Debt Settlement Analysis

Plaza Centers NV

May 2014

Disclaimer

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Any reliance on this presentation and all information provided is subject to the detailed disclaimer in the Hebrew version.

Sharon Zaworbach – Professional Experience

Education

- B.A. Economics, Bar Ilan University (Magna Cum Laude)
- LL.B. Bar Ilan University

Professional Experience

MNS – CEO – Managing the firm's consulting activities in corporate and project finance with a focus on equity and debt raising, valuations, and economic and financial modeling of company operations

Africa Israel Group **- Head of the Commercial Properties and Infrastructure Division -** Managed the group's entire commercial properties activity in Israel including initiation, construction, rental and portfolio management

Senior Financial Advisor to the Ministry of Finance – Lead financial advisor to the Ministry of Finance on mega infrastructure projects promoted in Israel under PPP schemes. Developed financial solutions to support PPP projects during the credit crisis of 2008

Babcock & Brown - Investment Director, Energy & Infrastructure – Joined the founding team for the Israeli office of Babcock & Brown to establish an Israeli infrastructure fund

ABN AMRO, London - Assistant Director, Energy & Resources – Led the group of infrastructure financing activities with responsibility for originating, structuring and financing these transactions, including ongoing dialogue with the main infrastructure fund

BDO Stoy Hayward London - Assistant Director, Project Finance – in charge of project finance / PFI modeling from initial scoping to completion

MNS

- Plaza – General Background
- Debt Structure
- Valuation Methodology
- Value Estimates
- NAV Analysis
- Restructuring Offer Analysis

Plaza Specializes in Shopping centers' development, Marketing, Management and Realizations

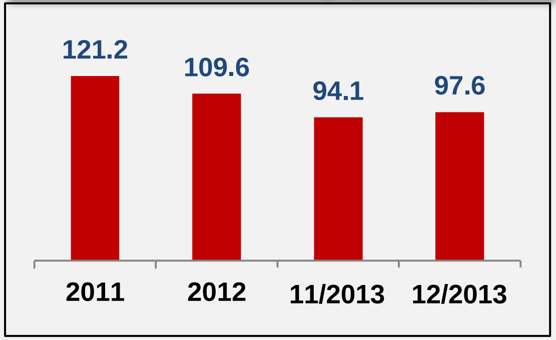
General	Plaza Centers NV operates in the field of commercial properties (mostly shopping centers) development and management in Central and Eastern Europe
Share holders	Plaza Centers is a public company, held by Elbit Imaging (62.5%). The company's stock is traded in the London and Warsaw Stock exchanges. Its bonds are traded in Tel Aviv and Warsaw Stock exchanges
Main Business	The company focuses on development, construction, management and sale of shopping centers in the CEE region (Poland, Serbia, the Czech Republic and Romania). The company owns a wide land bank designated for future development (mainly Casa Radio, Romania)
Restructuring Background	As a result of the financial crisis of 2008, which devalued the company's assets substantially and harmed the CEE consumers' consumption abilities, the company reached insolvency, expressed in an inability to pay its debts to the bond holders
Data base	The values in this presentation are updated as of December 2013

Key Company Assets Scattered Across 5 Countries in CEE

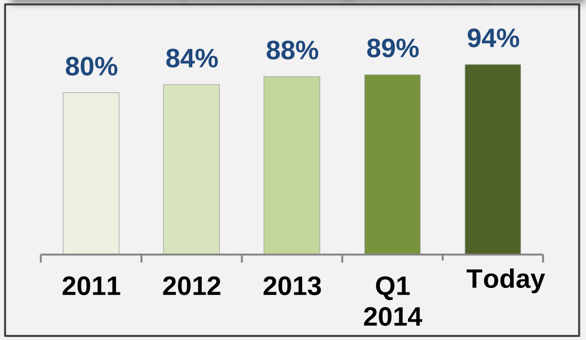
Torun Mall is the Highest Valued Active Asset in the Portfolio

- The mall is located in the city of Torun (Northern Poland) and contains 205,000 residents
- The mall was open to the public in 2011
- The mall's GLA is approximately 40,000 sqm. Currently, 94% of the space is occupied and there are negotiations for additional 3% of the space
- Among the medium-sized cities in Poland, the city of Torun is the biggest retail center. In addition to Torun Plaza there is only one Western style mall, which is considered a competition (Atrium Company)
- The mall is modern and more welcoming than its competitor, but is located in an inferior area and does not include a Hyper Market, which makes it relatively less attractive

Asset value history (M Euros)



Occupancy rate throughout the years



Net value (CUSHMAN, December 2013)

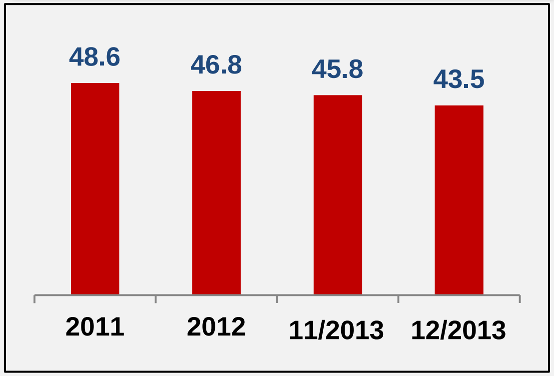
	In million Euros
Fair Value	98
Debt	(49)
NAV	**49**

Due to the high occupancy rate and the quality of the tenants, the potential for further value gains are limited

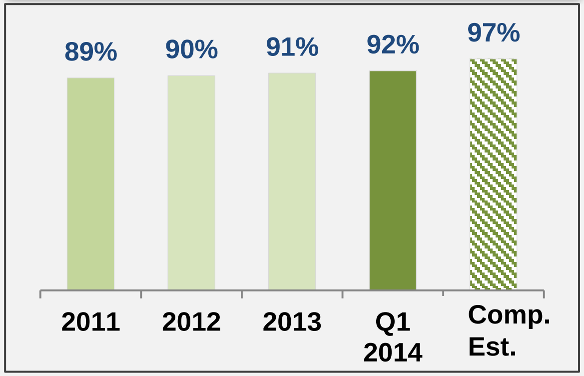
Suwalki Mall's Value Constitutes 18% of the Commercial Properties Portfolio

- The Mall is located in the city of Suwalki (Northeast Poland) and contains 70,000 residents
- The mall was open to the public in 2010
- The mall's GLA is 20,000 sqm. Currently, 92% of the space is occupied and there are negotiations for additional 5% of the space
- Suwalki mall is the only shopping center in the city

Asset value history (M Euros)



Occupancy rate throughout the years



Net value (CUSHMAN, December 2013)

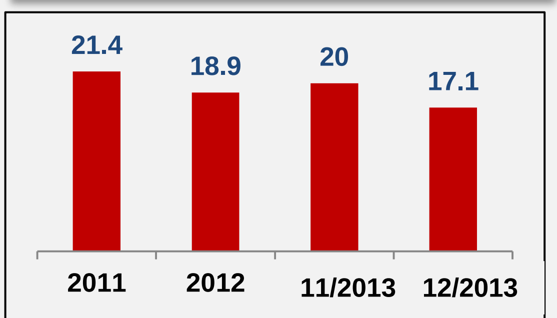
	In million Euros
Fair Value	44
Debt	(32)
NAV	**12**

The Asset depreciations are due to the increase in yields and decrease in average price per SQM

No Cash Income is Expected From the Mall's Realization Due to Its Negative NAV

- The building is located in the city of Zgorzelec (Southwest Poland) which contains 35,000 residents, and an additional 55,000 residents on the German side
- The mall was open to the public in 2010.
- The mall's GLA is 13,000 sqm. Currently, 92% of the space is occupied
- There are two additional shopping centers in the city
- 100% of the property is liened against its debt
- There is a company guarantee of 2.2M Euros

Asset value history (M Euros)



Occupancy rate throughout the years

Net value (CUSHMAN, December 2013)

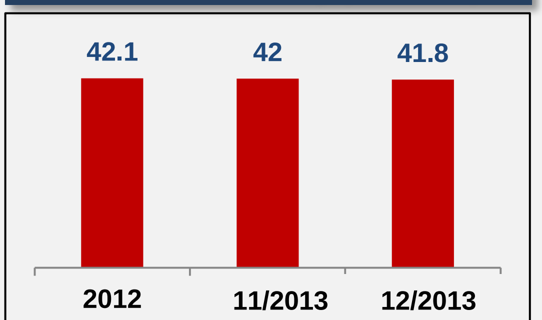
	In million Euros
Fair Value	17
Debt	(22)
NAV	**(5)**

The Company's exposure to the mall's debt is up to the company's guarantee (2.2 M Euro)

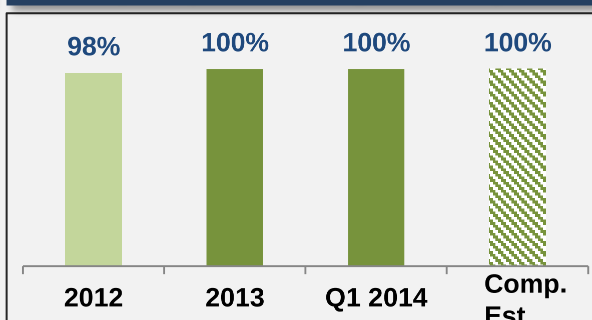
Kragujevac Mall is Fully Occupied, But its Realization is Challenging

- The mall is located in the city of Kragujevac (Central Serbia) which contains 180,000 residents
- The mall was open to the public in 2012 and is the first "western" mall in Serbia which was built outside of Belgrade
- The mall GLA is 22,000 sqm for rent and is fully occupied
- The city contains two shopping centers, the Plaza mall is the largest and the only one considered "western"
- According to the company, there is no market for a current sale at fair value
- The company is currently engaged in improving the tenants mix in the mall

Asset value history (M Euros)



Occupancy rate throughout the years



Net value (CUSHMAN, December 2013)	
	In million Euros
Fair Value	42
Debt	(30)
NAV	**12**

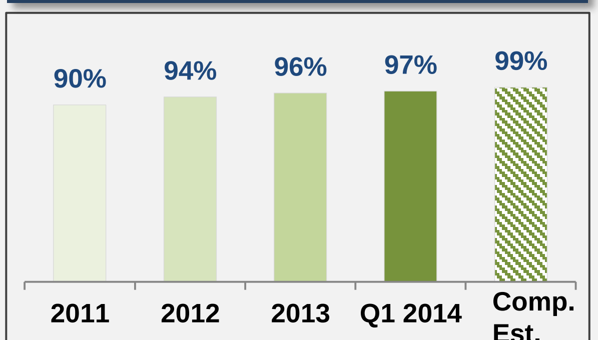
The company estimates that in the future while the quality of tenants improves, it will be possible to sell the mall at fair value

Riga Mall is the Only Commercial Property that is Co-Owned

- The mall is located in the city of Riga, the capital of Latvia, which contains 700,000 residents
- The mall was open to the public in 2009
- Plaza owns 50% of the asset
- The mall's GLA is 49,000 sqm. Currently, 97% is occupied and there are negotiations for an additional 2%
- In the third quarter of 2013, the company refinanced its debt for an additional 4 years

Asset value history
(Plaza Share in M Euros)

Occupancy rate throughout the years



Net value
(CUSHMAN, December 2013)

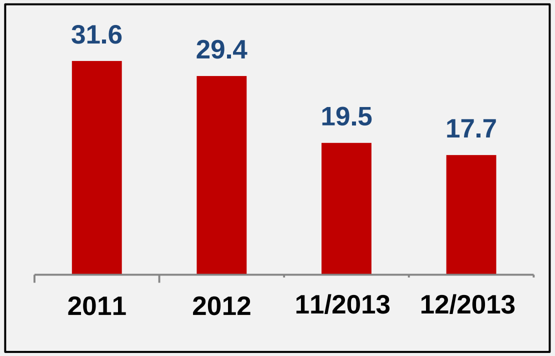
	In million Euros
Fair Value	44
Debt	(29)
NAV	**15**

The company has presented a proposal for the mall purchase, though it believes that a higher sales price can be achieved

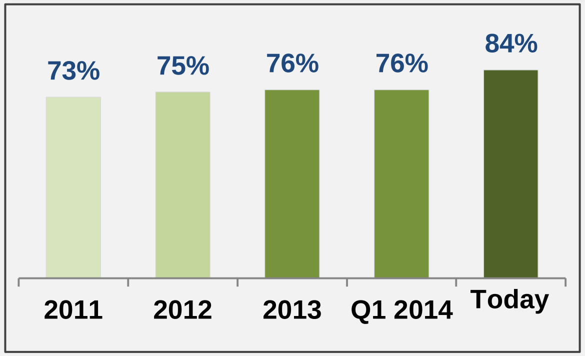
The Mall's Low Occupancy Rates throughout the years effects its Value downwards

- The mall is located in the city of Liberec (Northern Czech Republic) which contains 102,000 residents
- The mall was open to the public in 2009
- The mall's GLA is 17,000 sqm. Currently, 84% is occupied and there are negotiations for additional 4%
- The city contains 5 additional shopping centers, of which two are located in the same area of the Plaza Mall
- The bank loan is fully guaranteed by the company (including the principal and interest payments)

Asset value history (M Euros)



Occupancy rate throughout the years



Net value (CUSHMAN, December 2013)

	In million Euros
Fair Value	18
Debt	(21)
NAV	**(3)**

Due to the mall's low occupancy, Plaza is exposed to the guarantee issued to the financing bank

Casa Radio is the Most Challenging Asset in Plaza's Portfolio

General

- The land is located in the center of Bucharest, the capital of Romania
- The project is designed in three parts: a mall with 76,000 sqm GLA, three office towers with 219,000 sqm GLA, and an hotel with 59,000 sqm GLA
- The company owns 75% of the asset, 15% is owned by the Romanian government and 10% by an additional investor
- The land was appraised at 130.6M Euros (valuation was conducted by Cushman)

Budget

- Up to now, 115M Euros have been invested in the asset, of which 64M Euro were attributed to the mall
- The budget for the mall's completion is 180M Euros

Status

- Discussions for updating the PPP agreement schedule are taking place
- According to the company, there is a potential tenant interested in renting 100,000 sqm of the planned office space at a 5%-10% below market rental price – The company did not provide supportive documentation

The Company declared its Four Potential Sites for Development

Timisoara

- The asset is located in the city of Timisoara (Western Romania) which contains 350,000 residents
- The assets extends over 36,000 sqm
- Purpose: Shopping Center
- Status: Advanced planning, approved Puz
- Rental and financing negotiations are taking place
- Planned construction date: H2 2014
- Construction and Permits: 2.5 years
- Date of realization: H2 2019

Project cost	65
Required Capital- 35%	23
Equity Invested	15
Required Equity	8
Bank Financing - 65%	42
Remaining Project Cost	**50**
Value at Sale	**80**

Lodz (mall)

- The asset is located in the city of Lodz (Central Poland) which contains 0.7M residents
- The assets extends over 28,000 sqm
- Purpose: Shopping Center
- Status: Advanced planning, Building Permit is expected within a year
- Rental and financing negotiations are taking place (term sheet in hand)
- Planned construction date: H1 2015
- Construction and Permits: 3 years
- Date of realization: H2 2019

Project cost	61
Required Capital- 35%	21
Equity Invested	10
Required Equity	11
Bank Financing - 65%	40
Remaining Project Cost	**51**
Value at Sale	**74**

Two Out of the Four are Located in Serbia's Capital

Sport Star

- The asset is located in the city of Belgrade, the capital of Serbia, which contains 1.8M residents
- The asset extends over 32,000 sqm
- Purpose: Shopping Center
- Status: Advanced planning
- Financial negotiations are taking place (term sheet in hand)
- Planned construction date: H2 2014
- Construction and Permits: 2 years
- Date of realization: H2 2018

Project cost	79
Required Capital- 35%	28
Equity Invested	19
Required Equity	8
Bank Financing - 65%	52
Remaining Project Cost	**60**
Value at Sale	**79**

Belgrade Plaza

- The asset is located in the city of Belgrade, the capital of Serbia
- The asset extends over 35,000 sqm
- Purpose: Office building (29,000 sqm), commercial (6,000 sqm), hotel (300 rooms)
- Status: Under planning
- Planned construction date: H2 2015
- Construction and Permits: 2 years
- Date of realization: H2 2019

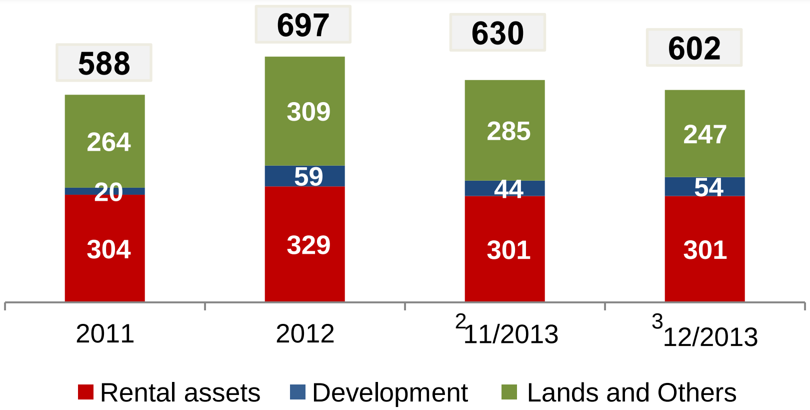
Project cost	124
Required Capital- 35%	44
Equity Invested	30
Required Equity	13
Bank Financing - 65%	81
Remaining Project Cost	**94**
Value at Sale	**128**

Plaza Centers – General Data

Implied Recovery from Current Bond Market Prices (Updated as of May 25 2014)

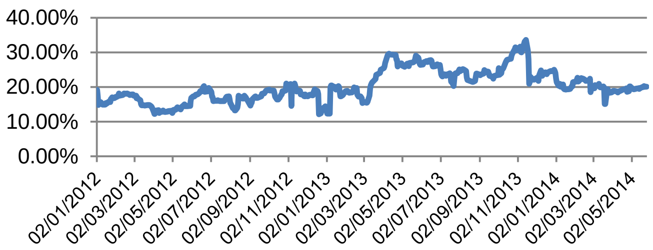
	Market Price	Par	Recovery %
Series A	102.3	122.4	83.6%
Series B	104.2	118.5	87.9%

Fair Value History (In Millions of Euros)

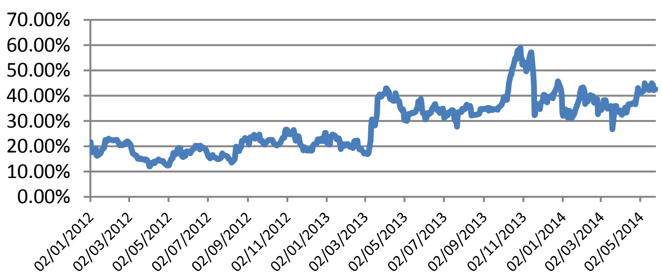


Bond Yield

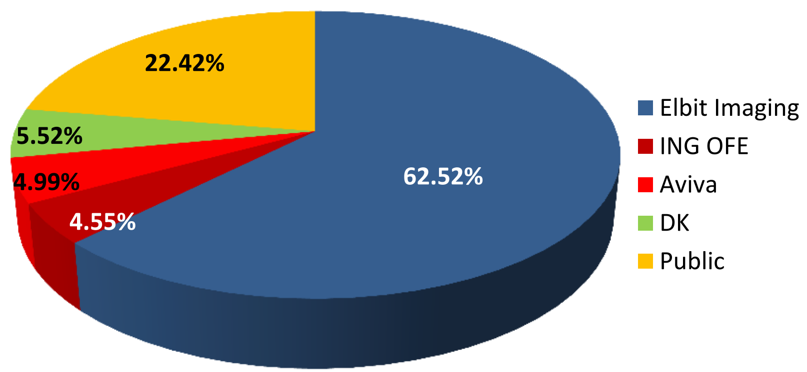
Series A



Series B

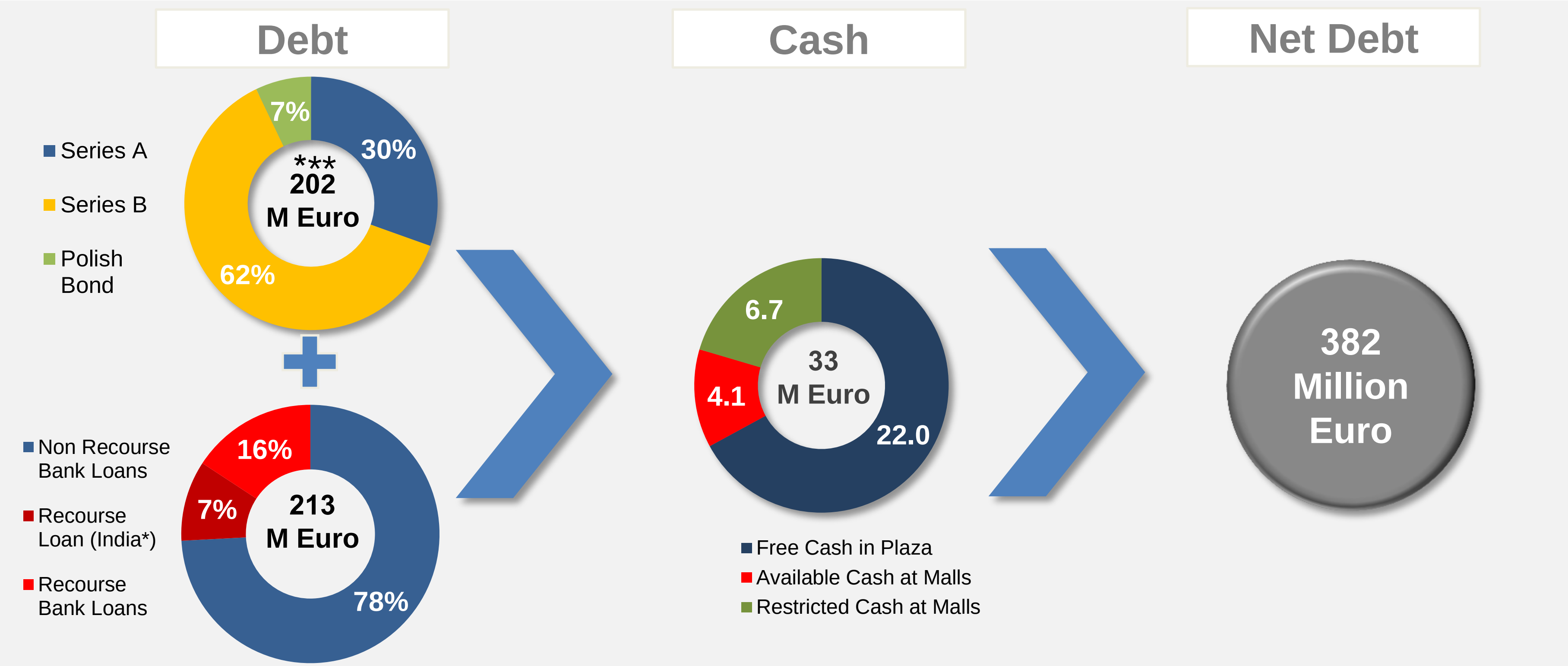


Shareholders [1]



1. *Aviva and ING OFE- Polish Institutional Investors*
2. *JLL valuation (Nov 2013)*
3. *Cushman valuation (Dec 2013)*

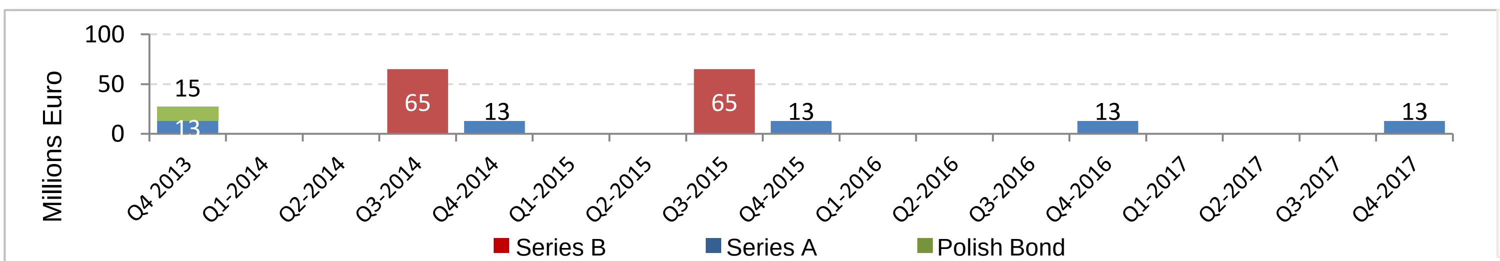
Company Debt



(*) The mall in India has been sold, though most of the funds have not been received as of yet (see explanation on page 39)

(**) The Stated Interest on the bonds: Series A- 4.5% (inflation linked), Series B- 5.4% (inflation linked), Polish bond-Wibor+4.5%. The Model is in real terms (i.e w/o inflation)

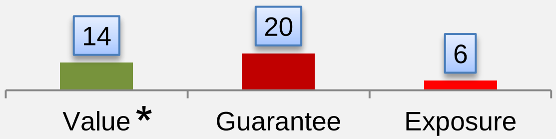
(***) The closing balance of the debt based on a Par Value basis for December 2013



Original Amortization Schedule (Principal Only)

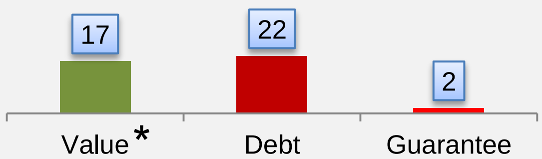
Some of the Asset Loans has Recourse to Plaza

Liberec (M Euro)



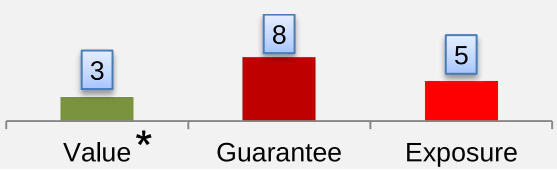
This loan is fully guaranteed by the company including principal and interest payments. The Czech company's resources are not enough to serve its debt to the bank – up to the restructuring process, the company used to cover the gap

Zgorzelec (M Euro)



Although the loan is a non-recourse, there is a company guarantee for 2.2M Euros

Valley View (M Euro)



Valley View has no resources for serving its debt. Up to the restructuring process Plaza has been covering Valley View's interest payments. The principal payments are being accumulated

(*) MNS Value at ongoing concern scenario

According to our value estimates, the company's total exposure stands at 13M Euros

Evaluation Methodology

In our analysis we have examined the companies NAV and cash flow in three scenarios

Liquidation Scenario

- In this scenario, we assumed rapid realization of all company assets within one year
- Value of assets in this scenario is discounted according to the status of the asset and its location
- In this scenario, there are minimal management expenses
- There is no land development

Sale in Stages Scenario

- In this scenario, the company has 2 years to realize all of its assets
- The working assumption is that during this period the commercial properties will gain value, the planning for vacant lands will progress, and the sales will be executed under less pressure. Therefore, the discount in this scenario is lower
- There is no land development

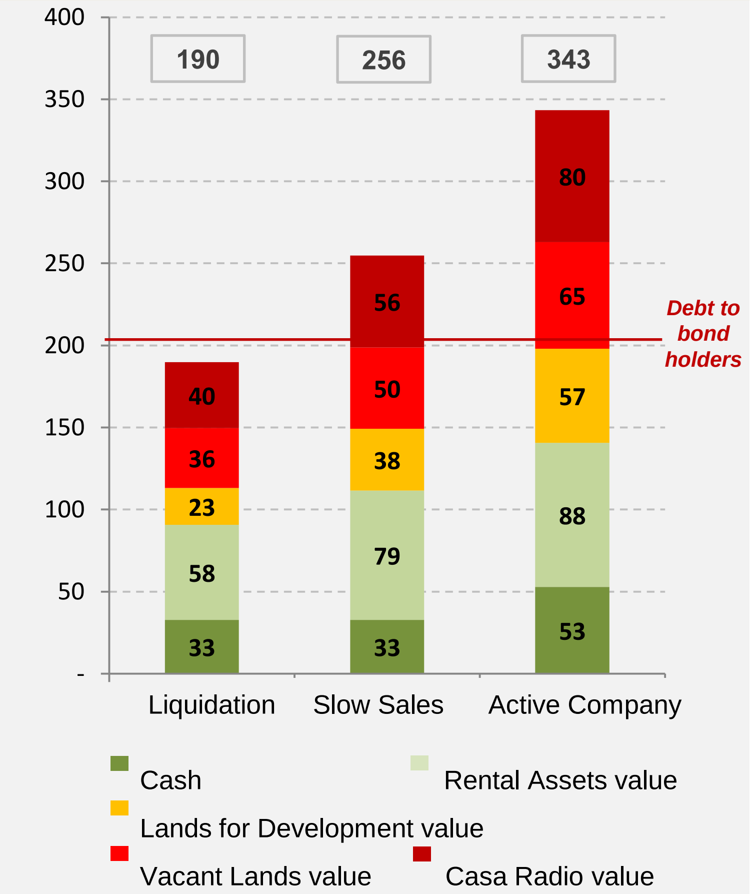
Ongoing Concern Scenario

- In this scenario, the company realizes assets without any time pressure
- The company develops 4 assets according to its cash flow abilities and debt settlement principles
- In this scenario, the management expenses are higher
- The land in Casa Radio is being sold Rather than developed

Comparing Company NAV in the Different Scenarios Points to a High Value in the Active Company Scenario

M Euro	Liquidation Scenario	Diff.	Sale in Stage Scenario	Diff.	On Going Concern Scenario
Commercial Property's Value	268	21	289	9	299
Bank Loans [1,2]	(200)	-	(200)	-	(200)
Cash	33	-	33	[3]20	53
Under Construction Projects Value	23	15	38	20	57
Casa Radio Value	40	16	56	24	80
Land and Others Value	36	13	50	15	65
Bank Loans (Land and Other)	(11)	-	(11)	-	(11)
Management Cost	(14)	(4)	(18)	(12)	(30)
Debt Service Resources	186	61	247	66	313
Debt to Bond Holders	(202)	-	(202)	-	(202)
NAV	**(26)**	**61**	**35**	**76**	**111**
% Recovery	**87%**		**117%**		**155%**
% Recovery w/o Casa Radio	**67%**		**89%**		**115%**

An Active Company Creates Safer Resources



(1)Takes into account the loan on the mall in India and without the deduction of cash in malls at the value of 11 M Euro
(2) Takes into account the company's limited exposure to Zgorzelec (Company guarantee of 2.2 M Euro)
(3) Cash injection to the company using rights issuing

Qualitative Pros and Cons for Keeping the Company as an Ongoing Concern

- Higher management expenses
- Risking creditors funds towards land development
- Uncertainty towards future market risks
- Conflict of interest between bondholders and shareholders
- Additional delay of asset realization

- Higher prices and higher certainty in realization value, especially in Casa Radio
- Creating value by improving assets and land development
- Ongoing management costs are financed in part by the owners
- Influence on the company's occupancy abilities

The Updated Restructuring Offer was Improved Compared to the Company's Initial Offer

	Company's Offer	Updated Offer
Debt Restructuring	Bond principal repayment will be deferred for 3 years. After the deferral period, both the deferred and original payments will be made simultaneously	Bond principal repayment will be deferred for **3 years starting the day of court restructuring approval** (In case that 50% or more of the deferred debt will be redeemed within two years of the effective date, a one year postponement will occur)
Interest Payments	Additional interest of 1.5% starting from January 2014 on all principal payments. Interest payments up to the end of 2013 will accumulate to the principal	Agreed
Realization Plan	Realization of 19 properties between 2014-2018, of these 6 are rental properties and the rest are lands	Adding the limitation for the sale of Torun, Suwalki, Riga and Kragujevac for a minimum of 70 M Euros. Some of the free lands will not be sold and will be pledged for financing future developments
Option Rewords as Compensation	Stock options will be granted for 9.99% of the company's equity	Bond holders will receive **13.5% of company equity** after cash injection (Including bonds that are being held by a subsidiary)
Equity Injection	The company is planning to rise 20M Euros using a rights issue	**The Restructuring is conditioned upon** a 20M Euro cash injection by stock owners
Safety Net	-	Company may develop or acquire assets as long as it holds sufficient funds to cover 6 months of management and interest costs (11 M Euro)
Cover Ratio	-	A cover ratio (net assets to debt) of less then 118% will be an event of default

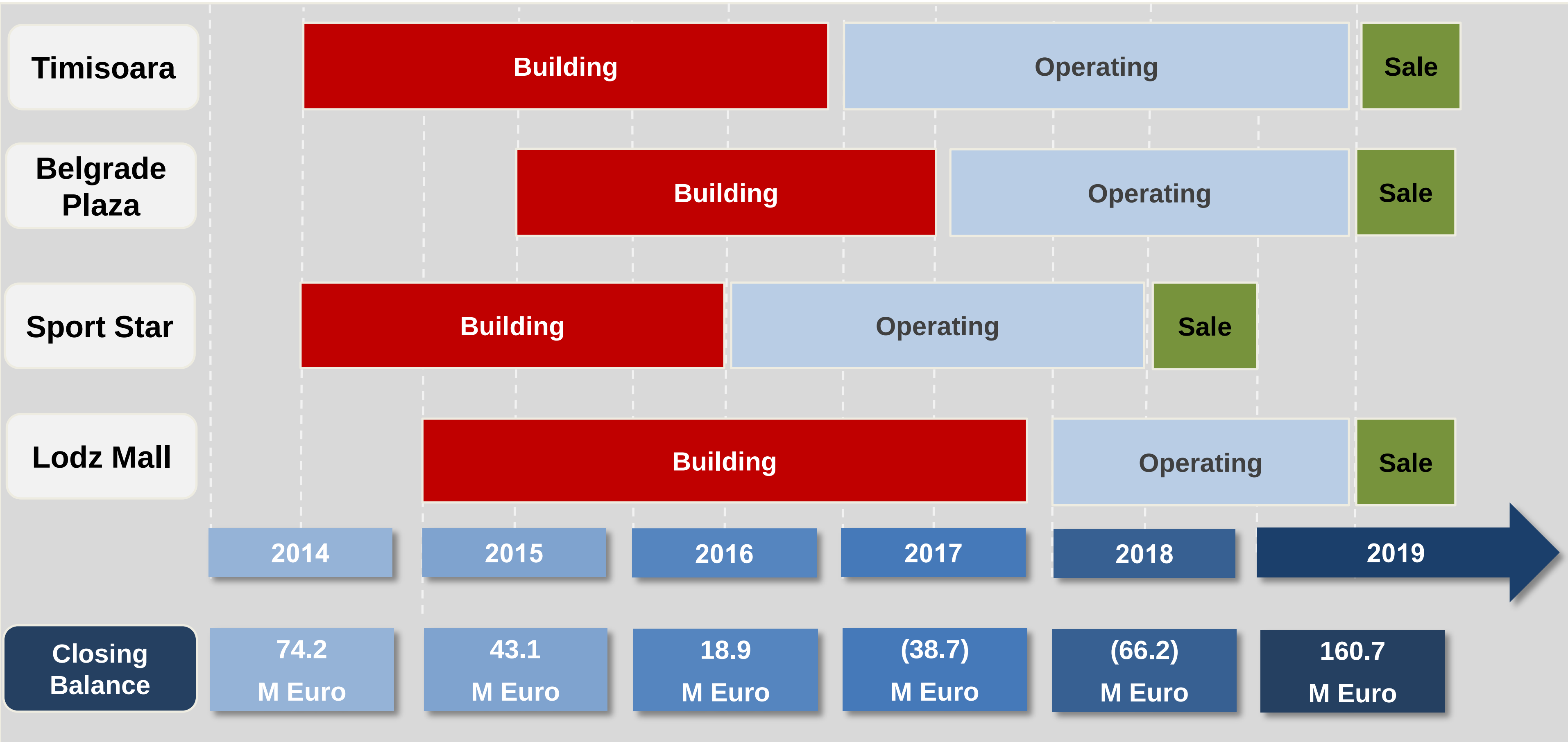
Updated Restructuring Offer - Continued

	Company's Offer	Updated Offer
Collateral	Collateral increase using negative pledges on company assets	Additional requirements: subsidiaries' approval to operate according to the negative pledges, and Creating new restrictions to prevent new creditors
Waiver	Each plan creditor hereby release the current and former directors and officers of the company for any liability under any applicable law other than liability that is a result of gross negligence or wishful misconduct	The waiver will take affect after the 20M Euro cash injection. The waiver will apply to Elbit as well and will be mutual
Dividend Payments	No dividends will be distributed until the deferred debt is paid in full, unless there is consent of the majority of the deferred debt owners	No Dividends will be distributed before repayment of 75% of the bond and only if a cover ratio of 150% after distribution is achieved
Prepayments	75% of funds from an asset sale will be allocated towards prepayment of bonds, the rest will be used to support operational expenses and towards new investments	1. Part of the interest will be paid prior to the principal 2. Bond prepayments will only occur on realization made after the restructuring
New Investor	-	An additional 20 M Euro or more of cash injection will allow for easing some of the above covenants

The Base Assumptions used in our Cash Flow Model are in Accordance with the Offered Settlement…

Commercial Properties Realizations	▪ The company's policy is to realize assets that have maximized their value and for which there is a market for sale ▪ Based on discussions with the company management, according to the Dutch law there are no tax liabilities with respect to asset realization as a result of an appropriate tax planning ▪ We assumed that properties will be realized in the mid of each interest period for purpose of deducting interest payments
Land Development Methodology	▪ We assumed a bank financing of 65% (conservative assumption) ▪ According to past experience in the industry, we assumed at least 2 years of operation and stabilization of a mall before any asset realization
Land Realizations	▪ We assumed that all land inventory will be sold over the 4 years beginning at 2018, Based on company needs on pledging lands for financing future developments ▪ We assume that the land of Casa Radio will be the last to be realized due to the complexity of the project

… Additionally, the Assumptions for Investments and Development of New Assets

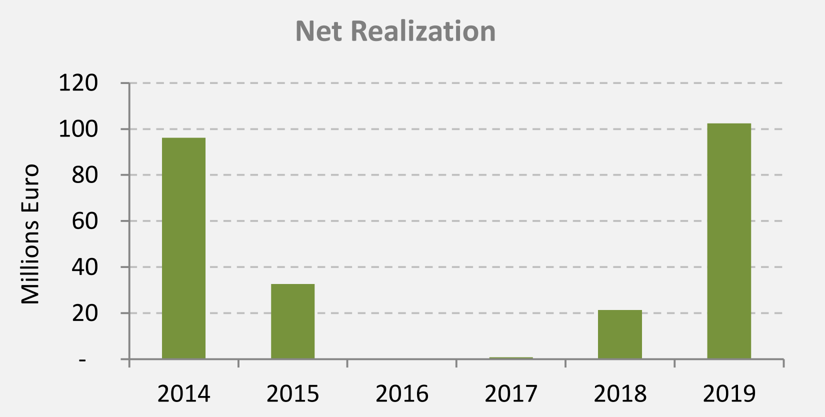


We are expecting positive cash Balances during the first years…

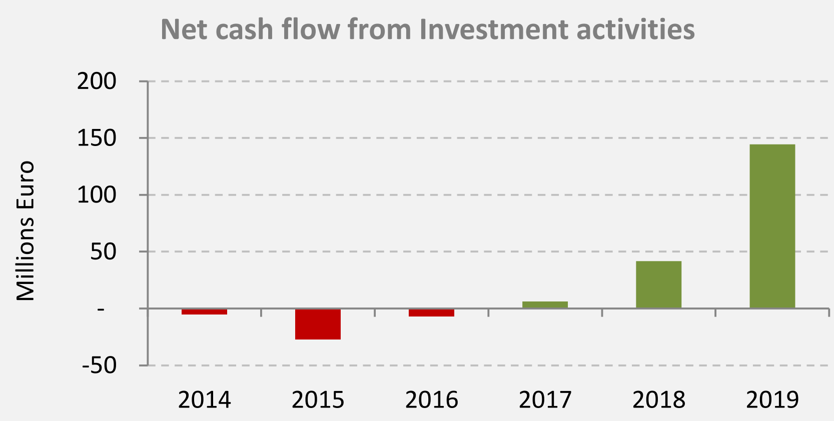
Millions Euro	2014 H1	2014 H2	2015 H1	2015 H2	2016 H1	2016 H2	2017 H1	2017 H2	2018 H1	2018 H2	2019 H1	2019 H2
Opening Balance	22.0	47.8	74.2	57.2	43.1	26.4	18.9	12.4	(38.7)	(25.1)	(66.2)	(61.2)
Capital raising	-	20.0	-	-	-	-	-	-	-	-	-	-
NOI	11.6	11.6	4.7	2.9	0.9	0.9	1.1	1.1	-	-	-	-
Principal and Interest Payments (Banks)	(6.1)	(6.0)	(3.4)	(2.7)	(1.3)	(1.3)	(1.2)	(1.2)	-	-	-	-
Total Cash from Continuous Operations	5.5	5.7	1.3	0.2	(0.4)	(0.4)	(0.2)	(0.2)	-	-	-	-
Assets Sales, Net	24.0	72.1	14.9	17.8	-	-	-	0.9	16.7	4.6	16.7	85.8
Total bond Debt Service	-	(62.6)	(14.4)	(16.4)	(4.5)	(4.5)	(4.5)	(52.2)	(36.6)	(46.4)	(12.4)	-
Net Cash Flow from New Investments	-	(5.0)	(15.1)	(11.9)	(8.1)	1.2	2.0	4.1	37.3	4.5	4.4	139.9
Net Cash Flow (without opening balance and Capital raising)	29.6	10.1	(13.3)	(10.3)	(13.0)	(3.7)	(2.7)	(47.4)	17.4	(37.3)	8.7	225.6
Management Cost	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)
Closing Balance	47.8	74.2	57.2	43.1	26.4	18.9	12.4	(38.7)	(25.1)	(66.2)	(61.2)	160.7

… And Still Exposure to Bond Holders Remains if Asset Development is not Executed Carefully

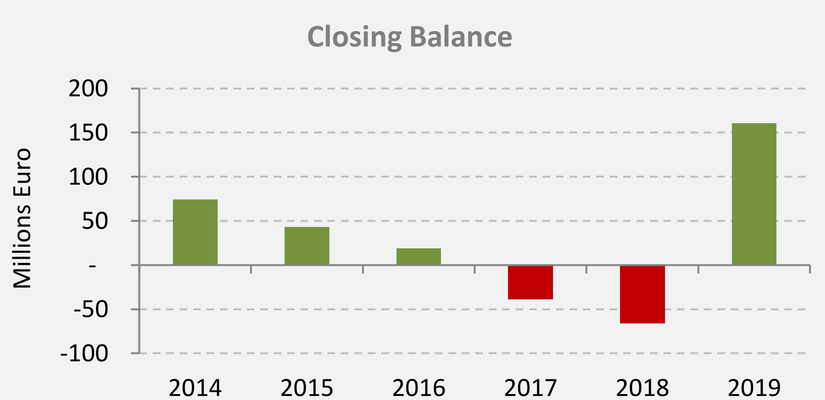
Despite the Realization Pace



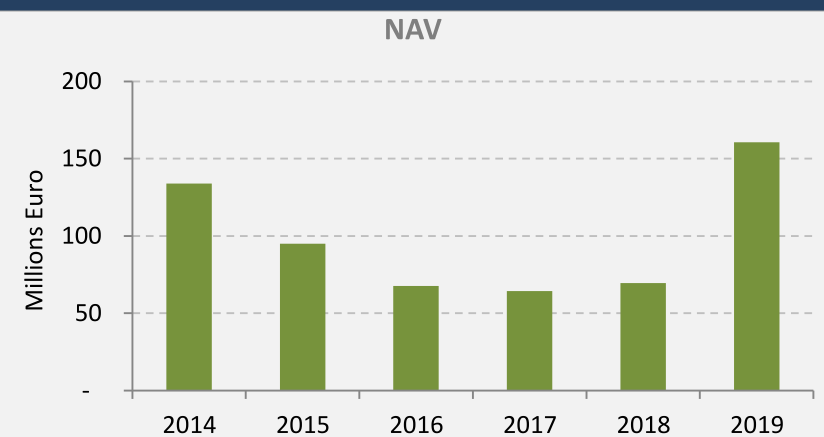
Which Leads to New Investments



Delays in Realization Timings may cause Negative Closing Balances

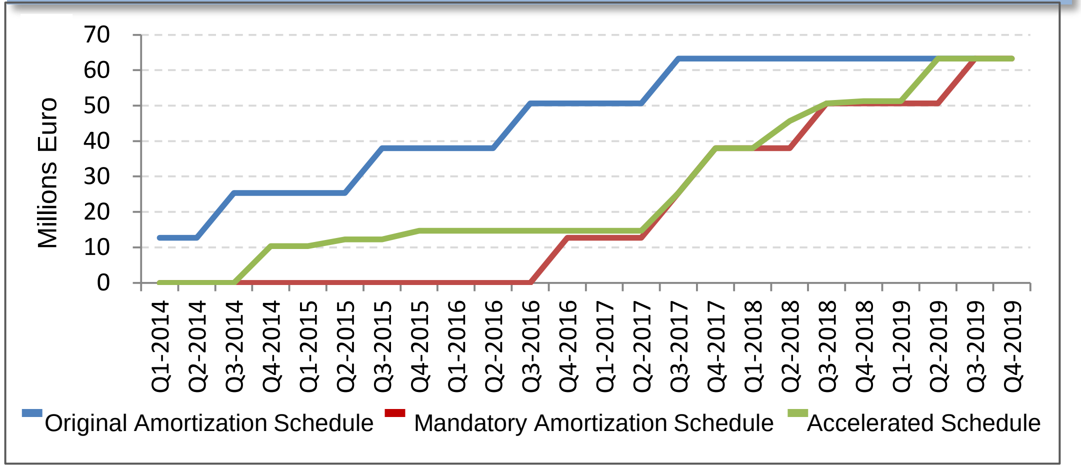


Despite having a Positive NAV

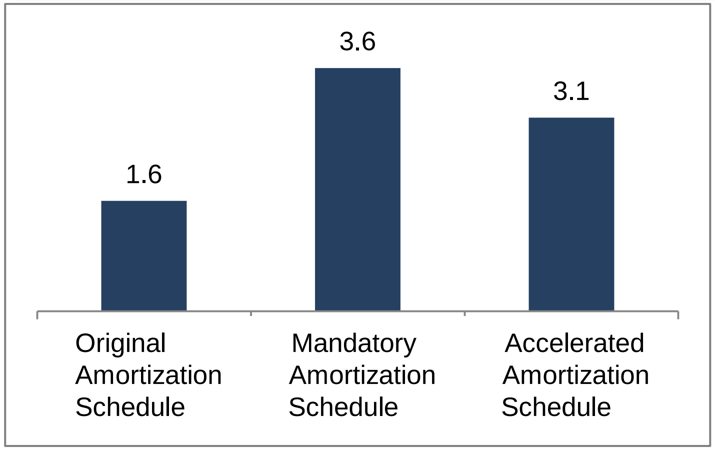


Early Repayments Accelerate the Amortization Schedules and Shorten the Duration of the Series Accordingly

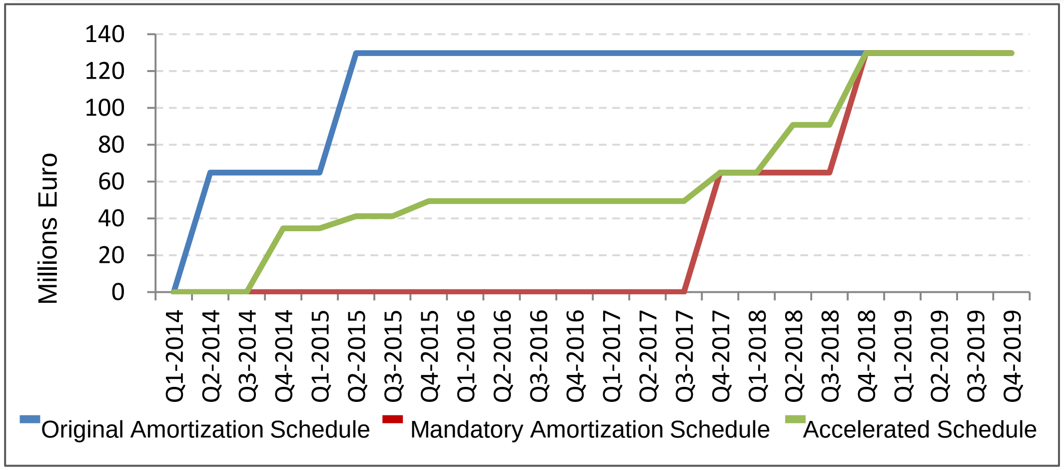
Cumulative amortization schedule- Series A



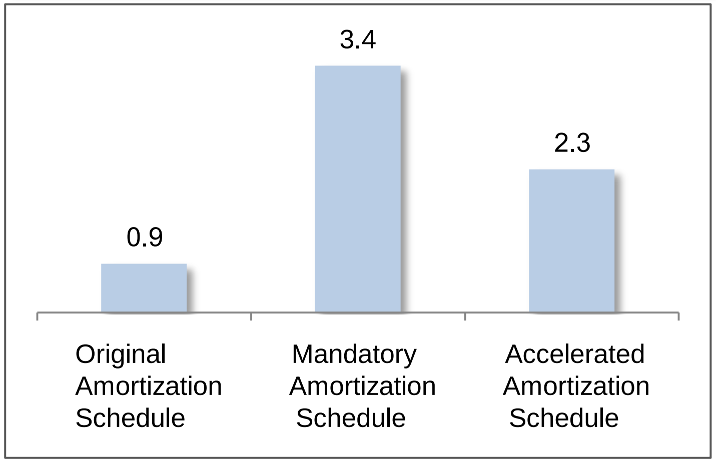
Series A Duration



Cumulative amortization schedule- Series B



Series B Duration

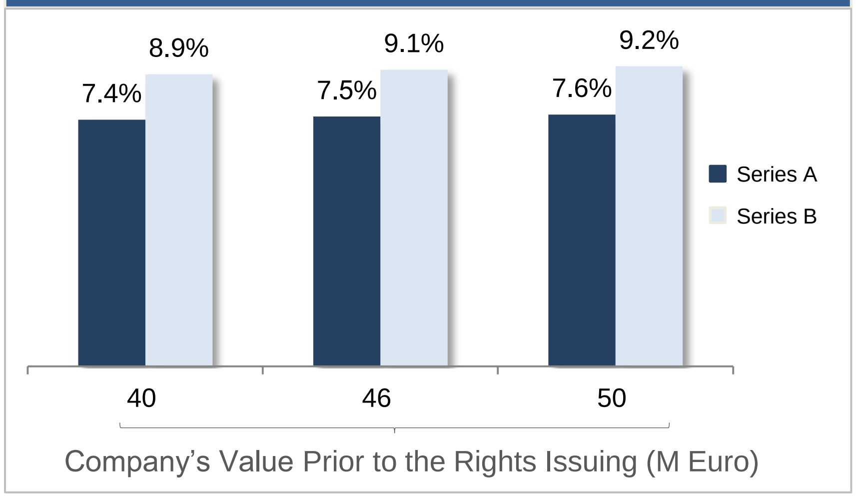


Stock Package Offered to Bond Holders Generates a Higher Effective Real Interest Rate for Both Series

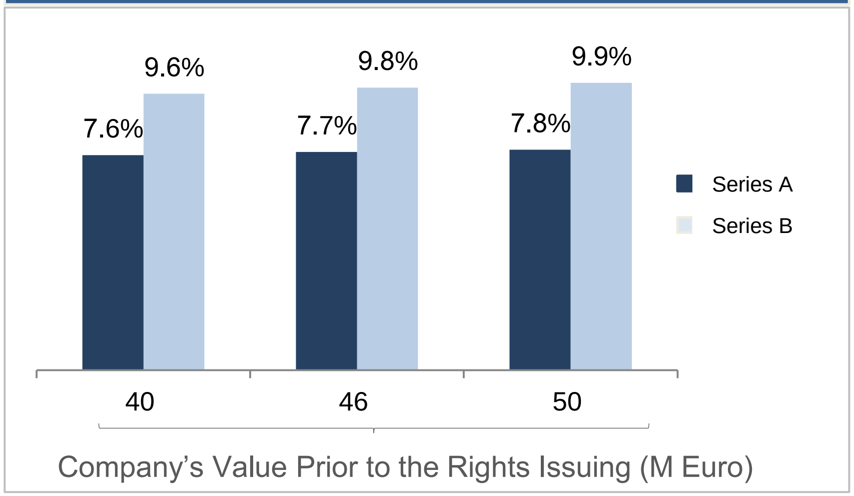
The stock package value is based on Plaza's current market value and it ranges between of 40-50 Million Euros

Company Value	40	46	50	*M Euro*
Rights Issue	20	20	20	*M Euro*
Total Value	**60**	**66**	**70**	*M Euro*
Stock Allocation Rate[1]	13.5%	13.5%	13.5%	
Value of Package	**8.0**	**8.9**	**9.5**	*M Euro*

Mandatory Amortization (real interest)



Accelerated Amortization (real interest)



	Base Rate	Average Addition (Mandatory)	Average Addition (Accelerated)
Series A	4.5%	3.0%	3.2%
Series B	5.4%	3.6%	4.4%

.113.2% Taking off bonds held by a subsidiary

Appendices

Appendix A - Amortization Schedules

Original Amortization Schedule

Principal payments	Total	Q4 2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017
Series A	63.3	12.7	0	0	0	12.7	0	0	0	12.7	0	0	0	12.7	0	0	0	12.7
Series B	129.8	0	0	0	64.9	0	0	0	64.9	0	0	0	0	0	0	0	0	0

Mandatory Amortization Schedule [1]

Principal payments	Total	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Series A	63.3	0	0	0	0	0	0	0	0	0	0	0	12.7	0	0	12.7	12.7	0	0	12.7	0	0	0	12.7
Series B	129.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64.9	0	0	0	64.9	0	0	0

Accelerated Amortization Schedule

Principal payments	Total	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019	Q2-2019	Q3-2019
Series A	63.3	0	0	0	10.3	0	1.9	0	2.4	0	0	0	0	0	0	10.6	12.7	0	7.7	4.9	0.7	0	12.0	0
Series B	129.8	0	0	0	34.7	0	6.5	0	8.2	0	0	0	0	0	0	0	15.5	0	25.9	0	39.0	0	0	0

1. Bond repayments occurs in July 1st and December 31st. Our base assumption is that the company does not getting a one year repayment postponement