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Plaza Centers N.V.
Rating activity
February 2010

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Plaza Centers N.V.

Rating of series expansion (issue)	**A2**	Rating Outlook : stable

Midroog gives notice of rating A2 with the stable outlook for the issuance taken place in January – February 2010 in the aggregate amount of NIS 330 million under the expansion of series B bonds of Plaza Centers N.V. (hereinafter: "the Company", "Plaza"). The purpose of the issuance is purported to serve the ongoing operations of the Company.

Bond Series	Number of security	Date of Initial issuance	Par value of bonds as of the report date *	Annual interest rate	Linkage	Maturity of bonds
Series A	1109495	6/2007	305,136	4.5%	Index	2010-2017
Series B*	1109503	2/2008	1,250,174	5.4%	Index	2011-2015

*) includes the issuance amount in this rating activity.

The Company's rating is supported by maintaining the financial profile of the Company, which is reflected in maintaining high liquidity balances and dispersing the activity across several countries. Needless to say is that the economic situation and the business atmosphere in certain operating markets remain sluggish, which are reflected in the Company's data.

The Company adjusted its business policy to the economic condition of its operating markets, among others, by decreasing the scope of projects in progress and putting on hold projects, for which bank financing was not yet approved while limiting the exposure of shareholders' equity for projects. The Bank financing market which was recently opened in certain countries, where the company operates, may enable the Company to promote projects in countries experiencing an economic comeback.

Partial occupancy of completed projects

Currently, the Company owns 2 income producing commercial centers; one is in Riga, Latvia (About 49,000 sq.m, 50% held by the Company) with occupancy rate of 80% generating annual NOI of € 8 million. The second is in Liberec, in the Czech Republic, with occupancy rate of 60% generating annual NOI of € 2 million. Loans were taken for these properties, which end in 2014.

Today, the Company carries out 3 projects (wholly owned) for which financing was obtained to complete them, including the projects in Poland – Suwalki (About 20,000 sq.m, approximately 75% leased) and Zgorzelec (About 12,000 sq.m, approximately 73% leased). The completion of the construction and occupancy are scheduled to take place in March – April 2010 and Koregaon Park (About 56,000 sq.m, approximately 40% leased in advance) in India, the construction of which is estimated to be completed in the first quarter of 2011.

The continued hold-up of the Casa Radio project in Bucharest, Romania conforms to the economic situation of Romania and the fact that financing was not yet received to move forward with the project. As of today, the Company invested in this project € 120 million as equity. As previously indicated, the risk level of the Company is characterized by exposure to the investment level required for its completion, due to its preliminary performance stage.

Selective development policy mainly in Poland and Serbia

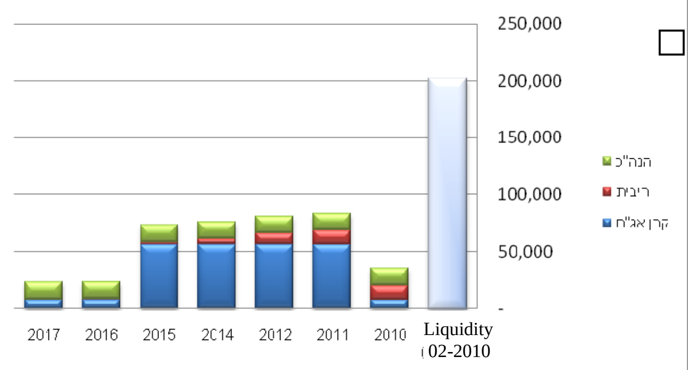
The Company's strategy according to which its activity will focus only in regions where financing is available and in regions where leased spaces are demanded, leads the Company to promote the performance activity mainly in Serbia and Poland. The progress of the commercial centers in India also depends on financing to be obtained by the Company or alternatively by equity, out of advance payments from purchasers to be received under residential projects.

In Serbia, the Company acts to obtain financing for a project in Kragujevac to establish a commercial center with a scope of rentable space of 24,500 sq.m, at an aggregate estimated cost of € 52 million (including land). This city with a population of 180,000 inhabitants has no active commercial center. The Company reports that 65% of the project was leased in advance. The project is in preliminary construction stages.

In Poland, the Company's activity is on 2 projects that are in stages of planning and obtaining approvals – the first, to establish a commercial center in Torun (a city with 250,000 inhabitants) with a scope of rentable space of 39,000 sq.m at an aggregate estimated cost of € 83 million (including land). The Company reports that 35% of the project was leased in advance. The second project is for the establishment of commercial center in Lodz (a city with 750,000 inhabitants) with a scope of 45,000 sq.m at an aggregate estimated cost of € 87 million (including land). Marketing of the project was not yet commenced.

The Company estimates that upon signing the financing agreements for these 3 projects, an additional equity investment of € 35 million will be required.

Amortization schedule including current expenses (€ in thousands)



NOI return from the projects is estimated at 10% - 11% for the projects in Poland and 12%-13% for the project in Serbia. Financing ratio ranged between 65%-70% to the total cost of the project, including land component.

Maintaining high liquidity

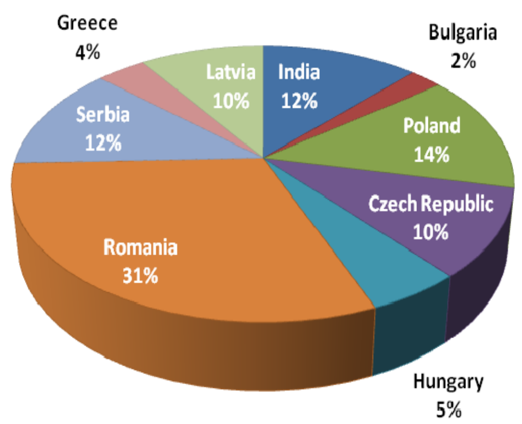
Despite several investments made by the Company in 2009 (purchase of land in Lodz, increase of holding in Dream Island project and purchase of land for project in Sofia), the Company maintains high liquidity amounting to € 208 million due to number of actions taken in the course of the fourth quarter of 2009 and thereafter, which include the sale of treasury shares in a total amount of € 22 million and expanding Series B Bonds in a total amount of € 82 million cumulatively.

The Company's cash supports the total estimated repayments in the Company's level during 2010-2011, including Bonds principal, interest expenses, general and administrative expenses and the Company's investments in the above mentioned projects. As of today, no significant permanent cash flows resulted to the Company for its income producing assets.

Nevertheless, the Company's success in occupying2 commercial centers in Poland during 2010 and occupying Koregaon Park in India in the first quarter of 2011 may increase the permanent cash flows generated by the Company and supporting part of its current expenses. We should indicate that the Company's financial model is based on realization of its assets, mostly generating selling yields ranging between 7%-9% on total rental income. Therefore, the company's solvency in the medium-long term depends, among others, on opening markets in which the Company operates for obtaining financing in order to carry out transactions of selling active centers.

Material reserves of land

Division of investment– total cost- Plazacenter's share



The Company owns 27 plots of land, free of liens, for development, dispersed over several countries in a total cost of € 260 million, excluding investments in Casa Radio and in India and the projects under construction or those that commenced. The plots of land are recorded in the books at cost. Above one half of the plots of land that were purchased in 2007-2008, the years of high prices, which in view of the economic situation in certain operating markets, are exposed to impairment loss.

Most investments made by the Company (equity plus loans for the projects) were in Romania, where one half of the investments was invested in Casa Radio project. In view of the market condition in Romania at this stage, the Company's activity does not focus in this market and therefore, we expect that the scope of investments will increase mainly in Poland and Serbia.

Investments in the U.S

On February 9, 2010, the Company announced that under a joint venture with Elbit Imaging Ltd., the above parties reached an agreement (by a subsidiary) with a third party as to forming a fund for investment in income producing commercial real estate in the U.S.

As far as the fund makes investments, the scope of investment on the part of the Company and Elbit will be $ 100 million (in equal portions)

Main Financial Data

Bonds issued: 81.731
Sale of treasury shares: 21,962

Balance sheet data (€ in thousands)	Proforma	30.09.2009	31.12.2008	31.12.2007	31.12.2006
Total balance sheet	1,130,275	1,026,582	958,556	761,211	474,897
Malls under construction	700,653	700,653	575,334	298,339	159,961
Financial debt	492,386	410,655	302,817	79,098	83,321
Liquidity balances	208,592	104,899	146,026	67,414	218,837
Financial debt, net	283,794	305,756	156,791	11,684	-135,516
Shareholders' equity and minority interest	596,145	574,183	609,531	603,471	364,677
Cap	1,092,023	988,330	918,539	683,121	452,137
Shareholders' equity and minority interest to total balance sheet	53%	56%	64%	79%	77%
Debt to CAP	45%	42%	33%	12%	18%
Net debt to CAP, net	32%	35%	20%	2%	-58%
Statement of income (€ in (thousands)		**FQ1-3 2009**	**FY 2008**	**FY 2007**	**FY2006**
Total revenues	N.A.	11,085	98,613	507,843	74,191
Gross profit (loss)		-7,368	42,679	241,184	24,157
EBITDA		-12,451	21,434	218,974	16,757
Financial income (expenses) net		-14,653	58,088	9,347	664
Net income (loss)		-35,569	67,684	226,967	14,720
Gross profit from revenues		Negative	43%	47%	33%
Net income from revenues		Negative	69%	45%	20%

The rating outlook

Factors that might improve the rating *

• Generating significant cash flows from selling the Company's assets whilst maintaining the financial strength and significantly strengthening the stability of the permanent cash flows.

Factors that might impair the rating *

• A significant decline in the level of the Company's liquidity including impairing the financial profile of the Company resulting from investment policy adopted by the Company.

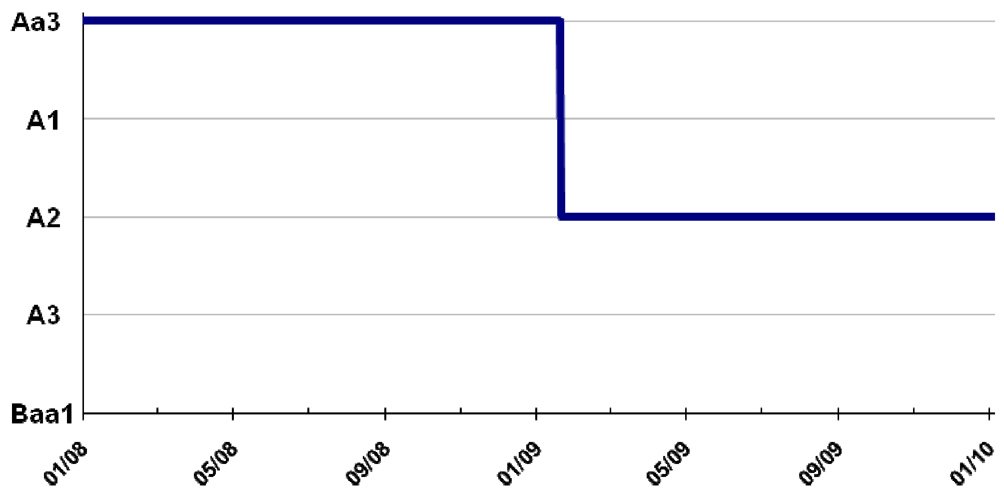
• Impairment loss resulting from the crisis in most markets in which the Company operates, due to significant holding in reserves of plots of land and from the impact of the policy on planned investment in the U.S.

•. Additional Changes for the worse in the markets, in which the Company operates, including continuing slow-down in the real estate sector in general and in the field of commercial centers in particular, in the areas in which the Company operates which may negatively affect its business activity and result in impairment loss.

• The distribution of dividends in significant amounts, which would impair the Company's financial stability and its liquidity.

*) There is nothing in what is stated in respect of these factors that constitutes any commitment whatsoever on the part of the company to act in accordance with what is stated in respect of such factors.

Rating History Diagram



Details of the issuer

The Company, Plaza Centers Ltd. (hereinafter: "**the Company**") is an indirect subsidiary of the Elbit Imaging Group Ltd. (hereinafter: "Elbit"), and it forms part of the "Europe Israel Group", which is controlled by the Founder, Mr. Mordechay Zisser. The Company was incorporated in Netherlands and its regular shares are registered for trading on the main listing on the main board of the London Stock Exchange (LSE) as well as on the Warsaw Stock Exchange (WSE).

The Company specializes in the initiation, marketing, occupyingand sale of commercial centers and it operates in the real estate development field (primarily commercial centers) in developing countries and has been doing so for more than a decade. Initially, the Company was engaged in development projects for commercial centers in Hungary and following that it gradually expanded its activities into additional Eastern European countries and also into India. As of the date of this report, the Company operates in 8 countries across Central and Eastern Europe and also in India.

The main shareholder in the Company, indirectly, is Mr. Moti Zisser, who holds the Company through the parent company Elbit Imaging Ltd., which holds approximately 68% of the shares in the Company. The rest of the shares in the Company are held by the public.

Methodological reports:

Analysis of real estate companies - Methodological report – August 2009

Real estate companies Methodology, November 2008

The reports are published in the website of Midroog: www.Midroog.co.il

Key Financial Terms

Term	Definition
Interest	Financing expenses from the statement of income
Cash interest	Financing expenses from the statement of income after adjustments to non cash flow financial expenses from cash flow statements.
EBIT	Profit before taxes and financial +/(-) non-recurring expenses (income)
EBITA	EBIT + amortization of intangible assets
EBITDA	EBIT + depreciation + amortization of intangible assets
EBITDAR	EBIT + depreciation + amortization of intangible assets + rental fees +operating lease fees
Assets	The total of the Company’s assets in the balance sheet.
Financial Debt	Short-term debt + current maturities of long-term loans + long-term debt +operating leasing liabilities.
Net Financial Debt	Financial debt – cash and cash equivalents – short-term investments.
Capitalization (CAP)	Debt + shareholders' equity (including minority interests) + long term deferred taxes in the balance sheet.
Capital Expenditures (Capex)	Gross investments in equipment, machinery and intangible assets.
Funds from Operations (FFO) (*)	CFO before changes in working capital and before changes in asset and other liability items
Cash flow from Operations (CFO) (*)	Cash flows from operating activities from the consolidated cash flow statement.
Retained Cash Flow * (RCF) (*)	Funds from operations-dividends paid to shareholders
Free Cash Flow (FCF) (*)	Cash flows from operating activities (CFO) – capital investments - dividends

(*) We draw your attention that payments and receipts of interest, tax and dividend received from investees contained in the IFRS statements will be included in the calculation of operating cash flows even if not recorded as operating cash flows.

Rating scale of liabilities

Investment Grade	Aa	Debt that is rated with a rating of Aa is, in Midroog's judgment, of a high quality and involves a very low level of credit risk.
	A	Debt that is rated with a rating of A considered by Midroog to be in the upper part of the middle grade, and to involve a low level of credit risk.
	Baa	Debt that is rated with a rating of Baa involves a moderate level of credit risk. It is considered to be debt with a medium grade, and of the sort that might possess certain speculative characteristics.
Speculative Investment Grade	Ba	Debt that is rated with a rating of Ba possesses, in Midroog's judgment, speculative elements, and involves a significant level of investment risk.
	B	Debt that is rated with a rating to B is considered by Midroog to be speculative, and involves a high level of credit risk.
	Caa	Debt that is rate with a rating of Caa has, in Midroog's judgment, a weak status and involves very high credit risk.
	Ca	Debt that is rated with a rating of Ca is very speculative and may be in a state of insolvency or it may be close to that state, with some sort of chance of the repayment of the principal and the interest.
	C	Debt that is rated with a rating of C is rated at the lowest grade and generally is in a state of insolvency, where the chances that the payments of the principal or the interest being paid are weak.

Midroog applies numerical modifiers 1, 2 and 3 in each of the rating categories from Aa to Caa in each of the categories. Modifier 1 indicates that the bonds are to be found at the higher end of the rating category in which it belongs, which is denoted in letters. Modifier 2 indicates that the bonds are to be found in the middle of the rating category; whereas modifier 3 indicates that the bonds are to be found in the lower end of its rating category, which is denoted in letters.

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