and the Company's asset realization plan. In addition, the opinion included the economic estimate of the consideration for the bondholders according to the proposed arrangement while referring to the value of Plaza's shares according to the liquidation option.

2.3.3 The improved proposal

In the period that elapsed from November 2013 through April 2014, the Company negotiated with creditors seeking to reach an agreed outline for the debt arrangement, based on the Company's original proposal from November 2013. In April 2014, the Company reached agreements in principle with the trustees of the Israeli bondholders, which are subject to the approval of creditors by voting. Under these agreements, the Company presented an improved proposal for debt arrangement. The main improvements include an extended compensation in share capital at a scope of 13.5% in lieu of the previous proposed option grant, prepayment of part of interest payments, restricted realization or development of real estate assets and other protection mechanisms, as described in chapter 4 of this opinion.

2.4 Purpose of this Opinion

The goals of this opinion are to:

1. Review the debt arrangement outline 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 and the recovery rate.
3. Appraise the recovery rate to the bondholders based on the liquidation option.

2.5 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 Cushman & Wakefield[2] **("Cushman")**. Cushman appraised the vast majority of the Company's assets as of December 31, 2013. This opinion relies heavily on Cushman's appraisals.
4. Valuations of the real estate appraiser **JLL**. [3] 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.
5. Use of public information regarding the Company's assets, liabilities, financial position and any other information relevant to the Company's activities and this opinion.
6. Use of public information regarding the areas in which the Company operates, the area of operation and forecasts regarding this information.
7. Presentations and information from the Company, which were used during a presentation to the Board of Directors.
8. The Company's audited financial statements for the years 2011-2013.
9. Information from the Tel Aviv Stock Exchange regarding the Company's bonds.

[2] Cushman & Wakefield was founded in New York in 1917 has 250 offices in 60 countries, employing more than 16,000 professionals
[3] 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.

Chapter 3: The Company's Assets and Liabilities

3.1 Assets

3.1.1 Shopping Centers

As of today, the Company has realized 26 shopping centers it developed, and in addition, it has completed the construction of 7 shopping centers, of which 6 are in Eastern Europe and one in India that are operated 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 while increasing 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.

The Company's Seven Shopping Centers

Millions of Euros

Project Name	Country	Plaza Centers Share	Area in Sqm. (GLA)	Occupancy Rate 2012	Occupancy Rate 2013	Appraiser Valuation 2013	Firesale Valuation	Debt balance Q1 2014	Net value	Net value In Firesale realization
1 Torun	Poland	100%	40,000	84%	89%	97.6	72.5	47.9	49.7	24.6
2 Suwalki	Poland	100%	20,000	90%	91%	43.5	36.6	31.5	12.0	5.1
3 Kragujevac	Serbia	100%	22,000	98%	99.5%	41.8	35.0	28.6	13.2	6.4
4 Pune – Koregaon	India	100%	41,000	85%		39.9 [4]	30.0	21.5	18.4	8.5
5 Riga (50%)	Latvia	50%	49,000	94%	97%	43.9	31.9	28.8	15.1	3.1
6 Zgorzelec	Poland	100%	13,000	89%	91%	17.1	14.0	22.1	-5.0	-8.1
7 Liberec	Czech Republic	100%	17,000	80%	86%	17.7	10.7	20.2	-2.5	-9.5
		Total	**202,000**	**89%**	**91%**	**301.4**	**230.7**	**200.6**	**100.8**	**30.1**

Torun – Poland

The Company's highest valued shopping center is the one in Torun, Central Poland. The potential rental income from Torun is circa 7.5 million euros annually, assuming full occupancy. In 2012 the occupancy rate in the shopping center was 84%. 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 7.2 million euros annually. According to the Cushman's valuation, the shopping center is valued at circa 98 million euros.

Pune – India

In 2012 the Company opened a shopping center in Pune, Western India, in the upscale neighborhood of Koregaon. The value of the shopping center was amortized in the last two years from circa 56 million euros to 40 million euros. In June 2012, a few 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 announced that it reached an agreement to sell Koregaon Park shopping center in exchange for circa 40.5 million euros subject to conditions precedent.

[4] This asset was not appraised by Cushman. The appraisal is based on a signed sale contract. In a firesale an amortization of 25% was carried out.

The buyer transferred to the Company an advance payment of circa 2.4 million euros, however, as of April 2014, the transaction was not yet consummated and the Company's ability to complete the transaction as planned is doubtful. If the transaction is consummated, net cash flow of circa 16 million euros may result to the Company, after a debt repayment 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 until the end of 2014 and the balance in two years. If the transaction will not go through, the Company will have to find another buyer. At the meantime, holding the asset in its current condition, when it is not rented, causes the Company a monthly operating loss, before finance expenses, of circa 120 thousand euros.

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 any party. The total value of all the projects in this group was appraised by Cushman at the amount of circa 187 million euros. The valuation under fire sale conditions is circa 102 million euros. The valuation of the completed projects carried out at the end of 2013 by Cushman appraises their future value at more than 900 million euros.

Projects Under Development

Millions of Euros

	Project Name	Country	Plaza Centers Share	Area in Sqm. (GLA)	Appraiser Valuation 2013	Appraiser Valuation in Firesale
1	Casa Radio	Romania	75%	555,000 [5]	130.58	75.20
2	Visnjicka (Sport Star)	Serbia	100%	32,000	19.03	10.00
3	Timisoara	Romania	100%	38,000	10.83	5.35
4	Chennai	India	40%	230,000 [6]	11.27	8.06
5	Lodz (mall)	Poland	100%	35,000	7.93	3.80
6	Cina	Romania	100%	4,800	7.5 [7]	
				894,800	**187**	**102**

Casa Radio

The asset that stands out in this group is Casa Radio, which is in Bucharest, Romania, and the value of the part held by the Company is valued by Cushman at circa 130 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, 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").

The economic crisis in Eastern Europe, and Romania in particular, caused a significant delay in executing the projects under development, including Casa Radio project. As of the date of this opinion, it is difficult to estimate when, or whether, the project will be completed. Cushman's valuation, which takes into account all of the above, values the project at circa 130 million euros. Out of this amount, circa 50 million euros should be allocated to Phase A and circa 80 million euro to Phase B and C. LaSalle appraises the value of the asset under firesale conditions at circa 75 million euros.

[5] GBA – Gross Built Area
[6] Apartments for sale
[7] This project was appraised by the Company's management

Serbia – Visnjicka

The Company acquired a plot of land in Belgrade, Serbia, which, as of today, is estimated at circa 19 million euros and circa 10 million euros under firesale conditions. The acquisition was carried out from the Company's equity with no bank debt. The Company intends to build on the land a shopping center with an investment of circa 9 million euros in 2014- 2015. The shopping center may generate circa 7 million euros (NOI) effective from 2017 and a future realization may generate for the Company a cash flow surplus of circa 34 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 336,000 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 2013, in the amount of circa 11 million euros, for Plaza's share, which holds 40% of the project. Cushman valued the land (Plaza's share) at circa 11 million euros in 2013. LaSalle appraises its value 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 Cushman (with adjustments made according to the Company's management in the assets of Targu Mures and Kielce) at circa 97 million euros.

Plots Pipeline – for development

Millions of Euros

	Project Name	Country	Plaza Centers Share	Appraiser Valuation 2013	Appraiser Valuation in Firesale
1	Belgrade (Mup)	Serbia	100%	16.15	9.44
2	Pireas (Helios)	Greece	100%	15.30	6.00
3	Iasi	Romania	100%	11.55	6.20
4	Bangalore	India	25%	12.25	10.86
5	Constanta	Romania	100%	6.30	4.80
6	Arena Extension	Hungary	100%	7.80	3.15
7	Miercurea Ciuc	Romania	100%	5.62	3.02
8	Targu Mures	Romania	100%	3.50[8]	2.61
9	Lodz (resi)	Poland	100%	6.50	2.60
10	Shumen	Bulgaria	100%	2.13	1.48
11	Kielce	Poland	100%	4.00[9]	2.00
12	Hunedoara	Romania	100%	2.38	1.17
13	Slatina	Romania	100%	1.65	0.72
14	Leszno	Poland	100%	1.72	0.80
	Total			**96.8**	**54.9**

India – Bangalore

[8] as per the Company's estimate
[9] as per the Company's estimate

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 cost of Plaza's share in the land, which holds 25% of the project, is circa 48 million euros. LaSalle appraised Plaza's share of the land at circa 14.5 million euros at end of 2012 and Cushman appraised it 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.

Serbia – Belgrade (Mup)

The Company acquired a plot of land in Belgrade, Serbia, which as of today, is estimated at circa 16 million euros and circa 9 million euros under firesale conditions. The acquisition was carried out from the Company's equity with no bank debt. Under the original plan, the Company intended to construct a shopping center, hotel, apartments and offices. As of today, the Company considers whether to develop the project or sell the land according to market developments and the actual progress of the realization plan. The forecasted cash flow, a cautious option was presented under which the land may be sold in 2016 for circa 18 million euros.

3.1.4 Other Assets

The Company has offices in Hungary that are used by some of its employees and office building in Romania used by some its employees, which, today, is rented to external tenants. The assets in this group are not pledged and there are no loans against them. In the November opinion, this group included another asset in Hungary (Uj Udvar) which at the meantime was sold for circa 2.6 million euros.

Other Assets

Millions of Euros

#	Asset Name	Country	Plaza's Share	Appraiser Valuation 2013	Appraiser Valuation in Firesale	Description
1	David House	Hungary	100%	3.95	2.0	Office building
2	Palazzo Ducale	Romania	100%	1.80	1.2	Office building
	Total			**5.75**	**3.2**	

In addition, the Company has other assets that include two plots of land that are not designated for development at this stage: Krusevac in Serbia and Valley View Project in Romania the value which is estimated at several million euros. In addition, the Company submitted a claim of circa 4.3 million euros to Elbit Imaging in respect of an advance payment on Kochi Island project in India. Elbit denies the debt and as of the date of this opinion, it is impossible to estimate the prospects of the claim.

3.2 Liabilities

3.2.1 Bonds

The Company has outstanding debts to bondholders totaling circa 201.3 million euros .With the addition of accrued interest, this debt amounts to circa 206.6 million euros . As of this date, the Company issued 3 series of bonds, 2 series traded on the Israeli Stock Exchange and one series in Poland, as follows:

Israeli Bonds Series A

As of June 2013, Series A has a remaining principal balance of circa **61.6** million euros to be paid in 5 annual installments of circa **12.3** million euros each, beginning from December 31 2013 until December 31 2017, with annual interest of 4.5% linked to the CPI. The debt balance as of December 31, 2013 with the accrued interest is circa **63** million euros.

Israeli Bonds Series B

As of June 2013, 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. The debt balance as of December 31, 2013 with the accrued interest is circa **128.8** million euros. Of this amount, circa 4 million euros purchased by Plaza's subsidiary and held in treasury, should be deducted.

Polish Bonds

As of June 2013, the holders of this bond have a remaining balance of circa **14.3** million euros to be paid on November 18 2013. The debt balance as of December 31, 2013 with the accrued interest is circa **14.8** million euros

Company's Commitments to Bondholders as of December 2013

Millions of Euros

Series	Remaining Debt balance including accrued interest	Interest Rate	No. of principal Payments Remaining	Original First Payment Date	Original Last Payment Date
Israeli Bond Series A	63.0	4.50% + CPI	5	December 31 2013	December 31 2017
Israeli Bond Series B	128.8	5.40% + CPI	2	July 1 2014	July 1 2015
Polish Bond	14.8	Wibor + 4.50%	1	November 18 2013	November 18 2013
Total	**206.6**				

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 67%. Plaza is indebted or 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, an agreement was signed for the sale of this asset 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, however the transaction was not completed. 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. **Zgorzelec** – 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 Zgorzelec, which has an appraised value of 20 million euros, was used as a security against the loan. Plaza extended a guarantee of 2.2 million euros[10].

3. **GEFA**– Plaza took out a loan from GEFA Bank in Germany, which as of today, the balance is circa 1.2 million euros. This debt remained with no specific collateral after the sale of the Hawker 400xp in the first half of 2014.

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, a right to be paid from Plaza itself is established. In any event, the Company believes that its exposure to the loans its subsidiaries took out, via guarantees it extended or guarantees that the bank may claim it extended, is no more than circa 47 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.

[10] In addition, to secure this loan a lien was placed on another land in Leszno which was appraised by Cushman at circa 1.7 million euros.

Chapter 4: Description of the Proposed Arrangement

The Company's proposed arrangement includes the following components:

1. Injection of 20 million euros by rights issuance
2. Debt restructuring
3. Compensation in interest
4. Realization plan and a mechanism for early repayments
5. Compensation in equity instruments
6. Collaterals and protections

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

Cash Injection by Owners

Shareholders will inject to the Company 20 million euros in the form of a rights issuance as a condition for the arrangement to come into effect.

Debt Restructuring

The last two payments of series A bonds will not be deferred and will be paid at their original date, namely in December 2016 and December 2017 (in the diagram below, these payments are marked with blue and indicated as "**A4** and "**A5**). The deferred debt includes the principal payments of the three series expected in the upcoming 3 years ("A1", "A2", "A3", "B1", "B2", and "P1"). These payments will be deferred by 3 years from the arrangement approval date proportionally. For example, assuming that the arrangement is approved on June 30, 2014, the first payment series A bonds that was supposed to be paid in December 2013 will be deferred to June 2017, the first payment of series B bonds that was supposed to be paid in June 2014 will be deferred to June 2017 and so on.

Diagram describing the payment deferral according to the proposed arrangement

Assumption: the arrangement is approved on June 30, 2014

Date	Original Payment Date			Defferal		
	A	B	Polish	A	B	Polish
18/11/2013			P1			
31/12/2013	A1					
30/06/2014		B1		Arrangement Approval date		
31/12/2014	A2					
30/06/2015		B2				
31/12/2015	A3					
30/06/2016						
31/12/2016	A4			A4		
30/06/2017				A1	B1	P1
31/12/2017	A5			A5		
30/06/2018				A2	B2	
31/12/2018						
30/06/2019				A3		
31/12/2019						
30/06/2020						

Legend:

A2	Payment number 2 of series A bonds
Red	Deferred debt
Blue	Non-deferred debt

Compensation in Interest

As from January 2014, 1.50% of annual interest will be added to each series to 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. In addition, upon completing the arrangement, the Company will pay the bondholders 10.5 million euros on account of the interest for 2014.

Realization Plan

The Company intends to realize 22 assets out of the total 29 assets it owns. The value of assets designated for realization according to the appraisals of Cushman amounts to circa 450 million euros. The net proceed expected from these realizations is expected to amount to circa 380 million euros (For details see Chapter 5.3). Upon the realization of the 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 to the deferred principal balance as of that date. In the event that the Company repays in two years from the arrangement approval date above 50% of the deferred debt, the outstanding repayment dates will be deferred by one additional year. In order to comply with this condition, the Company must realize assets in the amount of 120 million euros (net proceeds) in two years.

Diagram describing the payment deferral and the additional deferral

Assumption: the arrangement is approved on June 30, 2014

Date	Original Payment Date			Defferal			Additional Deferral		
	A	B	Polish	A	B	Polish	A	B	Polish
18/11/2013			P1						
31/12/2013	A1								
30/06/2014		B1		Arrangement Approval date			Arrangement Approval date		
31/12/2014	A2								
30/06/2015		B2							
31/12/2015	A3								
30/06/2016									
31/12/2016	A4			A4					
30/06/2017				A1	B1	P1			
31/12/2017	A5			A5			A4		
30/06/2018				A2	B2		A1	B1	P1
31/12/2018							A5		
30/06/2019				A3			A2	B2	
31/12/2019									
30/06/2020							A3		

Legend:

- **A2** Payment number 2 of series A bonds
- **Red** Deferred debt
- **Blue** Non-deferred debt

Compensation in Equity Instruments

The Company will grant the bondholders shares representing 13.5% of the Company's shares after the equity injection by rights issuance. The shares will be allocated to the bondholders of the three series, pro rata to the deferred debt.

Deferred debt and pro rata ratios

Millions of Euros

	Series A	Series B	Polish bonds	Total
Deferred debt	37.8	128.8	14.8	181
Pro rata	**21%**	**71%**	**8%**	**100%**

Collaterals, protections and other restrictions

Negative pledge on all of the Company's assets

The subsidiaries will provide a confirmation evidencing their commitment to operate according to negative pledge. Each of the investees will not be allowed to obtain financing (including new credit) but in favor of an investment in the asset it held or that it will hold.

Notwithstanding the foregoing, the Company may obtain financing, in respect of which no collaterals will be recorded and not for investment purposes in the asset provided that 75% of the net financing will be used to repay bonds. Furthermore, any of the subsidiaries may obtain financing (including refinance) including an asset backed financing and not for investment purposes in the asset provided that 75% of the net financing will be used to repay bonds.

Collaterals and protections - directives regarding unpledged assets

The Company may not take new loans (that are not construction loans) against pledging existing assets that are unpledged and/or non- collateralized loans. Despite the above, the Company may obtain financing against pledging existing assets that are unpledged and/or non- collateralized loans provided that 75% of the financing will be used for early repayment.

The Company may place a first ranking charge in favor a bank on plots of land for construction loans at LTC ratio that will not fall below 50%. This ratio will be reduced to 40% if a partner for 20% or more of the project will be joined.
The Company may sell any of its unpledged assets provided that 75% of the proceeds actually received by the Company after the debt repayment in respect of the asset, selling expenses and taxes will be used for early repayment. Despite the aforementioned, the company may not sell unpledged assets if such sale will establish grounds for immediate repayment to the creditors including in the arrangement without the approval of all of creditors including in the arrangement by a simple majority.

Collaterals and protections - directives regarding pledged assets

The Company may obtain refinancing, or receive new loans with respect to each of the pledged assets provided that 75% of the increased financing in respect of that asset, namely the difference between the new financing balance and the balance of the previous financing, net of all expenses, as incurred, will be used for early repayment.

The Company may sell any of its pledged assets, except four shopping centers, Torun, Suwalki, Kragujevac and Riga, with no restriction, provided that 75% of the proceeds actually received by the Company from selling the pledged asset (after the repayment of debt to the bank, selling expenses and taxes) will be used for early repayment. Despite the foregoing, all revenues from Koregaon Park in India will be used by the Company for its current operations and the early repayment principles will not apply to these revenues, as detailed in this section.

The Company may sell the four shopping centers (Torun, Suwalki, Kragujevac and Riga) or refinance with respect to any of them provided that the net cumulative cash flows upon realization of these shopping centers will not fall below 70 million euros. If no realization is taken place in respect of these shopping centers collectively, the Company may carry out a designated realization only if after carrying out such designate realization, the surplus of the centers that were not sold (according to appraisal net of the specific bank debt) will not fall below 70 million euros net of the proceeds received from prior realizations and net of the designated realization events.

Notwithstanding the foregoing, the company may not sell pledged assets if such sale will establish grounds for immediate repayment to the creditors including in the arrangement without the approval of all of creditors including in the arrangement by a simple majority.

Collaterals and protections - directives regarding new assets

The company may invest in new assets subject to compliance with the minimum cash balance (as defined in the covenants) after the investment.

The company may obtain new loans to purchase new assets according to LTC ratio of up to 50%. Unless a partner is admitted to the project (no less than 20%) the above ratio will be reduced to 40% subject to compliance with the minimum cash balance.

Chapter 5: Review of the Expected Cash Flows

5.1 Plaza's Cash Flow Forecast

In this opinion, I relied on Plaza's cash flow forecast for the years 2014 to 2018, which was prepared by Company Management, with adjustments. According to this forecast, the cash balance at the end of 2017 will be circa 61 million euros and at the end of 2018 will be circa 150 million euros.

Cash Flow Forecast – Company Management 2014 - 2018

Millions of Euros

	2Q-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Opening Balance	36.3	23.2	46.7	29.5	31.1	38.6	35.2	39.7	61.0	149.5
Rental Income	6.5	8.9	8.1	8.8	6.1	7.4	10.6	10.9	4.7	5.1
Asset Sales		39.5	11.9	64.8	45.9	15.0	29.4	76.0	95.9	0.0
Rights Issuance		20.0					0.0	0.0	0.0	0.0
Financing Income	0.2	0.3	0.4	0.3	0.3	0.4	0.4	0.5	1.0	1.5
Total Sources	6.7	68.8	20.3	73.9	52.4	22.7	40.3	87.5	101.7	6.6
Payments to Banks	4.6	6.1	5.5	10.4	8.1	8.5	8.0	5.8	1.3	1.3
Payments to Bondholders	10.3	25.1	14.8	53.4	33.3	14.2	24.3	56.8	8.4	0.0
G&A	1.8	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
New Investments	3.2	10.6	13.7	5.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Uses	19.8	45.3	37.5	72.3	44.9	26.1	35.8	66.2	13.2	4.8
Closing balance	**23.2**	**46.7**	**29.5**	**31.1**	**38.6**	**35.2**	**39.7**	**61.0**	**149.5**	**151.3**

Comment: this forecast was carried out based on the Company's management estimates, with the required adjustments and changes

5.2 Sources

5.2.1 Cash Injection by Owners

As of April 15, 2014, the Company has liquid cash balance of circa 29.6 million euros and an additional restricted cash of circa 6.7 million euros. According to the proposed arrangement, in 2014, the shareholders will inject **20 million euros** into the Company via a rights issuance.

5.2.2 Realization Plan

The realization plan is based on the sale of 5 shopping centers in the near term, building additional 3 shopping centers on plots designated for development in 2017, and building stage A of Casa Radio project and its realization in 2018.

Realization of 5 active shopping centers

The shopping centers designated for sale are: Koregaon, riga, Torun, Suwalki and Kragujevac. The sale of the shopping center in Koregaon Park in India was signed in November 2013, however as of today, the consummation of the transaction is uncertain. The net proceeds from Riga shopping center of circa 18 million euros is scheduled to be received in 2014. The shopping center with the highest value is Torun shopping center in Poland, which is valued at circa 98 million euros. The shopping center is supposed to be sold until the end of 2015 and the cash flow surplus expected from the sale is circa 47.2 million euros. Until the end of 2015, the shopping center in Suwalki is expected to be sold and generate cash flow surplus of circa 9 million euros. The sale of the shopping center in Kragujevac is planned for 2016. The total net proceeds in the first two years from realization of assets, without Koregaon, amounts to circa 146 million euros. As aforesaid, circa 75% of this amount, is designated for repayment of bonds on account of the principal. The amount designated for repayment is circa 110 million euros constituting circa 60% of the deferred debt balance of 180 million euros. Under the proposed arrangement, a payment of more than 50% of the "deferred debt" in two years, means, another year of deferral of the unpaid debt balance.

Realization Plan Until 2018, Net Cash Flow

Millions of Euros

Property	Net realization	Year	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
Koregaon park Mall	16.1	H2 2014			9.9			6.2				
Riga	18.0	H2 2014			17.1	0.9						
Targu Mures	3.5	H2 2014			3.5							
Bangalore	20.0	H2 2014			9.0	9.0				2.0		
Palazzo Ducale	1.2	H1 2015				1.2						
Leszno	0.8	H1 2015				0.8						
Torun	47.2	H2 2015					42.5	4.7				
Suwalki	9.4	H2 2015					8.4	0.9				
Iasi	6.2	H2 2015					6.2					
Lodz (resi)	2.6	H2 2015					2.6					
David House	2.0	H2 2015					2.0					
Kielce	2.0	H2 2015					2.0					
Hunedoara	1.1	H2 2015					1.1					
Belgrade (Mup)	18.0	2016						18.0				
Kragujevac	14.0	2016						14.0				
Constanta	2.0	2016						2.0				
Cina	9.0	2016							9.0			
Pireas	6.0	2016							6.0			
Timisoara	27.4	2017								27.4		
Lodz (mall)	41.9	2017									41.9	
Sport Star (Visnjicka)	34.2	2017									34.2	
Casa Radio Ph I	95.9	2018										95.9
Total	**378.5**		**0.0**	**0.0**	**39.5**	**11.9**	**64.8**	**45.9**	**15.0**	**29.4**	**76.0**	**95.9**
Without Koregaon	362.4		**0.0**	**0.0**	29.6	11.9	64.8	39.7	15.0	29.4	76.0	95.9

As aforesaid, under the proposed plan, total net proceeds in the first two years from realization of assets, amounts to circa 146 million euros. The minimum amount required to activate the deferral mechanism is 121 million euros.

<u>Building 3 shopping centers and selling them in 2017</u>

The second component of the realization plan is to build 3 shopping centers and sell them in 2017. The shopping centers in question are in the city of Timisoara in Romania, Lodz in Poland and Visnjicka in Blegrade, Serbia. The net cash flow surplus expected from realizing these assets is circa 27.4, 41.9, and 34.2 million euros, respectively, and in the aggregate of circa 105 million euros in 2017. The expected cash flow surplus at the end of 2017 is circa 60 million euros. The Company's ability to meet its obligations towards the bondholders under the proposed arrangement and hold cash flow surplus depends on its ability to appreciate these assets and sell them.

However, in the event that the Company will not realize the 3 shopping centers in 2017 and will continue holding them in 2018, the cash flow surplus at the end of 2017 is still expected to be positive amounting to circa 20 million euros. In order to meet its obligations in 2018, the Company will have to realize the shopping centers or alternatively realize stage A of Casa Radio project.

Casa Radio

Casa radio is a key asset for the Company. Its value was amortized in each of the recent years. According to the appraisals of Cushman its value, as of today, is estimated at circa 130 million euros, of which circa 50 million euros is for stage A – building the shopping center, and circa 80 million euros for the next stages – constructing office buildings and a hotel. The Company intends to complete only stage A until the end of 2018 and continue holding the rights of the next stages. The November opinion was based on the Company's plan to develop stage A on its own by a bank financing. As of today, Company's management estimates that in the upcoming years, bank financing of circa 150 million euros for developing the asset will be hard to obtain. The updated plan is to find a potential investor to purchase 50% of the asset and accordingly, the expected surplus from the realization of stage A in 2018 will amount to circa 95 million euros.

Others

With respect to the other planned realizations, generally speaking such assets are lands designated for development, which are estimated by the Company's management as having no economic profitability for investment in the short term. It was assumed that these lands will be sold at the value that approximates the appraiser's estimates at reasonable dates as per the Company's estimates.

Review of scenarios

Under the proposed plan, the cash flow surplus expected at the end of 2018 amounts to circa 150 million euros. If the Company is unsuccessful to realize Casa Radio project, it will be obliged to realize until the end of 2018 at least 2 out of the 3 planned projects for 2017: Timisoara, Lodz and Visnjicka. If all of the above four projects will not generate for the Company any positive cash flow, a cash flow deficit of circa 50 million euros is expected for the Company in the half of 2018.

In the event that the construction of the shopping centers is completed as planned, but they are not sold, and will be held by the Company, the Company's revenues from the lease of the shopping centers will offset partly the above deficit. In this case, the cash flow deficit at the end of 2018 is expected to amount to circa 10 – 20 million euros. In such scenario, it is reasonable that the Company can close this deficit by a bank loan as at this stage, the majority of the principal will be repaid to the bondholders and the level of leverage of the Company will decrease significantly.

In summary, the above realization plan provides the Company with leeway and flexibility and it is reasonable to assume that it will be able to meet its obligations towards the bondholders according to the proposed arrangement. Nevertheless, the realization plan, as presented here and its underlying basic assumptions, are critical to the success of the arrangement and to the Company's ability to meet the payments to the bondholders under the proposed arrangement. Particularly, the Company's only source enabling to meet the principal pavements in 2018 is the realization of the above 4 projects.

5.2.3 Rental Income

The Company has net income from leasing the shopping centers at the amount of circa 19 million euros per annum. The income forecast took into account the sale of the income producing assets according to the Company's realization plan, the shopping centers in Torun, Riga, Suwalki and Kragujevac. It was also assumed that the shopping centers that will be built in Timisoara, Lodz and Visnjicka will be held by the Company for periods of six months to 18 months. In addition, as of the first half of 2015, there should be income from a combination venture in respect of the asset in Chennai of circa 5 million euros per annum. This amount was reduced from circa 7 million euros per annum according to the November opinion. Overall the lease income should drop from circa 19 million euros in 2014 to circa 10 million euros in 2018 due to property realization.

Expected Rental Income

Millions of Euros

	2Q-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Suwalki	0.9	1.8	1.8	1.8						
Zgorzelec	0.3	0.7	0.7	0.7	0.8	0.8	0.9	0.9	1.0	1.0
Riga (50%)	0.9	1.8								0.0
Liberec	0.2	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.9	1.2
Torun	1.8	3.6	3.7	3.7	0.0					
Kragujevac	0.7	1.4	1.7	1.7	1.7					
Koregaon Park	1.7	-0.7	-0.7							
Timisoara						1.3	2.8			
Visnjicka						1.6	3.4	3.5		
Lodz								3.0		
Cina					0.7	0.7				
Chennai			0.4	0.4	2.4	2.4	2.8	2.8	2.8	3.0
Total	**6.5**	**8.9**	**8.1**	**8.8**	**6.1**	**7.4**	**10.6**	**10.9**	**4.7**	**5.1**

Income in the second quarter of 2014 in Koregaon Park includes onetime amount of circa 2.4 million euros from insurance for loss of income resulting from a fire. In addition, it was assumed that the cash balances in the Company generate an annual yield of circa 1%.

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. The debt balance as of June 30, 2013 amounts to circa 201 million euros, in addition to an interest accrued until the end of 2013, amounting to circa 206.6 million euros. As of today, the aggregate opening balance for the 3 series adds up to circa 201 million euros and upon consummating the arrangement, the Company will pay interest of 10.5 million euros on account of the interest for 2014.

In 2014 until 2017, the Company will pay the principal balance from surplus received from the realization of assets at a rate of 75% of such surplus. In the second half of 2017, the Company will pay for series A bond the non deferred payment of circa 12.6 million euros. Should the realization plan be fulfilled under the basic assumptions, the Company will pay its entire debt to the bondholders in the first half of 2018.

New Amortization Schedule

Aggregate for All Series, according to the proposed arrangement and the realization plan

Millions of Euros

	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18
Opening balance	201.3	**206.6**	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2
Interest payment		**10.5**	3.5	6.2	5.9	4.2	3.2	2.8	2.1	0.2
Payments from realizations on account of principal		0.0	22.2	8.9	48.6	29.8	11.2	22.0	43.0	8.2
Interim balance		206.6	184.4	175.5	126.9	97.1	85.9	63.8	20.8	0.0
Original payments									**12.6**	
Closing balance	206.6	206.6	184.4	175.5	126.9	97.1	85.9	63.8	8.2	0.0
Total principal payments			**22.2**	**8.9**	**48.6**	**29.8**	**11.2**	**22.0**	**55.6**	**8.2**
Total principal and interest payments	0.0	10.5	25.7	15.1	54.5	34.0	14.5	24.9	57.7	8.4

In total, the Company will pay the bondholders circa 245 million euros, of which circa 201 million euros are for principal and circa 44 million are for interest.

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 11 million euros in 2014, and thereafter the annual payment to the banks for principal and interest will drop to circa 3 million euros per annum.

Expected Payments to Banks 2014 - 2018

Millions of Euros

		1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18
Liberec	Principal	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Kragujevac	Principal	0.3	0.7	0.7	0.7	0.7					
	Interest	0.5	0.9	0.7	0.7	0.7					
Zgorzelec	Principal	0.0	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
	Interest	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Koregaon Park	Principal	0.7									
	Interest	0.7									
Riga 50%	Principal	0.3	0.6								
	Interest	0.2	0.4								
Torun	Principal	0.3	0.6	0.7	0.7						
	Interest	0.5	0.9	0.9	0.9						
Suwalki	Principal	0.2	0.4	0.4	0.4						
	Interest	0.3	0.3	0.3	0.3						
Cina	Principal			0.3	0.3	0.3	0.3				
	Interest			0.2	0.2	0.2	0.2				
Timisoara	Principal				0.9	0.9	0.9	1.0			
	Interest				1.3	1.2	1.2	1.2			
Visnjicka	Principal				1.0	1.0	1.0	1.1	1.1		
	Interest				1.8	1.7	1.7	1.6	1.6		
Lodz	Principal						0.9	1.0	1.0		
	Interest						0.9	0.9	0.8		
Valley View	Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Interest	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Principal		2.0	2.9	2.7	4.6	3.6	3.9	3.7	2.8	0.7	0.7
Total Interest		2.5	3.2	2.8	5.8	4.5	4.6	4.3	3.1	0.6	0.6
Total Payments to Banks		**4.6**	**6.1**	**5.5**	**10.4**	**8.1**	**8.5**	**8.0**	**5.8**	**1.3**	**1.3**

5.3.3 General and Administrative

During 2009 – 2011 the G&A expenses added up to circa 16 million euros (including accounting recording of non cash flow expense for employee stock options. Until 2013, these expenses were decreased to circa 9.5 million euros per annum. Under the November plan, the G&A expenses expected for upcoming years are estimated at circa 9 million euros per annum. Under the current plan, the Company decreased the above amount to circa 7 million euros per annum.

Plaza Centers, General and Administrative Costs 2009 - 2013

Thousands of Euros

	2009	2010	2011	2012	2013
Salaries & Benefits	7,543	7,661	8,472	5,743	4,522
Depreciation and amortizations	1,007	1,086	630	403	382
Professional Services	4,478	3,721	4,317	4,366	3,743
Travel	1,233	968	1,077	891	180
Rent & Office Supplies	1,461	1,077	1,038	934	445
Other	931	768	887	412	163
Total G&A	**16,653**	**15,281**	**16,421**	**12,749**	**9,435**
Change		*-8%*	*7%*	*-22%*	*-26%*

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, subject to the terms of the debt arrangement, in order to develop the plots of land that it owns, and in particular assets in Belgrade, Serbia, an asset in Lodz, Poland, and an asset in Timisoara, Romania. In addition, an investment of tens of millions of euros is required for the key asset, Casa Radio in Romania. The Company is exploring, among others, the option of bringing a partner who will invest in the project.

Equity Investments 2014 - 2015

Millions of Euros

	1H-14	2H-14	1H-15	2H-15
Torun	0.8	0.8		
Riga	0.5	0.5		
Cina	0.5			
Valley View	0.5			
Suwalki	0.4	0.3		
Zgorzelec	0.3			
Kragujevac	0.1			
Liberec	0.1			
Sport Star (Visnjicka)		5.0	4.0	
Timisoara		4.0	4.7	
Lodz (mall)			5.0	5.1
Equity Investments	**3.2**	**10.6**	**13.7**	**5.1**

Chapter 6: Payment to Bondholders

6.1 The New Bonds

6.1.1 Debt Deferral

According to the proposed arrangement, all principal payments of all 3 series for the next 3 years will be deferred proportionally by 3 years from the arrangement approval date (the deferred debt). The deferred debt amounts to circa 181.4 million euros. The 2 last principal payments for bond Series A, which are scheduled for December 2016 and December 2017, will not be deferred and will be paid according to schedule. The non deferred debt amounts to circa 25 million euros.

In the course of the period, each time the Company realized an asset, 75% of the net realization flow will be transferred to the bondholders to reduce the principal balance. In the event that the Company repays in two years from the arrangement approval date above 50% of the deferred debt, namely, over 90 million euros, the outstanding repayment dates will be deferred by one additional year. In order to comply with this condition, the Company must realize assets in the amount of 120 million euros (net proceeds) in two years.

Diagram describing the payment deferral according to the proposed arrangement

Assumption: the arrangement is approved on June 30, 2014

Date	Original Payment Date			
	A	B	Polish	**Total**
18/11/2013			14.8	**14.8**
31/12/2013	12.6			**12.6**
30/06/2014		64.4		**64.4**
31/12/2014	12.6			**12.6**
30/06/2015		64.4		**64.4**
31/12/2015	12.6			**12.6**
30/06/2016				
31/12/2016	12.6			**12.6**
30/06/2017				
31/12/2017	12.6			**12.6**
Deferred debt	37.8	128.8	14.8	181.4
Non-deferred debt	25.2	0.0	0.0	25.2
Total	**63.0**	**128.8**	**14.8**	**206.6**

Date	Original Payment Date			Defferal			Additional Deferral		
	A	B	Polish	A	B	Polish	A	B	Polish
18/11/2013			**P1**						
31/12/2013	**A1**								
30/06/2014		**B1**		Arrangement Approval date			Arrangement Approval date		
31/12/2014	**A2**								
30/06/2015		**B2**							
31/12/2015	**A3**								
30/06/2016									
31/12/2016	**A4**			**A4**					
30/06/2017				**A1**	**B1**	**P1**			
31/12/2017	**A5**			**A5**			**A4**		
30/06/2018				**A2**	**B2**		**A1**	**B1**	**P1**
31/12/2018							**A5**		
30/06/2019				**A3**			**A2**	**B2**	
31/12/2019									
30/06/2020							**A3**		

Legend:
- **A2** Payment number 2 of series A bonds
- **Red** Deferred debt
- **Blue** Non-deferred debt

6.1.2 Compensation in interest

Effective from January 2014, 1.50% of annual interest will be added to each series in respect of the principal balance. The interest payments that were supposed to be paid at the end of 2013 will be added to the unpaid principal balance. As of January 2014, following the completion of the arrangement process, interest payments will be made according to schedule. In addition, upon the completion of the arrangement, the Company will pay the bondholders circa 10.5 million euros in respect of the interest account for 2014.

6.2 Value of Bond Series

6.2.1 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, prior to entering into the debt arrangement procedures, its current bonds trade at prices that represent a yield of 30% 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 30% 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%.

6.2.2 Bonds Series A

As of June 2013, the principal balance of series A bonds amounted to circa **61.6 million** euros and was payable in 5 annual installments of circa **12.3** million euros each effective from December 31, 2013 until December 31, 2017 in addition to an annual interest of 4.5% linked to the CPI. The debt balance as of December 31, 2013 plus the accrued interest is circa **63** million euros.

The first 3 principal payments will be deferred by 3 years from the arrangement date. Assuming that the arrangement will be executed on June 30, 2014, the payments will be deferred to June 30, 2017, 2018 and 2019. The last 2 payments will not be deferred and will be paid as scheduled in December 2016 and December 2017.

Effective from January 1, 2014 the debt will bear interest of 6%. In total, the series A bondholders will be paid principal and interest payments in a total amount of circa **78.5** million euros. The discounted value of the total payments under discount rate assumption of 20% is circa **44.5** million euros.

Series A – New Amortization Schedule – no realizations scenario

Millions of Euros

Total	Series A bonds	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18	1H-19	2H-19	1H-20
	Opening balance	61.6	63.0	63.0	63.0	63.0	63.0	63.0	50.4	37.8	25.2	12.6	12.6		
16.9	Interest payments	1.4	1.9	1.9	1.9	1.9	1.9	1.9	1.5	1.1	0.8	0.4	0.4		
15.5	Secured interest payment		3.2	0.6	1.9	1.9	1.9	1.9	1.5	1.1	0.8	0.4	0.4		
0.0	Payments from realizations on account of principal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
	Interim balance		63.0	63.0	63.0	63.0	63.0	63.0	50.4	37.8	25.2	12.6	12.6		
63.0	Deferred original payments							12.6	12.6	12.6	12.6		12.6		
	Closing balance	63.0	63.0	63.0	63.0	63.0	63.0	50.4	37.8	25.2	12.6	12.6	0.0		
63.0	Total principal payments		0.0	0.0	0.0	0.0	0.0	12.6	12.6	12.6	12.6	0.0	12.6		
78.5	**Total principal and interest payments**		**3.2**	**0.6**	**1.9**	**1.9**	**1.9**	**14.5**	**14.1**	**13.7**	**13.4**	**0.4**	**13.0**		
	Years for discounting		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0		
44.5	Discounted cash flows		3.2	0.5	1.6	1.4	1.3	9.2	8.2	7.2	6.4	0.2	5.2		

Under the realization plan of the Company, principal payments will be advanced. Under this scenario, a total amount of circa **75.1** million euros of principal and interest payments will be paid to the series A bondholders. The discounted value of all payments under discount rate assumption of 20% is circa **48.7** million euros.

Series A – New Amortization Schedule – according to the Company's realization plan

Millions of Euros

Total	Series A bonds	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18	1H-19	2H-19	1H-20
	Opening balance	61.6	63.0	63.0	58.3	56.4	46.1	39.9	37.5	32.8	8.2				
13.5	Interest payments	1.4	1.9	1.9	1.7	1.7	1.4	1.2	1.1	1.0	0.2				
12.2	Secured interest payment		3.2	0.6	1.7	1.7	1.4	1.2	1.1	1.0	0.2				
50.4	Payments from realizations on account of principal		0.0	4.7	1.9	10.3	6.3	2.4	4.7	12.0	8.2				
	Interim balance		63.0	58.3	56.4	46.1	39.9	37.5	32.8	20.8	0.0				
12.6	Deferred original payments									12.6	0.0	0.0	0.0		0.0
	Closing balance	63.0	63.0	58.3	56.4	46.1	39.9	37.5	32.8	8.2	0.0				
63.0	Total principal payments		0.0	4.7	1.9	10.3	6.3	2.4	4.7	24.6	8.2				
75.1	**Total principal and interest payments**		**3.2**	**5.3**	**3.6**	**12.0**	**7.7**	**3.6**	**5.8**	**25.6**	**8.4**				
	Years for discounting		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0				
48.7	Discounted cash flows		3.2	4.8	3.0	9.1	5.3	2.3	3.3	13.5	4.1				

6.2.3 Series B

As of June 2013, the principal balance of series B bonds amounted to circa **125.4 million** euros and was payable in 2 annual installments of circa **62.7** million euros each: the first is on July 1, 2014 and the second is on July 1, 2015 in addition to an annual interest of 5.4% linked to the CPI. The debt balance as of December 31, 2013 plus the accrued interest is circa **128.8** million euros.

The principal payments will be deferred by 3 years from the arrangement approval date. Assuming that the arrangement will be executed on June 30, 2014, the payments will be deferred to June 30, 2017 and June, 30, 2018.

Effective from January 1, 2014 the deferred debt will bear interest of 6.9%. In total, the series B bondholders will be paid principal and interest payments in a total amount of circa **164.4** million euros. The discounted value of the total payments under discount rate assumption of 20% is circa **94.8** million euros.

Series B –New Amortization Schedule - no realizations scenario

Millions of Euros

Total	Series B bonds	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18	1H-19	2H-19	1H-20
	Opening balance	125.4	128.8	128.8	128.8	128.8	128.8	128.8	128.8	64.4	64.4				
38.9	Interest payments	3.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	2.2	2.2				
35.6	Secured interest payment		6.5	2.3	4.4	4.4	4.4	4.4	4.4	2.2	2.2				
0.0	Payments from realizations on account of principal		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
	Interim balance		128.8	128.8	128.8	128.8	128.8	128.8	128.8	64.4	64.4				
128.8	Deferred original payments								64.4		64.4				
	Closing balance	128.8	128.8	128.8	128.8	128.8	128.8	128.8	64.4	64.4	0.0				
128.8	Total principal payments		0.0	0.0	0.0	0.0	0.0	0.0	64.4	0.0	64.4				
164.4	**Total principal and interest payments**		**6.5**	**2.3**	**4.4**	**4.4**	**4.4**	**4.4**	**68.9**	**2.2**	**66.6**				
	Years for discounting		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0				
94.8	**Discounted cash flows**		**6.5**	**2.1**	**3.7**	**3.4**	**3.1**	**2.8**	**39.8**	**1.2**	**32.1**				

Under the realization plan of the Company, principal payments will be advanced. Under this scenario, a total amount of circa **152** million euros of principal and interest payments will be paid to the series B bondholders. The discounted value of all payments under discount rate assumption of 20% is circa **108.1** million euros.

Series B – New Amortization Schedule - according to the Company's realization plan

Millions of Euros

Total	Series B bonds	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18	1H-19	2H-19	1H-20
	Opening balance	125.4	128.8	128.8	113.1	106.8	72.4	51.3	43.3	27.7					
26.6	Interest payments	3.4	4.4	4.4	3.9	3.7	2.5	1.8	1.5	1.0					
23.2	Secured interest payment		6.5	2.3	3.9	3.7	2.5	1.8	1.5	1.0					
128.8	Payments from realizations on account of principal		0.0	15.7	6.3	34.4	21.1	8.0	15.6	27.7					
	Interim balance		128.8	113.1	106.8	72.4	51.3	43.3	27.7	0.0					
0.0	Deferred original payments										0.0		0.0		
	Closing balance	128.8	128.8	113.1	106.8	72.4	51.3	43.3	27.7	0.0					
128.8	Total principal payments		0.0	15.7	6.3	34.4	21.1	8.0	15.6	27.7					
152.0	**Total principal and interest payments**		**6.5**	**18.1**	**10.2**	**38.1**	**23.6**	**9.7**	**17.1**	**28.7**					
	Years for discounting		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5					
108.1	**Discounted cash flows**		6.5	16.5	8.5	29.0	16.4	6.2	9.9	15.1					

6.2.4. Polish Bonds

As of June 2013, the debt balance to the bondholders of these bonds amounted to circa **14.3 million** euros payable on November 18, 2013. The debt balance as of December 31, 2013 plus the accrued interest is circa **14.8** million euros.

The principal payments will be deferred by 3 years from the arrangement approval date. Assuming that the arrangement will be executed on June 30, 2014, the payments will be deferred to June 30, 2017.

Effective from January 1, 2014 the deferred debt will bear an interest rate of six -month Wibor +6% estimated at 8.7%. In total, the Polish bondholders will be paid principal and interest payments in a total amount of circa **19.3** million euros. The discounted value of the total payments under discount rate assumption of 20% is circa **12.1** million euros.

Polish Bonds – New Amortization Schedule - no realizations scenario

Millions of Euros

Total	Polish	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18	1H-19	2H-19	1H-20
	Opening balance	14.3	14.8	14.8	14.8	14.8	14.8	14.8	14.8						
5.0	Interest payments	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6						
4.5	Secured interest payment		0.7	0.5	0.6	0.6	0.6	0.6	0.6						
0.0	Payments from realizations on account of principal		0.0	0.0	0.0	0.0	0.0	0.0	0.0						
	Interim balance		14.8	14.8	14.8	14.8	14.8	14.8	14.8						
14.8	Deferred original payments								14.8						
	Closing balance	14.8	14.8	14.8	14.8	14.8	14.8	14.8	0.0						
14.8	Total principal payments		0.0	0.0	0.0	0.0	0.0	0.0	14.8						
19.3	**Total principal and interest payments**		**0.7**	**0.5**	**0.6**	**0.6**	**0.6**	**0.6**	**15.5**						
	Years for discounting		0.0	0.5	1.0	1.5	2.0	2.5	3.0						
12.1	**Discounted cash flows**		**0.7**	**0.5**	**0.5**	**0.5**	**0.4**	**0.4**	**8.9**						

Under the realization plan of the Company, principal payments will be advanced. Under this scenario, a total amount of circa **18.2** million euros of principal and interest payments will be paid to the Polish bondholders. The discounted value of all payments under discount rate assumption of 20% is circa **13** million euros.

Polish Bonds – New Amortization Schedule - according to the Company's realization plan

Millions of Euros

Total	Polish	2H-13	1H-14	2H-14	1H-15	2H-15	1H-16	2H-16	1H-17	2H-17	1H-18	2H-18	1H-19	2H-19	1H-20
	Opening balance	14.3	14.8	14.8	13.0	12.3	8.4	6.0	5.1	3.3					
3.9	Interest payments	0.5	0.6	0.6	0.6	0.5	0.4	0.3	0.2	0.1					
3.4	Secured interest payment		0.7	0.5	0.6	0.5	0.4	0.3	0.2	0.1					
14.8	Payments from realizations on account of principal		0.0	1.8	0.7	3.9	2.4	0.9	1.8	3.3					
	Interim balance		14.8	13.0	12.3	8.4	6.0	5.1	3.3	0.0					
0.0	Deferred original payments										0.0				
	Closing balance	14.8	14.8	13.0	12.3	8.4	6.0	5.1	3.3	0.0					
14.8	Total principal payments		0.0	1.8	0.7	3.9	2.4	0.9	1.8	3.3					
18.2	**Total principal and interest payments**		**0.7**	**2.3**	**1.3**	**4.5**	**2.8**	**1.2**	**2.0**	**3.4**					
	Years for discounting		0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5					
13.0	**Discounted cash flows**		0.7	2.1	1.1	3.4	1.9	0.7	1.2	1.8					

6.2.5 The Aggregate Value of Bonds after Restructuring

Under the discount assumption of 20% and assuming that the realization plan is executed, the value of the bonds amounts to circa 170 million euros.

Aggregate value of bonds

Millions of Euros

Series A bonds	Series B bonds	Polish bonds	Total
48.7	**108.1**	**13.0**	**169.7**

This value is examined under various discount rate assumptions and under 3 scenarios of asset realization as follows:

1. Realizations according to the Company's plan.
2. Realizations of half of the Company's plan.
3. With no realizations at all.

Sensitivity Analysis

Series A

	1	2	3
10%	59.5	59.3	57.9
12%	57.0	56.7	54.8
15%	53.6	53.1	50.5
20%	**48.7**	48.0	44.5
25%	44.5	43.6	39.4
30%	40.9	39.8	35.2
40%	35.1	33.7	28.7

Series B

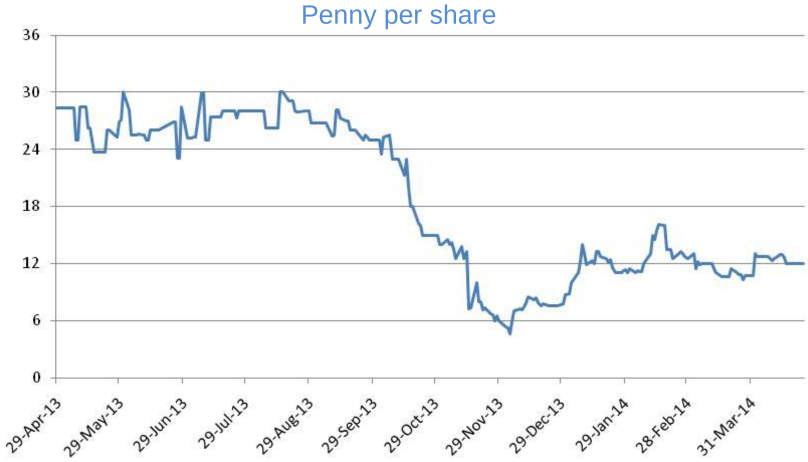
	1	2	3
10%	126.6	125.3	122.7
12%	122.4	120.3	116.2
15%	116.7	113.5	107.4
20%	**108.1**	103.4	94.8
25%	100.6	94.8	84.3
30%	94.1	87.4	75.5
40%	83.4	75.2	61.6

Polish Bonds

	1	2	3
10%	15.2	15.1	15.1
12%	14.7	14.5	14.4
15%	14.0	13.7	13.4
20%	**13.0**	12.6	12.1
25%	12.1	11.5	10.9
30%	11.3	10.7	9.9
40%	10.0	9.2	8.3

6.3 Value of Shares

The Company will grant to the bondholders options amounting to 13.5% of the issued and paid-in share capital after the injection of funds by the shareholders. The shares will be allocated to the bondholders of all three series pro rata to the deferred debt.



Prior to the announcement of the arrangement, Plaza's share was traded at an average price of 25 Penny per share. After the announcement of the arrangement, the price declined to a low price of 5 Penny per share. In recent months, the share price stabilized at 11 Penny, a price reflecting a value of circa 40 million euros.

Value of shares

Millions of Euros

	Price per share in Penny	Value in millions of Pounds	Value in millions of Euros
Average of the last three months	12.23	36	44
Average of the last six months	**11.05**	**33**	**40**
Average of the last year	18.38	55	66

The Company's expected value after the fund injection from the rights issuance is circa 60 million euros. The package value at a rate of 13.5% of the Company's shares is estimated at circa 8 million euros. The nominal recovery rate to bondholders is 123%. In discounted values at a rate of 20%, the recovery rate to the bondholders according to the proposed arrangement is circa 86%.

Package value and recovery rate

Millions of Euros

	Nominal values	Discounted values at a rate of 20%
Value of the new bond series	245.4	169.7
Value of share package	8.1	8.1
Total package value	253.5	177.8
Debt	206.6	206.6
Recovery rate	**123%**	**86%**

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 amount to circa 6% of the asset value, the Company's external debt and additional liabilities, such as accrued 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%. 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 project will be sold in exchange for 80 million euros within 6 months seems unreasonable. Accordingly, an additional amortization of 30 million euros was carried out from the Company's asset value.

Recovery rate according to the liquidation option

Millions of Euros

Cash (opening balance)	36
Realizations	152
Total assets and cash	188
Expenses	
Liquidation expenses of 6% of the assets	24
G&A	7
Subtotal	**157**
Casa Radio	-30
Total	**127**
Debt balance to bondholders	206.6
Recovery rate	**62%**

The total value of the Company's assets, under the liquidation option, amounts to circa 127 million euros representing a recovery rate of 62% to the bondholders.

Sincerely yours,

Horowitz Idan Sabo Tevet & Cohen Tabach

Horowitz Idan Sabo Tevet & Cohen Tabach

Certified Public Accountants (Isr.)

Chapter 8: My Education and Experience

Sela Kolker

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

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.

Baker Tilly is an independent member of Baker Tilly International Limited. Baker Tilly International is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly UK Group LLP, the independent member of Baker Tilly International in the United Kingdom, is the owner of the Baker Tilly trademark. Baker Tilly is not Baker Tilly International's agent and does not have authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly, nor any of the other independent member firms of Baker Tilly International has any liability for each other's act or omissions.

Contact details

The author, ***Sela Kolker***, can be contacted at sela.k@bakertilly.co.il, or on +972 (3) 566 5006.

Sincerely yours,

Horowitz Idan Sabo Tevet & Cohen Tabach

Horowitz Idan Sabo Tevet & Cohen Tabach

Certified Public Accountants (Isr.)